ANNUAL REPORT **2018/2019**

EVERYTHING

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ENERGIE AG
Oberösterreich
We care about tomorrow

Contents

EVERYTHING NEW FROM A SINGLE SOURCE.

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Energie AG Oberösterreich at a glance

	Unit	2018/2019	Change	2017/2018
Sales revenues				
Energy segment	EUR mill.	1,053.3	17.9%	893.2
Grid segment	EUR mill.	341.0	4.1%	327.6
Waste Management segment	EUR mill.	227.1	2.0%	222.6
Czech Republic segment	EUR mill.	160.0	16.4%	137.4
Holding & Services segment	EUR mill.	32.0	-28.9%	45.0
Group	**EUR mill.**	**1,813.4**	**11.5%**	**1,625.8**
Result				
Operating result (EBIT)	EUR mill.	73.0	-57.5%	171.8
EBIT margin	%	4.0	-62.3%	10.6
Earnings before taxes	EUR mill.	55.7	-64.8%	158.1
Dividend per share	EUR	0.6	–	0.6
Statement of Financial Position				
Total	EUR mill.	2,975.4	-7.7%	3,222.7
Equity	EUR mill.	1,310.3	-5.1%	1,381.4
Equity ratio	%	44.0	2.8%	42.9
Net debt [1]	EUR mill.	426.0	20.4%	353.7
Net gearing	%	32.5	27.0%	25.6
Cash flow from operating activities	**EUR mill.**	**198.6**	**-23.0%**	**258.0**
Profitability				
ROCE	%	2.8	-62.2%	7.4
Workforce (on average)				
Energy segment	FTE	449	4.2%	431
Grid segment	FTE	537	-0.4%	539
Waste Management segment	FTE	860	0.7%	854
Czech Republic segment	FTE	1,618	4.1%	1,554
Holding & Services segment	FTE	1,042	3.1%	1,011
Group	**FTE**	**4,506**	**2.7%**	**4,389**

1) Net debt = interest-bearing current and non-current liabilities minus cash and cash equivalents and short-term securities

Group overview

INTERVIEW WITH THE MANAGEMENT BOARD
OF ENERGIE AG OBERÖSTERREICH

Dr. Andreas Kolar
Member of the Management Board

Chief Executive Officer DDr. Werner Steinecker MBA
Chairman of the Management Board

Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board

The members of the Management Board have also made video statements about the past fiscal year at Energie AG, which are available in our online Annual Report: **www.energieag.at/annualreport**

In the year under review, you were able to further boost efficiency in the company by integrating the sales divisions. How do customers stand to benefit?

Werner Steinecker: We were able to announce the successful implementation of the new sales company back in April 2019, so just short of a year after the withdrawal from joint venture ENAMO was publicised. On 1 April, the employees of the new sales company, Vertrieb GmbH, moved into the building previously occupied by ENAMO. This move was an important organisational step and a really significant symbol for the utilities merger. We'll see benefits both from the sales processes, which have now been integrated, and from reducing bureaucratic and regulatory burdens, such as the way the General Data Protection Regulation applied to the former joint venture. It's clear that simplifying our interface to the customer will provide added value for both sides. By embracing the idea of a one-stop shop, we can now offer combined products from our electricity, gas and telecoms utilities.

> "In terms of operations, we can look back on a great year and be proud of the work that's been done."
>
> **Werner Steinecker**

In addition to sales, the generation units have also been strategically realigned while water and heating activities have been pooled in the Czech Republic. What will be the advantages of these company changes?

Stefan Stallinger: Evolving towards a renewable energy system requires the generation facilities spread across different localities to be operated efficiently in order to remain competitive in the market. By merging the generation units for electricity and heat, including the heating networks, we're creating a strong company from both an internal and an external point of view. Setting a consistent direction of travel for our core activities across the board will leave us well prepared for the questions and challenges of our renewable energy future. I'm particularly pleased with the excellent work that's been done. But I'm also encouraged by the open-mindedness and willingness to change displayed by our managers and employees, who implemented this project without external consultants, using their own specialist knowledge.

Andreas Kolar: The newly created Czech Republic segment brings together our water and heating business activities in the Czech Republic. More than anything else, the sensitive area of water supply services hinges on our most fundamental skill – working as a stable and reliable partner. Supply reliability and supply quality are our number one priority. Bringing the eight water companies and six heating companies under the umbrella of Energie AG Bohemia will guarantee even higher standards in this area. External parties have confirmed our high degree of care and attention, as well as the sound reasons behind decisions we've previously made and are still planning to implement.

> "Energie AG Oberösterreich certainly has an excellent credit rating. Our successful track record was confirmed when we received an outstanding 'A' rating with a stable outlook."
>
> **Andreas Kolar**

This year's financial result is significantly influenced by value adjustments. Are you satisfied with that result?

Werner Steinecker: In terms of operations, we can look back on a great year and be proud of the work that's been done. Sensible financial decisions that are necessary for the future have been taken so we can continue moving in a successful commercial direction for many years to come.

Andreas Kolar: The appreciations recorded are due to the full consolidation of the sales companies, which had become necessary and took effect this year. The second big reason is an appreciation in value of the Timelkam combined-cycle plant. This impairment is a result of changes in how the electricity grid's value is measured. Due to the lack of comparable transactions, the previous measurement method based on comparisons within the industry was no longer possible. The value is now measured based on forecasts for future returns. This impairment is a one-off effect and will promote stable future development.

Climate policy is an important issue – if not the central issue – in current political discussions. Examples include the Austrian Federal Government's #mission2030, the President of the European Council's Green Deal and the Climate Action Programme 2030 in Germany.

Stefan Stallinger: To make the goals that have been set achievable, the appropriate conditions also need to be put in place. In that context, we're awaiting the 2020 Renewable Energies Expansion Act and the new Electricity Industry Organisation Act with interest. Time is of the essence if the goals are to be achieved.

By consistently expanding the use of renewable energy sources, we're making an important contribution to achieving the climate targets for 2030. We're sustainably promoting regional hydroelectric power with our projects in Dürnau, Bad Goisern and the power plants along the River Traun. Due to the increasing share of volatile electricity sources, such as photovoltaic systems and wind power, it's also essential to invest in supply reliability. This also means it's necessary to expand the electricity grid's storage capacity and power lines. As a group of companies, security and stability are a key part of our mission – and naturally, that also applies to the reliability of our power supply.

> "By pooling the generation units for electricity and heat, including the heating grids, we're creating a strong company from both an internal and an external point of view."
>
> **Stefan Stallinger**

Interest rates are at a historic low. Is this the starting point needed for capital investments to be made in infrastructure and sustainable electricity generation?

Andreas Kolar: It is absolutely true that the low interest rates and high availability of capital create a very good market environment for further projects. However, the decisive factor for capital expenditure is the expected return. So we have to examine very carefully whether capital expenditure will actually increase the company's value. Energie AG Oberösterreich certainly has an excellent credit rating. Our successful track record was confirmed when we received an outstanding 'A' rating with a stable outlook. That has helped to make us one of Europe's leading utility companies for 20 years.

Along with the transition to clean energy, innovation and the establishment of new business models are the most important challenges facing the energy industry. Within the company, how do you ensure you have the ability to innovate?

Werner Steinecker: One of the prerequisites for sustainable success is an ability to identify trends early on and make them a practical reality as quickly as possible. As far as speeding up the implementation of new business models, we've created a new platform for that purpose with Wertstatt 8, which will be an innovation-focused company within our Group. Ideas thought up within the company can be quickly put into action by applying the principle of "build-measure-learn". At the same time, innovations that build on one another, continually and gradually improving existing products, services, processes or business models, will continue to be advanced in the business units.

Further developments in technology and processes are based on the digitalisation strategy that's been in place since 2017. What priorities have you decided on this year?

Andreas Kolar: We have focused on optimising existing business processes through the use of automation (robotics process automation or RPA). Users benefit from the automation of repetitive tasks, allowing them to dedicate themselves to other activities that are better equipped to add value. At the same time, RPA technology reduces susceptibility to errors, and work can be performed 24 hours a day, 7 days a week. The automation has already paid off in terms of efficiency gains alone. Of course, the integration of the sales divisions offers an enormous opportunity for harmonising the IT system landscape. We're currently working all-out to make that happen.

Providing regional services is a major priority for Energie AG. How does this regional approach add value for customers?

Werner Steinecker: At Energie AG Oberösterreich, we have strong roots in Upper Austria and the regions in which we operate. As well as serving our customers, we also create and sustain jobs while taking responsibility for the environment in our country. So regional added value is a key part of our identity and our work. While regional factors already play an important role in customers' choices about food and other products, public awareness about the commodity market isn't yet as strong in that regard. Our goal is to raise awareness among our customers about regional issues in our sector as well.

Our shareholders also consist of strong players with regional backgrounds – and we'd like to thank them for their support in the successful development of the company. In particular, Markus Achleitner, a state minister who we were pleased to welcome as chairman of the Supervisory Board during this fiscal year. And we'd also like to express our sincere gratitude to our committed and skilled employees. The work they do is vital for our success as a business.

A customer-focused approach is at the heart of our mission as a company, so we'd like to thank our customers and partners for the trust they've placed in us! Our new sales structure will allow us to further improve the quality of services we have to offer.

GROUP MANAGEMENT BODIES

MANAGEMENT BOARD

Chief Executive Officer Professor Kommerzialrat Ing. DDr. Werner Steinecker MBA, Chairman of the Management Board
Kommerzialrat Mag. Dr. Andreas Kolar, Member of the Management Board
Dipl.-Ing. Stefan Stallinger, MBA, Member of the Management Board

SUPERVISORY BOARD

Shareholder Representatives

Provincial Counsellor Markus ACHLEITNER (Chairman from 14 February 2019)
Solicitor Mag. Stefan LANG PLL.M (Vice Chairman)
Chief Executive Officer Dr. Heinrich SCHALLER (Deputy Vice Chairman)
Unit Director Dr. Miriam EDER MBA
Chairman of the Management Board Mag. Dr. Erich ENTSTRASSER
Managing Director Mag. Dr. Christine FRAUSCHER
Member of Management Board Mag. Florian HAGENAUER MBA
Chief Executive Officer Dipl.-Ing. Erich HAIDER MBA (from 19 June 2019)
Secretary General Mag. Anna-Maria HOCHHAUSER
Thomas Peter KARBINER MSc MBA MPA
Deputy to the Chief Executive Officer Mag. Michaela KEPLINGER-MITTERLEHNER
Mag. Kathrin Renate KÜHTREIBER-LEITNER MBA
Member of Provincial Assembly Ing. Herwig MAHR
Josef WALCH, Chartered Accountant and Tax Consultant

Works Council Representatives

Ing. Mag. Leopold HOFINGER, Head of Works Council
Mag. Regina KRENN, Head of Works Council
Ing. Peter NEISSL MBA MSc, Head of Works Council
Ing. Bernhard STEINER, Head of Works Council Group Representatives
Gerhard STÖRINGER, Head of Central Works Council
Mag. Helmut LEHNER, Head of Works Council
Andreas WALZER, Head of Works Council (from 18 September 2019)

Retired in the 2018/2019 fiscal year

Member of Management Board Mag. Dr. Michael STRUGL MBA, Chairman (until 9 December 2018)
Member of Management Board Emeritus Dipl.-Ing. Wolfgang DOPF MBA (until 31 March 2019)
Christine PÖTLER, Head of Works Council (until 31 July 2019)

SHAREHOLDER STRUCTURE
OF ENERGIE AG OBERÖSTERREICH

In the 2018/2019 fiscal year, the shareholder structure is as follows:

OÖ Landesholding GmbH	52.66%
State of Upper Austria	0.10%
Linz AG	10.35%
TIWAG	8.28%
Raiffeisenlandesbank Oberösterreich (consortium)	13.97%
Oberbank AG (consortium)	5.17%
VERBUND AG	5.20%
voestalpine	2.07%
OÖ Landesbank	1.03%
OÖ Sparkasse	0.52%
OÖ Versicherung	0.52%
Energie AG Belegschaft Privatstiftung (Energie AG staff)	0.05%

The remainder are treasury shares. As of **30 September 2019**

REPORT BY THE SUPERVISORY BOARD
PURSUANT TO § 96 OF THE STOCK CORPORATION ACT [AKTIENGESETZ (AKTG)]

During the 2018/2019 fiscal year, the Management Board informed the Supervisory Board and the Supervisory Board Audit Committee about the activities of the Group and its subsidiaries in writing and orally on a regular basis, and it discussed all important business events with these bodies. In the 2018/2019 fiscal year, the plenum of the Supervisory Board convened regularly in a total of four ordinary meetings, the Supervisory Board in one closed meeting on the topic FTTH, while the Audit Committee convened in two meetings. The management bodies gave their approval to all business events, which is mandatory in specific cases. No objections were raised in the course of the general supervisory activities or the audit.

The financial statements of Energie AG Oberösterreich for the 2018/2019 fiscal year, from 1 October 2018 to 30 September 2019, drawn up according to the Austrian accounting regulations, together with the accounts and the management report, were audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditors submitted a written report on their audit findings and assessed that the accounts and financial statements comply with the statutory requirements, give a reasonably accurate representation of the assets, financial and earnings position, and that the management report complies with the legal requirements and reconciles with the financial statements. The auditing firm therefore issued its unqualified audit certificate.

The Supervisory Board examined the financial statements as of 30 September 2019, together with the notes and the management report, as well as the proposal for the appropriation of the profit. The Supervisory Board Audit Committee also examined the financial statement as of 30 September 2019, together with the notes and the management report, as well as the proposal for the appropriation of the profit. It drew up a written report and recommended that the Supervisory Board approve the auditor's report, together with the auditor's unrestricted certificate, as well as the present financial statement as of 30 September 2019, together with the notes and the management report, so as to thus adopt the financial statement as of 30 September 2019. The Audit Committee also recommended that the Supervisory Board adopt the proposal by the Management Board for the appropriation of the profit. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the firm of chartered accountants, and established that the Supervisory Board, in turn, has no objections regarding the statements. The Supervisory Board states that it is in agreement with the management report, presented in accordance with § 96 of the Austrian Stock Corporation Act, and with the proposal for the appropriation of the profit, and that it adopts the financial statement as of 30 September 2019, which is thus established.

The consolidated financial statements for the 2018/2019 fiscal year from 1 October 2018 to 30 September 2019 drawn up in accordance with the International Financial Reporting Standards (IFRS), were also audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditors submitted a written report on their audit findings and assessed that the consolidated financial statements comply with the statutory requirements, give a reasonably accurate representation of the assets, financial and earnings position as well as the Group's cash flows, and that the management report complies with the legal requirements and reconciles with the consolidated financial statements. The auditing firm therefore issued its unqualified audit certificate. The Supervisory Board examined the consolidated financial statements and the Group's management report in detail. The Audit Committee also examined the consolidated financial statements and the Group's management report in detail. It drew up a written report and recommended that the Supervisory Board approve the auditor's report, together with the auditor's unqualified audit certificate, as well as the present consolidated financial statements as of 30 September 2019, together with the notes and management report. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the firm of chartered accountants, and established that the Supervisory Board, in turn, has no objections regarding the statements.

By drawing up the consolidated financial statements in accordance with the IFRS, the company is released from its obligation to prepare consolidated financial statements in accordance with Austrian commercial law provisions.

The consolidated non-financial report, which has become compulsory under §§ 243b and 267a of the Austrian Commercial Code (UGB) for the reporting period and is published as a separate part of the Annual Report, was prepared by the Management Board in compliance with the statutory requirements. The internal audit unit of Energie AG Oberösterreich has reviewed the non-financial report on behalf of the Supervisory Board and formed the opinion that the non-financial report was prepared in compliance with the statutory requirements. The Supervisory Board agrees with the findings of the review conducted by the internal audit unit and confirmed that it holds no objections against them. It was established that – in accordance with § 243b of the Austrian Commercial Code (Unternehmensgesetzbuch, or UGB) – there is no obligation to prepare a corporate governance report, and that in accordance with § 243c UGB, there is also no obligation to prepare a report on payments to government agencies.

The Supervisory Board would like to express its thanks to the Management Board and all company staff members for their successful work during the 2018/2019 fiscal year.

Linz, 18 December 2019

On behalf of the Supervisory Board
The Chairman of the Supervisory Board

Provincial Counsellor Markus Achleitner

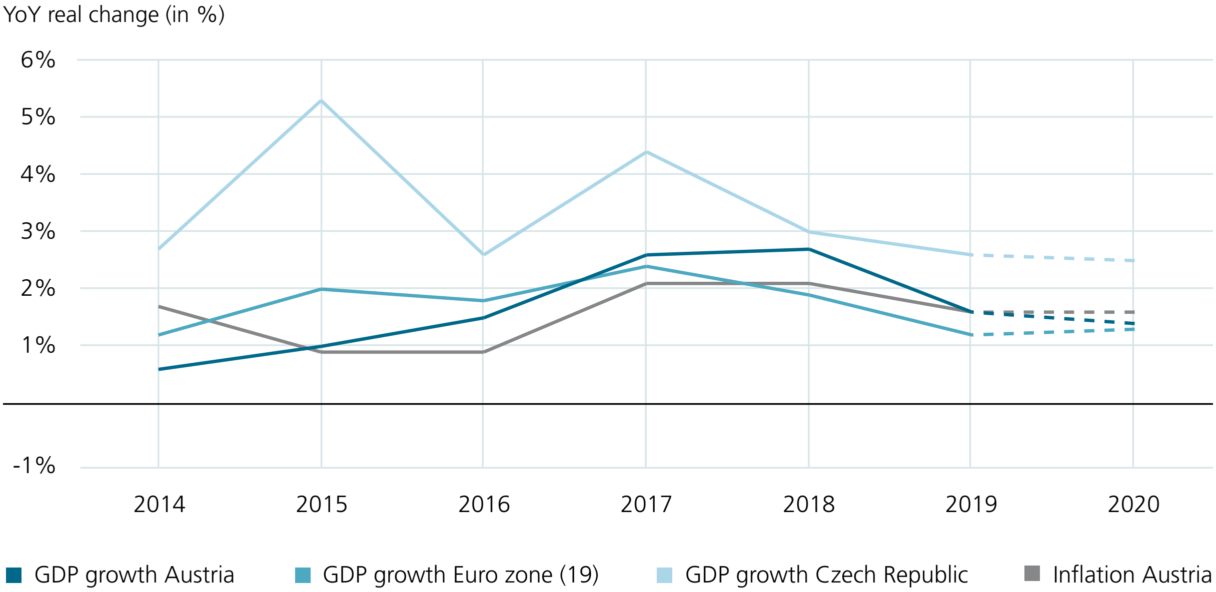
Group Management Report 2018/2019
for Energie AG Oberösterreich [1], [2]

GENERAL CONDITIONS

General economic environment [3]

The 2018/2019 fiscal year (1 October 2018 to 30 September 2019) was characterised both internationally and in Austria by noticeably slower growth than in the previous year. According to International Monetary Fund (IMF) forecasts, global growth in 2019 is likely to be the slowest since the 2008 global financial crisis due to increasing trade conflicts and geopolitical risks as well as climate change.

Economic growth and inflation



In the reporting period, economic growth in the **Euro zone** slowed, with experts forecasting average growth in the amount of 1.1% to 1.2% for 2019 and 1.2% to 1.5% for 2020 (2018: 1.9%) after a two-year boom. In addition to the economic policy uncertainties mentioned above, the risk of a disorderly Brexit in particular represents a considerable downside risk for both the Euro area and the domestic economy.

Experts have also recently downgraded their forecasts for the **Austrian economy**, even though Austrian growth in 2019 is likely to be well above that of the Euro zone. In concrete terms, economic researchers expect Austria's gross domestic product (GDP) to grow by 1.5%

1) The Group Management Report presented here was prepared in accordance with the requirements of § 245a of the Austrian Commercial Code (UGB) and refers to the IFRS consolidated financial statements of Energie AG 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 report on non-financial information (Non-Financial Report) 2018/2019 at the same time as the Group Management Report 2018/2019. In accordance with legal requirements, this Group Management Report refers to the information contained in the NFI Report of Energie AG, which is part of the Annual Report 2018/2019 and is also published online at › www.energieag.at/sustainability.
3) Sources: IMF (International Monetary Fund): World Economic Outlook, October 2019. IHS (Institute for Advanced Studies): Press Release, 4 October 2019. WIFO (Austrian Institute for Economic Research): Economic Data, URL: › www.energieag.at/19-101, 17 October 2019. WKO (Austrian Economic Chamber): Economic Situation and Forecast Release, October 2019, and Economic Profile Czech Republic, October 2019.

to 1.7% in 2019 and by 1.3% to 1.4% in 2020 (2018: 2.7%). Domestic exports in particular recently lost considerable momentum, while private consumption continued to grow at a steady pace. Inflation should level off at an average of 1.6 % in 2019 and 2020.

In the **Czech** market area, GDP growth is forecast to fall slightly in 2019 to an average of 2.6% (previous year: 3.0%).

Energy policy environment

In the reporting period, the EU package **"Clean Energy for all Europeans"** was finalised after more than two years of negotiations. The objective of the "electricity market design" is to define the market stakeholders' roles more precisely with a view to the future development of a liberalised electricity market; the legal basis for the activities of new market players (active customers, energy communities, aggregators, storage facilities) has now been created. Due to the national implementation deadlines of the member states by 30 June 2021 at the latest, intensive talks on the implementation of the new electricity market design, energy efficiency targets and the promotion of renewable energies in Austria can therefore be expected in 2020.

At the end of November 2018, the EU Commission published its long-term decarbonisation strategy **"A Clean Planet for All"** for the reduction of greenhouse gas emissions in the EU by 2050. A number of different scenarios have been used to outline possible paths towards climate neutrality in Europe by 2050.

In order to reduce **CO_2 emissions in the transport sector**, the reporting period saw new stricter CO_2 fleet limits of -37.5% for passenger cars and -31.0% for commercial vehicles, compared to the emission limits already due to take effect as of 2021, adopted for the EU as of the year 2030. It can be projected that alternative, emission-free drive systems will become even more significant as a result.

The implementation of the **"Green Deal"** presented by the new EU Commission President, Ursula von der Leyen, in the summer of 2019 will bring an even more ambitious climate policy into focus with a further tightening of CO_2 reduction targets, the goal of climate neutrality by 2050 and other proposals.

At the end of January 2019, a timetable was adopted in Germany for the gradual **phasing-out of coal-fired power generation** by 2038 at the latest, which will also continue to influence the Austrian electricity market.

During the reporting period, Germany agreed in September 2019 on a comprehensive **Climate Package 2030** to ensure that the CO_2 reduction target of -38% by 2030 compared to 2005 will be achieved. The central element is a gradually rising CO_2 price for CO_2 emissions in the transport and buildings sectors from 2021.

The **amendment to the Austrian Green Electricity Act** adopted in September 2019 is primarily intended to regulate existing problems in the operational implementation of green electricity subsidies and bring about a reduction in the waiting list of applications for wind, photovoltaic and hydropower projects. In addition, due to the lack of approval of the Federal Council for the new regulation of the successor tariffs for biomass promotion, a federal basic law on biomass promotion was passed; enactment in the federal states in the form of implementation legislation is still outstanding.

The **"Renewable Energies Expansion Act"** planned in Austria for 2019, which is intended to replace the existing Green Electricity Act on the one hand, while dealing with "Greening the Gas" and the "Integration of System Responsibility in Market Design" on the other, had to be postponed due to political developments. The draft legislation is expected to be reviewed in the first half of 2020.

As further central implementation steps of Austria's **"#mission2030"** climate and energy strategy, a heat and hydrogen strategy was worked on in the reporting period. The heat strategy supports the achievement of CO_2 targets in the area outside the emissions trading for Austria with planned savings targets of -36% by 2030. The aim of the hydrogen strategy is to create suitable general conditions for the increased use of CO_2-free hydrogen in the course of sector coupling.

At the end of 2018, the Austrian Federal Government submitted a draft **"Integrated National Energy and Climate Plan 2030"** to the EU Commission in time. The main goals are expanding renewable energies, reducing greenhouse gas emissions from sectors outside emissions trading, increasing energy efficiency, and reducing dependence on imports of fossil fuels. At the same time, the Federal Ministry for Sustainability and Tourism launched a consultation in summer 2019 on the **"Development of a long-term climate strategy for a climate-neutral Austria 2050"**, the results of which, along with the final "Energy and Climate Plan 2030", are due to be presented to the Commission by the end of 2019.

The European Court of Justice (ECJ) has granted comprehensive party status and judicial review rights for non-governmental organisations and neighbours in water law proceedings in the case "Protect Natur-, Arten- und Landschaftsschutz Umweltorganisation" ("Protect Nature, Species and Landscape Protection Environmental Organisation" C-664/15 dated 20 December 2017). The Austrian legislator has responded to the need for action and submitted proposals in the form of the **Aarhus** Participation Act. This regulates the participation of NGOs in the areas of water legislation, waste management legislation and the Air Pollution Control Act. In addition, some federal provinces, including Upper Austria, adapted their nature conservation legislation to reflect the case law of the European Court of Justice during the reporting period.

In the 2018/2019 fiscal year, the Austrian legislator also enacted a pertinent statutory environment for project development and implementation of infrastructure companies. The **Site Development Act** is intended to create opportunities for speeding up procedures for site-relevant environmental impact assessment (EIA) projects.

Following a protracted debate, the **Waste Management Act Legal Streamlining Amendment 2019** came into force on 1 August 2019. This is the result of a legal streamlining process to simplify administration which introduces innovations and simplifications in waste management legislation. Among other things, these include simplifications and deregulations in plant and equipment law, such as the elimination of the notification requirement in the case of machine replacement, innovations in licensing law, such as the approval of waste type pools, and procedural innovations in the Waste Management Act determination procedure.

DEVELOPMENT OF THE GROUP'S BUSINESS

Asset, financial and earnings position

Group overview

	Unit	2018/2019	2017/2018	Change
Sales revenues	EUR mill.	1,813.4	1,625.8	11.5%
Operating result (EBIT)	EUR mill.	73.0	171.8	-57.5%
EBIT margin	%	4.0	10.6	-62.3%
Financial result	EUR mill.	-17.3	-13.7	-26.3%
Earnings before taxes	EUR mill.	55.7	158.1	-64.8%
Balance sheet total	EUR mill.	2,975.4	3,222.7	-7.7%
Equity	EUR mill.	1,310.3	1,381.4	-5.1%
Equity ratio	%	44.0	42.9	2.6%
Net debt	EUR mill.	426.0	353.7	20.4%
Net gearing	%	32.5	25.6	27.0%
Investments in property, plant and equipment and intangible assets	EUR mill.	213.1	205.1	3.9%
Cash flow from operating activities	EUR mill.	198.6	258.0	-23.0%
Cash flow from investing activities	EUR mill.	-183.4	-185.4	1.1%
Cash flow from financing activities	EUR mill.	-86.9	-64.3	-35.1%
ROCE	%	2.8	7.4	-62.2%
WACC	%	4.3	4.4	-2.3%

The 2018/2019 fiscal year was dominated by the acquisition of interests in ENAMO GmbH and extensive restructuring measures. The aim of these measures is to leverage positive market effects and to achieve synergies and cost savings.

In the reporting period, the Energie AG Group generated sales revenues in the amount of EUR 1,813.4 million (previous year: EUR 1,625.8 million). The increase in sales revenues in the Energy segment was mainly due to the initial recognition of ENAMO GmbH, ENAMO Ökostrom GmbH and Energie AG Oberösterreich Vertrieb GmbH & Co KG as of 1 April 2019. In addition to this, increasing sales revenues in electricity trading and increased use of the CCGT (combined-cycle gas turbine) power plants in Timelkam and Laakirchen contributed to the increase in sales revenues.

Operating result in the Energy segment increased by EUR 35.6 million from EUR 81.7 million to EUR 117.3 million. The operating result includes the revaluation of the interests previously held in ENAMO GmbH and Energie AG Oberösterreich Vertrieb GmbH & CoKG as a result of the acquisition of all interests as of 1 April 2019 (successive acquisition) in the amount of EUR 48.2 million. In addition, a reversal of impairment of EUR 7.9 million on the CCGT power plant in Timelkam was recorded in the current fiscal year. Due to changes in general contractual conditions, the operating result of the CCGT power plant in Timelkam was lower than in the previous year. EBIT in the Energy segment was also significantly impacted by lower earnings contributions from electricity and gas sales.

In the Grid segment, the operating result decreased from EUR 57.7 million in the previous year to EUR -77.4 million. The decline is mainly attributable to impairments on grid facilities (electricity) in the amount of EUR 109.3 million. The impairment test was based on the value in use and the results indicated the need for impairments. In addition, the operating result includes the reduced electricity and natural gas grid tariffs applicable as of 1 January 2019.

The Waste Management segment generated an EBIT of EUR 13.4 million, which was down on the previous year (EUR 17.4 million) by EUR 4.0 million. While it proved possible, on the one hand, to further grow total revenues, and classic waste disposal revenues continued the positive development of previous years, the year under review was dominated by lower prices for the recycling materials metal and waste paper/cardboard. In addition, there were special effects affecting expenses, leading to a drop in earnings compared with the previous year.

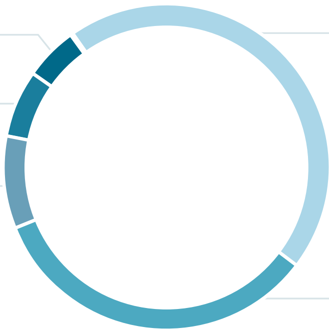
In the Czech Republic segment (formerly: Water segment), an operating result in the amount of EUR 10.9 million was generated in the reporting period (previous year: EUR 9.3 million). The Czech Republic segment now also includes the Group's heat activities in the Czech Republic in addition to its water/waste water activities. The operating result from heat activities amounted to EUR 1.3 million in the 2018/2019 fiscal year.

The operating result of the Holding & Services segment amounted to EUR 8.8 million in the reporting period, an increase of EUR 3.1 million compared to the previous year. Declining profit/loss shares from investments consolidated at equity and higher expenses were more than offset by several property sales and EBIT increases in the service companies.

In the fiscal year 2018/2019, investments in intangible assets and property, plant and equipment amounted to EUR 213.1 million, and were thus EUR 8.0 million or 3.9% above the previous year's level. With a share of 45.0% , the Grid segment accounted for the most part. Capital investments in the Holding & Services segment include expanding the fibre-optic cable network and the smart meter rollout.

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

2018/2019; previous year's figures in brackets



Net debt (non-current and current financial liabilities minus cash and cash equivalents) increased by EUR 72.3 million compared to the previous year (EUR 353.7 million) to EUR 426.0 million. This rise is mainly attributable to lower liquidity. Financial liabilities in the reporting period were almost at the previous year's level.

Cash flow from operating activities in the fiscal year 2018/2019 was EUR 198.6 million, compared with EUR 258.0 million in the previous year.

The financial result deteriorated from EUR -13.7 million in the previous year to EUR -17.3 million in fiscal year 2018/2019. The change resulted in particular from previous year's gains on the disposal of securities, which were partially offset by lower interest payments.

Financing and investment strategy

Geopolitical tensions have primarily dominated developments in the financial markets over the past 12 months and dampened economic development after the very good previous years. Due to the declining economic momentum and low inflation expectations, the central banks are once again the focus of attention – corresponding monetary policy easing has already been implemented or is still possible. In view of the uncertain situation in the international capital and interest markets, Energie AG continued its proven strategy of stable and conservative financial management in the year under review.

Top rating underlines successful track record

In February 2019, Standard & Poor's (S&P) confirmed the creditworthiness of Energie AG again with an excellent rating of "A rating with a stable outlook". The rating agency thus recognised the company's continuous efforts to further improve its operating and financial efficiency.

Energie AG can celebrate a successful anniversary with this renewed top rating: For 20 years now, the company has held an investment grade rating and has occupied an undisputed top position among European utilities since then. The stable track record Energie AG has embarked on will continue to be pursued consistently in order to achieve future financing objectives at economically attractive conditions in the Austrian and international money and capital markets.

Ensuring high financial flexibility

Financial liabilities increased only slightly by EUR 0.6 million to EUR 455.7 million in the 2018/2019 fiscal year compared with the previous year. The Group's balanced repayment profile is characterised by bullet maturities with increased refinancing requirements at first to come up in five years' time with the maturity of the "Bond 2005-2025".

As at 30 September 2019, liquidity reserves in the form of cash, cash equivalents and time deposits totalled EUR 139.8 million. In addition, the company had access to committed credit lines in the amount of EUR 70.0 million at the end of the fiscal year. The solid liquidity reserves and the very good credit standing ensure the high financial flexibility of the Energie AG Group in the long term.

Group-wide central financial management

Intercompany funding is managed centrally by Energie AG Group Treasury GmbH (Group Treasury GmbH). In the scope of Group-wide cash pooling operations, short-term liquidity management is effected between the 25 Austrian Group companies. Group Treasury GmbH acts as the lead pool manager within the framework of a cash pooling system which is transacted in cooperation with two Austrian banks. Long-term funds are allocated in the Group in line with requirements and at arm's length market conditions. The central Group-internal financial control system ensures that funds are procured and used at optimum cost.

Value-based corporate management and capital costs

Energie AG's value management strategy is an instrument for measuring the economic success of the Group's business activities. It serves to assess the attractiveness of investing activities and secures the company value while generating a capital market-oriented return for the owners. The weighted average cost of capital (WACC) is of essential importance. The WACC 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 parameters specified by the regulatory authority are largely 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. The costs of capital are also continuously monitored, especially against the background of a volatile financial market environment. The consolidated WACC for the fiscal year 2018/2019 was 4.3% (previous year: 4.4%).

One of the most important key indicators for operational Group management during the fiscal year is the Return on Capital Employed (ROCE), which indicates how efficiently and profitably the available capital is utilized. The ROCE is calculated as the quotient of Net Operating Profit After Tax (NOPAT) and average Capital Employed. The ROCE minus the WACC results in the relative value contribution. The absolute value added is calculated by multiplying it by the capital employed. The higher this value is, the more economically successful the respective activity has been.

The value contribution is influenced by various variables. In addition to the development of operating earnings, the level of ROCE and value added specifically depends on the capital employed. NOPAT corresponds to EBIT less related taxes in the amount of EUR 15.0 million and other items of EUR 10.7 million. For information on Capital Employed, please refer to the **Notes to the Consolidated Financial Statements › page 123**.

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 2018/2019 fiscal year, the ROCE of the Energie AG Group was 2.8%, 4.6 percentage points lower than in the previous year (7.4%). The decrease is mainly attributable to various exceptional accounting measures in the 2018/2019 fiscal year.

Treasury stocks

By resolution of the Annual General Meeting on 19 December 2018, the share capital of Energie AG was reduced by EUR 50,449 from EUR 88,779,655 to EUR 88,729,206 by means of a simplified capital reduction by cancellation of 50,449 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 employee stock option plan provides for the right or the obligation to purchase Energie AG employee shares. In fiscal year 2018/2019, 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 30.09.2018	50,449	0.06	50.4
Disposals 2018/2019	-50,449	-0.06	-50.4
Additions 2018/2019	73,682	0.08	73.7
Treasury stocks as of 30.09.2019	**73,682**	**0.08**	**73.7**

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 › page 177**.

Changes under corporate law

At the beginning of the second half of 2018/2019, sales activities for electricity, natural gas, heating and telecommunications were bundled in the newly founded Energie AG Oberösterreich Vertrieb GmbH (Vertrieb GmbH). This enables Energie AG to focus even more strongly on specific customer needs and makes a positive contribution towards customer acquisition and retention.

In the context of restructuring the ENAMO GmbH joint venture subject to an acquisition and assignment agreement dated 3 December 2018, Energie AG Oberösterreich acquired the 35% interest in ENAMO GmbH held by LINZ STROM GAS WÄRME GmbH für Energiedienstleistungen und Telekommunikation. At the same time, ENAMO GmbH offloaded its general partner's interest in LINZ STROM Vertrieb GmbH & Co KG to Natur-Wärme/Gas Linz GmbH. Both share transfers took effect on 1 April 2019, thus marking the end of the cooperation in electricity sales with LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste.

The 65% participating interest stake in ENAMO GmbH held by Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH was transferred to Energie AG Oberösterreich; Energie AG Oberösterreich now fully owns ENAMO GmbH. The general partner's interest in Energie AG Oberösterreich Vertrieb GmbH & Co KG held by ENAMO GmbH was transferred to the newly founded Energie AG Oberösterreich Vertrieb GmbH. The subsequent contribution of Energie AG Oberösterreich's limited partner stake in Energie AG Oberösterreich Vertrieb GmbH & Co KG to Energie AG Oberösterreich Vertrieb GmbH terminated Energie AG Oberösterreich Vertrieb GmbH & Co KG and the company's assets were transferred to Energie AG Oberösterreich Vertrieb GmbH.

The Sales operational unit of Energie AG Oberösterreich Telekom GmbH was spun off to Energie AG Oberösterreich Vertrieb GmbH.

At the same time, Energie AG Oberösterreich Erzeugung GmbH (Erzeugung GmbH) combined its generation activities for electricity, heat, wind power and photovoltaic (PV). The primary aim of this bundling is to achieve more efficient processes and, as a result, optimise cost management in the area of generation.

The participating interests in Energie AG Oberösterreich Renewable Power GmbH, Windpower EP GmbH, ECOFE S.R.L. and Salvatonica Energia S.R.L. held by Energie AG Oberösterreich Power Solutions GmbH were spun off to Energie AG Oberösterreich Kraftwerke GmbH. This was followed by merging Energie AG Oberösterreich Power Solutions

GmbH with Energie AG Oberösterreich Vertrieb GmbH. Energie AG Oberösterreich Kraftwerke GmbH was renamed to Energie AG Oberösterreich Erzeugung GmbH.

Beyond this, the 2018/2019 fiscal year was dominated by the reorganisation and associated merger of the Czech water and heat business. In terms of organisation, this bundling was implemented as of 1 April 2019. Further synergies between the water and heat business have been identified and are being implemented.

The participating interest in Energie AG Teplo Bohemia s.r.o. held by Energie AG Oberösterreich Wärme GmbH was spun off to Energie AG Oberösterreich Wasser GmbH. Energie AG Oberösterreich Wasser GmbH was renamed to Energie AG Oberösterreich Bohemia GmbH. Energie AG Teplo Bohemia s.r.o. was retroactively merged with ENERGIE AG BOHEMIA s.r.o with effect as of 1 October 2018.

The participating interests in Energie-Contracting-Steyr GmbH, Fernwärme Steyr GmbH, Bioenergie Steyr GmbH, Geothermie-Wärmegesellschaft Braunau-Simbach mbH, Geothermie-Fördergesellschaft Simbach-Braunau mbH and Energie Ried Wärme GmbH held by Energie AG Oberösterreich Wärme GmbH were spun off to Energie AG Oberösterreich Erzeugung GmbH. After spinning off the Heat Generation and Heating Grids operational unit for adoption by Energie AG Oberösterreich, it was transferred to Energie AG Oberösterreich Erzeugung GmbH with the non-current assets retained. Energie AG Oberösterreich Wärme GmbH was then merged with Energie AG Oberösterreich Vertrieb GmbH.

Energie AG Oberösterreich Kraftwerk Labenbach GmbH was merged with Energie AG Oberösterreich.

All restructuring steps were carried out retroactively with effect as of 30 September 2018.

Energie AG Oberösterreich acquired the all interest in baulounge GmbH previously held by Energie AG Oberösterreich Umwelt Holding GmbH by way of a purchase and assignment agreement dated 6 August 2019. This company was renamed to Wertstatt 8 GmbH.

Energie AG Oberösterreich Umwelt Service GmbH sold its total investment in Komunala ODTOK d.o.o. by way of a purchase and assignment agreement dated 9 September 2019 as of 30 September 2019, thereby withdrawing from the Slovenian market. Energie AG had been active on the Slovenian water market since 2008.

Trend in staff levels

In the 2018/2019 fiscal year, the Group's average consolidated workforce stood at 4,506 full time equivalents (FTE), representing an increase of 2.7% over the average of the 2017/2018 fiscal year (4,389 FTE).

Staff levels [1)]

	Unit	2018/2019	2017/2018	Change
Energy segment	FTE	449	431	4.2%
Grid segment	FTE	537	539	-0.4%
Waste Management segment	FTE	860	854	0.7%
Czech Republic segment	FTE	1,618	1,554	4.1%
Holding & Services segment	FTE	1,042	1,011	3.1%
Group total	**FTE**	**4,506**	**4,389**	**2.7%**

1) yearly average of the fully-consolidated and proportionately consolidated companies

For further information on the personnel structure, see the **Non-financial Report › page 77**.

INTERNAL CONTROL SYSTEM

The Energie AG Group has implemented all necessary governance systems within the scope of its obligation under stock corporation law. An integrated implementation of reporting and documentation of the control systems in line with the "Three-Lines-of-Defence Model" ensures a holistic view. This includes process-specific monitoring within the framework of the Internal Control System (ICS) with a special focus on the preservation of the Group's assets and the validity of the processes relevant to accounting. 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. Optimising operational processes – especially against a backdrop of organisational restructuring while leveraging the opportunities arising from digitalisation – with a valid ICS provides added value with a view to achieving corporate objectives.

Special attention is paid to the accounting process. The organisational structure, guidelines and measures to ensure the correctness of the financial reporting and compliance with legal regulations are ensured by clear role separation and by risk assessment. The "Group Treasury", "Group Accounting" and "Controlling and Risk Management" departments have been established as company holding roles. Accounting has been set up as a service for the entire Group in the Energie AG Oberösterreich Business Services GmbH service company. Accounting's task comprises the classic tasks of orderly accounting; a strongly IT-supported process with automated controls is implemented here to avoid material misrepresentations in the posting of transactions. All controls and the associated risk assessment are posted in a separate IT tool and are periodically reviewed by Group Internal Audit for applicability, efficiency and effectiveness. The basis for valid financial reporting is a high degree of standardisation in data acquisition and processing, starting with commercial services, through the preparation of the companies' separate financial statements, to consolidation in the consolidated financial statements. The Management Board and the supervisory bodies are regularly informed also in a standard process.

In the 2018/2019 fiscal year, the realignment of the Sales and Generation segments and the bundling of water and heat activities in the Czech Republic necessitated a major adjustment of processes and thus an adaptation of controls. Continuous monitoring and consulting and a cyclical audit by Group Internal Audit form the basis of quality validation for these systems. 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. 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.

The legal obligation to equal treatment in accordance with the Electricity Industry and Organisation Act (ElWOG) and the Gas Industry Act (GWG) are subject to appropriate ICS controls and are monitored by the Equal Treatment Officer.

The ICS satisfied the statutory requirements in the year under review. Control measures were and are being adapted and implemented with a high level of commitment at Energie AG to reflect the change process.

RISKS AND OPPORTUNITIES

The risk and opportunities position of Energie AG is influenced by changes in the energy market environment, growing competitive dynamics and adjustments to the energy policy and general regulatory conditions. Energie AG meets these challenges by tapping into additional earnings potential, by employing a value-based investment management and by taking extensive efficiency improvement measures.

Energie AG's business activities are still exposed to certain risks, but no risks were identified in the fiscal year 2018/2019 that, either individually or collectively, would have the potential to jeopardize the continued existence of the company.

For more details on the risks and opportunities situation, see the **Notes to the Consolidated Financial Statements › page 173**.

RESEARCH, DEVELOPMENT AND INNOVATION

Energie AG Oberösterreich has always considered research, development and innovation in the entire Group to be the cornerstones of the company's further development.

Social responsibility for future generations and the consequences of climate change pose major challenges for all areas of the Group. Energie AG proactively assumes responsibility and meets these challenges with great commitment. In addition to the issues of sector coupling and sector integration with the aim of bringing more renewable energy sources into the energy system and thus electrifying or decarbonising the various sectors, it is also important to maintain a high level of supply reliability.

In addition, Energie AG focuses on development and innovation in the areas of digitalisation and automation. Numerous projects, cross-company optimisation potentials, new business models and ideas for further projects have already emerged from this digitalisation offensive. Close cooperation with partners from science and industry allow for an intensive exchange with valuable and mutual impetus.

R&D&I key performance indicators

	Unit	2018/2019	2017/2018	Change
Number of R&D&I projects in the Group	Number	104	110	-5.5%
Staff involved in R&D&I projects	Number	364	334	9.0%
R&D&I expenses in the Group	EUR mill.	4.5	3.7	21.6%

In fiscal year 2018/2019, research, development and innovation were pursued in the following projects (non-exhaustive list):

Digitalisation projects: chatbot & robotics

As part of the digitalisation strategy developed in 2017, digitalisation projects in various areas were implemented in the 2018/2019 fiscal year. Among other things, Robotic Process Automation (RPA) was implemented, an innovative technology that automates extensive, recurring manual activities by users, for example for customer support in connection with the use of smart meters and in the course of monitoring photovoltaic systems. The aim is to process tasks faster and at lower cost. The technology is suitable for all high-volume, repetitive, routine activities that follow a certain set of rules.

In addition, a chatbot – an internal, digital assistant (based on cognitive services) – was developed to channel and automatically respond to existing user queries. The first concrete application examples are direct access to backend systems and the use of various knowledge bases. In addition, the intent is to partially automate or completely redesign and largely automate existing processes in a subsequent step. The integration of the chatbot in Robotics will be a specific focus. In a further phase, the intent is to leverage this experience and these techniques to support customer-facing relationships.

Maintenance of run-of-river power plants

Several projects in the power plant sector in the reporting period dealt, among other things, with prolonging the service life, and with new methods for follow-up auditing of existing power plants. For example, technical monitoring of structures and crack documentation was considerably simplified by the use of drone flights. In addition, the use of a new plastic material instead of wood on the cogwheels of a hydroelectric power plant built in 1888-1889 significantly extended the service life without having to replace all of the historical technical equipment.

Transform2LowEx

The Transform2LowEx project, carried out in cooperation with several project partners, is dedicated to systematically researching, implementing and evaluating secondary/customer-side energy efficiency-enhancing measures in existing heating networks with a focus on reducing the supply and return temperatures. These reductions can be achieved by identifying and implementing optimisation measures especially at existing customer plants.

PEAKApp

PEAKApp is a European flagship project launched in 2016 to control energy consumption in households already equipped with smart meters. The app was developed in cooperation with 10 partners, with Energie AG performing the field tests with 1,600 domestic customers. PEAKApp enables households to receive messages when electrical energy is particularly cheap. The precise collection of consumption data and the comparison of one's own electricity consumption with the consumption of other community members (social metering) additionally increase customer benefits. This is supported by a newly developed online game that focuses on conscious use of energy. Results of the field test show that energy customers regularly use energy efficiency tools and achieve energy savings of between 4% and 7%. Furthermore, PEAKApp offers the opportunity to actively communicate with customers and establish close digital ties. The project, which was completed in the reporting period, also took second place in the EU Sustainability Awards.

Monitoring of electric mobility charging stations

The internal and public charging stations operated by Energie AG are subject to monitoring by the charging station management system. This serves to maximise technical availability and provide the best possible service, and reliable functionality, for the charging customer. This system is constantly being further developed in order to research into and answer future questions on e-mobility. This includes, among other things, regularly determining the use levels and capacity utilisation of the charging stations in operation in order to be able to determine a trend in terms of expanding the charging infrastructure – both internally and in the public space in Upper Austria. Energy and power measurements at Energie AG-internal facilities can be used, for example, to determine standby consumption and charging curves of the various charging stations and electric vehicles and to gain insights into practical requirements both for electric vehicle users and for charging station operators (example: capacity requirements).

ON voltage monitoring

This project focuses on recording voltage states on local grids with smart meters with a view to demand-oriented grid expansion. Voltage data is recorded across the area and mapped in the geographic information system (GIS). In future, it will be possible to derive improvement actions such as adapting the transformer stage position, symmetrisation, voltage control or further grid expansion for areas where the voltage quality limits have identifiably been reached.

KEY PERFORMANCE INDICATORS

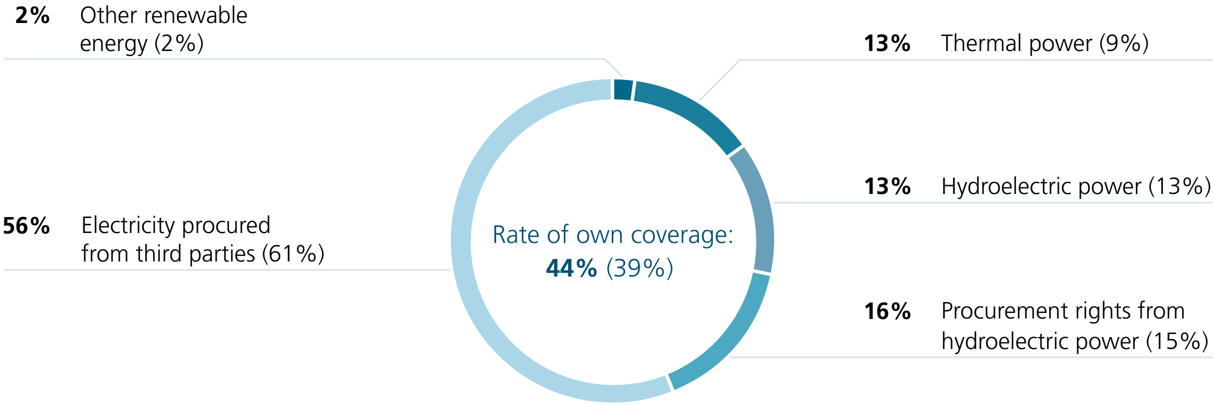
Group overview

	Unit	2018/2019	2017/2018	Change
Electricity procurement	GWh	16,794	15,494	8.4%
Electricity procured from third parties	GWh	12,978	12,250	5.9%
Proprietary electricity procurement [1)]	GWh	3,816	3,245	17.6%
Thermal power stations	GWh	1,115	712	56.6%
Renewable energy	GWh	2,701	2,533	6.6%
Group's own hydropower plants	GWh	1,160	1,058	9.6%
Procurement rights from hydroelectric power	GWh	1,358	1,287	5.5%
Other renewable energy (photovoltaics, wind, biomass)	GWh	183	188	-2.7%
Electricity grid distribution volume to end customers	GWh	8,067	8,297	-2.8%
Electricity sales volume [2)]	GWh	7,898	7,294	8.3%
Natural gas grid distribution volume to end customers	GWh	20,831	18,397	13.2%
Natural gas sales volume	GWh	6,031	4,980	21.1%
Heat procurement	GWh	1,758	1,665	5.6%
Heat sales volume	GWh	1,625	1,524	6.6%
Total waste volume handled	1,000 t	1,745	1,766	-1.2%
Thermally processed waste volume	1,000 t	614	642	-4.4%
Invoiced drinking water volume	m^3 mill.	56.6	55.5	2.0%
Invoiced waste water volume	m^3 mill.	44.3	43.8	1.1%
Length of fibre-optic network	km	6,100	5,550	9.9%

1) of which in the fiscal year 2018/2019 3,814 GWh on the domestic market (previous year: 3,243 GWh)
2) of which in the fiscal year 2018/2019 5,587 GWh distribution to consumers on the domestic market (previous year: 5,753 GWh)

Electricity procurement structure without electricity trading

2018/2019; previous year's figures in brackets



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

DEFINITION OF 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 **Consolidated Financial Statements › page 123**.

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

ENERGY SEGMENT

Energy segment overview

	Unit	2018/2019	2017/2018	Change
Total sales	EUR mill.	1,057.5	896.0	18.0%
EBIT	EUR mill.	117.3	81.7	43.6%
Investments in property, plant and equipment and intangible assets	EUR mill.	19.1	27.5	-30.5%
Workforce (on average)	FTE	449	431	4.2%
Electricity procurement [1]	GWh	16,617	15,289	8.7%
Proprietary electricity procurement	GWh	3,639	3,039	19.7%
Electricity sales volume	GWh	7,898	7,294	8.3%
Natural gas sales volume	GWh	6,031	4,980	21.1%
Heat procurement	GWh	1,381	1,468	-5.9%
Heat sales volume	GWh	1,264	1,327	-4.7%

1) incl. third-party procurement

ECONOMIC ENVIRONMENT FOR THE ENERGY SECTOR

In the 2018/2019 fiscal year, forward market prices for electricity for delivery in 2020 in Austria moved within a comparatively wide corridor of EUR 8.7/MWh with a slight downward trend. The main influencing factors here were the prices for coal and CO_2 allowances. The price for the annual base of 2020 in the price zone Austria reached its highest value on 8 October 2018 at EUR 57.3/MWh, and the lowest value on 25 March 2019 at EUR 48.6/MWh. At EUR 52.5/MWh the average price was around one-quarter higher than the previous year's value.

Also on the spot market, prices increased compared with the same period of the previous year. In the 2018/2019 fiscal year, the average European Power Exchange (EPEX) spot price base for delivery in Austria was EUR 45.1/MWh. Due to the increasing feed-in of electricity from wind power and photovoltaic systems, the market continued to be volatile with hourly prices between EUR -59.8/MWh and EUR +141.3/MWh.

In the majority of the reporting period, electricity prices were significantly influenced by the prices of CO_2 emissions allowances and coal. As of September 2019, the major relevance of coal prices was replaced by gas prices. Although oil prices no longer have a direct influence on coal and gas prices and thus also on electricity prices, they are indicators of global price developments on the energy markets.

Hard coal prices have significantly lost value in the past twelve months. Starting at USD 99.6/t at the beginning of the 2018/2019 fiscal year, the All Publications Index#2 (API2) for delivery in 2020 to the Amsterdam-Rotterdam-Antwerp Coal Trading Area (loco ARA) had dropped to only USD 66.2/t by the end of September 2019. The reasons for this were a large global supply and comparatively weak demand.

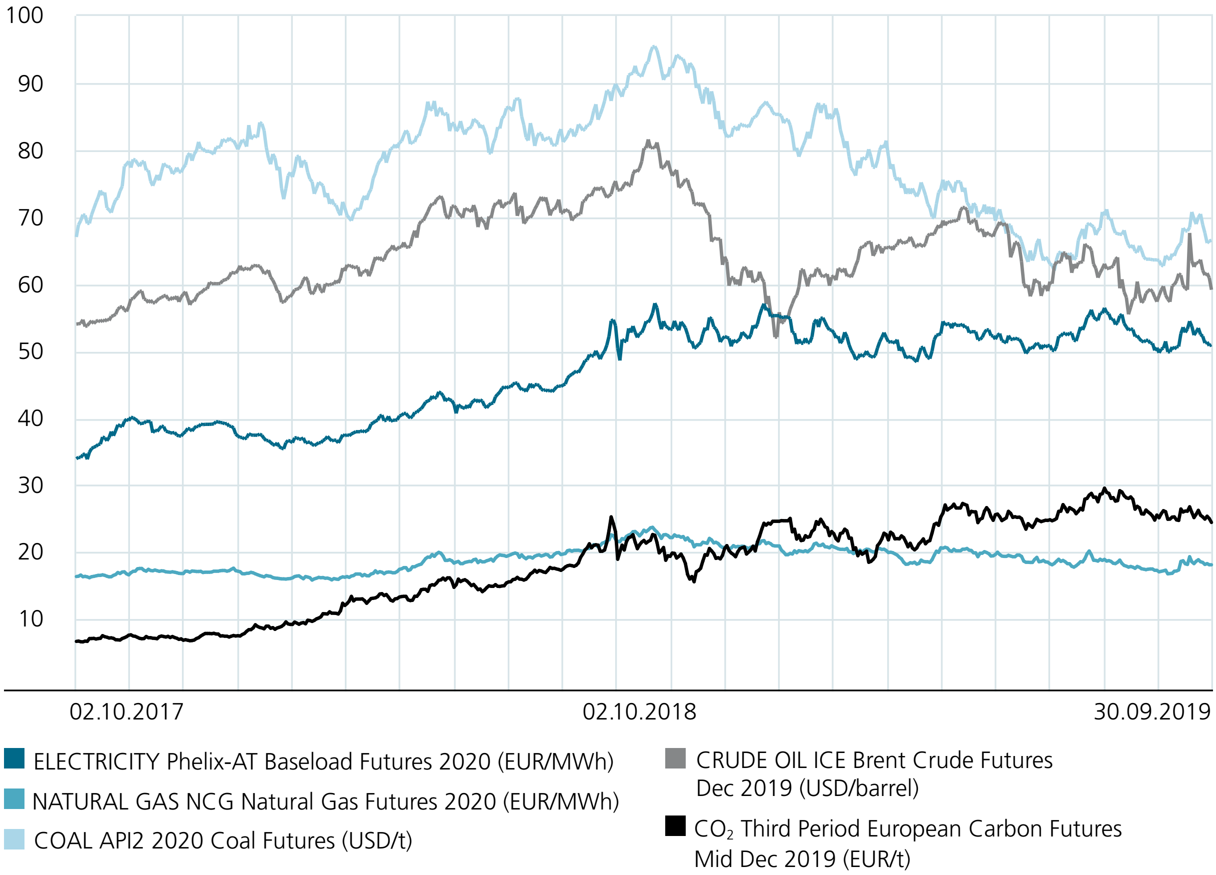
The oil price fell from a high of USD 81.6/barrel of Brent crude oil for delivery in December 2019 to a low of USD 52.2/barrel at the turn of the year 2018/2019. After a few upward and downward swings, the price of Brent was quoted at USD 59.3/barrel at the end of the fiscal year. The average price in the fiscal year 2018/2019 was USD 64.5/barrel.

The NetConnect Germany (NCG) gas price for the year ahead 2020 fell from EUR 23.6/MWh at the beginning of October 2018 to EUR 18.4/MWh at the end of September 2019. The peak value was EUR 24.0/MWh on 5 October 2018, the lowest value EUR 17.1/MWh on 2 September 2019.

The most significant fluctuations were recorded in the price of CO_2 emissions allowances. In the 2018/2019 fiscal year, prices fluctuated between EUR 15.9/t and EUR 29.8/t. In particular, the concern about an unregulated Brexit and the associated effects on the European emissions trading system repeatedly provoked rapid price movements.

Price development on international energy markets

Sources: EEX, Reuters



BUSINESS DEVELOPMENT IN THE ENERGY SEGMENT

In the 2018/2019 fiscal year, the Energy segment achieved a sales increase of 18.0% with total sales of EUR 1,057.5 million. Declining sales revenues from gas management were more than offset by increased sales revenues in electricity trading and the higher use of the CCGT power plants in Timelkam and Laakirchen.

The EBIT of the Energy segment was EUR 117.3 million in the reporting period; this is equivalent to an increase of 43.6%.

The Energie AG Group was the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG until 31 March 2019, but did not exercise control over that company due to ENAMO GmbH being its sole general partner (previously consolidated at equity). Acquisition of the remaining interests in ENAMO GmbH on 1 April 2019 resulted in the Group also gaining control over Energie AG Oberösterreich Vertrieb GmbH & Co KG.

Due to acquiring control over the aforementioned companies, the equity share previously held was revalued to fair value in accordance with IFRS 3. The revaluation amounts to EUR 48.2 million.

Moreover, increased electricity price expectations and the positive effects of the new System Utilisation Tariff Ordinance resulted in reversals of impairment in the amount of EUR 7.9 million for the Timelkam CCGT power plant.

In the previous year, an impairment in the amount of EUR 2.5 million had been recognised for the Timelkam CCGT power plant. In addition to this, the EBIT was adversely affected by impairments in the amount of EUR 3.2 million for the 7Fields natural gas storage facility and further minor impairments. By contrast, a reversal of impairment in the amount of EUR 1.9 million for Cogeneration Kraftwerke Management Oberösterreich GmbH (CMOÖ GmbH) had had a positive effect on EBIT in the previous year.

In addition to the value adjustments mentioned above, EBIT for the reporting period was affected by lower earnings contributions from electricity and natural gas sales due to higher procurement costs as well as lower earnings contributions from the use of the Timelkam CCGT power plant for grid reserve and congestion management. By contrast, the significantly higher water level in the 2018/2019 fiscal year compared with the previous year had a positive effect on the EBIT of the Energy segment.

MORE THERMAL ELECTRICITY GENERATION, ABOVE-AVERAGE ELECTRICITY PROCUREMENT FROM HYDROELECTRIC POWER

Total **electricity procurement in the Energy segment** in the 2018/2019 fiscal year totalled 16,617 GWh and was therefore 8.7% higher than in the previous year (15,289 GWh). This significant increase was mainly due to increased external electricity trading and the increased use of the CCGT power plants Timelkam and CMOÖ GmbH in Laakirchen. As a result, proprietary electricity procurement of 3,639 GWh in the reporting period was 19.7% higher than in the previous year (3,039 GWh).

Electricity production from thermal capacities in the Energy segment increased from 578 GWh to 1,000 GWh (+73.0%). This is attributable on the one hand to the increased utilisation of the CCGT power plant Timelkam, which was used for grid reserve and congestion management throughout the 2018/2019 fiscal year. On the other hand, rising electricity prices coupled with relatively stable gas prices in certain months of the year under review meant that, where contractually possible, use on the electricity market became economically viable again.

CMOÖ GmbH also benefited from the market situation, where marketable use of gas turbines was again possible in the winter months of the 2018/2019 fiscal year, which in turn boosted earnings.

A water supply around 2% above the long-term average and 6.5% above the level of the previous year contributed significantly to the positive development of **proprietary electricity procurement in the hydraulic power plants**, despite a wide range of fluctuations in the course of the reporting period. The hydro coefficient of the Group's own power plants and procurement rights was 1.02.

In fiscal 2018/2019, the decision to build a replacement for the Dürnau hydropower plant was taken. The building work started in September 2019. The fish ladders at the Marchtrenk, Traun-Pucking and Partenstein power plants were put into operation on schedule by the end of 2018. In spring 2019, the work was completed with the recultivation of the site.

In addition, the preliminary projects for building a new hydropower plant in Weissenbach and a construction to replace the Traunfall power plant were started in order to expand electricity generated from renewable energies.

Ennskraftwerke Aktiengesellschaft, in which Energie AG holds a participating interest of 50%, reported electricity production slightly above the long-term average in the 2018/2019 fiscal year, with a hydro coefficient of 1.01.

Energie AG's **wind power portfolio** in Austria comprises investments in three wind parks with a pro rata overall performance of nearly 14.7 MW. Generation from wind power in the reporting period was 35 GWh (previous year: 31 GWh).

In the **photovoltaic (PV)** business area, Erzeugung GmbH is the 100% owner of Energie AG Oberösterreich Renewable Power GmbH and the Italian companies ECO-FE S.R.L. and Salvatonica Energia S.R.L. Together with the other PV and PV contracting systems, the Energie AG Group has a total PV capacity of around 10 MW_p.

The distribution of 237 GWh of district heating from the power plant locations in Riedersbach and Timelkam was approximately at the same level as the previous year (234 GWh).

At the Kirchdorf location, the proportion of heat generated from the highly efficient combined heat and power (CHP) plant increased compared with the previous year. As deliveries from the heat recovery plant of the adjacent cement plant fell slightly, heat generation from the hot water boilers remained almost unchanged.

The Gmunden district heating supply project successfully started trial operations for gas boilers and heat extraction from the cement plant in September 2019. The capital investments in the other district heating supply networks were mainly attributable to grid consolidation measures.

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 generated in the 2018/2019 fiscal year was 802 GWh and thus 15.6% up on the previous year's figure of 694 GWh.

On the price-controlled district heating networks of Vöcklabruck, Kirchdorf and Riedersbach, heat sales prices rose by around 5.1% on 1 October 2018, keeping pace with consumer prices. On index-linked grids, prices were adjusted in line with sliding scale prices.

Total heat procurement in the Energy segment in the 2018/2019 fiscal year was 1,381 GWh (previous year 1,468 GWh). Heat procurement in the Energy segment previously also included heat procurement in the Czech Republic. From the 2018/2019 fiscal year, the Czech heat procurement of currently 191 GWh is allocated to the Czech Republic segment. The heat procurement remaining in the Energy segment increased during the reporting period.

SUCCESSFUL CUSTOMER RETENTION IN SPITE OF CHALLENGING CONDITIONS

In addition to the economic development and the general energy policy conditions, the customers' switching behaviour is of fundamental importance for Vertrieb GmbH. According to E-Control Austria, in the first half of 2019, the number of customers switching their electricity and gas providers reached the highest level in the industry since the electricity and gas markets were liberalised in 2001 and 2002. While the number of customers who switched electricity providers increased compared to the previous year, almost the same number of natural gas customers switched suppliers in the reporting period as in the previous year.

In addition, the temperature trend is also hugely important for Vertrieb GmbH's results. In the year under review, 2018/2019, the temperature level in Upper Austria was 4.2% above the previous year and 6.3% above the average for the past five years.

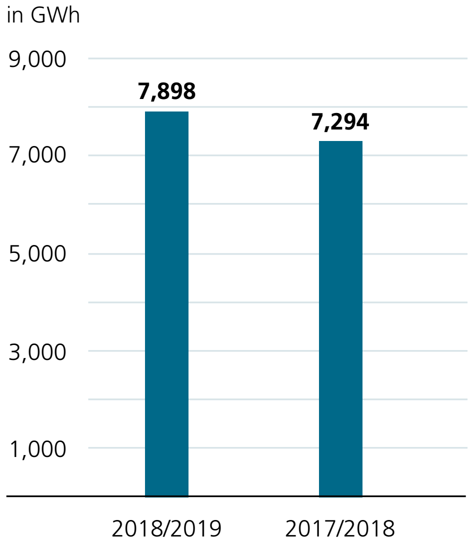
Electricity

At 7,898 GWh, Energie AG's consolidated electricity sales volume was 8.3% above the previous year's figure of 7,294 GWh.

Electricity sold to private, commercial and municipal customers remained stable compared with the previous year despite milder weather conditions. The industry average switching rates in this customer area were at a similarly high level as in the previous year. Contrary to the industry trend, Energie AG was able to reduce the switching rate for business and private customers in its premium customer segment for the second time in succession.

In the business and industrial customer segment, electricity sales were at a slightly higher level despite the competitive situation, which continues to be intense.

Electricity sales volume



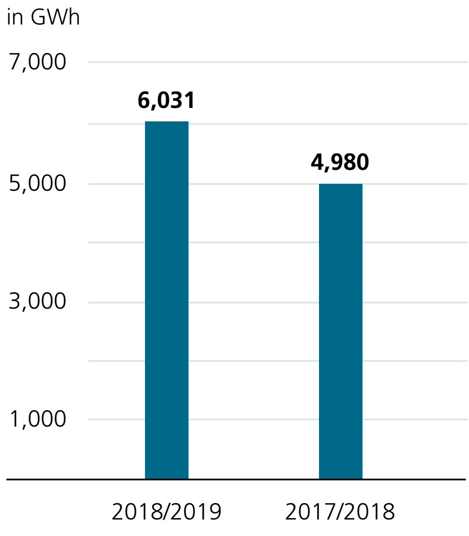
Natural gas

At 6,031 GWh, the volume of natural gas sold by the Energie AG Group in the 2018/2019 fiscal year was 21.1% above the previous year's figure of 4,980 GWh.

Although the sales volumes to existing space-heat-driven business and private customers fell, this effect was more than offset by the significant increase in volumes resulting from winning the Association for Consumer Information's (VKI) auction in 2018. The main reason for the massive increase in volumes compared with the previous year lay in the key account segment, where a number of new customers was acquired thanks to professional and personal customer service.

Fortunately, the switching figures for natural gas in the private households sector were also significantly lower than in the previous year.

Natural gas sales volume



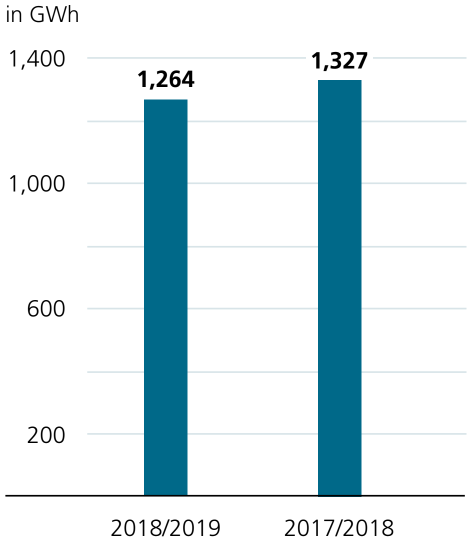
Heat

The total heat sales volume in the Energy segment was 1,264 GWh in the 2018/2019 fiscal year (previous year 1,327 GWh).

The heat sales volume in the Czech Republic was previously also included in the Energy segment's figures. From the 2018/2019 fiscal year, the Czech heat sales volume of currently 175 GWh is allocated to the Czech Republic segment.

The heat sales volume in Austria that remained in the Energy segment increased despite the mild winter.

Heat sales volume



Telecommunications

Vertrieb GmbH is active on the Upper Austrian telecommunications market in the business and private customer areas with offers in the fields of internet, telephony and TV. In the scope of the broadband strategy for 2030, the existing infrastructure is increasingly being replaced by high-speed fibre-optic technology. The professional personal customer service and the broad range of services offered enabled a positive business development with numerous new acquisitions in the business customer segment despite a competitive environment which continues to be challenging.

At the end of the 2018/2019 fiscal year, more than 5,500 private customers were already actively using the products from the portfolio. There were just over 3,200 customers at this time in the previous year.

Energy services

In the energy contracting business area, heat is supplied to customers such as public institutions, the housing industry, trade and commerce via modern energy centres. In the 2018/2019 fiscal year, the sales volume was 136 GWh, slightly above the previous year's figure of 135 GWh.

In the course of the 2018/2019 fiscal year, ten new PV contracting systems with an output of 2,200 kW_p were installed on the basis of a contracting service.

Electromobility

The focus of Energie AG's electromobility activities is on charging solutions for the private and business sector. Parallel to this, the targeted installation of public charging stations including operations management and service packages with local partners such as municipalities was continued in the reporting period.

In December 2018, Energie AG launched its own charging card on the market; it can be used throughout Austria to purchase electric vehicle charging services at publicly accessible charging points. A digital charging station management system was installed for data management and customer billing.

GRID SEGMENT

Grid segment overview

	Unit	2018/2019	2017/2018	Change
Total sales	EUR mill.	362.6	370.2	-2.1%
EBIT	EUR mill.	-77.4	57.7	–
Investments in property, plant and equipment and intangible assets	EUR mill.	96.0	92.4	3.9%
Workforce (on average)	FTE	537	539	-0.4%
Electricity grid distribution volume to end customers	GWh	8,067	8,297	-2.8%
Natural gas grid distribution volume to end customers	GWh	20,831	18,397	13.2%

STATUTORY AND REGULATORY FRAMEWORK IN THE GRID SEGMENT

The fourth new regulatory period for the electricity sector began on 1 January 2019. In an Austria-wide comparison between electricity grid operators, Netz Oberösterreich GmbH (Netz OÖ) was also able to demonstrate a high level of efficiency in the electricity sector following the excellent result in the natural gas sector. The savings targets from the notice are slightly higher than in the natural gas sector. As a result of these new regulatory parameters, grid utilisation fees for end-consumers in the electricity sector were reduced as of 1 January 2019, from -2.8% at grid level 3 to -6.7% at grid level 7.

The grid fees for the natural gas division in Upper Austria were also significantly reduced. The reduction of between -13.1% at grid level 3 and -17.3% at grid level 2 is founded on the reduction of the very high upstream grid costs in the previous year and on compensation payments in the current tariff base.

For the most part, the fundamental regulatory conditions for the 2018/2019 fiscal year are expected to remain unchanged. The regulatory parameters for the fourth regulatory period, which has now commenced, have been fixed until 2023 for the electricity segment. Austria's Federal Chamber of Commerce and the Federal Chamber of Labour objected against the general economic conditions for natural gas mandated by the regulatory authority as of 1 January 2018. A decision on these objections is still outstanding. The objective continues to be the safeguarding of a stable economic environment for grid operators.

BUSINESS DEVELOPMENT IN THE GRID SEGMENT

The Grid segment generated sales revenues of EUR 362.6 million in the reporting period. This represents an decrease of 2.1% compared with the previous year's sales. In fiscal year 2018/2019, the EBIT of the Grid segment amounted to EUR -77.4 million and was EUR 135.1 million down on the previous year's EBIT of EUR 57.7 million.

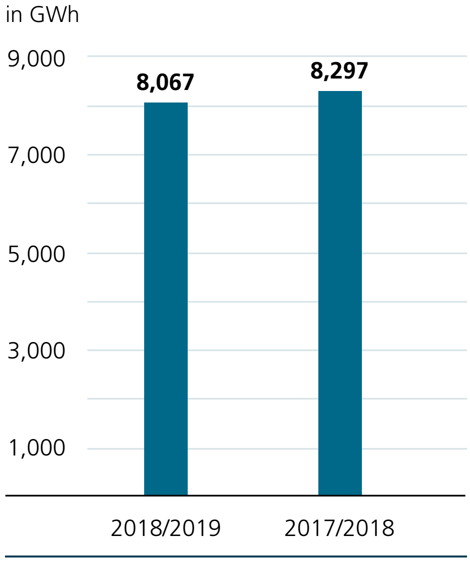
In the past, the intrinsic value of the grid equipment (electricity) was verified by applying a market-based approach (multiplier method). The suitability of this method presupposes the existence of transactions involving identical, comparable or similar assets. Due to the lack of recently completed market transactions conducted by sufficiently comparable companies, the previous measurement method can no longer be applied after 30 September 2019. The recoverable amount was therefore determined on the basis of the value in use. This valuation resulted in an impairment in the amount of EUR 109.3 million, which adversely affected the EBIT in the reporting period.

Operating results were also adversely affected by regulatory tariff reductions in the electricity and natural gas grids in combination with higher upstream grid costs in the Electricity segment. The regulatory reductions in natural gas tariffs were partially offset by volume increases in the natural gas grid. Higher depreciation, higher maintenance expenses and damage repairs due to strong snow pressure in winter 2018/2019 also contributed to the fall in EBIT.

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

In the 2018/2019 fiscal year, 8,067 GWh of electricity was distributed to end customers from the **electricity grid** (previous year: 8,297 GWh). This represents a decrease of 230 GWh (-2.8%) compared with the previous year. The decline in volumes is mainly attributable to a decline in the industrial customer sector resulting from higher in-house procurement. As of 30 September 2019, Netz OÖ supplied approx. 508,000 active customer installations.

Electricity grid distribution volume to end customers



At the beginning of the year, the intensive snowfall that lasted for several days in the Salzkammergut, Pyhrn-Eisenwurzen and Mühlviertel areas was a major challenge to grid operation with a noticeable influence on the availability values of the electricity grid. 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. For details on the availability of the electricity grid in the reporting period, see the Non-Financial Report › page 68.

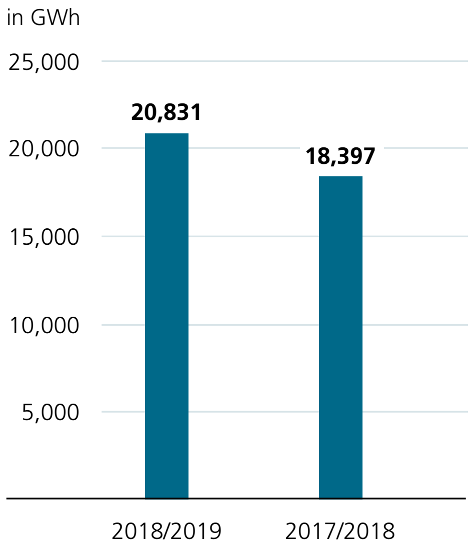
In the 2018/2019 fiscal year, the activities of the Grid segment focused on the consistent implementation of the "Electricity Grid Master Plan Upper Austria 2028 (Stromnetz-Masterplan Oberösterreich 2028)". In addition to regular grid upgrade and expansion campaigns, these included in particular the completion of the "General renovation of Ranna-Partenstein" project in May 2019, and the continuation of construction work on the "Almtal und Kremstal power supply" in August 2019 (after construction work had been interrupted in August 2018) and the start of building work on the Raab voltage transformation station in March 2019. There are ongoing approval procedures for the "Power Supply Pramtal South" high-voltage line project. The route finding procedure for the "Electricity supply Mühlviertel" project was concluded in June 2019 when a preferred corridor was defined. Detailed planning for the 110 kV overhead line in this 200 metre wide corridor has started. Public communication, detailed planning and routing have commenced in the joint project "Power Supply Central Region Upper Austria" with Austrian Power Grid AG and LINZ NETZ GmbH. The submission of the EIA is planned for autumn 2021.

In the year under review, the programme to replace overhead medium-voltage lines that are particularly susceptible to disruption with underground cable proceeded according to plan. In the eleventh year of this programme, a further 14 kilometres of overhead power lines were replaced by underground cables.

Due to the ongoing integration of local electricity generation facilities, ensuring voltage quality for grid customers on the low-voltage grid remains a challenge. The installed capacity from photovoltaics is already around 243 MW (previous year: 205 MW) with around 20,000 connected systems (previous year: 18,600 systems). Lessons learned from research and development projects are being successfully adopted for efficient grid integration.

The **volume of natural gas** transported for end users in the company's own grid rose by 13.2% to 20,831 GWh year-on-year in the 2018/2019 fiscal year (previous year 18,397 GWh). In the high-pressure area, natural gas volumes increased, primarily due to higher proprietary electricity generation by industrial operations and power plants. Volumes in the household and trade sectors remained at the previous year's level.

Natural gas grid distribution volume to end customers



In addition to expanding the standard grid, natural gas grid connections for larger business customers in Frankenmarkt, Altheim, Redlham, Ebensee, Kremsmünster, Taufkirchen an der Pram, Ried im Traunkreis, Enns and Micheldorf were constructed or expanded in the year under review. New pressure control systems were installed in Frankenmarkt, Pfaffstätt, Schalchen and Krift. In Ebensee, the existing pressure control system was replaced at a new location.

In addition, six high-pressure natural gas pipelines over a total length of 55.5 km were investigated using intelligent pigging. Various repairs to high-pressure pipelines were carried out, and five pig locks were replaced or retrofitted. Continuation of the cyclic fault location measurements and the expansion of the local corrosion protection facilities proceeded according to plan.

WASTE MANAGEMENT SEGMENT

Waste Management segment overview

	Unit	2018/2019	2017/2018	Change
Total sales	EUR mill.	233.5	229.6	1.7%
EBIT	EUR mill.	13.4	17.4	-23.0%
Investments in property, plant and equipment and intangible assets	EUR mill.	14.6	12.6	15.9%
Workforce (on average)	FTE	860	854	0.7%
Total waste volume handled	1,000 t	1,745	1,766	-1.2%
Thermally processed waste volume	1,000 t	614	642	-4.4%

ECONOMIC ENVIRONMENT FOR THE WASTE MANAGEMENT SECTOR

In the 2018/2019 fiscal year, the waste management industry continued to benefit from a favourable economic environment, thus continuing the positive trend of the previous years. The import ban on various recyclable material fractions declared by the Chinese Ministry of the Environment on 1 January 2018 continues to exert a major influence on the entire industry, as a result of which global volume flows have shifted. In the meantime, other Asian countries have adopted an import ban based on the Chinese model. For the European waste disposal management market, this resulted, inter alia, in an increase in the volumes of low-quality non-recyclable plastic waste that require thermal treatment. This ensured a high level of utilisation for all waste incineration plants throughout Europe during the reporting period.

Both nationally and internationally, the issue of responsible materials management continues to be at the centre of attention. In order to close the gap between waste management and production, mandatory requirements for reusable or recyclable product designs, including the use of secondary raw materials for which new collection and sorting paths are to be created, are being discussed. Corresponding targets defined at European level in the form of the closed substance cycle package pose major challenges for the actors involved. In Austria and other European countries, this is particularly true for plastics, as higher collection and recycling quotas have been defined for the period as of 2025. In addition, the Disposable Plastics Directive was adopted in December 2018; it introduces a ban on defined disposable plastic products throughout the EU as of 2021.

The Waste Timber Ordinance, which came into force in Austria on 1 January 2019, led, among other things, to price agreements for waste timber being concluded at far shorter intervals than previously and in doing so exposing prices to more extreme short-term fluctuations. The material qualities sorted out in the course of implementing the ordinance can be reused in the chipboard industry, while material that is no longer recyclable will continue to be thermally treated.

In the case of recycling materials, a negative trend – partly due to the import restrictions explained above – was observed for both metal and recovered paper/cardboard in the year under review. The price of steel scrap fell sharply, especially as of January 2019, and dropped considerably below the previous year's level in the course of the fiscal year. The recovered paper index, which had already lost value in the second quarter of the previous year 2017/2018, fell again significantly in the third quarter of the 2018/2019 fiscal year.

BUSINESS DEVELOPMENT IN THE WASTE MANAGEMENT SEGMENT

In the 2018/2019 fiscal year, sales revenues in the Waste Management segment amounted to EUR 233.5 million, which is EUR 3.9 million or 1.7% higher than the previous year's level of EUR 229.6 million. EBIT decreased by EUR 4.0 million to EUR 13.4 million compared with the previous year (EUR 17.4 million).

Turnover development was characterised by various changes: on the one hand, favourable general conditions in the traditional waste management market with the resulting opportunities for good price developments for commercial and industrial waste, hazardous waste and services in the construction sector contributed significantly to the increase in revenue in the Waste Management segment. On the other hand, the development of the recycling materials waste metal and waste paper/cardboard negatively affected total sales. Beyond this, energy revenues resulting from thermal treatment (electricity, heat) were lower than in the previous year due to a scheduled turbine overhaul over a 10-year maintenance interval.

In addition to the reasons already explained, the decline in earnings compared with the previous year was mainly due to one-time effects. In particular, unplanned plant shutdowns at Lenzing and Wels and unscheduled maintenance work at Lenzing adversely affected the operating result of the Waste Management segment. In addition, the base interest rate, which is the basis for evaluating provisions for landfills, changed significantly in the fiscal year 2018/2019.

HIGHER MAINTENANCE COSTS FOR INCINERATION PLANTS IN AUSTRIA

A throughput of about 614,400 t was achieved at the incineration plants in Wels and Lenzing. This corresponds to a decrease of approximately 27,200 t or 4.4%. Among other things, this was due to two unscheduled plant shutdowns. Both plants continued to operate at full capacity. In the course of the annual plant overhaul at Lenzing, an unscheduled maintenance measure on the plant's structure was identified; its repair led to significantly higher maintenance expenses in the fiscal year 2018/2019.

In the reporting period, the waste incineration plant in Wels distributed 186 GWh of heat (previous year: 197 GWh) to the district heating network of the town of Wels and to one other key account customer. Electricity procurement totalled 177 GWh (previous year: 206 GWh). The decline is attributable to the turbine overhaul carried out at 10-year intervals.

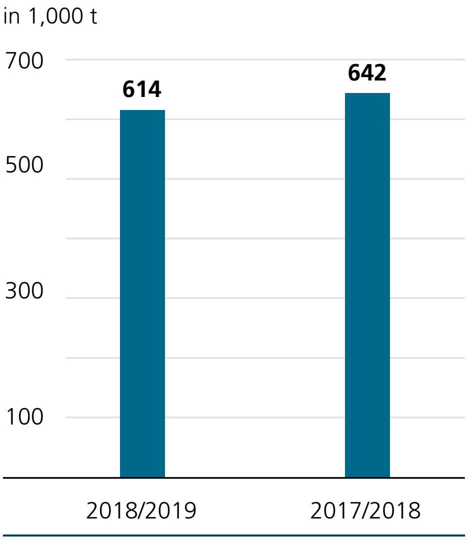
With the exception of the CPO plant (chemical-physical treatment plant for organic waste), which is influenced by the irregular accumulation of landfill leachate, the treatment plants for hazardous waste in Steyr were again very well utilised in the year under review. In terms of maintenance, the focus was primarily on the renovation of the ultrafiltration plant.

Compared with the previous year, the total volume handled in Austria and South Tyrol fell slightly to 1,745,000 t (fiscal year 2017/2018: 1,766,000 t). It should be mentioned that only Austria was affected by the decline. In South Tyrol, volumes increased by 4.4%.

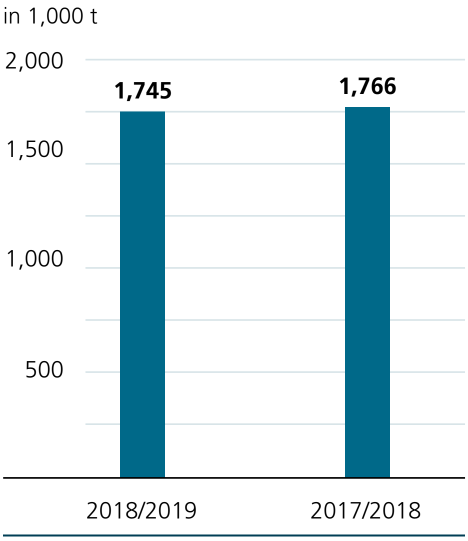
In the 2018/2019 fiscal year, the Waste Management segment continued to focus its market activities in particular on long-term indexed contracts with defined delivery volumes and prices. Cooperation with the public sector was further intensified, and it is above all the municipalities which continue to represent a material target group for the Waste Management segment. The activities in the reporting period also focused on the further development of the digitalisation projects.

However, the positive price trend for the thermal fraction led to increased competition with operators of pre-treatment plants and industrial co-incinerators, and to stronger re-municipalisation efforts by communal waste management associations that seek to establish an obligation to tender commercial waste to public waste management organisations.

Thermally processed waste volume



Total waste volume handled



STABLE EARNINGS DEVELOPMENT IN SOUTH TYROL

Following the completion of extensive structural optimisation measures at the Neumarkt location, regular operations commenced in the 2018/2019 fiscal year. One of the location's focuses is collecting and sorting waste paper/cardboard. Despite the more difficult market situation for these fractions, it proved possible to achieve a stable result by increasing the total quantities.

DRINKING WATER AND WASTE WATER: TERMINATION OF ACTIVITIES IN SLOVENIA

The Marburg-based company Komunala ODTOK d.o.o., which had been a fully consolidated company of the Group since fiscal year 2007/2008, and had belonged to the Waste Management segment since fiscal year 2017/2018, was sold as of 30 September 2019. The reason for the sale was the difficult market environment in Slovenia, which had existed for some time. The company with some 19 employees generated sales revenues of around EUR 1.1 million in the 2017/2018 fiscal year; its main business focused on waste water management and services for several municipalities.

At WDL-WasserdienstleistungsGmbH, the focus of investment in the 2018/2019 fiscal year was on securing the supply of drinking water in the Innviertel region to ensure basic drinking water supply reliability, as well as the high daily consumption peaks that occur particularly in the summer months, can continue to be met in the long term. Services continued to develop at a good level, with an increase in the provision of technical services compared with the previous year.

CZECH REPUBLIC SEGMENT

Segment overview Czech Republic

	Unit	2018/2019	2017/2018	Change
Total sales	EUR mill.	160.0	137.8	16.1%
EBIT	EUR mill.	10.9	9.3	17.2%
Investments in property, plant and equipment and intangible assets	EUR mill.	11.3	5.9	91.5%
Workforce (on average)	FTE	1,618	1,554	4.1%
Invoiced drinking water volume	m^3 mill.	47.6	46.3	2.8%
Invoiced waste water volume	m^3 mill.	44.2	43.8	0.9%

GENERAL CONDITIONS IN THE CZECH REPUBLIC

In the Water segment, the favourable macroeconomic data and higher water distribution due to heat and dry conditions were reflected in a positive sales development and in increasing services business order volumes. There were no significant changes as part of the annual adjustment of the pricing regime in the Czech Republic, which focuses on the appropriate profit of operating and infrastructure companies. Due to weather conditions, sales in heating were slightly impaired by the mild winter.

However, the generally very positive economic development in the Czech Republic drives competition on the labour market, as is reflected in the unemployment rate in the Czech Republic – the lowest in the European Union. This situation on the labour market is particularly challenging in view of the high average age of the Czech subsidiaries' workforce.

The Czech koruna remained largely stable in the course of the 2018/2019 fiscal year.

BUSINESS DEVELOPMENT IN THE CZECH REPUBLIC SEGMENT

Sales revenues in the newly created Czech Republic segment totalled to EUR 160.0 million in the water and district heating sectors in the 2018/2019 fiscal year. EBIT amounted to EUR 10.9 million in the reporting period.

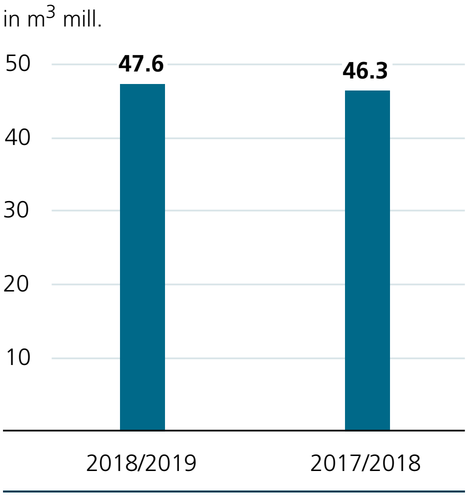
The significant increase in sales revenues and EBIT in the Czech Republic segment was primarily attributable to the integration of the heating activities in the Czech Republic and from increases in the core business of drinking water supply and waste water disposal. Service sales revenues were above the previous year's level. Moreover, growth was achieved in construction assembly services and in wholesale revenues.

Due to the higher than average temperatures and resulting lower sales volumes in the reporting period, the income generated by the heat-related business in the Czech Republic was slightly lower than in the previous year.

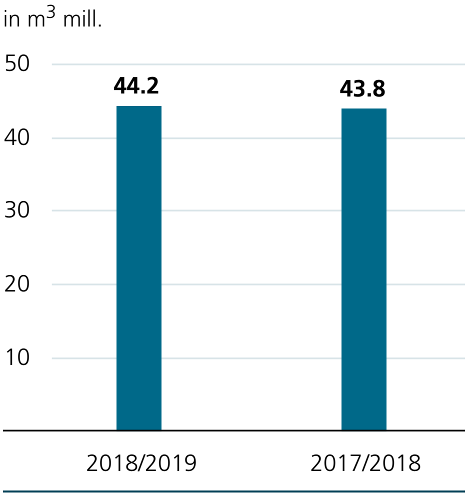
STABLE DEVELOPMENT IN THE CZECH REPUBLIC

In the Czech Republic segment, a total of 47.6 million m^3 of **drinking water** and 44.2 million m^3 of **waste water** were invoiced; this is equivalent to a slight increase on the previous year's figures. As at 30 September 2019, around 921,000 inhabitants were supplied with drinking water; waste water disposal was handled for around 714,000 inhabitants.

Invoiced drinking water volume



Invoiced waste water volume



Like every year, fee negotiations with the municipal contracting parties were scheduled for numerous operator contracts in the water business during the reporting period. Smaller bidding procedures took place place in a number of supply areas in the course of the fiscal year. The number of operating or concession agreements, and heat supply agreements has remained constant since the beginning of the fiscal year.

In the areas of research, development and innovation, the focus in the 2018/2019 fiscal year continued to be on reducing non-revenue water as well as on digitalising operations and customer services. Significant development steps were taken in each of these areas. For the first time in the Czech Republic, area-wide water leak detection was carried out using satellite technology in the Beroun district. In the smart water meter sector, the application "Water under Control", developed by ČEVAK a.s., is a trend-setting solution for water customers and suppliers; it is already developing excellently shortly after the market launch.

The **heat sales volume** in the Czech Republic, which was previously allocated to the Energy segment, amounted to 175 GWh in the reporting period, remaining stable. As at 30 September 2019, some 48,000 inhabitants were supplied with heat.

HOLDING & SERVICES SEGMENT

Holding & Services segment overview

	Unit	2018/2019	2017/2018	Change
Total sales	EUR mill.	249.4	242.1	3.0%
EBIT	EUR mill.	8.8	5.7	54.4%
Investments in property, plant and equipment and intangible assets	EUR mill.	72.1	66.7	8.1%
Workforce (on average)	FTE	1,042	1,011	3.1%
Length of fibre-optic network	km	6,100	5,550	9.9%

BUSINESS DEVELOPMENT IN THE HOLDING & SERVICES SEGMENT

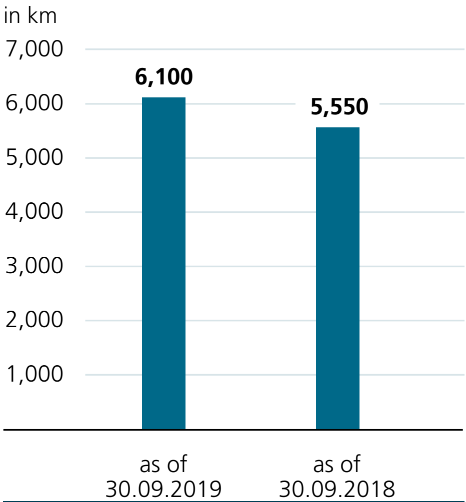
At EUR 249.4 million, sales revenues in the Holding & Services segment in the reporting period were slightly above the previous year's level of EUR 242.1 million.

The operating result of the Holding & Services segment also developed positively, rising by 54.4% from EUR 5.7 million in the previous year to EUR 8.8 million in the reporting period. In addition to several property sales, all service companies made a positive contribution to the development of earnings in this segment with EBIT increases in the 2018/2019 fiscal year. Besides higher expenses for restructuring measures within the Group and for digitalisation projects, lower profit/loss shares from at-equity consolidated investments in the Holding & Services segment amounting to EUR 10.6 million (previous year: EUR 12.9 million) had a negative impact on the operating result of the Holding & Services segment. The EBIT contribution of the telecommunications business area declined slightly due to an impairment on telecommunications equipment. However, the operating result of the telecommunications business area also developed positively in the reporting period.

FIBRE-OPTIC EXPANSION IS THE BASIS FOR UPPER AUSTRIA AS A BUSINESS LOCATION

As a result of the advancing digitalisation, the availability of speed-of-light broadband internet throughout the country is a key success factor for the future of Upper Austria as a business location. Energie AG supports this goal by expanding its fibre-optic network, the central component of the Telekom business area. At the end of the reporting period, the Group's own fibre-optic network comprised approx. 6,100 km (previous year: 5,550 km).

Length of fibre-optic network



In the scope of the Fibre To The Home (FTTH) expansion, housing areas in 180 Upper Austrian communities have been connected so far. This gives private households the ability to choose from Energie AG's “powerSPEEDprivat” product portfolio (internet with speeds up to 500 Mbps download plus a TV product and telephone connection). FTTH expansion continued successfully in the reporting period, with more than 25,000 households now connected.

In addition to this, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) provides electricity metering services for the Upper

Austrian grid. Following the redefinition of the roll-out schedule for smart metering devices (IME-VO Amendment 2017), the Netz OÖ electricity grid achieved an installed basis of approx. 633,000 AMIS meters by the end of the fiscal year 2018/2019. This corresponds to a roll-out level of 94%.

STRATEGIC INVESTMENTS

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

Wels Strom GmbH, in which Energie AG holds a 49% interest, is the integrated power supply company of the city of Wels. Other business areas include heat generation for the municipal district heating network and energy systems for key account customers.

In September 2017, construction work on the new Traunleiten hydropower plant started. Originally built in 1901, it had already covered up to two thirds of electricity production from hydroelectric power to date. A new plant with an investment volume of EUR 48.0 million will be constructed by the end of 2019. This will double output to 18 MW with annual production of 90 GWh in the future.

Wels Strom Business GmbH (a 100% subsidiary of Wels Strom GmbH) was founded in February 2019 and has served commercial and industrial customers since then. This means that the differing requirements of households and business customers can be taken into account.

In the last completed fiscal year (1 January 2018 to 31 December 2018), the electricity sales volume to customers was 630 GWh, slightly below the level of the previous year (2017: 675 GWh), 7.5% of which was covered by own production, mainly from hydroelectric power. Some 36% of the electricity sales volume was generated outside the grid area of Wels Strom GmbH.

Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG) is a regional infrastructure company with activities in the fields of electricity, natural gas, district heating, water, mobility and telecommunications. Energie AG holds a 26.13% stake in the company.

In the last completed fiscal year (1 January 2018 to 31 December 2018), the transition from a utility and infrastructure provider to a digital technology company moved forward with in-house projects and in cooperation with start-ups. The expansion of renewable energies took priority for the company in 2018 with an investment volume of around EUR 20 million in hydropower plants, photovoltaic, biomass and eco-energy plants. The Gries power plant saw Salzburg AG's 30th hydropower plant go on-grid in 2019. Innovative approaches were also taken in product development, for example in the field of photovoltaics for apartment buildings. Salzburg AG is also moving forward with broadband expansion in the province of Salzburg and investing in 5G technology. At the same time, the company is the largest mobility provider in the federal state of Salzburg with some 51 million passengers annually.

In economic terms, business events in the 2018 fiscal year were dominated by increasing prices on the energy markets. At 3,266 GWh, the electricity sales volume to customers was roughly at the previous year's level with around 51% being covered by own production, 85.8% of which from renewable sources. Natural gas sales volumes fell by 5.3% to 1,671 GWh, and district heating volumes by 7.4% to 751 GWh due to the milder winter. As in the previous fiscal years, the customer base was expanded in terms of cable TV, internet and telecommunications offerings.

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) and
- 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 on the common basis of 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. In the fiscal year 2018/2019, work focused on implementing projects in the scope of the Group's digitalisation strategy, on the acquisition of an internal real estate portfolio of around 90 properties, and on numerous services relating to restructuring the Sales and Procurement divisions. The project launched in the 2014/2015 fiscal year to adapt the SAP system architecture for billing and customer services was continued. It went live in the Electricity segment in the 2018/2019 fiscal year.

Customer Services GmbH is also strongly involved in the project to adapt the SAP system architecture in the area of billing and customer services. This company bundles the Group's customer services and data protection back office, billing, provider switch management, receivables management and payment processing in customer-facing operations. The 2018/2019 fiscal year was also marked by the implementation of market processes for joint generation plants and the development of the customer-consent management strategy for data transfer to third parties. In the 2018/2019 fiscal year, employees provided services for around 1.55 million customer contracts.

The focus of activities of **Personalmanagement GmbH** is both on governing matters related to human relations policy and human relations strategy for the Group, and on all agendas relating to personnel management, personnel accounting, training services and apprenticeship programs. In the fiscal year 2018/2019, the work focus again was on several employer branding activities and the launch of a trainee program focusing on female trainees. In addition, the newly developed management academy "Energie AG Future Lab" was held for the first time during the reporting period and a "Central Arbitration Office" was installed.

For further information on the activities of Personalmanagement GmbH, see the **Non-financial Report › page 77**.

As the central expertise owner for all technical services at Energie AG, **Tech Services GmbH** is the expert point of contact for planning, implementation and maintenance. These services were primarily provided for affiliated companies in the Group in the 2018/2019 fiscal year. Orders from external customers were also accepted to balance capacity utilisation. The biggest challenge in the reporting period was the increasing order volume, especially for the expansion of the fibre optic network, and the implementation of the "Upper Austria Electricity Network Master Plan".

OUTLOOK

With regard to the energy policy environment and the corresponding opportunities and risks for the individual business models, the composition of the future federal government in Austria and the national implementation of the EU Clean Energy Package will be relevant for the 2019/2020 fiscal year. On the other hand, further energy policy activities in neighbouring Germany will also have a significant impact on the economic environment of Energie AG.

Based on current analyses, weakening of the growth dynamic is anticipated for the economic environment. This will have a corresponding impact on the development of the raw material markets, which represent a fundamental basis for price formation in the electricity and natural gas sectors.

Prices on the power futures market continued to fall after the end of the fiscal year 2018/2019. The year ahead base has slipped to its lowest level since the beginning of June 2019. Lower primary energy prices and the economic outlook are dampening expectations for the power futures market. In the event of an economic downturn, demand for electricity could fall considerably, putting prices under pressure. Traders therefore see further downward potential. In addition to electricity demand and primary energy prices, the uncertain price development of CO_2 emissions certificates, which will be influenced by a number of political decisions, remains a key influencing parameter. For the gas market, the existing oversupply situation is expected to continue. Assuming that other fundamental influencing parameters remain the same, it can be projected that prices will continue to stay at the current low level.

Vertrieb GmbH intends to keep electricity and natural gas retail prices for private and commercial customers constant in the next fiscal year. The decisive factor for Vertrieb GmbH will be the extent to which the general political conditions will enable it to position itself more strongly as an energy service provider.

Energie AG's electricity production capacities from Group-owned thermal power stations continue to be highly significant for providing grid reserve management. The CCGT power plants of Energie AG will again be available to transmission system operators for national grid support in the 2019/2020 fiscal year.

The coming fiscal year's business activities in the Grid segment will again be characterised by the advancement of major projects, particularly those associated with the “Electricity Grid Master Plan Upper Austria 2028” (Stromnetz-Masterplan Oberösterreich 2028), as well as the consistent continuation of priority programmes in the grids for natural gas and electricity. The general economic conditions for the natural gas grid in the third regulatory period were defined on 1 January 2018. However, the decision on the objections filed by the Austrian Federal Economic Chamber and the Federal Chamber of Labour is still outstanding. The design of the fourth electricity regulatory period was completed without any objections in the current year, so that, viewed holistically, a stable economic environment for the grid sector can continue to be assumed. As intended, the smart meter roll-out will continue according to schedule with the aim of achieving a roll-out quota of over 99.5% by the end of 2019.

For the coming fiscal year, the Waste Management segment still anticipates good capacity utilisation at its thermal plants. The protection of the plants against contaminant input and the search for new, innovative disposal solutions for these contaminants remain important issues. Price developments on the waste disposal market, such as for commercial waste, continue to be positive for the coming fiscal year, while those for scrap metal and waste paper/cardboard are still viewed as difficult.

Given that in the Czech Republic segment several of the water and heating companies operate in the same or neighbouring regions, a synergy project has been launched. The objectives for the fiscal year 2019/2020 are to further optimise market activities, push forward with organisational development, and intensify cooperation between water and heating companies. No significant changes are expected in the contract portfolio.

The strategic focus for the 2019/2020 fiscal year will be, on the one hand, on further increasing customer orientation in the combined sales division for electricity, natural gas, heating and telecommunications. On the other, the focus will be on further leveraging synergies on the basis of organisational optimisation. The topics of environmental protection and decarbonisation, and in particular the requirements of the EU Winter Package, and the future federal government will continue to play a decisive role in the activities of Energie AG. The ongoing implementation of the digitalisation strategy and consistent cost management in all areas of the Group complement the strategic orientation. Against the backdrop of the challenges posed by the energy policy environment, the competitive market situation and the general regulatory conditions, a positive development in earnings is expected for the 2019/2020 fiscal year.

Linz, 3 December 2019

The Management Board of Energie AG Oberösterreich

Chief Executive Officer
KommR. Prof. Ing. DDr.
Werner Steinecker MBA
Chairman of the Management Board

KommR. Mag. Dr.
Andreas Kolar
Member of the Management Board

Dipl.-Ing.
Stefan Stallinger MBA
Member of the Management Board

Report on non-financial information 2018/2019
for Energie AG Oberösterreich

LETTER BY THE MANAGEMENT BOARD

This is now the second report we have published to provide non-financial information from the Energie AG Group, Upper Austria's largest utility company. The topics covered in this report have become increasingly strategically important in light of growing public concern about the climate, so it is imperative that Energie AG has a uniform approach.

Sustainability has become a key topic – especially in the energy sector, since both direct environment impacts and expectations from the general public are directly linked to our business activities. While our waste management services are increasingly influenced by the circular economy and the need to use resources efficiently, we are also heavily involved in the transformation towards a digital society in our capacity as a telecommunications company. The immediate effects of extreme weather are already being felt more and more severely, especially when it comes to water supply and waste water disposal infrastructure in the Czech Republic. In addition, we are also facing the impacts of demographic change. Like all businesses, it is clear that Energie AG has to contend with serious competition for skilled employees. Providing an attractive place to work is a critical success factor.

At Energie AG, we recognise these challenges. As part of our strategy development process, we discussed environmental and social issues and came to an agreed position. A strong regional partner for our customers, we are committed to delivering supply reliability and stability. Our flexibility allows us to respond quickly to changing circumstances. As a result, we view decarbonisation – the cornerstone of Austria's climate and energy strategy – as a major opportunity. In addition, digitalisation is unleashing new sources of potential in the market, which we hope to turn to good account with the help of our most valuable resource – our employees. Energie AG is pursuing a holistic approach and is dedicated to making progress with our business activities, social affairs, environmental issues, employee welfare, compliance and anti-corruption efforts. This report will explain the advancements we have made in implementing our strategy and achieving our sustainability goals.

To ensure that we remain commercially successful in the long run, we have decided that Energie AG must aim to implement innovative and sustainable business models of its own accord. For instance, our new subsidiary Wertstatt 8 successfully rolled out a number of new developments in the year under review, including lighthouse projects such as our online heating consultation service (HEINZi). Our position as a responsible company in Austria has been confirmed by a study, which shows that Energie AG generates significant added value while providing a large number of secure jobs, particularly in Upper Austria. Expanding the fibre-optic network is a key factor in the development of rural areas, as this will help to meet constantly growing demand for bandwidth in communications and data networks. In addition, we are committed to expanding renewable energy generation facilities and relentlessly increasing energy efficiency. We have managed to reduce network losses in the electricity and natural gas grids, as well as providing environmentally friendly waste management by adopting an outstanding environmental management system for waste.

A huge amount of credit is due to our staff for these successful achievements. Starting with our apprentices, we always strive to maintain a high level of quality in our training and development efforts. Since 1943, 1,490 apprentices have successfully completed their training and become top-qualified specialists in their fields. Another priority at Energie AG is to help encourage young women to enter technical professions. We are helping our employees to overcome the growing challenges involved in using digital technologies by providing an extensive training programme. As a responsible company, Energie AG has also made headway when it comes to ensuring a balance between work and family life, which has been certified via the "berufundfamilie" audit.

Energie AG also thinks about future generations and consistently seek to put environmental, social and public welfare issues at the forefront of our agenda. We hope that this report on non-financial information gives you an opportunity to find out more about our activities and we look forward to working together with you as we continue to pursue sustainable development.

Chief Executive Officer
KommR. Prof. Ing. DDr.
Werner Steinecker MBA
Chairman of the Management Board

KommR. Mag. Dr.
Andreas Kolar
Member of the Management Board

Dipl.-Ing.
Stefan Stallinger MBA
Member of the Management Board

ABOUT THIS REPORT

As per EU Directive 2014/95/EU on the disclosure of non-financial and diversity information (NFR Directive) and its implementation in accordance with the Austrian Sustainability and Diversity Improvement Act 2017 (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG), this document is the second separate report on non-financial information (Non-Financial Report) publishing the required information about the Energie AG Group. This publication is the consolidated non-financial report for Energie AG Oberösterreich (Energie AG) in accordance with § 267(a) of the Austrian Commercial Code (Unternehmens-gesetzbuch; UGB).

This report will be published on an annual basis. The legal requirements pertaining to the Non-Financial Report were formulated with external assistance based on international frameworks. In addition to this Non-Financial Report, Energie AG provides information about its corporate responsibility in an annual **Group management report** **› page 9**, in a **semi-annual report** and on its **company website**.

Spokesman and Head of Group Communications Michael Frostel (MSc) is available to answer any questions regarding this report.

This Non-Financial Report contains sections on our business, the environment, social issues, employees, and compliance and anti-corruption (including respect for human rights). Information about topics of lesser relevance has not been provided.

This Non-Financial report will present information about Energie AG's activities, the activities of our consolidated Group companies and the activities of the associated companies (in proportion to the Group's shareholding interest). Key figures are also presented, with any discrepancies noted separately.

Energie AG attaches great importance to treating men and women equally. Any gender-specific terms used in this report should be understood as referring to both genders, unless explicitly stated.

This report was created with the utmost care and attention and was examined in the Energie AG Group audit directly commissioned by the Supervisory Board. The Supervisory Board will report on this after fiscal year end on the next annual general meeting.

THE BUSINESS MODEL OF ENERGIE AG OBERÖSTERREICH

Energie AG is headquartered in Linz, Upper Austria. Energie AG's market area includes Austria, the Czech Republic, South Germany, and Northern Italy.

As a provider of electricity, gas, heating, water, waste management, information and communication technology services, the Group works to deliver the highest levels of quality and reliability in its products, processes and services. Netz Oberösterreich GmbH (Netz OÖ), a 100% subsidiary of Energie AG, reliably builds and operates the power and natural gas grids, providing the backbone of the electricity and natural gas supply in Upper Austria.

As an experienced and competitive organisation, the Energie AG Group guarantees its customers a fair price–performance ratio and regional availability. This helps to ensure a general spirit of partnership when interacting with customers, employees, suppliers and the general public.

As the company's core business area, the **Energy segment** **› page 23** spans electricity generation, electricity procurement, electricity and natural gas sales, and heat supply. The Energy segment's range of services also encompasses energy efficiency services, such as energy audits for large organisations, energy certificates and building modernisation plans, special energy contracting models and system optimisation strategies.

The **Grid segment** **› page 29** includes the construction and operation of Netz OÖ's electricity and natural gas grids.

The **Waste Management segment** **› page 32** offers integrated waste management and custom-designed waste management solutions to its customers in Austria and Northern Italy. This includes the collection, acceptance, storage, sorting, disposal and incineration (including slag processing) of domestic and commercial waste, as well as recovery and reuse of recyclables in this area.

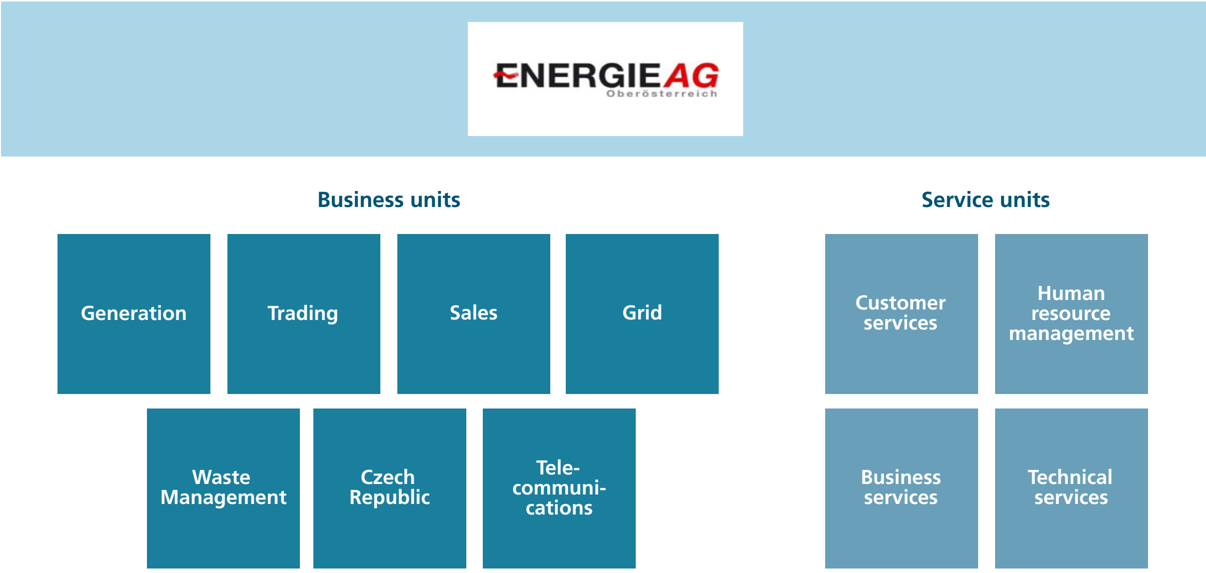
The **Czech Republic segment** **› page 35** offers comprehensive drinking water supply and wastewater management services in the Czech Republic. The business models include concession, operator and service contracts; specialised water, waste water and heating services; and construction and installations on the open market. Cities, local authorities, associations, industrial enterprises, housing companies and housing cooperatives are the contractual partners who form the Czech Republic segment's client base.

In addition to the management and control functions of the holding company, the **Holding & Services segment** **› page 37** comprises the telecommunications business unit, commercial and technical services and a number of investments consolidated at equity. The commercial and technical service companies provide services for the entire Group.

Information about changes under company law during the 2018/2019 fiscal year is provided in the **Management Report** **› page 9**.

The Annual Report includes the **Shareholder structure of Energie Oberösterreich** **› page 6**, the **Group management bodies** **› page 5** and **Energie AG Oberösterreich at a glance** **› page 3**.

GROUP STRUCTURE



STRATEGY

The Energie AG Group’s strategy is based on three pillars: ”customer-centric culture“, ”organisational and operational excellence“ and ”secure digital services“. All the Group’s measures and activities aim towards these three strategic lodestars.

A strong regional partner for the customers

As Upper Austria's state energy utility in Austria's strongest export state, Energie AG positions itself as a modern and efficient provider of energy and infrastructure services. The Energie AG Group stands for high-quality and reliable products and services in the fields of energy, waste management, telecommunications and water, which it continuously and consistently adapts to customers’ needs. In this way, the company makes a material contribution to the sustainable development of the quality of life and the economy in the regions in which it operates.

Reliability in supply and waste management services

A 100% subsidiary of Energie AG, Netz Oberösterreich GmbH (Netz OÖ), secures the energy supply in Upper Austria with a modern and reliable electricity and natural gas grid and is Austria’s pioneer in the roll-out of smart meter technology.

In addition to investments in the highly available and state-of-the-art cable and power-line grid of Netz OÖ, it is above all necessary to provide assured, flexible services for supply reliability. The CCGT (combined cycle gas-turbine) power plant in Timelkam plays an important role in congestion management here, and in grid reserve management for transmission system operators. Energie AG’s own gas storage rights (or gas storage contracts) and shareholdings support the high degree of flexibility. In the future, the development and application of new technologies and intelligent system solutions for decentralised flexibility and balancing energy storage will also be of particular importance.

In a competitive environment, Energie AG stands for sustainable and fair solutions, which it can guarantee on the basis of permanent process optimisation efforts. In contrast to many other electricity suppliers, this enables us to continue to offer our electricity customers stable prices despite rising wholesale prices since 2018 and the separation of electricity price zones between Germany and Austria on 1 October 2018.

Energie AG is building and operates state-of-the-art telecommunications infrastructure in Upper Austria. The entire fibre-optic and transmission network is managed and monitored at Energie AG's Network Operation Center (NOC).

The waste management division guarantees solutions in the areas of waste and recyclable materials to the highest technological and ecological standards and, due to the two incineration plants in Wels and Lenzing, makes a significant contribution to waste management in Austria.

With its ongoing adaptations to changed customer requirements, Energie AG has succeeded in establishing itself as a reliable drinking water, waste water disposal, space heating and hot water supply company in the Czech Republic segment. The Group intends to deepen its partnerships with municipalities while simultaneously boosting efficiency and competitiveness by making selective investments in its own water, waste water and heating infrastructure as well as making constant upgrades to the Group's equipment and vehicle fleet.

Decarbonisation as a cornerstone of the climate and energy strategy

The national energy and climate targets for 2030 as well as the decarbonisation path to be pursued up to 2050 are an important step for the future energy supply in Austria. From the perspective of Energie AG, it is relevant to take a holistic, integrated look at the energy system, taking into account the electricity and heat and mobility sectors ("sector coupling"). The goal of covering 100% of total national electricity consumption from renewable energies by 2030 is very ambitious. Policy-makers and legislators must create an appropriate framework for implementation in good time, in order to both build up the necessary power generation facilities and ensure that excellent supply reliability and quality can be ensured on a continuing basis.

In the area of electricity procurement, Energie AG has for a long time used its own 43 hydropower plants and corresponding rights to procure electricity generated from renewable energy sources. In addition, the further expansion of the existing generation portfolio from renewable sources – especially wind and photovoltaics – is a strategic development area. Various attractive projects are currently being developed to decision-making maturity and will be implemented under appropriate legal and stable general economic conditions. By using biomass, geothermal energy and industrial waste heat, Energie AG has for many years pursued a decarbonisation strategy in the area of district heating and thus plays a pioneering role as a sustainable utility in its market sectors.

In order to achieve its growth targets and improve its strategic position, Energie AG makes use of strategic partnerships, offers comprehensive contracting solutions and enters into cooperation agreements.

Digitalisation as an opportunity

Digitalisation is one of the greatest challenges for Energie AG – both as a risk and, above all, as an opportunity. On the one hand, the competitive environment is changing at an enormous speed; on the other, innovative, powerful digital approaches are now available that Energie AG intends to use. True to the motto of "digital supply reliability", Energie AG is actively shaping Upper Austria's digital future in collaboration with its customers and partners. In order to achieve these goals, key topics and objectives, and a corresponding roadmap have been developed and consistently implemented. Unconditional orientation on customer needs and requirements is key here. Due to digital distribution channels, from platforms and portal solutions to personal online consulting, customers are assured individual service.

Energie AG is at the forefront of the development and introduction of future-oriented technologies. To this end, it is investing in a modern telecommunications infrastructure with the aim of growing in these areas. In the form of a fibre-optic network, to which a significant share of Upper Austria's public buildings, companies and private households are connected, the Energie AG Group is helping to lay crucial groundwork for the further digitalisation of Upper Austria as a business location. Fibre-optic technology is the most reliable method currently available for the future provision of high bandwidth (including above 1 gigabit) with the necessary quality of service. As a result, the Group will continue to view fibre to the home (FTTH) as our technological direction of travel.

Motivated employees – our most important resource

Without motivated and committed employees, strategic goals are unachievable. In order to survive in the battle for talent, Energie AG is looking to address a large target group, with female junior staff for technical departments and management positions in particular, and has set new standards in the further development of the employer brand in this area.

Because of its extremely successful apprentice training, and bucking the trend of a skilled labour shortage throughout Europe, Energie AG is able to recruit the necessary specialists for the Group's divisions. With various measures in the area of diversity, Energie AG is also sending an important socio-politically message to current and future generations.

Stability and flexibility

The basis of every future-orientated company is its economic success. The financial goal is therefore to achieve attractive returns, to sustainably increase the value of the Group and to continue to be a reliable and interesting business partner for owners and investors in the future. Financial stability is supported by the balanced Group portfolio of liberalised and regulated business models. A further basis for success is the efficient opportunity and risk management. It empowers us to identify challenges for the Group at an early stage and to take effective measures in good time.

The Group takes a proactive approach to dynamic changes to the statutory framework, as well as market-based challenges stemming from changes in customer needs or competitors from outside the industry.

Strategy development process

A structured annual strategy process is a prerequisite for consistent control over the Energie AG Group's long-term business development. This involves comparing the results of analysis regarding market developments (opportunities and risks) with the prevailing conditions in the Group, then formulating strategies and measures from this to ensure sustained economic efficiency and profitability.

The strategy meeting with Group management was held in July 2019 under the banner #transformation2030. The programme reflected the interplay between global and national developments, as well as the goals Energie AG is pursuing and the actions it is taking as a regionally based player.

In the 2018/2019 fiscal year, the Group's sales were reorganised, with the four sales units for electricity, gas, heat and telecommunication brought under the umbrella of a single company. Energie AG's generation units and heating grids were merged under company law. In addition, heat and water activities were consolidated in the Czech Republic.

MAJOR SUSTAINABILITY ISSUES

A number of sustainability considerations, which are significant for Energie AG both from our own perspective and from the perspective of external stakeholders, were identified in the 2017/2018 fiscal year. As part of the strategy development process, these factors will be regularly evaluated and undergo continuous improvement with the involvement of internal interested parties (e.g. Management Board, executives, employees, supervisory board and owners) and external stakeholders (e.g. customers, communities close to our projects, representatives from political and administrative systems). The topics were rated in a materiality matrix from "important" to "highly important" in the context of sustainability. The quantitative and qualitative indicators to be measured were set based on this evaluation matrix.

The key sustainability issues for the Energie AG Group are:

- Partnership with equity investors and outside creditors (Management Report and Economy section)
- Business models fit for the future – innovation (Management Report and Economy section)
- Supply reliability and quality (Social affairs section)
- Customer orientation and satisfaction (Social affairs section)
- Climate protection and energy efficiency (Environment section)
- Resource conservation (Environment section)
- Operating as a responsible employer (Employees section)
- Workplace health and safety (Employees section)
- Regional responsibility and social commitment (Social affairs section)
- Stakeholder dialogue (Social affairs section)
- Legal compliance and prevention of corruption (Compliance and anti-corruption section)

This Non-Financial Report will cover the issues identified in the materiality analysis in its sections on **economy** **› page 55**, the **environment** **› page 56**, **social affairs** **› page 68**, **employees and our role as a responsible employer** **› page 77**, and **compliance and anti-corruption (including respect for human rights** **› page 84**.

SUSTAINABILITY OBJECTIVES

ECONOMY

- Ensuring sustainable **financial stability**
- **To increase the company value**
- Ongoing **profitability** for the **capital employed, above the minimum rate of return**
- **Creating an efficient and competitive corporate and organisational structure**
- Implementing **innovative business models that are fit for the future**
- Creating a **working environment** that motivates employees to innovate

EMPLOYEES

- Positioning ourselves as a **family-friendly employer**
- **Personnel and Management Development**
- Promoting diversity and **women** in technical careers
- Continuously improving **employer branding**
- Guaranteeing and maintaining high-quality **apprentice training**
- Ensuring long-term **workforce availability**
- To prevent and lower the number of work-related accidents

ENVIRONMENT

- To support the goals and projects that reflect the **Austrian climate and energy strategy**, while taking economic sustainability into account
- Further **expanding renewable generation facilities**
- Increasing **energy efficiency, with more efficient and sparing use of fuel**
- Expanding new green alternatives for **space heating**
- A forward-thinking **maintenance strategy**
- Ensuring that **waste is disposed of and recycled** in an environmentally friendly and legally compliant manner
- Providing advice to customers and improving awareness of sensible and efficient **use of water and energy**

COMPLIANCE AND ANTI-CORRUPTION

- Ensuring **compliance with laws, regulations**, and all Group-wide guidelines and standards
- **Preventing** property damage and reputational damage
- Minimising/Avoiding liability risks and non-material damage
- Raising awareness among all Energie AG employees of **compliance with guidelines and the Code of Conduct**
- Promoting a fully applied and consistent **compliance culture**
- Implementing effective prevention measures
- Improving **legal certainty**
- Ensuring a values-conscious **organisation culture**
- **To ensure fair competition**

SOCIAL AFFAIRS

- **Reliability in supply and waste management services**
- Positioning ourselves as a **responsible company**
- Building and maintaining sustainable **client relationships**
- Ongoing proactive and systematic **dialogue with stakeholders**
- Strengthening **environmental consciousness** among children and young people
- **Avoiding infringements** of legal and in-house standards

SUSTAINABILITY WITHIN ENERGIE AG AT A GLANCE

The table below provides an overview of the sustainability issues identified within the Energie AG Group, along with considerations, opportunities and risks for stakeholders, and a series of risk mitigation steps and results for Energie AG.

ENVIRONMENT

RESOURCE CONSERVATION | CLIMATE PROTECTION AND ENERGY EFFICIENCY

Plan

- Consistent QSE management system
- Group's strategic goals for resource conservation, climate protection and energy efficiency
- Certified management systems (EMAS, ISO)

Measures | Results

- "Quality, Safety and Environmental (QSE) Management" Group Policy
- Steady expansion of renewable energies
- Increasing energy efficiency on the part of customers and within the Group
- Environmental impact assessments and analysis reports
- Reviewed and approved environmental statements, certifications and audits
- Rights management database
- Management of official decisions
- Ensuring that all legally required staff appointments are made

Opportunities and risks for Energie AG

Opportunities:

- New business models
- Customers have an increased awareness of environmental protection and regionality

Risks:

- Loss of reputation
- Litigation
- Stricter environmental legislation
- Climate change

Opportunities and risks for stakeholders

Opportunities:

- Efficient and environmentally friendly energy supply for society and the economy
- Inclusion of local residents during facility expansion and operation

Risks:

- Regional ecological impacts on habitats, hydromorphology and biodiversity from the construction and operation of facilities
- Global environmental impacts from emissions

SOCIAL AFFAIRS

SUPPLY RELIABILITY AND QUALITY | CUSTOMER ORIENTATION AND SATISFACTION | REGIONAL RESPONSIBILITY/SOCIAL COMMITMENT | STAKEHOLDER DIALOGUE

Plan

- Consistent QSE management system
- Crisis management
- Group's principles on democratic politics
- Group's strategic goals for supply reliability and quality, customer satisfaction and regional responsibility

Measures | Results

- "Quality, Safety and Environmental (QSE) Management", "Sponsoring and Giving" Group policies
- Contingency plans
- Overhaul and maintenance work to ensure (supply) reliability
- Stakeholder dialogue
- Complaint management and surveys
- Support for social, cultural and sporting activities

Opportunities and risks for Energie AG

Opportunities:

- High availability of power plants and other facilities

Risks:

- Loss of reputation
- Litigation
- Damage to business
- Fines

Opportunities and risks for stakeholders

Opportunities:

- Infrastructure projects and capital investments in infrastructure create regional value
- Reliability in supply and waste management services

Risks:

- Critical infrastructure failure
- Health and safety risks for the local population

EMPLOYEES

ACTING AS A RESPONSIBLE EMPLOYER | WORKPLACE HEALTH AND SAFETY

Plan

- Comprehensive human resource management
- Management systems for health and safety in the workplace
- Group's strategic goals for positioning itself as a responsible and attractive employer, as well as for health and safety at work

Measures | Results

- "Human Resource Management", "Management by Objectives" and "Management Academy" Group policies
- Safety training courses for internal and external employees
- In-house health management project energy@work
- Scholarship and trainee programmes
- "Personnel development 4.0" programme

Opportunities and risks for Energie AG

Opportunities:

- Practical knowledge remains within the company
- Availability of skilled professionals owing to good employer branding
- Low staff turnover

Risks:

- Litigation
- Shortage of skilled professionals
- High staff turnover
- Loss of expertise and practical knowledge
- Negative impacts on employer branding

Opportunities and risks for stakeholders

Opportunities:

- Safeguard and creation of jobs for skilled professionals within the region
- Economic contribution by providing education and training
- Long-term employability and quality of life because of our focus on employee health

Risks:

- Health and safety risks for company staff and temporary employees

COMPLIANCE AND ANTI-CORRUPTION

LEGAL COMPLIANCE AND PREVENTION OF CORRUPTION

Plan

- Compliance management system and officer in place
- Information management system
- Data protection management system

Measures | Results

- "Compliance Management System" and "Anti-Corruption" Group policies
- "Information Security Management" Group policy
- "Data Protection Management System" and "Data Protection Compliance Policy" Group policies
- In-person training and e-learning courses

Opportunities and risks for Energie AG

Opportunities:

- Positive image as an ethically exemplary company

Risks:

- Legal and compliance risks
- Fines
- Litigation
- Loss of reputation

Opportunities and risks for stakeholders

Opportunities:

- Fair competition
- Encouragement of ethical practises within the entire value chain

Risks:

- Risks for information security, cyber-security
- Data protection risks
- Legal and compliance risks
- Threats to fair competition

RESPECT FOR HUMAN RIGHTS

Plan

- Code of conduct
- See also Social affairs › page 68 and Employees › page 77

Measures | Results

- Compliance management
- Works council
- Training courses
- Information of new employees
- See also Social affairs › page 68 and Employees › page 77

Opportunities and risks for Energie AG

Opportunities:

- Availability of a diverse range of skills regardless of personal background

Risks:

- No significant risks at this time

Opportunities and risks for stakeholders

Opportunities:

- Equal opportunities and fairness for all employees

Risks:

- Equal treatment
- Aside from this, no known risks for human rights violations

Opportunities and risks are part and parcel of doing business. As a result, one of the duties involved in running a company is to identify risks at an early stage before taking suitable steps in response, as well as acting swiftly to recognise and exploit opportunities. To this end, suitable instruments and processes have been adopted at Energie AG as part of a Group-wide approach to risk management.

For details on risk management across the Group, please see the Management Report › page 19 and the Notes to the Consolidated Financial Statements › page 173.

QUALITY, SAFETY AND ENVIRONMENTAL MANAGEMENT

The high level of quality, safety and environmental protection at the Energie AG Group is ensured by an integrated quality, safety and environmental management (QSE) system. Using modern instruments and methods, this system is integrated into the Group's management systems with a focus on sustainability and maximum efficiency. The application of the **ISO 9001 standard for quality management systems** as a Group-wide standard contributes towards effective and efficient design, continuous improvement and transparent presentation of operational processes and procedures.

There is at least one QSE liaison assigned to all applicable Group companies and holding units. These liaisons are responsible for operational implementation of the QSE management system.

To ensure compliance with relevant environmental and occupational safety requirements, the uncertified companies are supported by **environmental management standards ISO 14001 and EMAS** (Eco Management and Audit Scheme) and the **safety management standard OHSAS 18001**.

The integrated QSE management system ensures the continuous improvement of the Energie AG Group's services through the active involvement of executives, employees and customers. Regular examination from internal audits and independent external institutes guarantees top product and service quality, as well as the best possible processes for our customers and partners.

All Energie AG units that have adopted these externally certified quality, safety, environmental and health management systems have processes to identify negative impacts on the environment and employee health, which can then be prevented or mitigated accordingly.

All staff in Austria and northern Italy work at Group companies certified in accordance with quality management standard ISO 9001:2015. Around 30% of the Austrian workforce is employed at companies certified in accordance with the Eco-management and Audit Scheme (EMAS), while around 36% of Austrian and Italian staff work at companies certified under environmental management standard ISO 14001:2015. Almost one-third of our Austrian employees are at firms certified as compliant with the occupational health and safety management standard OHSAS 18001:2007, which will be certified to ISO 45001:2018 in the future.

The **Grid segment** › page 29, which employs 556 staff, has achieved certification under ÖVGW QS GNB 200 (quality standards for gas grid operators).

The **Waste Management segment** › page 32 is certified to the following standards: ISO 9001:2015 (quality management), OHSAS 18001:2007 (safety management), ISO 14001:2015 (environmental management), EMAS III regulation, qualified waste management operator (RAEF). It is compliant with EU regulation in accordance with Article 6 of Regulation (EU) No. 333/2011 and has a product potential certificate as per ISO 14024.

The **Group companies in the Czech Republic** › page 35 employ 1,940 people and are not subject to the Energie AG Group QSE management system. Depending on the relevant holding company's quality management requirements for its water or heat activities, the Czech companies are certified under Czech standards ČSN EN ISO 9001:2016 (quality management), ČSN EN ISO 14001:2016 (environmental management) and ČSN OHSAS 18001:2008 (safety management). Around two-thirds of our Czech personnel work at companies certified under quality and environmental management standards, while more than half are employed at firms certified under safety management standards.

Energie AG Oberösterreich Business Services GmbH (Business Services GmbH), the Group's IT services and Energie AG Oberösterreich Telekom GmbH are certified in accordance with the **information security management standard ISO 27001**.

ECONOMY

Energie AG's economic goals are:

- To ensure sustainable financial stability
- To increase the company value
- Ongoing profitability for the capital employed, above the minimum rate of return
- Creating an efficient and competitive corporate and organisational structure
- To implement innovative business models that are fit for the future
- To create a working environment that motivates employees to innovate

Positioning ourselves as a reliable and stable partner for equity investors and outside creditors is an important goal of Energie AG, which is being pursued in a consistent and sustained manner. Following the Group's strategic and structural realignment in the 2013/2014 fiscal year as part of the "PowerStrategy 2020", further trend-setting projects were launched in the 2017/2018 fiscal year and in the year under review.

For information about the state of business at the Energie AG Group, see the **Group Management Report › page 9**. The section **Net assets, financial position and results of operations › page 12** addresses business development in the Group.

WERTSTATT 8: AN INNOVATION HUB

Energie AG works at an early stage to identify ideas that have potential for future business models. It was in this context that the Special Innovation Committee ("SoKo Innovation") was created in 2015; its innovation process is guided by the concepts of design thinking and iterative development of business ideas based on customer needs.

On 1 October 2019, the activities of the Special Innovation Committee ("SoKo Innovation") were merged into a company dedicated to innovation (Wertstatt 8 GmbH) and have since undergone further development to provide innovative services to customers even faster. One of these services which has already been successfully brought to market is HEINZi – an independent online source for personal advice about heating. At **› www.heinzi.com**, customers can receive support – from decision-making through to implementation with local heating engineers.

"LOOMINATI" IMPROVEMENT PLATFORM

Suggestions for improvement are solicited from all Energie AG's employees on the Loominati platform – from small ideas about how to make savings to all-new business models. The most important asset for this to succeed is an innovative and highly motivated workforce, with staff able to play their part in the ongoing development of the Group by sharing their ideas and expertise.

Due to a variety of initiatives, a 28% increase was achieved this year compared with the 135 ideas received during the previous fiscal year 2017/2018. In total, this translates to 173 suggestions for improvement submitted by employees from all units within the Group this year.

NEULAND DIGITALISATION OFFENSIVE

The Neuland Project Week is one of the actions that have been taken to deliver on the Energie AG digital strategy. This week of project-focused work, held each year, revolves around digital ideas which are submitted and presented by staff from all units within the Group. In a creative setting that gives staff a retreat from their day-to-day work, in a multi-stage selection process, the best project ideas are advanced using agile methods. Support is provided along the way by in-house experts. Events and a series of other opportunities to participate ensure that the entire workforce is on board for Energie AG's digital journey. Neuland and other activities implemented as part of our digitalisation strategy enabled Energie AG to proactively prepare its business models for the digital future.

NEW TECHNOLOGIES

Energie AG always endeavours to deliver the best achievable benefits to our customers by adopting new technologies. Some prominent examples include the implementation of robotic solutions and artificial intelligence for customer contact purposes, first moves towards the use of VR (virtual reality) for power plant tours and the use of drones to fly over power lines in impassable terrain. In addition, the use of blockchain technology has been explored in a variety of projects (peer-to-peer trading, Gridchain, Enerchain), matching algorithms have been used in the recruitment process and for heating consultations, voice control has been developed to provide energy-saving tips (Alexa skill) and an Internet of Things (IoT) solution has been formulated for water consumption monitoring.

For more information, see the **Research, development and innovation › page 9** section in the **Group Management Report › page 19**.

ENVIRONMENT

Energie AG's environmental goals are:

- To support the goals and projects that reflect the Austrian climate and energy strategy, while taking economic sustainability into account
- To further expand facilities for renewable energy generation
- To increase energy efficiency and resource conservation
- To expand new green alternatives for space heating
- A forward-thinking maintenance strategy
- Ensuring that waste is disposed of and recycled in an environmentally friendly and legally compliant manner
- Providing advice to customers and improving awareness of sensible and efficient use of water and energy

Energie AG expresses its commitment to responsible and sustainable use of the environment in all areas of activity, taking future generations into consideration. The key sustainability issues in the environmental realm are climate protection, energy efficiency and resource conservation. These issues are organised into the **Energy** › page 23, **Grid** › page 29, **Waste Management** › page 32, **Czech Republic** › page 35, and **Holding & Services** › page 37 segments in this section.

Most Energie AG Group projects are intended to improve energy efficiency (both within the Group and for the customer) while sustainably supporting energy and climate goals, as well as the guidelines of the Austrian Federal Energy Efficiency Act 2014.

Compliance with legal requirements related to the environment is a key foundational principle for success in the market. Regular internal and external reviews help to ensure the necessary compliance. At present, there are no deviations from these provisions.

For all the review results, see the latest environmental statements from **Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH)** and **Energie AG Oberösterreich Erzeugung GmbH (Erzeugung GmbH)**.

The Energie AG Group's business activity requires a reasonable amount of greenhouse gas emissions. Thermal plants are indispensable for electricity production as a means of ensuring a secure supply and stable grids. Energie AG works to counter greenhouse gas emissions by making substantial positive impacts on the environment through efficient low-CO_2 energy and heat generation, and by harnessing the benefits of primary fuel and primary raw material substitution. In addition, our Waste Management segment's refrigerator recycling service makes a significant contribution to reducing greenhouse gas emissions.

Higher CO_2 emissions (Scope 1) were recorded in the 2018/2019 fiscal year due to an increase in grid reserve and congestion management measures at the thermal power plants to ensure stability and supply reliability in grid operation (in particular, at the Timelkam CCGT power plant). 1,500 kt of CO_2 emissions (Scope 1) were released (previous year: 1,306 kt), of which 1,191 kt were from fossil fuel sources (previous year: 1,017 kt) and 308 kt were from biogenic energy sources (previous year: 289 kt). The Energie AG Group can account for 71 kt of indirect CO_2 emissions (Scope 2; previous year: 74 kt).

The CO_2 emissions from electricity production totalled 54.33 g/kWh in the 2017/2018 fiscal year (previous year, 2016/2017: 58.3 g/kWh). [4)]

The Energie AG Group's emissions predominantly come from the operation of thermal power plants, district heating plants, waste incineration plants and co-generation plants, as well as from pumping energy, distribution losses, process heat, building heating and vehicles.

4) CO_2 emissions figures from electricity production in the 2018/2019 fiscal year were not yet available at the time this report was written.

CO_2 EMISSIONS IN TONNES PER YEAR [5)]

Direct CO_2 emissions, fossil (Scope 1)

Business Unit	2018/2019	2017/2018
Erzeugung GmbH	639,406	450,669
Waste Management segment	485,526	499,195
Czech Republic segment	35,254	35,791
Vertrieb GmbH	26,444	25,579
Netz OÖ	3,325	3,865 [1)]
Business Services GmbH	1,986	2,045 [2)]
Total	**1,191,942**	**1,017,143**

1) The energy density (kg/m^3) was taken into account for the conversion of natural gas consumption 2017/2018. The value was adjusted.
2) During the collection of the fossil Scope 1 values for fiscal year 2017/2018, fuel consumption from private usage was mistakenly included in the area Business Services GmbH. This has now been adjusted.

Direct CO_2 emissions, biogenic (Scope 1) [1)]

Business Unit	2018/2019	2017/2018
Erzeugung GmbH	145,859	145,313
Waste Management segment	155,096	136,576
Czech Republic segment	7,348	7,225
Vertrieb GmbH	93	60
Netz OÖ	0	0
Business Services GmbH	0	0
Total	**308,396**	**289,174**

1) The emissions factors for biomass and biogas were updated according to the values published by the Environment Agency Austria and the German Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle).

Indirect CO_2 emissions (Scope 2)

Business Unit	2018/2019	2017/2018
Erzeugung GmbH	4,587	5,581
Waste Management segment	14,766	15,106
Czech Republic segment	11,880	12,045 [1)]
Vertrieb GmbH	4,402	4,486
Netz OÖ	35,465	36,565
Business Services GmbH	0	0
Total	**71,100**	**73,783**
Total Scope 1 + 2 (in tCO_2eq) [2)]	**1,571,438**	**1,380,099**

1) The error in the calculation for the fiscal year 2017/2018 has been corrected.
2) The values for the fiscal year 2018/2019 come from direct measurements, from environmental statements, or were calculated using conversion factors (for direct CO_2 emission factors see the Environment Agency Austria (Umweltbundesamt); the electricity mix used is the Energie AG OÖ Residualmix). Conversion factors are used for the use/consumption of natural gas, petrol, diesel, liquefied petroleum gas, heating oil, coal, methane, biomass, and biogas, for example. The emission values from recycling (Waste Management segment) are based on continuous measurements. Methane is included in the direct fossil emissions. The data of Umwelt Service GmbH (Waste Management segment) has been collected for the calendar year 2018. For availability reasons, the data for the Czech Republic segment is from the fiscal year 2017/2018. The following entities have not been included due to their small scale compared to the overall balance (<1 %): Trading GmbH, Telekom GmbH, the service areas (except Business Services GmbH) and Ennskraftwerke AG. The CCGT power plant Timelkam is owned by Energie AG (50%) and by Groupe E (CH; 50%). The CO_2 emissions are included at 100% nonetheless.

5) These figures take into account the Greenhouse Gas (GHG) Protocol Corporate Standards and the Global Reporting Initiative (GRI) 305 Standards.

Scope 1 encompasses direct emissions from the incineration processes of stationary facilities, direct emissions from the incineration processes of mobile facilities, direct emissions of volatile gases and direct emissions from processes.

Direct greenhouse gas emissions are released when primary energy sources are converted in our facilities, vehicles and building heating (without electricity). This includes all fuels such as natural gas, heating oil, coal, diesel, petrol, liquefied petroleum gas and biogenic fuels. Energie AG creates electricity and district heating from these sources, allowing it to operate its own fleet of road vehicles.

Scope 2 encompasses indirect emissions from electricity purchases, indirect emissions from district heating/cooling and indirect emissions from steam purchases. The Energie AG residual mix is used to measure CO_2 emissions from purchased electricity for all Energie AG Group units (170.26 g CO_2/kWh).

Indirect greenhouse gas emissions are released by the use of electricity from the grid and heating from non-Energie AG systems. This includes the operation of systems that generate no electricity in-house (such as power supply to Energie AG buildings, grid purchases during system shutdowns/overhauls, pumped-storage electricity, systems in the water network and systems in the gas grid (without own gas needed).

The **energy audit**, in line with § 9 of the Austrian Federal Energy Efficiency Act 2015 (Bundes-Energieeffizienzgesetz; EEffG), is conducted once every four years and covers all the Energie AG Group's Austrian locations. As per EEffG Annex III, the energy audit examined a key energy consumption area in the relevant sites' "processes", which were analysed in detail and subsequently audited. These processes encompass operational processes and industrial facilities (e.g. electric drives and systems, hot water systems used in industrial activities). Processes accounted for 95.1% of the Energie AG Group's total energy consumption in the 2017/2018 fiscal year (2014/2015 fiscal year: 92.0%), while transport accounted for 4.2% (2014/2015 fiscal year: 4.0%) and buildings accounted for 0.7% (2014/2015 fiscal year: 4.0%).

ENERGY SEGMENT

Generation

Energie AG's generation unit is responsible for developing, building, operating and maintaining power and heat generation facilities and heat distribution systems. The aim of the generation business unit is to ensure sound management of a top-quality portfolio of power and heat generation facilities. As part of this mission, the unit takes environmental and economic aspects into account.

Energie AG is committed to using renewable energy sources in an environmentally friendly manner. In addition, building and operating hydropower plants and thermal power plants, including with the use of biomass fuels. The Group is taking an active approach to expanding our wind power facilities and photovoltaic plants, and, in addition, supports research into alternative electricity generation.

In the 2018/2019 fiscal year, 70.8% of Energie AG's proprietary electricity procurement came from renewable sources (previous year: 78.1%), with around 93.2% of this coming from hydroelectric power (previous year: 92.6%) and the remainder from photovoltaic systems, wind energy, biomass and biogenic waste.

Proprietary electricity procurement from renewable energies

	2018/2019		2017/2018	
	GWh	%	GWh	%
Hydroelectric power	2,518	93.2	2,345	92.6
Biomass and biogenic waste	139	5.2	149	5.9
Wind power	35	1.3	31	1.2
Photovoltaic	9	0.3	7	0.3
Total renewable energies	**2,701**		**2,533**	

Energie AG operates 43 of its own **hydropower plants** with a total capacity of around 280 MW and around 1,150 GWh of standard production capacity (previous year: 1,160 GWh). In addition, the Group holds procurement rights to hydropower plants with a capacity of around 380 MW and around 1,390 GWh of standard production capacity. The Kohlwehr power plant on the River Traun was closed in the 2018/2019 fiscal year, as the storage reservoirs of the two power plants were merged during reconstruction of the Danzermühle power plant, which is not owned by Energie AG.

Energie AG has seven locations [6] for **thermal power plants** with an output of 400 MW_e and up to 2,260 GWh [7] of electricity generated annually. The total installed capacity for heat production is around 1,024 MW_t. In addition, we operate 11 **district heating distribution networks** and manage around 600 **heating systems under service contracts** on behalf of customers. A large share of the district heating is generated from highly efficient cogeneration plants and biomass power plants. As well as promoting the use of geothermal energy, also the use of industrial waste heat is increasing in importance.

Energie AG also holds an interest in 13 **wind power facilities** with an output of around 15 MW and standard production capacity of 36 GWh. The Group operates **photovoltaic plants** with an output of around 10 MW.

Energie AG runs the highest-capacity power plant in Upper Austria, the **Timelkam combined-cycle gas turbine (CCGT) power plant** (output: 405 MW_e [8]). This CCGT power plant has the necessary flexibility and a highly efficient part load operation, enabling it to be used to stabilise the electricity grid for congestion management. As renewable energy proliferates, flexible power plant capacity is increasingly important. The Timelkam plant is particularly important to the control area manager when it comes to supply reliability, and a three-year-long contract was concluded on 1 October 2018.

The last of the coal was burnt up at the Riedersbach power plant in 2016. Since then, only natural gas and biomass has been used to generate electricity and district heating at our Riedersbach and Timelkam sites. The biomass power plant at Timelkam (capacity: 9.5 MW_e, 28 MW_t) uses forest and herbaceous biomass to generate green electricity and district heating.

For more information about energy generation, see the **Key Performance Indicators** › page 21 section of the Management Report.

Fish ladders have been built at Energie AG's run-of-river power plants and pumped storage power plants in accordance with the Water Framework Directive. As well as the fish ladder built at the Partenstein pumped storage power plant last fiscal year, fishways were also added

6) Riedersbach, Timelkam, Wels, Redlham, Kirchdorf, Steyr, Laakirchen
7) Including Timelkam CCGT plant (70%) and Riedersbach (location only)
8) CCGT Timelkam 100%

at the largest power plants on the River Traun (Marchtrenk and Pucking) during the 2018/2019 fiscal year.

With over 20 licenced fisheries in Upper Austria and Salzburg, Energie AG is one of the largest fisheries managers in Upper Austria. The licenced fisheries next to the hydropower plants are also sustainably managed. As well as supporting natural reproduction of fish, Energie AG also ensures an attractive and naturally authentic population density by means of ecological breeding programmes and regular stocking with native fish species.

The preservation of valuable habitats, biodiversity and water body morphology are essential aspects of project development at Energie AG. A wide array of environmental considerations are addressed during the approval process for power plant construction. In addition, the Group undertakes extensive communication efforts so that local residents and other interested parties are involved in the process from its early stages. In terms of hydroelectric power in Upper Austria, a very high degree of full-capacity utilisation (over 90%) was achieved in an environmentally friendly manner with good agreement from the relevant interested parties.

Measures to improve ecological conditions and reduce environmental impacts (such as fish ladders) require investment and decrease revenue within the energy industry as a result of production and output losses. This threatens the commercial viability of small and medium-sized power plants, although this risk has largely been overcome to date with the help of subsidy programmes. The Renewable Energies Expansion Act (Erneuerbaren-Ausbau-Gesetz), which is currently being prepared in Austria, is an important element when it comes to future hydroelectric expansion, with the feasibility of further projects depending on its content.

All thermal power and heat generation plants of Energie AG exhibit a very high degree of fuel utilisation and, in turn, efficient use of primary energy resources.

Conserving resources is more than simply a focus area in the operation of power and heat production plants; it begins as soon as infrastructure facilities are built and spans their entire useful life. The environmental impact of new production and supply facilities is kept as low as possible with the close involvement of affected stakeholders and the support of outside experts. A forward-thinking maintenance strategy ensures high system availability and maximises system lifespans.

Increasing energy efficiency in electricity and heat production, distribution grids, and customers’ energy and water consumption is a permanent focus of efforts to achieve sustainability.

The Group ensures that thermal power plants and heat generation processes remain environmentally friendly by using state-of-the-art practices, which are regularly reviewed both internally and externally. The use of cogeneration (combined electricity and heat generation) plays an important role in improving efficiency. The heat is used for industrial process heating or district heating for the industrial sector, commercial applications and household customers. Efficiency gains are also realised via environmental and other audits, maintenance and repairs, and internal improvement processes as part of our ongoing management efforts. The Group is continuing to expand the use of heat. In 2019, contracts to increase heat sales volume were concluded for the Cogeneration-Kraftwerke Management Oberösterreich GmbH location. A district heating network is currently being constructed in Gmunden. The aim is for the waste heat from an established industrial cement company to be used to supply district heating to the region. In addition, Energie AG and the Austrian Institute of Technology (AIT) are involved in a research project along with other project partners to review a high-temperature recovery system for using waste heat from the Gmunden cement works. At the

Kirchdorf plant, crucial steps are being taken to develop process automation and remote monitoring.

We also regularly receive expert opinions to verify that our larger facilities are operating with high efficiency.

In terms of ensuring supply reliability, Energie AG's fleet of thermal power stations is playing an important role in the transition to clean and renewable energy, a development which is changing the image of the facilities. The first reason for this is that decarbonising fuel is a long-term goal for our society. This can be achieved through increased use of biomass and "greening the gas" (blending natural gas with renewable gas, such as using methanation or hydrogen produced from renewables). Energie AG's fleet of power plants and district heating generation facilities are supporting this development. Secondly, the fleet produces a reliable supply of electrical power and flexibility, providing balancing energy in more ways than one. Although electricity generation has been the main focus to date, there is an increasing move towards ensuring power availability for short-term usage in the event of weak winds, low water flow and dark conditions, as well as services at the request of grid operators to prevent undesired load flows and grid shortages.

Sales

For years, Energie AG has been supplying its customers with environmentally friendly hydroelectric power. Wind energy and biomass also account for a significant proportion of the total amount of electricity generated. The only fossil fuel used to generate energy is natural gas, which represents just under 10% of our output. Energie AG's private and commercial customers are supplied with the hydroelectric power product mix. In addition, the company engages in promotional funding and campaigns to encourage efficient and sustainable energy use.

The graphics below show the energy mix and a detailed breakdown for the hydroelectric power product label based on the 2017/2018 fiscal year. [9)]

Supplier mix

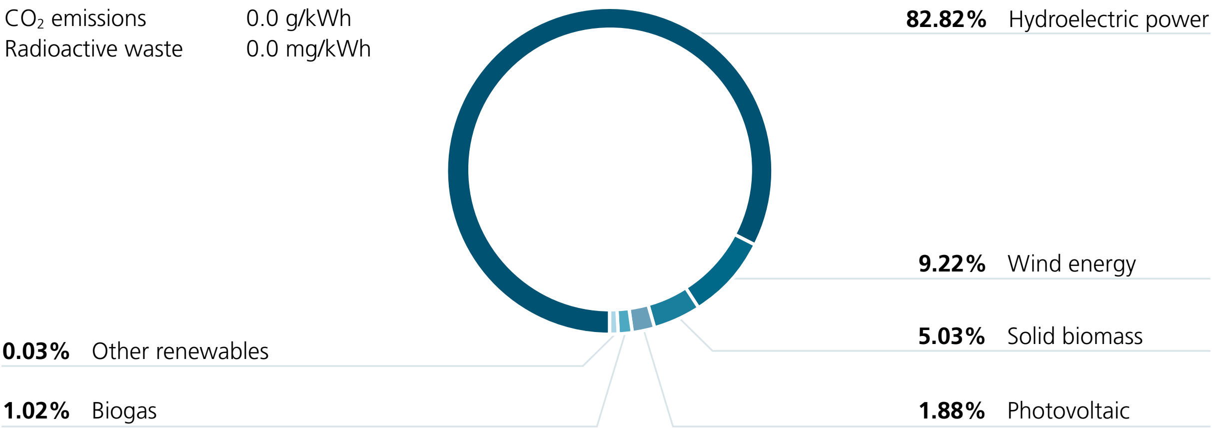
Hydroelectric power	69.65%
Wind energy	9.22%
Solid biomass	5.03%
Biogas	1.02%
Photovoltaic	1.88%
Other renewables	0.03%
Coal	0.00%
Natural gas	9.79%
Oil	0.01%
Others	3.38%

Environmental impact of electricity production:

CO_2 emissions	54.33 g/kWh
Radioactive waste	0.00 mg/kWh

9) Fuel mix disclosure figures as defined by the Austrian Electricity Industry Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz; ElWOG), § 78 onwards, were not yet available for the 2018/2019 fiscal year at the time this report was written.

"Hydroelectric power" product label



Subsidised electricity products were available in addition to direct support (e.g. for replacing obsolete household appliances with new, highly energy-efficient ones, or for heat pumps, electric vehicles and photovoltaic systems). ENAMO Ökostrom GmbH, which was a joint venture between Energie AG and LINZ AG für Energie, Telekommunikation, Verkehr und kommunale Dienste until 31 March 2019, has 100% renewable seller status. In addition to supplying all private and commercial customers with environmentally friendly electricity from hydroelectric power, ENAMO Ökostrom GmbH is one of nine electricity distribution companies that also offers "green electricity" certified according to the UZ46 environmental label throughout Austria.

When it comes to energy efficiency, Energie AG has been supporting its customers for a number of years by providing energy-efficient products. In recent years, these products (such as energy-saving LED light bulbs) have been given to customers free of charge or sold at a special, reduced price at and around the Energy Saving Expo (Energiesparmesse) and as part of the Energie AG Regional Tour.

The **household appliance replacement campaign**, Kaufe oder miete ("Buy or Rent"), was wrapped up at the end of December 2018 and led to more than 70,000 inefficient home appliances being replaced and around 16 GWh being saved since 2006. By the end of the fiscal year, work had already begun on designing a new campaign to follow on from this initiative.

Accelerating energy-efficient technologies has now been an Energie AG priority area for many years. **The installation of efficient heat pumps** is supported through monetary assistance, energy advisory services and demonstration systems. It was possible to install 510 new systems in the Energie AG service area over the past fiscal year (previous year: 500), yielding total energy savings of around 8.4 GWh (previous year: 8.3 GWh).

In **gas sales**, the **"Energy-Saving Package"**, which supports the installation, renewal and conversion of heating systems to condensing boiler technology for household customers, was successfully continued. In the period under review, around 270 heaters were converted to natural gas or replaced (previous year: 370), saving around 3.5 GWh of energy (previous year: 4.8 GWh, calculated based on EEffG). Contracting solutions for efficient heating systems were another focus area. The increased use of biomass, geothermal energy and industrial waste heat is particularly effective in promoting regional and renewable energies in the production of heat.

The implementation of customer projects, especially in the shape of **photovoltaic systems**, is becoming increasingly important as well. Energie AG has extensive expertise and experience in this field, which is intended to be put to greater use.

Energie AG's contracting solutions allow business customers to focus on their core business while still benefiting from eco-friendly electricity generation harnessing the power of the sun. 38 photovoltaic systems with around 5.9 MWp have been installed since 2013. A total of 4.4 GWh of electricity was generated in the 2018/2019 fiscal year from all systems installed by Energie AG on the roofs of Upper Austrian businesses.

GRID SEGMENT

Grid losses

	2018/2019	2017/2018
Electricity	2.5% (209 GWh)	2.5% (215 GWh)
Natural gas	26,606 m^3	53,543 m^3

Grid losses are an indicator of the efficiency of energy supply networks and, in turn, of resource conservation levels in energy distribution. In the 2018/2019 fiscal year, the **losses in the electricity grid** amounted to 2.5%, i.e. 209 GWh (previous year: 2.5%/215 GWh). The **losses in the natural gas grid** from discharge during repair and maintenance tasks accounted for 26,606 Nm^3 in the 2018/2019 fiscal year (previous year: 53,543 Nm^3). Line losses on the natural gas grid are equivalent to 3,325 t CO_2.

The Group is taking steps to reduce these losses by exchanging old transformers with new ones and continually replacing medium and low-voltage overhead lines – in particular, with underground cables, which are much easier to install at these voltage levels than on the high-voltage grid. Energie AG also works to ensure low energy consumption for metering and secondary technical components (measurement, control, management and data transfer).

WASTE MANAGEMENT SEGMENT

The Waste Management segment handles a **total waste volume** of around two million tonnes a year at 24 facilities. Due to modern logistics and the extensive network of facilities, this waste is collected, treated, thermally processed or disposed of in a commercially and environmentally state-of-the-art process.

For many years, Energie AG's Waste Management segment has been certified with regard to quality (ISO 9001:2015), occupational health and safety (OHSAS 18001:2007), the environment (ISO 14001:2015) and as a qualified waste management operator (RAEF). In 2013, Umwelt Service GmbH was the first waste disposal company operating across Austria to successfully roll out EMAS validation for all its locations (Regulations (EC) No. 1221/2009 and 2017/1505 of the European Parliament). Ultimately, all these measures help to ensure efficient use of resources and prevention or reduction of emissions while actively involving customers, staff and owners.

Investing in the highest technical standards and in environmental and climate protection is one of the foundation stones of the Waste Management segment's business activity.

The **Environmental Statement of Umwelt Service GmbH 2019** in accordance with EMAS also includes the company's receipt of the Austrian **EMAS Award** in the Best Environmental Team category in 2018.

The processes related to compliance with requirements under environmental law are monitored as part of its internal audits. This focuses on the Austrian Legal Information System, monitoring of requirements (laws, regulations, administrative decisions) in the Gutwin legal database and ensuring that waste is obtained and stored legally. In addition, the externally certified environmental management system guarantees processes to identify negative impacts on the environment, which can then be prevented or mitigated accordingly.

When providing waste management services, care is taken to ensure that resources are conserved as much as possible. Key plans in this area include reducing CO_2 emissions with a modern fleet of trucks, rolling out e-business (automating commercial processes), increasing energy efficiency and decreasing overall energy consumption.

In addition, the slag remaining after waste incineration is recycled at the Wels plant. In a multi-stage mechanical separation process, iron and other content remaining in the slag after incineration is removed. This not only has the advantage of separating these resources (aluminium, copper, brass and stainless steels), recycling them and reintroducing them to the metal processing cycle; there is also additional savings potential in terms of CO_2 emissions in comparison to producing these resources from scratch. Furthermore, the landfill volumes at Wels are reduced through the yearly recycling of metals. As a result, it is not necessary to resort to other landfills, saving additional truck journeys and fuel.

Biomonitoring, a scientifically-based control method, is used to track pollutant emissions at the Wels waste incineration plant. The effects of the thermal treatment plant's operation on the environment are measured continuously at several fixed points in and around the site.

In terms of energy efficiency in the Waste Management segment, the Group pays particular attention to the energetic effectiveness of the grate firing and circulating fluidised-bed waste incineration plants. The efficiency criteria under Directive 2008/98/EC are assessed on an annual basis in this area. Efficient electricity conversion and/or heat extraction are crucial factors in fulfilling these criteria. As far as technically possible, process water, rain water or seepage is used instead of potable water in the production plants.

The Waste Management segment also provides **water supply and waste water disposal services** in Austria, operating as a water supplier across a number of regions. Its clients include cities and local authorities, which receive water supply and waste water disposal services. Only the pipelines are owned by the segment, whereas distribution grids are not. There is no noteworthy water loss from the pipelines, with the differences between the measuring points at wells or tanks and water meter chambers at the customer's end falling within the range of the water meters' measurement tolerances.

Energie AG only has limited influence over water losses in the distribution grids of the local authorities that are served, as the infrastructure in these areas is owned by the municipalities, which as a result have the power to decide on any measures (upgrades, investments, etc.). Energie AG provides support and advisory services to the local authorities as part of our service, carrying out monitoring, measurement and broad-based analysis, as well as formulating proposed measures for decision-makers to reduce water losses.

CZECH REPUBLIC SEGMENT

Valuable drinking water is lost every day due to damage to the network of water pipelines. This can be caused by various factors: the age of the network, pipe material, quality of installation, geology of the subsoil and material for the pipe bedding, distribution volume and pressure level.

As a result, reducing **non-revenue water** and damage within the water distribution grid is a key task for the water industry. Given that local authorities are responsible as the infrastructure owners for renovating grids (except for one investment – VaK Beroun a.s.), Energie AG's measures focus on locating and remedying leaks, which are analysed via a reporting and benchmarking process. In recent years, extensive investments have been made in modern hardware and software for hydraulic network modelling, as well as in expanding district metered areas, supplying equipment and providing employee training.

In the international water sector, unit water leakage is a commonly used measure of unaccounted for water. This is a key figure indicating the pipeline networks' condition; it reveals how many cubic metres of drinking water are lost per kilometre of a pipeline network per year (converted to a unit diameter). Currently, the benchmarking is carried out on in 51 Energie AG supply areas with more than 5,000 residents each. In 2007, 73% of networks were in good condition and 10% in average condition. Despite pipeline networks growing older and being subjected to increased wear, it has been possible to increase the proportion of networks rated as good to 94% in the last 11 years (previous year: 90%). 100% of networks have received a good or satisfactory rating. Since 2016, there have no longer been any networks rated as unsatisfactory in Energie AG's Czech service area.

Since 2019, interesting information about Energie AG's Czech Republic segment (including key performance indicators, benchmarking and environmental topics) has been published at › **www.energieag-bohemia.at** and › **www.energieag.cz**, as well as in the "PowerNEWS" digital newsletter. The digital newsletter has taken the place of the "WaterPages" print edition since last year. This saves paper and allows us to share up-to-date information in a timely manner with employees, customers, partners and interested parties.

HOLDING & SERVICES SEGMENT

Energie AG carries out active **building benchmarking** in Austria. The Group headquarters, the PowerTower in Linz, is one of the first high-rise office buildings in the world designed to Passive House standard. The 74 m-high office tower in Linz's Bahnhofsviertel copes without being connected to the district heating network and does not require any fossil fuel use. It emits around 300 tonnes less CO_2 a year than other high-rises. Power is supplied to the building via a complex system, making innovative use of traditional technologies. The power for heating, cooling, ventilation and lighting is obtained from the earth, ground water and sun. There is a photovoltaic system integrated into the façade on the southwest side of the PowerTower. In addition to the PowerTower, ongoing improvements and optimisation efforts help to ensure that energy use is low in the operations of all the other buildings of the Energie AG Group.

Energie AG takes its **responsibility as an operator under ÖNORM B1301** (property and building safety) very seriously, focusing on ensuring employee welfare in a safe and highly suitable environment.

146,936 fresh meals were prepared for staff in the kitchens at our Austrian locations in Linz and Gmunden in the 2018/2019 fiscal year. A particular effort is made to ensure the use of seasonal and regional food products, focusing on healthy cuisine for a healthy workforce.

In **purchasing processes**, some environmentally relevant criteria are set as mandatory requirements in the text of requests for proposal. The Group takes CO_2 emissions into account when placing orders via transport tenders. During the 2018/2019 fiscal year, Energie AG added an environmental component to the supplier rating system in the Group Procurement Handbook.

Orders worth a total of EUR 208 million were placed with 2,177 suppliers in the 2018/2019 fiscal year. 84.1% of our suppliers were headquartered in Austria, while 15.8% were based in other European countries.

Procurement statistics

	Unit	2018/2019	2017/2018
Commissioned suppliers (approx.)	Number	2,177	2,212
share in Austria	%	84.1	84.2
share in rest of Europe	%	15.8	15.7
other	%	0.1	0.1
Order volume	EUR mill.	208	197
Total		**2,177**	**2,212**

During the 2018/2019 fiscal year, the Group launched an initiative aimed at increasing the **proportion of electric cars** used – to the extent that this is technically and commercially possible. The percentage of electric cars used in the Energie AG Group in Austria is currently higher than the national average.

Starting in the 2019/2020 fiscal year, a revised vehicle policy in the Czech Republic segment will take into account operating costs and the use of alternative drive systems for motor vehicles in the context of new purchases and reinvestments.

EU Directive 2007/46/EC, which establishes a framework for the approval of motor vehicles subject to the Euro 6 emission standard, applies to the Waste Management segment for subsequent truck purchases. The introduction of this emission standard significantly tightens exhaust emission limits. In addition, drive systems such as gas engines and electric motors will be compared for new purchases.

Energie AG's charging card is the key to Austria's largest charging network, giving customers a convenient way to charge their electric cars. Energie AG has established a dense **charging network** in Upper Austria to provide public and fast charging facilities for electric cars. These charging stations are available for all electric car drivers to use. All public charging stations operated by Energie AG provide electricity 100% sourced from hydroelectric, wind and solar power. There are 3,500 charging points available across Austria. For more information, see the Electric Vehicles › page 28 section of the Management Report.

SOCIAL AFFAIRS

Energie AG's social goals are:

- Reliability in supply and waste management services
- To position ourselves as a responsible company
- To build and maintain sustainable client relationships
- Ongoing proactive dialogue with stakeholders
- To strengthen environmental consciousness among children and young people
- To avoid infringements of legal and in-house standards

In an extensive **study by the Economica Institute for Economic Research**, the "economic footprint"® of Energie AG in Upper Austria and Austria as a whole was calculated for the first time. Energie AG plays a significant role throughout the nation, contributing added-value effects worth a total of EUR 1.1 billion (including EUR 881.8 million in Upper Austria) and sustaining more than 10,000 jobs (including 8,143 in Upper Austria). In Upper Austria alone, 2.1% of gross regional product and 1.3% of employment depends on Energie AG directly or indirectly.

SUPPLY RELIABILITY AND QUALITY

Energie AG is committed to a safe and sustainable energy supply for present and future generations. Security of supply is the fundamental basis for general business growth, job creation and maintaining quality of life. Energie AG's electricity, gas, heating, telecommunications and water supply services are a major driver of Upper Austria's international competitiveness as a business location. Our Waste Management segment offers reliable waste management services in its market areas, covering every link in the value chain at the highest technical level.

Power-line grids in km

	2018/2019	2017/2018
Electricity	32,648	32,365
Natural gas	5,585	5,549
Fibreglass	6,100	5,550

Netz OÖ's asset management efforts are aimed at achieving the highest possible levels of efficiency in all activities in terms of reliability, quality and cost-effectiveness. The company's measures to promote supply reliability and quality are primarily focused on the medium and low-voltage grids. Energie AG consistently improves grid quality via targeted replacement of existing overhead lines with cable and by increasing the degree of grid automation in the medium-voltage portion.

To assess supply reliability and quality, we determine key performance indicators such as grid reliability, grid interruptions and their causes (<3 minutes) on an annual basis. The Group then uses these findings to establish options for future action in the context of grid maintenance and expansion.

Netz OÖ operates an **electricity grid** consisting of 32,648 km of power lines (previous year: 32,365 km), in addition to a 5,585 km **natural gas grid** (previous year: 5,549 km). These reliable and modern grids ensure the energy supply of end consumers and power plants.

The electricity grid's **supply reliability**, measured in terms of service-related availability (ASIDI; Average System Interruption Duration Index) and not taking regionally exceptional events into account, was 38.02 min/a in calendar year 2018 (2017: 32.91 min/a). Customer-related system disruption (SAIDI – System Average Interruption Duration Index) stood at 37.26 min/a (2017: 36.28 min/a). The availability of the natural gas grid was 100% in calendar year 2018, as was the case in the previous year.

Supply reliability [1)]

	2018	2017
SAIDI (min/a)	37.26	36.28
ASIDI (min/a)	38.02	32.91

1) These key figures are statistical key system figures for national and international comparison. They do not allow any conclusions on the interruption of individual localities. Different values were published for the calendar year 2017 in 2018 and 2019 respectively. The marginal discrepancies (ASIDI 33.03 min/a now 32.91 min/a and SAIDI 36.58 min/a now 36.28 min/a) are due to the retrospective allocation of events by E-Control.

In the 2018/2019 fiscal year, Netz OÖ and Salzburg Netz GmbH agreed to a close **security cooperation agreement** in the supply areas around Lake Wolfgang to ensure that natural gas customers can receive assistance as quickly as possible in the event of damage.

In the generation unit, the Group is taking a holistic approach to optimise technical availability, starting with taking power plants and components into account during planning and design as well as by systematically developing maintenance strategies and action plans for each facility and component. State-of-the-art, IT-supported operational management systems are used for monitoring and implementation.

In addition to the environmental measures adopted during hydropower plant design, flood protection improvements also play a crucial role in Energie AG's run-of-river power plant construction projects. The individual steps to be taken during day-to-day operation are set out in the officially approved workplace regulations.

In light of advancements in digital innovation and the positive business climate in Upper Austria, the speed-of-light broadband network underwent further expansion in the 2018/2019 fiscal year. For around 15 years, Energie AG has been working on building a comprehensive **fibre-optic network**, predominantly in Netz OÖ's service area. The fibre-optic network was 6,100 km long as of the end of the 2018/2019 fiscal year (previous year: 5,550 km).

Water supply availability in the Czech Republic segment is constantly at or above 99.99%. Network quality in the drinking water sector fluctuates from year to year between 0.2 and 0.3 cases of damage per kilometre per year, mainly due to changing winter and frost conditions. Network quality in the waste water sector is measured at around 0.1 grid interruptions per kilometre per year.

In the water sector in the Czech Republic, investments in physical infrastructure are made on an ongoing basis to ensure supply reliability and maintain operability (motor vehicles, machinery, tools). These decisions are made based on ongoing analyses of non-current assets with regard to their useful life, condition, costs and necessity. In particular, the use of new technologies (sewer inspection cameras, satellite leak detection, smart water meters) guarantees that Energie AG can maintain an efficiency advantage and a competitive edge over our competitors, which ultimately benefits our customers (municipalities).

Due to **climate change**, increasingly long periods of drought are occurring during the summer months. This can lead to temporary water shortages in certain regions. The places affected are mostly local authority areas with their own wells but lacking a second major supply source. Even in these cases, Energie AG endeavours to temporarily ensure a sufficient supply of drinking water; for instance, by supplying drinking water via tankers and cisterns. One measure to improve supply reliability is the interregional integration of water supply systems. This enables drinking water from areas with surplus water to be sent to areas suffering from shortages.

The cross-border water aid scheme between the Czech Republic and Austria was also revived and used for the first time in 2019. The water networks of the South Bohemian border town of České Velenice and Gmünd in Lower Austria are now connected for emergency water supply. This cooperation scheme was previously in place until 1960, but was discontinued due to the political situation and only recently resumed.

CUSTOMER ORIENTATION AND SATISFACTION

On 1 May 2019, following the withdrawal of LINZ AG für Energie, Telekommunikation, Verkehr und kommunale Dienste from ENAMO GmbH, the new Energie AG Oberösterreich Vertrieb GmbH (Vertrieb GmbH) took up operations within the new structure.

This gives customers the considerable advantage of having a single point of contact for all questions regarding pricing, services. In return, Energie AG can benefit from greater simplicity in terms of service provision, from private households to key account customers.

Maintaining a closer dialogue with our customers will be a cornerstone of our future activities. In particular, one step Energie AG is taking in this direction is staging our own **customer forum**, an idea we set in motion in 2019.

The aim of this initiative is to bring together 30 customers to interact with Energie AG twice a year, discussing current developments in the industry as well as ideas and new products in a forum with the company's management team. This will help us to break new ground in the development of products and services.

A consistent focus on the wishes and needs of present and potential customers, as well as on their satisfaction, is the foundation for strategic action in all Group companies. Customers' needs are changing, with increasing demand for digital contact methods, digital services and better service outcomes (e.g. shorter response times) in a context of rising price sensitivity.

Ongoing monitoring and professional development initiatives help to ensure high-quality customer relationship management, whether over the phone or in person. In addition, our pricing and product selection are under constant review. Energie AG pays particular attention to digital services, which are currently being developed and expanded in various forms.

Going digital: a powerful asset

Energie AG views digitalisation as a key priority in every area of the Group's sales strategy, with the aim of making customers' contact with the company faster, better and more efficient.

As far as digital transformation in sales and communication channels is concerned, the first step is to identify sensible touchpoints where going digital will result in true added value for the customer. One example would be the harmonisation of the current online customer portals, which is intended to foster a strong sense of personal responsibility. The goal here is to provide a contemporary, cutting-edge look and feel in widget format to support personalisation at the customer's end, as well as giving visitors the opportunity to immediately order a variety of products and features online. The use of digital signatures is now being extended to additional customer processes, having only been used in certain subdivisions of Energie AG to date.

Our range of Alexa skills, already tried and tested with the energy-saving tips service, has also been expanded. Since the 2018/2019 fiscal year, customers paying smart meter tariffs can use Alexa to request information about electricity prices.

A power price configurator that factors in more than simply the individual's place of residence, household size and consumption levels was developed to give customers the best support possible as they choose the right electricity pricing model for them. Seven simple questions help customers to select the ideal tariff. The recommendations made are based on a special logical model, with a decision tree that took months of work to develop and test out. Lessons learned from previous projects were factored into the development of the electricity price configurator. For instance, the EU-funded PEAKapp research project, implemented in partnership with the Energy Institute at the Johannes Kepler University Linz, generated some useful findings on consumption patterns. This project came second in the **EU Sustainable Energy Award**'s "Consumerse" category. For more information about this project, see the **Research, development and innovation › page 19** section in the Group Management Report.

Customer Phone Service

When customers contact us by telephone, it is highly important for their enquiry to be dealt with promptly. Trained, top-class customer service staff are essential to meeting these expectations. Internal customer satisfaction surveys reflect the high standard of quality.

In the event of failures, which cause a substantial increase in calls from affected customers within a very short period of time, calls need to be answered and processed with rapid turnaround. Even heavy and unpredictable call volumes can be managed with a flexible on-call service model, individual customer service employee flexibility and suitable telework infrastructure.

Introduction and Use of New Technologies

Energie AG is actively committed to introducing and using new technologies. The customer is also at the heart of our approach in this area. For instance, Netz OÖ is one of Europe's leaders when it comes to comprehensive **smart metering**, which creates new opportunities for customers to save on energy by providing precise consumption information. More than 94% of all customer systems are equipped with intelligent electronic electricity meters in Netz OÖ's service area (previous year: 76%). At the end of the 2018/2019 fiscal year, there were 633,000 AMIS meters installed on Netz OÖ's electricity grid. The system uses a variety of smart grid functions to achieve improvements in the quality of electricity supply. The entire system (AMIS) is proving successful in real-world applications, regularly delivering availability figures in excess of 99%.

The new smart meter technology presents the possibility of developing new business models. Intelligent electricity meters are the key household device that makes it possible to turn a home into a smart home. In the future, interaction between electricity meters and home automation systems will facilitate perfect use of energy, which users will be able to generate, purchase or store. This will help to bring cost savings, lower consumption and greater comfort to customers.

Our Czech water investments have been using smart **digital water meters** for several years at this point. To date, the consumption data has been exclusively used for billing purposes. Now the data is also available to end users. The Water Under Control (Voda pod kontrolou) service is suitable for most widely used water meters. Customers can view a continuously updated consumption breakdown, which is designed to suit their needs. They will be alerted if a certain quantity is exceeded (burst pipe warning) or if other measurements fall outside a normal range. Water Under Control was launched on the Czech market in the 2018/2019 fiscal year and has shown highly positive signs. The Group is also working on further developments for IoT, as well as other utilities such as gas, electricity and heat.

Customer satisfaction surveys

Contact with customers and partners is important for Energie AG to learn about their needs, concerns and ideas. This allows us to solve concrete problems, as well as to adapt and optimise our processes. **Complaint management** is a key mechanism in this area. Together with Customer Service, the Group analyses the communications on a quarterly basis, evaluating the subject areas and using these as a basis to establish options for action. These options include working together with social services to prevent debt-related issues and providing advisory services to help customers lower their energy bills.

Public opinion research institutes regularly conduct **surveys of the general population**, customers and specific target groups. Specifically, the Group was again able to collect valuable information in the 2018/2019 fiscal year. For instance, it worked together with pollsters for our 2019 surveys of real estate management and multi-site customers, which allowed us to identify the challenges and relevant issues for the future in these segments. The activities of Vertrieb GmbH can be realigned based on this information and suitable products can be developed.

Strong customer loyalty is predominant in the **electricity sector**: 95% of customers are basically satisfied or very satisfied with our sales arm (previous year: 97%). Continually measuring loyalty levels in set categories (e.g. product range, price communication, homepage, regional commitment) provides detail that allows us to find sensible places to start improving services and enables us to pursue improvements on an ongoing basis.

Netz OÖ's customer satisfaction survey for natural gas grid operators was conducted for the sixth time in September 2018 using the standardised questionnaire, which is based on the template provided by the Austrian Association for Gas and Water (ÖVGW) working group. Once again, this yielded highly positive results. As in the previous year, the highest level of satisfaction was reported for gas supply availability. Using a 1 to 5 scale based on Austria's academic grading system, Netz OÖ's customers gave it excellent ratings for reliability (1.16), safety (1.21) and quality (1.29), indicating above-average performance for a grid operator. There were even improvements on the previous year's results in many areas.

Customer satisfaction surveys are carried out at all the **Waste Management segment**'s sites. These include a school marking-style assessment system, in which the segment received a 1.4 (equivalent to an "A") also during the period under review 2018/2019.

The Austrian Consumer Studies Society (ÖGVS) investigated a large number of companies across Austria in partnership with business magazine trend. The best companies are honoured with the ÖGVS Service Award. Energie AG was among the top firms in the energy sector because of its email customer service. In 2017, Energie AG's customer service achieved first place in the overall rating for all industries, for which it was given the 2017 ÖGVS Service Award. In the 2019 market test for electricity suppliers by Austrian research institute market, Energie AG came in top position in Upper Austria, receiving the **2019 market Quality Award – Overall Winner for Upper Austria**.

STAKEHOLDER DIALOGUE

A proactive dialogue with stakeholders (such as local authorities, residents and public initiatives) has long been part of our existing business strategy. A prime example of sustainable cooperation, the model of **citizen participation** relating to Welser Abfallverwertung, has now been in existence since 1991, making it the longest and most successful active model of a public participation, mediation and project environment management process.

The central element of this model is an Environmental Commission, which acts as a link between Energie AG as the operator of the waste incineration plant and the neighbouring communities. The process has enabled us to continuously develop and strengthen mutual understanding. The aim is to ensure that all parties involved are included in decision-making through an open and honest information policy, while at the same time maintaining trust with constant monitoring. The principles of democratic politics were added to this model in the late 1990s.

Energie AG's principles on democratic politics set out how the company intends to proceed in protecting the interests of relevant members of the public above and beyond the legally required minimum. The principles on democratic politics are applied on a Group-wide basis for power plant expansions, grid expansions and other approval processes. Energie AG is fully committed and does everything within its means to pursue this approach. However, it should be noted that it is sometimes impossible to resolve existing conflicts – especially in the context of grid expansion – via this method of public participation and involvement. In this context, the potential for conflict often arises from unsubstantiated sources of information (such as certain online sources). Energie AG and Netz OÖ endeavour to actively support stakeholders by providing access to independent expert knowledge and studies.

In the past, a lack of transparency was regularly criticised in the planning process and decision-making for grid extension – particularly in connection with 110 kV power lines. In the actual approval process, the applicants, approval authorities and politicians were repeatedly confronted with questions about the fundamental need for the overhead line/underground cable system decision and about the basis for the intended route.

In order to improve this situation, experts from the State of Upper Austria, grid operators Netz OÖ, Linz Netz GmbH and Austrian Power Grid AG, and external consultants have drawn up **"Guidelines for Route Choice in Planning Processes for New High-Voltage Installations"** in the 2017/2018 fiscal year. The chosen system is based on the tried- and-tested route selection guidelines for transport projects. In the route selection procedure, the following objectives are among those that must be ensured in a transparent, reasonable and well-received process: standardised route selection procedure framework, early consideration of later approval procedures, system decision (overhead line/underground cable) based on previously defined parameters, determination of the best possible route from a broad interdisciplinary perspective according to basic defined principles, and a high level of acceptance for the proposed solution.

Adoption of the guidelines is voluntary in principle, but is recommended and supported by the State of Upper Austria. The work of planning and responsibility for the project at hand remain with the relevant grid or network operator.

Netz OÖ will be applying the route selection guidelines' methodology for the first time in the Rohrbach – Bad Leonfelden 110 kV transmission line project. A discussion with a robust exchange of opinions about the possible routes' pros and cons was conducted with all interested stakeholders. In this context, during the fifth regional conference in late June 2019, a final evaluation was released for the individual overhead line and cable corridors, with an overhead line corridor (8B Nord 2) put forward as the best option. The grid operators are now responsible for beginning to formulate detailed plans, working closely together with the landowners and local authorities in a joint project with LINZ NETZ GmbH.

For basic information about the route selection guidelines and the ongoing process, see the **State of Upper Austria's website**.

Online communication

In view of the introduction and continuing development of "new media", Energie AG is taking advantage of these opportunities to communicate online. The various online portals are our main sources of information: the website **› www.energieag.at**, the press portals **› news.energieag.at** and **› news.netzooe.at**, the project homepage for children and young people **› www.wir-denken-an-morgen.at**, Energie AG's various blogs (**› www.energieag.at/blog** and **› hochspannungsblog.at**), the Facebook page **„Energie AG – We care about tomorrow"** and Energie AG's specific product websites.

Energie AG offers functional self-service portals (especially in areas of mass customer demand) to meet customer needs and optimise customer service processes. These enable customers to independently carry out a number of tasks and fulfil requests relating to supply contracts with Energie AG at any time of day.

REGIONAL RESPONSIBILITY

Aside from its direct business mission and in line with its regional responsibility, the Energie AG Group supports institutions and projects with economic relevance, charitable and non-profit organisations, activities such as humanitarian and social initiatives, and academic and education projects.

Cultural and social issues

Energie AG supports a host of initiatives in the cultural and social realm. On the cultural scene, the Group has been partner of the Höhenrausch/Sinnesrausch project in Linz for a number of years, and exhibitions are regularly held in Linz's Power Tower. At the same time, the Energie AG Group supports young, talented artists with the Klemens Brosch Award and the "Dream Scholarship" project. In addition, Energie AG has been a long-standing voluntary partner of many cultural initiatives throughout Upper Austria, including the Upper Austrian Regional Exhibition, Salzkammergut Festwochen summer festival, St. Florianer Sängerknaben boys' choir and Brucknertage festival. As a partner of the Red Cross and volunteer fire brigade, the Energie AG Group makes a conscious effort to support rescue organisations with a high level of voluntary commitment.

At our call centre, Energie AG also operates the **Upper Austria crisis and disaster hotline** in order to provide an information and communication platform to the public. In the event of an emergency, the emergency services dispatch a liaison to the call centre, who ensures that information is relayed to the public-safety answering point. As a result, the Energie AG Call Centre can always provide information with absolute professionalism.

Timelkam Energy Experience Centre

In the town of Timelkam, Energie AG runs an information centre about electrical energy called the Erlebniswelt Energie Timelkam ("Timelkam Energy Experience"). More than 5,000 visitors passed through the centre in the 2018/2019 fiscal year (up from 4,800 in the previous year). The facility is constantly being upgraded to include new technologies, with sections on digitalisation and apprentices added in the last two years. Workshops for schools and the "Start of School Festival" have been held at the centre or on its grounds for the last six years.

Sports

Following the motto "sport is energy", the Energie AG Group has been supporting top athletes and amateurs alike across Upper Austria since 2000 – our "sports family". 15 sportspeople became members of the sports family in the 2018/2019 fiscal year, receiving financial assistance, as well as important services to support their sports involvement (such as physiotherapy, equipment, help with advertising and media training). A top priority in this area is to promote young people's involvement in sport.

Enhancing awareness

Raising awareness of sustainability, energy and the environment among young people has been a cause that the Energie AG Group has embraced in a major way. In this spirit, the Group has consistently supported initiatives by youth organisations. A conscious and careful relationship with nature and the environment is one of the worldwide scout movement's eight educational focal points. For many years, Upper Austria's scouts, the Pfadfinder, have been implementing targeted environmental projects with the support of the Energie AG Group and the State of Upper Austria (acting on the motto "taking responsibility for tomorrow!").

The **Energie AG at School education programme** (Energie AG macht Schule), which has existed since 2007, offers kindergartens and schools different classroom handouts for the relevant age groups. These cover topics related to energy, sustainability and – since autumn 2018 – digitalisation. The new class materials are available for primary school years 3 and 4 (ages 8-10), as well as for middle-school pupils in either of Austria's state school models (ages 10-14). Energie AG received the **Familie Digital Kompetent ("Family Digital Skills") seal of approval** in 2019 for this educational programme – and, in particular, for its expansion.

In addition, the Group has a selection of short books for the youngest programme participants, which cover a wide range of topics relating to energy and sustainability. The latest book, now our eighth, was published in 2019 and deals with the issues of separating waste and preventing littering. It is available upon request to private individuals, schools and kindergartens free of charge. Including the latest release, 250,000 copies of these short books are already in circulation.

In 2014, Energie AG began its educational programme for Czech primary and junior secondary school pupils with titles such as DOODPADU – was nicht in den Abfluss gehört ("DOODPADU – Don't Put That down the Drain") and Die Toilette ist kein Mülleimer ("Your Toilet isn't a Dustbin"), which aim to protect our natural environment and water resources. The Group promotes awareness of how to properly dispose of rubbish by providing customised classroom materials for primary schools and creative projects for older pupils. The pupils at a state secondary school in České Budějovice were the deserving winners at ENERGIE AG BOHEMIA s.r.o.'s annual project competition in 2019 with a game app for DOODPADU.

Respect for the environment and a commitment to a green and efficient business model are guiding principles that underpin Energie AG's ethos. Energie AG has supported the Energy Globe environmental award for some 20 years. Since its founding, just short of 25,000 environmental projects have been submitted for consideration. Every year, Austria ranks among the top performers, underlining the country's role as a "world champion" in the area of sustainability.

ENERGY INSTITUE OF JOHANNES KEPLER UNIVERSITY LINZ

Science and research have traditionally been accorded high value at Energie AG. One area in which this is evident is our long-standing partnership with the Energy Institute (Energieinstitut) at Johannes Kepler University in Linz. As a founding member, the Group actively participates in shaping and further improving the institute, as well as drawing on its high level of expertise in energy-related areas and its interdisciplinary team. Energie AG commissions studies from the institute on a consistent basis and works together closely with it on research projects. A good example of this is the **Gmunden High Temperature Heat** project, which Erzeugung GmbH and Vertrieb GmbH are working on as part of the drive by NEFI (New Energy for Industry) to make Upper Austria a flagship region for clean energy.

Waterdrops Project

Energie AG is also living up to its social responsibility in the Czech Republic segment, supporting social activities as part of the Vodní kapky ("Waterdrops") project. This includes the establishment of Young Caritas CZ with the aim of promoting volunteering among young people. In the 2018/2019 fiscal year, the Czech Republic segment supported Young Caritas CZ events in České Budějovice. As part of its social commitment, the Czech Republic segment donates one Czech heller (one hundredth of a koruna) for each cubic metre of drinking water Energie AG companies deliver to households in the country.

"Philanthropy exchange"

Each Energie AG Group company in the Czech Republic takes its regional social responsibility seriously. For instance, since 2015, VHOS a.s. has played a role in the Philanthropy Exchange in the Pardubice Region and Moravská Třebová to support the work of non-governmental organisations. This provides a platform for projects from selected non-profit organisations to be presented in a transparent manner. During the course of the event, these non-profits have the opportunity to engage with companies and public institutions to discuss their support needs. Energie AG also assumes social responsibility by financially supporting projects that improve the lives of disadvantaged people or families.

Federation, Association and Organisation Memberships

Energie AG is a member of various associations and representative groups related to its operational activities, both in Austria and abroad. Our employees also play a role in various bodies, committees and working groups within these organisations. All Energie AG's employees can benefit from these memberships, which allow them to receive newsletters, participate in events and webinars, and access online portals, publications, studies, models, analytical findings and more.

Alongside its long-standing memberships in the **Austrian Energy Industry Association**, the representative group for Austrian energy utility companies, the **Federation of Austrian Industries (IV)** and the **Austrian Economic Chambers (WK)**, Energie AG is also a member of the **Upper Austria Business Hub Initiative (IWS)**, which promotes Upper Austria as a business location by providing basic research, studies, investigations and media work.

In addition, Energie AG is a member of **Austrian Energy Agency GmbH (AEA)** – the country's national centre of excellence for energy, as well as the German **Association of the Energy and Water Industries (BDEW)**. Both associations work on topics of interest to energy companies, such as energy efficiency, renewable energy, sector coupling, etc.

The **OÖ Energiesparverband ("Upper Austrian Energy-Saving Association")** is a body instituted by the State of Upper Austria that has been the central clearinghouse for product-independent energy information since 1991. Energie AG has been a member of the association since its founding and collaborates closely with it in areas including energy consultancy and promotional funding.

Our membership of the **Verein für Ökologie und Umweltforschung (Association for Ecology and Environmental Research; VÖU)** offers us a platform for an exchange of information on matters of common interest between the energy industry and applied ecological and economic research experts. The association works on complex energy and environmental issues, such as renewable energy sources, resource efficiency and approval issues for energy infrastructure projects, while promoting interdisciplinary solutions.

Energie AG has been a member of the **Energy Centre České Budějovice**, an energy information centre supported by the State of Upper Austria and the Region of South Bohemia, since 1998. The centre's priority areas are offering support for implementing energy efficiency measures and the use of renewable energies. Since 2002, Energie AG has also been a member of the Fachgruppe Energie (Energy Working Group), which aims for cross-border cooperation in the energy sector between Upper Austria and South Bohemia. The working group supports cross-border projects and provides a platform for the exchange of knowledge and experience.

In addition, Energie AG is a member of the **Austrian Association of Alternative Telecommunications Operators (VAT)**. With the aim of ensuring that Austria enjoys a reliable information infrastructure, the VAT promotes fast and comprehensive expansion efforts whose sustainability is assured through the use of next-generation technologies.

EMPLOYEES – RESPONSIBLE EMPLOYER

Energie AG’s goals as an employer seeking to embrace responsibility are:

- To position ourselves as a family-friendly employer
- Personnel and Management Development
- To promote diversity and women in technical careers
- To continuously improve employer branding
- To guarantee and maintain high-quality apprentice training
- To ensure long-term staff availability
- To prevent and lower the number of work-related accidents

The implementation of sustainability goals requires committed and satisfied employees. As an important employer in the supply regions, Energie AG offers attractive and secure jobs.

In the 2018/2019 fiscal year, the Energie AG Group’s average consolidated workforce stood at 4,506 full time equivalents (FTE), representing an increase of 2.67% over the average of the 2017/2018 fiscal year (4,389 FTE). As of 30 September 2019, Energie AG Group had 4,599 employees (FTE) in four countries (previous years: 4,419).

An average of 295 temporary staff (FTE) were employed in the 2018/2019 fiscal year to work on time-limited projects and help us manage workload peaks (previous year: 269 FTE).

All staff employment contracts in Austria and South Tyrol are subject to collective bargaining agreements, while employees in the Czech Republic are unionised.

Energie AG employs staff from 27 countries. [10)]

10) Not including the Czech Republic

Staff level and structure

	Unit	2018/2019	2017/2018
Staff (number of employees)	**Persons**	**4,949**	**4,841**
Workplace			
Full-time equivalents (FTE) [1]	**Number**	**4,506**	**4,389**
In Austria		2,832	2,700
Female		535	586
Male		2,297	2,114
In the Czech Republic		1,616	1,630
Female		399	480
Male		1,217	1,150
In other European countries		58	59
Female		6	7
Male		52	52
Part-time	**Persons**	**480**	**451**
Female	%	65.8	66.4
Male	%	34.2	33.6
Newly hired	**Persons**	**584**	**402**
Newly hired	%	11.8	8.6
Turnover rate (excluding retirements)	**%**	**8.8**	**4.9**
Demographics			
Average age of workforce	Years	43.7	43.7
Diversity			
Women	%	22.6	22.2
Men	%	77.4	77.8
Women in management positions [2]	%	14.6	16.8
Men in management positions	%	85.4	83.2
Occupational development			
Training per employee	Hours	12.9	11.8
Performance review rate	%	72.8	79.6
Apprentices	Persons	72	66
Apprenticeships completed	Persons	16	19

1) The information stated regarding employees relates to full-time equivalents (FTE) as a yearly average of the fully-consolidated and proportionately consolidated companies.
2) Definition of "management position": Managing Director, heads of departments, divisions, facilities, holding companies, corporate units, teams and groups.

LIFE AND WORK AT ENERGIE AG

Energie AG supports a good balance between work and family life. Except for the Waste Management and Czech Republic segments, the company has been certified via the **"berufundfamilie" audit** since 2012. This allows us to position ourselves as a family-friendly employer, gain advantages in the competition for skilled professionals, and help to create a positive working environment by means of the associated raft of measures for management and employees.

The **Active Parental Leave Management** programme supports our Austrian employees in planning the periods they will be off work. A nursing care platform offers comprehensive information and service links for employees who care for and support dependents. To make holiday planning easier, Energie AG supported its employees in summer 2019 by providing a varied programme for children between the ages of 6 and 14. Our Kids Day on Easter Tuesday also gave the parents relief on one day of the school holidays. Since the 2013/2014 fiscal year, Energie AG has been congratulating employees who became parents on the birth of a newborn by sending a baby gift package.

At the PowerTower in Linz, former smoking areas on several floors of the building have been converted into contemporary common areas since late summer 2018. Designed, furnished and equipped with a wide range of activities in mind, staff can simultaneously use the areas to work on individual projects, have one-to-one discussions and work together in small groups.

PERSONNEL DEVELOPMENT 4.0

An key goal of the Personnel Development 4.0 concept is to provide targeted services to prepare employees and managers for the challenges they will face in the working world of the future. The educational program, which is available to all employees, is strongly focused on strengthening their skills in using methods and platforms. In particular, this applies to collaboration and interaction in everyday working life and the use of new digital technologies.

The **Energie AG Future Lab** was newly developed and rolled out for the first time in the 2018/2019 fiscal year. This one-year programme was specially created for Austrian managers and highly talented younger staff (PowerTalents) and focused on learning from others and being exposed to new working methods. At the same time, the participants came up with ideas for Energie AG's future development. After the Future Lab was concluded, these were implemented within the scope of various projects.

Additional upskilling events are also aimed at managers and highly talented younger staff. These aim to provide an outward-looking perspective by bringing in various keynote speakers. The talk held in the 2018/2019 fiscal year covered start-ups and success factors for collaboration between established companies and newly launched ventures. Skill-building events also provide a welcome opportunity for managers and star employees to have conversations and share their thoughts with one another.

A new round of the "Leadership Experience Discussion Circle" was launched for team and group leaders in the 2018/2019 fiscal year. These thrice-a-year get-togethers involve participants discussing leadership-related topics in small groups, accompanied by a coach. The group is intended to help attendees solve problems that arise in their day-to-day leadership roles, as well as encouraging these supervisory staff to be open to bouncing ideas off each other.

In the 2018/2019 fiscal year, talented younger staff members received feedback on their skills during the course of the **PowerTalent Programme**, after which they went on to create development plans agreed with their supervisors. One of the development opportunities available was the chance to take part in the Energie AG Management Advanced Programme, which lasts for two years and focuses on vital topics for the future such as innovation and change.

Protecting the lives and physical and mental health of employees is an integral part of every employer's duty of care. With regard to mental health in particular, Energie AG is planning to establish a **conflict management system** designed in line with recognised standards for Groups. An internal team worked together with an external conflict management expert to develop a structured model, which lays out a recommended pathway to conflict resolution. The aim should generally be to resolve conflicts in-house. However, if a solution cannot be mutually agreed upon with the involvement of the relevant points of contact (both outside and inside the hierarchy), it will be possible in future in to call in an external liaison service for conflicts, which was set up on 1 April 2019. To accompany the conflict management system's roll-out, managers and employees received training in various event formats on how to suitably deal with conflicts.

In addition, extensive information on the subject of conflict management can be found on the Group's Intranet and on an app specially created for this purpose.

To assure the company is capable of proactively mastering future challenges, it is important for its employees to have the relevant skills at their disposal and for diversity to be embraced not only in recruiting, but also internally (for example, when filling management positions).

The **FORWARD Programme**, which has been running in Austria since October 2017, gives younger female staff within the company support and development opportunities through a combination of mentoring and discussions about management topics. Since the programme was launched, four of its graduates have been promoted to leadership positions.

In the Czech Republic segment, the percentage of women in the workforce fell in 2018/2019 due to an increased turnover rate, which also led to a slight drop in the percentage of women in management positions. In addition to the turnover rate, restructuring measures resulting in a higher employee headcount had an impact on the decrease in the performance review involvement rate.

APPRENTICESHIP PROGRAMS

Energie AG's in-house apprenticeship program gives us an important competitive advantage. Along with the current shortage of skilled workers, there has been increased competition for capable young people among employers – even in the apprenticeship market. As a result, the skilled worker shortage has now been compounded by an apprentice shortage.

Since 1943, 1,490 apprentices have successfully completed their training and become top-qualified specialists in their fields. About half of these are still employed in the enterprise today. Nineteen young people, including two young women, began their electrical engineering apprenticeships at Energie AG in September 2019. In keeping with our mission to promote diversity, apprentices of immigrant descent and asylum seekers also have their place in the Energie AG Group.

Energie AG has expanded and will continue to expand our marketing activities in this area (trade fair appearances, media presence, folders, videos, etc.), aiming for success over the increased competition in the coming years to take on the most capable young people as apprentices. These activities will particularly focus on also boosting the interest of young women in our apprenticeship programs.

Owing to our cooperation with mandatory-attendance schools (electrical engineering polytechnic course, Powergirls, Girls Day), around 150 school students get to experience Energie AG's apprenticeship workshop up close every year and try out how it feels to be an apprentice for a few days. In line with the company's aspiration to actively rise to the challenge of rapid technical development, the apprentices' workshop includes high-tech equipment – as can be seen, for instance, from our purchase of a state-of-the-art CO_2 laser. The virtual tour of the apprentices' workshop in Gmunden with 3D glasses also appeals to young people at apprenticeship fairs.

The subject of the "digital transformation" has been afforded particularly priority in the apprenticeship programs. Apprentices are introduced to the digital transformation, from basic knowledge of digital technology to CNC technology, PLC programming, 3D printers and smart home digital control on tablet devices.

Safety and health are especially important to Energie AG in our apprentice training. The Group offers professional workshops and seminars to provide guidance to young people on topics such as preventing addiction and using the Internet safely.

The most important milestone for an apprentice is the skilled worker examination at the Austrian Economic Chambers. The quality of our training was also documented in the 2018/2019 fiscal year, receiving an outstanding result. Between them, the 14 current graduates earned 12 distinction grades in vocational school and 13 good or outstanding results in their final examinations.

For many years, Energie AG apprentices have been testing their talents against their counterparts from other companies in the largest apprentice competition in Upper Austria. 777 apprentices from 105 businesses took part in the 2019 apprentice competition. The best apprentice from Energie AG came in third place in the 2018/2019 fiscal year.

Another achievement in 2018 was the establishment of the **"z.l.ö. – zukunft.lehre.österreich"** association (Future Apprenticeships Austria) at Energie AG's initiative. The role of president is currently occupied by its creator, Chief Executive Officer KR Prof. Ing. DDr. Werner Steinecker MBA. The association's objective is to strengthen the image of apprenticeships in Austria. Joining forces with the other members of the association, Energie AG aims to restore the status that apprenticeships deserve as a key foundation of business and, in turn, of society and the future at large. In the 2018/2019 fiscal year, the Group worked meticulously to design and advertise an Austria-wide apprenticeship platform and an apprenticeship-related image campaign aimed at the target group.

EMPLOYER BRANDING AND EFFORTS TO RECRUIT FEMALE TECHNICIANS

Gaining and retaining the best minds is crucial for a company's future business development. The demand for female graduates – in particular in technical fields of study – is much higher than the potential that is available on the labour market. As Energie AG seeks to promote diversity, it has set itself the goal of attracting more female technical professionals to work at the Group.

In the 2018/2019 fiscal year, we carried out a number of employer branding activities, in particular at technical universities, to raise awareness of Energie AG among women interested in technical occupations.

In October 2018, Energie AG launched a **trainee programme**, which was attended by 12 trainees (9 of whom were women). After an initial phase in the area of the company most closely matched to their respective skills, the trainees rotated to different parts of the business to help them get the fullest possible picture of life at the Group. In addition, the trainee group has already completed several specially designed seminars.

Due to the great success achieved in the previous year, a **scholarship for female technical staff** was also awarded in autumn 2018. The scholars not only receive financial support, but can also complete internships at Energie AG or write their master's thesis drawing on their experiences with the company, potentially fostering strong ties between the company and these scholars from an early stage. In the 2018/2019 fiscal year, three new scholarships were awarded to female scholars (previous year: four).

In January 2019, the company started implementing a digital job platform: digiTalent, which was the winning project in our "Neuland" internal digitalisation initiative. The needs of applicants today have changed considerably from those in the past. The younger generation, in particular, expects to be able to apply simply and quickly via an online job platform. By providing such a platform, Energie AG will cement its place as a modern employer, as well as increase internal process efficiency.

Energie AG participates in various programmes for school pupils and students in higher education, such as the IAESTE programme (International Association for the Exchange of Students for Technical Experience). IAESTE finds placements in over 80 member states for trainees studying technical and scientific subjects. These traineeships are based on a one-for-one exchange, which also enables Austrian students to train abroad. Energie AG offers summer internship places to two students each year.

Since 2014, Energie AG has been providing material and intellectual support to gifted and socially engaged pupils of immigrant origin through the START scholarship program, laying the foundations for these scholars to pursue academic study. This support covers the costs for PC equipment (one-time), educational materials, seminar attendance, annual meetings, and regional events and workshops.

WORKPLACE HEALTH AND SAFETY

Only healthy and satisfied staff can be successful with their work for a business. Energie AG works to ensure awareness and personal responsibility around quality and occupational safety among its employees. Preventive action and information are used to prevent work-related adverse health conditions and staff are directed to be more conscious in their approach to **health through the energy@work project**. If an individual has already fallen ill, the company takes steps to promote their recovery. Energie AG's company health management policy was awarded the **"Betriebliche Gesundheitsförderung" (Workplace Health Promotion) seal of approval** (except for the Czech Republic and Waste Management segments), which is valid in its current form until 2019. The Group will be reapplying for this classification next year, which if approved would extend until 2022.

Topical issues are discussed and solutions are developed in regular health meetings, including employee representatives, occupational health professionals and safety management specialists. Weekly exercise programmes at a number of work sites also promote health awareness. The range of occupational healthcare services includes extensive contact during consultation hours and vaccination campaigns. A **"Mental Health at Work Service Line"** is also available to all employees in Austria in order to provide support in the event of personal problems or conflicts.

Energie AG ensures that the specifications of the Employee Protection Act and the associated regulations are consistently observed throughout the Group, and that appropriate preventative measures are implemented. In the 2018/2019 fiscal year, around 85 announced and unannounced workplace and construction site inspections were carried out by safety experts and occupational health professionals together with those responsible on site and/or Energie AG Group management (previous year: 95). Office workplaces were reviewed to assure ergonomic design and, if necessary, adjusted to keep the number of musculoskeletal conditions among employees as low as possible.

A total of 101 reportable work incidents were registered (previous year: 82), which corresponds to an accident rate of 20.63 accidents per 1,000 employees (previous year: 17.46 per 1,000 employees) . The accident severity amounted to an average of 24.37 days of sick leave per work accident (previous year: 24.67). Converted to an international indicator value, this corresponds to an LTIF (Lost Time Injury Frequency) of 11.85 per 1,000,000 working hours (previous year: 10.89). Energie AG is happy to report that again no fatal work accidents occurred in the 2018/2019 fiscal year.

A closer look on the work accidents reveals a picture that varies in national characteristics and, in particular, the different areas of activity within the Energie AG Group. The Waste Management segment had a higher accident rate than the rest of the company's segments, and these figures are somewhat higher than average for this industry.

The number of accidents in the Waste Management segment increased in the 2018/2019 fiscal year while the number of lost days fell. In the 2006/2007 fiscal year, the Waste Management segment's management system was expanded to include certification of occupational health and safety (OHSAS 18001:2007) and will be transitioned to ISO 45001:2018 in the 2019/2020 fiscal year. In addition, a feasibility study was launched in the 2018/2019 fiscal year to improve occupational safety.

A particular challenge was posed by the organisational changes in the year under review 2018/2019. While the merger of the sales forces to form the new Erzeugung GmbH did not present a problem in terms of employee protection, aligning the structures of Energie AG Oberösterreich Kraftwerke GmbH (Kraftwerke GmbH) and Energie AG Oberösterreich Wärme GmbH (Wärme GmbH) was proved challenging. The aim was to create uniform standards for everything from workwear to personal protective equipment (PPE). In addition, the organisational responsibility of the safety representatives had to be redefined.

The legally required training courses regarding hazards, health, safety and risk prevention steps are regularly held throughout the Energie AG Group. The short briefings were extended to include several new topics and are available for employees to access online. Following the successful implementation of fire safety training in an e-learning format in the 2017/2018 fiscal year, the Group has also developed and is now testing other general topics, such as lifting and carrying, using elevating work platforms, working with industrial substances, ladders and steps, computer workstations and preventing falls.

In addition to the briefings, a large number of subject-specific training courses were conducted during the period under review. Employees of contractors in the technical and electrical engineering sectors are also allowed to attend if they required additional training. In addition to training courses on working with live electrical equipment, meter changes and operational use authorisation, training modules on low and high voltage electrical system operation and management authorisation were also offered, along with other safety-related topics such as construction work coordination.

New safety representatives, fire safety officers and fire wardens were appointed for the Energy segment in the 2018/2019 fiscal year. Once again, more people were appointed to occupational safety and health and fire safety positions than required by the legal framework. This is a testament to the positive access to occupational safety and health resources available within the Group. In the Energy segment, new appointments are made to all these positions every four years.

COMPLIANCE AND ANTI-CORRUPTION AT ENERGIE AG OBERÖSTERREICH

Energie AG's compliance and anti-corruption goals are:

- To ensure compliance with laws, regulations, and all Group-wide guidelines and standards
- To prevent property damage and reputational damage
- Minimising/Avoiding liability risks and non-material damage
- To raise awareness among all Energie AG employees of compliance with guidelines and the Code of Conduct
- To promote a fully applied and consistent compliance culture
- Implementing effective prevention measures
- To improve legal certainty
- To ensure a values-conscious organisation culture
- To ensure fair competition

Compliance at Energie AG is based on a mutual understanding of values which is expressed in the **Code of Conduct "This is how we think; this is how we act"** and published for all stakeholders.

The Code of Conduct is the key element that supports action in compliance with laws and guidelines. It is the foundation for all business activities and decisions at the Energie AG Group. It is the basis for moral, ethical and legally sound behaviour on the part of all Group employees. The Code of Conduct is mandatory for everyone and contains essential rules concerning respectful conduct and open communication. All managers and employees throughout the Group have been and will continue to be informed about the in-house Code of Conduct. New employees receive the relevant compliance documents upon joining the company.

To establish compliance effectively throughout the Group of companies, a compliance management system was established, appropriate guidelines were authored and numerous face-to-face training sessions were held in recent years. The content, responsibilities, distributions of skills, and required documentation and reporting have all been decided. Information on compliance is provided to our staff in an e-learning format. Employees can decide for themselves when they want to use this interactive tool, allowing them to fit the sessions into their work routine in a way that best suits their needs.

No compliance incidents were reported in the 2018/2019 fiscal year.

The experts in the various areas of legal specialism monitor the relevant national and European legislative frameworks. The Compliance Organisation is involved in issues relevant to the Group as a whole.

The conduct of Netz OÖ's management and employees in relation to lobbying activities is based on its own **Code of Conduct** in accordance with § 7 of the Austrian Lobbying Act (Lobbying- und Interessenvertretungs-Transparenz-Gesetz; LobbyG). Netz OÖ has created an equal treatment programme and appointed an equal treatment officer based on its legal obligations as an electricity and gas distribution grid operator.

The Group refers to legal databases, the latest codes, a range of legal commentaries, newsletters and legal registers from external providers to ensure that up-to-date versions of the relevant requirements are always used in our Legal Department's operational activities. The Legal Department acts as one of a number of information channels, notifying the relevant departments and companies of new legal developments. The Group provides legal certainty and ensure compliance with the applicable requirements by attending seminars, specialist conferences, participating in various committees, keeping up to date with the latest legal developments and legislative plans, and scheduling visits to our individual locations.

COMPLIANCE FORUM

The Compliance Forum was set up to ensure that compliance questions are handled in a consistent manner. Regular meetings help to ensure the necessary exchange of information and consistent treatment of compliance-related matters throughout the Group. All areas of the Group have the opportunity to submit compliance queries and receive compliance advice.

PROMOTING A COMPLIANCE-CONSCIOUS CULTURE

Management are responsible for promoting a compliance-conscious culture among staff. Energie AG ensures that our employees know the compliance values and put them into practice. The Group Management Board agreed measurable and adjustable compliance goals with management staff also during the 2018/2019 fiscal year.

GDPR IMPLEMENTATION

Energie AG maintains a data protection management system to ensure Group-wide implementation and compliance with the provisions of the General Data Protection Regulation (EU 2016/679; GDPR, in effect since May 2018) and the new Austrian Data Protection Act 2018 (Datenschutzgesetz; DSG).

Energie AG's Data Protection Policy explains the data protection management system's essential operational framework. Energie AG is aware of the trust that our customers place in us. As a result, the Group treats security, integrity and trust as a top priority when handling personal data in day-to-day operations.

The data protection processes the Group has implemented log and process valid complaints regarding breaches of customer data protection, resulting in corrective action if necessary. The data protection management system underwent further development and operational implementation in the 2018/2019 fiscal year. In the year under review, three data protection violations under GDPR Article 33 were reported to the data protection authorities. As a result of the steps taken, the proceedings were discontinued.

INFORMATION SECURITY MANAGEMENT

In order to be able to reliably guarantee continuous service to customers and other stakeholders in line with their needs, Energie AG has maintained a comprehensive, Group-wide information security management system for a number of years. Especially in the age of the digital transformation and cyber-attacks, detecting and countering risks and attacks of this nature is of great importance. To this end, Energie AG periodically and systematically analyses and evaluates threats to its information security, decides its stance on any risks and takes effective steps to control and reduce these risks.

In the 2018/2019 fiscal year, the Group issued and subsequently concluded an EU-wide invitation to tender for the provision of cyber risk and fidelity insurance. Key areas of activity are ISO 27001-certified and are regularly reviewed. The requirements stemming from the Austrian Network and Information System Security Act (Netz- und Informationssystemsicherheitsgesetz; NISG), which aim to ensure a high degree of security for networks and information systems, will be gradually implemented in the relevant areas. Staff users undergo annual (electronic) training programmes and are proactively notified of any particular threats. For instance, an email phishing attack was simulated and users' security awareness strengthened.

In addition, Energie AG has taken a large number of steps to establish and maintain an adequate level of security. However, even the most strenuous effort cannot guarantee absolute security in today's information and communication technology, meaning that there is always a certain residual risk. As a result, Energie AG has an emergency and crisis management system in place, enabling it to safely restore orderly operation and customer supply as quickly as possible in the event of a failure.

INTERNAL CONTROL SYSTEM

Our corporate governance provides a framework of rules for the management and supervision of Energie AG, with the aim of sustainably safeguarding the company's value for the long term. The Austrian Company Law Amendment Act of 2008 (URÄG) enshrined the obligation for corporations to establish an appropriate internal control system (ICS) in the Austrian Stock Corporation Act (AktG) and the Austrian Limited Liability Companies Act (GmbHG). The effectiveness of an established ICS, risk management and audit system must be monitored by the Audit Committee.

Energie AG's governance is structured in line with the "three lines of defence" model.

Our business processes and the appropriate organisational form are based on Energie AG's activities and objectives as a company. The business process framework maintained in the QSE system forms the basis for describing and evaluating the ICS control measures, which are adapted to address the risks inherent in the process. These control measures are regularly tested by means of operational audits, with the control design's effectiveness and the control measures' implementation reviewed on a cyclical basis in the Group audit. The data pool developed from these activities is documented throughout the Group in an audit-compliant manner and used to create targeted reports for the Management Board and supervisory bodies.

For further information about Energie AG's internal control system, see the **Internal control system chapter › page 18** of the Management Report.

ANTI-CORRUPTION

Energie AG's entities and employees are subject to provisions regarding public officials (Amtsträger) within corruption law. There are comprehensive compliance standards in force at the Energie AG Group to prevent corruption. Training courses to this effect are provided on an ongoing, Group-wide basis. The "Anti-Corruption" learning module offered in Austria has so far been completed by 67.7% of our employees in the country (previous year: 72.0%). The deviation from the previous year is due to changes in personnel.

There were no incidents of corruption in the Energie AG Group in the 2018/2019 fiscal year.

ANTITRUST COMPLIANCE

Energie AG unconditionally declares its commitment to fair competition with its competitors, business partners and other market participants. For this reason, Group-wide training courses on antitrust law were held and the existing antitrust manual was updated. With its comments on the necessary market behaviour, the manual is primarily aimed at the sales-oriented divisions and is also available to all employees in the Energie AG Group via the Intranet.

Since the 2018/2019 fiscal year, a Group-wide learning module has been available on the subject of antitrust law/competition law to ensure that all members of staff (in particular, new employees) demonstrably have access to a well-prepared treatment of the topic. The primary target groups for graduating this module are all sales and sales-related units as well as procurement staff.

RESPECT FOR HUMAN RIGHTS

Respect for human rights is a natural part of life for the Energie AG Group. Energie AG expects all business partners to adhere to the statutory framework, along with the applicable laws and standards on human rights. In terms of respect for human rights, the Group cannot discern any material risks for compliance with the applicable legal standards in the European Union and in Europe. Risks in the earlier links of the supply chain cannot be entirely ruled out. For this reason, the Group exercises due diligence in procurement.

Equal treatment has been identified as a human rights issue that could fall within our direct sphere of influence, although there is no significant risk in this regard. The parties available for employees to contact in the event of possible discrimination are the compliance officer, the Works Council or their respective supervisor. In the 2018/2019 fiscal year, no incidents of discrimination were reported to compliance staff, nor were any legal proceedings underway.

Energie AG does not tolerate any discriminatory conduct or any unequal treatment, whether on the basis of national or ethnic origin, religion, age, gender or other traits. Diversity presents valuable potential for Energie AG as an international company group. Energie AG respects the unique nature of each individual, and are committed to tolerant and respectful conduct as well as open communication. The effects of this include promoting a climate of appreciation and respect for all employees within the company. Behaviours aiming towards fair and trusting interaction with one another are supported.

Linz, 3 December 2019

The Management Board of Energie AG Oberösterreich

Chief Executive Officer
KommR. Prof. Ing. DDr.
Werner Steinecker MBA
Chairman of the Management Board

KommR. Mag. Dr.
Andreas Kolar
Member of the Management Board

Dipl.-Ing.
Stefan Stallinger MBA
Member of the Management Board

Consolidated Financial Statements 2018/2019
of Energie AG Oberösterreich

CONSOLIDATED STATEMENT OF INCOME
1 OCTOBER 2018 TO 30 SEPTEMBER 2019

			2018/2019 EUR 1,000	2017/2018 EUR 1,000
1.	Sales revenues	(6)	1,813,448.3	1,625,848.7
	Procurement costs for electricity and gas trading	(6)	-97,992.0	-93,177.6
	Net sales revenues	(6)	1,715,456.3	1,532,671.1
2.	Change in inventories of finished goods and work in progress		55.9	-214.3
3.	Other capitalised corporate services		43,245.9	41,819.0
4.	Share in result of companies consolidated at equity	(17)	30,543.9	64,200.2
5.	Other operating revenue	(8)		
	Impairment reversals	(16.2)	7,921.8	2,093.6
	Remeasurement at fair value (IFRS 3)	(3.1)	48,247.9	–
	Other	(8)	25,077.6	20,271.2
			81,247.3	22,364.8
6.	Expenses for material and other purchased services	(9)	-1,067,136.7	-900,497.8
7.	Personnel expenses	(10)	-300,166.5	-274,584.9
8.	Depreciation, amortisation and impairments (thereof impairments [1] EUR 110,201.1 thousand (previous year: EUR 9,360.5 thousand))	(11; 16)	-256,178.9	-148,131.8
9.	Other operating expenses	(12)	-174,095.6	-165,782.6
10.	**Operating result**		**72,971.6**	**171,843.7**
11.	Financing expenses	(13)	-21,187.4	-23,182.7
12.	Other interest income	(13)	793.4	908.1
13.	Other financial income	(14)	3,097.0	8,548.0
14.	**Financial results**		**-17,297.0**	**-13,726.6**
15.	**Earnings before taxes**		**55,674.6**	**158,117.1**
16.	Income taxes	(15)	1,726.6	-33,493.4
17.	**Consolidated net earnings**		**57,401.2**	**124,623.7**
	Thereof attributable to non-controlling interests		953.4	990.5
	Thereof attributable to investors in the parent company			
	Consolidated net profit		**56,447.8**	**123,633.2**

1) The impairments in fiscal year 2018/19 of EUR 193,325.7 thousand are reported as the balance after deduction of reversals of construction cost subsidies of EUR 83,123.6 thousand.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1 OCTOBER 2018 TO 30 SEPTEMBER 2019

		2018/2019 EUR 1,000	2017/2018 EUR 1,000
1.	**Consolidated net earnings**	**57,401.2**	**124,623.7**
2.	**Other comprehensive income**		
	Items that will not be subsequently reclassified to the income statement:		
	Revaluation of the defined benefit obligation	-23,701.1	-6,794.9
	Changes in value of at-equity companies recognised in equity	-29.5	-258.5
	Changes in the value of investments and securities FVOCI	1,398.6	–
	Deferred taxes	5,600.4	1,698.7
	Items that may be subsequently reclassified to the income statement:		
	Changes in value of investments and available-for-sale securities	–	-6,405.1
	Changes in value of at-equity companies recognised in equity	-307.7	–
	Hedge accounting	-45,671.2	55,484.5
	Translation differences	435.8	980.6
	Deferred taxes	11,417.9	-12,269.6
	Total expenses and revenues recognised in other comprehensive income	**-50,856.8**	**32,435.7**
3.	**Total comprehensive income after taxes**	**6,544.4**	**157,059.4**
4.	Thereof attributable to non-controlling interests	1,271.8	1,402.0
5.	**Thereof attributable to parent company**	**5,272.6**	**155,657.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2019

ASSETS			30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
A.	**Non-current assets**			
	I. Intangible assets and goodwill	(16)	245,102.5	187,150.0
	II. Property, plant and equipment	(16)	1,881,853.8	2,009,145.7
	III. Investments (thereof at-equity companies: EUR 204,780.3 thousand (previous year: EUR 313,604.3 thousand))	(17)	228,088.3	325,163.0
	IV. Other financial assets	(18)	56,639.6	65,318.8
			2,411,684.2	**2,586,777.5**
	V. Other non-current assets	(19)	10,155.0	15,950.7
	VI. Deferred tax assets	(15)	7,864.3	10,589.2
			2,429,703.5	**2,613,317.4**
B.	**Current assets**			
	I. Inventories	(20)	57,755.1	50,508.0
	II. Receivables and other assets	(21)	348,190.2	276,370.3
	III. Fixed term deposits and short-term investments	(5.9)	109,997.7	181,070.1
	IV. Cash and cash equivalents	(22)	29,772.0	101,436.6
			545,715.0	**609,385.0**
			2,975,418.5	**3,222,702.4**

LIABILITIES			30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
A.	**Equity**			
	I. Share capital	(23)	88,729.2	88,779.7
	II. Capital reserves	(23)	216,455.1	214,809.5
	III. Retained earnings	(23)	1,027,039.6	1,050,716.6
	IV. Other reserves	(23)	-36,672.7	12,651.0
	V. Non-controlling interests	(23)	14,787.4	14,483.2
			1,310,338.6	**1,381,440.0**
B.	**Non-current liabilities**			
	I. Financial liabilities	(24)	428,429.6	428,882.8
	II. Non-current provisions	(25)	308,093.1	278,920.4
	III. Deferred tax liabilities	(15)	31,882.3	75,297.8
	IV. Construction cost subsidies	(26)	293,166.8	370,656.1
	V. Advances received	(27)	16,886.7	27,457.0
	VI. Other non-current liabilities	(28)	77,423.8	76,030.3
			1,155,882.3	**1,257,244.4**
C.	**Current liabilities**			
	I. Financial liabilities	(24)	27,313.1	26,229.8
	II. Current provisions	(29)	22,244.5	17,994.4
	III. Tax provisions	(30)	328.0	165.0
	IV. Trade payables	(24)	180,763.8	157,632.7
	V. Other current liabilities	(31)	278,548.2	381,996.1
			509,197.6	**584,018.0**
			2,975,418.5	**3,222,702.4**

STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2019

	Share capital EUR 1,000	Capital reserves EUR 1,000	Retained earnings EUR 1,000	Reserves under IAS 19 EUR 1,000	Reserves IFRS 9 (prev. year: IAS 39) EUR 1,000
Balance as of 30.09.2018	**88,779.7**	**214,809.5**	**1,050,716.6**	**-67,946.2**	**44,360.6**
Initial application IFRS 9					
Initial application IFRS 9	–	–	118.6	–	3,931.3
Deferred taxes	–	–	-531.5	–	-484.5
Balance as of 30.09.2018 after adjustments	**88,779.7**	**214,809.5**	**1,050,303.7**	**-67,946.2**	**47,807.4**
Items that will not be subsequently reclassified to the income statement:					
Revaluation of the defined benefit obligation	–	–	–	-24,038.0	–
Changes in value of associated companies measured at equity	–	–	–	-29.5	–
Changes in the value of investments and securities FVOCI	–	–	–	–	1,398.6
Deferred taxes	–	–	–	6,008.5	-323.3
Items that may be subsequently reclassified to the income statement:					
Hedge accounting	–	–	–	–	-45,768.5
Hedge accounting equity	–	–	–	–	-307.7
Translation differences	–	–	–	–	–
Deferred taxes	–	–	–	–	11,442.3
Other comprehensive income	**–**	**–**	**–**	**-18,059.0**	**-33,558.7**
Consolidated net earnings	–	–	56,447.8	–	–
Total income for the period	**–**	**–**	**56,447.8**	**-18,059.0**	**-33,558.7**
Dividend distribution	–	–	-78,081.7	–	–
Treasury stocks	-50.5	1,645.6	-1,595.1	–	–
Other	–	–	-35.1	–	–
Transactions with shareholders	**-50.5**	**1,645.6**	**-79,711.8**	**–**	**–**
Balance 30.09.2019	**88,729.2**	**216,455.1**	**1,027,039.6**	**-86,005.2**	**14,248.7**

Other reserves							
Revaluation reserves EUR 1,000	Treasury stocks EUR 1,000	Exchange differences EUR 1,000	Total EUR 1,000	Equity of investors in parent company EUR 1,000	Non-controlling interests EUR 1,000	Total EUR 1,000	
37,541.1	**-7,644.9**	**6,340.4**	**12,651.0**	**1,366,956.8**	**14,483.2**	**1,381,440.0**	
–	–	–	3,931.3	4,049.9	-0.5	4,049.4	
–	–	–	-484.5	-1,016.0	0.1	-1,015.9	
37,541.1	**-7,644.9**	**6,340.4**	**16,097.8**	**1,369,990.7**	**14,482.8**	**1,384,473.4**	
–	–	–	-24,038.0	-24,038.0	336.9	-23,701.1	
–	–	–	-29.5	-29.5	–	-29.5	
–	–	–	1,398.6	1,398.6	–	1,398.6	(23)
–	–	–	5,685.2	5,685.2	-84.8	5,600.4	
–	–	–	-45,768.5	-45,768.5	97.3	-45,671.2	(23)
–	–	–	-307.7	-307.7	–	-307.7	
–	–	442.4	442.4	442.4	-6.6	435.8	(4)
			11,442.3	11,442.3	-24.3	11,417.9	
–	**–**	**442.4**	**-51,175.2**	**-51,175.2**	**318.4**	**-50,856.8**	
–	–	–	–	56,447.8	953.4	57,401.2	
–	**–**	**442.4**	**-51,175.2**	**5,272.6**	**1,271.8**	**6,544.4**	
–	–	–	–	-78,081.7	-800.3	-78,882.0	
–	-1,595.3	–	-1,595.3	-1,595.3	–	-1,595.3	(23)
–	–	–	–	-35.1	-167.0	-202.1	
–	**-1,595.3**	**–**	**-1,595.3**	**-79,712.0**	**-967.3**	**-80,679.3**	
37,541.1	**-9,240.2**	**6,782.8**	**-36,672.7**	**1,295,551.3**	**14,787.4**	**1,310,338.6**	

STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2018

	Share capital EUR 1,000	Capital reserves EUR 1,000	Retained earnings EUR 1,000	Reserves under IAS 19 EUR 1,000	Reserves IFRS 9 (prev. year: IAS 39) EUR 1,000
Balance as of 30.09.2017	**89,087.5**	**214,809.5**	**980,105.8**	**-62,391.4**	**7,648.7**
Items that will not be subsequently reclassified to the income statement:					
Revaluation of the defined benefit obligation	–	–	–	-7,061.7	–
Changes in value of at-equity companies recognised in equity	–	–	–	-258.5	–
Deferred taxes	–	–	–	1,765.4	–
Items that may be subsequently reclassified to the income statement:					
Changes in value of investments and available-for-sale securities	–	–	–	–	-6,401.3
Changes in value of at-equity companies recognised in equity	–	–	–	–	–
Hedge accounting	–	–	–	–	55,350.2
Translation differences	–	–	–	–	–
Deferred taxes	–	–	–	–	-12,237.0
Other comprehensive income	**–**	**–**	**–**	**-5,554.8**	**36,711.9**
Consolidated net earnings	–	–	123,633.2	–	–
Total comprehensive income for the period	**–**	**–**	**123,633.2**	**-5,554.8**	**36,711.9**
Dividend distribution	–	–	-53,267.8	–	–
Treasury stocks	-307.8	–	307.8	–	–
Other	–	–	-62.4	–	–
Transactions with shareholders	**-307.8**	**–**	**-53,022.4**	**–**	**–**
Balance as of 30.09.2018	**88,779.7**	**214,809.5**	**1,050,716.6**	**-67,946.2**	**44,360.6**

Other reserves							
Revaluation reserves EUR 1,000	**Treasury stocks** EUR 1,000	**Exchange differences** EUR 1,000	**Total** EUR 1,000	**Equity of investors in parent company** EUR 1,000	**Non-controlling interests** EUR 1,000	**Total** EUR 1,000	
37,541.1	**-6,540.8**	**5,473.3**	**-18,269.1**	**1,265,733.7**	**13,691.7**	**1,279,425.4**	
–	–	–	-7,061.7	-7,061.7	266.8	-6,794.9	
–	–	–	-258.5	-258.5	–	-258.5	
–	–	–	1,765.4	1,765.4	-66.7	1,698.7	
–	–	–	-6,401.3	-6,401.3	-3.8	-6,405.1	(23)
–	–	–	–	–	–	–	
–	–	–	55,350.2	55,350.2	134.3	55,484.5	(23)
–	–	867.1	867.1	867.1	113.5	980.6	(4)
–	–	–	-12,237.0	-12,237.0	-32.6	-12,269.6	
–	**–**	**867.1**	**32,024.2**	**32,024.2**	**411.5**	**32,435.7**	
–	–	–	–	123,633.2	990.5	124,623.7	
–	**–**	**867.1**	**32,024.2**	**155,657.4**	**1,402.0**	**157,059.4**	
–	–	–	–	-53,267.8	-578.6	-53,846.4	
–	-1,104.1	–	-1,104.1	-1,104.1	–	-1,104.1	(23)
–	–	–	–	-62.4	-31.9	-94.3	
–	**-1,104.1**	**–**	**-1,104.1**	**-54,434.3**	**-610.5**	**-55,044.8**	
37,541.1	**-7,644.9**	**6,340.4**	**12,651.0**	**1,366,956.8**	**14,483.2**	**1,381,440.0**	

CASH FLOW STATEMENT

	2018/2019 EUR 1,000	2017/2018 EUR 1,000	
Earnings before income taxes	**55,674.6**	**158,117.1**	
Tax payments	-35,550.9	-34,905.8	
Earnings after taxes	**20,123.7**	**123,211.3**	
Depreciation/reversals of non-current assets	247,219.3	146,174.8	
Remeasurement at the fair value (IFRS 3)	-48,247.9	–	(3.1)
Change in non-current provisions	-6,831.4	-8,736.1	
Change in other non-current assets	-8.8	1,942.6	
Change in other non-current liabilities and advances received	-16,472.7	-8,558.0	
Retained earnings of equity companies	26,609.2	-16,426.9	
Construction cost subsidies received	32,281.6	34,386.5	(26)
Revenues from the reversal of construction cost subsidies	-26,647.3	-25,805.9	(26)
Losses from the disposal of assets	3,388.9	3,418.4	
Gains from the disposal of assets	-7,892.9	-7,935.2	
Other non-cash expenses and income	-4,999.0	-7,023.7	
	218,522.7	**234,647.8**	
Change in current assets	57,606.7	-55,842.4	
Payments from hedging transactions	-49,585.7	68,306.4	
Change in current liabilities	-31,621.4	7,866.9	
Change in current provisions	3,677.7	3,019.1	
CASH FLOW FROM OPERATING ACTIVITIES	**198,600.0**	**257,997.8**	
Inflow from the disposal of property, plant and equipment, and intangible assets	16,732.7	3,764.6	
Outflow for additions to property, plant, equipment and intangible assets	-202,483.7	-201,766.9	
Inflow from the disposal of financial assets	8,997.8	18,463.3	
Change in scope of consolidation less acquired cash	-2,903.8	66.7	(3)
Outflow for additions to financial assets and other financial investments	-3,717.3	-5,905.2	
CASH FLOW FROM INVESTMENTS	**-183,374.3**	**-185,377.5**	
Dividend distribution	-78,882.0	-53,846.4	(34)
Acquisition of own shares and non-controlling interests	-1,726.4	-1,198.4	
Principal repayment of loan for CCGT power plant Timelkam	-5,250.0	-5,250.0	(24.7)
Other changes in financial liabilities	-1,021.9	-4,014.1	(24.7)
CASH FLOW FROM FINANCING ACTIVITIES	**-86,880.3**	**-64,308.9**	
TOTAL CASH FLOW	**-71,654.6**	**8,311.4**	
Cash funds at beginning of period	101,436.6	93,030.3	(22)
Cash flow	-71,654.6	8,311.4	
Exchange rate effects	-10.0	94.9	
Cash funds at end of period	29,772.0	101,436.6	(22)
The cash flow from operating activities includes:			
Interest received	1,162.1	1,014.9	
Interest paid	16,826.0	17,542.4	
Dividends received	58,207.6	49,374.2	(17)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2018/2019 OF ENERGIE AG OBERÖSTERREICH

GENERAL NOTES

1. General disclosures

Energie AG Oberösterreich is a modern and competitive energy and service provider in the Energy, Grid, Waste Management, Czech Republic and Holding & Services segments.

The parent company of the Group is Energie AG Oberösterreich with registered office at Böhmerwaldstraße 3 in Linz, Austria.

The Consolidated Financial Statements of Energie AG Oberösterreich for the 2018/2019 fiscal year were drawn up in accordance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), as they were required to be applied as of the reporting date, as well as in accordance with the interpretations of the International Financial Reporting Committee (IFRIC) as adopted by the European Union.

The present Consolidated Financial Statements according to the IFRS release the company from its obligation under § 245 a of the Austrian Commercial Code to prepare a consolidated annual financial statement in keeping with the Austrian Commercial Code. Whenever the Austrian Commercial Code so requires, additional information is provided in the respective notes.

The figures in the Consolidated Financial Statements are reported thousands of euros (EUR 1,000). The use of automated calculation systems may give rise to rounding differences when adding up rounded figures and percentages.

2. Change in accounting methods

2.1. Standards and interpretations applied or amended and adopted by the EU for the first time

IFRS 9 (Financial Instruments)

IFRS 9, issued in July 2014, replaces the existing guidelines in IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new Expected Credit Losses Model to calculate the impairment of financial assets, as well as the new general reporting requirements for hedge accounting. It also applies the principles for the recognition and derecognition of financial instruments required under IAS 39.

IFRS 9 is applied for the first time in fiscal year 2018/2019. The option to provisionally maintain the guidelines of IAS 39 for the accounting of hedging transactions is not exercised. IFRS 9 is applied prospectively, where applicable.

In accordance with IAS 39, unlisted equity instruments classified as available for sale did not have to be measured at their fair value if the value cannot be reliably ascertained. IFRS 9 does however strictly require their measurement at fair value. This results in a write-up to an investment recognised under other investments (previously AfS (at cost), carrying amount as of 30 September 2018: EUR 8,534.4 thousand, now FVOCI) by EUR 4,702.0 thousand. The other effects are immaterial.

IFRS 9 no longer permits the reclassification of accumulated profits or losses from equity instruments recognised in the other comprehensive income to profit or loss.

Securities that were classified as AFS under IAS 39 (carrying amount as of 30 September 2018: EUR 17,972.8 thousand) will now be allocated to the FVOCI category (equity instruments) in the amount of EUR 14,892.1 thousand and to the FVPL category (debt instruments) in the amount of EUR 3,080.7 thousand.

The financial assets in the LaR category were classified as measured at "amortised costs" (AC) in accordance with IFRS 9. A loss allowance is recognised for expected credit losses. If the credit risk has not increased significantly since the initial recognition, an allowance in the amount of the credit losses expected over a period of 12 months will be recognised. An allowance for trade receivables is, differently to what was explained above, recognised in the amount of the credit losses expected over the full term. If the credit risk has increased significantly since the initial recognition, the allowance amount will correspond to the amount of credit losses expected over the full term. The expected credit risk is determined on the basis of historical information about payment defaults, or on the basis of credit loss probabilities determined internally or procured from external financial service providers.

Recognition of impairments for these financial assets on 1 October 2018 has resulted in a reduction of the carrying amounts for lendings to companies in which a participating interest is held (EUR -120.5 thousand), other lendings (EUR -23.2 thousand), trade receivables (EUR -266.7 thousand) and fixed term deposits (EUR -242.2 thousand).

Derivatives with a cash flow-hedge relationship and derivatives with a fair value-hedge relationship are also classified effective hedging transactions under IFRS 9.

The following table shows the previous measurement category and carrying amount determined in accordance with IAS 39, as well as the new measurement category and carrying amount determined in accordance with IFRS 9 at the time of the initial application of IFRS 9:

	Categories acc. to IFRS 9	Carrying amount IFRS 9 01.10.2018 EUR 1,000	Categories acc. to IAS 39	Carrying amount IAS 39 30.09.2018 EUR 1,000
Investments		**16,260.7**		**11,558.7**
Shares in affiliated companies	FVOCI	2,097.1	AfS (at cost)	2,097.1
Available for sale investments	FVOCI	–	AfS	927.1
Other investments	FVOCI	14,163.6	AfS (at cost)	8,534.5
Other financial assets		**65,174.1**		**65,318.8**
Loans to affiliated companies	AC	37.0	LaR	37.0
Loans to companies in which an interest is held	AC	12,497.9	LaR	12,618.4
Other lendings	AC	6,284.4	LaR	6,307.6
Securities	AC	–	HtM	1.0
Securities	FVOCI	14,892.1	AfS	17,972.8
Securities	FVPL	31,462.7	AtFVP&L (FV Option)	28,382.0
Receivables and other financial assets (non-current and current) acc. to the Statement of Financial Position		**292,055.3**		**292,321.0**
Thereof non-financial assets		**31,140.5**		**31,140.5**
Thereof financial assets		**260,914.8**		**261,180.5**
Trade receivables	AC	171,628.8	LaR	171,895.5
Receivables from affiliated companies	AC	295.7	LaR	295.7
Receivables from joint arrangements and associated companies	AC	23,517.8	LaR	23,517.8
Derivatives designated as hedging instruments (cash flow hedges)	n/a	2,268.1	n/a	2,268.1
Derivatives not designated as hedging instruments	FVPL	33,806.4	AtFVP&L (Trading)	33,806.4
Other financial assets	AC	29,398.0	LaR	29,397.0
Fixed term deposits and short-term investments	AC	**140,910.3**	LaR	**141,152.5**
Fixed term deposits and short-term investments	FVPL	**39,917.6**	AtFVP&L (FV Option)	**39,917.6**
Cash and cash equivalents	AC	**101,436.6**	LaR	**101,436.6**
Total financial assets		**624,614.1**		**620,564.7**
Financial liabilities (non-current and current)		**455,112.6**		**455,112.6**
Bonds	FLAC	302,125.1	FLAC	302,125.1
Liabilities to banks	FLAC	29,266.0	FLAC	29,266.0
Liabilities from finance leases	IAS 17	48,972.8	IAS 17	48,972.8
Other financial liabilities	FLAC	74,748.7	FLAC	74,748.7
Trade payables (current)	FLAC	**157,632.7**	FLAC	**157,632.7**
Other liabilities (non-current and current) acc. to the Statement of Financial Position		**458,026.4**		**458,026.4**
Thereof non-financial liabilities		**241,629.5**		**241,629.5**
Thereof financial liabilities		**216,396.9**		**216,396.9**
Liabilities to affiliated companies	FLAC	18,219.1	FLAC	18,219.1
Liabilities to joint arrangements and associated companies	FLAC	92,821.3	FLAC	92,821.3
Derivatives designated as hedging instruments (cash flow hedges)	n/a	14,287.1	n/a	14,287.1
Derivatives not designated as hedging instruments	FVPL	33,361.9	AtFVP&L (Trading)	33,361.9
Other financial liabilities (non-current and current)	FLAC	57,707.5	FLAC	57,707.5
Total financial liabilities		**829,142.2**		**829,142.2**

Carrying amounts by measurement categories	Acc. to IFRS 9		Acc. to IAS 39
Financial Assets at Amortised Cost (AC)	486,006.5	Loans and Receivables (LaR)	486,658.1
		Held to Maturity Investments (HtM)	1.0
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	31,152.8	Available for Sale Financial Assets (AFS)	29,531.5
Financial Assets at Fair Value through Profit or Loss (FVPL)	33,806.4	Financial Assets at Fair Value through Profit or Loss (AtFVP&L (Trading))	33,806.4
Financial Assets at Fair Value through Profit or Loss (FVPL)	71,380.3	Financial Assets at Fair Value through Profit or Loss (AtFVP&L (FV Option))	68,299.6
Financial Liabilities at Amortised Cost (FLAC)	732,520.4	Financial Liabilities Measured at Amortised Cost (FLAC)	732,520.4
Financial Liabilities at Fair Value through Profit or Loss (FVPL)	33,361.9	Financial Liabilities at Fair Value through Profit or Loss (AtFVP&L (Trading))	33,361.9

In accordance with IFRS 9, financial instruments that were classified as AtFVP&L (FV option) on 30 September 2018 will have to be classified as FVPL.

The effects of the initial application of IFRS 9 on equity are as follows:

	IAS 39 Available for Sale (AfS) reserve EUR 1,000	IFRS 9 Other Comprehensive Income (OCI) reserve EUR 1,000	Retained earnings EUR 1,000	Total EUR 1,000
Reclassification of investments (AfS) to category (FVOCI)	**-805.6**	**5,065.3**	**442.3**	**4,702.0**
Deferral	201.4	-1,266.3	-110.6	-1,175.5
Reclassification of securities (AfS) to category (FVPL)	**-264.2**	**–**	**264.2**	**–**
Deferral	66.1	–	-66.1	–
Reclassification of securities (AfS) (FVOCI)	**-11,204.1**	**11,204.1**	**–**	**–**
Deferral	2,801.0	-2,801.0	–	–
Recognition of expected losses	**–**	**–**	**-652.6**	**-652.6**
Deferral	–	–	159.6	159.6
Total transfers/remeasurement	**-12,273.9**	**16,269.4**	**53.9**	**4,049.4**
Total deferral	3,068.5	-4,067.3	-17.1	-1,015.9

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15, which was published in May 2014, replaces the previous rules in IAS 18, IAS 11, IFRIC 13, IFRIC 15 and IFRIC 18. IFRS 15 was for the first time applied in fiscal year 2018/2019.

Using a five-step model, companies must determine at what time (or period) and what amount sales revenues are recognised. The model specifies that sales revenues must be reported at the time (or over the period) of the transfer of control over goods or services from the company to the customer with the amount which the company is expected to be entitled to. Depending on the fulfilment of various criteria, revenues are recognised as follows:

- Over a period such that the service provision of the company is reflected; or
- At a time at which the control over the goods or services is transferred to the customer.

The most important components of the sales revenues are:

- Sales revenues from the delivery of electricity
- Sales revenues from the sale of natural gas
- Sales revenues from the electricity and gas grid
- Sales revenues from waste management (collection, recycling, processing)
- Sales revenues from the delivery of water and intake of waste water

Contracts exist within the Group that provide for contractual obligations consisting of discrete and distinct goods or services. The initial application of IFRS 15 did not result in any changes because the different components are already being factored in, recorded and billed separately.

IFRS 15 requires qualitative and quantitative information that allows the target audience of the financial statements to understand the type, amount, time and uncertainty of sales revenues and cash flows from contracts with customers.

In accordance with IFRIC 18, revenues from construction cost subsidies in the amount of EUR 26.6 million were previously recognised as sales revenues over the respective useful life of the asset. In the future, construction cost subsidies will be recognised in accordance with IFRS 15. This will not result in any changes to the recognition and measurement of construction cost subsidies under IFRIC 18.

Its first-time application had retrospective effect, with any accumulated adjustment amounts from the initial application being recognised at the time of the initial application (modified retrospective application). The initial application of IFRS 15 did not result in any adjustment amounts.

Other applicable new standards

Newly applicable amended standards and interpretations adopted by the EU that take effect on 1 January 2018 or later:

- IFRS 2 (Amendments: Classification and Measurement of Share-based Payment Transactions)
- IAS 40 (Amendments: Transfer of Investment Property)
- IFRS 4 (Amendments: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts)
- Annual Improvements to IFRS Standards 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)

The initial application does not result in any material changes.

2.2. Standards and interpretations that have not been applied early

In the 2018/2019 Consolidated Financial Statements, the following amendments adopted by the EU were not applied early:

Entry into force in the EU on 1 January 2019:

- IFRS 16 (Leases)
- IFRS 9 (Amendments: Prepayment Features with Negative Compensation)
- IFRIC 23 (Uncertainty over Income Tax Treatments)
- IAS 28 (Amendments: Long-term Interests in Associates and Joint Ventures)
- IAS 19 (Amendments: Plan Amendment, Curtailment or Settlement)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

The following standards and interpretations, amendments and improvements of standards enter into force on 1 January 2020 or a later date, although they have not yet been adopted by the European Union at this time:

- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 3 (Amendments: Definition of a Business)
- IAS 1, IAS 8 (Amendments: Definition of Material)
- IFRS 9, IAS 39 and IFRS 7 (Amendments: Interest Rate Benchmark Reform)
- IFRS 17 (Insurance Contracts)

These standards are expected to be applied on the effective date promulgated by the EU.

The following standard came into force on 1 January 2016, but was not adopted by the EU:

- IFRS 14 (Regulatory Deferral Accounts)

Application of the following standard was postponed indefinitely:

- IFRS 10 and IAS 28 (Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

With the exception of IFRS 16 (Leases), initial application is not expected to have any material effects on the Consolidated Financial Statements.

IFRS 16 (Leases)

IFRS 16 was published in January 2016 and replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. The new standard provides that in future all leases and the contractual rights and obligations associated with them must be reported on the balance sheet of the lessee. The previously different treatment of operating and finance leases by the lessee as prescribed under IAS 17 is abolished. The lessee will recognise a right-of-use asset representing its right to use an underlying asset and a lease liability in the amount of the lease's present value. The right of use asset must then be amortised and the lease liability carried forward using the effective interest method. There are exemptions possible for short-term leases and leased properties of low value.

The most material change concerns the Group's head office in Linz. The use of the Group's head office is currently arranged on the basis of an operating lease. Under the current conditions, it is expected that a right-of-use asset and a lease liability in the amount of EUR 40.2 million (estimated lease liability as per 1 October 2019) will have to be recognised. In addition, portfolio contracts regarding property were localised in the Waste Management segment resulting, based on the currently available information, in the recognition of a right of use asset and a corresponding liability in the amount of EUR 25.6 million.

The Group applies IFRS 16 to all contracts that were concluded prior to 1 October 2019 and identified as leases under IAS 17 and IFRIC 4. Current finance leases will be continued; the assets will merely be reclassified as right-of-use assets. This predominantly relates to assets in the Waste Management segment, which were sold in the 2007/2008 fiscal year and leased back for a term of 15 years ("sale and leaseback"). The carrying amount of these assets was EUR 19.3 million as of 30 September 2019.

From today's perspective, the remaining leases are of subordinate importance, both individually as well as in their entirety.

IFRS 16 is not applied to short-term leases and leases concerning an underlying asset of minor value. In accordance with IFRS 16.4, the company has opted out of voluntary application of IFRS 16 for intangible assets. Application takes place with retrospective effect by recognising the accumulated effect at the time of initial application. The initial application will take place in the fiscal year 2019/2020.

3. Scope of consolidation

3.1. Principles

Subsidiaries

All material entities that are directly or indirectly controlled by Energie AG Oberösterreich (subsidiaries) are fully consolidated according to IFRS 10 and included in the Consolidated Financial Statements. Control exists when the investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to influence the amount of the investor’s returns. In all cases, the control results from the equity instruments that are held (participating interests in the company and shares).

Joint arrangements

IFRS 11 outlines accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control. If the controlling parties have rights to the net assets of the arrangement (joint venture), the equity method is used for financial reporting. If the controlling parties have rights to the assets, and obligations for the liabilities, relating to the agreement (joint operations), the assets and liabilities, as well as the revenues and expenses, are recognised using proportionate consolidation.

Joint operations

Ennskraftwerke Aktiengesellschaft produces electricity with hydropower plants. Gas- und Dampfkraftwerk Timelkam GmbH supplies electricity from the operation of a combined cycle gas-turbine power plant.

The Group holds a strategic interest of 50% in both Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH. The entities are not controlled by any party.

Under the existing electricity supply contracts, the investors purchase the electric energy produced by the Group companies, where the internal price is calculated on a pro-rata basis of the production costs, plus a corresponding profit margin. Due to the electricity supply contracts, the parties have rights to the assets attributable to the arrangements. As the arrangements' liabilities can only be settled with these cash flows, the parties have obligations for the liabilities relating to the joint arrangement. Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH are therefore classified as joint operations according to IFRS 11.

The share of the assets and liabilities, as well as the revenues and expenses are reported in the Consolidated Financial Statements. The average share of the electricity supply (38%) is used to determine the share for the pro rata recognition of Ennskraftwerke Aktiengesellschaft. The share of the electricity procured from Gas- und Dampfkraftwerk Timelkam GmbH, amounting to 70%, is used for the consolidation of the company.

Joint ventures

Due to special agreements under company law, no control exists for "Papyrus" Altpapierservice Handelsgesellschaft m.b.H. (Salzburg), Papyrus Wertstoff Service GmbH (Bad Reichenhall, Germany) or for Fernwärme Steyr GmbH, despite holding a majority of the voting rights. These companies are controlled jointly with other investors and are therefore accounted for using the equity method.

Due to special agreements under company law, no control over ENAMO GmbH, ENAMO Ökostrom GmbH and Energie AG Oberösterreich Vertrieb GmbH & Co KG existed prior to 31 March 2019. ENAMO GmbH delivers electric energy to key account customers, Energie AG Oberösterreich Vertrieb GmbH & Co KG delivers electricity to private and business customers.

Energie AG Oberösterreich was the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG. ENAMO GmbH, a joint venture between Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH and LINZ STROM GmbH, was general partner.

In line with IFRS 11, ENAMO GmbH, with the subsidiaries Energie AG Oberösterreich Vertrieb GmbH & Co KG and LINZ STROM Vertrieb GmbH & Co KG controlled by it, represented a joint arrangement or joint venture, as these companies were controlled jointly by Energie AG Oberösterreich and LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste. In accordance with IFRS 11 i.c.w. IAS 28, these companies had to be recognised at equity in the Consolidated Financial Statements prior to 31 March 2019. Due to the contractually agreed shares of the revenues, this amounted to 80% for ENAMO GmbH, 100% for Energie AG Oberösterreich Vertrieb GmbH & Co KG, and 0% for LINZ STROM Vertrieb GmbH & Co KG.

Associated companies

Companies in which Energie AG Oberösterreich exercises a significant influence (associated companies) are consolidated using the equity method. Significant influence exists due to holdings of the entity's share capital. Salzburg AG für Energie, Verkehr und Telekommunikation is an infrastructure provider for energy, transport and telecommunication. Wels Strom GmbH is an energy utility and service company.

Structured entities

The Group has been leasing the property at Böhmerwaldstraße 3, Linz, where Group headquarters is located, from Power Tower GmbH since the year 2008. The Group holds a 1% share in the company.

The company is not financed by the Group. The leasing contract is for an indefinite period, cancellation by the lessee is only possible 20 years after the start of the contract at the earliest, under certain circumstances only after 23 years. The Group has the unilateral right, but no obligation, to acquire Power Tower GmbH 15 or 20 years after the commencement of the lease. Leasing payments are linked to interest rate developments. The Group is required to perform the ongoing maintenance of the property and fulfill all legal requirements that could also apply to the owner. There are no other additional risks. The leasing contract has been classified as an operating lease contract in line with IAS 17. Power Tower GmbH is to be considered a structured entity pursuant to IFRS 12, but the lack of control means that it is not to be included as a subsidiary in the Consolidated Financial Statements. The rental and leasing expenses include contingent leasing payments in the amount of EUR -1,957.8 thousand (previous year: EUR -1,965.7 thousand) calculated on the basis of variable interest rates.

Other disclosures

The changes in the scope of consolidation are as follows:

	Full consolidation	Proportionate consolidation	Equity consolidation
30.09.2018	**51**	**2**	**14**
Control gained due to successive acquisition	3	–	-3
New company formation	1	–	–
Disposal	-1	–	–
Merged in the reporting year	-5	–	–
30.09.2019	**49**	**2**	**11**

With effect on 1 April 2019 (acquisition date), the Group purchased the remaining 35% interest in ENAMO GmbH (Energy segment) in addition to the 65% equity interest held previously. This acquisition was necessary because the legal and market conditions had changed considerably and the organisational structure of ENAMO GmbH only offered limited potential to meet these challenges.

The acquisition resulted in the Group now holding 100% of interests in ENAMO GmbH and, via ENAMO GmbH, 100% of interests in ENAMO Ökostrom GmbH. ENAMO GmbH supplies electricity to key account customers, while ENAMO Ökostrom GmbH supplies electricity to commercial and private customers as well as municipalities. As their sole owner, the Group controls ENAMO GmbH and ENAMO Ökostrom GmbH with effect from 1 April 2019.

The Group was also the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG until 31 March 2019, but did not exercise control over that company due to ENAMO GmbH being its sole general partner (previously consolidated at equity). Acquisition of the remaining interests in ENAMO GmbH on 1 April 2019 resulted in the Group also gaining control over Energie AG Oberösterreich Vertrieb GmbH & Co KG. The company supplies electricity to private and commercial customers as well as business customers.

Gaining control over the above-mentioned companies constitutes a corporate merger pursuant to IFRS 3. The equity interests previously held in the acquired companies were remeasured at their fair values as of the acquisition date (successive corporate merger). The fair values for ENAMO GmbH and ENAMO Ökostrom GmbH were derived from the purchase price paid for the acquired interests after deduction of synergy effects included in the purchase price. The fair value for Energie AG Oberösterreich Vertrieb GmbH & Co KG was determined using the expected cash flow method (see section 5.1). The result from the remeasurement of the previously held equity interests' fair value amounts to EUR 48.2 million and was recognised in the other operating income.

The purchase price allocation entailed recognition of a customer base with a fair value of EUR 41.7 million. With respect to trade receivables and receivables from affiliated companies, the short maturities meant that their carrying amounts represent a realistic estimate of their fair values and correspond to the receivables' gross values.

The goodwill is essentially based on synergy effects and future opportunities for income generation. The goodwill is allocated to the cash generating unit "Sales", amounts to EUR 20.7 million as of the acquisition date and as of 30 September 2019 and is not tax-deductible.

	Energie AG Oberösterreich Vertrieb GmbH & Co KG EUR mill.	ENAMO GmbH ENAMO Ökostrom GmbH EUR mill.	Total EUR mill.
Fair value of the previously held equity interest	111.9	17.7	129.6
Consideration transferred (cash)	–	6.9	6.9
	111.9	24.6	136.5
Non-current assets			
Customer base	31.3	10.4	41.7
Financial assets	1.1	–	1.1
Current assets			
Trade receivables	51.7	32.0	83.7
Receivables from affiliated companies	50.2	0.6	50.8
Other current items	1.5	1.4	2.9
Cash and cash equivalents	0.1	4.0	4.1
Non-current liabilities	**-20.4**	**-2.7**	**-23.1**
Current liabilities	**-16.5**	**-28.9**	**-45.4**
Balance of acquired identifiable assets and assumed identifiable liabilities	**99.0**	**16.8**	**115.8**
Goodwill	**12.9**	**7.8**	**20.7**

If the acquisition had hypothetically taken place at the beginning of the current fiscal year, the consolidated net result would have come in at EUR 56.2 million and revenues at EUR 1,921.3 million respectively.

Energie AG Oberösterreich Vertrieb GmbH (formerly: EAG WSGT GmbH) was established on 7 December 2018 as a sales company for electricity, gas, heat and telecommunication services. This company is fully consolidated in the Consolidated Financial Statements (Energy segment). The reporting year also saw the disposal of Komunala ODTOK d.o.o. (Slovenia, Waste Management segment). The effects of this disposal are immaterial.

Joint ventures

The Statement of Financial Position and the Statement of Income of the joint ventures (100%) are as follows:

	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	30.09.2019 EUR mill.	**30.09.2018** EUR mill.	**30.09.2019** EUR mill.	**30.09.2018** EUR mill.	**30.09.2019** EUR mill.	**30.09.2018** EUR mill.
Non-current assets	–	2.6	–	0.1	86.4	68.3
Current assets	–	140.1	–	36.7	27.7	12.1
	–	**142.7**	**–**	**36.8**	**114.1**	**80.4**
Equity	–	101.5	–	12.6	25.8	20.3
Non-current liabilities	–	13.1	–	0.1	79.1	51.6
Current liabilities	–	28.1	–	24.1	9.2	8.5
	–	**142.7**	**–**	**36.8**	**114.1**	**80.4**
Cash and cash equivalents	–	0.4	–	4.7	5.7	5.5
Non-current financial liabilities	–	–	–	–	60.7	40.7

	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	01.10.2018-31.03.2019 EUR mill.	**2017/2018** EUR mill.	**01.10.2018-31.03.2019** EUR mill.	**2017/2018** EUR mill.	**2018/2019** EUR mill.	**2017/2018** EUR mill.
Sales revenues	131.4	224.2	113.2	203.4	66.5	57.3
Depreciation, amortisation and impairments	–	–	–	–	-5.6	-5.7
Interest income	–	0.1	–	–	0.1	–
Interest expense	-0.1	-0.2	–	–	-1.4	-1.2
Taxes	1.4	0.1	-0.1	-0.9	-1.6	-0.9
Earnings after taxes	17.6	43.9	0.8	4.5	2.5	2.8
Share in net assets as of 01.10.	101.5	96.3	11.4	7.9	6.3	4.7
Profit for the period	17.6	45.2	0.5	3.5	1.4	1.6
Dividends	-43.0	-40.0	-6.1	–	-0.4	–
Disposals	-76.1	–	-5.8	–	–	–
Share in net assets as of 30.09.	–	101.5	–	11.4	7.3	6.3
Goodwill	–	–	–	–	4.2	4.2
Carrying amount 30.09.	**–**	**101.5**	**–**	**11.4**	**11.5**	**10.5**

Associated companies

The Statement of Financial Position and the Statement of Income of the associated companies (100%) are as follows:

	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	30.09.2019 EUR mill.	30.09.2018 EUR mill.	30.09.2019 EUR mill.	30.09.2018 EUR mill.	30.09.2019 EUR mill.	30.09.2018 EUR mill.
Non-current assets	1,342.4	1,326.2	79.5	68.4	7.1	28.0
Current assets	139.9	133.2	16.6	11.9	2.2	10.8
	1,482.3	**1,459.4**	**96.1**	**80.3**	**9.3**	**38.8**
Equity	544.2	532.0	23.8	23.6	5.4	9.6
Non-current liabilities	670.2	655.2	26.4	25.7	2.6	9.4
Current liabilities	267.9	272.2	45.9	31.0	1.3	19.8
	1,482.3	**1,459.4**	**96.1**	**80.3**	**9.3**	**38.8**

	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	2018/2019 EUR mill.	2017/2018 EUR mill.	2018/2019 EUR mill.	2017/2018 EUR mill.	2018/2019 EUR mill.	2017/2018 EUR mill.
Sales revenues	1,553.7	1,411.8	95.0	75.3	3.6	5.8
Earnings after taxes	46.6	41.2	0.6	2.3	0.2	-0.1
Dividends	-7.2	-6.4	-0.4	-1.3	-0.3	–
Share in net assets as of 01.10.	140.0	134.8	11.6	11.8	2.2	–
Inclusion for the first time	–	–	–	–	–	1.4
Profit for the period	10.4	11.7	0.3	1.1	0.3	0.8
Impairment	–	–	–	–	–	–
Dividends	-7.2	-6.5	-0.4	-1.3	-0.3	–
Share in net assets as of 30.09.	143.2	140.0	11.5	11.6	2.2	2.2
Goodwill	18.7	18.7	17.7	17.7	–	–
Impairment	–	–	–	–	–	–
Carrying amount 30.09.	**161.9**	**158.7**	**29.2**	**29.3**	**2.2**	**2.2**

Restructuring measures took place in the second half year of the 2018/2019 fiscal year. The restructuring measures aim at consolidating the sales activities (electricity, gas, heat, telecommunications services) in Energie AG Oberösterreich Vertrieb GmbH. The electricity and heat generation segments were consolidated in Energie AG Oberösterreich Erzeugung GmbH (previously: Energie AG Oberösterreich Kraftwerke GmbH). The heating companies in the Czech Republic were merged with the Water segment companies in the Czech Republic, forming the Czech Republic segment now. Energie AG Teplo Bohemia s.r.o. was merged with ENERGIE AG BOHEMIA s.r.o.

The 65% participating interest stake in ENAMO GmbH held by Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH was transferred to Energie AG Oberösterreich, which fully owns

ENAMO GmbH. The general partner's interest in Energie AG Oberösterreich Vertrieb GmbH & Co KG held by ENAMO GmbH was transferred to Energie AG Oberösterreich Vertrieb GmbH. The subsequent contribution of Energie AG's limited partner stake in Energie AG Oberösterreich Vertrieb GmbH & Co KG to Energie AG Oberösterreich Vertrieb GmbH will terminate Energie AG Oberösterreich Vertrieb GmbH & Co KG and the company's assets will transfer to Energie AG Oberösterreich Vertrieb GmbH. The Sales business unit of Energie AG Oberösterreich Telekom GmbH was spun off to Energie AG Oberösterreich Vertrieb GmbH with retrospective effect on 1 October 2018. The participating interests in Energie AG Oberösterreich Renewable Power GmbH, Windpower EP GmbH, ECOFE S.R.L. and Salvatonica Energia S.R.L. held by Energie AG Oberösterreich Power Solutions GmbH were spun off to Energie AG Oberösterreich Kraftwerke GmbH. This was followed by merging Energie AG Oberösterreich Power Solutions GmbH with Energie AG Oberösterreich Vertrieb GmbH. The participating interest in Energie AG Teplo Bohemia s.r.o. (Energy segment, Czech Republic) held by Energie AG Oberösterreich Wärme GmbH (Energy segment) was spun off to Energie AG Oberösterreich Wasser GmbH (Czech Republic segment). As the Water segment now also includes heat generation in the Czech Republic, it was renamed Czech Republic segment. The participating interests in Energie-Contracting-Steyr GmbH, Fernwärme Steyr GmbH, Bioenergie Steyr GmbH, Geothermie-Wärmegesellschaft Braunau-Simbach mbH, Geothermie-Fördergesellschaft Simbach-Braunau mbH and Energie Ried Wärme GmbH held by Energie AG Oberösterreich Wärme GmbH were spun off to Energie AG Oberösterreich Kraftwerke GmbH (now: Energie AG Oberösterreich Erzeugung GmbH). Following the spin-off of the heat generation and heating grids business unit to Energie AG Oberösterreich, Energie AG Oberösterreich Wärme GmbH was merged with Energie AG Oberösterreich Vertrieb GmbH. This was followed by spinning off the heat generation and heating grid business unit to Energie AG Oberösterreich Kraftwerke GmbH. The non-current assets are retained. Energie AG Oberösterreich Kraftwerk Labenbach GmbH was merged with Energie AG Oberösterreich.

3.2. Group companies

	Domicile	Interest held in % (prev. year)	Consoli-dation (prev. year)
Austria			
Energie AG Oberösterreich	Linz	Parent company	
Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Business Services GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Customer Services GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerk Ennshafen GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Erzeugung GmbH (previously: Energie AG Oberösterreich Kraftwerke GmbH)	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Vertrieb GmbH (previously: EAG WSGT GmbH)	Linz	100.00 (–)	FC (–)
Energie AG Oberösterreich Kraftwerk Labenbach GmbH	Linz	– (100.00)	– (FC)
Energie AG Oberösterreich Personalmanagement GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Personal Power GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Trading GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Telekom GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Tech Services GmbH	Linz	100.00 (100.00)	FC (FC)
Netz Oberösterreich GmbH	Linz	100.00 (100.00)	FC (FC)
Energie-Contracting Steyr GmbH	Steyr	100.00 (100.00)	FC (FC)

	Domicile	Interest held in % (prev. year)	Consoli-dation (prev. year)
Energie AG Oberösterreich Wärme GmbH	Linz	– (100.00)	– (FC)
Energie AG Oberösterreich Renewable Power GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Group Treasury GmbH	Linz	100.00 (100.00)	FC (FC)
Cogeneration-Kraftwerke Management Oberösterreich GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Power Solutions GmbH	Linz	– (100.00)	– (FC)
IfEA Institut für Energieausweis GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Umwelt Holding GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Umwelt Service GmbH	Hörsching	100.00 (100.00)	FC (FC)
ASPG Altlastensanierungsprojekte GmbH	Hörsching	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kommunalservice GmbH	Hörsching	100.00 (100.00)	FC (FC)
Abfall-Aufbereitungs-GmbH	Hörsching	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Bohemia GmbH (previously: Energie AG Oberösterreich Wasser GmbH)	Linz	100.00 (100.00)	FC (FC)
MA Restabfallverwertung GmbH	Hörsching	99.00 (99.00)	FC (FC)
WDL-WasserdienstleistungsGmbH	Linz	90.00 (90.00)	FC (FC)
Market Calling Marketing GesmbH	Linz	60.00 (60.00)	FC (FC)
Gas- und Dampfkraftwerk Timelkam GmbH	Linz	50.00 (50.00)	JO (JO)
Ennskraftwerke Aktiengesellschaft	Steyr	50.00 (50.00)	JO (JO)
Energie AG Oberösterreich Vertrieb GmbH & Co KG	Linz	– (100.00)	– (JV)
ENAMO GmbH	Linz	100.00 (80.00)	FC (JV)
ENAMO Ökostrom GmbH	Linz	100.00 (80.00)	FC (JV)
"Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Salzburg	63.33 (63.33)	JV (JV)
Fernwärme Steyr GmbH	Steyr	51.00 (51.00)	JV (JV)
AMR Austrian Metal Recovery GmbH	Linz	50.00 (50.00)	JV (JV)
Windpower EP GmbH	Parndorf	50.00 (50.00)	JV (JV)
Bioenergie Steyr GmbH	Behamberg	49.00 (49.00)	JV (JV)
Wels Strom GmbH	Wels	49.00 (49.00)	EC (EC)
Energie Ried Wärme GmbH	Ried im Innkreis	40.00 (40.00)	JV (JV)
Salzburg AG für Energie, Verkehr und Telekommunikation	Salzburg	26.13 (26.13)	EC (EC)
Geothermie-Wärmegesellschaft Braunau-Simbach mbH	Braunau	40.00 (40.00)	EC (EC)
Wertstatt 8 GmbH (previously: baulounge GmbH)	Linz	100.00 (100.00)	OC (OC)
Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mit beschränkter Haftung	Linz	100.00 (100.00)	OC (OC)
mieX GmbH	Peilstein	100.00 (100.00)	OC (OC)
Energy IT Service GmbH	Linz	66.67 (66.67)	OC (OC)
BBI Breitbandinfrastruktur GmbH	Linz	55.00 (55.00)	OC (OC)
RVL Reststoffverwertung Lenzing GmbH	Lenzing	50.00 (50.00)	OC (OC)
WDL Infrastruktur GmbH	Linz	49.00 (49.00)	OC (OC)
OÖ Science-Center Wels Errichtungs-GmbH	Wels	47.67 (47.67)	OC (OC)
GRB Geothermie Ried Bohrung GmbH	Ried im Innkreis	40.00 (40.00)	OC (OC)
Recycling Innsbruck GmbH	Innsbruck	25.00 (25.00)	OC (OC)
ELG Liegenschaftsverwertung GmbH	Wallern	20.00 (20.00)	OC (OC)

	Domicile	Interest held in % (prev. year)	Consolidation (prev. year)
Czech Republic			
ENERGIE AG BOHEMIA s.r.o.	Praha	100.00 (100.00)	FC (FC)
CEVAK a.s.	České Budějovice	100.00 (100.00)	FC (FC)
Vodáreská společnost Beroun s.r.o.	Beroun	100.00 (100.00)	FC (FC)
VODOS s.r.o.	Kolín	100.00 (100.00)	FC (FC)
Energie AG Teplo Bohemia s.r.o.	České Budějovice	– (100.00)	– (FC)
Energie AG Teplo Vimperk s.r.o.	České Budějovice	100.00 (100.00)	FC (FC)
Energie AG Teplo Rokycany s.r.o.	Rokycany	100.00 (100.00)	FC (FC)
Tepelne zasobovani Rakovník spol. s.r.o.	Rakovník	100.00 (100.00)	FC (FC)
Městské tepelné hospodářství Kolín, spol. s.r.o	Kolín	95.00 (95.00)	FC (FC)
Vodáreská spolecnost Chrudim a.s.	Chrudim	95.00 (95.00)	FC (FC)
VHOS a.s.	Moravská Třebová	100.00 (94.58)	FC (FC)
SATEZA a.s.	Šumperk	91.67 (91.67)	FC (FC)
Aqua Servis a.s.	Rychnov nad Kněžnou	66.00 (66.00)	FC (FC)
Vodovody a kanalizace Beroun a.s.	Beroun	59.20 (59.20)	FC (FC)
VODOS Velkoobchod s.r.o.	České Budějovice	100.00 (100.00)	FC (FC)
VODOSPOL s.r.o.	Klatovy	100.00 (100.00)	FC (FC)
1. Jihočeská vodohospodářská spol. s r.o.	České Budějovice	100.00 (100.00)	OC (OC)
DÉMOS, spol. s r.o.	Ústí nad Orlicí	100.00 (100.00)	OC (OC)
DÉMOS – správa, s.r.o.	Ústí nad Orlicí	100.00 (100.00)	OC (OC)
Italy			
ECOFE S.R.L.	Meran	100.00 (100.00)	FC (FC)
Salvatonica Energia S.R.L.	Meran	100.00 (100.00)	FC (FC)
Energie AG Südtirol Umwelt Service GmbH	Neumarkt	100.00 (100.00)	FC (FC)
Germany			
Erdgas Oberösterreich Vertriebs GmbH	Tittling	100.00 (100.00)	FC (FC)
Papyrus Wertstoff Service GmbH	Bad Reichenhall	63.33 (63.33)	JV (JV)
Geothermie-Fördergesellschaft Simbach-Braunau mbH	Simbach	40.00 (40.00)	EC (EC)
Poland			
Finadvice Fair Energy Wind Development sp. z o.o.	Warszawa	100.00 (100.00)	OC (OC)
Finadvice Fair Energy Wind Development 5 sp. z o.o.	Warszawa	100.00 (100.00)	OC (OC)
Hungary			
Energie AG Heves Régió Környezetvédelmi és Hulladékgazdálkodási Korlátolt Felelősségű Társaság	Hejöpapi	100.00 (100.00)	FC (FC)
Slovenia			
Komunala ODTOK d.o.o.	Maribor	– (100.00)	– (FC)

FC fully consolidated companies
JV Joint ventures consolidated at equity
JO joint operation, proportional consolidation of the assets, liabilities, expenses and income
AC associated company consolidated at equity
UC companies unconsolidated due to immateriality

4. Consolidation methods

Capital consolidation uses the purchase method of accounting, under which the fair value of the consideration paid for the acquired company is offset from the proportionate revaluated equity of the subsidiaries at the acquisition date. The non-controlling interests are measured at the fair value of the attributable assets and liabilities of the acquiree (partial goodwill method).

Goodwill from business combinations is measured according to IFRS 3. The acquired goodwill is essentially based on expected future revenues and synergy effects. The impairment of goodwill is tested at least once each year in accordance with IAS 36. Negative differences are recognised immediately in accordance with IFRS 3.

The financial statements of the entities fully or proportionally consolidated in the Consolidated Financial Statements are reported according to uniform accounting and measurement principles. The separate financial statements of the fully consolidated entities, joint operations and joint ventures, as well as the entities accounted for using the equity method, are reported at the date of the Consolidated Financial Statements, or interim reports are prepared.

Intragroup receivables and liabilities, expenses and revenues, as well as interim results are eliminated.

5. Accounting and measurement principles

5.1. Estimates

Compiling the Consolidated Financial Statements required estimates to be made that influence the assets, liabilities and equity, revenues, and expenses, as well as the figures disclosed in the notes.

In particular, estimates and assumptions are made in calculating provisions and in testing asset impairment.

Estimates and assumptions in the area of personnel provisions primarily involve interest rates, wage and salary trends and fluctuation.

The salary trend used to determine the provisions for pensions consists of the expected future increase of salaries and wages under collective agreements (ECB long-term inflation target plus a surcharge) and the average increases of salaries and wages.

The interest rate for discounting the provisions for pensions is determined by an external service provider on the basis of “high quality corporate bonds” and adjusted for the company's internal duration.

The interest rate for discounting the other non-current provisions is based on a no-risk interest rate determined on the basis of AAA-rated treasury bills.

In the course of testing the impairment of assets and goodwill, estimates are made concerning future cash flows and interest rates (see section 5.4 › page 113 and following items).

To determine the useful lives of non-current assets, an estimate is made of the probable duration of the useful life of the assets for the company.

The initial recognition (successive acquisition) of Energie AG Oberösterreich Vertrieb GmbH & Co KG required determination of the fair value of the previously held equity interest on the basis of the discounted cash flow method (see section 3.1.). The most significant discretionary decision concerns the assumptions made with respect to electricity procurement costs. The assumptions for the future electricity and gas procurement costs are based, where available, on market data; where market data was unavailable, estimates were based on market surveys. The measurement is also particularly affected by the assumed switching rate for electricity customers, the measurement period and the discount rate (4.9%).

The estimates made may differ from the figures that actually result in the future and influence subsequent Consolidated Financial Statements. In respect to the possible effects of changes in estimates, please refer to the sensitivity analyses concerning impairment testing and actuarial parameters.

Estimates affect the following items in the Statement of Financial Position:

Carrying Amounts	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Goodwill	86,185.7	66,063.4
Property, plant and equipment	1,881,853.8	2,009,145.7
Investments	228,088.3	325,163.0
Non-current provisions	308,093.1	278,920.4
Current provisions	22,244.5	17,994.4

5.2. Intangible Assets

The goodwill resulting from the acquisition of subsidiaries is reported under intangible assets. Goodwill is recognised at cost less accumulated impairment losses.

Other assets acquired by the Group that have limited useful lives are recognised at cost less accumulated depreciation, and accumulated impairment losses.

Under certain circumstances according to IAS 38 (Intangible Assets), development costs are to be capitalised as self-created intangible assets and subsequently amortised over their useful lives.

With the exception of goodwill, intangible assets are amortised over the period of the following estimated useful lives:

	Useful life in years
Intangible assets	
Procurement rights	15–99
Other rights	4–50
Customer base	8–26
Dumping rights and landfills	depending on utilization

Costs for research activities with the prospect of providing new scientific or technical insights are recognised as expenses.

5.3. Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

The costs include expenses that are directly attributable to the acquisition of the asset. The costs for self-constructed assets include:

- Material costs and production wages, including material and production overheads. General administrative expenses are not capitalised
- All other costs directly attributable to bringing the assets into working condition for their intended use
- The estimated costs of dismantling and removing the objects and restoring the site
- Capitalised borrowing costs

Subsequent expenses are only capitalised when it is probable that the future economic benefit associated with these expenses will flow to the Group. Ongoing repairs and maintenance are immediately recognised as expenses.

Property, plant and equipment are depreciated from the date on which they are available for use, or in the case of self-constructed assets, from the date the asset is completed and ready for use.

As far as different useful lives are to be applied for material non-current assets, these are recognised according to the component approach (IAS 16.43).

The depreciation of significant property, plant and equipment is recognised according to the following, Group-wide uniform useful lives:

	Useful life in years
Constructions	
Buildings	50
Other structures	10–50
Water engineering structures	50–75
Technical equipment and machinery	
Power plants	10–50
Electricity grid	15–40
Waste management systems	6–20
Telecommunications facilities	7–20
Manufacturing plant and equipment	3–10

The attributable useful life assumptions remained essentially unchanged in fiscal year 2018/2019.

5.4. Impairment of goodwill

In the fourth quarter of each fiscal year, or during the course of the year when an impairment indicator arises, any potentially incurred impairment losses are determined by subjecting the goodwill to an impairment test. For this, goodwill is allocated to units that are expected to benefit from the synergies of the combination. The goodwill from the acquisition of ENAMO GmbH and Energie AG Oberösterreich Vertrieb GmbH & Co KG are allocated to the cash generating unit “Sales” in accordance with Group controlling and reporting. In the Waste Management segment, the Group companies are combined by country due to the existing management and reporting structures in Austria. The cash generating unit in the Water segment is CEVAK a.s.

An impairment loss is recognised when the carrying amount of a cash generating unit exceeds its recoverable amount. The recoverable amount corresponds to the larger amount resulting from the fair value less the costs of disposal or the value in use. The value in use is determined by discounting future cash flows that are expected to be derived from a cash-generating unit. The fair value less cost of disposal is assessed from an external perspective, the value in use is assessed from the internal perspective of the company.

The cash flows used to determine the value in use are based on the five-year mid-term planning approved by the management board. The planning figures are based both on past experience and on external sources of information. The assumptions concerning cash flows beyond the period of detailed planning are based on analyses of the past as well as on forecasts for the future. Future restructuring and expansion investments are not included. A growth rate of 1.0% (previous year: 1.0%) is assumed for the time after the detailed planning period. The growth rate is based on electricity prices and forecasts for future GDP growth, as well as expected increases in expenses. The assumptions concerning future GDP growth are based on European Commission publications. The testing of goodwill impairment is based on the goodwill's value in use.

The discount interest rate is an interest rate after taxes that reflects the current market estimates and the specific risks of the cash-generating unit.

5.4.1. Planning assumption for Sales unit

The planning of the cash generating Sales unit is broken down into electricity (key account customers; business, commercial and private customers), gas, heat and telecom sales, as well as customer projects and services.

The revenues in the individual sectors and companies were broken down by customers with monthly metering. For customers without monthly metering they were planned as a lump sum. The sales revenues from customer projects and services were assessed separately.

The assumptions for the future electricity and gas procurement costs are based, where available, on market data; where market data was unavailable, estimates were based on market surveys and assumptions.

To reflect implementation of the Energy Efficiency Act in the accounts, a volume reduction of 0.6% was applied to all affected utilities.

The Group's internal inflation rate was used to extrapolate the future external costs.

5.4.2. Planning assumptions in the Waste Management segment

Planning in the Waste Management segment is based on the Group-wide central planning assumptions concerning economic growth, inflation and the development of interest rates and exchange rates during the planning period.

Sales planning is based on detailed planning for the individual products and services of each location. In the area of incineration plants and major customers, single-customer planning based on contractual parameters was also used. For waste and recyclables, a price development was used for the planning period that was realistic to assume at the time of planning. For the other products and services, an expected course of business development was projected and the sales revenues from electricity and district heating were determined on the basis of contracts or prospective forecasting.

The recycling and throughput volumes were planned for the major waste disposal systems based on expected market developments, based on an expected throughput of 318,000 tonnes for the Wels waste incineration plant and 312,000 tonnes for the Lenzing waste recycling plant.

The material expense items such as personnel expenses, vehicle fleet costs, maintenance and taxes were planned in line with the sales and plant planning.

5.4.3. Planning assumptions for the Czech Republic segment

Planning for the Czech Republic segment is based on centrally defined, country-specific planning parameters like the development of the inflation rate and economic growth, as well as interest rates and exchange rates.

Sales planning in the area of drinking water, waste water and for the Czech Republic heating sector, which has been recognised in the Czech Republic segment since fiscal year 2018/2019, is based on a quantity and price structure that is in turn is based on a trend for sales planning extrapolated from historical consumption data and the planning parameters. The planned drinking water, waste water prices and heating prices have been determined by each planning unit, taking into consideration the existing contract data and estimates of the future development of expenses, and in compliance with any applicable general regulatory conditions.

For the planning of material expense items in the Czech Republic segment, country-specific planning parameters were determined using the estimates of external analysts. In particular, this includes price developments for untreated water, chemicals, and fuels, as well as prices for electricity and gas.

A major planning assumption is that existing contracts for drinking water and waste water with the municipal bodies and water authorities are maintained.

5.5. Impairment of other intangible assets and property, plant and equipment

According to IAS 36 (Impairment of Assets), intangible assets and property, plant and equipment are to be subjected to an impairment test when there is evidence that an asset or cash-generating unit might be impaired or a previously recognised impairment needs to be reversed. An impairment is recognised when the carrying amount exceeds the recoverable amount of the asset or cash generating unit. The recoverable amount is the larger amount resulting from the fair value less the costs of disposal or the value in use.

The value in use is determined by discounting future cash flows that are expected to be derived from a cash-generating unit. The cash flows used to determine the value in use are based on the five-year mid-term planning approved by the management board. For the subsequent period, a perpetual annuity or a calculation up to the expected end of the useful life of the object is recognised. The planning figures are based both on past experience and on external sources of information. Future restructuring and expansion investments are not included. The discount interest rate is an interest rate after taxes that reflects the current market estimates and the specific risks of the cash-generating unit.

The fair value less cost of disposal is assessed from an external perspective, the value in use is assessed from the internal perspective of the company.

5.6. Investments

The measurement of investments in companies accounted for according to the equity method is increased or decreased according to the changes in equity and impairments/ reversal of impairments in proportion to the capital share held.

5.7. Inventories

Inventories are measured at average historical cost (moving average cost method) or at the lower net realisable value. Costs include direct costs as well as proportionate material and production overhead.

Impairments due to reduced realisable value are recognised using write-downs.

5.8. Emission allowances

The CO_2 emissions allowances issued free of charge according to the Austrian Gas Emissions Allowances Act are measured at fair value at the date of allocation and recognised both under current receivables and under current liabilities. Fluctuations in fair value are recognised in the income statement. In the course of using the emission allowances, corresponding provisions are built up and the reduction of the liability from their allocation is recognised in the income statement. Upon delivery of the emission allowances to the registration office, the provision is netted against the asset.

Allowances purchased on the market are recognised under current receivables. Fluctuations in fair value are recognised in the income statement. In the course of using the emission allowances, corresponding provisions are built up. Upon delivery of the emission allowances to the registration office, the provision is netted against the asset.

5.9. Fixed term deposits and current investments

The line item “Fixed term deposits” includes highly liquid fixed term deposits with an original maturity of more than three months up to one year, provided that they are not subject to limitations on availability. They are measured at amortised costs under the category “Financial Assets at Amortised Cost (AC)” (previous year: “Loans and Receivables (LaR)”. This item also recognises investments in money market funds that are allocated to category “Financial Assets at Fair Value through Profit or Loss (FVPL)” (previous year: AtFVP&L (FV option)).

5.10. Cash and cash equivalents

The item “Cash and cash equivalents” includes cash in hand and cheques received, as well as deposits at banks with an original maturity of up to three months, provided that they are not subject to limitations on availability. They are measured at amortised costs under the category “Financial Assets at Amortised Cost (AC)” (previous year: “Loans and Receivables (LaR))”.

5.11. Financial instruments

Purchases and sales of primary financial instruments are recognised at the settlement date. Purchases and sales of derivative financial instruments are recognised at the trade date. Recognition of the financial instruments is done at the time of acquisition, always at fair value under consideration of the transaction costs. Financial instruments are derecognised when the rights to payments from the investment have lapsed or been assigned and once the Group has relinquished all substantial risks and rewards of ownership.

5.11.1. Primary financial instruments

IFRS 9 financial instruments

Commencing on 1 October 2018, original financial instruments are measured and recognised in accordance with IFRS 9.

Energy AG Group uses the categories "Financial Assets at Amortised Cost (AC)", "Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)", "Financial Assets at Fair Value through Profit or Loss (FVPL)", "Financial Liabilities at Amortised Cost (FLAC)", "Financial Liabilities at Fair Value through Profit or Loss (FVPL)".

Financial assets held as part of a business model that pursues the objective of holding financial assets for the purpose of collecting the contractual payment streams with contractual terms that result in payment streams on fixed dates and exclusively representing repayments and interest payments are classified as "Financial Assets at Amortised Cost (AC)".

An impairment in the amount of the credit losses expected over the full term is recognised for trade receivables and financial assets measured at amortised costs (AC) with a credit risk that has significantly increased since their initial recognition. If the credit risk has not increased significantly since the initial recognition, an allowance in the amount of the credit losses expected over a period of 12 months will be recognised. If the term is less than 12 months, the impairment is determined on the basis of the shorter term.

The category "Financial Assets at Amortised Cost (AC)" essentially comprises lendings, trade receivables, receivables from joint arrangements and associated companies, fixed term deposits as well as cash and cash equivalents.

For certain financial investments in equity instruments that would otherwise be measured at "fair value through profit or loss", the irrevocable decision was made to recognise any changes in their fair value in the other comprehensive income at the time of their remeasurement ("Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)". This category is essentially comprised of other investments and securities (shares). Their fair value is, where available, determined on the basis of stock exchange prices, or otherwise by measurement of internally or externally available measurement parameters.

Derivatives not designated as hedging instruments are recognised in the categories "Financial Assets at Fair Value through Profit or Loss (FVPL)" or "Financial Liabilities at Fair Value through Profit or Loss (FVPL)".

Certain securities (units in investment funds) and money market funds recognised in the item "Fixed term deposits and short-term investments" are allocated to the category "Financial Assets at Fair Value through Profit or Loss (FVPL)". Their fair values are derived from current market prices.

Financial liabilities that are not attributable to finance leases, trade payables, liabilities to affiliated companies and joint arrangements and other financial liabilities are allocated to the category "Financial Liabilities at Cost (FLAC)".

IAS 39 financial instruments: recognition and measurement

Prior to 30 September 2018, original financial instruments were recognised and measured in accordance with IAS 39.

Non-consolidated investments and securities are recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Energie AG Oberösterreich utilises instruments in the categories "At Fair Value through Profit or Loss", "Held to Maturity", "Loans and Receivables", "Available for Sale" and "Financial Liabilities measured at Amortised Cost".

The category "At Fair Value through Profit or Loss" is used for derivatives "Held for Trading", as well as for financial assets that are managed in accordance with a documented risk management or investment strategy and whose performance is assessed on the basis of fair value.

Securities are classified in the category "Held to Maturity". Financial assets in this category are primary financial assets with fixed or determinable payments for which the company has the positive intention and ability to hold to maturity. They are recognised at amortised costs in the course of subsequent measurements.

The category "Loans and Receivables" includes borrowings at market rates and trade receivables, as well as other financial receivables and assets. "Loans and Receivables" are primary financial assets with fixed or determinable payments that are not quoted in an active market. The financial instruments of the "Loans and Receivables" category are subsequently measured at amortised costs.

For the categories "Held to Maturity" and "Loans and Receivables", allowances have been recognised for identifiable risks at the time an impairment is indicated. The following are considered criteria for the need for a write-down: financial difficulties of the issuer or debtor, late payment, increased probability of insolvency, a measurable reduction in expected future cash flows, and a material decline in the fair value of the financial instrument. Financial assets are only derecognised in their full carrying amount once the contractual rights to payments from the financial assets have expired (in particular in the event of insolvency). If the reasons for impairment cease to apply, the impairment is reversed up to amortised cost.

Interests in non-consolidated affiliated companies, other investments and securities are classified in the "Available for Sale" category. These are continuously reported at fair value as far as this can be measured with reliability. After deduction of deferred taxes, the resulting changes in value are recognised outside profit or loss until disposal, as far as no material or lasting impairment exists. If there is objective evidence for impairment, losses previously reported in other comprehensive income are recognised in the financial result. When estimating a possible impairment loss, all available information is taken into consideration, including credit rating, market conditions, and length and extent of the impairment. Reversals of impairments are recognised directly in equity for equity instruments, and recognised in profit or loss for debt instruments.

Non-consolidated investments and other investments are recognised as "Available for Sale at Cost". For these investments, there is no price listed on an active market and the fair value cannot be reliably measured. They are reported at cost under consideration of amortised cost and impairments. Recognising reversals of impairment losses is not permitted.

Financial liabilities, trade payables and other financial liabilities are classified as "Financial Liabilities Measured at Amortised Cost" and are recognised at amortised costs using the effective interest method. The initial recognition is measured at fair value plus transaction costs. Premiums, discounts or other costs of issue are distributed across the financing term and disclosed in the financial result.

5.11.2. Derivative financial instruments and hedging transactions

In the Group, derivative financial instruments are used above all to hedge the risks of fluctuations in interest rates and electricity and gas prices.

The requirements for hedge accounting according to IAS 39/IFRS 9 specifically include documentation of the hedging relationship, the hedging strategy and the ongoing assessment of effectiveness. According to IAS 39, hedge accounting is considered to be effective when the fair value change of the hedging instrument is within a range of 80% to 125% of the corresponding fair value change of the hedged item. According to IFRS 9, the hedging relationship is effective if there is a commercial relationship between the hedged item and the hedging transaction, the effects of the credit risk have no dominant impact on the change in value resulting from the commercial relationship and the hedging quota from the volume of the actually hedged item corresponds to the volume of the hedging transaction that is actually used for hedging purposes. All components of changes in fair value of derivatives are included in effectivity assessment.

If a derivative financial instrument pursuant to IAS 39/IFRS 9 is used for hedge accounting in a cash flow hedge, the effective portion of the gain or loss on the hedging instrument's fair value is recognised in equity in other comprehensive income. This is reclassified in the income statement in the same period in which the cash flows of the hedged item are recognised in profit or loss. If the transaction results in the recognition of non-financial assets or liabilities, the amounts recognised in the other comprehensive income are offset against the initially recognised value of the asset or liability, which leaves the result unaffected at the time of recognition. If the hedged item ceases to exist, the hedging result is recognised in the income statement. The ineffective portion of the change in fair value of a hedging instrument for which a cash flow hedge has been created is recognised in the income statement to the extent required.

In fair value hedge accounting, both the fair value change of the derivative, and the corresponding fair value change of the hedged item, as far as it is attributable to the hedged risk, are recognised through profit or loss.

Changes in fair value of derivatives not designated as hedging instruments are recognised in the operating result or financial result. Gains and losses from interest-rate derivatives are balanced for each contract and recognised in the interest income. The balanced net results of derivative proprietary trading instruments are recognised under sales revenues.

Contracts that were entered into and that continue to be held for the receipt or delivery of non-financial items in accordance with expected purchase, sale or usage requirements are not recognised as derivative financial instruments at fair value according to IAS 39/IFRS 9, but rather as executory contracts according to the regulations of IAS 37.

5.12. Provisions under IAS 19

Provisions for pensions, severance, stepped pension/early retirement benefits and anniversary bonuses are calculated according to the projected unit credit method in accordance with IAS 19 (Employee Benefits). Expected increases in wages, salaries and pensions are taken into account. Actuarial gains and losses for pension and severance provisions are recognised in other comprehensive income, and they are recognised as income for jubilee, stepped pension and early retirement provisions. Interest costs are recognised in the financial result.

5.13. Other provisions

Other provisions include all recognisable obligations as at the reporting date that are based on past events and for which the amount or maturity is uncertain. Provisions are recognised at the amount that is most likely to be incurred. Discounted costs for obligations resulting from dismantling and removing property, plant and equipment assets and restoring the site are estimated, capitalised at the date the plant is added, and recognised as a provision.

5.14. Deferred taxes

Deferred tax liabilities are recognised for all temporary differences between the amounts recognised in the consolidated balance sheet and the amounts recognised in the tax balance sheets of the individual Group companies. Future tax benefits resulting from tax losses that are carried forward are also taken into account. Values are adjusted if it is no longer probable that they can be offset.

5.15. Construction cost subsidies

This item primarily includes financing contributions received from electricity, gas and district heating customers. Construction cost subsidies carried as liabilities are reversed as income in accordance with the depreciation procedure for the corresponding asset.

5.16. Investment subsidies

Government grants for asset acquisition are recognised as investment subsidies liabilities and reversed in other operating income in accordance with the asset's useful life.

5.17. Contingent liabilities

Potential or existing obligations (resulting from past events) for which an outflow of resources is not probable are recognised under contingent liabilities.

5.18. Foreign currency translations

Foreign currency translation is carried out according to the functional currency principle. The functional currency for all consolidated companies is the respective national currency. Accordingly, balance sheet items are translated at the mean exchange rate on the balance sheet date, and income statement items are translated at the mean exchange rate for the statement period. Differences from translating the pro-rata equity are recognised in other comprehensive income. Differences from currency translation of minority interests are recognised under the line item “non-controlling interest in equity”. The exchange rate applied on 30 September 2019 for the Czech koruna was 25.7810 (previous year: 25.76425), for the Hungarian forint 334.6705 (previous year: 323.368), for the US dollar 1.09091 (previous year: 1.16042). Currency translation differences from long-term intra-Group corporate loans for which repayment is neither planned nor likely are recognised outside profit or loss in currency translation differences.

5.19. Revenues from customer contracts

Revenues are recognised at the time a customer gains the authority to dispose over the goods or services. The sales revenues correspond to the revenues presented in the segment reporting. There are no significant obligations to accept returns or grant refunds, guarantees and/or discretionary decisions.

Sales revenues in the Energy segment and the Grid segment

Written contracts are in place with electricity and gas customers and/or electricity grid and gas grid customers.

These result in performance obligations for the delivery of electricity and natural gas, as well as obligations from the operation of the electricity and gas grid for the Group.

These performance obligations are satisfied within the relevant periods. Electricity and gas customers as well as electricity grid and gas grid customers with monthly volume metering are invoiced on a monthly basis. Payment is usually received within one month from the invoice date. Where no volume metering takes place, the customers usually pay monthly instalments. Payment terms in the Waste Management segment are usually one month from the invoice date.

The transaction price is determined on the basis of the concluded electricity and gas supply contracts, or the grid utilisation fees for the grid utilisation period. In the case of multi-component contracts, the consideration payable is allocated to the performance obligations on the basis of the contractually agreed prices for the individual performance obligations. This essentially concerns energy supplies, balancing energy and other services.

Sales revenues are recognised within the period in which electricity or natural gas deliveries take place or the grid is utilised.

Sales revenues include revenues from proprietary trading of electricity and gas. Net sales revenues (after deducting procurement costs for proprietary electricity and gas trading) include the realised margin. Procurement costs for proprietary energy and gas trading pertain to quantities of electricity and gas that have been purchased solely for the purpose of reselling at the wholesale level while achieving an appropriate margin.

Sales revenues in the Waste Management segment

The revenues from the collection of waste concern the collection and intake of refuse. These performance obligations are, to the largest extent, satisfied within the relevant periods. The transaction price is determined on the basis of the contracts concluded. Multi-component contracts usually provide for the consideration payable to be allocated to the performance obligations.

Waste recycling includes the thermal management of waste. Written contracts are in place with customers purchasing the generated heat and/or electricity. The performance obligation – the supply of heat and electricity – are satisfied within the relevant period. The transaction price is provided for in the contracts.

Additional revenues are generated from the sale of recycling materials (plastics, metals, timber). The performance obligation is satisfied within the relevant period.

Sales revenues are recognised within the period in which the collection and/or intake of the waste takes place, in which the generated heat or electricity is delivered, or in which the recycled materials are delivered.

Sales revenues in the Czech Republic segment

Sales revenues in the Czech Republic segment predominantly result from water deliveries, intake of waste water and services related to water/waste water and heat supplies in the Czech Republic. These performance obligations are, to the largest extent, satisfied within the relevant periods. The transaction price is provided for in the contracts.

Sales revenues are recognised in the period in which the delivery of water or intake of waste water takes place, the customer obtains the benefit from the services, or the heat is delivered.

NOTES TO THE STATEMENT OF INCOME

6. Sales revenues

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Energy segment		
Revenues from electricity sales	759,424.3	568,210.7
Revenues from natural gas sales	228,371.4	266,347.4
Revenues from district heat sales	39,127.0	47,928.1
Others	26,350.2	10,680.4
	1,053,272.9	**893,166.6**
Grid segment		
Revenues from the electricity and gas grids	311,262.8	297,100.8
Revenues from the reversal of construction cost subsidies	25,709.5	24,830.4
Others	4,060.1	5,718.5
	341,032.4	**327,649.7**
Waste Management segment		
Revenues from the collection of waste	92,667.7	86,708.7
Revenues from the recycling of waste	79,117.4	75,801.9
Revenues from the processing of waste	44,893.6	49,399.6
Others	10,380.4	10,680.6
	227,059.1	**222,590.8**
Czech Republic segment (previously: Water segment)		
Revenues from water deliveries	65,978.7	61,407.6
Revenues from waste water intake	59,159.6	58,058.5
Revenues from district heat sales	13,211.7	–
Others	21,646.0	17,949.9
	159,996.0	**137,416.0**
Holding & Services segment	**32,087.9**	**45,025.6**
Sales revenues	**1,813,448.3**	**1,625,848.7**
Procurement costs for electricity and gas trading	-97,992.0	-93,177.6
Net sales revenues	**1,715,456.3**	**1,532,671.1**

7. Segment reporting

Segment reporting by business units

Energie AG Group identifies the reportable segments according to IFRS 8 on the basis of internal reporting and internal control (Management Approach).

The segment reporting includes the Energy, Grid, Waste Management, and Czech Republic and Holding & Services segments.

The accounting policies applied to the reported segments are the same as those applied throughout the Group. The operating result is the profit or loss for the period that is monitored regularly by the chief decision-makers and used as the primary basis for assessing success and allocating resources.

The sales transactions carried out between the Grid segment and the other segments primarily involve grid services for which the prices are based on regulatory stipulations. Intra-Group sales transactions in the Holding & Services segment primarily involve delivery of goods and services that are charged at prices corresponding to market conditions, as well as sales in the area of grid services (metering) which are charged at prices based on regulatory stipulations. Capital employed is the key figure relating to assets and liabilities in the Group that are reported to the chief operating decision makers on a regular basis. Capital employed includes above all equity and interest-bearing liabilities, less cash and cash equivalents, fixed term deposits, and certain financial assets.

Energy

The Energy segment figures include the production, trade and sales of electrical energy. Electricity is primarily generated using hydraulic and thermal power generation plants. In addition, electricity is also obtained from third-party power plants via procurement rights, as well as on the electricity market. The Energy segment includes Energie AG Oberösterreich Trading GmbH as a central electricity and gas trading company, as well as the 7-Fields gas reservoir. The trade with and distribution of natural gas, the heating business unit, as well as Energie AG Oberösterreich Vertrieb GmbH & Co KG (until 31 March 2019, fully consolidated from 1 April 2019), ENAMO GmbH (until 31 March 2019, fully consolidated from 1 April 2019), ENAMO Ökostrom GmbH (until 31 March 2019, fully consolidated from 1 April 2019), Bioenergie Steyr GmbH, Fernwärme Steyr GmbH, Windpower EP GmbH, Geothermie-Wärmegesellschaft Braunau-Simbach mbH, Geothermie-Fördergesellschaft Simbach-Braunau mbH and Energie Wärme Ried GmbH are allocated to the Energy segment.

Grid

The Grid segment includes the construction and operation of the electricity and gas grids.

Waste Management

The Waste Management segment primarily includes the acceptance, sorting, incineration and landfilling of domestic and industrial waste. "Papyrus" Altpapierservice Handelsgesellschaft m.b.H. (measured at equity), Papyrus Wertstoff Service GmbH and Austrian Metal Recovery GmbH are allocated to the Waste Management segment.

Czech Republic (previously: Water)

The Czech Republic segment primarily includes supplying drinking water, as well as disposing of wastewater. Due to internal restructuring measures within the Group, the heat-related activities in the Czech Republic have been allocated to the Czech Republic segment since 1 October 2018 (previously: Energy segment).

Holding & Services

The Holding & Services segment comprises the management and control functions of the segment, commercial and technical services, Energie AG Oberösterreich Telekom GmbH (telecom operations, metering), as well as the investments in Salzburg AG für Energie, Verkehr und Telekommunikation and Wels Strom GmbH, both recognised at equity.

Segment reporting by business units is as follows:

2018/2019	**Energy** EUR mill.	**Grid** EUR mill.	**Waste man-agement** EUR mill.	**Czech Republic** EUR mill.	**Holding & Services** EUR mill.	**Reconcil-iation/ elimination** EUR mill.	**Group** EUR mill.
Sales to third parties	1,053.3	341.0	227.1	160.0	32.0	–	1,813.4
Intersegment sales	4.2	21.6	6.4	–	217.4	-249.6	–
Total sales	**1,057.5**	**362.6**	**233.5**	**160.0**	**249.4**	**-249.6**	**1,813.4**
Results from investments in equity companies	19.5	–	0.4	–	10.6	–	30.5
Depreciation, amortisation and impairments	-24.8	-179.6	-16.5	-6.9	-28.4	–	-256.2
Thereof impairments	–	-109.3	–	–	-0.9	–	-110.2
Operating result	117.3	-77.4	13.4	10.9	8.8	–	73.0
Carrying amount of investments in equity companies	9.7	–	4.0	–	191.1	–	204.8
Goodwill	21.1	–	45.3	19.7	0.1	–	86.2
Investments in intangible assets and property, plant and equipment	19.1	96.0	14.6	11.3	72.1	–	213.1
Capital employed	563.4	730.6	185.3	83.9	95.5	–	1,658.7

	EUR mill.
Capital employed	1,658.7
Assets not used in the service production and sales process	410.9
Non-interest bearing liabilities, provisions	905.8
Total	**2,975.4**

The Group's heat-related activities were transferred from the Energy segment to the Czech Republic segment (previously: Water segment) with effect on 1 October 2018. The heat-related activities in the Czech Republic generated sales revenues of EUR 15.1 million and an operating result of EUR 1.3 million in the 2018/2019 fiscal year.

2018/2019	Energy EUR mill.	Grid EUR mill.	Waste man-agement EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Reconcil-iation/ elimination EUR mill.	Group EUR mill.
Sales to third parties	1,068.4	341.0	227.1	144.9	32.0	–	1,813.4
Intersegment sales	4.1	21.6	6.4	0.4	217.4	-249.9	–
Total sales	**1,072.5**	**362.6**	**233.5**	**145.3**	**249.4**	**-249.9**	**1,813.4**
Result from investments in equity companies	19.5	–	0.4	–	10.6	–	30.5
Depreciation, amortisation and impairments	-25.8	-179.6	-16.5	-5.9	-28.4	–	-256.2
Thereof impairments	–	-109.3	–	–	-0.9	–	-110.2
Operating result	118.7	-77.4	13.4	9.5	8.8	–	73.0
Carrying amount of investments in equity companies	9.7	–	4.0	–	191.1	–	204.8
Goodwill	21.8	–	45.3	19.0	0.1	–	86.2
Investments in intangible assets and property, plant and equipment	21.9	96.0	14.6	8.5	72.1	–	213.1
Capital employed	574.8	730.6	185.3	72.5	95.5	–	1,658.7

	EUR mill.
Capital employed	1,658.7
Assets not used in the service production and sales process	410.9
Non-interest bearing liabilities, provisions	905.8
Total	**2,975.4**

2017/2018	Energy EUR mill.	Grid EUR mill.	Waste man-agement EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Reconcil-iation/ elimination EUR mill.	Group EUR mill.
Sales to third parties	893.2	327.6	222.6	137.4	45.0	–	1,625.8
Intersegment sales	2.8	42.6	7.0	0.4	197.1	-249.9	–
Total sales	**896.0**	**370.2**	**229.6**	**137.8**	**242.1**	**-249.9**	**1,625.8**
Results from investments in equity companies	50.8	–	0.5	–	12.9	–	64.2
Depreciation, amortisation and impairments	-34.7	-68.1	-16.5	-5.7	-23.1	–	-148.1
Thereof impairments	-9.4	–	–	–	–	–	-9.4
Operating result	81.7	57.7	17.4	9.3	5.7	–	171.8
Carrying amount of investments in equity companies	121.9	–	3.6	–	188.1	–	313.6
Goodwill	1.1	–	45.9	18.9	0.2	–	66.1
Investments in intangible assets and property, plant and equipment	27.5	92.4	12.6	5.9	66.7	–	205.1
Capital employed	610.7	693.9	186.3	74.8	97.8	–	1,663.5

	EUR mill.
Capital employed	1,663.5
Assets not used in the service production and sales process	547.4
Non-interest bearing liabilities, provisions	1,011.8
Total	**3,222.7**

Reversals of impairments amounting to EUR 7.9 million (previous year: EUR 2.1 million) were recognised for the Energy segment. The income from the reversal of construction cost subsidies attributable to the Grid segment amounted to EUR 25.7 million (previous year: EUR 24.8 million). Non-cash line items in connection with derivatives in the amount of EUR -2.5 million (previous year: EUR -5.0 million) pertain to the Energy segment.

Segment reporting broken down by geographic segments

Energie AG Oberösterreich Group operates primarily in the regions "Austria" and "Czech Republic". Business operations in other countries (Italy, Germany, Slovenia, Hungary, Poland) are combined in the geographical segment "Other Countries".

2018/2019	**Austria** EUR mill.	**Czech Republic** EUR mill.	**Other countries** EUR mill.	**Group** EUR mill.
Sales to third parties	1,641.9	160.2	11.3	1,813.4
Capital employed	1,558.6	84.2	15.9	1,658.7

2017/2018	**Austria** EUR mill.	**Czech Republic** EUR mill.	**Other countries** EUR mill.	**Group** EUR mill.
Sales to third parties	1,462.3	152.8	10.7	1,625.8
Capital employed	1,563.0	84.1	16.4	1,663.5

8. Other operating income

	2018/2019 EUR 1,000	**2017/2018** EUR 1,000
Result from remeasurement at fair value (successive acquisition)	48,247.9	–
Income from the disposal of intangible assets and property, plant and equipment	7,703.4	1,201.4
Impairment reversals	7,921.8	2,093.6
Capitalised production costs	616.4	600.0
Rental and lease income	3,859.2	3,549.0
Income from the reversal of investment subsidies	2,746.8	3,202.5
Income from CO_2 emissions allowances	3,430.9	1,784.2
Other income	6,720.9	9,934.1
	81,247.3	**22,364.8**

9. Expenses for material and other purchased services

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Electricity purchased from third parties	535,659.2	407,476.6
Grid purchases	94,717.8	92,639.5
Fuel purchase	41,451.2	28,787.7
Other purchased goods	355,021.4	334,929.4
Expenses for purchased services	138,279.1	129,842.2
	1,165,128.7	**993,675.4**
Procurement costs for proprietary electricity and gas trading	-97,992.0	-93,177.6
	1,067,136.7	**900,497.8**

10. Personnel expenses

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Wages and salaries	225,076.6	209,055.9
Severance payments and contributions to company pension funds	5,459.9	5,798.5
Pension payments	10,048.8	5,799.7
Expenses for statutory social security contributions and payroll-related levies and statutory contributions	56,483.6	53,104.8
Other benefit expenses	3,097.6	826.0
	300,166.5	**274,584.9**

The expenses for defined contribution plans amounted to EUR 6,881.7 thousand (previous year: EUR 6,593.6 thousand). Expenses for severance payments of EUR 13.2 thousand (previous year: EUR 18.2 thousand), as well as expenses for pension payments of EUR 310.6 thousand (previous year: EUR 302.0 thousand), pertain to members of the Board of Management.

The remunerations of the Management Board and of the Supervisory Board of Energie AG Oberösterreich are as follows:

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Management Board	808.5	790.7
Former Management Board and their survivors	747.2	750.4
Supervisory Board	90.1	103.0
	1,645.8	**1,644.1**

The average number of employees in this fiscal year amounts to 4,506 (previous year: 4,389). Part-time employees are included on a proportional basis.

11. Depreciation, amortisation and impairments

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Depreciation and amortisation	145,976.8	138,771.3
Impairments	193,325.7	9,360.5
Reversal of construction cost subsidies	-83,123.6	–
	110,202.1	9,360.5
	256,178.9	**148,131.8**

12. Other operating expenses

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Taxes	8,084.9	8,376.8
External services	54,193.6	52,460.3
Travel expenses	8,977.5	8,803.5
Insurance premiums	5,570.4	5,059.6
Postage and telecommunication	5,843.0	5,549.6
Rental and leasing expenses	8,035.6	7,864.8
Impairment of receivables	495.1	1,402.6
Allocation of allowances and expected losses to receivables	840.4	486.2
Vehicle expense	18,997.5	18,890.0
Losses from the disposal of intangible assets and property, plant and equipment	4,183.2	3,418.4
Repairs	25,354.3	23,947.7
Other expenses	33,520.1	29,523.1
	174,095.6	**165,782.6**

Taxes mainly include property tax, dumpsite levy and electricity levy, as well as the Austrian landfill tax. The expenses incurred for the Group auditor, KPMG Austria GmbH, for auditing services and other accounting services provided to the companies of the Energie AG Oberösterreich Group amount to EUR 657.9 thousand (previous year: EUR 693.0 thousand). In addition, the Group auditor provided other consulting services for the Energie AG Oberösterreich Group totalling EUR 153.5 thousand (previous year: EUR 107.0 thousand).

13. Interest income

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Financing expenses		
Interest and similar expenses	-16,099.0	-18,341.3
Interest on provisions for pensions	-4,341.7	-4,492.9
Foreign exchange losses	-746.7	-348.5
	-21,187.4	**-23,182.7**
Other interest income		
Interest and similar revenues	776.9	1,033.2
Foreign exchange gains	5.9	2.8
Measurement of interest rate derivatives	10.6	-127.9
	793.4	**908.1**
	-20,394.0	**-22,274.6**

14. Other financial income

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Result from investments		
Non-consolidated affiliated companies	124.3	124.3
Revenues from other investments	930.2	1,476.6
Other investment expenses	–	-110.8
	1,054.5	**1,490.1**
Result from financial investments		
Losses from the measurement of lendings	-73.9	–
Gains from the measurement of lendings	164.8	13.5
Income from securities	749.0	742.7
Impairment of securities	–	-147.6
Gains from the measurement of securities	1,297.0	10.0
Losses from the disposal of securities	-31.5	–
Gains from the disposal of securities	–	6,720.3
Losses from the measurement of fixed term deposits	-21.2	–
Gains from the measurement of fixed term deposits	147.2	–
Losses from the measurement of investment funds	-294.2	-337.6
Income from the measurement of investment funds	105.3	56.6
	2,042.5	**7,057.9**
	3,097.0	**8,548.0**

15. Income taxes

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Current income taxes	32,494.6	31,317.1
Adjustment for deferred taxes	-34,221.2	2,176.3
	-1,726.6	**33,493.4**

Expenses for taxes on income are EUR 15,012.7 thousand lower (previous year: EUR 5,364.2 thousand lower) than the calculated expenses for taxes on income that result from applying the respective tax rates to the earnings before taxes on income.The reasons for the difference between the calculated and reported income tax expenses are as follows:

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Earnings before taxes	55,674.6	158,117.1
Imputed tax expenses	13,286.1	38,857.6
Tax effects from		
Tax-free earnings from companies measured at equity and tax-free investment income	-3,586.9	-5,442.2
Remeasurement at the fair value (see item 3.2)	-12,062.0	–
Other items	636.2	78.0
Effective tax income/expenses	**-1,726.6**	**33,493.4**

Temporary differences between the amounts recognised in the Consolidated Financial Statements and the respective taxable amounts have the following effects on the reported deferred taxes:

	Assets		Liabilities		Net	
	2019 EUR 1,000	2018 EUR 1,000	2019 EUR 1,000	2018 EUR 1,000	2019 EUR 1,000	2018 EUR 1,000
Intangible assets	–	–	-23,389.3	-13,994.4	-23,389.3	-13,994.4
Property, plant and equipment	10,258.9	15,227.4	-35,732.9	-86,656.6	-25,474.0	-71,429.2
Financial assets	3,357.5	3,981.7	-3,936.0	-6,853.7	-578.5	-2,872.0
Other non-current assets	–	–	-1,099.6	-568.1	-1,099.6	-568.1
Provisions	37,726.2	33,607.6	-2,090.5	-6,496.0	35,635.7	27,111.6
Untaxed reserves	–	–	-15,259.6	-15,973.2	-15,259.6	-15,973.2
Construction cost subsidies	2,050.3	21,259.4	-2,584.8	-2,861.7	-534.5	18,397.7
Other non-current liabilities	4,515.1	1,699.9	–	–	4,515.1	1,699.9
Hedge accounting	-427.7	–	–	-11,845.0	-427.7	-11,845.0
Outstanding write-downs to fair value	1,631.4	4,105.4	–	–	1,631.4	4,105.4
Other	4,230.1	974.0	-3,267.1	-315.3	963.0	658.7
Deferred tax assets/liabilities before offsetting	**63,341.8**	**80,855.4**	**-87,359.8**	**-145,564.0**	**-24,018.0**	**-64,708.6**

	Balance 30.09.2019 EUR 1,000	Change in the scope of consolidation EUR 1,000	Exchange differences EUR 1,000	Recognised in equity EUR 1,000	Recognised in profit or loss EUR 1,000	Balance 01.10.2018 EUR 1,000
Intangible assets	-23,389.3	-10,263.5	0.8	–	867.8	-13,994.4
Property, plant and equipment	-25,474.0	–	2.7	–	45,952.5	-71,429.2
Financial assets	-578.5	8.4	–	-1,348.7	3,633.8	-2,872.0
Other non-current assets	-1,099.6	–	–	–	-531.5	-568.1
Provisions	35,635.7	889.6	-0.4	5,925.3	1,709.6	27,111.6
Untaxed reserves	-15,259.6	–	–	–	713.6	-15,973.2
Construction cost subsidies	-534.5	–	–	–	-18,932.2	18,397.7
Other non-current liabilities	4,515.1	–	–	–	2,815.2	1,699.9
Hedge accounting	-427.7	–	–	11,417.9	-0.6	-11,845.0
Outstanding write-downs to fair value	1,631.4	-8.4	–	–	-2,465.6	4,105.4
Other	963.0	-106.8	-55.4	7.9	458.6	658.7
	-24,018.0	**-9,480.7**	**-52.3**	**16,002.4**	**34,221.2**	**-64,708.6**

	Balance 30.09.2018 EUR 1,000	Change in the scope of consolidation EUR 1,000	Exchange differences EUR 1,000	Recognised in equity EUR 1,000	Recognised in profit or loss EUR 1,000	Balance 01.10.2017 EUR 1,000
Intangible assets	-13,994.4	–	-12.8	–	372.6	-14,354.2
Property, plant and equipment	-71,429.2	-72.9	-34.0	–	-1,184.7	-70,137.6
Financial assets	-2,872.0	–	–	1,601.5	-32.4	-4,441.1
Other non-current assets	-568.1	–	–	–	122.8	-690.9
Provisions	27,111.6	–	7.1	1,698.7	-126.1	25,531.9
Untaxed reserves	-15,973.2	–	–	–	877.4	-16,850.6
Construction cost subsidies	18,397.7	–	-0.1	–	-165.4	18,563.2
Other non-current liabilities	1,699.9	–	–	–	-159.6	1,859.5
Hedge accounting	-11,845.0	–	–	-13,871.1	–	2,026.1
Outstanding write-downs to fair value	4,105.4	–	–	–	-2,066.3	6,171.7
Other	658.7	–	8.1		185.4	465.2
	-64,708.6	**-72.9**	**-31.7**	**-10,570.9**	**-2,176.3**	**-24,568.6**

No deferred tax liabilities were recognised for temporary differences associated with fully consolidated subsidiaries, joint arrangements, or associated companies in the amount of EUR 486,741.8 thousand (previous year: EUR 442,239.4 thousand).

Deferred taxes in the amount of EUR -1,340.8 thousand (previous year: EUR 1,601.5 thousand) pertain to changes in value of investments and securities FVOCI (previous year: available for sale); deferred taxes in the amount of EUR 11,417.9 thousand (previous year: EUR -13,871.1 thousand) pertain to changes in value from hedge accounting recognised outside of profit or loss.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16. Intangible assets and property, plant and equipment

Changes in intangible assets and goodwill

2018/2019	Electricity procurement rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs						
01.10.2018	248,356.9	115,598.2	77,086.3	43,251.4	82.9	484,375.7
Change in scope of consolidation	–	–	20,135.1	41,725.0	–	61,860.1
Translation differences	–	-2.8	-12.8	-17.4	–	-33.0
Additions	1,459.0	4,219.8	–	–	83.7	5,762.5
Disposals	-134.0	-2,996.7	–	–	-0.5	-3,131.2
Transfers	–	371.8	–	–	-108.0	263.8
30.09.2019	**249,681.9**	**117,190.3**	**97,208.6**	**84,959.0**	**58.1**	**549,097.9**
Accumulated amortisation and impairment						
01.10.2018	167,603.6	88,831.0	11,022.9	29,768.2	–	297,225.7
Translation differences	–	-2.5	–	-12.3	–	-14.8
Amortisation	1,181.5	3,676.0	–	3,348.0	–	8,205.5
Impairment	–	1,318.7	–	–	–	1,318.7
Disposals	-6.5	-2,733.2	–	–	–	-2,739.7
Transfers	–	–	–	–	–	–
30.09.2019	**168,778.6**	**91,090.0**	**11,022.9**	**33,103.9**	**–**	**303,995.4**
Carrying amount 01.10.2018	80,753.3	26,767.2	66,063.4	13,483.2	82.9	187,150.0
Carrying amount 30.09.2019	**80,903.3**	**26,100.3**	**86,185.7**	**51,855.1**	**58.1**	**245,102.5**

2017/2018	Electricity procurement rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs						
01.10.2017	247,856.9	112,561.0	76,910.2	43,047.4	87.2	480,462.7
Change in scope of consolidation	–	1.6	–	–	–	1.6
Translation differences	–	35.5	176.1	204.0	0.8	416.4
Additions	500.0	3,046.6	–	–	212.1	3,758.7
Disposals	–	-101.9	–	–	–	-101.9
Transfers	–	55.4	–	–	-217.2	-161.8
30.09.2018	**248,356.9**	**115,598.2**	**77,086.3**	**43,251.4**	**82.9**	**484,375.7**
Accumulated amortisation and impairment						
01.10.2017	166,434.0	82,415.9	11,022.9	27,277.7	–	287,150.5
Translation differences	–	32.3	–	108.6	–	140.9
Amortisation	1,169.6	3,256.6	–	2,381.9	–	6,808.1
Impairment	–	3,387.3	–	–	–	3,387.3
Disposals	–	-91.5	–	–	–	-91.5
Transfers	–	-169.6	–	–	–	-169.6
30.09.2018	**167,603.6**	**88,831.0**	**11,022.9**	**29,768.2**	**–**	**297,225.7**
Carrying amount 01.10.2017	81,422.9	30,145.1	65,887.3	15,769.7	87.2	193,312.2
Carrying amount 30.09.2018	**80,753.3**	**26,767.2**	**66,063.4**	**13,483.2**	**82.9**	**187,150.0**

Changes in property, plant and equipment

2018/2019	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Operating and business equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01.10.2018	1,073,866.4	3,821,708.3	209,918.4	78,145.2	5,183,638.3
Change in scope of consolidation	–	-1,301.2	0.2	–	-1,301.0
Translation differences	-57.1	-29.9	-10.3	-4.2	-101.5
Additions	9,319.4	136,054.3	10,204.6	51,724.4	207,302.7
Disposals	-14,445.5	-12,363.8	-6,079.5	-166.1	-33,054.9
Transfers	4,463.8	38,534.8	2,320.5	-45,582.9	-263.8
30.09.2019	**1,073,147.0**	**3,982,602.5**	**216,353.9**	**84,116.4**	**5,356,219.8**
Accumulated depreciation and impairment					
01.10.2018	611,971.5	2,386,233.1	172,419.0	3,869.0	3,174,492.6
Change in scope of consolidation	–	-823.4	-29.7	–	-853.1
Translation differences	-26.5	-19.2	-7.5	–	-53.2
Depreciation	17,166.8	108,722.0	11,882.5	–	137,771.3
Impairment reversals	–	-7,921.8	–	–	-7,921.8
Impairment	7,986.0	183,441.6	171.3	408.1	192,007.0
Disposals	-5,858.0	-9,227.6	-5,991.2	–	-21,076.8
Transfers	-0.5	0.5	–	–	–
30.09.2019	**631,239.3**	**2,660,405.2**	**178,444.4**	**4,277.1**	**3,474,366.0**
Carrying amount 01.10.2018	461,894.9	1,435,475.2	37,499.4	74,276.2	2,009,145.7
Carrying amount 30.09.2019	**441,907.7**	**1,322,197.3**	**37,909.5**	**79,839.3**	**1,881,853.8**

2017/2018	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Operating and business equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01.10.2017	1,065,345.8	3,680,397.5	200,453.3	57,289.9	5,003,486.5
Change in scope of consolidation	662.0	319.9	3.3	34.9	1,020.1
Translation differences	682.0	331.8	103.9	19.2	1,136.9
Additions	5,038.6	118,773.8	11,587.5	65,902.5	201,302.4
Disposals	-3,094.8	-15,313.1	-4,592.4	-469.1	-23,469.4
Transfers	5,232.8	37,198.4	2,362.8	-44,632.2	161.8
30.09.2018	**1,073,866.4**	**3,821,708.3**	**209,918.4**	**78,145.2**	**5,183,638.3**
Accumulated depreciation and impairment					
01.10.2017	594,028.6	2,292,548.0	164,729.6	4,064.2	3,055,370.4
Translation differences	307.8	226.5	75.6	-1.5	608.4
Depreciation	17,496.0	102,752.6	11,681.5	33.1	131,963.2
Impairment reversals	–	-2,093.6	–	–	-2,093.6
Impairment	472.5	5,500.7	–	–	5,973.2
Disposals	-332.8	-12,832.5	-4,333.3	–	-17,498.6
Transfers	-0.6	131.4	265.6	-226.8	169.6
30.09.2018	**611,971.5**	**2,386,233.1**	**172,419.0**	**3,869.0**	**3,174,492.6**
Carrying amount 01.10.2017	471,317.2	1,387,849.5	35,723.7	53,225.7	1,948,116.1
Carrying amount 30.09.2018	**461,894.9**	**1,435,475.2**	**37,499.4**	**74,276.2**	**2,009,145.7**

16.1. Impairment of cash generating units with own goodwill

For the purposes of impairment testing, goodwill is allocated to the following cash-generating units and the cash flows of these cash-generating units are discounted at the following discount rates:

	Goodwill		Discount rate	
	30.09.2019 EUR mill.	30.09.2018 EUR mill.	30.09.2019 %	30.09.2018 %
Energy segment				
Sales	20.7	–	4.8	–
Other	0.4	1.1	4.8	4.9–5.4
	21.1	**1.1**	–	–
Waste Management segment				
Waste Management Austria	43.1	43.1	4.9	5.2
Other	2.2	2.8	5.9	4.0–6.4
	45.3	**45.9**	–	–
Czech Republic segment (previously: Water segment)				
CEVAK a.s.	15.1	15.1	3.9	4.4
Other	4.6	3.8	3.9–5.2	4.4
	19.7	**18.9**	–	–
Other	**0.1**	**0.2**	–	–
	86.2	**66.1**	–	–

The recoverable amount attributable to the cash generating unit “Sales” exceeds the carrying amount by EUR 259.1 million. In the event of a decrease in future cash flows by 68.5%, or an increase in the interest rate by 7.8%, the carrying amount corresponds to the present value of the future cash flows.

The recoverable amount of the “Waste Management segment/Austria” cash-generating unit exceeds the carrying amount by EUR 70.0 million (previous year: EUR 20.3 million), while the recoverable amount of CEVAK a.s. exceeds the carrying amount by EUR 143.7 million (previous year: EUR 114.8 million). In the event of a decrease in future cash flows by 27.1%, or an increase in the interest rate by 1.7%, the carrying amount of the “Waste Management segment/Austria” cash-generating unit corresponds to the present value of the future cash flows. A decrease in CEVAK a.s.' future cash flows by 10% would not result in an impairment.

16.2. Impairment of cash generating units without own goodwill

Timelkam CCGT (combined cycle gas-turbine) power plant

Due to the current situation on the market, impairment testing was performed for the Timelkam combined cycle gas-turbine power plant (Energy segment). The maximum output of the power plants amounts to 422 MW, maximum district heating supply is 100 MW. Efficiency was estimated at 55.7%. Annual electricity generation was recognised at up to 1,729 GWh per year (previous year: 1,442 GWh). The assumptions for the future electricity and gas prices are based, where available, on market data; if no market data were available, estimates were made based on market studies. The estimated electricity price is EUR 49.13 to EUR 78.22/MWh (previous year: EUR 36.82 to EUR 77.45/MWh). Expenses for maintenance and repair were recognised according to maintenance plans and contracts. Other material expense items such as personnel costs, insurance and infrastructure costs are annually increased by an estimated increase rate. The discount rate is 4.8% (previous year: 4.9%). The planning horizon ends in the 2037/2038 fiscal year. In particular due to the increased electricity prices and the resultant increased use, a reversal of impairment in the amount of EUR 7.9 million (previous year: impairment of EUR 2.5 million) was recognised. The recoverable amount determined using the DCF method corresponds to the value in use in the amount of EUR 51.5 million (previous year: EUR 47.3 million). Fluctuations in cash flows of 20% resulted in a change of EUR 25.9 million in the recoverable amount. An increase in the interest rate by 0.5% results in a reduction of the recoverable amount by EUR 1.9 million.

Electricity grid

The impairment of the cash generating unit "Electricity grid" depends, inter alia, on the grid utilisation fees. In Austria, the electricity grid utilisation fees are determined by the legislator. The billable grid utilisation fees include, inter alia, interest on the employed capital (regulatory asset base, short "RAB"), with the determination of the employed capital essentially based on the carrying amounts pursuant to the Austrian Commercial Code (UGB) and the Electricity Industry Organisation Act (EIWOG). The applicable interest rate is prescribed by the regulatory authority. Due to the different useful lives and capitalised interest on borrowed capital in particular, the carrying amount under IFRS exceeds the calculation basis for the interest on the employed capital (RAB).

In order to validate the potential impairment, IAS 36 requires determination of the recoverable amount, with the recoverable amount to be based on the higher of the two fair value amounts less the costs of disposal and value in use. The value in use was, in particular due to the statutory regulation system, lower than the carrying amount under IFRS. In the past, the recoverable amount was determined via the fair value amounts less the cost of disposal on the basis of a market-based approach (multiplier method). [11) This was based on sales transactions of companies (grid operators) in countries with comparable regulatory models. As of 30 September 2018, the fair value amounts less costs of disposal exceeded the carrying amount under IFRS.

The suitability of this method presupposes the existence of transactions involving identical, comparable or similar assets. In cases where recently completed market transactions conducted by sufficiently comparable companies are lacking, the previous measurement method can no longer be applied as of 30 September 2019. The combination of lacking comparable transactions and the difference resulting from the carrying amount under IFRS and the regulatory asset base (RAB) indicate a potential impairment, which resulted in the assets of the cash generating unit "Electricity grid" to be assessed on a potential impairment as of 30 September 2019.

For this reason, the recoverable amount is now determined on the basis of the value in use. This is done by calculating a present value of future cash flow surpluses on the basis of a five-year mid-term planning. The mid-term planning is based on the grid utilisation fees prescribed by the legislator. A perpetual annuity was assumed at the end of the detail planning phase, with the assumption of the perpetual annuity experiencing no additional growth. A discount rate of 3.7% was used. The recoverable amount (value in use) is EUR 413.8 million. In the Grid segment, an impairment in the amount of EUR 109.3 million was recognised through profit or loss (in the item for depreciation, amortisation and impairment). The impairment in the amount of EUR -192.4 million was recognised in the item property, plant and equipment, and in the amount of EUR 83.1 million in the item

11) The measurement methods under IFRS 13 are the cost-based method, the market-based method, and the income-based method. The market-based method and the income-based method appear to be suitable for the purposes of validating the potential impairment of the electricity grid. The market-based method is a measurement method that uses prices and other relevant information generated in market transactions involving identical or comparable/similar assets.

construction cost subsidies. A decrease (increase) of future cash flows by 5% would result in an impairment (reversal of impairment) after reversal of construction cost subsidies in the amount of EUR 20.7 million.

Impairments in the previous year

The impairment of the "Price Authority Heat Sales" cash-generating unit (Energy segment) was tested in the past fiscal year. This unit includes the thermal plants in Timelkam/ Vöcklabruck, Riedersbach and Kirchdorf, for which the sales prices are jointly set by a price authority. Future revenues were based on an annual output of 236.4 GWh and were planned under the assumption that cost components can be compensated by a higher price for heat over the medium term. Past price approvals by the price authority supported this assumption. Using a discount rate of 4.9%, the recoverable amount (value in use) was assessed at EUR 8.1 million. The impairment amounted to EUR 3.0 million.

Additionally, an impairment in the amount of EUR 3.2 million was recognised for the cash generating unit "7-Fields gas reservoir". The impairment was based on a new appraisal of future gas prices on the trading market during the summer and winter months ("summer-winter spread"). Using a discount rate of 5.5%, the recoverable amount (value in use) was EUR 8.8 million.

16.3. Other disclosures

Research costs in the amount of EUR 4.5 million (previous year: EUR 3.7 million) were recognised as expenses.

In the 2018/2019 fiscal year, interest on borrowed capital in the amount of EUR 2,593.3 thousand (previous year: EUR 1,537.5 thousand) was capitalised. The applied interest rate was 4.3%.

Additions to assets under construction led to outflows of payment instruments in the amount of EUR 40,337.8 thousand (previous year: EUR 59,370.5 thousand). Obligations for the acquisition of property, plant and equipment amount to EUR 47,002.1 thousand (previous year: EUR 32,318.3 thousand).

In the 2007/2008 fiscal year, property, plant and equipment assets in the Waste Management segment were sold and leased back for a period of 15 years "Sale and Lease back"). The assets of this financing lease relationship continue to be capitalised in the balance sheet. The present value of the minimum lease payments is recognised in the same amount on the liabilities side. During and at the end of the contract term, there are options to terminate at certain points against repayment of the outstanding loan amount. At the end of the lease term, the lessor has the right to sell the asset to the lessee at the outstanding loan amount. During the leasing term, subleasing to third parties is not permitted. The carrying amount as of 30 September 2019 is EUR 19,281.9 thousand (previous year: EUR 22,287.5 thousand). The future minimum lease payments for the following year are EUR 2,610.4 thousand (previous year: EUR 2,618.3 thousand), for terms between one and five years EUR 42,870.9 thousand (previous year: EUR 45,929.6 thousand). Leasing payments calculated on the basis of a variable interest rate were recognised as expenses in the amount of EUR -2,388.6 thousand (previous year: -2,387.8).

The present value of the minimum lease payments is as follows:

	Minimum lease-payments EUR 1,000	Discounting EUR 1,000	Present value of minimum lease payments EUR 1,000
Due within one year	2,610.4	-1.5	2,611.9
With a term of one to five years	42,870.9	-177.8	43,048.7
	45,481.3	**-179.3**	**45,660.6**

17. Investments

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Shares in affiliated companies	2,094.5	2,097.1
Shares in companies consolidated at equity	204,780.3	313,604.3
Available for sale investments	–	927.1
Other investments	21,213.5	8,534.5
	228,088.3	**325,163.0**

A 20.0% decrease in future cash flows would result in impairments for companies valued using the equity method in the amount of EUR 30.9 million. The recoverable amount for the respective shares exceeds the carrying amount by EUR 30.5 million.

The Cash Flow Statement includes dividends from companies consolidated at-equity in the amount of EUR 57,153.1 thousand (previous year: EUR 47,773.3 thousand).

18. Other financial assets

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Lendings to affiliated companies and companies in which an interest is held	10,817.3	12,655.4
Other lendings	5,559.7	6,307.6
Securities available for sale	–	17,972.8
Securities at Fair Value through Profit or Loss	31,019.6	28,382.0
Securities at Fair Value through Other Comprehensive Income	9,243.0	–
Other securities	–	1.0
	56,639.6	**65,318.8**

19. Other non-current assets

Other non-current assets result from the positive fair value of derivative financial instruments and from other receivables.

20. Inventories

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Primary energy	33,637.6	29,633.0
Raw materials and supplies	15,323.6	16,008.5
Contract assets	7,524.0	3,400.2
Finished goods	1,269.9	1,466.3
	57,755.1	**50,508.0**

21. Receivables and other assets

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Trade receivables	254,056.4	171,624.6
Receivables from non-consolidated affiliated companies	181.8	295.7
Receivables from joint arrangements and associated companies	8,583.6	23,517.8
Accruals and deferrals of interest	2,055.0	2,091.4
Fair value of derivatives	12,284.0	26,441.0
Other	71,029.4	52,399.8
	348,190.2	**276,370.3**

Receivables from electricity and water deliveries that have not been invoiced as of the reporting date are accrued and recognised in the line item “Trade receivables”.

22. Cash and cash equivalents

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Cash in hand	149.7	237.8
Cash in bank	29,622.3	101,198.8
	29,772.0	**101,436.6**

23. Equity

The share capital of Energie AG Oberösterreich consists of 88,729,206 individual share certificates (previous year: 88,779,655), of which 88,600,000 are ordinary shares (previous year: 88,600,000), and 129,206 are preferred shares without voting rights (previous year: 179,655). The share capital has been fully paid in.

The capital reserves result from the share premium of the capital increase, minus the directly attributable costs of obtaining equity in the amount of EUR 1,771.9 thousand, as well as from the contribution of own shares in the 2006/2007 fiscal year, and from shares issued to staff in the 2012/2013 fiscal year.

In the 2007/2008 fiscal year, 390,000 preferred shares without voting rights were contributed to Energie AG Oberösterreich. These shares were offered to Group staff members at favourable conditions during the 2007/2008 fiscal year. The benefit per staff member amounted to the maximum tax-exempt sum pursuant to § 3 para 1 subpara 15 letter b of the Austrian Income Tax Act.

In the 2012/2013 fiscal year, 87,750 shares were issued to employees of the Group at discounted prices. The capital increase took effect with entry in the Register of Companies on 29 October 2013.

Fiscal year 2018/2019 saw a reduction of the share capital due to the redemption of 50,449 (previous year: 308,095) treasury shares (preference shares without voting rights).

The retained earnings result from the profits that the Group generated but did not distribute.

Other reserves include IFRS 9/IAS 39 reserves, IAS 19 reserves, revaluation reserves, and reserves for treasury stock, as well as reserves from translation differences.

The reserves under IFRS 9/IAS 39 include changes in the fair value of investments and securities measured "At Fair Value through Other Comprehensive Income" (FVOCI) (previous year: Available for Sale (AFS)), and changes in the fair value of cash flow hedges, as well as changes in the equity of associated companies consolidated at-equity recognised outside profit or loss.

As of 30 September 2019, the cash flow hedge reserve amounts to EUR 1,708.9 thousand (previous year: EUR 47,380.1 thousand). The effective share of the fair value changes concerning cash-flow hedges is recognised in the other comprehensive income in the cash-flow hedge reserve. The ineffective portion of the fair-value changes from cash flow hedges in the amount of EUR -4.4 thousand (previous year: EUR -244.6 thousand) was recognised as income through profit or loss. Fair value changes in the amount of EUR -38,230.8 thousand (previous year: EUR 54,354.8 thousand) are recognised as other comprehensive income. During the fiscal year, EUR -7,440.4 thousand (previous year: EUR 1,129.7 thousand) were withdrawn from the cash-flow hedge reserve and recognised as an expense through profit or loss. Of this amount, EUR 1,556.7 thousand (previous year: EUR 1,775.8 thousand) were recognised in the financial result while EUR -9,007.1 thousand (previous year: EUR -646.1 thousand) were recognised in the operating result.

The OCI reserve, which is part of the IFRS 9 reserves, includes changes in value of investments and securities classified as "At Fair Value through Other Comprehensive Income" (FVOCI), which are recognised in other comprehensive income. The OCI reserve amounted to EUR 16,269.4 thousand at the time of initial application of IFRS 9 and EUR 17,668.0 as of 30 September 2019. In the year under review, changes in fair value in the amount of EUR 1,398.6 were recognised outside of profit or loss in the other comprehensive income.

The AFS reserve, which is contained in the IAS 39 reserves, includes changes in value of investments and securities classified as available for sale, which are recognised in other comprehensive income. As of 30 September 2018, the AFS reserve amounted to EUR 12,273.9 thousand. In the 2017/2018 fiscal year, changes in fair value in the amount of EUR -543.8 thousand were recognised in equity outside of profit or loss, and EUR -5,861.3 thousand were withdrawn from the AFS reserve and recognised as income through profit or loss.

The IAS 19 reserves result from the actuarial valuation of pension and severance provisions recognised in other comprehensive income.

The revaluation reserve results from first-time consolidations in previous years.

As of 30 September 2019, the company held 73,682 treasury shares (previous year: 50,449).

Capital management

It is the objective of the Group's capital management to preserve a strong capital base so that the company can continue to generate adequate returns for the shareholders corresponding with the risk situation of the company, promote the future development of the company, and also provide benefits for other interest groups. Value based management is firmly entrenched in the management systems and in management processes. The equity in the books according to IFRS is what the management considers to be capital. As of the balance sheet date, the equity ratio amounted to 44.0% (previous year: 42.9%). For purposes of internal reporting and management, the return on capital employed (ROCE) is also used. The capital employed includes the assets attributable to a unit, with the exception of the assets not used in the process of creating and utilising goods and services, less non-interest bearing liabilities and certain reserves.

24. Financial instruments and financial risk management

24.1. Derivative financial instruments and hedging

The use of derivative financial instruments in the Group is subject to corresponding authorisation and control procedures. It is mandatory for use to be connected with a hedged item. Proprietary trading is only carried out within very tightly defined limits.

Interest rate swaps are used for hedging future variable interest payments on funding and leasing contracts. Energie AG Group hedges these by purchasing interest rate swaps that correspond to the hedged item in terms of the base interest rate, payment dates, interest rate fixing date, nominal amounts and maturities. The commercial relationship between the hedged item and the hedging transaction is established on the basis of identical parameters of the hedged items and the hedging transaction. Hedges may be ineffective in the case of changes in the counterparty's and Energie AG's credit risk, as well as in cases where the measurement-relevant parameters differ from the hedged item and hedging transaction. The qualitative and quantitative effectiveness of a hedge is determined on the basis of the hypothetical derivatives method.

Futures and forwards are used to hedge price-related risks from electricity procurement and electricity sales. The objective of Energie AG Group is to hedge the entire price risk using derivative and non-derivative financial instruments and thereby reduce the cash flow risk from electricity purchasing and sales and/or the fair value risk from firm commitments. This means that only a portion of the total volume is hedged using derivative financial instruments. Hedging is carried out on a rolling basis. Either the entire price risk is hedged, or only a component of the risk. Components are hedged if the hedging instrument has a different market price zone than the hedged item. The difference between prices in different market price zones is observable on the market and amounted to an average of EUR 3.39 in the 2018/2019 fiscal year. The commercial relationship results either from almost identical parameters of hedging items or transactions (in particular base price, performance, term and price base), or the high correlation of prices in different market price zones in cases where only a component is hedged. A hedging ineffectiveness may result from temporal differences, price differences, different market price zones or the counterparty's credit risk. The qualitative and quantitative effectiveness of a hedge is determined on the basis of the hypothetical derivatives method.

Futures, forwards and swaps are used to hedge price risks from gas purchases and gas sales. The hedging aims at reducing the cash flow risk or fair value risk from firm commitments. The hedging volume is determined on the basis of the hedging strategy. Only a portion of the purchases and sales are hedged using derivative instruments. The commercial relationship either results from almost identical hedging items or transactions (in particular base price, performance, term and price base), or from the high correlation of prices in different market price zones if only a component is hedged. A hedging ineffectiveness may result from temporal differences, price differences, different market price zones or the counterparty's credit risk. The qualitative and quantitative effectiveness of a hedge is determined on the basis of the hypothetical derivatives method.

To a small extent, futures are used to hedge procurement and sales of CO_2 emissions allowances. The hedging aims at reducing the cash flow risk. Only a portion of the total volume is hedged on the basis of the hedging strategy. The commercial relationship results from almost identical hedging items or transactions (in particular base price, performance, term and price base). Ineffective hedges may result from temporal differences or the counterparties' credit risk. The qualitative and quantitative effectiveness of a hedge is determined on the basis of the hypothetical derivatives method.

Beyond that, gas-oil futures in US dollars and the corresponding foreign exchange contracts as well as gas-oil swaps are also concluded to hedge the price risks of purchasing fuel. The objective is to reduce the cash flow risk from fuel purchases. The hedging volume results from the hedging strategy and concerns only a portion of the fuel purchases. The commercial relationship is established on the basis of the parameters quantity, term and the evidence for the correlation of the prices of the hedging item and the hedging transaction. Ineffective hedges may result from temporal differences, price differences and the counterparties' credit risk. The qualitative and quantitative effectiveness of a hedge is determined on the basis of the hypothetical derivatives method.

The Group holds fair value hedges for firm commitments relating to transactions for procuring and supplying electricity.

Cash flow hedges are used to protect future cash flows. The Group also uses electricity, gas, CO_2, and gas-oil futures, as well as gas and gas-oil swaps, to hedge price risks; interest rate swaps are used to hedge the cash flow risks of variable-interest liabilities and foreign exchange contracts for US dollar hedging.

For cash flow hedges, the carrying amounts, nominal amounts and changes in fair values used for recognising an ineffective hedge are as follows:

30.09.2019	**Positive fair values** EUR 1,000	**Negative fair values** EUR 1,000	**Unit**	**Nominal amount**	**Change in the fair value for ineffectiveness measurement** EUR 1,000
Electricity futures, forwards – sales	22,609.1	-5,712.7	GWh	1,242.2	16,434.3
Gas futures, forwards and swaps – procurement	299.7	-2,649.4	GWh	2,399.5	-2,349.7
Gas-oil futures and swaps – procurement	9.1	-161.5	Tonnes	6,300.0	-152.4
Foreign exchange contracts	132.3	-21.1	USD mill.	1.9	111.2
CO_2 futures – sales	168.0	-1,826.5	Tonnes	387,000.0	-1,658.5
CO_2 futures – procurement	314.7	-1,503.6	Tonnes	719,000.0	-1,188.9
Interest rate swaps	–	-16,948.2	EUR mill.	83.3	-16,948.2
Total	**23,532.9**	**-28,823.0**			**-5,752.2**

The positive fair values of the derivatives are presented in the other non-current assets, in the receivables and other assets; negative fair values are presented in the other non-current and current liabilities.

The nominal and average hedging prices for cash flow hedges are as follows:

30.09.2019	Unit	2019	2020	2021	2022	> 2022
Electricity futures, forwards – sales						
Nominal amount	GWh	-134.0	1,059.2	141.3	175.7	–
Average price hedged	EUR	48.64	44.64	44.65	49.56	–
Gas futures, forwards and swaps – procurement						
Nominal amount	GWh	114.0	2,164.8	94.5	26.2	–
Average price hedged	EUR	19.09	18.12	19.30	19.54	–
Gas-oil futures and swaps – procurement						
Nominal amount	Tonnes	600.0	2,700.0	2,100.0	900.0	–
Average price hedged	EUR	575.63	538.00	570.07	549.25	–
Foreign exchange contracts						
Nominal amount	USD mill.	0.35	0.15	1.05	0.35	–
Average price hedged	USD/EUR	1.1642	1.1686	1.2021	1.2250	–
CO_2 futures – Sales CO_2 emissions allowances						
Nominal amount	Tonnes	387,000.0	–	–	–	–
Average price hedged	EUR	20.43	–	–	–	–
CO_2 futures – procurement CO_2 emissions allowances			–			
Nominal amount	Tonnes	719,000.0	–	–	–	–
Average price hedged	EUR	26.37	–	–	–	–
Interest rate swaps						
Nominal amount	EUR mill.	81.6	76.1	70.5	67.3	31.6
Average fixed interest rate	%	3.14	3.15	3.17	3.22	4.62

For fair value hedges, the carrying amounts, nominal amounts and changes in fair values used for recognising an ineffective hedge are as follows:

30.09.2019	Positive fair values EUR 1,000	Negative fair values EUR 1,000	Unit	Nominal amount	Change in the fair value for ineffectiveness measurement EUR 1,000
Electricity futures – sales	29.4	-120.5	GWh	59.8	-91.1
Gas futures – sales	5.0	-203.0	GWh	131.4	-198.0
Total	**34.4**	**-323.5**		**191.2**	**-289.1**

The nominal and average hedging prices for fair value hedges are as follows:

30.09.2019	Unit	2019	2020	2021	2022	> 2022
Electricity futures – sales						
Nominal amount	GWh	–	59.8	–	–	–
Average price hedged	EUR	–	56.13	–	–	–
Gas futures – sales						
Nominal amount	GWh	–	–	43.8	87.6	–
Average price hedged	EUR	–	–	19.95	19.18	–

The carrying amounts of the hedged items related to fair value hedges, the reserve for cash flow hedges and the change in the fair value for the determination of ineffective cash flow hedges and fair value hedges present are as follows:

30.09.2019	Change in the fair value for ineffectiveness measurement (cash flow hedges) EUR 1,000	Amount in the reserves for measurements of cash flow hedges closed derivatives EUR 1,000	Amount in the reserves for measurements of cash flow hedges open derivatives EUR 1,000	Change in the fair value for ineffectiveness measurement (fair value hedges) EUR 1,000	Carrying amount of the hedged item in fair value hedges closed derivatives EUR 1,000	Carrying amount of the hedged item in fair value hedges open derivatives EUR 1,000
Future electricity sales	16,781.0	-6,071.4	-16,896.4	227.8	0.6	227.8
Future gas sales	–	–	–	136.7	-838.9	136.7
Future gas purchases	-2,349.7	-1,014.4	2,349.8	–	–	–
Future diesel purchases	-31.4	-29.2	31.4	–	–	–
Future purchases of CO_2 emissions allowances	-2,847.4	–	2,847.4	–	–	–
Financial liabilities bearing variable interest	-16,948.2	125.8	16,948.2	–	–	–

The development of the reserves for cash flow hedges is as follows:

2018/2019	Hedging gains/ losses recognised in the other comprehensive income EUR 1,000	Ineffective hedges recognised through profit or loss EUR 1,000	Consolidated Statement of Comprehensive Income item in which ineffective hedge was recognised EUR 1,000	Transfers from reserves to profit or loss EUR 1,000	Consolidated Statement of Comprehensive Income item in which transfer was recognised EUR 1,000
Electricity futures, forwards – sales	-22,219.5	–	–	-14,353.0	Expenses for material and other purchased services
Gas futures, forwards and swaps – procurement	-4,820.6	–	–	1,262.1	Expenses for material and other purchased services
Gas-oil futures and swaps – procurement	-3.8	-15.0	Other operating expenses	-196.5	Other operating expenses
CO_2 futures – sales	-4,713.1	–	–	3,054.6	Sales revenues
CO_2 futures – procurement	-954.5	–	–	-234.4	Expenses for material and other purchased services
Foreign exchange contracts	107.9	–	–	–	–
Interest rate swaps	-5,627.2	10.6	Other interest income	3,026.8	Financing expenses
Total	**-38,230.8**	**-4.4**		**-7,440.4**	

The Energie AG group holds the following derivatives not dedicated to any hedging relationship.

30.09.2019	Nominal value		Positive fair values EUR 1,000	Negative fair values EUR 1,000
	Purchase	Sale		
Derivatives not designated as hedging instruments				
Electricity forwards	EUR 89.6 mill.	EUR 92.3 mill.	6,629.1	-6,570.0
Electricity futures	EUR 2.7 mill.	EUR 0.0 mill.	12.3	-46.1

Disclosures on the derivatives pursuant to IFRS 7 in connection with IAS 39:

The derivative financial instruments in the area of financing are composed as follows:

30.09.2018	Nominal value	Positive fair values EUR 1,000	Negative fair values EUR 1,000
Derivatives designated as cash flow hedging instruments			
Interest rate swaps	EUR 89.7 mill.	–	-14,246.0
Foreign exchange contracts	USD 0.2 mill.	6.4	-2.5
Derivatives not designated as hedging instruments			
Interest rate swaps bond 2005-2025 [1)]	EUR 75.0 mill.	2,272.5	–

1) Fixed interest payments have been converted to variable interest payments for the 2005-2025 bond. The variable interest rate payments were subsequently swapped back in fixed interest rate payments using derivative instruments. No risks for future cash flows result from this item.

The derivative financial instruments in the area of energy are composed as follows:

30.09.2018	Nominal value Purchase	Sale	Positive fair values EUR 1,000	Negative fair values EUR 1,000
Derivatives designated as cash flow hedging instruments				
Electricity futures	EUR 117.3 mill.	EUR 2.4 mill.	49,551.8	-2,754.2
Gas futures	EUR 3.0 mill.	EUR 0.0 mill.	1,032.1	–
CO_2 futures	EUR 0.0 mill.	EUR 2.9 mill.	9.0	-3,501.9
Gas oil futures	USD 0.2 mill.	USD 0.0 mill.	58.7	–
Gas swaps	EUR 6.6 mill.	EUR 0.0 mill.	2,261.7	-38.5
Aluminium/copper swaps	EUR 0.0 mill.	EUR 0.0 mill.	–	–
Derivatives designated as fair value hedging instruments				
Electricity futures	EUR 0.7 mill.	EUR 0.1 mill.	18.4	-37.5
Gas futures	EUR 3.6 mill.	EUR 0.0 mill.	538.4	-20.0
Derivatives not designated as hedging instruments				
Electricity forwards	EUR 68.7 mill.	EUR 68.7 mill.	31,533.9	-31,522.0
Gas forwards	EUR 0.0 mill.	EUR 3.6 mill.	–	-1,840.0
Gas futures	EUR 5.6 mill.	EUR 0.0 mill.	–	-203.4

Positive fair values are reported under other non-current and current assets, and negative fair values are reported under other non-current and current liabilities.

The electricity and gas hedging instruments are designated as fair value hedging instruments as illustrated above. In the 2017/2018 fiscal year, carrying amount adjustments for hedged items resulted in losses in the amount of EUR 148.8 thousand that are recognised in the operating result. Profits of EUR 148.8 thousand resulting from changes in the fair value of the hedging instruments are recognised in the operating result.

The following table shows the contractual maturities of payments (nominal values) from the hedged items to the cash flow hedges:

30.09.2018	Nominal value Purchase	Sale	Maturity
Hedge accounting			
Interest rate swaps	EUR 89.7 mill.	EUR 0.0 mill.	2018–2028
Foreign exchange contracts	USD 0.2 mill.	USD 0.0 mill.	2018
Electricity futures	EUR 117.3 mill.	EUR 2.4 mill.	2018–2022
Gas futures	EUR 3.0 mill.	EUR 0.0 mill.	2018–2020
CO_2 futures	EUR 0.0 mill.	EUR 2.9 mill.	2018–2019
Gas oil futures	USD 0.2 mill.	USD 0.0 mill.	2018
Gas swaps	EUR 6.6 mill.	EUR 0.0 mill.	2018–2021
Aluminium/copper swaps	EUR 0.0 mill.	EUR 0.0 mill.	–

24.2. Carrying amounts in accordance with IFRS 9

In accordance with IAS 9 or IAS 17, the carrying amounts of financial assets and liabilities are grouped into classes or measurement categories as follows:

	Categories acc. to IFRS 9	Carrying amount 30.09.2019 EUR 1,000
Investments		**23,308.0**
Shares in affiliated companies	FVOCI	2,094.5
Other investments	FVOCI	21,213.5
Other financial assets		**56,639.6**
Loans to companies in which an interest is held	AC	10,817.3
Other lendings	AC	5,559.7
Securities FVOCI	FVOCI	9,243.0
Securities FVPL	FVPL	31,019.6
Receivables and other financial assets (non-current and current) acc. to the Statement of Financial Position		**358,345.2**
Thereof non-financial assets		**38,490.1**
Thereof financial assets		**319,855.1**
Trade receivables	AC	254,399.0
Receivables from affiliated companies	AC	181.8
Receivables from joint arrangements and associated companies	AC	8,583.6
Derivatives designated as hedging instruments (cash flow hedge)	n/a	7,214.4
Derivatives not designated as hedging instruments	FVPL	6,629.1
Other financial assets	AC	42,847.2
Fixed term deposits and short-term investments	AC	**89,903.3**
Fixed term deposits and short-term investments	FVPL	**20,094.4**
Cash and cash equivalents	AC	**29,772.0**
Total financial assets		**539,572.4**

	Categories acc. to IFRS 9	Carrying amount 30.09.2019 EUR 1,000
Financial liabilities (non-current and current)		**455,742.7**
Bonds	FLAC	301,846.3
Liabilities to banks	FLAC	32,354.4
Liabilities from finance leases	IAS 17	46,249.4
Other financial liabilities	FLAC	75,292.6
Trade payables (current)	FLAC	**180,763.8**
Other liabilities (non-current and current) acc. to the Statement of Financial Position		**355,972.0**
Thereof non-financial liabilities		**276,057.3**
Thereof financial liabilities		**79,914.7**
Liabilities to affiliated companies	FLAC	15,053.4
Liabilities to joint arrangements and associated companies	FLAC	6,156.1
Derivatives designated as hedging instruments (cash flow hedge)	n/a	24,091.9
Derivatives not designated as hedging instruments	FVPL	6,570.0
Other financial liabilities (non-current and current)	FLAC	28,043.3
Total financial liabilities		**716,421.2**
Carrying amounts grouped to measurement categories according to IFRS 9		
Financial Assets at Amortised Costs (AC)		442,063.9
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)		32,551.0
Financial Assets at Fair Value through Profit or Loss (FVPL)		57,743.1
Financial Liabilities at Amortised Cost (FLAC)		639,509.9
Financial Liabilities at Fair Value through Profit or Loss (FVPL)		6,570.0

Please refer to section 2.1 for the carrying amounts of financial assets and liabilities as of 30 September 2018, grouped into classes or measurement categories in accordance with IAS 39 or IAS 17.

As of 30 September 2019, the Energie AG group holds interests in affiliated companies and other investments in the amount of EUR 23,308.0 thousand, as well as securities (shares) in the amount of EUR 9,243.0 thousand classified as "Financial Assets Through Other Comprehensive Income (FVOCI)". These investments are held for long-term, strategic purposes. The dividends from securities amounted to EUR 399.4 thousand in the 2018/2019 fiscal year, EUR 1,054.5 was received from investments.

No strategic investments were disposed of in the 2018/2019 fiscal year. No accumulated profits or losses were reassigned within equity.

Interests in non-consolidated affiliated companies and other investments were recognised as "Available for Sale at Cost". No price is quoted on any active market for these investments and their fair value can therefore not be measured with reliability. In the 2017/2018 fiscal year, a disposal of other investments (at cost) was recognised in the amount of EUR 163.1 thousand. The loss from the disposal of these assets amounted to EUR 108.0 thousand.

24.3. Offsetting of financial assets and liabilities

The following table shows the effect of netting agreements:

	30.09.2019			30.09.2018		
	Reported financial assets/ liabilities (net) EUR 1,000	Effects from offsetting framework agreements EUR 1,000	Net amounts EUR 1,000	Reported financial assets/ liabilities (net) EUR 1,000	Effects from offsetting framework agreements EUR 1,000	Net amounts EUR 1,000
Financial assets						
Trade receivables	254,399.0	-25,379.2	229,019.8	171,895.5	-18,207.8	153,687.7
Receivables from joint arrangements and associated companies	8,583.6	–	8,583.6	23,517.8	-333.8	23,184.0
Positive fair value of derivatives	13,843.5	-7,479.3	6,364.2	36,074.5	-20,337.8	15,736.7
Total	**276,826.1**	**-32,858.5**	**243,967.6**	**231,487.8**	**-38,879.4**	**192,608.4**
Financial liabilities						
Trade payables	180,763.8	-25,379.2	155,384.6	157,632.7	-18,207.8	139,424.9
Liabilities to joint arrangements and associated companies	6,156.1	–	6,156.1	92,821.3	-333.8	92,487.5
Negative fair value of derivatives	30,661.9	-7,479.3	23,182.6	47,649.0	-20,337.8	27,311.2
Total	**217,581.8**	**-32,858.5**	**184,723.3**	**298,103.0**	**-38,879.4**	**259,223.6**

At the Energie AG Oberösterreich Group, the derivative financial instruments and receivables/ payables presented above are concluded on the basis of standard agreements (e.g. ISDA, EFET, German Master Agreement for Financial Derivative Transactions), which, in the event of insolvency of a business partner, permit the offsetting of outstanding transactions. The criteria for netting in the balance sheet are not met, because either no net payments are being made or the legal enforceability of the netting agreements is uncertain.

24.4. Measurement at fair value

24.4.1. Fair value of financial assets and liabilities that are measured regularly at fair value

Pursuant to IFRS 13, financial instruments that are measured at fair value are classified within a fair value hierarchy. In view of possible uncertainties relating to possible estimates of the fair values, a distinction is made between three levels:

Level 1: Measurement on the basis of a published price quotation for identical assets or liabilities in an active market.

Level 2: Measurement on the basis of inputs that are observable either directly or indirectly in the market and measurements based on prices quoted in inactive markets.

Level 3: Measurement on the basis of inputs not observable in the market.

If the inputs used to determine the fair value of an asset or liability are attributable to different levels of the fair value hierarchy, the measurement at fair value is wholly assigned to the fair value hierarchy level that corresponds to the lowest input which, in the aggregate, is material for the measurement.

The financial instruments measured at fair value are assigned to levels 1 to 3 according to IFRS 9:

30.09.2019	**Carrying amount acc. to IFRS 9** EUR 1,000	**Measurement at market prices Level 1** EUR 1,000	**Measurement on the basis of inputs observable on the market Level 2** EUR 1,000	**Other measurement methods Level 3** EUR 1,000	**Total fair value** EUR 1,000
Assets					
Shares in affiliated companies (FVOCI)	2,094.5	–	–	2,094.5	2,094.5
Other investments (FVOCI)	21,213.5	1,097.1	–	20,116.4	21,213.5
Securities (FVOCI)	9,243.0	9,243.0	–	–	9,243.0
Securities (FVPL)	31,019.6	31,019.6	–	–	31,019.6
Derivatives designated as hedging instruments (cash flow hedge)	7,214.4	–	7,214.4	–	7,214.4
Derivatives not designated as hedging instruments (FVPL)	6,629.1	–	6,629.1	–	6,629.1
Fixed term deposits and short-term investments (FVPL)	20,094.4	20,094.4	–	–	20,094.4
Total	**97,508.5**	**61,454.1**	**13,843.5**	**22,210.9**	**97,508.5**
Liabilities					
Derivatives designated as hedging instruments (cash flow hedge)	24,091.9	–	24,091.9	–	24,091.9
Derivatives not designated as hedging instruments (FVPL)	6,570.0	–	6,570.0	–	6,570.0
Total	**30,661.9**	**–**	**30,661.9**	**–**	**30,661.9**

Level 3 financial instruments have developed as follows:

	2018/2019 EUR 1,000
Carrying amount as of 01.10.	10,631.6
Initial application IFRS 9	4,702.0
Gains (losses) – not recognised in profit or loss	6,877.6
Transfers	0.7
Exchange differences	-1.0
Carrying amount 30.09.	**22,210.9**

The upward revaluation resulting from the initial application of IFRS 9 in the amount of EUR 4,702.0 thousand and the appreciation in the amount of EUR 6,877.6 thousand refer to the most important item of Other Investments (FVOCI). The fair value of this other investment is determined using a measurement method based on capitalisation of earnings. Essential input factors are the cash flow assumptions from mid-term planning and the discount rate. The appreciation was recognised as other comprehensive income in the item “Change in value of investments and securities FVOCI”.

An increase (reduction) of the cash flow assumptions by 25% would have resulted in an increase (reduction) of the OCI in the amount of EUR 3,085.7 thousand (EUR -3,085.7 thousand). An increase (reduction) of the discount rate by 50 basis points would have resulted in a reduction (increase) of the OCI in the amount of EUR -786.2 thousand (EUR 900.9 thousand).

The financial instruments measured at fair value are assigned to levels 1 to 2 according to IAS 39:

30.09.2018	**Carrying amount acc. to IAS 39** EUR 1,000	**Measurement at market prices Level 1** EUR 1,000	**Measurement on the basis of inputs observable on the market Level 2** EUR 1,000	**Total fair value** EUR 1,000
Assets				
Investments (available for sale)	927.1	927.1	–	927.1
Securities (available for sale)	17,972.8	15,656.9	2,315.9	17,972.8
Securities (fair value option)	28,382.0	28,382.0	–	28,382.0
Fixed term deposits and current investments	39,917.6	39,917.6	–	39,917.6
Derivatives designated as hedging instruments (cash flow hedges)	2,268.1	–	2,268.1	2,268.1
Derivatives not designated as hedging instruments	33,806.4	–	33,806.4	33,806.4
Total	**123,274.0**	**84,883.6**	**38,390.4**	**123,274.0**
Liabilities				
Derivatives designated as hedging instruments (cash flow hedges)	14,287.1	–	14,287.1	14,287.1
Derivatives not designated as hedging instruments	33,361.9	–	33,361.9	33,361.9
Total	**47,649.0**	**–**	**47,649.0**	**47,649.0**

24.4.2. Valuation techniques and input used in measuring fair values

In general, the fair values of the financial assets and liabilities correspond to their market prices on the reporting date. If active market prices are not directly available, then – if they are not of minor significance – they are calculated using recognised actuarial measurement models and current market parameters (in particular interest rates, exchange rates and the credit rating of contractual partners). This is done by discounting the cash flows from the financial instruments to the reporting date.

The following valuation parameters and inputs were used:

Financial instruments	Level	Valuation techniques	Inputs
Other investment	3	Capital value-oriented	Assumptions concerning cash flows, interest rates, mid-term planning
Listed securities, mutual funds	1	Market value-oriented	Nominal values, stock market price, net asset value
Foreign exchange contracts	2	Capital value-oriented	Exchange rates, interest rates, credit risk of the contractual partners
Listed energy futures	1	Market value-oriented	Settlement price determined at stock exchange
Non-listed energy forwards	2	Capital value-oriented	Forward price curve derived from stock exchange prices, interest rate curve, credit risk of contractual partners on a net basis
Interest rate swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners
Gas and gas-oil swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners

24.4.3. Fair values of financial assets and liabilities that are not measured regularly at fair value, however for which the fair value must be disclosed

The items trade receivables, receivables from affiliated companies, receivables from joint arrangements and associated companies, other financial assets, as well as fixed term deposits and current investments are characterised by predominantly short remaining terms. This means that their carrying amounts as of the reporting date roughly represent their fair value. If they are material and do not have a variable interest rate, then the fair value of non-current lendings corresponds to the present value of the payments associated with the assets, taking into consideration the current market parameters in each case (interest rates, credit spreads).

Trade payables, liabilities to affiliated companies, liabilities to joint arrangements and associated companies and other financial liabilities usually have short remaining terms. The values on the balance sheet are approximately the fair values. If they are material and do not bear interest at a variable rate, the fair value of financial liabilities is determined using the present value of the payments associated with the liabilities, taking into consideration the respectively applicable market parameters (interest rates, credit spreads).

The following financial assets and liabilities have a fair value different from the carrying amount:

	Categories acc. to IFRS 9	Carrying amount 30.09.2018 EUR 1,000	Fair value 30.09.2019 EUR 1,000	Level
Assets				
Other financial assets		**16,377.0**	**19,044.9**	
Loans to companies in which an interest is held	AC	10,817.3	13,293.9	Level 3
Other lendings	AC	5,559.7	5,751.0	Level 3
Liabilities				
Financial liabilities		**409,493.3**	**496,521.6**	
Bonds	FLAC	301,846.3	370,845.0	Level 1
Liabilities to banks	FLAC	32,354.4	33,441.9	Level 3
Other financial liabilities	FLAC	75,292.6	92,234.7	Level 3

	Categories acc. to IAS 39	Carrying amount 30.09.2018 EUR 1,000	Fair value 30.09.2018 EUR 1,000	Level
Assets				
Other financial assets		**18,926.0**	**20,939.4**	
Loans to companies in which an interest is held	LaR	12,618.4	14,516.1	Level 3
Other lendings	LaR	6,307.6	6,423.3	Level 3
Liabilities				
Financial liabilities		**406,139.8**	**484,270.5**	
Bonds	FLAC	302,125.1	366,000.0	Level 1
Liabilities to banks	FLAC	29,266.0	30,856.5	Level 3
Other financial liabilities	FLAC	74,748.7	87,414.0	Level 3

The fair value of the Level 3 financial assets given above were determined in agreement with generally accepted valuation techniques based on discounted cash flow analyses. Material input is the discount rate, which takes into account the default risk of the counterparty.

24.5. Net result

The net result from financial instruments is grouped in the different classes of financial instruments as follows:

Net result under IFRS 9

	2018/2019 EUR 1,000
Financial Assets at Amortised Cost	288.4
Financial Assets at Fair Value through Other Comprehensive Income	1,798.0
Financial Assets at Fair Value through Profit or Loss	1,428.2
Financial Assets/Liabilities at Fair Value through Profit or Loss	951.7
Financial liabilities measured at amortised cost	-16,492.3
Net result	**-12,026.0**
Interest income and expenses from financial instruments measured at amortised costs:	
Total interest income	770.7
Total interest expense	-16,492.3

Net result under IAS 39

	2017/2018 EUR 1,000
Loans and receivables	226.2
Available for sale financial assets	6,651.7
Financial Assets at Fair Value through Profit or Loss (FV Option)	-146.0
Financial assets/liabilities at fair value through profit or loss (trading)	-844.2
Financial liabilities measured at amortised cost	-16,167.9
Net result	**-10,280.2**
Interest income and expenses from financial instruments measured at amortised costs:	
Total interest income	1,000.6
Total interest expense	-16,167.9

The net result for the category Financial Assets at Amortised Cost (AC) (previous year: Loans and Receivables) mainly includes interest income from invested money and lendings and is recognised in the financial result. This item also includes revenues from the reversal of impairments and expected credit losses, income from the receipt of receivables that had previously been written off, as well as expenses from impairments, expected credit losses and write-offs for trade receivables recognised in the operating income.

The net result of the category Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) (previous year: Available for Sale Financial Assets) shows the measurement result for the investments and securities measured outside of profit or loss. Income from investments (previous year: income from investments and income from disposals and impairments) and dividends from securities are reported in the other financial income.

The net income of the category Financial Assets at Fair Value through Profit or Loss (FVPL) (previous year: Financial Assets at Fair Value through Profit or Loss (FV Option) and Available for Sale Financial Assets) mainly includes earnings from remeasurement and earnings from disposals, as well as dividends from securities and income from the remeasurement of money market funds and is shown in other financial income.

The net result of the category Financial Assets at Fair Value through Profit or Loss (FVPL) and Financial Liabilities at Fair Value through Profit or Loss (FVPL) (previous year: Financial Assets und Financial Liabilities at Fair Value through Profit or Loss (Held for Trading)) results mainly from the derivative instruments used by Energie AG. The measured value of derivative instruments in the Energy segment is recognised in the operating result (previous year: measured value of the interest rate derivative instruments recognised in the financial result.

The net result of the category Financial Liabilities at Amortised Cost (previous year: Financial Liabilities Measured at Amortised Cost) mainly includes interest expenses from financial liabilities and is part of the financial result.

24.6. Financial risk management

24.6.1. Principles of financial risk management

Due to its business activities and the financial transactions it conducts, the Energie AG Group is exposed to various risks. These risks primarily include currency and interest rate risks, liquidity risks, default risks, price risks from securities, and price risks in the commodity sector (energy sector price risks).

Energy sector risks are managed by Energie AG Oberösterreich Trading GmbH, and financial risks are managed centrally by Group Treasury, which is also responsible for any hedging measures for all Group companies. Hedging against energy sector risks is handled on the basis of an internal policy on conducting energy sector hedging transactions. A financial management guideline for the Group (Treasury Policy), in which the main goals, principles and distribution of duties in the Group are set out, serves as a basis for the management of financial risks.

Hedging against energy sector and financial risks is also handled using derivative financial instruments. Transactions of this type are on principle only carried out with counterparties with very good credit ratings in order to minimise the risk of default.

24.6.2. Currency risk

The foreign exchange risks Energie AG Group result from financing provided in foreign currencies and the translation risk from the conversion of foreign Group companies into the Group currency (Czech Republic and Hungary).

For the foreign exchange risk of financial instruments, sensitivity analyses were carried out which show the effects of hypothetical changes in exchange rates on result (after taxes) and equity. The affected holdings as of the reporting date were used as a basis (CZK 198.9 million, HUF 2.7 billion, USD 1.9 million), (previous year: CZK 439.0 million, HUF 2.7 billion, USD 0.6 million). Here it was assumed that the risk on the reporting date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular interest rates, remain constant. In the analysis, the currency risks for financial instruments that are denominated in a currency different from the functional currency and are of a monetary nature were included. Differences resulting from the exchange rate in translating financial statements into the Group currency were not taken into consideration.

Following the aforementioned assumptions, an upward revaluation of the Euro by 10% against all other currencies on the reporting date would result in lower earnings (after taxes) by EUR 612.1 thousand (previous year: EUR 668.7 thousand) and a reduction in equity by EUR 1,268.8 thousand (previous year: EUR 1,767.8 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the currency-related translation effects of net investments and hedge accounting in the amount of EUR 656.7 thousand (previous year: EUR 1,099.1 thousand).

Following the aforementioned assumptions, a downward revaluation of the Euro by 10% against all other currencies on the reporting date would result in increased earnings (after taxes) by EUR 748.2 thousand (previous year: EUR 817.3 thousand) and an increase in equity by EUR 1,644.6 thousand (previous year: EUR 2,160.7 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the currency-related translation effects of net investments and hedge accounting in the amount of EUR 896.4 thousand (previous year: EUR 1,343.3 thousand).

24.6.3. Interest rate risk

The Energie AG Group holds interest rate-sensitive financial instruments in order to meet the requirements of operational and strategic liquidity management. Interest rate change risks mainly result from financial instruments with variable interest rates (cash flow risk). Interest rate risks result in particular from:

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Cash in bank	29,772.0	101,436.6
Variable rate lendings	3,976.7	4,159.1
Variable rate loans	-90,251.9	-183,349.5
Net risk before hedge accounting	**-56,503.2**	**-77,753.8**
Hedge accounting and interest rate derivatives	51,709.3	58,078.2
Net risk after hedge accounting and interest derivatives	**-4,793.9**	**-19,675.6**

For the interest rate risks of these financial instruments, sensitivity analyses were carried out which show the effects of hypothetical changes in market interest rates on result (after taxes) and equity. The affected holdings as of the reporting date were used as a basis. Here it was assumed that the risk on the reporting date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular exchange rates, remain constant.

Following the aforementioned assumptions, an increase in the market interest rate by 50 basis points on the reporting date would result in lower earnings (after taxes) by EUR 18.0 thousand (previous year: EUR 73.8 thousand) and an increase in equity in the amount of EUR 1,896.5 thousand (previous year: EUR 2,059.1 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the interest rate-related cash flow hedge reserve in the amount of EUR 1,914.5 thousand (previous year: EUR 2,132.9 thousand).

Following the aforementioned assumptions, a decrease in the market interest rate by 50 basis points on the reporting date would result in increased earnings (after taxes) by EUR 18.0 thousand (previous year: decrease by EUR 73.8 thousand) and a reduction in equity in the amount of EUR 1,980.0 thousand (previous year: EUR 2,157.5 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the interest rate-related cash flow hedge reserve in the amount of EUR 1,998.0 thousand (previous year: EUR 2,231.03 thousand).

24.6.4. Commodity price risk

Commodity price risks arise primarily through the procurement and sale of electricity and gas. Beyond that price risks arise for Energie AG Oberösterreich due to speculative positions taken in proprietary trading. Proprietary trading is only carried out within very tightly defined limits. and the risk can therefore be considered immaterial.

Hedging instruments are used for electrical energy and gas to hedge against energy industry risks.

For the commodity price risks, sensitivity analyses were carried out which show the effect of hypothetical changes in the fair value level on result (after taxes) and equity. The affected derivative holdings in the area of energy as of the reporting date were used as a basis. Here it was assumed that the risk on the reporting date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular exchange rates, remain constant. Not taken into consideration are contracts which are for the purpose of the receipt or delivery of non-financial items according to the expected purchase, sale and use requirements of the company (own use) and which therefore are not to be reported according to IAS 39/IFRS 9, with the exception of onerous contacts.

Sensitivity of derivative contracts regarding the electricity price:

Following the aforementioned assumptions, a 15% increase (decrease) in the fair value level as of the reporting date would result in a decrease (increase) in profit (after taxes) by EUR 0.0 thousand (previous year: EUR 0.0 thousand) and an increase (decrease) in equity by EUR 6,699.9 thousand (previous year: EUR 18,189.6 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the electricity-price-related cash flow hedge reserve in the amount of EUR 6,699.9 thousand (previous year: EUR 18,189.6 thousand).

Sensitivity of derivative contracts with regard to the prices for gas and diesel (gas-oil):

Following the aforementioned assumptions, a 25% increase (decrease) in the fair value level as of the reporting date would result in an increase (decrease) in profit (after taxes) by EUR 0.0 thousand (previous year: EUR 0.0 thousand) and an increase (decrease) in equity by EUR 8,517.1 thousand (previous year: EUR 2,457.5 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the gas-price-related cash flow hedge reserve in the amount of EUR 8,517.1 thousand (previous year: EUR 2,457.5 thousand).

24.6.5. Market risk from securities measured at fair value

The Energie AG Oberösterreich Group holds securities and funds that result in price change risks for the company. The fluctuation risk of the securities held is limited by a conservative investment policy and ongoing monitoring, as well as ongoing quantification of the risk potential.

A sensitivity analysis carried out for the price risks from securities established the effect of hypothetical changes in the market price level on earnings (after taxes) and equity. This was based on the corresponding financial instruments “At Fair Value through Other Comprehensive Income” (previous year: “Available for Sale”) and “At Fair Value through Profit or Loss” (previous year: “At Fair Value through Profit or Loss” (Fair Value Option))” held at the reporting date. Here it was assumed that the risk on the reporting date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other inputs, such as the currency, remain constant.

Following the aforementioned assumptions, a 15% increase (decrease) in the fair value level as of the reporting date would result in an increase (decrease) in profit (after taxes) in the amount of EUR 5,750.3 thousand (previous year: EUR 3,193.0 thousand) and in equity in the amount of EUR 6,913.6 thousand (previous year: EUR 5,319.2 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the market-price-level-related OCI reserve (previous year: Available for Sale reserve) in the amount of EUR 1,163.3 thousand (previous year: EUR 2,126.2 thousand).

24.6.6. Credit risk

Credit risks arise for the Energie AG Group due to non-fulfilment of contractual agreements by counterparties.

The credit risk is limited by performing regular credit assessments of the customer portfolio. In the area of financial and energy trading, transactions are only conducted with counterparties with a first-class credit rating. In addition, the risks are mitigated by limit systems and monitoring.

At Energie AG Oberösterreich, the maximum credit risk corresponds to the carrying amount of the reported financial assets plus the contingent liabilities listed in section 32.

A low credit risk is assumed for derivatives and other instruments accounted for at fair value. Netting agreements are used to reduce the credit risks attached to derivatives.

The carrying amounts of the financial assets are composed as follows:

	Carrying amount 30.09.2019 EUR 1,000	Thereof: not impaired or overdue as of the reporting date EUR 1,000	Thereof: neither impaired nor past due in the following maturity ranges Less than 30 days EUR 1,000	Between 30 and 60 days EUR 1,000	Between 60 and 90 days EUR 1,000	More than 90 days EUR 1,000	Thereof: not impaired as of the reporting date EUR 1,000
Receivables and other financial assets (non-current and current)	**306,011.6**	**288,212.1**	**8,843.3**	**1,163.3**	**660.4**	**1,284.9**	**5,847.6**
Trade receivables	254,399.0	240,073.2	8,831.3	1,087.5	660.4	1,284.9	2,461.7
Receivables from affiliated companies	181.8	181.8	–	–	–	–	–
Receivables from joint arrangements and associated companies	8,583.6	8,571.8	11.8	–	–	–	–
Other financial assets	42,847.2	39,385.3	0.2	75.8	–	–	3,385.9
Total	**306,011.6**	**288,212.1**	**8,843.3**	**1,163.3**	**660.4**	**1,284.9**	**5,847.6**

	Carrying amount 30.09.2018 EUR 1,000	Thereof: not impaired or overdue as of the reporting date EUR 1,000	Thereof: neither impaired nor past due in the following maturity ranges: Less than 30 days EUR 1,000	Between 30 and 60 days EUR 1,000	Between 60 and 90 days EUR 1,000	More than 90 days EUR 1,000	Thereof: not impaired as of the reporting date EUR 1,000
Receivables and other financial assets (non-current and current)	**225,106.0**	**211,647.2**	**5,798.4**	**898.0**	**382.3**	**1,039.5**	**5,340.6**
Trade receivables	171,895.5	162,240.5	5,797.3	679.3	382.3	1,039.5	1,756.6
Receivables from affiliated companies	295.7	295.7	–	–	–	–	–
Receivables from joint arrangements and associated companies	23,517.8	23,517.8	–	–	–	–	–
Other financial assets	29,397.0	25,593.2	1.1	218.7	–	–	3,584.0
Total	**225,106.0**	**211,647.2**	**5,798.4**	**898.0**	**382.3**	**1,039.5**	**5,340.6**

The changes in impairments of financial assets were as follows:

	Balance 01.10.2018 EUR 1,000	Initial application IFRS 9 EUR 1,000	Change in scope of consolidation EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversals EUR 1,000	Currency conversion EUR 1,000	Balance 30.09.2019 EUR 1,000
Other financial assets	**422.2**	**-385.9**	**-36.3**	**–**	**–**	**–**	**–**	**–**
Loans to affiliated companies	36.3	–	-36.3	–	–	–	–	–
Securities (available for sale)	385.9	-385.9	–	–	–	–	–	–
Receivables and other financial assets (non-current and current)	**8,664.7**	**–**	**770.0**	**703.3**	**-309.8**	**-511.5**	**-1.1**	**9,315.6**
Trade receivables	8,577.3	–	770.7	703.3	-309.8	-507.9	-1.0	9,232.6
Other financial assets	87.4	–	-0.7	–	–	-3.6	-0.1	83.0
Total	**9,086.9**	**-385.9**	**733.7**	**703.3**	**-309.8**	**-511.5**	**-1.1**	**9,315.6**

	Balance 01.10.2017 EUR 1,000	Change in scope of consolidation EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversals EUR 1,000	Currency conversion EUR 1,000	Balance 30.09.2018 EUR 1,000
Other financial assets	**424.4**	**–**	**–**	**-2.6**	**–**	**0.4**	**422.2**
Loans to affiliated companies	38.5	–	–	-2.6	–	0.4	36.3
Securities (available for sale)	385.9	–	–	–	–	–	385.9
Receivables and other financial assets (non-current and current)	**9,327.4**	**21.6**	**486.9**	**-96.7**	**-1,079.5**	**5.0**	**8,664.7**
Trade receivables	9,233.5	21.6	486.2	-96.7	-1,071.5	4.2	8,577.3
Other financial assets	93.9	–	0.7	–	-8.0	0.8	87.4
Total	**9,751.8**	**21.6**	**486.9**	**-99.3**	**-1,079.5**	**5.4**	**9,086.9**

The expenses for complete derecognition of receivables amount to EUR 495.1 thousand (previous year: EUR 1,402.6 thousand). The revenue from the receipt of derecognised receivables amount to EUR 26.6 thousand (previous year: EUR 21.4 thousand). The expense from additions to impairments in the fiscal year amounts to EUR 191.8 thousand (previous year: impairment reversals EUR -592.6 thousand) for financial assets classified as "Financial Assets at Amortised Cost (AC)" (previous year: "Loans and Receivables").

With regard to the holdings of financial trade and other receivables that are neither impaired nor in default, there are no indications as of the reporting date that the debtors will not meet their payment obligations. For the financial assets not listed in the above tables, there are no material delinquencies or impairments, and there are no indications that the debtors will not meet their payment obligations.

Individual impairments are made up of a number of individual items, of which none is material when considered by itself. In addition, impairments graduated by risk groups are recognised to provide for general credit risks.

Pursuant to the expected credit loss model described in IFRS 9, expected credit losses must also be recognised for financial assets "At Amortised Cost" (AC). For the 2018/2019 fiscal year, these expected credit losses are as follows:

	Initial appli-action IFRS 9 EUR 1,000	Change in scope of consolidation EUR 1,000	Additions EUR 1,000	Reversals EUR 1,000	Balance 30.09.2019 EUR 1,000
Other financial assets	**143.7**	**-85.6**	**57.1**	**-24.9**	**90.3**
Loans to companies in which interest is held	120.5	-77.2	47.3	-23.5	67.1
Other lendings	23.2	-8.4	9.8	-1.4	23.2
Receivables and other financial assets (non-current and current)	**266.7**	**94.0**	**137.1**	**-98.8**	**399.0**
Trade receivables	266.7	94.0	137.1	-98.8	399.0
Fixed term deposits and short-term investments	**242.2**	**–**	**21.2**	**-147.2**	**116.2**
Fixed term deposits	242.2	–	21.2	-147.2	116.2
Total	**652.6**	**8.4**	**215.4**	**-270.9**	**605.5**

For trade receivables and receivables from subsidiaries that are essentially comprised of trade receivables, the credit losses expected over the term are measured using an impairment matrix. In the case of lendings, fixed term deposits, cash and cash equivalents, the expected credit losses are assessed for a 12-month period due to the credit risk remaining essentially unchanged, or because a low credit risk is assumed on the basis of the counterparty's current rating. Any change in the credit risk is ascertained by monitoring the rating. For the purpose of reflecting an assumed recovery rate, the expected losses include the Loss Given Default (LGD), unless the instrument is of diminished creditworthiness. The estimated losses are in this case ascertained on the basis of the estimated expected cash flows and the originally effective interest rate.

24.6.7. Liquidity risk

A liquidity risk would exist when liquidity reserves or debt capacity were insufficient to meet financial obligations on time. Due to anticipatory liquidity planning and the liquidity reserves that are held, the liquidity risk is considered very low for the Energie AG Group. In addition, open lines of bank credit and on the capital market are also drawn on as sources for financing. Measures aimed at assuring an appropriate capital structure and a conservative financial profile assist the company in maintaining its current "A" rating.

All financial instruments held on the reporting date and for which payments are contractually agreed upon are consolidated. Plan figures for new, future financial liabilities are not included. An average remaining term of 12 months is assumed for the current operating loans; the loan terms are however extended regularly and are, from a commercial prospective, available for longer than the stated periods. Foreign currency amounts are translated at the spot rate as of the reporting date. Variable interest payments from financial instruments are determined based on the last interest rates set before the reporting date. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity range.

	Carrying amount 30.09.2019 EUR 1,000	Cash flows 2019/2020		Cash flows 2020/2021 to 2023/2024		Cash flows from 2024/2025	
		Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000
Financial liabilities (non-current and current)	**455,742.7**	**16,036.5**	**27,313.1**	**62,280.9**	**82,022.9**	**17,265.7**	**348,060.1**
Bonds	301,846.3	13,500.0	0.2	54,000.0	–	5,625.0	302,813.3
Liabilities to banks	32,354.4	569.8	23,698.0	529.9	4,935.4	873.9	4,407.2
Liabilities from finance leases	46,249.4	-227.2	2,849.3	-456.2	43,400.1	–	–
Other financial liabilities	75,292.6	2,193.9	765.6	8,207.2	33,687.4	10,766.8	40,839.6
Trade payables (current)	**180,763.8**	**–**	**180,763.8**	**–**	**–**	**–**	**–**
Other liabilities (non-current and current) acc. to the Statement of Financial Position	**355,972.0**						
Thereof non-financial liabilities	**276,057.3**						
Thereof financial liabilities	**79,914.7**	**2,837.1**	**54,624.2**	**8,418.7**	**7,097.7**	**6,200.9**	**1,244.6**
Liabilities to affiliated companies	15,053.4	–	15,053.4	–	–	–	–
Liabilities to joint arrangements and associated companies	6,156.1	–	6,156.1	–	–	–	–
Derivatives designated as hedging instruments (cash flow hedges)	24,091.9	2,837.1	6,659.5	8,418.7	484.2	6,200.9	–
Derivatives not designated as hedging instruments	6,570.0	–	5,296.4	–	1,273.6	–	–
Other financial liabilities (non-current and current)	28,043.3	–	21,458.8	–	5,339.9	–	1,244.6
Total	**716,421.2**	**18,873.6**	**262,701.1**	**70,699.6**	**89,120.6**	**23,466.6**	**349,304.7**

	Carrying amount 30.09.2018 EUR 1,000	Cash flows 2018/2019 Interest EUR 1,000	Cash flows 2018/2019 Repayments EUR 1,000	Cash flows 2019/2020 to 2022/2023 Interest EUR 1,000	Cash flows 2019/2020 to 2022/2023 Repayments EUR 1,000	Cash flows from 2023/2024 Interest EUR 1,000	Cash flows from 2023/2024 Repayments EUR 1,000
Financial liabilities (non-current and current)	**455,112.6**	**16,261.3**	**26,229.8**	**62,833.4**	**83,832.5**	**32,637.6**	**346,951.1**
Bonds	302,125.1	13,500.0	0.2	54,000.0	–	19,125.0	303,270.5
Liabilities to banks	29,266.0	626.9	5,627.6	740.6	21,803.7	212.5	2,589.9
Liabilities from finance leases	48,972.8	-96.4	2,723.4	-274.5	46,249.4	–	–
Other financial liabilities	74,748.7	2,230.8	17,878.6	8,367.3	15,779.4	13,300.1	41,090.7
Trade payables (current)	**157,632.7**	**–**	**157,632.7**	**–**	**–**	**–**	**–**
Other liabilities (non-current and current) acc. to the Statement of Financial Position	**458,026.4**						
Thereof non-financial liabilities	**241,629.5**						
Thereof financial liabilities	**216,396.9**	**3,051.6**	**186,903.2**	**9,577.4**	**12,488.1**	**7,576.4**	**2,759.5**
Liabilities to affiliated companies	18,219.1	–	18,219.1	–	–	–	–
Liabilities to joint arrangements and associated companies	92,821.3	–	92,821.3	–	–	–	–
Derivatives designated as hedging instruments (cash flow hedges)	14,287.1	3,051.6	41.0	9,577.4	–	7,576.4	–
Derivatives not designated as hedging instruments	33,361.9	–	26,936.4	–	6,425.5	–	–
Other financial liabilities (non-current and current)	57,707.5	–	48,885.4	–	6,062.6	–	2,759.5
Total	**829,142.2**	**19,312.9**	**370,765.7**	**72,410.8**	**96,320.6**	**40,214.0**	**349,710.6**

24.7. Development and terms of the most significant financial liabilities

	EUR 1,000	EUR 1,000
Financial liabilities 30.09.2019		
Non-current	428,882.8	
Current	26,229.8	455,112.6
Change in scope of consolidation		6,902.0
Principal repayment of loan for CCGT power plant Timelkam GmbH		-5,250.0
Other changes in financial liabilities		-1,021.9
Financial liabilities 30.09.2019		
Non-current	428,429.6	
Current	27,313.1	455,742.7

Energie AG Oberösterreich:

4.5% Energie AG OOe. Bond 2005-25 ISIN: XS0213737702 Volume: EUR 300,000,000
Coupon: 4 March.

Registered bond 2010-2030, 4.75%, Volume: EUR 40,000,000

25. Non-current provisions

	30.09.2019 EUR 1,000	**30.09.2018** EUR 1,000
Provisions for pensions	123,308.6	106,567.0
Provisions for severance payments	99,111.2	86,958.2
Provisions for anniversary bonuses	23,592.6	20,004.9
Provisions for stepped pension and early retirement benefits	30,020.5	33,904.2
Other provisions	32,060.2	31,486.1
	308,093.1	**278,920.4**

For the most part, the provisions for pensions, severance payments and anniversary bonuses have a term that is more than five years. The provision for stepped pension and early retirement benefits will lead to payment outflows within the next five fiscal years, for the most part.

The following assumptions were made in calculating the personnel provisions:

	2018/2019 %	2017/2018 %
Discount rate	0.9	1.8
Salary trend	3.0	3.0
Pension trend	2.0	2.0
Expected return on plan assets	0.9	1.8

Biometric calculations were based on the AVÖ 2018 P calculation principles for pension funds from the Actuarial Association of Austria. The statutory retirement age was used as a basis.

A fluctuation ranging from 0% to 11.66% (previous year: 0% to 11.69%) is assumed, staggered according to length of service with the company.

25.1. Provisions for pensions and similar provisions

Company agreements and commitments under individual contracts have incurred an obligation to pay pensions upon retirement to certain staff members who joined the company prior to 30 September 1996 and have accepted neither full nor partial compensation of their claims to direct payments. Beyond that, there is an obligation to pay pensions to certain staff members who retired before 1 July 1998.

For this group of people, a pension provision has been created in line with IAS 19 (Employee Benefits) using the projected unit credit method of actuarial valuation.

The Group has an obligation to make additional contributions for defined retirement benefit plan obligations that were transferred to the Group's pension fund.

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Present value of retirement benefit obligations (DBO) as of 01.10.	121,674.4	118,634.7
+ Merger	4,532.0	–
+ Current service costs	523.8	527.6
+ Interest expense	2,184.1	2,147.8
- Retirement benefits payments	-7,408.3	-7,351.1
(-)/+ Remeasurement – actuarial (gains)/losses:		
Due to experience-based adjustments	1,494.7	-2,212.9
Due to changes in demographic assumptions	-6.9	7,533.0
Due to changes in financial assumptions	14,573.6	2,395.3
Present value of retirement benefit obligations (DBO) as of 30.09	**137,567.4**	**121,674.4**
- Fair value of fund assets	-14,258.8	-15,107.4
Recognised pension provisions as of 30.09.	**123,308.6**	**106,567.0**

Changes in fund assets

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Plan assets as of 01.10.	15,107.4	15,655.1
+/(-) Interst income/expenses for plan assets	256.0	276.6
+ Contributions to fund	653.7	–
- Payments from fund	-943.5	-1,474.0
+/(-) Asset gain/loss	-814.8	649.7
Plan assets as of 30.09	**14,258.8**	**15,107.4**

Actual return on plan assets amounts to EUR -302.3 thousand (previous year: EUR 586.4 thousand).

The fund assets break down as follows:

	30.09.2019 %	30.09.2018 %
Shares	30.4	38.8
Bonds	54.2	42.1
Money market	6.5	12.1
Other investments	8.9	7.0
Total	**100.0**	**100.0**

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Service costs	523.8	527.6
Net interest expense	1,928.1	1,871.2
Retirement benefits expense (recognised in profit or loss for the period)	**2,451.9**	**2,398.8**
Revaluations of retirement benefit obligations	16,876.2	7,065.7
Retirement benefits expense (recognised in other comprehensive income)	**19,328.1**	**9,464.5**

The present value of the defined retirement benefit plan obligations is distributed over the individual groups of employees entitled to pension benefits as follows:

	30.09.2019 %	30.09.2018 %
Active	18.1	17.3
Vested	1.8	3.2
Retired	80.1	79.5
	100.0	**100.0**

As of 30 September 2019, the weighted average remaining term of the defined benefit plan obligations was 13.0 years (previous year: 12.7 years).

Pension payments for the 2019/2020 fiscal year are expected to amount to EUR 7,409.8 thousand.

An increase or decrease in the material actuarial assumptions would have the following effects on the present value of the pension obligations:

Sensitivity analyses

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Remaining life expectancy		
Change by +1 year	8,504.1	6,954.9
Change by -1 year	-8,862.7	-7,286.4
Discount rate		
Change by +0.5%	-8,443.5	-7,130.1
Change by -0.5%	9,453.8	7,918.3
Future pension increase		
Change by +0.5%	8,800.7	7,246.8
Change by -0.5%	-8,018.0	-6,633.0

25.2. Provisions for severance payments

Based on obligations according to Austrian law and collective bargaining agreements, severance payments were paid to employees who took up service by 31 December 2002. Benefits due at the time of retirement or severance are calculated on the basis of the last salary, as well as the number of years of employment.

Based on these regulations according to labour law and collective bargaining agreements, a provision is created which is calculated according to the projected unit credit method.

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Present value of severance payment obligations (DBO) as of 01.10.	86,958.2	84,927.0
+ Merger	4,782.7	–
+ Current service costs	3,254.6	3,141.8
+/(-) (Gain)/loss on DBP due to termination benefit	-628.8	-145.2
+ Interest expense	1,607.7	1,560.3
- Severance payments	-3,688.2	-2,254.9
(-)/+ Remeasurement – actuarial (gains)/losses:		
Due to experience-based adjustments	-1,445.1	-534.2
Due to changes in demographic assumptions	57.7	-617.0
Due to changes in financial assumptions	8,212.4	880.4
Present value of severance payment obligations (DBO) as of 30.09. = reported provision for severance payment obligations as of 30.09.	**99,111.2**	**86,958.2**

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Service costs	2,625.8	2,996.6
Net interest expense	1,607.7	1,560.3
Severance expenses (recognised in profit or loss for the period)	**4,233.5**	**4,556.9**
Revaluations of the severance benefit obligation	6,825.0	-270.8
Severance expenses (recognised in other comprehensive income)	**11,058.5**	**4,286.1**

As of 30 September 2019, the weighted average remaining term of the defined benefit plan obligations was 9.0 years (previous year: 9.7 years).

Severance payments for the 2019/2020 fiscal year are expected to amount to EUR 3,532.2 thousand.

An increase or decrease in the significant actuarial assumptions would have the following effects on the present value of the severance payment obligations:

Sensitivity analyses

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Discount rate		
Change by +0.5%	-4,287.70	-4,021.30
Change by -0.5%	4,643.20	4,347.40
Future salary increase		
Change by +0.5%	4,592.40	4,342.10
Change by -0.5%	-4,293.80	-3,428.30

For employment relationships in Austria commencing on or after 1 January 2003, the employer is liable to remit 1.53% of the gross salary to an employee pension fund. This form of severance payment is recognised as a contribution-oriented plan according to IAS 19 (Employee Benefits).

25.3. Provisions for anniversary bonuses

Based on collective bargaining agreements, a provision for anniversary bonuses is created which is calculated according to the projected unit credit method.

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Present value of anniversary bonus obligation (DBO) as of 01.10.	20,004.9	17,990.8
+ Merger	1,079.1	–
+ Current service costs	1,196.6	1,655.8
+ Interest expense	369.8	332.1
- Anniversary bonus payments	-1,239.3	-1,250.1
(-)/+ Remeasurement – actuarial (gains)/losses:	2,181.5	1,276.3
Present value of anniversary bonus obligation (DBO) as of 30.09. = reported provisions for anniversary bonuses as of 30.09.	**23,592.6**	**20,004.9**

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Service costs	1,196.6	1,655.8
Net interest expense	369.8	332.1
Revaluations	2,181.5	1,276.3
Expenses for anniversary bonuses (recognised in profit or loss for the period)	**3,747.9**	**3,264.2**

25.4. Provisions for stepped pension and early retirement benefits

A stepped pension (early retirement model) has been agreed upon with certain employees. This is a transitional payment for the period between the early termination of the employment relationship and the time when a claim to legal pension benefits is reached. The transitional payments for this period correspond to a previously determined percentage of the previous salary.

For the resulting obligations, a provision is created according to IAS 19 (Employee Benefits).

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Present value of early retirement obligations (DBO) as of 01.10.	33,904.2	44,789.4
+ Merger	2,101.9	–
+ Interest expense	542.8	729.8
+ Allocation due to new obligations	4,228.7	1,902.0
- Early retirement payments	-10,688.9	-11,232.3
-/(+) Gain/(loss) after severance payments	24.9	-374.2
- Severance payments	-47.0	-179.9
(-)/+ Remeasurement – actuarial (gains)/losses:	-46.1	-1,730.6
Present value of early retirement obligations (DBO) as of 30.09. = reported provisions for early retirement obligations as of 30.09.	**30,020.5**	**33,904.2**

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Service costs	4,228.7	1,902.0
Net interest expense	542.8	729.8
Revaluations	-46.1	-1,730.6
Expenses for stepped pension and early retirement benefits (recognised in profit or loss for the period)	**4,725.4**	**901.2**

25.5. Other non-current provisions

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Carrying amount as of 01.10.	31,486.1	30,160.4
Change in scope of consolidation	–	15.9
Use	-3,121.9	-995.0
Reversal	-1,396.6	-134.2
Allocation	5,092.7	2,438.2
Translation differences	-0.1	0.8
	32,060.2	**31,486.1**

This item predominantly contains provisions for landfills.

26. Construction cost subsidies

This item primarily includes financing contributions received from electricity, gas and district heating customers. They are reversed as income over the average amortisation period for the corresponding equipment (up to 40 years). Impairments and/or reversals of impairments for these assets are proportionately recognised in the construction cost subsidies.

27. Advances received

This item essentially consists of deferred items from the sale of claims resulting from minimum waste volume rights. Due to a contractual agreement, the Group is obligated to accept a certain volume of waste. It provides for the Group to be paid for a pre-determined minimum waste volume, irrespective of the actual volume delivered. The claims from this minimum waste volume through 30 September 2021 were sold, and an interest rate of 4.2868% was agreed upon with the contract partner. This amount was recognised as a liability under advances received.

28. Other non-current liabilities

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Investment subsidies	22,983.7	24,931.4
Other liabilities	54,440.1	51,098.9
	77,423.8	**76,030.3**

29. Current provisions

Current provisions developed as follows during this fiscal year:

	2018/2019 EUR 1,000	2017/2018 EUR 1,000
Carrying amount as of 01.10.	17,994.4	14,975.3
Change in scope of consolidation	2,576.1	–
Use	-7,212.7	-3,159.7
Reversal	-272.4	-1,026.2
Allocation	9,161.6	7,199.4
Translation differences	-2.5	5.6
	22,244.5	**17,994.4**

30. Provisions for taxes

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Corporate tax for the reporting period	**328.0**	**165.0**

31. Other current liabilities

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Liabilities to non-consolidated affiliated companies	15,019.2	18,217.3
Liabilities to joint arrangements and associated companies	6,156.1	92,821.3
Tax liabilities	71,795.3	67,185.5
Social-security liabilities	7,305.4	6,262.1
Advances received	76,646.4	59,987.2
Fair value of derivatives	12,339.3	27,593.4
Liabilities to employees	53,324.5	47,317.9
Other liabilities	35,962.0	62,611.4
	278,548.2	**381,996.1**

OTHER EXPLANATORY NOTES

32. Contingent liabilities

	30.09.2019 EUR 1,000	30.09.2018 EUR 1,000
Others	3,692.0	5,643.6

Contingent liabilities include liabilities for which an outflow of resources is unlikely.

33. Other obligations

Pursuant to an energy supply agreement between Energie AG Oberösterreich Trading GmbH and VERBUND AG, the Group procures a certain annual amount of electricity on the basis of standard market products. The cost of the delivered electricity is recognised under material costs.

There is an obligation for the next fiscal year in the amount of EUR 7,387.2 thousand (previous year: EUR 10,170.0 thousand) resulting from long-term rental, lease and occupancy contracts for the use of property, plant and equipment not shown in the balance sheet. The total amount of these obligations for the next five years is EUR 33,271.3 thousand (previous year: EUR 31,537.4 thousand), for terms in excess of five years, EUR 8,587.6 thousand (previous year: EUR 11,224.0 thousand).

34. Proposed appropriation of the profit

The Management Board of Energie AG Oberösterreich proposes to the Annual General Meeting a dividend of EUR 0.60 (previous year: EUR 0.88) per share, amounting to a total of EUR 53,193.0 thousand (previous year: EUR 78,081.7 thousand).

35. Risk management

35.1. Risks and opportunities

The risks and opportunities of Energie AG have not changed significantly from the previous year: The general conditions with regard to the government's energy policy, the regulatory framework as well as intense competitive pressure continue to present great challenges for Energie AG. While the company is exposed to certain commercial risks on the one side, opportunities in the form of new markets, business models and technologies also avail themselves to the company. This is where the pro-active management of risks and opportunities plays an important role.

35.2. Risk management process

The objective of the risk management system employed by Energie AG is to collect information about future developments as early as possible, identify the resultant risks and opportunities and actively control them. As an integral part of the management and control system, risk assessments form an integral part of the strategic and operational decision-making process and support our management team.

The responsible business units follow a structured quarterly process to identify and evaluate risks, opportunities and measures and record them in a central software tool. The data collected is then analysed on Group-level and incorporated into the Group's overall risk position.

Reporting to the Group's Management Board is done on a quarterly basis and ad hoc as required. The risk management report is an integral part of reporting to the Supervisory Board and is, in accordance with the requirements of the Austrian Company Law Amendment Act (URÄG), also submitted to the audit committee with respect to the efficiency and validity of the processes.

Proper documentation and verifiability are also guaranteed by historicisation of the data as at the measurement dates.

35.3. Strategic risks

Making the right strategic decisions is essential for the success of any company. Climate change, the changes in the energy policy and general conditions for the energy industry as well as technological developments and changes in the market environment entail strategic risks and opportunities for Energie AG. An intensive observation of markets, competitors and technologies forms the basis for the continuous evaluation and strategic adjustment of the Groups strategic direction.

Investment projects in energy generation and distribution companies with higher and more long-term capital investments entail a higher complexity and interdependencies between numerous input parameters. For this reason, deviations from project planning (also with ensuing delays and cost increases) cannot be completely ruled out. A crucial decision-making criterion is the expected return on the invested capital, taking into account risks and opportunities over the entire project term. Whether or not projects are implemented depends on market expectations and on whether the (energy) political environment can offer an adequate level of investment security. Risk management methods are integrated in the entire project cycle to evaluate any potential financial deviations as early as possible and prepare adequate counter-measures.

35.4. Sustainability risks

As part of its NaDiVeG reporting (reporting under the Austrian Act on Improving Sustainability and Diversity), Energie AG analyses the relevant opportunities and risks for the environment, social affairs, workforce, compliance and anti-corruption and safeguarding human rights, as well as the measures associated with them.

This includes the identification of risks and opportunities related to climate change (e.g. water shortages, heat periods) and initiatives for mitigating the effects of climate change (e.g. CO_2 taxes, emission regulations), which are given consideration in the context of the respectively relevant operational risks and opportunities.

35.5. Risks from the operating business activities

Risks from the operating business activities

The profitability and value of the assets, procurement rights and investments of the Energie AG Group are exposed to significant **market price risks** (prices for electricity, gas, biomass, allowance pricing etc.). The expertise in the management of commodity price risks bundled in Energie AG Oberösterreich Trading GmbH makes it possible to utilise intra-Group synergies by employing risk strategies geared to the market environment.

Electricity production from thermal power plants has increased significantly over the previous year. This is attributable to the increased utilisation of the CCGT power plant in Timelkam, which was over the entire 2018/2019 fiscal year used for grid reserve and congestion management aimed at stabilising the electricity grid and which was, due to the increased electricity prices accompanied by relatively stable gas prices, in certain months also used on the electricity market.

Another important parameter affecting the business development of Energie AG are the **developments relating to weather and climate**. These developments affect the electricity generation volumes from hydroelectric power – due to hydrological conditions that are outside of human control – and also the space heat-driven sales volumes of electricity, gas and heat. The electricity procurement experienced a moderate positive effect in the reporting period due to water levels above the long-term average.

The **competitive situation on the end customer markets** – the electricity, gas, heat and telecommunication markets – continue to pose major challenge for Energie AG and affect the customer base, sales volumes and price levels. According to E-Control, the number of customers switching their electricity and gas providers reached a peak level in the first half of 2019.

Numerous measures – such as the bundling of the sales organisations, price guarantees, service and financial assistance offers, focus on digitalisation in product development and positioning as an energy service provider – are aimed at keeping the number of switching customers at lowest possible and at winning over new customers at the same time.

Concerning the economic environment in the **Waste Management segment,** the trend towards easing of the markets is continuing. However, the positive price trend for thermally recyclable waste led to increased competition with operators of pre-treatment plants and industrial co-incinerators, and to stronger remunicipalisation efforts by communal waste management associations. These developments are addressed by conducting marketing activities that focus on long-term supply contracts with fixed volumes and prices, as well as an intensified cooperation with the public sector. The activities also focus on the further development of the digitalisation projects.

The **Czech Republic segment** reports a steady development in sales revenues and earnings for water/waste water. Due to the higher than average temperatures and resulting lower sales volumes in the 2018/2019 fiscal year, the income generated by the heat-related business in the Czech Republic was slightly lower than in the previous year. The restructuring of the Czech Republic segment included the start of a synergy project. This project and the ongoing participation in (concession) tenders for water/waste water are the most important measures aimed at securing and increasing our market share.

Thanks to rapidly advancing digitalisation, the expansion of **Fibre To The Home** (FTTH) and the fitting of **smart meters** is gaining in importance. Energie AG continues to successfully expand coverage of fibre to the home (FTTH). The proportion of smart metres, which is higher than the industry average, reached a coverage of 96% in the 2018/2019 fiscal year. These expansions to the business model also offer new opportunities and risks, particularly in terms of IT protection regulations for end customers.

In the business units of Energie AG, **systems are exposed to risks** from technical failures or other damage events (natural disasters, sabotage, etc.) that may also affect their availability. Energie AG responds to these asset risks by carrying out maintenance and quality inspections, as well as implementing an optimised maintenance strategy. In our electricity grid, we proactively continue the strategic programme to replace overhead low-voltage lines and overhead medium-voltage lines that are particularly susceptible to disruption with underground cable as planned. Energie AG operates an adequate incident management system to handle any damages incurred despite these measures and also insures these risks to the extent commercially viable at economically acceptable insurance excesses.

The business processes of Energie AG are supported by information and communication systems that depend on secure and reliable information technology. Energie AG addresses the **risks for information security, cyber security and data protection** by employing comprehensive management systems for information security and data protection.

35.6. Political, regulatory and legal risks

Energy supply is a business model that requires a long-term perspective, which in turn renders it highly dependent on the prevailing political, regulatory and legal framework conditions.

Climate-related EU requirements and their implementation in Austria – depending on the composition of the future federal government – as well as the legal framework for project development and implementation for infrastructure companies are of essential significance for infrastructure companies such as Energie AG. Efforts to counter these risks take the form of an intensive and constructive dialogue with government agencies and policymakers.

For the most part, the **general regulatory conditions** are expected to remain unchanged. It must be assumed that the regulatory parameters for the fourth regulatory period, which commenced on 1 January 2019, will remain stable until 2023 for the electricity segment. The Austrian Federal Chamber of Commerce and the Federal Chamber of Labour objected against the fundamental commercial conditions for natural gas that will come into effect on 1 January 2018. A decision on how to respond to these objections is still outstanding. The objective continues to be the safeguarding of a stable economic environment for grid operators.

35.7. Risks from investments

Risks from investments are present in the fluctuations of revenues from investments, in the payment of dividends and the distribution of profits, and in changes in the value of participating interests. These risks are primarily optimised by the ongoing monitoring of existing investments.

35.8. Financial risks

The financial risks are centrally managed by the Group Treasury unit on holding level. The management and monitoring of financial risks focuses on the liquidity risk, the interest rate risk, the currency risk, and the fair value risk from financial investments.

As of the end of the 2018/2019 fiscal year, the **interest rate risk** continues to be assessed as very low due to the continued high proportion of Energie AG Group's financial liabilities bearing fixed interest.

A potential change in the **discount rate** for provisions is generally accompanied by an opportunity or a risk, because the present value of the provisions declines with an increasing discount rate and increases with a lower discount interest rate. The expected future development of interest rates has increased the current risk level.

The **currency risk** within Energie AG Group predominantly results from the transaction and translation risks of the Group companies in the Czech Republic and is monitored continuously. This risk is minimised by currency hedging if required.

An anticipatory liquidity planning provides the basis for managing and monitoring the **liquidity risk**. Sufficient liquidity reserves and available, partially drawn lines of credit assure the solvency of Energie AG and its Group companies at all times.

The risks associated with **changes in the prices of financial investments** of Energie AG Group (securities, investment funds) – which result from fluctuations on the capital markets – is limited by pursuing a conservative investment policy. A stringent monitoring and continual quantification of exchange rate risks assures that the Group's strategic liquidity reserves are invested in a risk-optimised way.

The Group uses credit ratings, credit limit systems, hedging instruments and a targeted strategy of diversifying its business partners to address any **counterparty risks** it may be exposed to.

In February 2019, the excellent creditworthiness of Energie AG was again confirmed, with international **rating** agency Standard & Poor's awarding Energie AG an A (stable outlook) credit rating. The management of Energie AG aims at safeguarding the Group's single-A rating over the long term.

36. Related party disclosures

Related parties include OÖ Landesholding GmbH as majority shareholder as well as its subsidiaries, the State of Upper Austria as sole investor of OÖ Landesholding GmbH, the joint ventures, the associated companies as well as members of the Management Board and of the Supervisory Board of Energie AG Oberösterreich and their close relatives.

		Revenues EUR 1,000	Expenses EUR 1,000	Receivables EUR 1,000	Liabilities EUR 1,000
State of Upper Austria	**2018/2019**	**660.6**	**651.6**	**184.4**	**82.3**
	2017/2018	364.3	595.3	56.8	4,123.1
OÖ Landesholding and subsidiaries	**2018/2019**	**5,529.1**	**63.8**	**690.7**	**14,860.6**
	2017/2018	3,475.4	202.3	189.6	18,183.6
Associated companies	**2018/2019**	**31,898.3**	**4,640.7**	**3,495.8**	**951.3**
	2017/2018	14,596.0	869.5	1,088.7	13.9
Joint ventures	**2018/2019**	**138,751.1**	**12,558.4**	**3,457.2**	**23.3**
	2017/2018	245,011.8	14,531.3	23,597.2	90,045.2

State of Upper Austria

The State of Upper Austria is the sole investor of OÖ Landesholding GmbH. OÖ Landesholding GmbH is the majority shareholder of Energie AG Oberösterreich.

OÖ Landesholding GmbH

Energie AG Oberösterreich and selected Group companies are members of the OÖ Landesholding GmbH tax group. The provisions of the OÖ Landesholding GmbH tax group contract apply in the relationship of Energie AG Oberösterreich with the tax group parent, whereas Energie AG Oberösterreich calculates its taxable income taking into account the taxable income of its subordinate Group companies. In the case of positive tax income, any positive tax allocations are offset. Negative tax results are carried forward. The tax allocations amount to EUR 26,497.4 thousand (previous year: EUR 27,615.7 thousand).

Associated companies

Salzburg AG für Energie, Verkehr und Telekommunikation

Gas and electricity deliveries at standard market terms take place between the Group and Salzburg AG. The sales revenues amount to EUR 3,719.6 thousand (previous year: EUR 4,888.6 thousand), while expenses are EUR 1,306.0 thousand (previous year: EUR 442.4 thousand).

Wels Strom GmbH

In addition to grid services, heat and electricity deliveries at standard market terms took place between the Group and Wels Strom GmbH. The sales revenues amount to EUR 26,597.4 thousand (previous year: EUR 9,250.3 thousand), while expenses are EUR 2,923.6 thousand (previous year: EUR 302.3 thousand).

Joint ventures

ENAMO GmbH (until 31 March 2019)

ENAMO GmbH was established between Energie AG Oberösterreich and LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste (LINZ AG) as a joint venture for electricity sales.

An interest stake of 35% is held by LINZ STROM GmbH for electricity generation, distribution and telecommunications services, a subsidiary of LINZ AG. There was an obligation for the proportional assumption of losses. Deliveries of electricity and other services took place at standard market terms between the Group and ENAMO GmbH, which is consolidated at equity. In the period from 1 October 2018 to 31 March 2019, revenues amounted to EUR 53,967.4 thousand (previous year: EUR 102,978.9 thousand), purchase services amounted to EUR 8,437.3 thousand (previous year: EUR 6,146.9 thousand). Furthermore, electricity and other services were delivered between the Group and ENAMO Ökostrom GmbH, a 100% subsidiary of ENAMO GmbH. In the period from 1 October 2018 to 31 March 2019, revenues amounted to EUR 6,447.9 thousand (previous year: EUR 13,175.4 thousand), purchase services amounted to EUR 989.7 thousand (previous year: EUR 1,790.1 thousand).

Energie AG Oberösterreich Vertrieb GmbH & Co KG (until 31 March 2019)

Energie AG Oberösterreich was the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG. ENAMO GmbH was the general partner without an equity interest. Deliveries of electricity and other services took place at standard market terms between the Group and the company. In the period from 1 October 2018 to 31 March 2019, revenues amounted to EUR 75,588.1 thousand (previous year: EUR 126,208.6 thousand), purchase services amounted to EUR 1,436.1 thousand (previous year: EUR 4,705.9 thousand).

There is also a cash-pooling agreement between the Group and Energie AG Oberösterreich Vertrieb GmbH & Co KG resulting in liabilities in the amount of EUR 89,433.6 thousand as of 30 September 2018. As of 30 September 2018, contingent liabilities amounted to EUR 2,170.7 thousand.

Members of the Management in key positions

Members of the management in key positions include the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich, and the Management Board and the Supervisory Board of OÖ Landesholding GmbH. Please refer to section 10 with regard to the remuneration of the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich. Additional disclosable transactions included revenues of EUR 10.0 thousand (previous year: EUR 8.5 thousand) and benefits in the amount of EUR 20.6

thousand (previous year: EUR 11.0 thousand). This item also includes receivables in the amount of EUR 0.2 thousand (previous year: EUR 0.3 thousand).

37. Material events after the reporting date

An explosion was followed by a major fire on 10 October 2019 in the plastics sorting facility in Hörsching (Waste Management segment, Austria). The building and technical systems were almost completely destroyed by the fire. The carrying amount of the assets amounted to EUR 2.6 million as of 30 September 2019. Investigations by a fire expert are ongoing. Based on the currently available information, management assumes that the damage will be covered under the existing insurance policies.

38. Disclosures on Group management bodies

In this fiscal year, the members of the management board of Energie AG Oberösterreich were:

KommR Prof. Ing. DDr. Werner Steinecker MBA (CEO, Kirchschlag); KommR Mag. Dr. Andreas Kolar (Member of the Management Board, Steyr); Dipl.-Ing. Stefan Stallinger MBA (Member of the Management Board, Linz).

The Supervisory Board of Energie AG Oberösterreich had the following members in the 2018/2019 fiscal year:

Markus Achleitner (Chairman from 14 February 2019); Mag. Dr. Michael Strugl MBA (Chairman until 19 December 2018); Mag. Stefan Lang PLL.M (First Vice Chairman); Dr. Heinrich Schaller (Second Vice Chairman); Dipl.-Ing. Wolfgang Dopf MBA (until 31 March 2019); Dr. Miriam Eder MBA; Mag. Dr. Erich Entstrasser; Mag. Dr. Christiane Frauscher; Mag. Florian Hagenauer MBA; Dipl.-Ing. Erich Haider MBA (from 19 June 2019); Mag. Anna-Maria Hochhauser; Thomas Peter Karbiner MSc MBA MPA; KommR. Mag. Michaela Keplinger-Mitterlehner; Mag. Kathrin Renate Kühtreiber-Leitner MBA; Ing. Herwig Mahr; Josef Walch.

Appointed by the Works Council: Ing. Mag. Leopold Hofinger; Mag. Regina Krenn; Mag. Helmut Lehner; Ing. Peter Neißl MBA MSc; Christine Pötler (until 31 July 2019); Ing. Bernhard Steiner; Gerhard Störinger, Andreas Walzer (from 18 September 2019).

Linz, 3 December 2019

The Management Board of Energie AG Oberösterreich

Chief Executive Officer
KommR. Prof. Ing. DDr.
Werner Steinecker MBA
Chairman of the Management Board

KommR. Mag. Dr.
Andreas Kolar
Member of the Management Board

Dipl.-Ing.
Stefan Stallinger MBA
Member of the Management Board

AUDIT CERTIFICATE

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit opinion

We have audited the Consolidated Financial Statements of

Energie AG Oberösterreich,
Linz,

and its subsidiaries ("the Group"), comprising the Consolidated Statement of Financial Position as of 30 September 2019, the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the fiscal year ending on that day, as well as the Notes to the Consolidated Financial Statements.

It is our opinion that the Consolidated Financial Statements comply with the statutory requirements and offer an adequately accurate representation of the asset and financial position of the Group as at 30 September 2019, as well as the Group's earnings position and cash flows during the fiscal year ending as of that date, in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU and the additional requirements stipulated in § 245a of the Austrian Commercial Code (UGB).

Basis for our audit opinion

We have conducted our audit in accordance with EU Directive No. 537/2014 (AP Directive hereinafter) and the Austrian Principles of Proper Auditing of Financial Statements. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are set out in more details in section "Responsibilities of the Auditor in Auditing the Consolidated Financial Statements" of our audit certificate. We are independent from the Group in compliance with the Austrian corporate law and professional regulation and have discharged our other professional duties in accordance with these requirements. We are of the opinion that the audit evidence obtained by us is sufficient and suitable for forming the basis for our audit opinion.

Highly significant audit findings

Audit findings bearing special significance are findings concerning circumstances that, in our professional judgement, were the most significant for our audit of the Consolidated Financial Statements for the fiscal year. These findings were considered in the context of our audit of the Consolidated Financial Statements in their entirety as well as in forming our audit opinion, which we do not present separately for these findings.

Impairment of the cash generating unit "Electricity grid"

See section 5.5. of the Notes "Impairment of other intangible assets and property, plant and equipment" and 16.2. "Impairment of cash generating units without own goodwill".

Risks inherent in the Annual Financial Statements

Energie AG Oberösterreich has carried out impairment testing of the cash generating unit "Electricity grid" in the 2018/2019 fiscal year. This has resulted in the recognition of depreciation, amortisation and impairments in the amount of EUR 109.6 million.

In previous years, Energie AG Oberösterreich derived the recoverable amount from the attributable fair value less costs of disposal on the basis of the multiplier method. The determination relied on sales transactions of companies (grid operators) in countries with comparable regulatory models. Due to a lack of recently completed market transactions conducted by sufficiently comparable companies, the previous measurement method could no longer be applied after 30 September 2019. Energie AG Oberösterreich has therefore turned to determining the recoverable amount on the basis of the value in use. The company was supported by an external expert in determining whether recently completed market transactions are available and of sufficient comparability.

The assessment on the availability and comparability of market transactions is based on assumptions and estimates, e.g. with respect to the characteristics of the regulatory model, the company size criteria or the specific risk situation in individual countries. The measurement of the value in use of the cash-generating unit "Electricity grid" under IAS 36 requires assumptions and estimates, such as the estimated future cash inflows surpluses, as well as the determination of the applicable discount rate.

The Consolidated Financial Statements are therefore exposed to the risk of inadequate assumptions and estimates having a significant impact on the recoverable amount and therefore the recognised value of the cash-generating units reported in the Consolidated Statement of Financial Position, as well as the operating result in the Consolidated Statement of Income.

Our auditing approach

We have verified the assessment made with respect to whether comparable market transactions are available on completeness in consultation with our valuation experts and verified the underlying assumptions concerning the selection of comparable market transactions.

In consultation with our valuation experts, we have assessed the impairment testing carried out by the company as follows:

- To form an opinion about the adequacy of internal planning of the impairment testing, we have examined the planning process and verified the planning data, on which the measurement is based, against the current budget figures approved by the Supervisory Board as well as the mid-term planning approved by the Management Board.
- Additionally, we discussed the assumptions made for growth rates and operating results with the company's respective managers and ascertained to what degree external factors, particularly including the regulatory environment, were given adequate consideration.
- We furthermore examined the methodology used for impairment testing and determination of the capital cost rates on their conformity with the applicable standards. Our valuation experts assessed the appropriateness of the assumptions made for determining the capital cost rate, on which the determination of capital cost rates were based, against market- and industry-specific reference values and verified the arithmetic accuracy of the calculation procedure.
- We have also assessed the appropriateness of the disclosures made in the Notes.

Initial consolidation and purchase price allocation

See section 3.1 in the Notes - "Scope of consolidation – Principles" and 5.1 "Estimates".

Risks inherent in the Annual Financial Statements

Energie AG Oberösterreich previously held a 65% equity stake in ENAMO GmbH, as well as 100% of the limited partner's interest in Energie AG Oberösterreich Vertrieb GmbH & Co KG, in which ENAMO GmbH was the general partner. With effect on 1 April 2019, Energie AG Oberösterreich acquired the remaining 35% equity interest in ENAMO GmbH. As a result, Energie AG Oberösterreich obtained control over ENAMO GmbH and Energie AG Oberösterreich Vertrieb GmbH & Co KG. The total purchase price amounted to EUR 6.85 million.

IFRS 3 requires the previously held equity interest in Energie AG Oberösterreich Vertrieb GmbH & Co KG and ENAMO GmbH to be recognised at their fair value on the acquisition date. The result from the remeasurement of the previously held equity interests amounts to EUR 48.3 million and was recognised in the other operating income.

The allocation of the consideration and the fair value of the previously held interests to the acquired assets and assumed liabilities resulted in the recognition of customer relationships and the amount of EUR 41.7 million and goodwill of EUR 20.6 million.

The measurement of the customer relationships required for the purposes of the purchase price allocation is based on management appraisals with respect to the essential measurement assumptions, such as capital costs, the development of revenues and profit margins, and expected exchange rates.

The Consolidated Financial Statements are exposed to the risk that the previously held interests were not measured realistically and that the acquired assets and assumed liabilities were not identified in their entirety or measured inaccurately. There is also the risk that the disclosures made in the Notes to the Consolidated Financial Statements with respect to the acquisition are incomplete or inadequate.

Our auditing approach

Our audit carried out (in consultation with our valuation specialists) included the following fundamental audit measures:

- We have gained an understanding of the acquisition transaction by conducting interviews with management personnel and other employees of Energie AG Oberösterreich, as well as by reviewing the relevant contracts. We have reconciled the total purchase price with the relevant purchase contract (assignment agreement) and the payment receipts.
- We also evaluated whether the applied identification of the acquired assets and assumed liabilities conforms with the requirements under IFRS 3. We have assessed whether the applied measurement methods reconcile with the relevant measurement principles.
- We have discussed the planning assumptions made for the determination of the fair values with the persons responsible for the planning, and ascertained whether external information and historical experiences were given adequate consideration. We have also verified the methodologically adequate calculation and appropriateness of the weighted capital cost rates. This included a comparison of the assumptions and parameters for capital costs against our own assumptions and publicly available data.
- We have assessed the arithmetic accuracy of the measurement of identified assets and liabilities by verifying selected calculations under risk-oriented criteria.
- We have further verified the accurate presentation of the corporate acquisition in the Consolidated Financial Statements of Energie AG Oberösterreich. This included an assessment of whether the disclosures made in the Notes with respect to the acquisition are complete and appropriate.

Responsibilities of the legal representatives and the Audit Committee for the Annual Financial Statements

The legal representatives are responsible for compiling the Consolidated Financial Statements and their compliance with the IFRS rules applicable in the EU and the additional requirements stipulated in § 245a of the Austrian Commercial Code (UGB), which requires a reasonably accurate representation of the Group's asset, financial and earnings position. The legal representatives are further responsible for the internal controls deemed necessary by them for preparing a set of Consolidated Financial Statements that is free from significant intentional or unintentional misrepresentations.

In compiling the Consolidated Financial Statements, the legal representatives have the duty to form an opinion on the Group's ability to continue its business operations, to disclose any relevant circumstances relating to the continuation of the business operations and to base their considerations on the principle of continued business operations, unless they intend to liquidate the Group, cease business operations or find themselves in lack of any viable alternative to such course of action.

The Audit Committee is responsible for supervising the Group's accounting processes.

Responsibilities of the auditors for the audit of the Consolidated Financial Statements

Our objective is to assure an adequate degree of certainty on whether the Consolidated Financial Statements in their entirety are free from significant intentional or unintentional misrepresentations and to issue an audit certificate that reflects our audit findings. An adequate degree of certainty means a high degree of certainty, but is not an absolute guarantee that the audit conducted in accordance with the AP Directive and the Austrian Principles of Proper Auditing, which require application of ISA, has in fact identified all significant misrepresentations that may be contained in the audited financial statements. Misrepresentations may result from malicious acts or misconceptions and are deemed significant if they could, individually or collectively, have a potential influence on the commercial decisions made by their readers on the basis of these Consolidated Financial Statements.

In conducting our audit in accordance with the AP Directive and the Austrian Principles of Proper Auditing, which require application of ISA, we form our opinions on the basis of our professional judgement and maintain a critical view of the circumstances presented to us throughout the entire course of the audit.

We further adhere to the following:

- We identify and assess the risks stemming from any significant intentional and unintentional misrepresentations in the financial statements, plan our audit activities as a response to these risks, perform our audit activities and gain sufficient and suitable audit evidence to serve as the basis for our audit findings. The risk of significant misrepresentations resulting from malicious acts remaining undetected is higher than the risk resulting from misconceptions, because malicious acts may include fraudulent acts, forgery, intentional omissions, deceiving representations or the circumvention of internal controls.
- In order to plan audit activities that adequately address the prevailing circumstances, we gain an understanding of the system of internal controls bearing relevance for our audit, but without the objective of forming an audit opinion on its effectiveness.
- We evaluate the appropriateness of the accounting methods applied by the legal representatives, as well as the tenability of values estimated by the legal representatives and represented in the accounts and the disclosures associated with such estimates.
- We draw inferences about the appropriateness of the legal representatives operating under the accounting principle of continued business operations, as well as, on the basis of the evidence presented to us for our audit, whether any events or circumstances are subject to a considerable uncertainty that would give rise to doubts about the viability of the Group continuing its business operations. If we arrive at the conclusion that a material uncertainty exists, we are obliged to draw attention to the associated disclosures contained in the Consolidated Financial Statements in our audit certificate, or to modify our audit certificate if these disclosures are inappropriate. We draw our conclusions on the basis of the audit evidence gathered by the date of our audit

certificate. Future events or circumstances may however result in the Group resolving to discontinue its business operations.

- We form an opinion on the overall presentation, structure and contents of the Consolidated Financial Statements including the disclosures therein, as well as on whether they present a suitable view of the underlying business transactions and events.
- We issue our audit opinion on the Consolidated Financial Statements on the basis of sufficient and suitable audit evidence for the financial information of the business units or the business activities of the Group. We are responsible for managing, supervising and performing the audit of the Consolidated Financial Statements. We bear the sole responsibility for our audit opinion.
- We consult with the Audit Committee on matters such as the planned scope and timing of the audit as well as significant audit findings, including any significant defects in the system of internal control system detected during our audit.
- We also issue a statement to the Audit Committee confirming our adherence to the relevant professional requirements pertaining to our independence, and exchange information with the Audit Committee on all relationships and other circumstances that may reasonably be expected to affect our independence and, if applicable, any associated precautionary measures.
- From the circumstances discussed with the Audit Committee, we determine those that had the highest significance for the audit of the consolidated financial statements for the fiscal year and are therefore the circumstances bearing special audit significance. We describe these circumstances in our audit certificate, unless public disclosure of a certain circumstance is prohibited by law or other legal requirement, or determine in very rare cases that certain circumstances should not be disclosed in our audit certificate because the negative implications of disclosing them could reasonably be expected to exceed the benefits for the public interest.

OTHER STATUTORY AND LEGAL REQUIREMENTS

Report on the Group Management Report

Austrian corporate law requires an assessment of whether the Group Management Report reconciles with the Consolidated Financial Statements and whether it was compiled in accordance with the applicable legal requirements.

The legal representatives are responsible for compiling the Group Management Report in compliance with the requirements under Austrian corporate law.

We have conducted our audit on the basis of the professional principles for the auditing of the Group Management Report.

Audit opinion

We have formed the opinion that the Group Management Report complies with the applicable legal requirements, that it contains accurate information pursuant to § 243a UGB, and that it reconciles with the Consolidated Financial Statements.

Declaration

Our audit of the Consolidated Financial Statements and the knowledge gained about the Group and its business environment has not identified any material misrepresentations in the Group Management Report.

Other Disclosures

The legal representatives are responsible for the other required disclosures. Such other disclosures encompass all information presented in the annual report, with the exception of the Consolidated Financial Statements, the Group Management Report and the audit certificate. We expect to be provided with the Annual Report after the date of this auditor's certificate.

These other disclosures are not included in our audit opinion for the Consolidated Financial Statements and we give no assurance for their accuracy.

The audit of the Consolidated Financial Statements requires us to read these other disclosures as soon as they are made available and to decide whether, considering our understanding formed during the audit, they represent a material inconsistency to the Consolidated Financial Statements or are otherwise misrepresented in a significant way.

Additional information pursuant to Article 10 AP Directive

Our firm was elected auditors of the financial statements by the General Meeting held on 19 December 2018. The Supervisory Board has granted our firm the mandate to audit the company's financial statements on 12 June 2019. We have been the Group's auditors for more than 25 years.

We hereby declare that our audit opinion presented in Section "Report on the Consolidated Financial Statements" reconciles with the additional report to the Audit Committee pursuant to Article 11 of the AP Directive.

We hereby declare that we have not performed any prohibited non-audit services (Article 5 para 1 AP-VO) and that we have maintained our independence from the audited company during the conduct of our audit of the financial statements.

Responsible auditor

Mrs Mag. Gabriele Lehner is the auditor in charge of the audit of the Consolidated Financial Statements.

Linz, 3 December 2019

KPMG Austria GmbH
Chartered Accountants and Tax Consultants

Mag. Gabriele Lehner
Auditor

The Consolidated Financial Statements with our audit certificate may only be published or disclosed in the format certified by us. This Auditor's Certificate refers exclusively to the full original Consolidated Annual Financial Statements and the Group Management Report issued in German. The provisions of § 281 para 2 UGB must be observed for any other versions.

STATEMENT BY THE MANAGEMENT BOARD
PURSUANT TO § 124 PARA 1 SUBPARA 3 OF THE STOCK EXCHANGE ACT [BÖRSEGESETZ (BÖRSEG)]

The Management Board of Energie AG Oberösterreich confirms to the best of its knowledge that the Consolidated Financial Statements of Energie AG Oberösterreich give a true and fair view of the assets, liabilities, as well as the financial and earnings position of the Group as required by the applicable accounting standards, and that the Group Management Report represents the development and performance of the business and the position of the Group in such a way, that it gives a true and fair view of the assets, liabilities, as well as the financial and earnings position of the Group, together with a description of the principal risks and uncertainties faced by the Group.

Linz, 3 December 2019

The Management Board of Energie AG Oberösterreich

Chief Executive Officer
DDr. Werner Steinecker MBA
Chairman of the Management Board
C.E.O.

Dr. Andreas Kolar
Member of the Management Board
C.F.O.

Dipl. Ing. Stefan Stallinger MBA
Member of the Management Board
C.O.O.

DISCLAIMER

When „Energie AG" is referred to in the financial statement, Energie AG Oberösterreich is meant.

This report contains forward-looking statements subject to risks and uncertainties that could cause actual results to differ substantially from those predicted. Terms used such as „presumed", „assumed", „estimated", „expected", „intended", „may", „planned", „projected", „should" and comparable expressions serve to characterise forward-looking statements. No guarantees can therefore be given that the forecasts and planned values will actually materialise regarding economic, currency-related, technical, competition-related and several other important factors that could cause actual results to differ from those anticipated in the forward-looking statements. Energie AG does not intend to update such forward-looking statements and refuses any responsibility for any such updates. We have exercised utmost diligence in the preparation of this report and checked the data contained therein. The present English version is a translation of the German report. The German version of the report is the only authentic version.

IMPRESSUM

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Linz, December 2019

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