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Semi-Annual Financial Report  
for the period 1 October 2019 to 31 March 2020

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 **ENERGIE AG**  
Oberösterreich

We care about tomorrow

# Energie AG Oberösterreich at a glance

	Unit	1st HY 2019/2020	Change	1st HY 2018/2019
<b>Sales revenues</b>				
Energy Segment	EUR mill.	704.8	23.3%	571.5
Grid Segment	EUR mill.	192.9	-0.9%	194.6
Waste Management Segment	EUR mill.	110.0	-1.3%	111.5
Czech Republic Segment	EUR mill.	83.2	2.5%	81.2
Holding & Services Segment	EUR mill.	16.2	-30.2%	23.2
<b>Group sales revenues</b>	<b>EUR mill.</b>	<b>1,107.1</b>	<b>12.7%</b>	<b>982.0</b>
<b>Result</b>				
Operating result (EBIT)	EUR mill.	77.1	-28.1%	107.3
EBIT margin	%	7.0	-35.8%	10.9
Earnings before taxes (EBT)	EUR mill.	63.9	-33.7%	96.4
Consolidated net earnings	EUR mill.	50.8	-33.0%	75.8
<b>Cash flow from operating activities</b>	<b>EUR mill.</b>	<b>21.9</b>	<b>-77.6%</b>	<b>97.7</b>
		<b>31.03.2020</b>	<b>Change</b>	<b>31.03.2019</b>
<b>Statement of Financial Position</b>				
Balance sheet total	EUR mill.	3,103.3	0.7%	3,083.2
Equity	EUR mill.	1,284.0	-4.5%	1,344.6
Equity ratio	%	41.4%	-5.1%	43.6%
<b>Workforce (on average)</b>	FTE	4,562	2.5%	4,449

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## Letter by the Management Board of Energie AG Oberösterreich



Stability and security of supply have always been among Energie AG Oberösterreich's key strategic imperatives. Having now spent a number of weeks in the powerful grip of the COVID-19 public health crisis, it is our duty to go above and beyond in upholding these principles. Keeping our critical infrastructure running under all circumstances is a top priority, especially in exceptional situations like these. This requires a reliable, uninterrupted supply of power, water, data and waste disposal services to our region, leaving minimum room for error. Thanks to our established methods for crisis management and the dedication shown by all our employees, the entire group of companies has been able to carry on with its key priorities throughout this period. This has underlined our credentials as a source of reliability and stability in Upper Austria and beyond.

Since history does not offer any ready-made parallels for this situation, every forecast about the effects of the COVID-19 crisis is riddled with uncertainty. The shutdown of the economy and social life in Austria has led to drastic short-term changes in the area of production, as well as changes in people's behaviour in both private and professional settings. This, in turn, has reduced demand for electricity and gas from Energie AG Oberösterreich's customers since February. In response to this situation, the main risks were rapidly identified and evaluated on a group-wide level, allowing us to draw up a suitable plan of action.

In the first half of the year, we have been close to meeting our sales targets, although the initial, smaller-scale effects of the health crisis on income have become apparent. We were able to boost sales revenues to EUR 1,107.1 million, a 12.7% increase over the same period last year. This upward trend is largely due to sales having been fully consolidated for the first time. At EUR 77.1 million, however, operating result is significantly lower than during the first half of last year. This is mainly a result of impairments in the Energy Segment, where reversals of impairment were recorded last year. Last but not least, the current situation in the electricity market is also playing a role in the downturn.

This year, as in previous years, rating agency Standard & Poor's affirmed our "A (with a stable outlook)" rating. As well as acknowledging the direction we have opted to take as a business, this rating also confirms the Group's stability in these turbulent times.

More than a year ago, the Group completed the implementation of its corporate structure, which had previously undergone optimisation. At that time, the Group faced some major challenges stemming from the reorganisation of our sales and generation business, as well as from the merging of our activities in the Czech Republic. A year on, the synergy and efficiency gains are clear to see. Our sales operations follow a "one-stop shop" approach, offering a wide range of product bundles for electricity, gas, heating and telecommunications services. Our customers were the major beneficiaries of this consolidation right from the outset, receiving even better service from a single company.

The enthusiasm for transforming our energy system in the direction of renewable energy production has been further strengthened by the European Green Deal and Austria's goal of achieving climate neutrality by 2040. The sudden outbreak of COVID-19 may have changed the focus of political action in the short term, but the challenges associated with the transition to clean energy will not become any simpler in the near future. Enormous investments will be required to achieve these goals. The renewable generation capacity we need will have to be built, while the necessary reserves for stable grid operation will still have to be provided. The replacement of the hydropower plant in Dürnau is an important step for Energie AG when it comes to improving the efficiency available from our existing hydropower potential. In addition, implementing the Electricity Grid Master Plan will make it possible to meet the growing demand for higher transmission power levels as well as higher supply quality and stability.

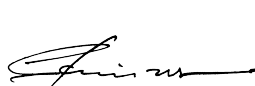
While the fiscal year to date has predominantly been characterised by an unusually mild winter, the storms in the spring required numerous call-outs to deal with disruptions. The high-voltage grid once again proved to be the backbone of a stable electricity supply.

As the result of a serious explosion and subsequent fire at the Hörsching site, the equipment at the plastics sorting plant saw heavy damage and was largely destroyed. Despite this sudden and unexpected turning point, the collection of various plastics from customers was able to continue unhindered due to a series of short-term adaptation measures.

As we have already alluded to several times, COVID-19 has presented a whole host of challenges for our organisation and our staff. When shifting towards working from home, we have been able to benefit strongly from our leading role in digitalisation, which allowed us to make an almost seamless transition to telework virtually overnight. But were it not for our motivated and committed workforce, we would not have been able either to achieve our strategic goals or to overcome the operational challenges of crisis and emergency management. We would therefore like to thank each and every member of staff for the highly professional way they have taken responsibility so far in these difficult times. This dedication is directly reflected in the response we have seen from our customer base.

Linz, 29 May 2020


The Management Board of Energie AG Oberösterreich



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



**Dr. Andreas Kolar**  
Member of the Management Board  
CFO



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

# Group Management Report First Half-Year 2019/2020 of Energie AG Oberösterreich <sup>1)</sup>

## I GENERAL CONDITIONS

### General economic environment <sup>2)</sup>

Until shortly before the reporting date, the first half of the 2019/2020 fiscal year year (1 October 2019 to 31 March 2020) was characterised by noticeably slower but still moderate global economic growth compared with the previous year. Geopolitical uncertainties such as international trade conflicts and trouble spots, Brexit and climate change continued to characterise the economic environment in the reporting period. Due to the global COVID-19 pandemic and the associated massive restrictions in the last weeks of the reporting period, the stabilisation of the **global economy**, which had been predicted for 2020, was abruptly interrupted. In mid-April, the International Monetary Fund (IMF) corrected its forecasts for 2020 by 6.3 percentage points to -3%, assuming the worst recession since the 1930s. Economic experts anticipate global growth of 5.8% once again in 2021.

While the **Austrian economy** showed moderate growth of 1.6% in 2019, domestic economic research institutes have now massively downgraded their forecasts for 2020, which had anticipated growth at 1.2% and 1.3% before the pandemic. In the most probable scenario with the economy slowly picking up pace again from mid-May onwards, the Austrian institutes calculate a decline in economic output of -4.1% to -5.2% for the calendar year 2020. The IMF is far more cautious in this regard, predicting a figure of -7.0%. Assuming a rapid recovery in the second half of 2020, all institutes have forecast positive economic growth in the region of 2.7% to 5.0% for the 2021 calendar year. The assumption for the inflation rate is 1.0% on average for 2020 (2019: 1.5%).

### Economic growth

real, in %	Austria	Czech Republic	Euro zone (19)
2019	1.6	2.6	1.2
2020 e	Joint forecast for Austria -4.1		
	WIFO -5.2	EU Commission -6.2	EU Commission -7.7
	EU Commission -5.5	IMF -6.5	IMF -7.5
	IMF -7.0		
2021 e	Joint forecast for Austria 2.7		
	WIFO 3.5	EU Commission 5.0	EU Commission 6.3
	EU Commission 5.0	IMF 7.5	IMF 4.7
	IMF 4.5		

e = expected; forecast value

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

2) Sources: EU Commission: European Economic Forecast Spring 2020, 6 May 2020. IHS (Institute for Advanced Studies): Press Release, 26 March 2020. IMF (International Monetary Fund): World Economic Outlook, 14 April 2020. WIFO (Austrian Institute for Economic Research): Business Cycle Scenario, 26 March 2020. WU Wien (Vienna University of Economics and Business): Press Release Joint Economic Forecast IHS/IASA/WIFO/WU, 20 March 2020.

For the **Euro zone**, the forecast uncertainties are reflected in the fluctuation bandwidth of expert forecasts. The European Commission and the IMF expect economic output to decline by -7.5% and -7.7% in the Euro zone in 2020 (2019: 1.2%). For 2021, the IMF expects a recovery with economic growth of 4.7%, while the European Commission is far more optimistic at 6.3%.

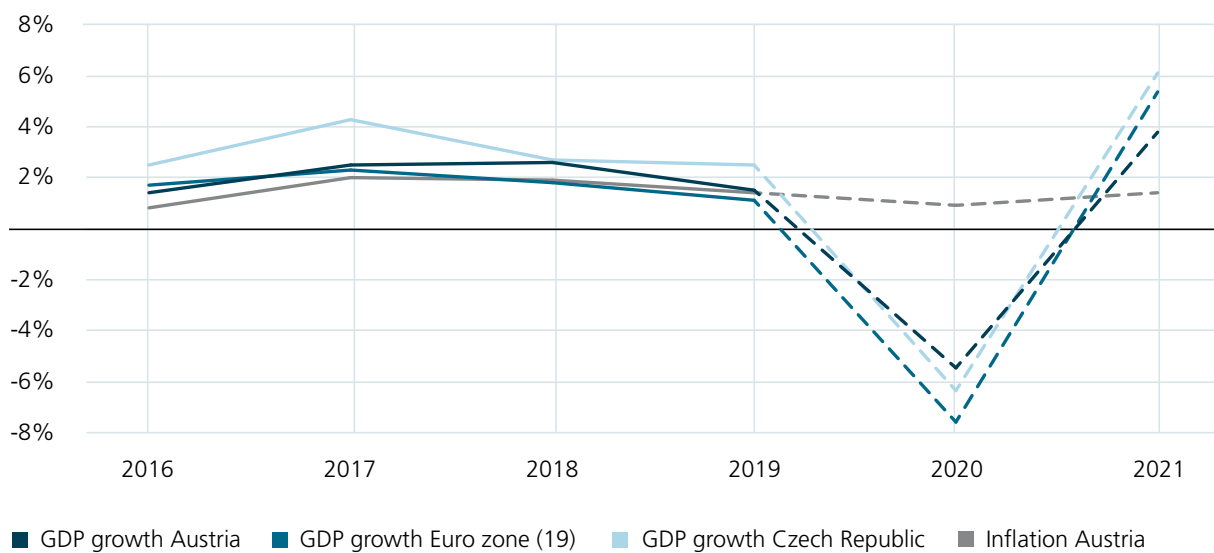
For the **Czech Republic** market, relevant to Energie AG, the IMF and the European Commission forecast a decline in the gross domestic product of more than -6% in 2020 (2019: 2.6%), while a significant recovery (5.0% to 7.5%) is expected for 2021.

All forecasts are exposed to a high level of risk due to uncertainty about the further course of health and economic policy developments.

### Economic growth and inflation

YoY real change (in %)

Sources: EU Commission, IHS, IMF, WIFO, Vienna University of Economics and Business



### Energy policy environment

On 11 December 2019, the European Commission published its “**Green Deal**”, which envisages binding climate neutrality by 2050 throughout the EU as a central objective. Following this, the Commission intends to present a plan to increase the current greenhouse gas reduction target from 40% to 50% respectively 55% by 2030. In this context, it can be assumed that some relevant legislative measures in the EU such as the Emissions Trading Directive, the Effort Sharing Regulation, the Energy Efficiency Directive and the Renewable Energy Directive will be significantly tightened. For Austria this will mean significantly more ambitious energy and climate targets in the coming years up to 2030.

Germany's last coal-fired power plant is due to shut down by 2038 at the latest, thus implementing a central pillar of the Climate Action Programme 2030. The German government passed the corresponding **coal phase-out act** on 29 January 2020. In combination with the nuclear phase-out by 2022, some 48 GW of power plant capacity will be taken off the grid by 2038 at the latest. The coal phase-out in Germany can therefore be expected to also have a significant impact on the Austrian electricity market and its prices.

Starting in 2021, the German government will introduce a **national CO<sub>2</sub> pricing system** for the heating and transport sectors. A national CO<sub>2</sub> emissions trading scheme will define a price for the emission of greenhouse gases for heating and driving, with the aim of exerting a guiding effect towards environmentally friendly behaviour. Up to and including 2025, emissions allowances will be issued at a continuously increasing fixed price of up to EUR 55.0/t. From 2026 onwards, a maximum emission level in line with the climate targets will be set; the level will be continuously reduced, thus increasing emissions allowance price to a maximum of EUR 65.0/t. A double burden for industrial plants which already take part in the European emissions trading system has been ruled out.

In due time at the end of 2019, the Austrian transitional government submitted a revised **integrated national energy and climate plan 2030** to the EU Commission, taking into account the Commission's recommendations. According to the impact analysis the plan included, greenhouse gases can be reduced by 27% until 2030 because of the defined actions. However, it is necessary to implement further options by 2030 in order to achieve a reduction of 36%. The other main objectives of the plan are massive expansion of renewable energies, increasing energy efficiency and reducing dependence on imports of fossil fuels.

The first federal coalition government between the Austrian People's Party and the Greens launched its **government programme 2020 – 2024** for Austria on 2 January 2020. Climate protection is accorded very high priority in the government programme as one of the central challenges of the next decade. One material element is that of ascertaining that climate neutrality has been achieved by as early as 2040. Both a more stringent national energy and climate plan and new climate protection legislation with obligatory CO<sub>2</sub> reductions and sectoral targets by 2040 and obligatory interim targets for 2030 are intended to contribute towards achieving this goal. Furthermore, an eco-social tax reform, which makes climate-damaging behaviour more expensive and relieves companies and private individuals in certain sectors, is intended to provide material support for the very ambitious decarbonisation target. To ensure climate neutrality by 2040, the building sector must also avoid the combustion of heating oil, coal and fossil gas for space heating and water heating in future. For coal and oil, the phase-out in new buildings will begin in 2020 and is due to be completed for all boilers by 2035 at the latest. In terms of the expansion of green electricity, the very ambitious balance-sheet target of 100% renewable energy in Austrian electricity consumption is envisaged for 2030. This means that about 27 TWh of green electricity will need to be added in just under 10 years.



## I BUSINESS DEVELOPMENT IN THE GROUP

### Assets, liabilities, financial position and profit or loss

#### Group overview

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Sales revenues	EUR mill.	1,107.1	982.0	12.7%
Operating result (EBIT)	EUR mill.	77.1	107.3	-28.1%
EBIT margin	%	7.0	10.9	-35.8%
Financial result	EUR mill.	-13.2	-10.9	-21.1%
Earnings before taxes	EUR mill.	63.9	96.4	-33.7%
Investments in property, plant and equipment and intangible assets	EUR mill.	75.3	74.6	0.9%
Cash flow from operating activities	EUR mill.	21.9	97.7	-77.6%
Cash flow from investing activities	EUR mill.	-115.8	-102.8	-12.6%
Cash flow from financing activities	EUR mill.	83.9	-71.6	–

In the reporting period, the Energie AG Group generated sales revenues in the amount of EUR 1,107.1 million (previous year: EUR 982.0 million). The increase in sales revenues in the Energy Segment is mainly due to the initial recognition of ENAMO GmbH, ENAMO Ökostrom GmbH and the former Energie AG Oberösterreich Vertrieb GmbH & Co KG as of 1 April 2019, and by growth in electricity and gas management.

The operating result in the Energy Segment fell by EUR 17.3 million from EUR 49.2 million to EUR 31.9 million. In the current fiscal year an impairment in the amount of EUR 0.7 million was recorded on the combined cycle gas turbine (CCGT) power plant in Timelkam (previous year: reversal of impairment in the amount of EUR 6.6 million). An impairment of EUR 7.2 million was recognised for the 7Fields gas storage facility due to lower estimates of the spreads achievable in the future.

In the Grid Segment, the operating result decreased from EUR 34.7 million to EUR 27.5 million. The decline is mainly attributable to lower tariffs in the natural gas grid and higher upstream grid costs.

The Waste Management Segment generated an EBIT of EUR 6.8 million, which was down on the previous year (EUR 7.7 million) by EUR 0.9 million. The impairments of EUR 2.4 million due to a major fire at the waste incineration plant in Hörsching were partially offset by higher revenues in the area of waste incineration and other disposal services.

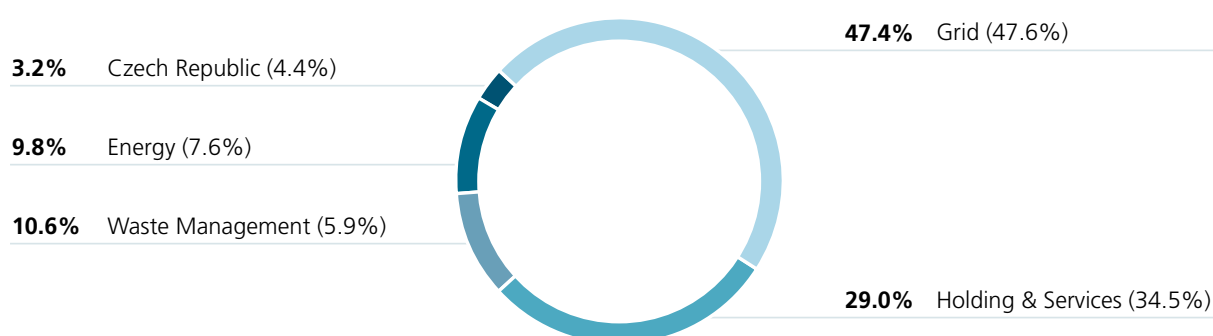
In the Czech Republic Segment (formerly: Water Segment), an operating result in the amount of EUR 7.2 million was generated in the reporting period (previous year: EUR 8.3 million). In addition to the activities in the field of water and waste water, the Group's heating activities in the Czech Republic, which were transferred from the Energy Segment in the previous year, are now bundled here. The previous year's segment reporting was restated to reflect the new structure for better comparability (see [Notes to the Consolidated Financial Statements, section 5 Segment reporting](#) › page 36).

The operating result of the Holding & Services Segment amounted to EUR 3.7 million in the reporting period and thus declined by EUR 3.7 million from the previous year's figure of EUR 7.4 million. The previous year's EBIT included revenues from the sale of investment properties.

The share in the result of companies measured at equity is EUR 11.1 million (previous year: EUR 29.5 million). The higher share in the previous year was attributable, in particular, to the results of Energie AG Oberösterreich Vertrieb GmbH & Co KG, ENAMO GmbH, and ENAMO Ökostrom GmbH. These companies were included at equity during the reference period and have been fully consolidated in the consolidated financial statements since 1 April 2019.

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

1st HY 2019/2020; previous year's figures in brackets <sup>1)</sup>



<sup>1)</sup> previous year's values restated (see [Notes to the Consolidated Financial Statements, section 5. Segment reporting](#) > page 36)

In the first half of 2019/2020, investments in intangible assets and property, plant and equipment amounted to EUR 75.3 million, and were thus EUR 0.7 million or 0.9% above the previous year's level. With a share of 47.4%, the Grid Segment accounted for the most part. Investments in the Holding & Services Segment include expanding the fibre-optic cable network and the smart meter rollout.

During the first six months of the 2019/2020 fiscal year, Energie AG issued registered bonds with a volume of EUR 100.0 million to cover long-term financing requirements. The tranches were placed with institutional investors at very attractive conditions and have a final maturity of 20 years. This ensures the company's long-term financial flexibility.

Financial liabilities increased by a total of EUR 205.5 million from EUR 462.4 million as of 31 March 2019 to EUR 667.9 million as of 31 March 2020. This is attributable both to raising long-term financing and recognising leasing liabilities in accordance with IFRS 16 for the first time.

Cash flow from operating activities in the first half of the 2019/2020 fiscal year was EUR 21.9 million, compared with EUR 97.7 million in the previous year. The decline was caused in particular by payments from hedging transactions and one-time effects in the previous year.

The financial result is EUR -13.2 million (previous year: EUR -10.9 million). Financing expenses are at the same level as in the previous year; the miscellaneous financial result includes expenses from the change in value of securities.

## Top rating highlights the Group's strong credit standing

In March 2020, Standard & Poor's (S&P) confirmed the creditworthiness of Energie AG again with a rating of "A with a stable outlook". In assigning this rating, the international rating agency acknowledges the Group's excellent performance and sustainable corporate development.

For more than 20 years now, Energie AG has held an investment grade rating and has occupied an undisputed top position among European utilities since then. The excellent credit standing of the Energie AG Group is an important anchor for stability and continuity, especially in challenging and unsettled times, such as those experienced by the international community at the present.

## Treasury stocks

The treasury stock held by Energie AG as of 30 September 2019, which resulted from the repurchase of employee shares made in the meantime, was withdrawn by a resolution of the general meeting on 18 December 2019. The company's share capital was reduced accordingly.

## Related party disclosures

For Energie AG's transactions with related parties in the reporting period, please refer to the disclosures in the [Notes to the Consolidated Financial Statements, section 8. Related party disclosures](#) › page 48.

## Changes under corporate law

In order to complete the restructuring of the sales business carried out in the past fiscal year, the final steps towards establishing the target structure will be taken in the 2019/2020 fiscal year. To this end, Energie AG Oberösterreich Businesskunden GmbH was established during the first half of 2019/2020 and a resolution was passed to liquidate ENAMO GmbH. The next steps will be taken in the second half of the 2019/2020 fiscal year.

In the course of restructuring the Czech Republic Segment, which was carried out during the 2018/2019 fiscal year, Vodospol s.r.o. was merged with CEVAK a.s. with effect as of 1 October 2019. Furthermore, VODOS s.r.o. was merged with MTH Kolín s.r.o. with effect as of 1 October 2019 and converted into a joint stock company, in which the city of Kolín also holds a 2.7% investment. The company now trades under the name of Energie AG Kolín a.s. Furthermore, 100% of the shares in the Czech water supply and waste water disposal company VaK Zapy s.r.o. were acquired on 6 December 2019.

## Trend in staff levels

In the first six months of the 2019/2020 fiscal year, the average consolidated staff level in the Group was 4,562 full time equivalents (FTE), and 2.5% up on the average of the first half of the 2018/2019 fiscal year (4,449 FTE).

The increase in the Energy Segment is essentially due to the full consolidation of the staff figures from ENAMO GmbH and the former Energie AG Oberösterreich Vertrieb GmbH & Co KG, which have not been taken into account so far.

**Staff levels <sup>1)</sup>**

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Energy Segment <sup>2)</sup>	FTE	471	355	32.7%
Grid Segment	FTE	534	537	-0.6%
Waste Management Segment	FTE	828	861	-3.8%
Czech Republic Segment <sup>2)</sup>	FTE	1,674	1,657	1.0%
Holding & Services Segment	FTE	1,055	1,039	1.5%
<b>Group total</b>	<b>FTE</b>	<b>4,562</b>	<b>4,449</b>	<b>2.5%</b>

1) semi-annual average of the fully consolidated and proportionately consolidated companies

2) previous year's values restated (see [Notes to the Consolidated Financial Statements, section 5. Segment reporting](#))

## I RISKS AND OPPORTUNITIES

Like all utilities, Energie AG bears a special responsibility against the backdrop of the COVID-19 pandemic and, as an operator of system-critical infrastructure, understands how to deal with such challenges. Energie AG has responded to the developments of the past few weeks with appropriate strategic and operational measures, such as the rapid establishment of a task force and proactive risk management by the Risk Committee. The workforce at the power plants, grid control centres, in water supplies, waste disposal and telecommunications – supported by many employees working from home – are ensuring that the infrastructure continues to function safely and reliably during this period.

From today's point of view, it seems unlikely that the energy industry will be hit as hard as other industries, however, Energie AG also expects effects, for example, due to the decline in energy consumption by customers or price developments on international markets. Energie AG is meeting these and other challenges – such as changes in the market environment of the energy industry, as well as adjustments in the general energy-policy and regulatory conditions – with measures designed to improve efficiency, strict, value-based investment management, as well as new business models and innovations to open up additional revenue potential.

Energie AG's business activities are still exposed to certain risks, but no risks were identified in the first half of 2019/2020 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, section 7 Risk management](#) › page 44.

## KEY PERFORMANCE INDICATORS

### Group overview

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Electricity procurement	GWh	9,600	8,608	11.5%
Electricity procured from third parties	GWh	7,840	6,807	15.2%
Proprietary electricity procurement	GWh	1,760	1,801	-2.3%
Thermal power plants	GWh	609	630	-3.3%
Renewable energy	GWh	1,151	1,171	-1.7%
Group's own hydropower plants	GWh	473	491	-3.7%
Procurement rights from hydroelectric power	GWh	574	590	-2.7%
Other renewable energy (photovoltaics, wind, biomass)	GWh	104	90	15.6%
Electricity grid distribution volume to end customers	GWh	4,110	4,223	-2.7%
Electricity sales volume	GWh	3,827	3,621	5.7%
Natural gas grid distribution volume to end customers	GWh	12,176	12,093	0.7%
Natural gas sales volume	GWh	4,067	3,870	5.1%
Heat procurement	GWh	1,144	1,120	2.1%
Heat sales volume	GWh	1,036	1,025	1.1%
Total waste volume handled	1,000 t	848	851	-0.4%
Thermally processed waste volume	1,000 t	311	304	2.3%
Invoiced drinking water volume	m <sup>3</sup> mill.	27.9	28.0	-0.4%
Invoiced waste water volume	m <sup>3</sup> mill.	22.4	22.3	0.4%
Length of fibre-optic network	km	6,385	5,750	11.0%

### Electricity procurement structure without electricity trading

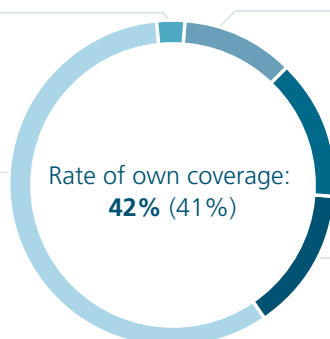
1st HY 2019/2020; previous year's figures in brackets

**3%** Other renewable energy (2%)

**11%** Hydroelectric power (11%)

**58%** Electricity procured from third parties (59%)

**14%** Procurement rights from hydroelectric power (14%)



**14%** Thermal power (14%)

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

## I 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 [Notes to the Consolidated Financial Statements, section 5 Segment reporting](#) › page 36.

<b>Segment name</b>	<b>Activities included</b>
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	1st HY 2019/2020	1st HY 2018/2019	Change
Total sales <sup>1)</sup>	EUR mill.	707.4	572.4	23.6%
EBIT <sup>1)</sup>	EUR mill.	31.9	49.2	-35.2%
Investments in property, plant and equipment and intangible assets <sup>1)</sup>	EUR mill.	7.4	5.7	29.8%
Workforce (on average) <sup>1)</sup>	FTE	471	355	32.7%
Electricity procurement <sup>2)</sup>	GWh	9,503	8,538	11.3%
Proprietary electricity procurement	GWh	1,663	1,731	-3.9%
Electricity sales volume	GWh	3,827	3,621	5.7%
Natural gas sales volume	GWh	4,067	3,870	5.1%
Heat procurement <sup>1)</sup>	GWh	860	851	1.1%
Heat sales volume <sup>1)</sup>	GWh	765	766	-0.1%

1) previous year's values restated (see [Notes to the Consolidated Financial Statements, section 5. Segment reporting](#))

2) incl. third-party procurement

## I ECONOMIC ENVIRONMENT FOR THE ENERGY SECTOR

During the first half of the 2019/2020 fiscal year, the forward market prices for electricity for delivery in 2021 in Austria showed a clear downward trend, dropping from EUR 51.4/MWh to EUR 38.4/MWh. At EUR 46.9/MWh, the average price in the reporting period was around ten percent below the previous year's value. The main influencing factors here were successively falling prices for coal, gas and CO<sub>2</sub> emissions allowances. In the last two weeks of the first half of the year, these forward market prices fell sharply again due to the effects of the COVID-19 pandemic.

Also on the spot market, prices dropped by around a third compared with the same period of the previous year. The average European Power Exchange (EPEX) spot price base for delivery in Austria in the reporting period was EUR 35.8/MWh with a volatile development.

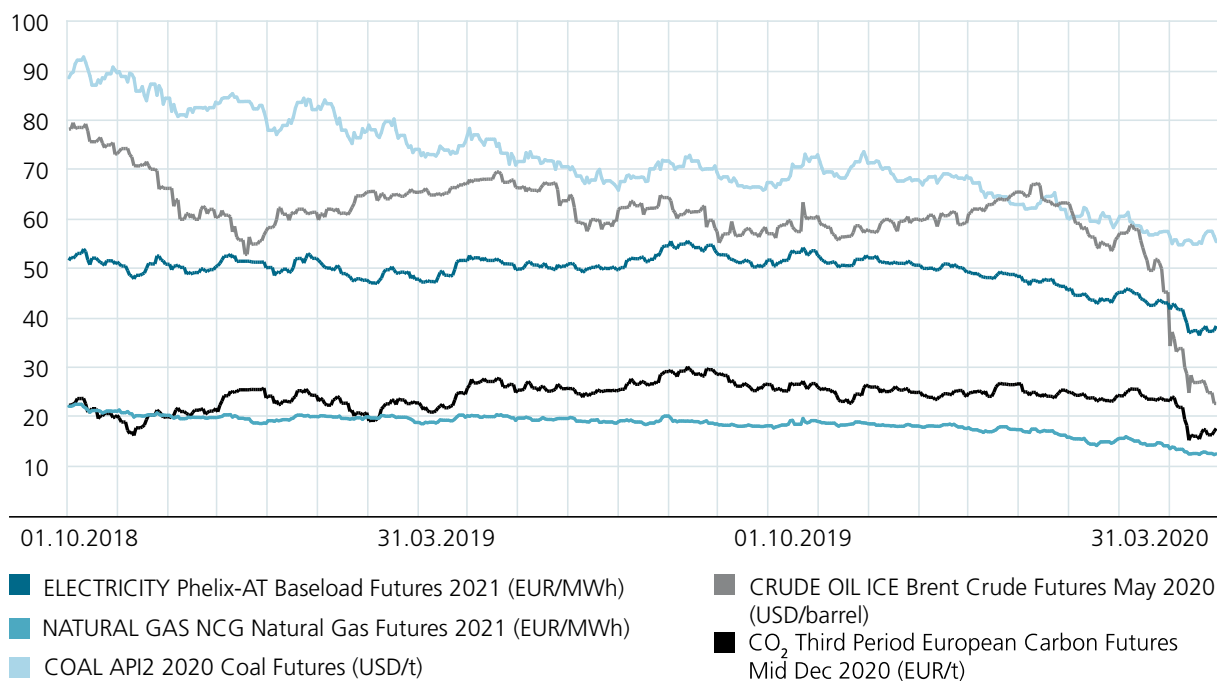
The oil price fell from a high of USD 67.3/barrel of Brent crude oil for delivery in May 2020 to a low of USD 22.7/barrel at the end of the first six months. The massive slump from the end of February can be explained on the one hand by the drop in demand in the wake of the COVID-19 pandemic and on the other by a price war between Saudi Arabia and Russia.

The NetConnect Germany (NCG) gas price for the front year 2021 fell in the first half of the 2019/2020 fiscal year from EUR 18.8/MWh at the beginning of October 2019 to EUR 12.5/MWh at the end of March 2020. Coal prices also declined in the past six months.

In the reporting period, prices for CO<sub>2</sub> emissions allowances fluctuated between EUR 15.3/t and EUR 26.9/t. Initially, the concern about an unregulated Brexit and the associated effects on the European emissions trading system repeatedly provoked rapid price movements. In the last weeks of the reporting period, however, this receded into the background, and the decline in CO<sub>2</sub> pricing was largely driven by concerns about economic development.

## Development on international energy markets

Sources: EEX, Reuters



## I BUSINESS DEVELOPMENT IN THE ENERGY SEGMENT

In the first half of 2019/2020, the Energy Segment achieved a sales increase of 23.6% with total sales of EUR 707.4 million. The increase in sales revenues was essentially due to full consolidation of ENAMO GmbH, ENAMO Ökostrom GmbH and the former Energie AG Oberösterreich Vertrieb GmbH & Co KG, which had previously been recognised on a pro rata basis. In addition, significantly higher sales revenues in electricity and gas management contributed to the increase in revenue.

The EBIT of the Energy Segment was EUR 31.9 million in the reporting period; this is equivalent to a drop of 35.2%. In the reporting period, an impairment of EUR 0.7 million for the Timelkam CCGT power plant was recognised due to lower electricity price expectations and the negative effects of the new System Utilisation Tariff Ordinance. In contrast to this, a reversal of impairment in the amount of EUR 6.6 million for the Timelkam CCGT power plant had a positive effect on the EBIT of the Energy Segment in the previous year. An impairment of EUR 7.2 million was recognised for the 7Fields gas reservoir in the reporting period due to lower estimates of the summer-winter spreads achievable in the future and the long-term utilisation options.

In addition to the stated impairments, the EBIT in the reporting period was characterised by lower profit contributions in sales, not least due to the COVID-19 lockdown. Moreover, the expiration of a contract concluded with Cogeneration-Kraftwerke Management Oberösterreich GmbH (CMOÖ GmbH), higher maintenance costs for power plants and a decline in proprietary electricity procurement on account of the lower water level had a negative impact on the operating result of the Energy Segment. Positive effects in electricity and gas management partially compensated for the negative effects.



## LOWER PROPRIETARY ELECTRICITY PROCUREMENT FROM THERMAL AND HYDROELECTRIC POWER

Total **electricity procurement in the Energy Segment** in the first half of 2019/2020 totalled 9,503 GWh and was therefore 11.3% higher than in the previous year (8,538 GWh). Proprietary electricity procurement at 1,663 GWh in the reporting period fell by 3.9% compared with the previous year (1,731 GWh).

**Electricity production from thermal capacities** in the Energy Segment was at 549 GWh in the reporting period, decreasing by 6.2% compared to the previous year's value of 585 GWh, although, on account of the continuing high electricity prices and, at the same time, relatively stable gas prices, it was possible to use the combined-cycle gas turbine (CCGT) power plant at Timelkam, which is basically kept available for grid reserve and congestion management, in the winter half-year.

Although the water level during the first half of 2019/2020 was 8.0% above the long-term average, the **proprietary electricity procurement** of Energie AG's **hydraulic power plants** remained 3.1% below the previous year's value due to the high water level in the previous first half year. The hydro coefficient of the Group's own power plants and procurement rights was 1.08 during the reporting period (previous year: 1.13).

Construction work on the new Dürnau hydropower plant started in September 2019; construction of the new intake structure, the new canal and the canal bridge was completed on schedule during the period under review. The overall completion is scheduled for autumn 2021.

A leak in the Traun-Pucking reservoir occurred in autumn 2019; the refurbishing work was completed in December 2019.

Ennskraftwerke Aktiengesellschaft, in which Energie AG holds a participating interest of 50%, reported electricity production slightly above the long-term average in the first half of the 2019/2020 fiscal year, with a hydro coefficient of 1.12. All told, Energie AG holds electricity procurement rights in hydropower plants with a standard production capacity of around 1,406 GWh.

Energie AG's **wind power portfolio** in Austria comprises investments in three wind parks, and a wind park in pilot operation, with a pro rata overall performance of nearly 14.7 MW. Generation from wind power in the reporting period was 23 GWh (previous year: 22 GWh).

In the **photovoltaic** business area, Energie AG Oberösterreich 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. All three companies generate electricity from proprietary photovoltaic plants with a total capacity of 10 MW<sub>p</sub>. The electricity generated is fed directly into the public grid.

The distribution of 196 GWh of **district heating** from the power plant locations in Riedersbach and Timelkam increased by 12% compared with the previous year (175 GWh). At the Kirchdorf location, the proportion of heat generated from the highly efficient combined heat and power (CHP) plant fell compared with the previous year, while use of waste heat from the cement plant increased considerably. Grid consolidation of the district heating supply networks is being continuously pursued. In October 2019, the first customers in the new Gmunden network were supplied.

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 first half of 2019/2020 was 404 GWh and thus 1.8% up on the previous year's figure of 397 GWh.

## NEW SALES COMPANY INITIATES FIRST NOTICEABLE TRENDS FOR CUSTOMERS

The first six months of the 2019/2020 fiscal year were challenging for Energie AG Oberösterreich Vertrieb GmbH (Vertrieb GmbH) in many respects. In addition to the more subdued economic development and the challenging general energy policy conditions, E-Control Austria reports that in 2019 the industry recorded the most pronounced switching behaviour in terms of electricity and gas suppliers since the liberalisation of the markets in 2001 and 2002. The effects of the mild winter were also felt in all temperature-dependent sectors. Although heating degree days in Upper Austria in the first half of the fiscal year 2019/2020 were 0.8% higher than in the previous year, they were 4.9% lower than the average for the last five years.

While 2019, according to E-Control Austria, was marked by price increases in the industry in both the electricity and gas sectors, the electricity and gas retail prices for private and business customers at Vertrieb GmbH will remain constant in calendar year 2020.

As a result of reorganisation at Vertrieb GmbH, a new product landscape was launched in autumn 2019. On top of harmonised electricity, natural gas and internet products, customers are now being offered combined products for the first time.

### Electricity

At 3,827 GWh, Energie AG's consolidated electricity sales volume in the first six months of 2019/2020 was 206 GWh above the previous year's figure of 3,621 GWh. The increase was due to the change in ownership of ENAMO GmbH and ENAMO Ökostrom GmbH, which had previously been recognised on a pro rata basis. The electricity sales volume from operations was 160 GWh below the previous year's value. This decline is largely attributable to the business and commercial customer sector, where the COVID-19 lockdown already had a significant impact from mid-March 2020.

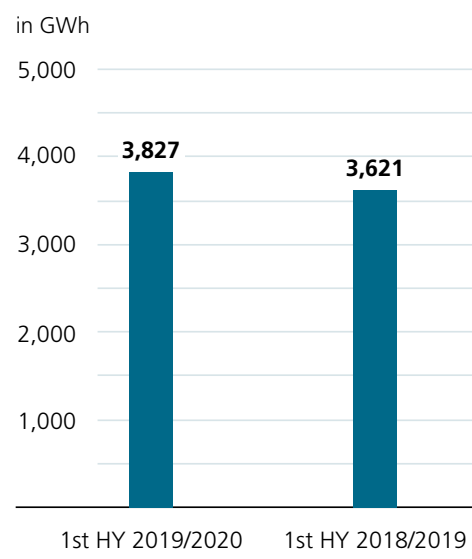
The switching quota in the private customer sector of the electricity sector fell significantly compared to the same period last year. This positive decoupling from the nationwide trend in the industry thus continues on a sustained basis.

### Natural gas

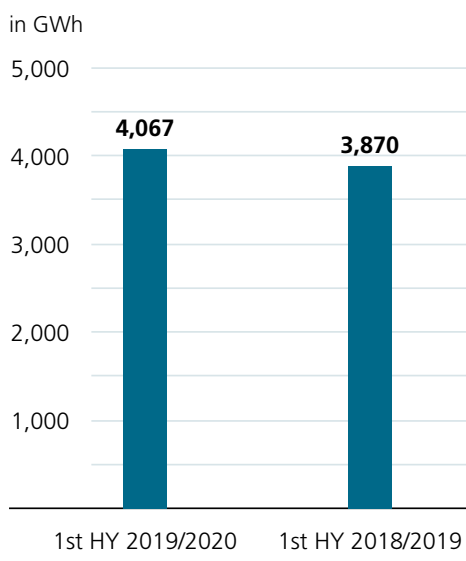
During the first half of the 2019/2020 fiscal year, Vertrieb GmbH's natural gas sales volumes totalled 4,067 GWh, approximately 5.1% above the value of 3,870 GWh recorded in the previous year. This was mainly attributable to increases in sales volumes to key accounts.

The switching quota in the private customer sector of the natural gas sector dropped significantly compared to the corresponding period of the previous year. Decoupling from the clearly more negative trend in the industry throughout Austria was thus also manifested in this area.

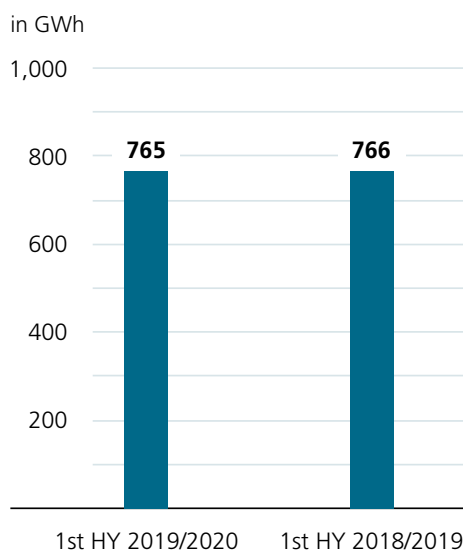
Electricity sales volume



### Natural gas sales volume



### Heat sales volume Austria



## Heat

During the first half of the 2019/2020 fiscal year, the heat sales volume in Austria, which remained in the Energy Segment, totalled to 765 GWh, thus remaining at the previous year's level (766 GWh).

In addition to the district heating sales volume and the heat sales volume supplied to customers by CMOÖ GmbH, the heat sales volume also includes the energy contracting business area where heat is supplied to customers such as public institutions, the housing industry, trade and commerce via state-of-the-art energy centres.

## Telecommunications

Vertrieb GmbH offers its internet, telephony and TV products to corporate and private customers on the Upper Austrian telecommunications market. By 31 March 2020 more than 7,000 consumers were already actively using the offerings. At the same time of the previous year, there were some 4,400 customers.

## Photovoltaics

In the first six months of the 2019/2020 fiscal year, contracts for 11 new photovoltaic systems with an output of 2,730 kW<sub>p</sub> were concluded on the basis of a contracting service.

## Electromobility

During the period under review, more than 450 customers already used Energie AG charging cards, which can be used to procure electricity for charging electric vehicles at public charging points all over Austria. In addition to this service, Energie AG's activities in the field of electromobility focused on charging solutions for charging at home and at corporate locations. During the period under review, the share of electrically powered company vehicles was also gradually increased within the Group.

## GRID SEGMENT

### Grid Segment overview

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Total sales	EUR mill.	199.6	201.4	-0.9%
EBIT	EUR mill.	27.5	34.7	-20.7%
Investments in property, plant and equipment and intangible assets	EUR mill.	35.7	35.5	0.6%
Workforce (on average)	FTE	534	537	-0.6%
Electricity grid distribution volume to end customers	GWh	4,110	4,223	-2.7%
Natural gas grid distribution volume to end customers	GWh	12,176	12,093	0.7%

## I STATUTORY AND REGULATORY ENVIRONMENT

As of 1 January 2020, the grid usage fees of the electricity sector rose by between 8.4% at grid level 7 and 11.7% at grid level 4 due to an increase in the cost base compared to the previous year, mainly as a result of higher investments and the roll-up of upstream grid costs. In addition to this, the regulatory parameters established remained stable in the 4th regulatory period.

In the System Usage Fees Ordinance for Electricity 2020 (SNE-VO 2020), the metering charges were newly regulated, with the metering charges for low-voltage load profile metering and quarter-hour maximum metering being significantly reduced as of 1 January 2020.

In the natural gas sector, the grid usage fees for consumers at grid level 3 fell by 2.6%. In contrast, there was an increase of 6.9% for end consumers at grid level 2. The reason for the increase was higher upstream grid costs.

The general economic conditions for natural gas have been defined for the 3rd regulatory period since 1 January 2018, but the Austrian Federal Economic Chamber and the Federal Chamber of Labour have objected against the stipulations made by the regulatory authority. The proceedings are pending before the courts; some of them have already been concluded. Some of the parameters set for the 3rd regulatory period were aggravated for the industry by these decisions. However, the decision on the appeals concerning Netz Oberösterreich GmbH (Netz OÖ) is still pending.

## I BUSINESS DEVELOPMENT IN THE GRID SEGMENT

Revenues in the Grid Segment fell by EUR 1.8 million (-0.9%) to EUR 199.6 million compared with the same period last year. The decline in revenue is mainly due to the tariff reduction in the natural gas grid.

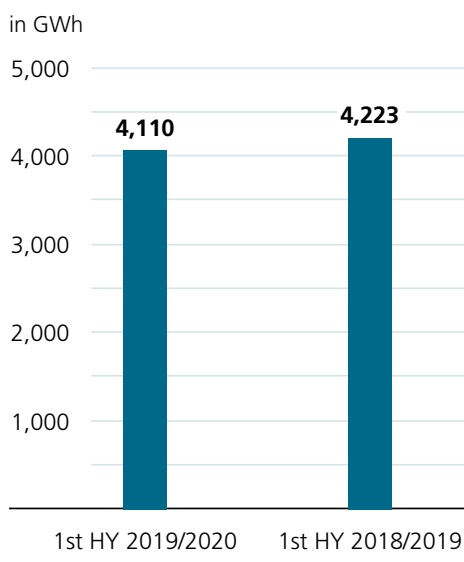
The EBIT of the Grid Segment amounted to EUR 27.5 million in the period under review. The decline of EUR 7.2 million (-20.7%) compared to the first half of 2018/2019 is due to lower sales revenues and, above all, to higher grid expenses (upstream grid costs and grid losses) in both the electricity and gas sectors. Higher amortization compared with the same period last year also contributed to the decline in earnings.

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

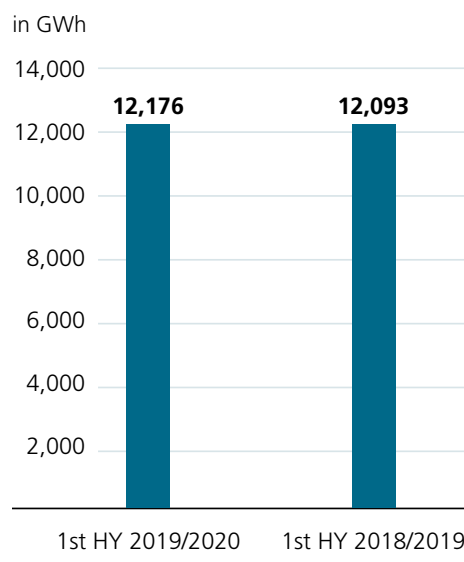
During the first six months of the current fiscal year, the electricity grid distribution volume dropped by 2.7% from 4,223 GWh to 4,110 GWh compared to the previous year. Demand in the industrial customer sector dropped significantly compared to the corresponding period of the previous year, while the volumes sold to commercial and private customers remained constant.

The distribution volume to end users from the natural gas grid increased slightly compared with the previous year (12,093 GWh), amounting to 12,176 GWh (+0.7%) in the reporting period. Due to the slightly colder weather, the space heating requirement increased slightly. In contrast, consumption in industry and by power plants remained constant compared to the previous year.

### Electricity grid distribution volume to end customers



### Natural gas grid distribution volume to end customers



In the period under review, disruptions in electricity grid operations due to several storms at the beginning of 2020 posed a major challenge. The two storm events "Lolita" and "Petra", at the end of January and the beginning of February 2020 respectively, affected about 20,000 customer installations. Storm "Sabine" hit Upper Austria even harder on 10 and 11 February 2020, sometimes at hurricane force and with peak wind speeds of up to 125 km/h. The districts of Schärding and Rohrbach were mainly affected, followed the next day by the districts of Braunau and Kirchdorf and the lake district. 30,000 and 15,000 households respectively were without electricity for several hours. Most recently, storm "Bianca" at the end of February caused failures in the supply area and, as a result, numerous deployments of Netz OÖ and Energie AG Oberösterreich Tech Services GmbH employees. In this situation, the 110 kV high-voltage grid once again proved to be a strong and reliable backbone of the electricity supply in Upper Austria.

Construction activities for the Almtal and Kremstal electricity supply project (Upper Austria Electricity Grid Master Plan, Project No. 16) were resumed in mid-August 2019 after a one-year interruption due to legal uncertainties regarding the obligation to carry out an EIA following a ruling by the European Court of Justice, and are now underway. In the meantime, the Steinfeldern substation was completed at the end of 2019. In the first half of 2019/2020,

the first-instance proceedings for the granting of compulsory rights for easements in the Pramstal South electricity supply project (Upper Austria Electricity Grid Master Plan, Project No. 17) were completed. The Raab substation is currently under construction and geotechnical soil investigations are underway. In the period under review, all landowner information events were held in the Mühlviertel Rohrbach – Langbruck electricity supply project (Upper Austria Electricity Grid Master Plan, Project No. 8b). A detailed route is being planned on the basis of the preferential corridor and the feedback received at the information events.

The “Replacement of overhead medium-voltage lines particularly susceptible to disruption” and “Low-voltage cabling” strategy programmes and the systematic expansion of grid automation proceeded according to plan in the first half of 2019/2020. This further reduces the effects of windstorm events on the power supply and increases the availability of the grid.

In the period under review, both the natural gas and electricity grids again recorded a marked increase in new connections.

## WASTE MANAGEMENT SEGMENT

### Waste Management Segment overview

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Total sales	EUR mill.	114.2	114.3	-0.1%
EBIT	EUR mill.	6.8	7.7	-11.7%
Investments in property, plant and equipment and intangible assets	EUR mill.	8.0	4.4	81.8%
Workforce (on average)	FTE	828	861	-3.8%
Total waste volume handled	1,000 t	848	851	-0.4%
Thermally processed waste volume	1,000 t	311	304	2.3%

### ECONOMIC ENVIRONMENT FOR THE WASTE MANAGEMENT SECTOR

The traditional waste management services were largely provided under favourable general economic conditions during the past six months, thus continuing the positive trend of the previous year. As a result of the continuing high volumes of waste requiring thermal treatment, waste incineration plants throughout Europe continued to operate at high capacity utilisation rates.

In contrast, the negative trend of the previous year continued for the recyclable materials recovered paper/cardboard and metal. With the Wiesbaden recovered paper index already having lost considerable ground towards the end of the 2018/2019 fiscal year, the downward trend, which had been continuing for some time, accelerated rapidly in the first half of 2019/2020. The reason for the new low, which had a negative impact on the entire European recovered paper market due to strong international connections, was oversupply as a result of the continuation of import restrictions in Asia. The development of metals, on the other hand, was not uniform and fluctuated sharply in some cases.

Austrian waste management companies were explicitly exempt from the COVID-19 lockdown from mid-March 2020. From the second half of March onwards, operations were continued under difficult general conditions and in compliance with safety and hygiene regulations as part of extensive measures to maintain waste disposal reliability. In contrast, the Neumarkt site in South Tyrol was severely affected by the health and economic policy restrictions in the region during the period under review.

### BUSINESS DEVELOPMENT IN THE WASTE MANAGEMENT SEGMENT

In the first half of the 2019/2020 fiscal year, sales revenues in the Waste Management Segment amounted to EUR 114.2 million, and were thus approximately at the previous year's level of EUR 114.3 million.

EBIT decreased by 11.7% from EUR 7.7 million in the first half of 2018/2019 to EUR 6.8 million in the reporting period. This was due to an impairment of EUR 2.4 million on the plastics sorting plant at the Hörsching site.

The production facility and the equipment at the plastics sorting plant at the Hörsching site were largely destroyed on 10 October 2019 as a result of an explosion and subsequent fire. The insurance company has not yet issued a positive confirmation of cover and the exact amount of the damage, as a function of expert reports, cannot yet be quantified. This means that the impairment in value in the first half of 2019/2020 has not yet been offset by insurance proceeds for rebuilding the facility or for other additional costs. The plant has been out of operation since the fire incident. In order to continue to provide plastic sorting for the customers of Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH), substitute sorting of incoming plastic fractions by third parties in Austria and Germany was organised.

In addition, the first half of 2019/2020 was characterised by sharply declining recovered paper and cardboard prices, which led to negative deviations in sales revenues and earnings compared with the previous year. The other waste management services performed better than in the same period of the previous year due to the price increases asserted, especially for commercial waste and hazardous waste, and due to increased throughput volumes at the incineration plants; this partially compensated for the negative effects mentioned above.

## I OPTIMAL UTILISATION OF INCINERATION PLANTS

The two incineration plants at Wels and Lenzing were again fully utilised in the first six months of 2019/2020, achieving a throughput of 310,658 tonnes (previous year: 303,958 tonnes), which is an increase of about 2.3%. Work on topics such as technological optimisation, material flow management, heating value and impurities was consistently continued.

At Wels, scheduled overhaul work on the turbine of combustion line 1 and the annual overhaul of the thermal system of line 2, with work taking place in two fiscal years, were completed. Apart from this, there were no significant disruptions in the period under review. At the incineration plant at Lenzing, the annual revision was brought forward due to damage to the superheater, which occurred on 14 February 2020, it was successfully concluded under the difficult conditions prevailing due to the COVID-19 protections.

In the reporting period, the waste incineration plant in Wels distributed 143 GWh of heat (previous year: 127 GWh) to the district heating network of the town of Wels and to one other key account customer. Electricity procurement totalled 97 GWh (previous year: 70 GWh).

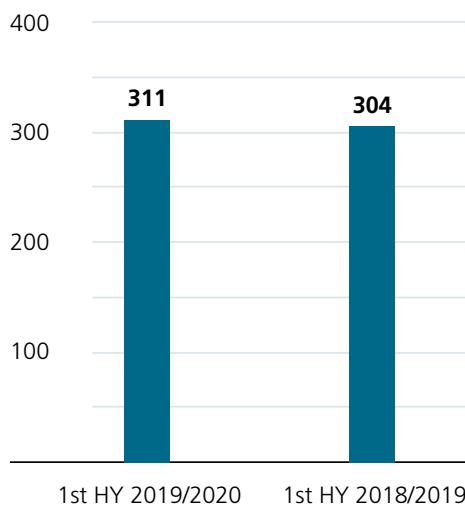
The treatment plant for hazardous waste in Steyr was very strongly utilised during the reporting period.

Compared with the previous year, the total volume handled in Austria and South Tyrol fell slightly to 847,802 tonnes (previous year: 851,342 tonnes).

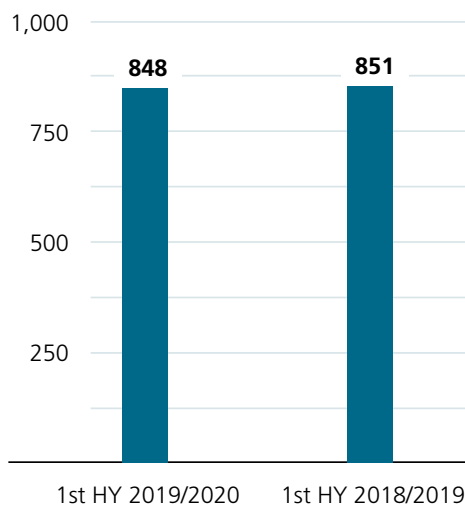


**Thermally processed waste volume**

in 1,000 t

**Total waste volume handled**

in 1,000 t



Cooperation with the public sector was intensified, and it is above all the municipalities which continue to represent a material target group for Umwelt Service GmbH. Strategically anchored cost management was also consistently pursued in the reporting period, and the ongoing optimisation projects were continued.

## I MORE DIFFICULT GENERAL CONDITIONS IN SOUTH TYROL

The service portfolio of the Neumarkt location is relatively strongly orientated towards the management of recycling materials. Due to the negative developments in recovered paper/ cardboard in the first half of 2019/2020, the Neumarkt location was disproportionately affected by the price declines.

In addition, as a result of the COVID-19 pandemic and the associated closures of recycling centres in South Tyrol, there was a sharp decline in the materials received at the location. Due to the closure of most construction sites, construction waste business also ceased completely from the second half of March onwards. Appropriate countermeasures were initiated.

## CZECH REPUBLIC SEGMENT

### Czech Republic Segment overview

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Total sales <sup>1)</sup>	EUR mill.	83.2	81.7	1.8%
EBIT <sup>1)</sup>	EUR mill.	7.2	8.3	-13.3%
Investments in property, plant and equipment and intangible assets <sup>1)</sup>	EUR mill.	2.4	3.3	-27.3%
Workforce (on average) <sup>1)</sup>	FTE	1,674	1,657	1.0%
Invoiced drinking water volume	m <sup>3</sup> mill.	23.6	23.7	-0.4%
Invoiced waste water volume	m <sup>3</sup> mill.	22.4	22.2	0.9%

1) previous year's values restated (see [Notes to the Consolidated Financial Statements, section 5. Segment reporting](#))

### I GENERAL CONDITIONS IN THE CZECH REPUBLIC

In the water business, the favourable macroeconomic data were reflected in a positive sales development and in increasing services business order volumes until the outbreak of the COVID-19 pandemic. 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 the heating business were slightly impaired as the winter in the Czech Republic was milder than the previous year's.

Competition on the labour market continued to be felt, not least due to the positive economic development in the Czech Republic. Due to the COVID-19 pandemic, developments are expected here that cannot yet be assessed, but in which job security in the infrastructure business is likely to play a positive role.

The Czech Koruna remained largely stable against the Euro during the 2019/2020 fiscal year until COVID-19 restrictions were imposed, but weakened significantly in the last few weeks of the reporting period.

### I BUSINESS DEVELOPMENT IN THE CZECH REPUBLIC SEGMENT

Sales revenues in the Czech Republic Segment totalled EUR 83.2 million in the water and district heating sectors in the 2019/2020 fiscal year, thus increasing by 1.8% compared with the previous year. EBIT amounted to EUR 7.2 million in the reporting period (previous year: EUR 8.3 million).

The sales developments of water and waste water are in line with the long-term seasonal fluctuation margins. Service sales revenues were above the previous year's level. Moreover, growth was achieved in construction assembly services and in wholesale revenues.

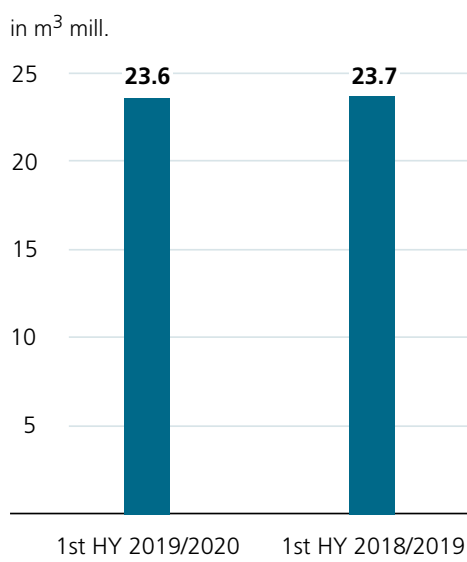
Due to the higher than average temperatures and resulting lower sales volumes in the reporting period, the sales revenues generated in the heating business in the Czech Republic were slightly lower than in the previous year.

The 13.3% decline in EBIT in the Czech Republic Segment was mainly due to a significant increase in personnel expenses as a result of ongoing competition on the labour market.

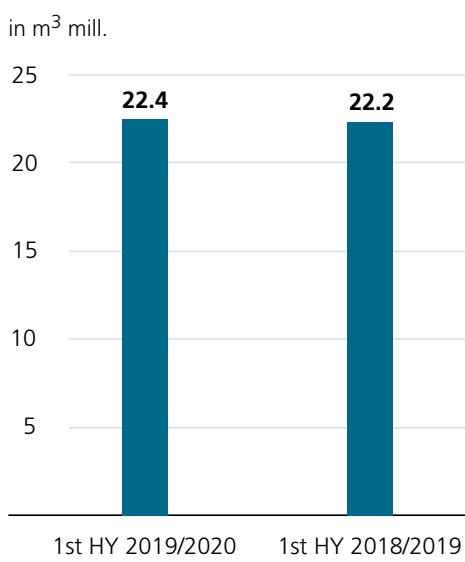
## I STABLE DEVELOPMENT IN THE CZECH REPUBLIC

In the Czech Republic Segment, a total of 23.6 million m<sup>3</sup> of **drinking water** and 22.4 million m<sup>3</sup> of **waste water** were invoiced in the reporting period.

### 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 additionally took place in a number of supply areas. The number of operating or concession agreements, and heat supply agreements has remained constant since the beginning of the fiscal year.

VaK Zapy s.r.o., which was acquired on 6 December 2019, is based in the municipality of Zapy, about 30 km west of Prague. 23 employees provide services in the field of maintenance, repair and overhaul of water supply systems for 15 towns and municipalities and sewage disposal systems for 23 municipalities. More than 700,000 m<sup>3</sup> of drinking water are supplied to customers each year. The operating area borders on that of the Energie AG subsidiary VAK Beroun a.s. to the north-west, and on that of Energie AG Kolín a.s. to the east.

In the areas of research, development and innovation, the focus in the first half of the 2019/2020 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. In the smart water meter sector, the application "Water under Control", developed by ČEVAK a.s., České Budějovice, is a trend-setting solution for water customers and suppliers; it is also being tested in Austria in the scope of a pilot project.

The **heat sales volume** in the Czech Republic amounted to 128 GWh in the reporting period, remaining approximately at the previous year's level (132 GWh).

## HOLDING & SERVICES SEGMENT

### Holding & Services Segment overview

	Unit	1st HY 2019/2020	1st HY 2018/2019	Change
Total sales	EUR mill.	116.0	106.8	8.6%
EBIT	EUR mill.	3.7	7.4	-50.0%
Investments in property, plant and equipment and intangible assets	EUR mill.	21.8	25.7	-15.2%
Workforce (on average)	FTE	1,055	1,039	1.5%
Length of fibre-optic network	km	6,385	5,750	11.0%

### BUSINESS DEVELOPMENT IN THE HOLDING & SERVICES SEGMENT

At EUR 116.0 million, sales revenues in the Holding & Services Segment in the reporting period were 8.6% above the previous year's level of EUR 106.8 million. This development was mainly attributable to higher sales revenues in the technical services sector. The operating result of the Holding & Services Segment fell from EUR 7.4 million in the same period of the previous year to EUR 3.7 million in the first half of 2019/2020, primarily due to the property sales included in the EBIT of the previous year. Apart from this one-off special effect, the operating result of the Holding & Services Segment developed slightly positively in the reporting period.

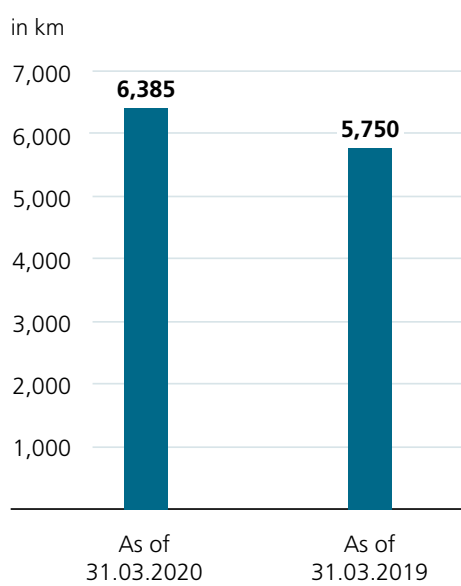
### FIBRE-OPTIC EXPANSION IS THE PREREQUISITE FOR UPPER AUSTRIA AS A BUSINESS LOCATION

The necessity of speed-of-light broadband internet for Upper Austria as a business location was clearly demonstrated at the end of the reporting period in the wake of the current COVID-19 pandemic. Intensified home office activities of Upper Austrian employees and business owners, as well as the increased use of entertainment services, resulted in a massive additional load on the data network, which was successfully cushioned by means of fibre-optic technology. This once again confirmed Energie AG's strategy, which has been to rely on future-proof fibre-optic technology for two decades already. At the end of the reporting period, the Group's own fibre-optic network comprised around 6,385 km (previous year: 5,750 km).

In the first half of the 2019/2020 fiscal year, fibre-to-the-home (FTTH) expansion progressed successfully, especially in the context of the subsidised projects. By the end of the reporting period, more than 29,000 households in 190 municipalities had access to the FIBRE product portfolio of the Energie AG Group. In addition, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) is involved in activities in the wholesale sector for other providers. There is an increased demand here for fibre-optic connections for mobile communications facilities.

Another area of Telekom GmbH's business activity is providing electricity metering services for Netz OÖ. The mass roll-out for smart metering devices (IME-VO Amendment 2017) was completed on schedule in the reporting period. By 31 March 2020, 646,000 AMIS meters had been installed; this is equivalent to 98.25% of all electricity meters in the Netz OÖ supply area, in full compliance with the legal requirements.

#### Length of fibre-optic network



## OUTLOOK

The economic and energy policy environment will be influenced by the effects of the COVID-19 pandemic in the second half of the fiscal year 2019/2020. Energie AG responded to the developments of recent weeks at an early stage, introducing appropriate strategic and operational measures, such as the rapid establishment of a task force and proactive risk management by the Risk Committee, to safeguard critical infrastructure operations.

At this point in time, it is not possible to foresee the extent to which the legislative activities originally expected at the end of the first half of the year or at the beginning of the second half will be implemented by the responsible Ministry for Climate Action and the Environment. This applies in particular to the further development of the Energy Efficiency Act and the Renewable Energies Expansion Act as well as central regulatory content of the electricity market package in the Electricity Industry and Organisation Act 2010.

In terms of price expectations, the international energy markets are currently showing varying and in some cases contradictory signals. After the significant declines towards the end of the reporting period, the further course of the 2019/2020 fiscal year will also be influenced by the duration and effects of the COVID-19 actions and restrictions, and the associated economic development.

In the second half of the fiscal year, restructuring of the sales business will be completed with the final amendments under company law. The new target structure will empower Energie AG to flexibly implement future legal and political requirements, especially in the course of the energy transition, such as providing a 100% supply of green electricity by 2030. According to initial estimates, the state of emergency prevailing in Austria and worldwide will lead to significant sales reductions in the area of business and industrial customers of the electricity and gas sectors in the second half of the 2019/2020 fiscal year. In the area of private customers, a slight increase in sales volumes can be expected due to the curfew measures and changed living conditions. The restrictions will also have an impact on acquisition and construction activities in the telecommunications sector (fibre-to-the-home/FTTH). The risks associated with the situation are being monitored, analysed and regularly reassessed. In addition, Energie AG supports the industry's goodwill arrangements for customers with financial difficulties due to the COVID-19 pandemic.

The general regulatory conditions for the Grid Segment continue to be regarded as stable for the current fiscal year. The parameters for the current electricity regulation period are fixed for five years. In terms of the general economic environment for natural gas, it can be assumed that the parameters will be fixed in the vein of the proceedings already completed for the industry and will be applied throughout the third regulatory period. The energy policy objectives from the government programme have not currently given rise to any concrete actions, but Netz OÖ is analysing the possible effects. The general conditions concerning COVID-19 continue to necessitate stable and reliable supply grids. Grid expansion and maintenance will therefore continue to push forward according to plan, although the general conditions give rise to expectations of delays, especially in the area of implementation (construction). Following completion of the smart meter roll-out, the telecommunications business area will consolidate existing areas in the second half of the fiscal year and replace the remaining analogue meters whose calibration validity is expiring.

Telekom GmbH's fibre-optic division will continue to expand its infrastructure in the second half of 2019/2020, focusing on connecting further mobile communications facilities with fibre-optic technology and on its role as a "wholesaler" for providers. The offer of further subsidy models by the government will also be relevant for Telekom GmbH's important contribution towards the continued expansion of the broadband infrastructure in Upper Austria.

In terms of the Waste Management Segment, the thermal plant at the Wels location is anticipated to continue to operate at high to very high capacity utilisation levels during the second half of the year, while a slight decline is expected at Lenzing. Declines in sales are expected, above all, at locations with a high share of commercial and industrial customers in certain sectors, and especially in the Tyrol region, where the customer portfolio includes many businesses from the tourism sector. After low prices at the end of the first half of the year, a recovery is expected in the recovered paper/cardboard sector. In the second half of the year, in addition to the measures being taken against the Coronavirus crisis, the focus will be on planning the reconstruction of the plastics sorting plant.

The objective for the Czech Republic Segment for the second half of the 2019/2020 fiscal year is to intensify cooperation between the water and heating companies. A further focus will be the integration of VAK Zapy s.r.o., which was acquired on 6 December 2019. In addition, several major concession bidding procedures are pending outside the regions currently covered; the Energie AG Bohemia group of companies and one of its subsidiaries will participate in these. The extent to which the COVID-19 pandemic will affect the course of these tenders cannot yet be assessed. This also applies to the short- and medium-term effects on current business. As far as can be seen so far, a shift or decline in service business is likely. The effects on heating and drinking water sales and wastewater generation cannot yet be reliably assessed. The anticipated trend is one towards a decline in the production sector, which could to some degree be compensated by increasing domestic demand.

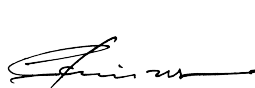
During the second half of the 2019/2020 fiscal year, Energie AG's focus will continue to be on reliable performance of system-critical tasks, especially guaranteeing supply reliability for customers, while at the same time ensuring the highest possible levels of health protection for the workforce. The previous strategic goals in the areas of customer orientation, environmental protection, decarbonisation, digitalisation and cost management will remain unchanged.

From today's perspective, the COVID-19 lockdown is expected to have an impact on the Group's operating result, for example, due to a reduction in energy consumption by customers or price developments on international markets. However, the structural optimisation in Energie AG's sales and electricity procurement business, which is now fully effective for the first time, should partially compensate for these effects.

Reliable forecasts are extremely difficult and therefore exposed to a high degree of uncertainty under certain conditions. Assuming that the economy recovers quickly, Energie AG is optimistic, for the 2019/2020 fiscal year, of being able to achieve a positive development in earnings compared to the previous year's result, which was burdened by one-off special effects.

Linz, 29 May 2020

The Management Board of Energie AG Oberösterreich



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



**Dr. Andreas Kolar**  
Member of the Management Board  
CFO



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

# Semi-Annual Consolidated Financial Statements 2019/2020 of Energie AG Oberösterreich

## CONSOLIDATED STATEMENT OF INCOME 1 OCTOBER 2019 TO 31 MARCH 2020

	01.10.2019-31.03.2020 EUR 1,000	01.10.2018-31.03.2019 EUR 1,000
1. Sales revenues	1,107,108.2	981,965.6
Procurement costs for electricity and gas trading	-34,913.1	-56,501.8
Net sales revenues	1,072,195.1	925,463.8
2. Change in inventories of finished goods and work in progress	146.7	-331.3
3. Other capitalised corporate services	17,253.0	15,869.2
4. Share in result of companies consolidated at equity	11,143.8	29,475.0
5. Other operating revenue	17,907.1	21,298.7
6. Expenses for material and other purchased services	-722,536.3	-595,920.9
7. Personnel expenses	-150,845.5	-141,652.3
8. Depreciation, amortisation and impairments	-88,814.2	-71,110.7
9. Other operating expenses	-79,361.6	-75,767.1
<b>10. Operating result</b>	<b>77,088.1</b>	<b>107,324.4</b>
11. Financing expenses	-11,293.3	-11,343.9
12. Other interest income	423.6	-30.0
13. Other financial result	-2,297.0	494.7
<b>14. Financial result</b>	<b>-13,166.7</b>	<b>-10,879.2</b>
<b>15. Earnings before taxes</b>	<b>63,921.4</b>	<b>96,445.2</b>
16. Income taxes	-13,152.5	-20,653.5
<b>17. Consolidated net earnings</b>	<b>50,768.9</b>	<b>75,791.7</b>
Thereof attributable to non-controlling interests	876.4	1,014.8
Thereof attributable to investors in the parent company		
<b>Consolidated net profit</b>	<b>49,892.5</b>	<b>74,776.9</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### 1 OCTOBER 2019 TO 31 MARCH 2020

	<b>01.10.2019-31.03.2020</b> EUR 1,000	<b>01.10.2018-31.03.2019</b> EUR 1,000
<b>1. Consolidated net earnings</b>	<b>50,768.9</b>	<b>75,791.7</b>
<b>2. Other comprehensive income</b>		
<b>Items that will not be subsequently reclassified to the income statement:</b>		
Remeasurement of the defined benefit obligation	18,784.3	-11,316.2
Changes in value of at-equity companies recognised in equity	–	-414.0
Changes in value of investments and securities FVOCI	538.1	3,077.3
Deferred taxes	-4,830.6	2,059.3
<b>Items that may be subsequently reclassified to the income statement:</b>		
Hedge accounting	-42,982.3	-39,619.3
Changes in value of at-equity companies recognised in equity	83.3	-163.9
Translation differences	-5,431.2	-229.4
Deferred taxes	10,745.6	9,888.6
<b>Total expenses and revenues recognised in other comprehensive income</b>	<b>-23,092.8</b>	<b>-36,717.6</b>
<b>3. Total comprehensive income after taxes</b>	<b>27,676.1</b>	<b>39,074.1</b>
4. Thereof attributable to non-controlling interests	177.6	976.6
<b>5. Thereof attributable to parent company</b>	<b>27,498.5</b>	<b>38,097.5</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS OF 31 MARCH 2020

	31 March 2020 EUR 1,000	30 September 2019 EUR 1,000
<b>ASSETS</b>		
<b>A. Non-current assets</b>		
I. Intangible assets and goodwill	233,890.1	245,102.5
II. Property, plant and equipment	1,945,399.1	1,881,853.8
III. Investments (thereof at-equity companies: EUR 215,757.4 thousand (previous year: EUR 204,780.3 thousand))	242,662.8	228,088.3
IV. Other financial assets	52,340.3	56,639.6
	<b>2,474,292.3</b>	<b>2,411,684.2</b>
V. Other non-current assets	25,324.4	10,155.0
VI. Deferred tax assets	7,543.7	7,864.3
	<b>2,507,160.4</b>	<b>2,429,703.5</b>
<b>B. Current assets</b>		
I. Inventories	31,021.4	57,755.1
II. Receivables and other assets	436,353.8	348,190.2
III. Fixed term deposits and short-term investments	109,547.3	109,997.7
IV. Cash and cash equivalents	19,256.2	29,772.0
	<b>596,178.7</b>	<b>545,715.0</b>
	<b>3,103,339.1</b>	<b>2,975,418.5</b>
<b>LIABILITIES</b>		
<b>A. Equity</b>		
I. Share capital	88,655.5	88,729.2
II. Capital reserves	216,528.8	216,455.1
III. Retained earnings	1,023,727.3	1,027,039.6
IV. Other reserves	-59,064.9	-36,672.7
V. Non-controlling interests	14,188.1	14,787.4
	<b>1,284,034.8</b>	<b>1,310,338.6</b>
<b>B. Non-current liabilities</b>		
I. Financial liabilities	591,561.5	428,429.6
II. Non-current provisions	280,549.4	308,093.1
III. Deferred tax liabilities	24,376.0	31,882.3
IV. Construction cost subsidies	293,838.5	293,166.8
V. Advances received	5,803.1	16,886.7
VI. Other non-current liabilities	92,045.7	77,423.8
	<b>1,288,174.2</b>	<b>1,155,882.3</b>
<b>C. Current liabilities</b>		
I. Financial liabilities	76,308.4	27,313.1
II. Current provisions	29,477.5	22,244.5
III. Tax provisions	781.5	328.0
IV. Trade payables	157,531.0	180,763.8
V. Other current liabilities	267,031.7	278,548.2
	<b>531,130.1</b>	<b>509,197.6</b>
	<b>3,103,339.1</b>	<b>2,975,418.5</b>

## STATEMENT OF CHANGES IN EQUITY (CONDENSED)

	Equity of investors in parent company EUR 1,000	Non-controlling interests in equity EUR 1,000	Total EUR 1,000
<b>Balance 30.09.2018</b>	<b>1,366,956.8</b>	<b>14,483.2</b>	<b>1,381,440.0</b>
Adjustments from the initial application of IFRS 9, after taxes	2,961.8	15.6	2,977.4
Total comprehensive income	38,097.5	976.6	39,074.1
Dividends	-78,081.7	-804.1	-78,885.8
<b>Balance 31.03.2019</b>	<b>1,329,934.4</b>	<b>14,671.3</b>	<b>1,344,605.7</b>
<b>Balance 30.09.2019</b>	<b>1,295,551.2</b>	<b>14,787.4</b>	<b>1,310,338.6</b>
Total comprehensive income	27,498.5	177.6	27,676.1
Change in the scope of consolidation	-9.7	8.9	-0.8
Dividends	-53,193.3	-785.8	-53,979.1
<b>Balance 31.03.2020</b>	<b>1,269,846.7</b>	<b>14,188.1</b>	<b>1,284,034.8</b>

## CASH FLOW STATEMENT (CONDENSED)

	01.10.2019-31.03.2020 EUR 1,000	01.10.2018-31.03.2019 EUR 1,000
<b>Earnings before income taxes</b>	<b>63,921.4</b>	<b>96,445.2</b>
<b>Earnings after income taxes</b>	<b>44,640.7</b>	<b>87,507.3</b>
Depreciation/Appreciation of non-current assets	90,791.6	64,502.5
Retained earnings of equity companies	-10,893.8	19,764.3
Other items	-11,307.9	-26,857.7
<b>CASH FLOW FROM EARNINGS</b>	<b>113,230.6</b>	<b>144,916.4</b>
Payments from hedging transactions	-62,432.2	-40,185.5
Change in fixed term deposits and short-term investments	450.4	61,115.0
Change in inventories and current receivables	-21,531.1	-28,246.6
Other change in working capital	-7,778.7	-39,868.5
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>21,939.0</b>	<b>97,730.8</b>
Outflow for additions to property, plant, equipment and intangible assets	-117,087.0	-112,946.8
Other items	1,303.6	10,186.1
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-115,783.4</b>	<b>-102,760.7</b>
Dividend distribution	-53,979.1	-78,885.8
Issuance of registered bond	100,000.0	-
Cash advances	44,000.0	9,000.0
Other items	-6,137.0	-1,716.9
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>83,883.9</b>	<b>-71,602.7</b>
<b>TOTAL CASH FLOW</b>	<b>-9,960.5</b>	<b>-76,632.6</b>
Cash funds at beginning of period	29,772.0	101,436.6
Cash flow	-9,960.5	-76,632.6
Exchange rate effects on cash funds	-555.3	-32.9
Cash funds at end of period	19,256.2	24,771.1

# NOTES TO THE SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 2019/2020 OF ENERGIE AG OBERÖSTERREICH

## 1. General disclosures

The condensed semi-annual financial statements of Energie AG Oberösterreich as of 31 March 2020 were drawn up in accordance with IAS 34 (interim financial reporting), the International Financial Reporting Standards (IFRS) for interim financial reporting as applicable on the reporting date together with the applicable interpretations as published by the International Accounting Standards Board (IASB) and adopted by the European Union. The interim financial report provides an update to the consolidated financial statements as of 30 September 2019. The semi-annual financial statements were not subjected to a complete review or a review by a public auditor.

The accounting policies current as of 30 September 2019 were applied without changes, with the exception of the changes disclosed in this report.

## 2. Change in accounting methods

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

Newly applicable amended standards and interpretations adopted by the EU that take effect on 1 January 2019 or later:

#### **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 all leases and the contractual rights and obligations associated with them must be reported on the lessee's statement of financial position. The previously different recognition of operating and finance leases under IAS 17 no longer applies. The lessee recognises a right-of-use asset representing its right to use an underlying asset and, at the same time, a lease liability in the amount of the present value of the lease payments. Discounting takes place at the lease-specific interest rate, or the incremental borrowing interest rate if the lease-specific interest rate cannot be determined. Depending on the term, an incremental borrowing interest rate of 1.2% or 1.7% is assumed. The right of use asset must then be amortised and the lease liability carried forward using the effective interest method.

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 standard is applied for the first time in the 2019/2020 fiscal year. The Group applies IFRS 16 to all contracts 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.

The most important change concerns the Group's head office in Linz. The corporate headquarters building is used on the basis of a lease. A right of use asset and a lease liability

in the amount of EUR 39.9 million have been recognised as of 1 October 2019. In the Waste Management Segment, portfolio contracts concerning properties resulted in the recognition of a right-of-use asset and a corresponding liability in the amount of EUR 25.7 million.

In the 2007/2008 fiscal year, plant and equipment assets were sold and leased back for a term of 15 years ("sale-and-leaseback") in the Waste Management Segment. In accordance with IAS 17, the lease was classified as a finance lease. As of 1 October 2019, the carrying amount of the assets of EUR 19.3 million was transferred into a right of use asset. The liability amounts to EUR 46.2 million.

As of 1 October 2019, rights of use assets in an amount of EUR 93.0 million were recognised in the property, plant and equipment item, while lease liabilities in an amount of EUR 120.0 million were recognised in the financial liabilities item.

As of 31 March 2020, the lease liability amounts to EUR 116.7 million (up to 1 year: EUR 6.9 million, 1-5 years EUR 57.2 million, more than 5 years EUR 52.6 million).

The reconciliation of the obligations from rentals and leases to the lease liability as of the date of the first-time application of the standard presents as follows:

	EUR mill.
Obligations from the utilisation of property, plant and equipment assets not reported on the Statement of Financial Position as of 30.09.2019	49.2
Liability from the sale-and-leaseback contract from the year 2007/08 in the Waste Management Segment	46.2
Difference from the appraisal of the commitment period and the term of the lease in accordance with IFRS 16, as well as the purchase option for the corporate headquarters in Linz	35.3
Other items	-7.1
	<b>123.6</b>
Discounting effect	-3.6
<b>Lease liability as of 01.10.2019</b>	<b>120.0</b>

### Other changes

- 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 other changes to standards and interpretations are without any significant effects on the consolidated financial statements.

## 2.2. Standards and interpretations that have not been applied early

In the 2019/2020 semi-annual financial statements, the following amendments adopted by the EU were not applied ahead of their effective date:

Entry into force in the EU on 1 January 2020:

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

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:

- IFRS 17 (Insurance Contracts)
- IAS 1 (Amendments: Classification of Liabilities as Current or Non-current)

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)

Entry into force 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)

First-time application of the following standards is not expected to result in any significant implications for the Consolidated Financial Statements.

## 3. Scope of consolidation

### Energy Segment

Energie AG Oberösterreich Businesskunden GmbH (share 100%) was formed on 26 February 2020 and is fully consolidated in the Consolidated Financial Statements. The key account sales of ENAMO GmbH will be transferred to this company in the second half of the fiscal year. ENAMO GmbH will then be liquidated.

Additionally, the operational unit "Stromdiskont" of ENAMO Ökostrom GmbH will be spun off to Energie AG Oberösterreich Vertrieb GmbH.

### Czech Republic Segment

In the Czech Republic Segment, Městské tepelné hospodářství Kolín, spol. s r.o. was merged with VODOS s.r.o. and changed the company name to Energie AG Kolin a.s. VODOSPOL s.r.o. was further merged with CEVAK a.s.

### Holding & Services Segment

As of 30 November 2019, Wertstatt 8 GmbH (formerly: baulounge GmbH) is fully consolidated in the Consolidated Financial Statements.

The implications of the adjustment of the consolidation scope for the Consolidated Financial Statements are insignificant.

## 4. Accounting policies

### Impairment of intangible assets and property, plant and equipment

The current market conditions with falling electricity prices and negative implications of the System Utilization Tariff Directive resulted in deteriorated framework conditions for the CCGT (combined-cycle gas turbine) power plant in Timelkam.

In the Energy Segment, this resulted in a write-down of the CCGT power plant in Timelkam in an amount of EUR 0.7 million (31 March 2019: reversal of impairment: EUR 6.6 million).

The recoverable amount (value in use) is EUR 48.8 million (31 March 2019: EUR 52.2 million). 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 1,411 GWh per year. 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. 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 4.6% (31 March 2019: 4.9%).

Additionally, an impairment of EUR 7.2 million was recognised for the cash generating unit "7-Fields gas reservoir". The impairment was based on a new assessment of the future long-term gas prices on the trading market during the summer and winter months ("summer-winter spread"), as well as the possible utilisation of the gas reservoir over the long term. A discount rate of 5.0% was applied (30 September 2019: 5.3%). The recoverable amount (value in use) is EUR 1.5 million.

## 5. Segment reporting

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

Segment reporting covers the Energy, Grid, Waste Management, Czech Republic and Holding & Services Segments.

The accounting policies applied to the reported segments are the same as those applied throughout the Group. Sales transactions between the segments (internal sales) are billed at market prices, or on the basis of costs incurred. 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. In the previous year, the heat activities of the Group in the Czech Republic were transferred from the Energy Segment to the Czech Republic Segment (previously: Water Segment). The previous year's segment reporting was adapted to reflect the new structure for better comparability.

<b>2019/2020</b>	<b>Energy</b> EUR mill.	<b>Grid</b> EUR mill.	<b>Waste Manage- ment</b> EUR mill.	<b>Czech Republic</b> EUR mill.	<b>Holding &amp; Services</b> EUR mill.	<b>Recon- ciliation</b> EUR mill.	<b>Group</b> EUR mill.
Sales to third parties	704.8	192.9	110.0	83.2	16.2	–	1,107.1
Intersegment sales	2.6	6.7	4.2	–	99.8	-113.3	–
<b>Total sales</b>	<b>707.4</b>	<b>199.6</b>	<b>114.2</b>	<b>83.2</b>	<b>116.0</b>	<b>-113.3</b>	<b>1,107.1</b>
Operating result	31.9	27.5	6.8	7.2	3.7	–	77.1

<b>Restated 2018/2019</b>	<b>Energy</b> EUR mill.	<b>Grid</b> EUR mill.	<b>Waste Manage- ment</b> EUR mill.	<b>Czech Republic</b> EUR mill.	<b>Holding &amp; Services</b> EUR mill.	<b>Recon- ciliation</b> EUR mill.	<b>Group</b> EUR mill.
Sales to third parties	571.5	194.6	111.5	81.2	23.2	–	982.0
Intersegment sales	0.9	6.8	2.8	0.5	83.6	-94.6	–
<b>Total sales</b>	<b>572.4</b>	<b>201.4</b>	<b>114.3</b>	<b>81.7</b>	<b>106.8</b>	<b>-94.6</b>	<b>982.0</b>
Operating result	49.2	34.7	7.7	8.3	7.4	–	107.3

The operating result in the balance column corresponds to the result stated in the Consolidated Income Statement. The reconciliation statement with earnings before income taxes can be obtained from the consolidated income statement.



## 6. Financial instruments

### 6.1. Carrying amounts in accordance with IFRS 9

In accordance with IFRS 9 or IFRS 16 (previous year: IAS 17), the carrying amounts of financial assets and liabilities are grouped into classes or measurement categories as follows:

	Category acc. to IFRS 9	Carrying amount 31.03.2020 EUR 1,000	Carrying amount 30.09.2019 EUR 1,000
<b>Investments</b>		<b>26,905.4</b>	<b>23,308.0</b>
Shares in affiliated companies	FVOCI	3,921.0	2,094.5
Other investments	FVOCI	22,984.4	21,213.5
<b>Other financial assets</b>		<b>52,340.3</b>	<b>56,639.6</b>
Lendings to companies in which an interest is held	AC	10,043.2	10,817.3
Other lendings	AC	5,301.7	5,559.7
Securities FVOCI	FVOCI	7,936.8	9,243.0
Securities FVPL	FVPL	29,058.6	31,019.6
<b>Receivables and other financial assets (non-current and current) acc. to the Statement of Financial Position</b>		<b>461,678.2</b>	<b>358,345.2</b>
<b>Thereof non-financial assets</b>		<b>42,829.3</b>	<b>38,490.1</b>
<b>Thereof financial assets</b>		<b>418,848.9</b>	<b>319,855.1</b>
Trade receivables	AC	288,407.9	254,399.0
Receivables from affiliated companies	AC	154.7	181.8
Receivables from joint arrangements and associated companies	AC	15,092.5	8,583.6
Derivatives designated as hedging instruments (cash flow hedge)	n/a	17,859.8	7,214.4
Derivatives not designated as hedging instruments	FVPL	27,652.9	6,629.1
Other financial assets	AC	69,681.1	42,847.2
<b>Fixed term deposits and short-term investments</b>	AC	<b>89,688.1</b>	<b>89,903.3</b>
<b>Fixed term deposits and short-term investments</b>	FVPL	<b>19,859.2</b>	<b>20,094.4</b>
<b>Cash and cash equivalents</b>	AC	<b>19,256.2</b>	<b>29,772.0</b>
<b>Total financial assets</b>		<b>626,898.1</b>	<b>539,572.4</b>

	Category acc. to IFRS 9	Carrying amount 31.03.2020 EUR 1,000	Carrying amount 30.09.2019 EUR 1,000
<b>Financial liabilities (non-current and current)</b>		<b>667,869.9</b>	<b>455,742.7</b>
Bonds	FLAC	301,790.5	301,846.3
Liabilities to banks	FLAC	74,388.7	32,354.4
Lease liabilities	IFRS 16/IAS 17	116,759.8	46,249.4
Other financial liabilities	FLAC	174,930.9	75,292.6
<b>Trade payables (current)</b>	FLAC	<b>157,531.0</b>	<b>180,763.8</b>
<b>Other liabilities (non-current and current) acc. to the Statement of Financial Position</b>		<b>359,077.4</b>	<b>355,972.0</b>
<b>Thereof non-financial liabilities</b>		<b>243,122.5</b>	<b>276,057.3</b>
<b>Thereof financial liabilities</b>		<b>115,954.9</b>	<b>79,914.7</b>
Liabilities to affiliated companies	FLAC	9,727.0	15,053.4
Liabilities to joint arrangements and associated companies	FLAC	9,679.1	6,156.1
Derivatives designated as hedging instruments (cash flow hedge)	n/a	49,203.2	24,091.9
Derivatives not designated as hedging instruments	FVPL	26,729.7	6,570.0
Other financial liabilities (non-current and current)	FLAC	20,615.9	28,043.3
<b>Total financial liabilities</b>		<b>941,355.8</b>	<b>716,421.2</b>
<b>Carrying amounts grouped to measurement categories according to IFRS 9</b>			
Financial Assets at Amortized Costs (AC)		497,625.4	442,063.9
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)		34,842.2	32,551.0
Financial Assets at Fair Value through Profit or Loss (FVPL)		76,570.7	57,743.1
Financial Liabilities at Amortized Cost (FLAC)		748,663.1	639,509.9
Financial Liabilities at Fair Value through Profit or Loss (FVPL)		26,729.7	6,570.0

## 6.2. Measurement at fair value

### 6.2.1. 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 as follows:

<b>31.03.2020</b>	<b>Carrying amount</b> EUR 1,000	<b>Measurement at market prices Level 1</b> EUR 1,000	<b>Measurement on the basis of inputs observable on the market Level 2</b> EUR 1,000	<b>Other measurement methods Level 3</b> EUR 1,000	<b>Total fair value</b> EUR 1,000
<b>Assets</b>					
Shares in affiliated companies (FVOCI)	3,921.0	–	–	3,921.0	3,921.0
Other investments (FVOCI)	22,984.4	721.7	–	22,262.7	22,984.4
Securities (FVOCI)	7,936.8	7,936.8	–	–	7,936.8
Securities (FVPL)	29,058.6	29,058.6	–	–	29,058.6
Derivatives designated as hedging instruments (cash flow hedge)	17,859.8	–	17,859.8	–	17,859.8
Derivatives not designated as hedging instruments (FVPL)	27,652.9	–	27,652.9	–	27,652.9
Fixed term deposits and short-term investments (FVPL)	19,859.2	19,859.2	–	–	19,859.2
<b>Total</b>	<b>129,272.7</b>	<b>57,576.3</b>	<b>45,512.7</b>	<b>26,183.7</b>	<b>129,272.7</b>
<b>Liabilities</b>					
Derivatives designated as hedging instruments (cash flow hedge)	49,203.2	–	49,203.2	–	49,203.2
Derivatives not designated as hedging instruments (FVPL)	26,729.7	–	26,729.7	–	26,729.7
<b>Total</b>	<b>75,932.9</b>	<b>–</b>	<b>75,932.9</b>	<b>–</b>	<b>75,932.9</b>

			Measurement on the basis of inputs observable on the market	Other measurement methods	
	Carrying amount	Measurement at market prices	Level 2	Level 3	Total fair value
30.09.2019	EUR 1,000	Level 1 EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Assets</b>					
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
<b>Total</b>	<b>97,508.5</b>	<b>61,454.1</b>	<b>13,843.5</b>	<b>22,210.9</b>	<b>97,508.5</b>
<b>Liabilities</b>					
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
<b>Total</b>	<b>30,661.9</b>	<b>–</b>	<b>30,661.9</b>	<b>–</b>	<b>30,661.9</b>

Level 3 financial instruments have developed as follows:

	<b>2019/2020</b> EUR 1,000	<b>2018/2019</b> EUR 1,000
Carrying amount as of 01.10.	22,210.9	10,631.6
Initial application IFRS 9	–	4,702.0
Gains (losses) – not recognised in profit or loss	2,219.8	6,877.6
Additions	2,523.6	–
Transfers	-532.7	0.7
Currency translation	-237.9	-1.0
<b>Carrying amount</b>	<b>26,183.7</b>	<b>22,210.9</b>

The upward revaluation in the previous fiscal year 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 2,219.8 thousand (previous year: EUR 6,877.6 thousand) concern the most important one 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 3,501.9 thousand (EUR -3,501.9 thousand) (previous year: 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 -900.2 thousand (EUR 1,033.0 thousand) (previous year: EUR -786.2 thousand (EUR 900.9 thousand)).

### 6.2.2. 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, fair values that are not of minor significance are calculated using recognised actuarial measurement models and current market parameters (particularly including interest rates, foreign exchange rates and credit ratings of contractual partners). This is done by discounting the cash flows from the financial instruments to the reporting date.

The following valuation techniques and inputs were used:

Financial instruments	Level	Valuation technique	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

### 6.2.3. 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:

	Category acc. to IFRS 9	Carrying amount 31.03.2020 EUR 1,000	Fair value 31.03.2020 EUR 1,000	Carrying amount 30.09.2019 EUR 1,000	Fair value 30.09.2019 EUR 1,000	Level
<b>Assets</b>						
<b>Other financial assets</b>		<b>15,344.9</b>	<b>16,896.2</b>	<b>16,377.0</b>	<b>19,044.9</b>	
Lendings to companies in which an interest is held	AC	10,043.2	11,429.9	10,817.3	13,293.9	Level 3
Other lendings	AC	5,301.7	5,466.3	5,559.7	5,751.0	Level 3
<b>Liabilities</b>						
<b>Financial liabilities</b>		<b>551,110.1</b>	<b>609,582.0</b>	<b>409,493.3</b>	<b>496,521.6</b>	
Bonds	FLAC	301,790.5	357,231.0	301,846.3	370,845.0	Level 1
Liabilities to banks	FLAC	74,388.7	75,351.1	32,354.4	33,441.9	Level 3
Other financial liabilities	FLAC	174,930.9	176,999.9	75,292.6	92,234.7	Level 3

The fair values of the level 3 financial liabilities disclosed above were determined in accordance with generally accepted valuation techniques that are based on discounted cash flow analyses. Material input is the discount rate, which takes into account the default risk of the counterparty.

## 7. Risk management

### 7.1. 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 established part of the management and controlling system, the risk management plays a role in strategic management, investment/project management and the operational activities.

Based on the operational risk management in the decentral business units, the operational and strategic risk management are controlled by the central risk management unit. Risks, opportunities and measures are updated on a quarterly basis and recorded in a group-wide implemented software tool. The identified opportunities and risks are analysed on group level and aggregated to form the total risk position.

Reporting to the Group's Management Board is done on a quarterly basis and ad hoc if required. The risk management report is an integral part of the reporting to the Supervisory Board and, as required under the Austrian Company Law Amendment Act (URÄG), is also reported to the audit committee with respect to the efficiency and validity of the risk management process.

Proper documentation and verifiability are also guaranteed by historicisation of the data as at the measurement dates.

## 7.2 Strategic risks

Making the right strategic decisions is quintessential for the success of any company. Climate change, changing framework conditions in energy politics and the energy industry sector, technological development and a changing market environment entail strategic risks and opportunities for Energie AG. Based on an intensive surveillance of markets, competitors and technologies, the strategic direction is continually being reviewed and adapted to new circumstances.

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.

## 7.3 Risks from operational activities

The profitability and value of the assets, procurement rights and participating interests of the Energie AG Group are exposed to significant market price risks (prices for electricity, gas, biomass, emissions allowance pricing etc.). Because the majority of the generated volume has already been contracted, the lower electricity prices are not expected to have any major effect on the result for the 2019/2020 fiscal year. To enable the utilisation of synergies within the Group as well as risk strategies that are geared to the market environment, the know-how concerning the management of commodity price risks has been bundled in Energie AG Oberösterreich Trading GmbH.

The **electricity production from thermal capacities** in the Energy Segment has declined from the previous fiscal year. The continued high electricity prices and relatively stable gas prices in the winter half year allowed for the utilisation of the CCGT (combined-cycle gas turbine) power plant in Timelkam, which is kept as a reserve for grid reserve and congestion management.

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 in the reporting period benefitted of water levels that were higher than the long-term average, but slightly lower than in the previous fiscal year. All temperature-exposed units experienced the effects of the – in relation to the long-term average – mild winter temperatures.

The COVID-19 pandemic, the ensuing subdued economic development and demanding energy policy framework conditions presented great challenges for the **end customer market for electricity, gas, heat and telecommunication services**. According to internal assessments, the COVID-19 pandemic will result in significantly lower revenues in the electricity and gas sectors. In the area of private customers, the continued curfew measures



are expected to result in slightly higher sales volumes. The risks associated with the current situation are analysed and assessed frequently, suitable measures are taken as required. According to E-Control Austria, the year 2019 saw the greatest number of customers switching their electricity and gas provider since the liberalisation of the markets. Numerous measures are implemented to keep provider switches for Energie AG at the lowest possible level and to win over new customers – 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.

In the **Waste Management Segment**, the traditional waste management services benefitted of favourable economic conditions in the half-year under review and continued the positive trend from the previous fiscal year. As a result of the permanent high volumes of waste requiring thermal treatment, waste incineration plants throughout Europe continued to operate at high capacity utilisation rates. The negative trend from the previous year continued for the recycling materials paper/cardboard and metals where prices are expected to recover after bottoming out at the end of the first year.

Stable sales revenues and results will be assured by intensifying the cooperation with the public sector, a stringent strategic cost management, and ongoing implementation of optimisation projects.

The Austrian waste management companies were expressly excluded from the COVID-19 lockdown that started in mid-March 2020. To warrant a reliable disposal of waste, the operating business operated from the second half of March onward under aggravated framework conditions and in compliance with the safety and personal hygiene requirements.

In the **Czech Republic Segment**, the favourable macroeconomic data were – up to the onset of the COVID-19 pandemic – reflected in a positive sales development and in increasing order volumes in the service business. Due to weather conditions, sales in heating were slightly impaired by the mild winter. It is difficult to estimate the implications of the COVID-19 pandemic, and particularly so with respect to upcoming concessionaires. The operating business is likely to experience a contraction in the producing sector, which will to some degree be compensated by higher demand from households. 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.

Because of the rapidly advancing digitalisation, the expansion of **Fibre To The Home (FTTH)** and the fitting of **smart meters** is gaining in importance. The COVID-19 pandemic clearly highlighted the great importance of lightspeed broadband internet for Upper Austria as a business location. Energie AG is continuing the installation of FTTH, but the COVID-19 pandemic is expected to affect the acquisition and construction activity. As of 31 March 2020, smart meters accounted for 98.25% of metering installations, a high value by industry standards that fully satisfies the statutory requirements. 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 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.

The storm fronts at the beginning of the year created a challenging situation due to the difficulties caused in electricity grid operations. In this situation, the 110 kV high-voltage grid

once again proved to be the strong and reliable supply backbone of the electricity supply in Upper Austrian. The strategic programmes to replace overhead low-voltage lines and overhead medium-voltage lines that are particularly susceptible to disruption with underground cable and the systematic expansion of grid automation are continued as planned. This further reduces the effects of windstorm events on the power supply and increases the availability of the grid.

As an operator of critical infrastructure, Energie AG has installed a suitable crisis and emergency management that enables the Group to respond appropriately to a crisis like the current COVID-19 pandemic, and assure the availability of its systems.

The business processes of Energie AG are supported by information and communication systems, which depend on a 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.

#### **7.4. 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 as well as the statutory environment for project development and implementation for infrastructure companies are of essential significance for infrastructure companies such as Energie AG. Efforts are made to counter these risks by engaging in an intensive and constructive dialogue with government agencies and political stakeholders.

The general regulatory conditions for grid operators continue to be viewed as stable. The parameters for the current electricity regulation period are fixed for five years. In terms of the general economic conditions for natural gas, it can be assumed that the parameters will be fixed in the vein of the proceedings already completed for the industry and will be applied throughout the third regulatory period. The objective continues to be the safeguarding of a stable economic environment for grid operators.

#### **7.5. Risks from investments in other companies**

Risks from participating interests in other companies 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 participating interests.

#### **7.6. Financial risks**

The management of financial risks has never been more important than in the current turbulent environment on the financial and capital markets. Financial risks, such as the interest rate risk, currency and liquidity risks as well as the market price risk from financial investments, are managed and monitored centrally by Energie AG Oberösterreich. The credit risk is managed in close consultation with the individual business units and mitigated by carrying out regular credit analyses for major counterparties.

The provisions carry a potential opportunity or risk, because the present value of the provisions declines with an increasing discount rate and increases with a lower discount interest rate.

## 8. 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	<b>2019/2020</b>	<b>669.9</b>	<b>280.4</b>	<b>205.0</b>	<b>2.7</b>
	2018/2019	166.9	292.4	1.8	5.8
OÖ Landesholding and subsidiaries	<b>2019/2020</b>	<b>5,540.4</b>	<b>129.1</b>	<b>834.5</b>	<b>3,195.7</b>
	2018/2019	1,566.3	32.2	168.7	29,070.4
Associated companies	<b>2019/2020</b>	<b>28,920.1</b>	<b>6,453.1</b>	<b>3,584.1</b>	<b>62.3</b>
	2018/2019	8,515.4	594.5	1,407.7	0.2
Joint ventures	<b>2019/2020</b>	<b>1,579.6</b>	<b>2,053.7</b>	<b>4,721.5</b>	<b>434.8</b>
	2018/2019	137,553.5	12,403.2	8,740.4	51,065.5

Performances are rendered on the basis of market terms and conditions or costs incurred.

## 9. Other disclosures

### Fire in the plastics sorting facility

On 10 October 2019, an explosion in the plastics sorting facility in Hörsching (Waste Management Segment, Austria) caused a major fire. The fire destroyed most of the building and technical equipment, which lead to the recognition of an impairment in an amount of EUR 2.4 million in the first half of 2019/2020. The insurers are expected to confirm insurance coverage in the second half of the fiscal year.

### COVID-19 pandemic

The implications of the COVID-19 pandemic include lower prices on the energy markets, an expected decline in future energy supplies, and a higher planning uncertainty for the Consolidated Financial Statements as of 31 March 2020. A gradual reversal of restrictions and first signs of economic recovery are expected in the second half of the fiscal year. The economic environment is expected to return to normal over the two following years.

In the Energy Segment, electricity volumes for supply contracts were procured in advance. From today's perspective, it is expected that partial electricity volumes will be without customer demand and will therefore have to be marketed otherwise. Due to the recent decline of prices on the electricity market, a provision in an amount of EUR 1.0 million was formed.

The COVID-19 pandemic triggered an adjustment of expected credit losses, which resulted in the recognition of an additional impairment of EUR 0.6 million.

## Other disclosures

Weather-related fluctuations in revenues and earnings during the fiscal year are particularly noticeable in electricity generation as well as electricity and gas sales. For the Energy Segment, this means that the earnings in the first half year are frequently higher than in the second half year. Due to subdued construction activity in the autumn and winter months, investment in property, plant and equipment is generally lower in the first half year than in the second. In the first six months of the year, the hydro coefficient was 1.08 (previous year: 1.13).

In the first six months of the 2019/2020 fiscal year, additions to property plant and equipment amounted to EUR 73.1 million (previous year: EUR 73.1 million), while the carrying amount of disposals was EUR 2.4 million (previous year: EUR 8.5 million). Obligations for the acquisition of property, plant and equipment amount to EUR 57.1 million (previous year: EUR 50.5 million).

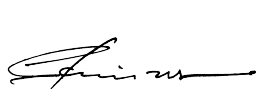
Registered bonds with a volume of EUR 100.0 million, a term of 20 years and an interest rate of 1.25% were issued in the reporting period.

The first six months of the 2019/2020 fiscal year saw EUR 53.2 million (previous year: EUR 78.1 million) in dividends distributed to the shareholders of Energie AG Oberösterreich.

Contingent liabilities amounted to EUR 3.6 million (previous year: EUR 6.5 million).

Linz, 29 May 2020

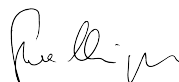
The Management Board of Energie AG Oberösterreich



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



**Dr. Andreas Kolar**  
Member of the Management Board  
CFO



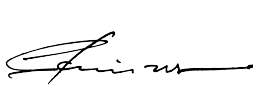
**Dipl.-Ing. Stefan Stallinger MBA**  
Member of the Management Board  
COO

## STATEMENT BY THE MANAGEMENT BOARD PURSUANT TO § 125 PARA 1 SUBPARA 3 OF THE STOCK EXCHANGE ACT [BÖRSEGESETZ (BÖRSEG)]

We hereby confirm that, to the best of our knowledge, the condensed semi-annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) convey a true and fair view of the assets, liabilities, financial position and profit or loss, and that the semi-annual management report of the Group conveys a true and fair view of the Group's assets, liabilities, financial position and profit or loss with respect to significant events that occurred during the first six months of the fiscal year and their effects on the condensed interim consolidated financial statements in terms of the significant risks and uncertainties in the remaining six months of the fiscal year.

Linz, 29 May 2020

The Management Board of Energie AG Oberösterreich



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



**Dr. Andreas Kolar**  
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