ENERGIE STEIERMARK

BUSINESS REPORT 2021

CONSOLIDATED MANAGEMENT REPORT

FOR THE FINANCIAL YEAR 2021

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1 GENERAL ECONOMIC DEVELOPMENT

The global economy recovered strongly in the 2021 financial year, especially in the first half of the year. By the middle of the year, the global economic output had already risen above the level recorded prior to the outbreak of the pandemic. Due to severe shortages of input goods, high inflation and – last but not least – the spread of the Delta variant of COVID-19, the global economic recovery lost momentum in the third quarter. Momentum has weakened in the US and China in particular, while the euro area continues to recover well. Further development depends above all on the elimination of global supply bottlenecks and the development of worldwide tourism.

The forecast indicates that global economic output (OECD area) should grow by 5.1 percent in 2021 and 3.9 percent in 2022.

Real GDP growth in the euro zone will amount to 5.0 percent in 2021. Growth in the euro zone is forecast to reach 4.2 percent in 2022.

After the COVID-19-induced economic slump by -6.7 percent in the previous year, Austria's economy has been on a strong rebound since the spring of 2021 and had already returned to its pre-crisis level by the middle of the year. This recovery also continued in the third quarter, despite the increase in the number of infections. Due to the sharp rise in the incidence of infections, another 3-week lockdown was enforced from 22 November 2021. This has slowed the current recovery and is expected to lead to a decline in economic output in the fourth quarter. Nevertheless, IHS predicts that the economy will grow by 4.3 percent (WIFO: 4.1 percent) in 2021 as a whole. Provided that the containment measures are phased out quickly and there are no further lockdowns, solid growth can also be expected for the following years (2022: IHS 4.2 percent; WIFO 5,2 percent). The unemployment rate is expected to fall from 9.9 percent in the previous year to 8.0 percent in 2021 and 7.2 percent in 2022.

Energy prices (incl. wholesale prices for gas and electricity) have risen sharply and are very volatile, especially from Q4 2021 onwards.

Inflation is rising significantly, driven mainly by energy prices and supply bottlenecks, and is forecast to come in at 2.8 percent in Austria in 2021. A rate of 3.3 percent is also expected for 2022.

2 ENERGY INDUSTRY ENVIRONMENT

The development of the Group's business is largely determined by the development of wholesale prices for electricity, gas and certificates, network tariffs, green electricity surcharges and energy efficiency measures, and weather conditions. The price of electricity and gas is influenced here by demand, decentralised generation and the development of global fuel/CO_2 markets.
After the global economy experienced a sharp contraction at the start of the COVID-19 outbreak in Q1 2020, 2021 saw an acceleration of global economic activity, accompanied by rising demand on the one hand and a shortened supply side on the other. Important support measures taken by many countries, such as shortfall bonuses, investment and incentive programmes, short-time work and COVID premiums, resulted in a gradual recovery of the economy and the demand side after the beginning of the year, boosted by the launch of international vaccination campaigns. An essential cornerstone of this recovery was the monetary and interest rate policy implemented by the central banks, which launched trillion-dollar COVID programmes. With the purchases on the bond market, the interest rate level was kept artificially low (consequence: negative interest rates for many government bonds) and the orientation towards a zero interest policy was continued. On the supply side, due to temporary COVID restrictions and increasing supply chain problems, the high demand as well as the escalation of political conflicts (including Ukraine) caused bottlenecks in the various markets. The result was a historic price increase on most commodity and energy markets.
The bottleneck situation was also exacerbated during the past year by the increased focus on environmental issues, which gained further momentum with the inauguration of Joe Biden as president of the United States and further limited the supply (among other things, G7: no more investments in coal and gas-fired power plants, renewed focus on CO_2 avoidance). To make matters worse, 2021 was marked by extreme weather events (including historic heat and cold waves around the world).
As of 31 December 2021, the raw materials indicated were quoted at USD 113.58 per tonne for coal front year API2 versus USD 79 per tonne at the end of 2020, Brent crude oil – USD 77.78/bbl versus USD 51.8/bbl at the end of 2020, and gas front year TTF – EUR 45.71/MWh versus EUR 15.85/MWh. The CO_2 front year traded at EUR 80.16/t at the end of the year, up from EUR 32.20/t at year-end 2020.

Power

The recovery of the demand side and the lower availability of renewable energies, especially wind, resulted in a shift within the merit order towards the more expensive power plants. Over the course of the year, sharply increased fuel input costs as well as higher CO2 quotations led to a clear rise in spot prices (EPEX-Spot DE (annual average): EUR 96.71 per MWh compared to EUR 30.47 per MWh in 2020), which was also increasingly reflected in forward market contracts.
Within the German generation structure, the weaker feed-in of renewables and the disproportionate rise in gas prices led to an increased use of coal-fired power plants despite the higher CO_2 costs. Planned shutdowns and reduced investments in conventional gas and coal-fired power plants as well as the focus on environmental issues have put additional pressure on the supply side. Concerns about shortages of primary energy sources led to a price explosion in the second half of the year, especially for gas, and to a rise in risk premiums. As a result of the planning uncertainty in view of possible COVID restrictions, many market participants (including industrials) also changed their purchasing policy to a more short-term horizon, i.e. they increasingly purchased on the spot market.
At the end of the year (29 December 2021), the Cal 22 Base DE was quoted at EUR 219.88/MWh. The cost for the AT contract was EUR 225.93/MWh. Subsequent years were EUR 120.11/MWh (Cal 23 Base DE) and EUR 87.03/MWh (Cal 24 Base DE) as of 30/12/21.

Gas

Due to the long and hard last winter, gas and coal inventories fell to record lows, and it was not possible to bring them back to the previous year's levels by the start of this year's heating season. This situation

was exacerbated by the problems surrounding Nord Stream 2 (suspension of certification, etc.), the Ukraine conflict and the reduction of Russian deliveries to the long-term contract volumes with the discontinuation of auctions via Gazprom's electronic auction platform (ESP) from 13 October 2021 onwards. In 2021, Gazprom's ESP sales amounted to 284 TWh – in the previous year it had been only 76 TWh. At the end of the year, the gas storage facilities in Europe were 56 percent full, which is -17 percent below the previous year's level.
The acceleration of this price spiral culminated in an almost vertical rise from November onwards, which led to an all-time high of the German THE-Cal 22 gas futures at EUR 140.67/MWh. Subsequently, the price collapsed and ended the year at EUR 90.59/MWh as of 29 December 2021. Coal API2 and Brent reached their annual highs much earlier at USD 184.02/t on 05 October 2021 and USD 86.40/bbl on 26 October 2021, before strong corrections set in there, as well. The CO_2 Dec21 contract reached its all-time high of EUR 88.88/t on 8 December 2021.

Heat
Efforts to achieve a climate-neutral Europe and Austria's goal of climate neutrality by 2040 are behind the medium- to long-term expansion and development path in the heating sector. The transformation needed in the heating sector here requires a broad mix of new incentives and effective instruments to, among other things, increase investment in renewable heating technologies, raise the rate of building refurbishment, and drive forward the modernisation and expansion of heat networks and storage facilities as well as sector coupling.

In July 2021, the federal government announced the package of laws on renewable energy expansion – the EAG Package. The enactment of the federal law resulted in the enactment of a federal law on the expansion of energy from renewable sources (Renewable Energy Expansion Act, EAG), as well as amending, among other things, the Heating and Cooling Pipeline Expansion Act. The regulatory framework with a direct impact on business performance is generally assessed as neutral. The decarbonisation path to be presented in the future (EE share 2030: 60%, 2035: 85%) for the granting of a subsidy, on the other hand, is currently estimated to be difficult to achieve, especially in the greater Graz area.

The Renewable Heat Act (EWG), which is currently in preparation, will have a much greater impact on the district heating industry than the EAG. The aim of the law will be to also move the heating sector over to a sustainable and secure energy supply based on renewable energy sources in order to reduce dependence on imported fossil fuels. Building on the Ban on Installing Oil-Fired Boilers Act, there is to be a ban on installing gas-fired boilers in newbuilds as early as 2025, with a complete phase-out of oil by 2035 and natural gas by 2040. This means that, in urban areas, district heating will be an essential component in achieving climate protection targets in the indoor heating sector, rendering it necessary, on the one hand, to expand the existing district heating supply and, on the other hand, to convert heat generation to renewable energy sources and highly efficient systems.

Grids
With the 2021 SNE-VO amendment (Ordinance on Use of System Charges) and the 2021 GSNE-VO amendment (Ordinance on Use of Gas System Charges), the system usage fees and the compensation payments for the electricity and gas network of the Energienetze Steiermark GmbH were newly set for 2021. In accordance with EIWOG 2010 and GWG 2011, the Management Board of Energie-Control Austria (ECA) initially specified the cost basis, the objectives and the quantity structure in its notification. The system usage fees and the compensation payments are subsequently determined by E-Control's regulatory commission. For this purpose, the grid usage and grid loss charges for the Styrian grid, the recognised cost basis and the quantity structure of all grid operators (in the electricity grid segment with an annual sales volume of more than 50 GWh) are taken into account.

The EAG package came into effect at the end of July 2021 (except for funding provisions requiring EU notification). The EAG package mainly relates to the Renewable Energy Expansion Act, the Green Electricity Act, the Electricity Industry and Organization Act (ElWOG) and the Heavy Current Transmission Act (StWG). The EAG package includes topics such as 100% of electricity uptake from renewable energy sources by 2030, renewable energy community, citizen energy community, simplified grid access of generation plants and the permit exemption of medium-voltage transmission lines up to 45 kV as per StWG, of which EN is significantly affected.
Renewable energy communities are intended to generate renewable electrical energy from one or more distributed generation facilities within a local area and make it available for consumption by participating members of that renewable energy community within the same local area.
The citizen energy communities, in turn, enable electrical energy to be generated from one or more decentralised generation plants and made available across the entire distribution grid for Austria to the participating members of this citizen energy community for their own consumption.
Simplified grid access and easier connection conditions for generation plants are achieved by means of a simple and at the same time transparent solution in which flat-rate grid access charges are defined, graded according to the bottleneck capacity of the plant to be connected.
The exemption from need for medium-voltage line installations up to 45-kV in accordance with the StWG to obtain a permit represents a major simplification of the administrative paperwork.

Unfortunately, contrary to what was announced in advance, the final EAG package lacks essential provisions required to mobilise renewable gases such as biomethane and hydrogen. Although the law provides for initial forays into a "green gas package," these are insufficient due to the lack of an overall package. It is therefore necessary in 2022 to further develop a comprehensive "green gas package" that enables both a rapid market build-up by means of a market premium or quota model – in a similar vein to how green electricity was expanded – and an open technology solution for to have renewable gases used cost-effectively to supply industrial and indoor heating. At the European level, a comprehensive gas package is expected in the coming year, which will primarily provide for the development of a hydrogen economy using the existing gas infrastructure.

The new Network Codes (NC) issued by ENTSO-E and ACER aim to achieve an energy transition in Europe/Austria accompanied by a high level of security of supply in the future. These include a wide range of adaptation and renewal requirements compared to the processes previously established with the network operators. Initial steps have already been taken to implement this. The specifics of how the NC will be designed in Austria is mainly carried out via the TOR (Technical and Organisational Regulations) in joint coordination between transmission system operators and distribution system operators as well as generators.

3 ECONOMIC DEVELOPMENT OF THE GROUP

Selected P&L, balance sheet and cash flow positions develop as follows in the 2021 financial year:

in EUR millions	Full year		Deviation	
	2021	**2020**	**absolute**	**%**
Sales revenues	1,807.2	1,584.9	222.3	14%
Cost of materials	-1,442.4	-1,185.8	-256.6	-22%
Operating result (EBIT)	30.6	73.5	-42.9	-58%
Result before income taxes	56.8	94.1	-37.2	-40%
Result after income taxes	47.9	66.7	-18.8	-28%
Equity	2,262.7	1,486.9	775.8	52%
Balance sheet total	5,202.2	3,063.8	2,138.5	70%
Net cash flow from ongoing operating activities	185.1	98.2	86.9	89%
Net cash flow resulting from investment activities	-116.5	-91.7	-24.8	-27%
Net cash flow resulting from financing activities	22.4	-7.4	29.7	403%
Investments in property, plant and equipment	168.7	144.4	24.3	17%

In the 2021 financial year, the operating result (EBIT) was EUR 30.6 million, which is a decrease of EUR 49.2 million in comparison with the previous year.

Revenues mainly include energy revenues and grid revenues. The second half of 2021 was driven by a sharp increase in energy prices on the wholesale market, which had a negative impact on energy and heat contribution margins.

In addition to sales revenues, changes in inventories, own work capitalised and other operating income also contributed to operating performance. Own work capitalised amounted to EUR 32.9 million in 2021 was above the level of the previous year. Other operating income amounts to EUR 11.2 million and decreases mainly due to fewer insurance payouts compared with 2020.

Personnel expenses in 2021 were EUR 7.0 million higher than in the previous year, mainly due to a higher number of employees and the wage rises under collective agreements.

Higher investments, especially in the grid segment, lead to higher depreciation.

Other operating expenses, at EUR 91.1 million, are EUR 1.7 million below the value of the previous year and mainly include third-party services.

In 2021, income from investments in associated companies mainly comprised income from Energie Graz GmbH & Co KG. The other result from shareholdings includes, among other things, the dividends from VERBUND Hydro Power GmbH and RAG-Beteiligungs-Aktiengesellschaft.

Overall, after taking into account the financial result and taxes, the consolidated net profit for 2021 amounted to EUR 47.9 million. Majority shareholders account for a result of EUR 46.6 million (previous year: EUR 65.6 million).

In 2021, investments in property, plant and equipment amounted to EUR 168.7 million. Investments in the energy grids and in renewable energies here are essential.

The following key figures were calculated for the 2021 financial year:

	Full year	
	2021	**2020**
EBITDA (EBIT + depreciation and amortisation) in € million	143.5	181.4
EBIT margin (EBIT/sales revenues)	1.7%	4.6%
Return on equity (taxed results/ø equity)	2.6%	4.5%
Capitalisation ratio (property, plant and equipment/balance sheet total)	30.7%	50.0%
Equity ratio (equity/total capital)	43.5%	48.5%

4 NON-FINANCIAL PERFORMANCE INDICATORS

Energy report

in GWh	Full year		Deviation	
	2021	2020	absolute	%
Sales				
Electrical energy				
Electricity sales on the customer market	**7,312**	6,067	-1,245	21%
Portfolio and compensation energy sales	**9,641**	13,294	-3,653	-27%
Trading	**5,873**	3,930	1,942	49%
Total sales	**22,825**	23,292	-467	-2%
Gas energy				
Gas sales on the customer market	**3,526**	3,277	249	8%
Portfolio and compensation energy sales	**9,149**	7,013	2,136	30%
Trading	**3,431**	3,969	-538	-14%
Total sales	**16,106**	14,260	1,846	13%
Grids				
Electricity grid	**8,248**	7,957	291	4%
Gas network	**14,770**	12,733	2,038	16%
Heat				
Domestic heat sales	**1,631**	1,487	144	10%
Foreign heat sales	**609**	570	39	7%
Total sales	**2,240**	2,057	183	9%
Generation				
Electricity generation (including abroad)	**278**	303	-24	-8%

Electricity sales in the customer market increased compared with the previous year, with additional demand reflected in all segments. The gas sector was also able to maintain the same level as in the previous year primarily due to increased sales in the residential and small business segment as a result of weather conditions.

Both portfolio and trading volumes are driven by market price volatility and can vary widely each year.

There was a minor change in the electricity grid compared to the previous year. The comparatively higher volume of sales in the gas network is attributable to fluctuations in industrial demand.

The higher level of heat sales results from different weather conditions compared to 2020.

The lower electricity generation from an annual perspective comes from the hydropower sector as a result of the lower water supply, partially offset by higher electricity production in district heating.

- **Sales**

In sales, we continue to face a competitive and volatile market environment – not only as a result of the pandemic – primarily due to high market prices. We are countering this on the one hand by transforming and expanding our existing customer business and developing new business models in the digital sales business. The new business models need a lot of management attention to get off the ground, and stakeholder expectations and public pressure to be innovative and customer-friendly remain high. The development to ensure an improved, seamless and holistic shopping and service experience for our customers was also further developed this year with additional initiatives towards omnichannel. The company's business performance was largely determined by the sharp rise in wholesale prices for electricity, gas and certificates, green power surcharges and energy efficiency measures, as well as by weather conditions in 2021, which was nevertheless a relatively cool year. The price of electricity and gas is largely influenced here by the significant rise in global demand, centralised and decentralised generation of renewables, and the development of global fuel/CO_2 markets. Explosive political factors and low gas supplies and storage levels caused the exchange prices for electricity and natural gas to soar compared to recent years, especially in December 2021. Another important component of our business model is optimised customer management – key words data analysis and customer experience – the ability to retain customers and lose as few as possible to ensure a solid business base. The ability of our organisation to have the skills required to meet the challenges of the future, as well as the attractiveness of our company to attract a suitable mix of young talents and experienced professionals will also be a key competitive advantage. It will be necessary and challenging to pass on the increased uptake costs and ancillary effects (spreads, guarantees of origin, CO_2, etc.) to customers on the market side in the coming months.

- **Grids**

Energienetze Steiermark GmbH is an independent electricity grid and gas grid operator within the meaning of section 42(3) of the Electricity Industry and Organisation Act 2010 as amended (ElWOG) and section 106(1) of the Gas Industry Act 2011 as amended (GWG). Energienetze Steiermark GmbH operates its own electricity and gas transmission grids to distribute electricity and natural gas. The electricity grid covers a length of around 30,000 km in the high, medium and low voltage areas, while the natural gas grid covers around 4,200 km in the high and low pressure areas.

The revision of the electricity grid fees (grid usage and grid losses) resulted in an average change of +2.1 percent in the electricity grid fees for Energienetze Steiermark GmbH as of 1 January 2021, with the grid usage fees increasing by an average of +2.9 percent and the grid loss fees decreasing by an average of -11.4 percent.
The revision of the gas grid fees resulted in a reduction of -1.1 percent for Energienetze Steiermark GmbH as of 1 January 2021, with an average reduction of -1.9 percent in grid level 2 and an average reduction of -0.7 percent in grid level 3.
In the electricity grid segment, grid sales volumes supplied from the electricity transmission grid amounted to 8,266 GWh in 2021, which is +157 GWh higher than the value of the previous year. This corresponds to an increase of approximately 1.9 percent. The maximum grid load for 2021 was registered at 1,507 MW on 2 December 2021 and was thus -2.6 percent below the peak of 2020 at 1,547 MW. In the gas segment, the distributed natural gas volume for downstream grid operators and end customers amounted to 15,951 GWh in the year under review. This was an increase of approximately around 2,277 GWh or approx. 16.7 percent over the previous year.
The general situation for operations and disruptions in the supply area of Energienetze Steiermark was influenced by four extreme weather events (regionally unusual) in the period under review in 2021. This was a thunderstorm in the third quarter of the year under review, which mainly affected the greater Graz area and the area surrounding Graz. The general incidence of disruptions in the supply area of

Energienetze Steiermark in the observation period 2021 was otherwise on a par with the average for the last few years.

- **Heating (excluding abroad)**

The weather in 2021 was significantly cooler than the long-term average, which is why a new uptake record of 1,639 GWh of district heating was achieved, but this is clouded by the economic development. Around 39 percent of district heating was in the form of high-efficiency co-generation heat, industrial waste heat, and heat from renewable sources. In the regions outside the greater Graz area (city of Graz and southern surrounding municipalities up to Wildon), a value of 76 percent has already been achieved. In the grids of Energie Steiermark Wärme GmbH, district heating sales are also expected to increase in the coming years as a result of grid densification. The “Get out of oil” campaign launched by the Federal Ministry for Climate Protection has seen a significant increase in customer requests for connection to district heating this year already.

- **Generation**

Energie Steiermark Green Power GmbH is the generation company of Energie Steiermark AG and deals with power generation from renewable energies and resources management. On the one hand, the company operates its own generation plants and, on the other, it concentrates on energy efficiency and innovations. Customers benefit from services provided in the fields of hydroelectric power, wind power, photovoltaic, innovative projects, approval procedures and construction site coordination.

Abroad

Energie Steiermark AG has shareholdings in Slovakia (STEFE SK Group), the Czech Republic (Jihlavske Kotelny s.r.o.), Slovenia (Adriaplin d.o.o.), Germany (E1 Energiemanagement GmbH) and France (Électricité de Provence SAS), with the foreign countries being managed as a separate business field for the purpose of dedicated market development.
The foreign markets relevant to Energie Steiermark AG also recovered strongly in the first half of the year. For the 2021 financial year, Slovakia and the Czech Republic are forecast to grow by 3.0 percent and 3.3 percent, respectively. Expected growth in Slovenia is 6.9 percent. In Germany, the economy is expected to grow by 2.8 percent and in France by 6.9 percent.

Sustainability

Energie Steiermark summarises all measures in a sustainability report, which is published every two years. It is part of transparency and fairness and documents the sustainable actions of the entire company and at the same time sets the sustainability goals for the coming years. Energie Steiermark is supported in this by what is called the Sustainability Advisory Board – a critical group of renowned stakeholders who provide the company with additional input and suggestions. As part of the Sustainability Report of Energie Steiermark, a materiality matrix was developed with the most important topics in the areas of companies and management, customers, environment and climate protection, employees, and social engagement. Topics were identified and evaluated at several levels: Stakeholders such as NGOs, political representatives and public authorities, experts and partner companies were involved through surveys and the regular “Green Round Table”. External sources such as analyses by rating agencies, NGOs or research institutions were also taken into account. Several workshops and working groups with executives as well as experts of the company were held to collect, structure and prioritise the topics.

Fig.: Materiality Matrix of Energy Steiermark AG

sehr hoch	very high
Relevanz aus der Sicht der Anspruchsgruppen	Relevance from the perspective of stakeholders
hoch	high
Regionale Verantwortung als Investor, Arbeit- & Auftraggeber	Regional responsibility as an investor, employer and customer
Versorgungssicherheit Kundenorientierung Nachhaltige Energieerzeugung Energieeffizienz	Security of supply Customer orientation Sustainable energy production Energy Efficiency
Verantwortung in der Lieferkette	Responsibility in the supply chain
Luftemissionen Naturschutz & Artenvielfalt Informations- & Datensicherheit Arbeitszufriedenheit & Entwicklungsmöglichkeiten Bekämpfung Energiearmut	Air emissions Conservation & diversity Information and data security Job satisfaction and development opportunities Combating energy poverty
Umweltfreundliche Mobilität Intelligente Netze & Dezentrale Energieerzeugung	Environmentally friendly mobility Smart grids and decentralised energy production
Compliance & Korruptionsprävention	Compliance and preventing corruption
Arbeitssicherheit & Gesundheit Sponsoring und gesellschaftliches Engagement	Occupational health and safety Sponsorship and social commitment
Forschung & Innovation	Research and innovation
Bedeutung der ökonomischen, ökologischen und sozialen Auswirkungen der Energie Steiermark	Significance of the economic, environmental and social impact of Energie Steiermark

Unternehmen & Management	Company & Management
KundInnen	Customers
Umwelt & Klimaschutz	Environment & Climate Protection
MitarbeiterInnen	Employees
Dialog & gesellschaftliches Engagement	Dialogue & Social Commitment

Employees

Human Resources Management

Rapid digital transformation, increasing competitive pressure and constant changes in the energy industry environment, demographic change and labour shortages call for a flexible – but also long-term – strategy in HR policy.

The employees of Energie Steiermark are a central factor in the success of the company and form the basis of sustainable corporate success. Aware of their great strategic importance, we act toward them as a responsible, fair and attractive employer. Promoting diversity and equal opportunities, pushing training and development, and offering a diverse and lucrative range of tasks in a modern working environment stand for our claim as one of the largest and most crisis-proof employers in the country.

As part of a digitalisation strategy, experts from all areas of the company are working on ambitious projects to optimally implement digital solutions and transformation processes. It requires a rethink in all work areas and processes. One of the primary objectives when it comes to HR is to prepare employees for the latest digital developments and skills on an ongoing basis, to design change processes efficiently and to implement them together with the acceptance of employees.

The professional cooperation of managers at all levels is the fundamental prerequisite for achieving the ambitious strategic goals. All employees are called upon to play an active role, to help shape change and to tread new paths together with the company. This approach enables the Group to grow steadily and healthily despite ongoing changes and new challenges.

As an employer, we also motivate our employees by offering a range of voluntary benefits in addition to performance-based, attractive remuneration. Fundamental principles, such as equal treatment and equal opportunities, work-life balance, flexible working time models, high standards of health care, occupational health and safety, diversity and inclusion management, are actively practised.

Employee satisfaction is an important aspect of the company’s strategy. A comprehensive employee survey throughout the entire Group is carried out at regular intervals with the aim of establishing the level of satisfaction with the status quo among employees. It also offers them room to make suggestions or indicate any changes they would like to see. The last one took place in the fall of 2021 and the result confirmed the excellent corporate culture.

Driven by the impact of the coronavirus pandemic, fundamental changes have occurred in the world of work and careers. Personal responsibility and innovative, team-oriented working methods combined with home office have proven their worth in the face of special challenges and demonstrated the resilience of the overall system. With the option of being able to work from home extensively or having corresponding individual agreements for all employees, it was possible to increase not only the necessary security but also the necessary flexibility – especially for those with family responsibilities.

The project “New Work – New Working World of Energie Steiermark” enables a holistic view of modern forms of work in terms of time and location flexibility, combined with a modern and innovative office concept. The implementation will meet an increased need for flexibility and communication as well as the need for dynamic processes and high agility within the company.

Demographic change and the resulting increase in shortage of junior staff also require long-term strategic personnel planning and safeguarding. Growing priority is therefore given to giving state-of-the-art training to apprentices of various professions in the company and will be further promoted. Fresh commitment is brought into the company with the targeted recruitment of employees adjusted to the needs and expectations of "new" generations, and resulting in a profitable mixture with the existing know-how.

Individual Framework Conditions

Another key area of concern for Energie Steiermark is ensuring a good balance between work and family life. Energie Steiermark provides its employees with numerous instruments and opportunities to keep professional and private interests in balance. In this way, special needs of individual employees can also be taken into account and significant advantages can be gained on both sides.

In particular, women who return to work after maternity leave benefit from individual and highly flexible part-time models that go beyond what is required by law.

A full-day company childcare service in the form of a crèche or kindergarten completes the offer for employees. The option of using decentralised workplaces close to home also continues to be utilised – in addition to working from home.

The company pension scheme in the form of a pension fund is an important component of the overall remuneration and also contributes to the loyalty to the company.

High transparency of internal information

2021 also presented the company with further challenges due to the COVID-19 pandemic. Ensuring consistent transparency with regard to the current pandemic situation was an essential measure for maintaining the health of our employees and thus also for the security of supply to our customers. Ongoing information and video messages via the intranet from the company's management ensured that the entire workforce was informed.

Personnel Development

Technological achievements are fundamentally changing working and professional life as well as our society. The requirements of our customers and global situations such as climate change and pandemics are key drivers of transformation. Energie Steiermark is facing up this change and focusing its strategic alignment on growth, sustainability and digitalisation.

The topics of working from home, new work, new media and programs, virtual meetings and hybrid teams have become a reality. In order to successfully break new ground, the skills of dealing with complexity, flexibility, agility, goal orientation and positive leadership are more in demand than ever. The willingness to learn new things every day, to be a role model, to think in a networked way and to anchor sustainability everywhere in the company requires an open and self-confident approach to change. Self-directed learning, collaborative working and diversity are key success factors for this.

On the one hand, the key tasks of strategic personnel development involve providing the best possible support for implementing the Group's overall strategy and, on the other hand, comprehensive support for the specific requirements of the respective business segments of Energie Steiermark. The comprehensive range of training and development offers covers everything from specialised training, courses and work methodology to targeted seminars to boost personal and social skills to comprehensive junior staff and management development programmes.

The employee interview as a central development tool accompanies employees and managers on the basis of the competence model. During the employee interview, the need for competence development is jointly identified and targeted training and further education measures are agreed upon. Every

development measure agreed between managers and employees is intended to contribute to the successful implementation of the corporate strategy.
Systematic talent and generation management is a key success factor in securing the Group's key strategic business positions over the long term. On the one hand, this involves maintaining and further developing the necessary skills and abilities within the Group and, on the other, recognising the professional and personal development potential of skills and systematically building them up. Target group-specific qualification programmes, accompanied mentoring, and individual development plans are intended to help prepare for successful, skills-based internal succession planning.
In the area of gender and diversity management, the initiatives already established for women in the Group were continued, the aim of these being to prepare women well for key positions by providing structured support in competence and personality development.
A scientifically based potential analysis procedure, which is based on self-assessment, is used in recruitment as well as in team development. The goal is to create awareness of personal strengths, behaviours and values, as well as of one's own needs and motivators in professional situations, and thus to promote the strength-oriented development of employees and managers.
Effective personnel development is directly related to corporate culture. Throughout the Group, around 30 cultural ambassadors have been established as contact persons to support the long-term development of corporate culture, to hone it in ongoing processes and adapt it to future challenges. In addition to comprehensive development opportunities for a wide range of target groups within the company, strategic collaborations with educational facilities and excellent employer attractiveness are key when it comes to securing the long-term demand for qualified employees.

Focus on Young People
Since 2020, Energie Steiermark has been training between 25 and 30 technical and commercial apprentices per year, the focus being on replacing retirees by young specialists from our own apprenticeship programme. At the newly built e-campus, young people are offered high-quality, state-of-the-art training in commercial and technical professions. The second part of the apprenticeship training is completed by the junior staff in the various specialist departments within Energie Steiermark, where they receive the necessary specialist knowledge in each case. Close coordination between those responsible for training and the areas in which the young specialists are deployed ensures optimum and targeted training.
In 2021, the following occupational profiles were trained in the apprenticeship programme:

- Office clerk
- Electrical building technician
- Plant operation technician
- Installation building technician
- Dual occupation plant operation technician, construction draftsperson

103 apprentices and young professionals were employed by the company at the end of 2021.

When looking for suitable young people for apprenticeships, it is important to position the company as an interesting and high-quality training company and employer among the target group. Marketing channels must be adapted accordingly and information events in schools must be pushed. New target groups, such as high school graduates, must be specifically addressed and attracted to the apprenticeship. Participation in projects such as "Fascination with Technology" is intended to make the activities and tasks of an energy supplier attractive to the students.
The coronavirus pandemic also presented new challenges for apprenticeship training. It was possible to carry out the training operation well and safely with a high-quality and consistent test concept. By

equipping all apprentices with the appropriate IT equipment from the first year of their apprenticeship, it was possible for the theory modules to be done in distance learning without any restrictions.
A seminar series for young professionals was offered for the first time at the e-campus in 2021. Personal development and professional training are specially tailored to the needs of these employees. The aim is also to form a future network of colleagues. Annually changing focal points allow for multiple participation.

Integrating and promoting young employees are concerns of Energie Steiermark which go far beyond the training of the apprentices. Every year trainees from universities, technical colleges and secondary schools have the opportunity to familiarise themselves with a job in Energie Steiermark, enabling them to gain their first practical experience for their future everyday working life. These positions were also offered during the coronavirus pandemic.

Health and safety of employees
It is very important to the company to support the workforce in the best possible way in terms of occupational health in order to prevent illnesses and to improve, strengthen and maintain health and well-being at the workplace in the long term. In-house preventative health care goes far beyond the measures required by law and thus sensitises employees to greater health awareness through targeted preventative measures. Supported by occupational physicians, occupational psychologists and safety specialists, there are numerous points of contact available for employees. Another important aspect is the prevention or reduction of the number of occupational accidents. Compliance with all legal and internal requirements is constantly monitored. Any occupational accidents are recorded centrally, documented accordingly, analysed and subsequently evaluated, ultimately resulting in measures to prevent hazards and accidents, such as additional instructions, training or education.

Renewable Energy

Energie Steiermark AG is consequently oriented on the new needs of the market and positions itself as a modern service company. In generation, Energie Steiermark AG focuses on renewable energy from water, wind and sun. Special attention is given to the expansion of the energy services and the development of economic potentials of the regions in the field of renewable energy from wind.

Gössendorf and Kalsdorf Hydroelectric Power Plants
The Gössendorf and Kalsdorf hydroelectric power plants have supplied energy from regenerative hydroelectric power to the grid since 2012 and 2013, as planned. Verbund Hydro Power GmbH operates the power plants, which enjoy a high degree of acceptance among the population. Many people use the causeways and paths in their spare time.

Murkraftwerk Graz
The hydropower plant extends from the head of the reservoir near the Mur island in the city centre to the end of the underwater cavity on the southern edge of the city of Graz (Murfeld). This power plant in Graz ensures the generation of electricity directly at the centre of consumption and in compliance with the strictest ecological principles.
The plant was commissioned in autumn 2019 and has since generated electricity for around 20,000 households. It was fully completed in the summer of 2021.

Gratkorn hydropower plant
The Gratkorn project is a cooperation project between Energie Steiermark Green Power GmbH and VERBUND Hydro Power GmbH. With a planned output of 11 MW and normal output capacity of 54 GWh,

the project is located on the river Mur north of Graz between the power plant of Sappi Austria GmbH and the existing hydropower plant Weinzödl.
Work on building the Gratkorn power plant began in November 2021. The plant is scheduled for commissioning in 2024.

Leoben East power plant
The Leoben East power plant project is a cooperation project between Energie Steiermark Green Power GmbH and VERBUND Hydro Power GmbH. The project, with a planned capacity of 8 MW and a standard working capacity of around 40 GWh, is located on the River Mur in the urban area of Leoben between the existing Leoben power plant and the sewage treatment plant.

Other Hydroelectric Power Plants
In addition to the projects mentioned above, Energie Steiermark Green Power GmbH plans more hydropower plants in Styria.

Freiländeralm Wind Park
The existing three plants have been feeding green electricity into the public grid since September 2014, and the fourth plant installed in the course of an expansion since 2018.

Handalm Wind Park
The West Styrian wind farm, consisting of 13 wind power plants with a capacity of 3 MW/plant and an annual electricity production of approx. 76,000 MWh, was opened in October 2017 and since then the plants have been feeding renewable energy into the electricity grid.

Stubalpe Wind Farm (Gaberl)
At the beginning of 2018, Energie Steiermark Green Power acquired a stake in Stubalm Windpark Penz GmbH, which aims to erect up to 18 wind turbines on Stubalpe in western Styria.

Plankogel Wind Farm
The old turbine was repowered with a Vestas V126 3.6 MW turbine. Work on the dismantling of the old facility as well as the construction work for paths, crane parking areas and foundations have been completed, and the facility was commissioned in autumn 2021. Since then, renewable energy has been fed into the power grid.

Other Wind Projects
In addition to the projects mentioned above, Energie Steiermark Green Power GmbH plans more wind power plants in Styria with a total output of around 300 MW.

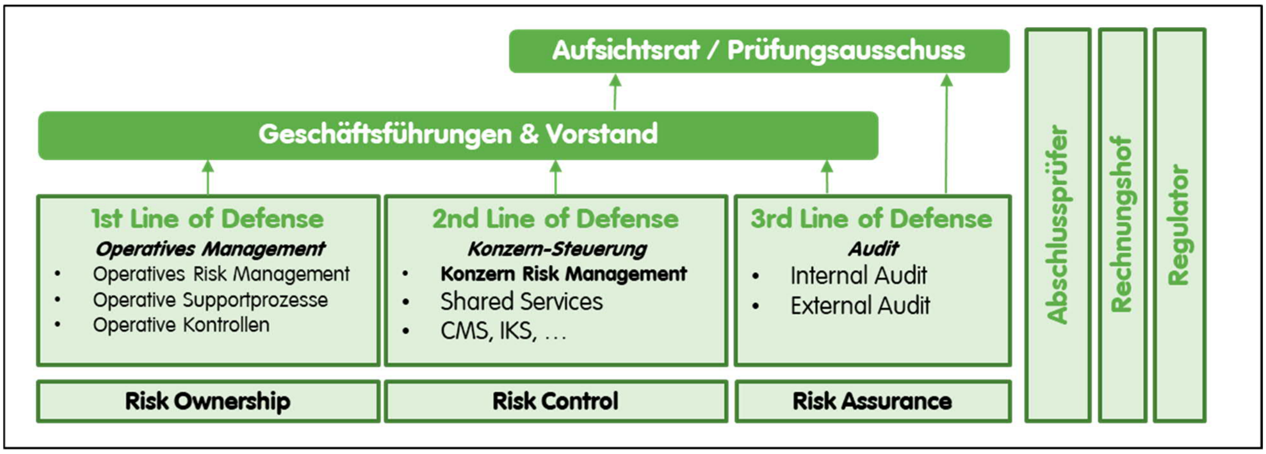
Photovoltaics
The PV open-space plant in Modriach has been feeding electrical energy into the grid since the end of March 2015.
A 4 x 200 kWp (in total 800 kWp) rooftop system was commissioned in Peggau in 2021. Furthermore, the decision was made to build an approx. 16.1 MWp open-space PV system in Bärnbach/Rosenstal and an approx. 11 MWp open-space PV system in Neudau together with project partners in a project company. Construction and commissioning is scheduled for 2022.
In line with the Group’s strategy, the focus will continue to be on expanding open-space photovoltaic systems. Corresponding properties are being secured and projects further developed.

Branches

Energie Steiermark AG does not have any registered branches.

5 RISK MANAGEMENT

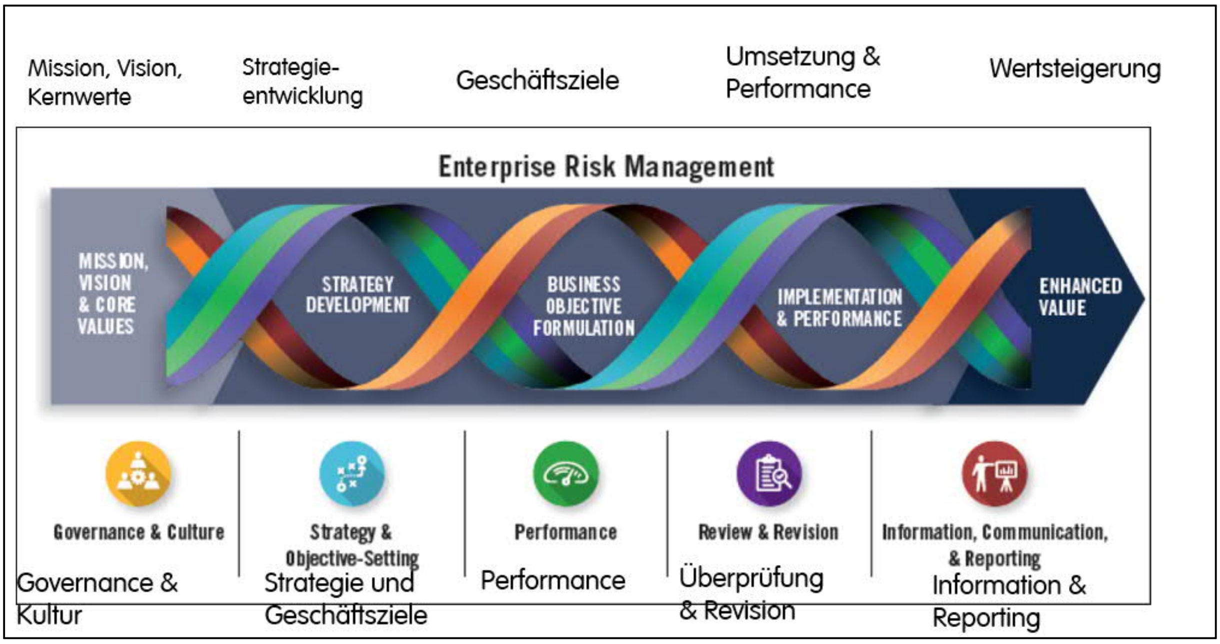
Risk management system and risk management process
On the basis of its mission statement and in line with its corporate strategy, Energie Steiermark pursues the goal of achieving a sustainable increase in corporate value. This long-term value creation through the systematic exploitation of opportunities at a tenable risk is inseparably linked to the corporate activity of Energie Steiermark for the benefit of its stakeholders. Thus, risks are generally defined and managed as being negative or positive deviations from company objectives. Recognising that target-oriented management of decisive opportunities and risks is a central component of all successful business activities, Energie Steiermark has operated a company-wide risk and opportunity management system as an integrated part of corporate decision-making processes for many years now.
As part of the Three Lines of Defence model, Risk Management deals with all major risk issues in coordination with the operating business units and the Crisis Management, Internal Control System and Compliance Management functions, while Internal Audit audits the overall system.



Enterprise risk management integration: the three lines of defence

Aufsichtsrat / Prüfungsausschuss	Supervisory Board / Audit Committee
Geschäftsführungen & Vorstand	Management and Management Board
Abschlussprüfer	Auditor
Rechnungshof	Court of Auditors
Regulator	Regulator
1st Line of Defense Operatives Management • Operatives Risk Management • Operative Supportprozesse • Operative Kontrollen	1st Line of Defense Operations Management • Operations Risk Management • Operations Support Processes Operations Controls
2nd Line of Defense Konzern-Steuerung • Konzern Risk Management • Shared Services • CMS, IKS, …	2nd Line of Defense Group Management • Group Risk Management • Shared Services CMS, ICS, …
3rd Line of Defense Audit • Internal Audit • External Audit	3rd Line of Defense Audit • Internal Audit External Audit
Risk Ownership	Risk Ownership
Risk Control	Risk Control
Risk Assurance	Risk Assurance

The company-wide risk management system has been designed in accordance with COSO Enterprise Risk Management Framework 2017 in order to dovetail opportunities and risk aspects with strategy and performance to a greater extent and to effectively support and secure the achievement of strategic corporate goals by means of value-oriented corporate management.



COSO ERM 2017: Enterprise risk management is integrated with strategy and performance.

In the risk management process, the risk inventory of all material risk positions of Energie Steiermark is updated and reported on a quarterly basis. In doing so, all existing and newly identified individual risks are analysed according to a standard method and quantitatively assessed by means of their potential financial effects and occurrence probabilities. After checking the most important individual risks and existing measures as well as the aggregated total risk position by taking corporate targets and risk strategy as a basis, where required, additional effective control measures are set according to cost-benefit criteria and monitored in the following. The entire risk management process is supported, illustrated and documented in audit proof manner and on an ongoing basis by means of a company-wide risk and opportunities management software. The risk management system is in accordance with the requirements of the international ISO 31000: Risk management for organisations and systems, implemented in full compliance with all legal requirements and corporate governance rules.

Risk Portfolio

Energie Steiermark has mapped its material risk positions in a risk portfolio in line with the corporate structure of a modern energy service provider.

GRID	PRODUCTION	SALES	GENERATION	HEATING	ABROAD
Regulatory Risks	Price risk electricity, gas, certificates	Customer market risks	Subsidies for renewables	Heating degree days	Investment risks
Grid facility/grid operation/grid failure risks	Compliance and regulation	Market price risks Energy and services	Equipment, operating and downtime risk		
Decentralised generation/feed-in		Competition and innovation risks	Levels of wind/sunlight	Generation/procurement risk	Regulatory Risks
Credit and counterparty risks			Water supply	Heat sales risk	Country market risks
Smart metering	Liquidity Risk	Digitalisation	Project development risks	Expansion of renewables	Political risk
ENVIRONMENT, SOCIAL AFFAIRS, GOVERNANCE					
Climate risks	Environmental risks	Resources	Health	Stakeholder	Governance, Compliance
SHARED SERVICES					
Balance sheet valuation risks	Rating change risk	Personnel cost risk	IT/OT operating risks	Material management risks	Organisational risks
Price risk for equities / social capital	Interest Rate Risk	Personnel development risks	Information security risks	Strategic risks	Process risks
Compliance and legal risks	Reputational risks	Counterparty/investment risks	Tax/duties risks	Investment risks	Governance, Compliance

Portfolio of substantial risks of Energie Steiermark in accordance with the company structure as a modern energy service provider

This structured risk inventory makes it easier to efficiently and effectively manage the risk positions of the business areas as well as the overall risk position of Energie Steiermark. The most important risk positions and measures are set out below.

Significant risks during the coronavirus crisis

In the 2021 financial year, it was possible to report that Energie Steiermark, in its role as a systemically important company and as an operator of critical infrastructure, not only maintained the energy supply at the customarily high level but also its operations. The indirect consequences of the global coronavirus crisis combined with a tense situation on the energy markets have led to rapid increases in energy prices on the wholesale markets to historic all-time highs, a circumstance that has severely tested the resilience of the company’s core business and posed major challenges. This resulted in an increased risk of valuation measures in the energy business, in addition to direct effects on earnings in the consolidated statement of profit and loss in the areas of sales, uptake and heat. It is with this in mind that the following key risk issues are presented in this management report.

Strategic Company Risks
Strategic risks such as trends in public opinion, changes in legal and regulatory frameworks and market rules, subsidy schemes for renewable energies as well as technological risks affect the medium-term development of the company as a whole and are managed in an ever-evolving strategy process and the business segment strategies derived from this. Strategic implementation projects are quantitatively mapped in the medium-term planning process from planning to implementation, and risks and opportunities are managed at the same time. The current strategy process explicitly considers the impact of the COVID-19 pandemic and the upheaval in the energy markets in the 2021 financial year as regards the company's business model, in particular on the risk parameters for sales, uptake and default risks.

Price and contribution margin risks
Due to the high-profile market and legal framework conditions (e.g. general terms and conditions regarding price adjustments), energy sales are exposed to the risk that necessary and planned price and contribution margin adjustments cannot be implemented or can only be implemented with delays. In the 2021 financial year, electricity and natural gas prices in wholesale markets climbed to an all-time high, prices that were passed on to the smallest extent necessary in the current financial year by means of price increases. A hardship fund for people affected by energy poverty was established as an accompanying measure. Energy sales and uptake continue to pursue the goal of stable prices and secure these by means of a reinsurance strategy that is as long-term as possible, enabling necessary and justifiable price adjustments to be made smoothly over a period of several years. A number of significant adjustments to the energy generation portfolio have substantially eased Energie Steiermark's risk situation on the energy markets for the future.

Market Risks
On the customer market, increased competition in the energy market from additional market participants constitutes a major risk with their own energy and system solutions, including smart metering and energy efficiency services. Increased willingness to change and increased expectations with regard to costs, performance, quality, service and sustainability as well as the trend towards digitalisation, individualisation and independence on the part of customers continue to fuel competition. However, the distortions on the energy market had already led to a shakeout of risk-averse new suppliers.
As a countermeasure, Energie Steiermark has competitively developed its sales as a modern energy service provider on an ongoing basis while maintaining traditional energy distribution work. For example, the areas of energy efficiency, mobility solutions and energy efficiency services are being systematically developed further. The opportunities arising from digitalisation and disruptive technological developments are considered in order to be able to operate in a customer and market-oriented, economic and competitive manner in the future.
Credit risk insurance has been taken out for the largest default risk positions. Other counterparty risks are managed in a strict, ratings-based limit system and did not become relevant in the 2021 financial year. For the planning period, non-payment risks are examined more closely and strictly limited to a minimum.

Financial Risks
Liquidity, foreign exchange and interest rate change risks are combined in the central treasury and controlled based on the Group's targets and requirements and promptly reported. The most important proven elements of the financial risk management framework are limit systems, liquidity monitoring, sensitivity analyses and value-at-risk models. Derivative interest rate instruments are used only in combination with underlying transactions to fix the desired interest rates and financing structure. Counterparty risk in the field of cash investment at banks is managed to minimise risk within a strict limit system differentiated according to rating or balance sheet criteria. Through a counterparty diversification which is as wide as possible with investment grade ratings and through a conservative

and risk-averse investment policy, the non-payment risk of financial counterparties in Energie Steiermark is minimised, even under the more difficult framework conditions caused by the coronavirus crisis.

Regulatory Risks
A significant risk for the business conduct of Energie Steiermark is the regulatory planning uncertainty in connection with long-term regulatory system of electricity and gas as well as the shape of the energy market and grid design. In the regulated business area of energy networks, the most significant risk is a detrimental change in the regulatory system, including cost control by Energie-Control Austria (ECA). A regulatory change in the costs to be recognised for the operation of energy networks (OPEX) and the approved capitalisation of fixed assets (CAPEX) has a direct impact on the profitability of the grid segment. The active and creative participation of the managers and experts of the energy networks in the discussion and negotiation process with the ECA regarding the definition of the regulatory system minimises the uncertainties and risks here and ensures an acceptable return, as well as the best possible degree of coverage for additional costs attributable to the coronavirus within the applicable ECA regulatory system for network.

Valuation risks
The most significant risks for Energie Steiermark AG are potential valuation measures, e.g. based on impairment tests, for the major subsidiaries Energienetze Steiermark GmbH, Energie Steiermark Technik GmbH, Energie Steiermark Kunden GmbH, Energie Steiermark Service GmbH, Energie Steiermark Green Power GmbH, Energie Steiermark Wärme GmbH and STEFE SK a.s. Due to adverse developments in forward-looking planning assumptions in both the regulated grid sector and the liberalised energy market, there is a risk that the carrying amounts of investments will have to be written down accordingly, with an effect on profit or loss. The consequences of the global coronavirus crisis combined with the tense situation on the energy markets have led to an increased risk of valuation measures in the energy business. The most important measure to safeguard the value of the subsidiaries is the currently implemented Fit-4-Future efficiency and growth program which, in conjunction with a structured strategy process, ensures a modern, market-appropriate corporate structure as a modern energy service provider. The implementation of individual project measures by 2022 will contribute significantly to the economic improvement. A review of triggering events for potential impairments is performed on a regular basis. Potentially significant valuation risks relate to the large affiliated companies, such as Energie Graz GmbH & Co KG, as well as to the large minority shareholdings, such as in VERBUND Hydro Power GmbH. These are minimised through timely and stringent monitoring by a central team responsible for managing investments.

Support Process Risks
The various operational risks of the centralised support processes and shared services in the areas of strategy and business development, communications, innovation management, internal audit, controlling, accounting, legal, IT and human resources are kept to a minimum by a high degree of organisation, qualitative development and standardisation of processes, company-wide standardised and integrated systems and uniform Group procedures.
In the ongoing COVID-19 pandemic, the option of working from home has been established and proven. Thanks to the IT infrastructure base successfully expanded in the previous year, the operational requirements of working from home are covered at a high service level.

The rise of digitalisation in the company and decentralised working from home also means that the risk of IT downtime and cyber attacks are greater. The most important measure here is the information security management system (ISMS). As part of this ISMS, information security, together with all technical and organisational components of IT, are maintained in accordance with the latest standards of technology, thereby sufficiently ruling out any risk of fault being attributable to the organisation.

Risks in the Business Environment
The grid company takes into account the risk of cycle-based fluctuations in grid sales volumes in the regulatory system over the entire regulatory period. The risk of fluctuations in the volume produced due to meteorological factors will continue to be borne by the company itself, or it will deliberately avoid taking costly hedging measures. For ensuring optimal supply security for customers, grid companies actively co-design the medium-term development of the grid tariffs as well as new strategic/technological topics, like the introduction of Smart Meter and Smart Grid, thanks to constructive collaboration with the regulatory authorities as well as active cooperation in the trade associations.
Appropriate adjustments to insurance were made for the grid segment and for the generation plants on the basis of quantitative risk analyses for event risks with significant negative effects. The in-depth work undertaken to prepare for the optimal management of unavoidable event risks, covering everything from damage limitation to the return to regular operations by the Group-wide crisis management, really paid off during the coronavirus crisis. Grid operations were kept fully functional throughout the entire COVID-19 pandemic.

Mandatory Project Risk Management for Investment Projects
As part of its corporate strategy, Energie Steiermark implements major investment projects, which are, naturally, associated with serious entrepreneurial risks. At Energie Steiermark, these are accompanied by proven project risk management. The objectives are to reliably recognise the decisive and significant project-specific opportunities and risks and/or to evaluate along strategic Group criteria, to determine a balanced and binding basis for planning investment decisions, taking risk and opportunity aspects into consideration, and to proactively control the project by specifying early measures which are appropriate to the corporate and risk strategy. In the 2021 financial year and in the planning period, high-risk projects were accordingly placed on hold, while projects with investment subsidies could be brought forward.

Overall Risk Position and Assessment
According to the basic principle of conducting a reliable and quantitative evaluation of circumstances carrying some degree of risk and prioritising measures from the perspective of a cost/benefit analysis, risk data must be correctly quantified and collected in a risk management system. Conducting an objective assessment of the opportunity and risk landscape enables strategic risk-averse action to be taken, while at the same time taking advantage of opportunities stemming from factors currently driving positive value-creating company development, such as supporting investments and expanding the production of renewable energy.
The risk environment of Energie Steiermark continues to be characterised by significant uncertainties, unknown factors and change trends that are difficult to assess. The economic effects of the coronavirus crisis have already manifested themselves clearly and will continue to do so in the coming years. Within these difficult-to-forecast global developments, the European and Austrian political direction with regard to a long-term climate, decarbonisation and energy policy provides the framework for the company strategy. Energie Steiermark continues to pursue the expansion of renewable energies within the framework of sensibly designed support programmes as well as an appropriate return on grid assets in the regulated area.
In conjunction with a renewed increase in energy consumption (among other things due to the long-term trends in e-mobility, digitalisation and electrification), energy prices are expected to continue rising in the medium-to-long term, accompanied by increasing volatility and distortions on the energy market.

The changing positioning of customers, generators and distributors in the energy market, the decentralised feed-in of subsidised renewables, the potential of advancing trends toward decentralisation and digitalisation, and the consequences of potentially disruptive technologies present an uncertain environment in which decisions about future valuable business models are made after the best possible consideration of the associated opportunities and risks.

This development in the energy market, combined with an increasingly important orientation towards sustainability criteria, represents the most important development opportunity for Energie Steiermark. Particular in the household customers segment, there is considerable potential to be exploited and trendsetting new business models to be implemented that meet customer demand for sustainable automation, electrification, digitalisation and decentralised energy self-sufficiency on the basis of energy efficiency and renewable energies.

By providing relevant risk and opportunity information in a structured manner, Risk Management supports Energie Steiermark in its objective by improving its decision-making ability to assert itself from a sustainable overall risk position as a customer-oriented provider of green energy and services, economically and sustainably within the framework of the ongoing energy transition. With respect to the company's equity, the occurrence of the total value-at-risk value would not have a significant effect on the equity ratio, which means that the total risk position of Energie Steiermark is to be considered as acceptable in any case.

The risk management system of Energie Steiermark did not identify any significant risks and uncertainties in the year under review that could have a lasting effect on the future of subsequent financial years for Energie Steiermark.

According to the Corporate Governance Code of Energie Steiermark, the functionality and effectiveness of the risk management system was confirmed by the group auditor.

6 RESEARCH, DEVELOPMENT AND INNOVATION

Subsidy Management

The central R&D coordination unit in the Innovation Management department operates the Group-wide portfolio management, which for 2021 comprises around 35 R&D projects and cooperation (of which around 20 are funded R&D projects) with a total expenditure of EUR 1.89 million. In addition, support services such as statistics, reporting, and process management for research and development are handled.

Innovation Management

Energie Steiermark AG operates a systematic innovation management system, which on the one hand acts as a driver for the continuous improvement process and incremental innovations (new products and services close to the core business) – on the other hand, through the incubator process “Next Incubator” (https://next-incubator.e-steiermark.com), in cooperation with startups, we also developed completely new radical business opportunities and prepared them for the operating business units. Current focus topics here are “life energy” (innovations in health, nutrition and lifestyle) as well as “energy internet” (digitalisation).

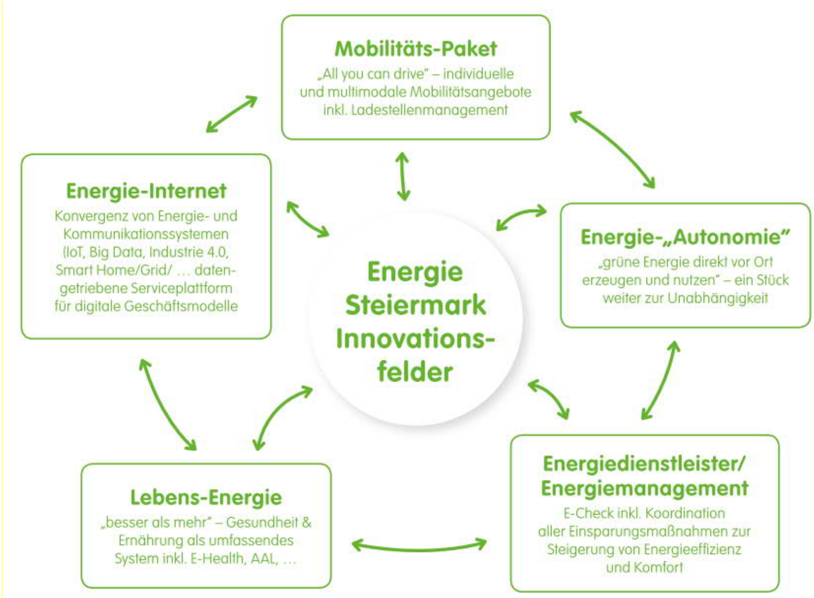


Fig: Strategic innovation fields of action

Mobilitäts-Paket „All you can drive“ – individuelle und multimodale Mobilitätsangebote inkl. Ladestellenmanagement	Mobility package “All you can drive” - individual and multimodal mobility offers incl. charging station management
Energie-„Autonomie“ „grüne Energie direkt vor Ort erzeugen und nutzen“ – ein Stück weiter zur Unabhängigkeit	Energy “autonomy” “Generate and use green energy directly on site” – a step closer to independence
Energiedienstleister/Energiemanagement E-Check inkl. Koordination aller Einsparungsmaßnahmen zur Steigerung von Energieeffizienz und Komfort	Energy service provider/energy management E-check incl. coordination of all saving measures to increase energy efficiency and comfort
Lebens-Energie „besser als mehr“ – Gesundheit & Ernährung als umfassendes System inkl. E-Health, AAL, …	Life energy “better than more” - health & nutrition as a comprehensive system incl. e-health, AAL, …
Energie-Internet	Energy Internet

Konvergenz von Energie- und Kommunikationssystemen (IoT, Big Data, Industrie 4.0, Smart Home/Grid/ … datengetriebene Serviceplattform für digitale Geschäftsmodelle)	Convergence of energy and communication systems (IoT, Big Data, Industry 4.0, Smart Home/Grid/ ... data-driven service platform for digital business models)
Energie Steiermark Innovationsfelder	Energie Steiermark Fields of innovation

Energy showcase region

Energy showcase region is an FTI initiative of the Climate and Energy Fund which was specifically addressed by Energie Steiermark AG. In 2018, Energie Steiermark AG founded the "Green Energy Lab" research initiative together with the regional energy suppliers of Vienna, Lower Austria and Burgenland. The "Green Energy Lab" (2018-2025) is an innovation laboratory and sees itself as an incubator for new energy solutions. Together we develop all-round solutions for the energy system of the future and show that a supply with 100 percent renewable energy is possible.

Fig.: "Green Energy Lab" – the phases in the open innovation process

Innovationsprojekte anstoßen	Initiate innovation projects
Innovationsprojekte entwickeln	Develop innovation projects
Innovationsprojekte umsetzen	Implement innovation projects

The project portfolio in the Green Energy Lab (GEL) comprises around 40 R&D projects with a total volume of EUR > 90 million. Additional R&D projects will be added to the GEL and serviced through the current funding call.
In addition, the business units of Energie Steiermark AG have also successfully positioned themselves in the other showcase regions with individual projects such as the hydrogen region "WIVA" and the industrial region "NEFI".

Innovative grid projects

In the 2021 financial year, the "Blockchain Grid" project was continued and completed. The closed-loop operation was continued and optimised until the official end of the project in spring 2021. The use case of automated sharing of free network capacities in particular was investigated and tested in more detail. Currently, there are initial considerations to explore the legal and regulatory environment in a follow-up project regulatory sandboxes.

The "CLUE" project, in which an innovative grid-serving, long-term self-sufficient local energy community is to be developed, was continued. In the municipality of Gasen, around 10 customers have been acquired for the project and corresponding agreements have already been concluded. Furthermore, initial simulations for storage sizing were performed, based on which an 80 kW/140 kWh battery storage system was ordered. This was set up in December in Gasen and connected to the communications technology network. Another hydrogen-based storage facility, which will enable long-term storage of surplus electricity, is expected to be installed in early 2022. The central control system is still under development.

The lead project “Car2Flex” shows in three different use cases (sharing, fleet, individual) to what extent the increasing share of vehicle-to-grid (V2G)-capable e-mobility for different mobility needs of private individuals and companies can be integrated into a holistic, systemic approach. The project term is four years with a total of 19 Austrian project partners involved.

In the KLIEN-funded research project “Industry4Redispatch (I4RD)”, the redispatch processes as well as the associated tools for the exchange between the transmission system operator (TSO) and the distribution system operators (DSOs) will be developed with 17 project partners (including four grid operators) in the period from 2021 to 2025. In addition, I4RD will test the integrated redispatch concept through several demonstrations at various industrial facilities located on the distribution grid. This allows industrial customers with different levels of automation system maturity to be addressed efficiently. A scalability analysis for TSO/DSO interaction identifies the distribution system impacts potentially caused by large-scale demand-side and supply-side management for redispatch in the transmission system, as well as the required information flows between TSOs and DSOs.

As part of the “Wooden Pole Protection System NATUR” research project – conceived in two project phases – a wooden pole protection system that is as natural as possible and made of environmentally friendly, regional products is to be developed, initially on a small scale, which can be incorporated into the existing overall system of wooden supporting structures in the rural area of the overhead line network without the need for major modifications. For this purpose, a coating plant is being developed with which the suitable wood species and coating materials will be tested and tried out under scientific supervision. After an initial test phase in the laboratory, the system is also to be used in live operation in the overhead line network of the Energienetze Steiermark, all with the aim of maintaining the sustainable use of regional wood in rural areas.

The purpose of the “Pipesense+” project is to develop a market-ready tool for the online monitoring of pipeline-based infrastructure. The project has since been extended to include acoustic measurements and areas of application in the power grid (partial discharge measurements on high and medium-voltage cables, temperature measurements). In the meantime, the Graz University of Technology has procured the appropriate equipment for taking continuous measurements. The signals of partial discharges were also subjected to analysis. The plan is to start with the first permanent measurement installation in the Semmering area in January 2022.

The objectives of the “LEC EvoLET” project are to investigate hydrogen dispersion in local gas grids (hydrogen tracking) for representative operating profiles of power-to-gas/co-generation plants and to develop a turbocharger layout that works with all mixtures of hydrogen and methane. The aim here is to design a combustion concept capable of converting gas mixtures of natural gas and hydrogen into heat and power output with a minimum of pollutant emissions and maximum efficiency. In this project, Energienetze Steiermark provides expertise on the topic of operating electricity and gas grids as well as feeding renewable gases into the gas grid, focusing on sector coupling and transmitting hydrogen in the gas grid. Among other things, work is currently being done on simulating H2 injection at different levels of concentration.

The “Renewable Gasfield” project investigates the production of “renewable” hydrogen (a 1.5 MW PV plant was submitted as well) and its different uses in industry and mobility (hydrogen/fuel cell vehicles),

but also the methanation of hydrogen with CO_2 from an existing biogas plant including feeding into the natural gas grid. This project is trend-setting for the company as an infrastructure provider, since on the one hand the addition of hydrogen to the natural gas network is to be tested and measured, and on the other hand a showcase project on the subject of "Greening the Gas" is to be realised. Planning work is currently underway on constructing the feed-in plant.
Since the aim is to gradually increase the proportion of hydrogen in the gas network and, in the longer term, to rededicate pipeline sections for operation with pure hydrogen, the sensitivity of metallic materials to hydrogen was evaluated in the course of the diploma thesis "Investigation of hydrogen embrittlement in gas pipelines". For this purpose, flat and notched tensile specimens were made from both the base material and the weld metal of pipelines taken from the natural gas network. The investigations were carried out using a slow strain rate test (SSRT) of electrochemically loaded samples. The hydrogen hazard potential was classified as low here.

The project "MUKISANO – multisensor and AI-based self-positioning of multicopters for autonomous navigation to inspect buildings" was also launched. The goal is to develop an AI-based navigation module that, in the sense of adaptive flight control, allows both GNSS-based coarse navigation and autonomous switching to object-based real-time fine navigation. This enables the required, repeatable surveys of individual objects such as overhead lines, insulators, masts, foundations, etc. to be carried out according to specifications. First tests were started using model objects in the drone flight hall of the University of Klagenfurt.

Electricity storage

The project "Electricity storage in agriculture and forestry" was jointly launched in 2020 in cooperation with the Styrian Chamber of Agriculture, E1 Wärme GmbH and Graz University of Technology. The agricultural sector in Styria offers great potential for generation and storage technologies, with its 40,000 farms and forestry operations.
The aim of the demonstration project is to determine the possibilities of integrating storage technologies on agricultural and forestry farms in practical field trials. Nine different farms will be equipped with different storage systems (Li-ion, salt water, hydrogen and heat). From January 2021 to December 2023, the production and consumption of the farms will be measured in detail and analysed in cooperation with Graz University of Technology.
This will provide valuable insights and recommendations on the correct use of storage technologies in agriculture and enable Energie Steiermark to position itself as a pioneer in storage technologies.

As part of the storage project "Flygrid", the potential of flywheel storage to provide grid relief in combination with fast charging stations and photovoltaic systems is being investigated. The focus in the current year was on model building based on calculated and measured load profiles. A demonstration plant for this purpose will be built at the Graz-Süd technology site in 2022.

Innovative applications for generation plants

In the course of the Sauerbrunn hydropower plant project, a new type of hydropower turbine is being tested. The Restoration Hydro Turbine (RHT) is to be fish passable due to the special shape of the impeller blade geometry. This design can further be used for low head and water flow despite small impeller diameters and consequently with little constructional effort. In order to be able to construct fish ladders in difficult morphological environments of hydropower plants in the future, we continue to work together with the Graz University of Technology on possible FAHs (technical basin passes, Denil fish pass, etc.). As regards photovoltaics, work is being done with project partners on the implementation of an agri-PV system. In the course of this demonstration project, the efficiency of bifacial vertically oriented PV modules, among other things, will be tested.

7 PROJECTIONS AND FUTURE OUTLOOK

The gradual elimination of supply chain problems and the relief of the labour factor by means of the enacted eco-social tax reform should result in a stable increase in domestic economic output in the coming years. The prerequisite for this, however, is that there are no more comprehensive restrictions from the spring onwards, which in turn presupposes a significant increase in the vaccination rate and the absence of new, vaccine-resistant virus variants. The economic recovery and the discontinuation of government aid measures will already lead to a recovery of the national budget this financial year.

The challenges in the energy industry are increasing dramatically after massive market price distortions were observed towards the end of 2021 due to the shortage of primary energy sources and the geopolitical threat potential. The increase in energy prices for end customers, especially industrial customers, is becoming a burden on the economy as a whole. The sufficient and secure availability of natural gas will have a critical impact on the economic situation in Europe. The EU continues to maintain its energy management targets for 2022 and has set very ambitious targets for energy management for 2030. The progressive electrification of mobility and heat has a compensatory effect. The regulatory framework conditions for the sales and trading business will also be tightened further due to various newly planned and/or already implemented laws and regulations. New providers, increased media presence of the “energy” topic as well as increased environmental awareness lead to more competition in the sales business. However, this also enables the development of new products, services and business opportunities, partly together with cooperation partners.

In the grid sector, both the future development and the company's success will be determined decisively by the regulatory requirements and framework conditions of the regulatory authority and the overall economic development, in particular the COVID-19 pandemic, and its influence on energy transfer to industry, trade, redistributors and private households. The current regulatory system in the gas segment (third regulatory period) runs until the end of 2022, and in the electricity segment until the end of 2023. In September 2021, ECA initiated an investigation procedure against Energienetze Steiermark (gas segment) for redefining the cost basis, the targets as well as the volume framework. At the same time, negotiations on the design of the new fourth regulatory period for gas distribution system operators were initiated in October 2021 between ECA, the legal parties and the system operators, with the entire discussion and negotiation process on the part of the system operators being led by Energienetze Steiermark. The official decisions issued by ECA on the basis of the annual investigation procedure shape the development of system usage fees, in particular since they determine the cost base, the fundamental regulation scheme for the annual development of the cost path as well as the benchmarking result (efficiency target).
The grid usage fees in the Styria electricity grid sector will change by an average of +9.6 percent in 2022. The grid usage fees will increase in Austria by an average of +8.1 percent. Grid loss charges will increase by an average of +36.6 percent. The gas segment in Styria will see an average tariff increase of +15.0 percent in grid level 2 and, in grid level 3, an average tariff decrease of -2.3 percent.

Energienetze Steiermark GmbH is planning increasing investments in the electricity grid, taking into account the requirements of the Renewable Energy Sources Act (EAG) and thus the need for connection and grid integration of the rapidly increasing renewable generation (#mission 2030), as well as to maintain and further increase the security of supply. These include in particular continuing the selective cabling strategy and automation in the medium and low-voltage grid, the sharp rise in connecting decentralised solar and wind power generation plants to the grid, and the legally required roll-out of smart metering. As regards the gas segment, the current energy policy environment is expected to lead to stagnation or a downward trend in volumes, with a simultaneous increase in demand for power in the industrial sector. The investment focus in 2022 in grid level 3 will be on the greening of the natural gas product – Greening the Gas – with increased feed-in of renewable gases (biomethane/hydrogen).

As regards heat uptake, energy prices are expected to remain at an exceptionally high level in the first quarter of 2022, which will have a serious impact on Energie Steiermark Wärme GmbH. In the grids of Energie Steiermark Wärme GmbH, district heating sales are expected to increase in the next few years due to grid compression supported by the "Get out of oil" trend, which will counteract the savings made by customers through efficiency measures. Heat sales to Energie Graz GmbH & Co KG will also increase as a result of the planned densification of the Graz district heating network. A further transformation from fossil to renewable energy is planned in the district heating networks – in line with the approved strategy of Energie Steiermark Wärme GmbH. In addition to the above-mentioned construction and renewal of biomass heating plants in the decentralised grids, a feasibility study on "BioSolar" is to be carried out in 2022 to set the course for the greater Graz area.

In 2022, the main focus of generation will be on the construction of the hydropower plant in Gratkorn and the construction and commissioning of the open-space photovoltaic systems in Bärnbach and Neudau.

In order to continue to be able to meet business targets in sales and trade in the future, the current business segment strategy provides for two main strategic goals: the margin-optimised valuable development of sales and the promotion of growth-oriented digital sales in new regions and new subject areas. Organic and acquisitive customer growth, the bundling of new products and services with energy, and the focus on customer centricity, sales excellence and sustainability are intended to safeguard the margin-optimised valuable development. The acceleration of growth-oriented digital sales is planned by means of specialised Austria-wide B2C sales, by using the potential of smart meters, by indirect sales, by bundling the platform economy with energy, as well as by internationalisation and cross-industry collaborative work.

Also, the path to becoming a service provider will take an increasingly important role in the customer service segment. We work hard together with our clients on further developing digital contact channels and self-service portals using the methods of customer experience management. The introduction of smart meter technology for the metering process has been delayed, but continues to be a very important factor for the future process flows of Energie Steiermark Service GmbH. An increase is also expected in the number of points of delivery to be serviced and the associated number of invoices to be issued as well as the number of contractual business transactions to be processed, in line with the planned development of our customers. Expanding operations by servicing other external customers is a permanent part of the company's strategic thinking. This aspect has already become reality in some cases with a number of contracts being implemented in the area of customer service, ASP billing and smart meters with external suppliers or redistributors in 2021.

While the COVID-19 pandemic is impacting some processes with customer contact, it is not having a significant impact on service processes.

Foreign market development is also heavily influenced by the coronavirus crisis, However, the economies of the Central and Eastern European countries are recovering somewhat better than expected from the slumps in the wake of the coronavirus crisis. In many places, however, these were not as strong as in large parts of Southern and Western Europe. This is the conclusion reached by the Vienna Institute for International Economic Studies (WIIW) in its GDP forecast.

The orientation toward a modern energy service provider caused a major change in thinking in the human resources management both in terms of organisation and structure. The conditions for human resource management needed to be adapted, new employees needed to be involved by dedicated recruiting. New, committed employees are needed to handle the many innovative business segments for the group to be able to master all current and future tasks. The E-Volution 2.0 project on corporate culture is in full swing. The aim is for people from the company to devote themselves even more intensively to the topics of managerial and employee development in order to anchor and strengthen corporate culture over the long term.

In total, it is expected that energy services and a comprehensive customer orientation and ecologisation will continue to gain in importance. The top priority is thus to optimise existing processes and also to comply with future trends by offering new concepts.

Graz, 17 February 2022

The Management Board

Dipl.-Ing. Christian Purrer

Dipl.-Ing. (FH) Mag. (FH) Martin Graf, MBA

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DEZEMBER 2021
ACCORDING TO IFRS

CONTENTS

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Notes	2021 K€	2020 K€
Sales revenues	**(1)**	**1,807,162**	**1,584,903**
Changes in inventories and own work capitalised	**(2)**	32,907	30,058
Other operating income	**(3)**	11,210	12,272
Cost of material and other purchased manufacturing services	**(4)**	-1,442,425	-1,185,791
Personnel costs	**(5)**	-174,280	-167,259
Amortisation and expenses from impairments of intangible assets and depreciation of tangible assets	**(6)**	-112,886	-107,902
Other operating expenses	**(7)**	-91,109	-92,819
Operating result		**30,578**	**73,463**
Other results from shareholdings	**(8)**	25,840	18,822
Financial income	**(9)**	2,111	2,990
Financial expenses	**(9)**	-11,860	-9,693
Financial result		**16,091**	**12,120**
Result from shares held in associated companies	**(10)**	10,165	8,479
Earnings before taxes		**56,834**	**94,062**
Income taxes	**(11)**	-8,934	-27,389
Consolidated net income		**47,900**	**66,672**
Of which:			
shareholders of the parent company		46,608	65,555
non-controlling interests		1,291	1,117
		47,900	**66,672**

CONSOLIDATEDOTHER COMPREHENSIVE INCOME

	2021 K€	2020 K€
Consolidated net income	**47,900**	**66,672**
Items that will not be reclassified ("recycled") subsequently to the Profit and Loss Statement		
Revaluation of net debt from defined benefit obligations	1,011	4,779
Deferred taxes on actuarial gains and losses from defined benefit obligations, recognised directly in equity	-252	-1,195
Net change in the fair value of investments measured at fair value through equity	91,678	-134,135
Deferred taxes on value changes, offset directly against equity, resulting from the market evaluation investments measured at fair value through equity	-22,920	33,534
Other results from investments accounted for using the equity method (revaluation of net debt from defined benefit obligations)	351	1,175
Sum of items that will not be subsequently reclassified (recycled) to the Profit and Loss Statement	**69,869**	**-95,842**
Items that will be reclassified (“recycled”) subsequently to the Profit and Loss Statement		
Market valuation of hedging instruments (cash flow hedges)		
Change not affecting the result	982,904	129,963
Realisation affecting income	-29,817	-40,071
Deferred taxes on value changes of hedging instruments offset directly against equity	-238,272	-22,473
Exchange rate differences resulting from the conversion of foreign businesses		
Change not affecting the result	317	-175
Realisation affecting income	0	0
Sum of items that will be reclassified (“recycled”) subsequently to the Profit and Loss Statement	**715,132**	**67,244**
Total consolidated net income	**832,901**	**38,074**
Of which:		
shareholders of the parent company	831,454	37,043
non-controlling interests	1,447	1,031
	832, 901	**38, 074**

Statement of Changes in Consolidated Equity

K€	Share capital	Capital reserves	Accumulated results	Accumulated changes not affecting earnings	Capital attributable to the shareholders	Non-controlling interests	Total equity
Status as at 1.1.2020	**100,000**	**613,178**	**444,323**	**335,596**	**1,493,097**	**15,547**	**1,508,644**
Total of transactions with owners, recognised directly in equity	0	0	-60,000	0	-60,000	147	-59,853
Changes in the scope of consolidation	0	0	0	0	0	1,152	1,152
Capital increase	0	0	0	0	0	100	100
Dividends paid out	0	0	-60,000	0	-60,000	-1,104	-61,104
Total result	0	0	65, 555	-28,512	37, 043	1, 031	38, 074
Net income for the year	0	0	0	0	65, 555	1, 117	66, 672
Other result	0	0	0	-28, 512	-28, 512	-86	-28,598
Currency conversion	*0*	*0*	*0*	*-89*	*-89*	*-86*	*-175*
Actuarial gains/losses	*0*	*0*	*0*	*4, 779*	*4, 779*	*0*	*4, 779*
Change in hedging instruments	*0*	*0*	*0*	*89,891*	*89, 891*	*0*	*89, 891*
Change in investments measured at fair value through equity	*0*	*0*	*0*	*-134, 135*	*-134, 135*	*0*	*-134, 135*
Change in financial assets recognised at equity	*0*	*0*	*0*	*1, 175*	*1, 175*	*0*	*1, 175*
Taxes offset directly against equity	*0*	*0*	*0*	*9,866*	*9, 866*	*0*	*9, 866*
Status as at 31.12.2020	**100, 000**	**613, 178**	**449,878**	**307,083**	**1,470,140**	**16,726**	**1,486,865**

K€	Share capital	Capital reserves	Accumulated results	Accumulated changes not affecting earnings	Capital attributable to the shareholders	Non-controlling interests	Total equity
Status as at 1.1.2021	**100, 000**	**613, 178**	**449, 878**	**307, 083**	**1, 470, 140**	**16, 726**	**1, 486, 865**
Total of transactions with owners, recognised directly in equity	0	0	-56,206	0	-56, 206	-878	-57,084
Changes in the scope of consolidation	0	0	-6,206	0	-6, 206	-35	-6,241
Capital increase	0	0	0	0	0	280	280
Dividends paid out	0	0	-50,000	0	-50, 000	-1,123	-51,123
Total result	0	0	46, 608	784,845	831, 454	1, 447	832, 901
Net income for the year	0	0	46, 608	0	46, 608	1, 291	47, 900
Other result	0	0	0	784, 845	784, 845	156	785,001
Currency conversion	*0*	*0*	*0*	*161*	*161*	*156*	*317*
Actuarial gains/losses	*0*	*0*	*0*	*1, 011*	*1, 011*	*0*	*1, 011*
Change in hedging instruments	*0*	*0*	*0*	*953,087*	*953, 087*	*0*	*953, 087*
Change in investments measured at fair value through equity	*0*	*0*	*0*	*91, 678*	*91, 678*	*0*	*91, 678*
Change in financial assets recognised at equity	*0*	*0*	*0*	*351*	*351*	*0*	*351*
Taxes offset directly against equity	*0*	*0*	*0*	*-261,443*	*-261, 443*	*0*	*-261, 443*
Status as at 31.12.2021	**100, 000**	**613, 178**	**440,280**	**1,091,929**	**2,245,387**	**17,295**	**2,262,682**

CONSOLIDATED BALANCE SHEET

	Notes	31/12/2021 K€	31/12/2020 K€
ASSETS			
Non-current assets			
Intangible assets	**(12)**	114,495	114,046
Property, plant and equipment	**(13)**	1,595,332	1,532,405
Financial investments recognised at equity	**(14)**	137,831	128,357
Financial assets	**(15)(33)**	1,132,999	781,089
Receivables and other assets	**(17)(33)**	2,565	2,633
Deferred tax assets	**(11)**	36,275	36,199
		3,019,499	**2,594,728**
Current assets			
Inventories	**(18)**	14,159	19,321
Contract assets	**(1)**	2,870	3,550
Financial assets	**(16)(33)**	1,191,934	89,794
Receivables and other assets	**(17)(33)**	773,347	246,942
Cash and cash equivalents	**(19)(33)**	200,412	109,426
		2,182,722	**469,035**
Total assets		**5,202,221**	**3,063,763**

	Notes	31/12/2021 K€	31/12/2020 K€
EQUITY			
Capital and reserves attributable to the shareholders of the parent company			
Share capital	**(20)**	100, 000	100, 000
Capital reserves	**(21)**	613, 178	613, 178
Accumulated results	**(22)**	440, 280	449, 878
Accumulated changes not affecting earnings	**(23)**	1, 091, 929	307, 083
		2, 245, 387	**1, 470, 140**
Non-controlling interests	**(24)**	**17, 295**	**16, 726**
Total equity		**2, 262, 682**	**1, 486, 865**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	**(25)(33)**	429,625	451,929
Non-current provisions and accruals	**(26)**	267,459	283,137
Deferred tax liabilities	**(11)**	398,905	137,666
Construction subsidies	**(28)**	216,733	205,545
Other non-current liabilities	**(31)(33)**	142,221	55,845
		1,454,944	**1,134,122**
Current liabilities			
Current financial liabilities	**(25)(33)**	129,364	30,444
Current provisions and accruals	**(27)**	71,917	53,230
Trade accounts payable	**(29)(33)**	301,745	154,805
Income tax liabilities	**(30)**	3,835	7,304
Contract liabilities	**(1)**	1,110	1,684
Other current liabilities and accruals/deferrals	**(32)(33)**	976,624	195,309
		1,484,595	**442,775**
Total liabilities		**2,939,538**	**1,576,898**
Total equity and liabilities		**5, 202, 221**	**3, 063, 763**

CONSOLIDATED CASH FLOW STATEMENT

		2021 K€	2020 K€
	Net cash flow from ongoing operating activities		
	Earnings before taxes	56, 834	94, 062
+	Depreciation (- appreciation) of intangible assets and Property, plant and equipment	112,855	107,822
-	Unrealised gains (+ losses) from financial assets and Liabilities	-438	-306
-	Reversal of building cost and investment subsidies	-18,711	-17,595
-	Gains (+ losses) from the disposal of non-current assets	460	-20
±	Pro rata results exceeding distribution recognised at equity (incl. impairment losses)	-8,724	-6,812
-	Change in non-current provisions and accruals	-14,666	-12,684
±	Interest result recognised in profit or loss	6,177	5,403
-	Income from financial investments recognised in profit or loss	-25,836	-19,967
±	Other non-cash expenses/income	-64	-57
	Net cash flow from the result	**107,887**	**149,846**
-	Increase (+ decrease) from inventories incl. payments made on account	5,162	3,672
+	Increase (- decrease) from payments received on account	-235	3,033
-	Increase (+ decrease) from receivables and other assets	-375,188	-41,797
+	Increase (- decrease) from current provisions and accrued Liabilities	18,682	4,419
+	Increase (- decrease) from trade accounts payable and other liabilities	446,372	16,856
	Cash flow from ongoing operating activities	**202,681**	**136,030**
-	Interest paid	-8,077	-7,686
-	Income taxes paid	-9,526	-30,186
	Net cash flow from ongoing operating activities	**185,078**	**98,157**

		2021 K€	2020 K€
	Net cash flow resulting from investment activities		
+	Payments received from the disposal of intangible assets and tangible assets	4,845	2,407
+	Payments received from the disposal of financial assets	2,504	3,128
+	Payments from building cost and investment subsidies	34,627	37,163
-	Payments made for investments in intangible assets and Property, plant and equipment	-174,051	-152,192
-	Payments made for investments in financial assets	-1,086	-116
+	Payments received from the disposal of business units	0	1,063
-	Payments made for the acquisition of business units less liquid assets acquired	-11,222	-5,415
+	Interest received	2,032	2,298
+	Dividends received	25,836	19,967
	Net cash flow resulting from investment activities	**-116,515**	**-91,697**
	Net cash flow resulting from financing activities		
+	Payments received from shareholder grants	280	0
-	Distribution to shareholders (profit distribution)	-50, 000	-60,000
-	Distribution to non-controlling interests	-1, 123	-1, 104
+	Raising of bonds, loans and credits	101,817	125,832
-	Repayment of bonds, loans and credits	-26,195	-69,927
-	Repayment of lease liabilities	-2,426	-2,173
	Net cash flow resulting from financing activities	**22,353**	**-7,372**
	Cash flow		
±	Net cash flow from ongoing operating activities	185, 078	98, 157
±	Net cash flow resulting from investment activities	-116, 515	-91, 697
±	Net cash flow resulting from financing activities	22, 353	-7, 372
	Cash-effective net change in cash and cash equivalents	**90,915**	**-912**
±	Exchange rate related and other value changes to cash and cash equivalents	70	-19
+	Cash and cash equivalents at the start of the period	109, 426	110,358
	Cash and cash equivalents at the end of the period	**200, 412**	**109, 426**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL NOTES

Energie Steiermark AG ("Energie Steiermark" or "the company") – a stock corporation – is headquartered in Graz and registered at the Graz Commercial Court for Civil Matters under company registration number FN 148124 f. Energie Steiermark AG is located at Leonhardgürtel 10, 8010 Graz, Austria. The corporate purpose of Energie Steiermark mainly comprises the acquisition, management and sale of shareholdings in companies in the energy industry which are active in the fields of generation, distribution and sale of energy and energy-related services. As the Group's ultimate parent company, Energie Steiermark is obliged to prepare the Consolidated Financial Statements. On the balance sheet date, Energie Steiermark shares are held as follows: Land Steiermark (federal state of Styria) 75% (less 150 shares) and S.E.U. Holdings S.à r.l. 25% (plus 150 shares). The financial year of Energie Steiermark coincides with the calendar year.

At present, the Energie Steiermark Group mainly operates in the following segments:
generation of renewable energy; distribution of electricity, gas and heating; sale of and trade in electricity, gas, heat and energy-related certificates; design, set-up, operation and maintenance of energy installations as well as innovative energy services.

As of the date of the preparation of the consolidated financial statements, no material adverse effects on future business performance or customer payment behaviour due to the COVID-19 pandemic had been identified.

2 BASIS OF PREPARATION

The Consolidated Financial Statements of Energie Steiermark for the year ending 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), to be obligatorily applied at the balance sheet date, and the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC). The Consolidated Financial Statements are in line with the EU Directives on group accounting. This means that only those standards which the Commission had adopted in applicable EU law by endorsement have been implemented. In accordance with Section 245a of the UGB (Austrian Business Code), the present Consolidated Financial Statements are exempting financial statements.

For more clarity, some report items in the Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, the Consolidated Cash Flow Statement and the Statement of Changes in Consolidated Equity have been combined in conformity with the materiality principle; these items are discussed in the Notes. Moreover, all amounts are stated in thousand euro (K€) for the purpose of clarity. This also applies to the amounts of the previous year. Commercial rounding of individual items and percentage figures may result in minor calculation differences.

The Group's accounting and valuation meet uniform criteria. As a rule, the principle of historical cost is used, restricted by the fair value of available-for-sale financial assets and the measurement in profit or loss of financial assets and liabilities (including derivative financial instruments) at fair value. These Consolidated Financial Statements have been prepared based on the going concern principle.

The Energie Steiermark Group does not disclose segment information in accordance with IFRS 8.

As a principle, all financial statements are prepared as of the Group's balance sheet date. Differently to the Group's balance sheet date, Feistritzwerke-STEWEAG GmbH, which is included in the Consolidated Financial Statements under the equity method, uses a balance sheet date of 30 June. The proportionate result is included in the Consolidated Financial Statements on the basis of the interim financial statements prepared as of 31 December 2021.

Apart from the amendments described below, these Consolidated Financial Statements are subject to the same accounting and valuation methods which were applied in the preparation of the Consolidated Financial Statements for the 2020 financial year.

The following revised IFRS/IFRIC were applied obligatorily in the 2021 financial year, in addition to the standards and interpretations which needed to be applied as of 31 December 2020:

Amended standards and interpretations applied obligatorily for the first time in the 2021 financial year

Amended standards/interpretations		**applicable from [1)]**
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16 - IBOR Reform Phase 2	01.01. 2021
IFRS 16	Amendments to IFRS 16 "Leases" - Extension of COVID-19 related rent concessions beyond 30 June 2021 (issued 31 March 2021)	01.04.2021

[1)] According to the Official Journal of the EU, the standards are applicable for each financial year commencing on or after the date the standard comes into force.

The **amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 from Phase 2 of the IBOR Reform** (Interest Rate Benchmark Reform) address issues relating to the implementation of the reform, including the replacement of a benchmark interest rate with another benchmark interest rate.

The IASB published **amendments to IFRS 16 "Leases"** on 31 March 2021, which allows lessees to extend the application of the relief related to accounting for COVID-19-related rent concessions by one year.

The first-time adoption of the amended standards and interpretations above will not have a material effect on the Consolidated Financial Statements of Energie Steiermark AG.

With regard to the standards and interpretations adopted by the IASB, which are not yet mandatory for the 2021 financial year, see Note 10 "New standards that have not yet been applied".

3 SCOPE OF CONSOLIDATION

The Consolidated Financial Statements include all domestic and foreign entities in which Energie Steiermark holds, directly or indirectly, the majority of the voting rights or which are controlled by the company. Control exists when the company is exposed to variable returns from its investment and has the ability to affect those returns through its power.

The scope of consolidation is determined pursuant to the principles of IFRS 10, which includes a uniform definition of "control", thus governing the prerequisites under which companies are to be included in the consolidated financial statements by way of full consolidation. Besides Energie Steiermark AG as the parent company, the Consolidated Financial Statements include a total of 19 domestic (previous year: 19) and 12 foreign subsidiaries (previous year: 11) as fully consolidated companies. Thirteen (previous year: thirteen) associated companies were shown in the balance sheet using the equity method.

The financial statements of domestic and foreign subsidiaries included in the consolidation have been prepared according to uniform accounting and valuation methods (see Note (9) "Significant Accounting Policies").

According to the materiality principle, shares in an affiliated or associated entity are not included if such company is of subordinate significance. The balance sheet total, the sum of the pro rata equity capital as well as the sales revenues and the operating result of the subsidiary in relation to the consolidated total are used for the assessment thereof. Companies included in the scope of consolidation based on these criteria represent over 99 percent of the respective total. One (previous year: one) associated company was not consolidated because of its minor significance for the asset, financial and earnings position of the Group.

An overview of the companies included in the Consolidated Financial Statements is given in the table "Group Companies" in Note (8).

CHANGES IN THE SCOPE OF CONSOLIDATION

During the financial year, the scope of consolidation changed as follows:

Changes in the scope of consolidation

	Full consolidation	Equity measurement
As at 31.12.2020	30	13
Acquisition of companies/first-time consolidation	1	0
Increase in shareholding	0	0
As of 31.12.2021	31	13
Of which foreign companies	12	3

Acquisition of companies/first-time consolidation

On 15 January 2021, Energie Steiermark Kunden GmbH acquired 100% of the shares in Electricité de Provence SAS (EdP) for a purchase price of K€ 4,248, after all conditions precedent in the purchase and transfer agreement of 3 December 2020 had been met. EdP's business model corresponds to that of easy green energy GmbH & Co KG. Inclusion in the Consolidated Financial Statements of Energie Steiermark AG took place on 31 March 2021, retroactively as at 1 January 2021. Goodwill amounting to K€ 3,744 arose from the first-time consolidation.

The acquisition of companies and the first-time consolidation associated therewith had the following effects on the Consolidated Balance Sheet:

Effect of the Company Acquisition		**K€**
	Fair value at the date of acquisition	Carrying amounts directly before the business combination
Non-current assets	661	683
Current assets	3,776	3, 776
Non-current liabilities	603	603
Current liabilities	3,394	3, 394

The effect of the company acquisitions on the Consolidated Profit and Loss Statement is of minor significance.

Mit Notariatsakten vom 19. Februar 2021 und 10. März 2021 wurden die Projektgesellschaften ES SN Green Power GmbH und Enery Green Power GmbH jeweils unter Beteiligung der Energie Steiermark Green Power GmbH mit 50 Prozent der Anteile gegründet. The object of the companies is project development in respect of the construction and operation of open-space photovoltaic systems. The company has, to date, not been included in the scope of the consolidated financial statements of Energie Steiermark AG using the equity method in view of the fact that it is currently of minor importance to the Group's net assets, financial position and results of operation. The shares are reported under other investments.

Increase in shareholding

As of 31 December 2021, the remaining 49% of the shares in easy green energy GmbH and easy green energy GmbH & Co KG were acquired from go green energy GmbH & Co KG (formerly: Unsere Wasserkraft GmbH & Co KG) for a total purchase price of K€6,812. This is a matter of equity interest acquisition of an already fully consolidated company. This transaction predominantly affected the amount of non-controlling shares. Pursuant to IAS 27.30f, this is a "transaction under common control" so that the resulting difference of K€6,206 was recognised directly in equity, not affecting earnings.

4 NOTES ON THE CONSOLIDATED PROFIT AND LOSS STATEMENT

(1) Sales revenues

Sales revenues		K€
	2021	2020
Energy revenue	1,433,821	1,232,914
thereof electricity	*977,905*	*898,556*
thereof gas	*299,630*	*185,705*
thereof heat	*139,977*	*134,071*
thereof other	*16,406*	*14,582*
Network revenue	297,565	287,791
thereof electricity grid	*248,256*	*241,142*
thereof gas grid	*49,309*	*46,650*
Other sales revenue	75,775	64,198
Total	**1,807,162**	**1,584,903**

Sales revenue include those from contracts with customers in the amount of K€ 1,792,775 (previous year: K€ 1,583,254).

Sales revenues are K€ 222,259 above the value of the previous year. This change results mainly from higher energy and grid income.

With regard to grid revenues, please refer to the explanations on the regulatory system for electricity and gas grids in Note 9 “Significant Accounting Methods”.

Electricity trading activities (“Trading”) are disclosed as net amounts to provide an economic view. Revenue amounting to K€ 272,411 (previous year: K€ 169,559) will be balanced with expenses from the procurement of electricity in the amount of K€ 268,641 (previous year: K€ 169,001).

Gas trading activities (“Trading”) are presented in analogy to the electricity trading activities. Revenue amounting to K€ 101,430 (previous year: K€ 35,957) is offset by expenses from the procurement of gas in the amount of K€ 98,211 (previous year: K€ 35,422).

In addition, the energy revenue from derivative financial instruments held for trading comprises the following net profit/loss in connection with gas trading activities ("Trading"):

Net profit/loss from derivative financial instruments held for trading purposes **K€**

	2021	2020
Realised gains/losses from futures	51,050	-1,590
Realised gains/losses from forwards	-1,613	-353
Unrealised gains/losses from the Market valuation of futures	-10,129	-40
Unrealised gains/losses from the market valuation of forwards	-40,355	1,612
Total	**-1,047**	**-371**

The table below shows the development of the consolidated sales quantities of the Group companies:

Gross sales quantities

	2021	2020
Electricity sales in GWh *)	22,825	23,292
Sales of electricity in the grid segment in GWh	8,248	7,957
Gas sales in GWh **)	16,106	14,260
Sales of gas in the grid segment in GWh	14,770	12,733
Heating sales in GWh		
Austria	1,631	1,487
Abroad	609	570

*) The item "Sales of electricity in GWh" includes electricity trading activities ("trading") in the amount of GWh 5,873 (previous year: GWh 3,930) which are disclosed as net figures in sales revenue.

**) The item "Sales of gas in GWh" includes gas trading activities ("trading") in the amount of GWh 3,431 (previous year: GWh 3,969) which are disclosed as net figures in sales revenue.

Other sales revenue is as follows:

Other sales revenue		**K€**
	2021	2020
Management fees and revenue for other services	19,451	16,693
Sales revenue from emission certificates	15,460	2,018
Sales revenue from the reversal of building cost contributions	14,871	14,338
Sales revenue from deliveries and services other than energy deliveries	10,249	9,874
Sales revenue from the implementation of energy measures in buildings and technical plants	4,696	6,244
Sales revenue from the installation of house connections	4,137	4,173
Sales revenue from the provision of telecommunication infrastructure	3,769	3,277
Rental and leasing revenue	1,850	1,933
Sales revenue from the valuation of CO2 futures	36	78
Other	1,256	5,570
Total	**75, 775**	**64, 198**

The following table provides information on receivables, contract assets and contract liabilities from contracts with customers:

Contract balances		**K€**
	2021	2020
Trade accounts receivable	383,062	200,304
Contract assets	2, 870	3, 550
Contract liabilities	-1,110	-1,684
Total	**384,822**	**202,170**

Contract assets relate to claims from services which are not yet billable. These are measured at the actual manufacturing costs incurred. The contract costs are recognised in proportion to the stage of completion on the balance sheet date. Contract assets are reclassified to receivables when an invoice is issued to the customer.

Contract assets include advance payments received in the current financial year amounting to K€ 1,035 (previous year: K€ 4,848).

Contract liabilities include deferred revenues for the Customer Club. The amount of K€ 1,684 reported as contract liabilities at the beginning of the period was already recognised as revenue in previous years.

(2) Changes in inventories and own work capitalised

This item includes decreases in inventories of K€ 52 (previous year: decreases in inventories amounting to K€ 65) and own work capitalised amounting to K€ 32,960 (previous year: K€ 30,123).

(3) Other operating income

Other operating income		K€
	2021	2020
Income from the reversal of investment subsidies	3,840	3,257
Subsidies from third parties	1,754	443
Income from the disposal of fixed assets	1,321	1,389
Income from damage compensation	1,106	3,740
Income from the appreciation of receivables	1,123	814
Income from emission certificates	837	818
Other	1,228	1,812
Total	**11, 210**	**12 272**

(4) Cost of material and other purchased manufacturing services

Cost of material and other purchased manufacturing services		K€
	2021	2020
Energy procurement from third parties	1,358,505	1,113,446
thereof electricity	*959,289*	*855,674*
thereof gas	*317,660*	*200,500*
thereof heat	*66,286*	*35,489*
thereof other	*15,270*	*21,784*
Grid utilisation by third parties	68,828	62,648
thereof electricity grid	*61,463*	*56,385*
thereof gas grid	*7,365*	*6,263*
Other expenses for materials	15,091	9,697
Total	**1,442,425**	**1,185,791**

The expenses for materials and other purchased production services are K€ 256,634 above the expenses of the previous year. This increase is primarily due to sharp rises in energy prices.

(5) Personnel costs

Personnel costs		K€
	2021	2020
Wages and salaries	132,281	126,734
Expenses for severance payments	1,793	1,865
Expenses for the pension scheme	5,117	5,017
Expenses for legally defined social security contributions as well as contributions and obligatory contributions dependent on remuneration	33,230	31,528
Other social expenses	1,860	2,114
Total	**174,280**	**167,259**

With regard to expenses from interest on personnel provisions in the amount of K€ 891 (previous year: K€ 1,384), please refer to Note (9) “Financial Income and Expenses”.

In the financial year, payments in the scope of defined contribution pension plans amounted to K€ 5,477 (previous year: K€ 5,202).

(6) Amortisation and expenses from impairments of intangible assets and depreciation of tangible assets

Amortisation and expenses from impairments of intangible assets and depreciation of tangible assets		K€
	2021	2020
Depreciation of tangible assets	106,810	102,318
Impairments of tangible assets	72	23
Amortisation of intangible assets	6,004	5,560
Total	**112,886**	**107,902**

Depreciation of property, plant and equipment includes depreciation of rights of use recognised in accordance with IFRS 16 in the amount of K€2,532 (previous year: K€2,275).

The impairments of tangible assets include, both in the current financial year and in the previous year, required adaptations due to technological innovations and preliminary project costs for projects with long pre-planning phases and uncertain outcomes.

For information on the important aspects for impairments of assets, please refer to Note 9 "Significant Accounting Methods".

(7) Other operating expenses

Other operating expenses		**K€**
	2021	2020
Service and maintenance expense as well as various necessary operating expenses	46,026	42,688
Advertising	6,616	6,274
Expense allowances to employees and for training and further education.	4,535	4,315
Postage and telephone costs	3,578	3,106
Security, cleaning and waste disposal expenses	3,097	3,182
Expenses arising from the derecognition of receivables less value adjustments used	3,001	2,373
Legal, audit and consultancy costs	2,743	2,795
Commission payments	2,304	4,430
Insurance policies	2,579	2,377
Car expenses	2,521	2,398
Taxes which are not dependent on income as well as contributions, fees and dues	1,912	1,913
Losses from the disposal of assets	1,781	1,573
Expenses arising from the value adjustment of receivables	791	219
Temporary staff	479	413
Damage claims	416	132
Expenses from the evaluation of CO2 futures	173	109
Leasing expenses	145	468
Emission certificates	19	3,353
Miscellaneous other operating expenses	8,392	10,702
Total	**91,109**	**92,819**

Costs incurred in the research phase were K€ 1,097 (previous year: K€ 508) and were immediately recognised in profit or loss.

Lease expenses for the current financial year include expenses for short-term leases in the amount of K€ 68 (previous year: K€ 138) and for low-value leases in the amount of K€ 77 (previous year: K€ 330).

(8) Other results from shareholdings

Other results from shareholdings		**K€**
	2021	2020
Income from shareholdings measured at fair value through equity	24,085	18,212
Market value changes from shareholdings measured at fair value through profit or loss	1,444	318
Income from shareholdings measured at fair value through profit or loss	311	293
Total other income from shareholdings	**25, 840**	**18, 822**
Expenses from the disposal of shareholdings measured at fair value through profit or loss	0	0
Total other expenses from shareholdings	**0**	**0**
Balance of other income and expenses arising from shareholdings	**25, 840**	**18 822**

Income from shareholdings measured at fair value through equity mainly comprises income from shares held in VERBUND Hydro Power GmbH and RAG-Beteiligungs-Aktiengesellschaft.

Net profits or net losses from shareholdings recognised at fair value through profit or loss include the changes in the fair value recognised impacting income and the results from the disposal of shareholdings allocated to this category. Net profits or net losses from financial assets available for sale are calculated from the results of the disposal and the recorded impairments of these financial instruments.

Net profits/losses		**K€**
	2021	2020
Net gains/losses from shareholding recognised at fair value through profit or loss	1, 444	318
Net gains/losses from shareholding recognised at fair value through equity	0	0
Total net profits/losses	**1, 444**	**318**

(9) Financial income and expenses

Financial result		**K€**
	2021	2020
Interest income from:		
- loans and receivables	1,782	2,592
Total interest income from financial assets not measured at fair value through profit or loss	1, 782	2, 592
Income from securities measured at fair value through profit or loss	253	309
Other income from financial assets measured at amortised cost	56	35
Market value changes from securities measured at fair value through profit or loss	17	56
Income from the disposal of fixed assets measured at fair value through profit or loss	4	0
Total financial income	**2, 111**	**2, 990**
Interest expenses from:		
- liabilities measured at amortised cost	-8,229	-8,155
- other interest and similar expenses	-1,209	-1,462
Total interest expense from financial liabilities not measured at fair value through profit or loss	-9,437	-9,616
Expenses from settlement obligations to non-controlling interests of partnerships	-1,148	-9
Market value changes from securities measured at fair value through profit or loss	-1,024	-68
Negative interest from financial assets not measured at fair value through profit or loss	-221	0
Expenses from the foreign currency valuation of financial assets measured at amortised cost	-30	0
Total financial expenses	**-11, 860**	**-9, 693**
Financial income and expenses balance	**-9,749**	**-6,702**

Interest income from loans and receivables consist mainly of interest income from loans granted by the company.

Other income from financial assets measured at amortised cost consists mainly of interest income from banks.

The effect of discounting leases in accordance with IFRS 16 amounting to K€ 366 (previous year: K€359) is included in interest expense on liabilities measured at amortised cost.

Other interest and similar expenses contain primarily expenses arising from interest on personnel provisions in the amount of K€ 891 (previous year: K€ 1,384).

The amount of transaction costs of financial liabilities not forming part of the effective interest rate is of subordinate importance.

Net profits or net losses from financial instruments recognised at fair value through profit or loss include the changes in the fair value recognised impacting income and the results from the disposal of financial assets allocated to this category. Net profits or net losses from loans and receivables and liabilities recognised at amortised cost of acquisition include recognised impairments and appreciation. As to net gains or net losses of loans and receivables, please refer to Note (17) "Receivables and Other Assets".

Net profits/losses		**K€**
	2021	2020
Net profits/losses from assets recognised at fair value through profit or loss	-1,003	-12
of which are from financial instruments measured at fair value		*-12*
Net profits/losses from financial liabilities valued at amortised cost	0	0
Total net profits/losses	**-1, 003**	**-12**

(10) Result from shares held in associated companies

Result from shares held in associated companies		**K€**
	2021	2020
Income from associated companies	11,138	12,069
Expenses from associated companies	-973	-1,799
Impairments	0	-1,791
Total	**10, 165**	**8, 479**

Income from shareholdings in companies valued "at equity" contains mainly income from Energie Graz GmbH & Co KG, of ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o. and Feistritzwerke-STEWEAG GmbH. This item also included income from the reduction of K€ 204 in shares held in homee GmbH during the previous financial year.

Expenses from shareholdings in companies valued using the equity method mainly include expenses resulting from the consolidation of the current results of homee GmbH.

Impairment for the previous year includes the write-down of the goodwill of Energie Graz GmbH & Co KG amounting to K€ 1,710 and of Feistritzwerke-STEWEAG - GmbH amounting to K€ 81 in accordance with IAS 36.

(11) Income taxes

Tax expenses on the result before income taxes are as follows:

Income taxes		**K€**
	2021	2020
Current income taxes:		
Expenses for current income taxes	-7,277	-18,939
Income/expense from previous periods	-1,987	-5,434
Total current income taxes	**-9,264**	**-24,373**
Deferred taxes:		
Entry and reversal of temporary differences	330	-3,016
Total deferred taxes	**330**	**-3, 016**
Income tax expenses	**-8, 934**	**-27, 389**

The table below shows the allocation of the income taxes in the Consolidated Financial Statements:

Allocation of income taxes in the consolidated financial statements		**K€**
	2021	2020
Ongoing operating activities	-8, 934	-27, 389
Taxes included in other comprehensive income (OCI) of the year	-261, 443	9, 866
Income taxes - total	**-270,377**	**-17,523**

Income tax expenses in the financial year are K€ 5,274 lower (previous year: K€ 3,874 higher) than the computed income tax expenses which would result by applying a tax rate of 25 percent to the profit before income tax.

Causes for the differences between the computed and the disclosed income tax expenses in the Group are as follows:

Tax rate reconciliation		K€
	2021	2020
Calculated tax expense	-14,208	-23,515
Differences resulting from deviating rates of taxation abroad	331	270
Tax-free dividend income	6,459	4,992
Pro rata at equity results which cannot be recognised for tax purposes	2,181	2,202
Profit and loss shares in partnerships	-1,015	-1,971
Amortisation of shareholdings	3,465	2,405
Goodwill amortisation	5	-443
Balance of the consumption of non-capitalised losses carried forward from previous years and non-capitalised losses carried forward from the ongoing financial year	-2,373	-195
Other tax-free income and non-deductible expenses	-2,118	-2,696
Non-period tax expense (current and deferred)	-1,657	-8,450
Other	-4	12
Reported income tax income/expenses	**-8, 934**	**-27, 389**
Effective corporation tax rate	**15.72%**	**29.12%**

The difference between effective tax rate and statutory tax rate stems mainly from tax-free income from shareholdings received as well as accounting for company tax audits.

With regard to the different interpretation of the start of the production period relating to the early write-off of the 'Südschiene' pipeline, an appeal was lodged. This was, however, rejected by the first instance tax authority, whereupon the company filed a motion for a decision on the appeals by the administrative court (application for referral).

At the end of October 2018, the decision of the Federal Finance Court (BFG) concerning the envisaged appeal proceedings 'early write-off of "Südschiene" 2009 - 2010' was transmitted. The BFG did not follow the legal view held by the company here. On 13 December 2018, an appeal was made against the judgement of the BFG by way of an ordinary appeal.

The early depreciation for tax results in temporary differences between the accounting expense and the tax payment date, and therefore postpones the payment date of the resulting income tax to a further point in the future. In this connection, deferred tax liabilities (provisions for future tax expenses) were created, which were released to income in the amount of K€ 10,187 in 2018 and almost entirely make up for the tax expenses resulting from the findings of the BFG.

In its ruling of 24 February 2021, the Supreme Administrative Court has now rejected the appeal and justified this by stating that a uniform manufacturing process exists, which begins with the concrete planning of the construction project, and that this cannot be divided into an upstream planning phase and a subsequent actual execution phase; the Supreme Administrative Court therefore did not follow our view that the start of manufacturing is to be equated with the start of the actual construction.

The ruling of the Federal Finance Court was already included in the calculation of current taxes and deferred taxes in 2018.

As at 2019, the write-downs to going concern value of the shareholding in Energie Steiermark Technik GmbH (TK), the shareholding in Energie Steiermark Kunden GmbH (KD) and the shareholding in Energie Steiermark Service GmbH (ES) carried out in 2011 to 2013, 2015 to 2016 and 2019 were not recognised as being tax deductible by the tax authorities in the amount of the distribution made in the respective year ("distribution-related write-down to going concern value"). Tax law stipulates here that the write-down of a shareholding to its going concern value is spread over seven years for tax purposes ("one-seventh of the write-down each year"). The taxes officially assessed and paid that were not due in the company's opinion were recognised as claims at the expected value. The company has taken legal recourse by way of a complaint against the respective notifications, but a decision has not yet been reached this matter. In the financial year, a value adjustment of K€ 1,700 (previous year: K€ 5,620) was made on the sevenths utilised up to that point. With a total potential threat of around K€ 24,750 (previous year: K€ 27,271; the reduction in the potential threat is mainly due to the recognition for tax purposes of the write-downs to going concern value at Energie Steiermark Service GmbH and Next Vertriebs- und Handels GmbH), the level of value adjustments amounts to K€ 22,770 (previous year: K€ 21,070).

Moreover, Energie Steiermark AG formed a group of companies in the 2005 financial year in accordance with Section 9 KStG (Corporation Tax Act). A group and tax balancing agreement was concluded on 24 November 2005. The founding of the group of companies, under the terms of the notification, took place on 2 February 2006. The tax balancing agreement was concluded for an indefinite period of time and is dependent on the tax load method.

Three Austrian companies (previous year: three) participated in this group of companies as group members as at 31 December 2021 and have concluded a relevant group agreement with the main company, Energie Steiermark AG.

Deferred tax assets and liabilities resulting from different valuations in the tax balance sheet and the IFRS Balance Sheet as well as from loss carry-forwards existing at the balance sheet date are as follows:

Deferred tax				**K€**
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	6,295	427	6,442	469
Property, plant and equipment	0	26,033	0	19,231
Financial assets	4	507,950	0	149,041
Inventories	18	0	8	0
Receivables and other assets	34,683	0	12,195	0
Untaxed reserves	0	8,733	0	8,946
Provisions and Accruals	34,768	12,638	36,607	79
Liabilities and other financial liabilities	105,291	1,897	14,760	1,620
Tax losses carried forward	5,538	0	170	0
Write-down to going concern value of shareholdings	3,712	0	1,623	0
Total deferred tax assets/liabilities	190,310	557,678	71,803	179,386
Add-on of supplementary tax balance sheets	8,295	3,556	8,761	2,645
Deferred tax assets/liabilities 31.12.	**198,605**	**561,234**	**80,564**	**182,031**
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	-162,329	-162, 329	-44,365	-44,365
Offset deferred tax assets/liabilities	**36, 275**	**398, 905**	**36, 199**	**137, 666**

The following deferred tax assets and liabilities are disclosed in the Balance Sheet:

Net position from deferred taxes		K€
	31.12.2021	31.12.2020
Deferred tax assets	36, 275	36, 199
Deferred tax liabilities	398, 905	137, 666
Net position	**-362,629**	**-101,467**

The net position of the Group's deferred taxes developed as follows in the financial year:

Change in net position from deferred taxes		K€
	31.12.2021	31.12.2020
Status at the start of the year	-101, 467	-108,284
Currency changes	-58	34
Recognised through profit or loss in the financial year	330	-3, 016
Changes not affecting the result	-261, 443	9, 866
Addition of deferred tax assets/(liabilities) resulting from the acquisition of subsidiaries	9	-67
Status at the end of the year	**-362, 629**	**-101, 467**

The corporation tax rate of each country in which the company is liable to pay its taxes is used to determine the deferred taxes.

The changes in the deferred tax assets and liabilities in the current financial year developed as follows:

Changes in deferred tax assets and liabilities		**K€**
	2021	2020
DEFERRED TAX ASSETS		
Differences between depreciation for accounting and for tax purposes	-147	-174
Non-deductible provisions for pensions	-1,211	-1,888
Other non-deductible provisions	-627	-585
Losses from the measurement at fair value	113,023	-3,043
Tax losses carried forward and unused tax credits	5,369	94
Write-down to going concern value of shareholdings	2,089	-2,595
Add-on of supplementary tax balance sheets	-466	-101
Other deductible temporary differences	10	3
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	-117,964	-4,397
Change in deferred tax assets	**77**	**-12,686**
DEFERRED TAX LIABILITIES		
Differences between depreciation for accounting and for tax purposes	-6,760	-1,249
Other non-deductible provisions	-12,559	-79
Income from the measurement at fair value	-359,186	16,525
Other taxable temporary differences	213	271
Add-on of supplementary tax balance sheets	-912	-363
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	117,964	4,397
Change in deferred tax liabilities	**-261,239**	**19,503**
Change in the net position	**-261,162**	**6,817**

No deferred tax assets were recognised for tax losses carried forward amounting to K€ 13,615 (previous year: K€ 3,911), since it is not probable that there will be taxable results in the future which can be offset by the Group against deferred tax liabilities.

Non-capitalised loss carry-forwards relate, almost exclusively, to loss carry-forwards of Austrian, German and French companies, which may be carried forward without restrictions.

5 NOTES ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT AND CURRENT ASSETS

(12) Intangible assets

Intangible assets include electricity, gas and heat purchase rights, natural gas pipeline transportation rights, software and goodwill. The Group does not have any internally generated intangible assets eligible for capitalisation.

Goodwill consists of the following:

Goodwill		K€
	31.12.2021	31.12.2020
Energie Steiermark Kunden GmbH	48,756	48, 756
Energie Steiermark Green Power GmbH	7,288	7, 288
Electricité de Provence	3,744	0
Elektrizitätswerke Bad Radkersburg GmbH	1,022	954
E1 Energiemanagement GmbH	937	937
Energie Steiermark Wärme GmbH	890	890
IBIOLA Mobility Solutions GmbH	687	687
STEFE ECB, s.r.o.	137	137
Total	**63,461**	**59,649**

Besides assets having unlimited useful lives, CO_2 emission certificates are disclosed under “Other non-amortisable intangible assets”. In the current financial year, emission certificates assigned, free of charge, were valued at a fair value of K€ 719 (previous year: K€ 745). Amortised costs of acquisition are K€ 209 as at 31 December 2021 (previous year: K€ 211).

The carrying amount of intangible assets developed as follows:

Changes in intangible assets K€

	Usage rights, electricity, gas and heating purchase rights, supply rights	Advance payments	Goodwill	Other non-amortisable intangible assets	Total
Acquisition/manufacturing costs 1.1.2020	117,386	8	72,026	3,225	192,646
Additions from the acquisition of shares	278	0	0	0	278
Currency changes	-8	0	0	-7	-15
Additions	4,839	0	687	3 712	9,239
Disposals	-196	-4	0	-1,396	-1,596
Reclassifications	62	-3	0	0	59
Acquisition/manufacturing costs 31.12.2020	122,361	0	72,713	5,535	200,610
Accumulated amortisation/depreciation 1.1.2020	67,918	0	13,064	224	81,206
Currency changes	-4	0	0	-7	-11
Scheduled amortisation/depreciation	5, 560	0	0	0	5, 560
Disposals	-192	0	0	0	-192
Accumulated amortisation/depreciation 31.12.2020	73,282	0	13, 064	217	86,564
Carrying amount 1.1.2020	49,468	8	58,962	3,002	111,440
Carrying amount at 31.12.2020	**49,079**	**0**	**59, 649**	**5,318**	**114, 046**
Acquisition/manufacturing costs 1.1.2021	122, 361	0	72, 713	5, 535	200, 610
Currency changes	15	0	0	12	27
Additions	5,037	103	3,812	979	9,931
Disposals	-366	0	0	-3,849	-4,215
Reclassifications	365	0	0	0	365
Acquisition/manufacturing costs 31.12.2021	127,412	103	76,525	2,677	206,718
Accumulated amortisation/depreciation1.1.2021	73, 282	0	13, 064	217	86, 564
Currency changes	8	0	0	12	19
Scheduled amortisation/depreciation	6, 004	0	0	0	6, 004
Disposals	-365	0	0	0	-365
Accumulated amortisation/depreciation 31.12.2021	78,929	0	13, 064	229	92,222
Carrying amount at 1.1.2021	49 079	0	59, 649	5, 318	114, 046
Carrying amount at 31/12/2021	**48,483**	**103**	**63, 461**	**2,448**	**114, 495**

(13) Property, plant and equipment

The carrying amount of tangible assets changed as follows:

Changes in tangible assets K€

	Properties and buildings on other plots	Undeveloped plots	technical plant and machinery	Other equipment, technical and office equipment	Properties under construction	Total
Acquisition/manufacturing costs 1.1.2020	441,142	25, 836	2,711,197	66,917	79,056	3,324,148
Additions from the acquisition of shares	0	0	0	26	0	26
Currency changes	-140	0	-519	-7	-5	-672
Additions	11,207	258	63,486	8,712	63,349	147,011
Disposals	-1,254	0	-16,328	-6,166	-2,153	-25,901
Valuation changes	-32	0	-6	100	0	62
Reclassifications	12,079	0	45,644	416	-58,198	-59
Acquisition/manufacturing costs 31.12.2020	463,002	26,094	2,803,474	69,997	82,049	3,444,616
Accumulated amortisation/depreciation 1.1.2020	156,170	475	1,627,544	45,876	4,215	1,834,280
Currency changes	-75	0	-270	-5	0	-349
Scheduled amortisation/depreciation	10,447	0	82,910	8,961	0	102 318
Impairments (Note (6))	1	0	22	0	0	23
Appreciation	-32	0	-1	0	-46	-80
Disposals	-943	0	-14,831	-6,109	-2,098	-23,982
Accumulated amortisation/depreciation 31.12.2020	165,568	475	1,695,375	48,722	2,071	1,912,211
Carrying amount 1.1.2020	284,972	25,361	1,083,653	21,041	74,841	1,489,868
Carrying amount at 31.12.2020	**297,434**	**25,619**	**1,108,100**	**21,274**	**79,978**	**1 532 405**

Changes in tangible assets K€

	Properties and buildings on other plots	Undeveloped plots	technical plant and machinery	Other equipment, technical and office equipment	Properties under construction	Total
Acquisition/manufacturing costs 1.1.2021	463, 002	26, 094	2, 803, 474	69, 997	82, 049	3, 444, 616
Currency changes	243	0	928	14	11	1,195
Additions	9,246	43	73,966	10,799	78,011	172,064
Disposals	-1,808	-2	-24,726	-7,863	-427	-34,826
Valuation changes	-264	0	6	-9	0	-266
Reclassifications	8,709	13	62,210	523	-71,820	-365
Acquisition/manufacturing costs 31.12.2021	479,128	26,148	2,915,858	73,461	87,824	3,582,418
Accumulated amortisation/depreciation1.1.2021	165, 568	475	1, 695, 375	48, 722	2, 071	1, 912, 211
Currency changes	141	0	523	11	0	675
Scheduled amortisation/depreciation	10,867	0	86,981	8,962	0	106, 810
Impairments (Note (6))	54	0	18	0	0	72
Appreciation	-1	0	-1	0	-29	-31
Disposals	-1,605	0	-23,296	-7,749	0	-32,650
Reclassifications	20	0	-20	0	0	0
Accumulated amortisation/depreciation 31.12.2021	175,044	475	1,759,580	49,946	2,041	1,987,086
Carrying amount at 01.01.2021	297, 434	25, 619	1, 108, 100	21, 274	79, 978	1, 532, 405
Carrying amount at 31.12.2021	**304,084**	**25,673**	**1,156,278**	**23,515**	**85,782**	**1 595 332**

Investments in property, plant and equipment amounted to K€ 168,651 in the past financial year (previous year: K€ 144,385), where K€ 90,640 were invested in finished plants and K€ 78,011 in plants under construction. Finished plants mainly concern the expansion and renewal of power transformer and distribution stations, teleconnection and transmission technology, IT systems, smart meter technology, expansion of gas distribution grids and fibre optic cables, the expansion of heat supply grids, office and operating buildings, and wind turbines as well as district heating generation plants. Plants under construction primarily result from investments in power transformer and distribution stations, smart meters, the expansion of gas and heat supply grids and fibre-optic cables, as well as hydraulic generation plants, hydrogen production plants, and office and operating buildings (e-campus phase 2). Carrying amounts increased by 4 percent in the year under review.

The decreases of the carrying amount of K€ 2,175 (previous year: K€ 1,919) relate mainly to technical plants and machinery.

No interest on borrowing capital as defined in IAS 23 was capitalised in the financial year.

Rights-of-use assets from leases pursuant to IFRS 16 are reported under property, plant and equipment, where they are then divided into three categories: land and buildings, technical plants and machinery and office and business equipment.

The development of rights-of-use assets from leases is presented as follows:

Development of rights-of-use assets from leases K€

	Land and buildings	Technical plants and machinery	Office and business equipment
Carrying amount as at 1.1.2020	**6,904**	**257**	**5,107**
Currency changes	-4	-1	0
Additions	542	6	2,078
Valuation changes	-32	-6	100
Amortisation	-842	-33	-1,399
Carrying amount at 1.1.2021	**6,568**	**224**	**5,886**
Currency changes	6	1	0
Additions	1,616	0	1,797
Valuation changes	-264	6	-9
Amortisation	-854	-31	-1,646
Carrying amount at 31.12.2021	**7,073**	**200**	**6,028**

The category office and business equipment includes vehicles leases amounting to K€ 5,053 (previous year: K€ 4,682). We refer to Note (25) “Non-current and current financial liabilities” as regards lease liabilities.

(14) Financial investments recognised at equity

Investments in associated companies are at-equity recognised participations in companies with a participation quota of between 20 percent and 50 percent, if significant control can be exercised.

The carrying amount of entities recognised at equity developed as follows:

Change in companies included at equity		**K€**
	2021	2020
Status as at 1.1.	128, 357	115,141
Additions	400	6,358
Disposals	0	-1,129
Other changes not affecting income	351	1, 175
Pro rata results	10, 165	10,066
Distributions	-1,441	-1,463
Impairments	0	-1, 791
Status as at 31.12.	**137, 831**	**128, 357**

Pro rata results contain mainly income from Energie Graz GmbH & Co KG, of ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o. and Feistritzwerke-STEWEAG GmbH. The distributions mainly result from Feistritzwerke-STEWEAG GmbH.

With regard to impairments, please refer to Note (10) "Result arising from Shareholdings in Associated Companies".

Other changes not affecting earnings relate to profits and losses from the revaluation of the net debt from defined-benefit obligations, from assets held for sale recognised as not affecting earnings in the associated company, and cash flow hedges.

The additions in the year under review relate to shareholder contributions to eAHL AbHofLaden GmbH. The additions in the previous financial year include the acquisition of 34% of the shares in Stadtwerke Bruck an der Mur GmbH and Brucker Kraftwerks-, Bau-, und Betriebs GmbH, 25.1% of the shares in eAHL AbHofLaden GmbH and shareholder grants to homee GmbH and Stubalm Windpark Penz GmbH.

The disposals in the previous year include the reduction of 16.67% of the shares in homee GmbH.

Goodwill included in the carrying amount of companies recognised at equity consists of:

Goodwill		**K€**
	31.12.2021	31.12.2020
Energie Graz GmbH & Co KG	77,957	77, 957
Stadtwerke Bruck an der Mur GmbH	3,222	3, 222
Feistritzwerke-STEWEAG GmbH	2,569	2, 569
STEFE Trnava, s.r.o.	2,558	2, 558
Stadtwerke Hartberg Energieversorgungs GmbH	992	992
eAHL AbHofLaden GmbH	485	186
Stubalm Windpark Penz GmbH	51	51
Total	**87,834**	**87,534**

Summarised financial information in respect of the individually material entities included in the Consolidated Financial Statements at equity is presented in the tables below:

Financial information about material associated companies								**K€**
	31.12.2021				**31.12.2020**			
associated company	**EGG KG**	**SGG KG**	**Feistritz-werke**[1]	**Adriaplin**[2]	**EGG KG**	**SGG KG**	**Feistritz-werke**[1]	**Adriaplin**[2]
Balance sheet								
Non-current assets	530,680	29,728	111,762	57,261	516,130	28,271	94,911	57,730
Current assets	25,966	8,251	6,388	7,747	26,276	17,187	3,973	8,091
Non-current liabilities	-243,789	-37,034	-55,973	-12,547	-250,780	-35,595	-39,697	-15,572
Current liabilities	-93,910	-5,031	-12,141	-8,917	-91,201	-11,518	-10,272	-8,829
Reconciliation to the carrying amount of the interest in the associated company								
Net assets	218,947	-4,087	50,036	43,544	200,425	-1,655	48,915	41,420
Share in the net assets in %	49%	49%	27%	38%	49%	49%	27%	38%
Share in the net assets	107,284	-2,003	13,510	16,547	98,208	-811	13,207	15,740
+/- Revaluations	-87,043	-2,105	-179	-2,886	-87, 043	-2 105	-200	-2,973
Carrying amount of the interest in the associated company (excl. goodwill)	20,241	-4,108	13,330	13,661	11,166	-2,916	13,007	12,767

[1] The balance sheet date of Feistritzwerke-STEWEAG - GmbH is 30 June. The proportionate result is included in the Consolidated Financial Statements on the basis of the interim financial statements prepared as at 31 December.
[2] The figures of ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o. relate to the 2020 financial year and, in the previous year, to the 2019 financial year.

Financial information about material associated companies **K€**

	2021				2020			
associated company	**EGG KG**	**SGG KG**	**Feistritz-werke[1]**	**Adriaplin[2]**	**EGG KG**	**SGG KG**	**Feistritz-werke[1]**	**Adriaplin[2]**
Profit and loss statement								
Sales revenues	221,435	44,780	25,465	37,458	204,213	41,084	23,270	40,037
Result after income taxes	18,110	-2,745	3,620	3,135	21, 041	-1,951	3,067	3,513
Other result	412	312	0	-11	2,310	99	0	-14
Total result	18,522	-2,432	3, 620	3,124	23,351	-1,852	3, 067	3,499
Dividend paid to Energie Steiermark	-	-	675	380	-	-	675	380

[1] The balance sheet date of Feistritzwerke-STEWEAG - GmbH is 30 June. The proportionate result is included in the Consolidated Financial Statements on the basis of the interim financial statements prepared as at 31 December.
[2] The figures of ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o. relate to the 2020 financial year and, in the previous year, to the 2019 financial year.

Summarised financial information in respect of individually immaterial associated companies is presented in the table below:

Summarised financial information of other associated companies **K€**

	2021	2020
Result after income taxes	-2,468	179
Other result	0	0
Total result	-2, 468	179
Carrying amount of the interest in the associated companies (excl. goodwill)	6,872	6,799

(15) Non-current financial assets

Non-current financial assets consist of the following:

Non-current financial assets		**K€**
	2021	2020
Loans granted by the company	17,642	20,009
Assets at fair value through equity	767,891	675,663
of which investments measured at fair value through equity (level 2)	767, 891	675, 663
Assets at fair value through profit and loss	347,467	85,417
of which investments measured at fair value through profit or loss (level 1)	40,797	41,803
of which investments measured at fair value through profit or loss (level 1)	8,880	7,435
of which derivative financial instruments (level 1)	107,420	19,715
of which derivative financial instruments (level 2)	190,371	16,463
Total	**1, 132, 999**	**781, 089**

As of 1 As of January 2018, the Group designated the following investments as equity instruments at fair value through equity, as the Group intends to hold these investments for strategic purposes in the long term.

Investments held at fair value through equity include both immaterial shareholdings in associated companies not recognised at equity and other shareholdings with a percentage interest of less than 20 percent.

Shareholdings measured at fair value through equity in the amount of K€ 707,426 (previous year: K€ 616,053) mainly relate to the shares in VERBUND Hydro Power GmbH (VHP).

Shareholdings valued at fair value through equity (Level 2)		**K€**
	Fair value as at 31.12.2021	Recognised dividend income in 2021
VERBUND Hydro Power GmbH	707,426	18,585
RAG-Beteiligungs- Aktiengesellschaft	50,629	4,520
ARGONET GmbH	5,016	0
E 1 Wärme und Energie GmbH	1,990	115
AGGM Austrian Gas Grid Management AG	926	162
AQUASYSTEMS Gospodarjenje z vodami d.o.o.	902	613
ES SN Green Power GmbH	218	0
E-VO eMobility GmbH	214	0
Enery Green Power GmbH	118	0
APCS Power Clearing and Settlement AG	125	8
AGCS Gas Clearing and Settlement AG	108	6
CISMO Clearing Integrated Services and Market Operations GmbH	102	75
EXAA Abwicklungsstelle für Energieprodukte AG	70	0
Other shareholdings	47	0
Total	**767, 891**	**24, 085**

Long-term loans granted by the company are as follows:

Long-term loans granted by the company		**K€**
	2021	2020
Energie Graz GmbH & Co KG	17,500	20,000
Stubalm Windpark Penz GmbH	137	0
Other	5	9
Total	**17, 642**	**20, 009**

As at 31 October 2013, Energie Graz GmbH & Co KG was granted a subordinated, long-term loan of K€ 40,000 at a fixed interest rate of 7.5 percent until 31 October 2023.

The market value of the long- and short-term loans which results from discounting of expected cash flows using current market interest rates amounts to K€ 28,695 (previous year: K€ 29,251). Short-term loans granted by the company are explained under Note (16) “Current Financial Assets”.

The loans granted were examined on the basis of the future-oriented model of “expected loan defaults” in accordance with IFRS 9. External ratings could be allocated for the material amounts. No impairment requirement was determined based on published default rates.

Securities recognised at fair value through profit and loss in the amount of K€ 40,797 (previous year: K€ 41,803) consist of fund shares and equities and are recognised at market value on the balance sheet date.

Fund shares to the amount of K€ 40,779 (previous year: K€ 41,786) had an average stock market price of € 100.99 on the balance sheet date (previous year: € 99.15).

Shareholdings recognised at fair value through profit and loss in the amount of K€ 8,880 (previous year: K€ 7,435) contain mainly shares in Burgenland Holding Aktiengesellschaft, whose fair value is K€ 8,865 as at 31 December 2021 (previous year: K€ 7,425).

Derivative financial instruments recognised at fair value through profit or loss in the amount of K€ 296,767 (previous year: K€ 35,396) include derivative financial instruments with positive market values to hedge against unexpected price developments in the energy trading business. For a detailed explanation, refer to Note (7) “Other Disclosures” (see table p. 76). This item also includes electricity derivatives not designated for hedging purposes, which have a positive fair value as at the balance sheet date, as well as derivative financial instruments that serve to hedge risks economically but do not qualify as hedging instruments in the balance sheet in the amount of K€ 1,023 (previous year: K€ 782) if their fair value is positive as of the balance sheet date.

For information on net profits and losses from assets recognised at fair value through profit and loss and derivative financial instruments held for trading, please refer to Note (1) “Sales Revenues” and Note (9) “Financial Income and Expenses”.

The change in non-current financial assets is as follows:

Change in non-current financial assets **K€**

	Loans granted by the company	Financial assets valued at fair value through equity	Derivative financial instruments with hedging relationships	Other financial assets valued at fair value through profit or loss
As of 01.01.2020	**22,530**	**810,865**	**9,151**	**49,226**
Change in scope of consolidation	0	2	0	0
Additions	0	3	33,333	768
Disposals	-2,521	-1,071	-7,107	-279
Unrealised profits/losses	0	-134, 135	18	306
As at 31.12.2020	**20, 009**	**675, 663**	**35,396**	**50,021**
Additions	137	549	245,731	947
Disposals	-2,504	0	-27,336	-705
Unrealised profits/losses	0	91, 678	42,976	438
As of 31.12.2021	**17, 642**	**767, 891**	**296,767**	**50,700**

(16) Current financial assets

Current financial assets consist of the following:

Current financial assets		**K€**
	2021	2020
Loans granted by the company	10,256	7,792
Assets at fair value through profit and loss	1,181,678	82,002
of which derivative financial instruments (level 1)	125,039	10,783
of which derivative financial instruments (level 2)	1,056,639	71,219
Total	**1, 191, 934**	**89, 794**

Loans granted are loans to associated companies and other shareholdings.

Short-term loans granted by the company are as follows:

Short-term loans granted by the company		**K€**
	2021	2020
Energie Graz GmbH & Co KG	2,755	2,787
E 1 Wärme und Energie GmbH	7,499	5,004
Stubalm Windpark Penz GmbH	0	0
Other	1	1
Total	**10, 256**	**7, 792**

The market value of the long- and short-term loans which results from discounting of expected cash flows using current market interest rates amounts to K€ 28,695 (previous year: Long-term loans granted by the company are explained under Note (15) “Non-current Financial Assets”.

Derivative financial instruments recognised at fair value through profit or loss in the amount of K€ 928,332 (previous year: K€ 72,879) include derivative financial instruments with positive market values to hedge against unexpected price developments in the energy trading business. For a detailed explanation, refer to Note (7) “Other Disclosures” (see table p. 76). This item also includes electricity derivatives not designated for hedging purposes, which have a positive fair value as at the balance sheet date, as well as derivative financial instruments that serve to hedge risks economically but do not qualify as hedging instruments in the balance sheet in the amount of K€ 253,346 (previous year: K€ 9,124) if their fair value is positive as of the balance sheet date.

For information on net profits and losses from assets recognised at fair value through profit and loss and derivative financial instruments, disclosed in the previous year, please refer to Note (1) “Sales Revenues” and Note (9) “Financial Income and Expenses”.

(17) Receivables and other assets

Receivables and other assets consist of the following:

Receivables and other assets						K€
	Residual term at 31.12.2021			Residual term at 31.12.2020		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Trade accounts receivable	382,921	141	383, 062	200,170	134	200, 304
Receivables from companies with which a shareholding relationship exists	8, 709	0	8, 709	434	0	434
Other receivables and assets	381,717	2,424	384,141	46,339	2,499	48,837
Total	**773, 347**	**2, 565**	**775,912**	**246, 942**	**2, 633**	**249,575**

Current trade accounts receivable include receivables due from associated companies amounting to K€ 3,980 (previous year: K€ 12,536).

In the 2021 financial year, current trade accounts receivable were netted with trade accounts payable arising from electricity trading activities (“Portfolio”) in the amount of K€ 92,354 (previous year: K€ 87,976) based on agreements with the respective counterparties, which provide for financial clearing of trading positions on a standardised key date once a month, and the net amount was reported in the balance sheet.

The table below shows the effects on the Balance Sheet:

Offsetting information			K€
	31.12.2021		
Class	Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade accounts receivable	475,416	-92,354	383, 062
	31.12.2020		
Class	Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade accounts receivable	288,279	-87,976	200, 304

Other receivables and assets consist of the following:

Other receivables and assets K€

	Residual term at 31.12.2021			Residual term at 31.12.2020		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Receivables from the hedging of derivative financial instruments	350,436	0	350, 436	22,584	0	22, 584
Tax refund claims	19,429	0	19, 429	17,190	0	17, 190
Advance payments for expenses affecting the subsequent periods	3,948	739	4,687	2,624	843	3,468
Receivables from allowances granted not yet received	1,711	0	1, 711	108	0	108
Receivables from payroll	65	1,494	1,559	43	1,474	1,517
Other receivables and assets	6,127	191	6,319	3,790	181	3,972
Total	**381, 717**	**2, 424**	**384, 141**	**46, 339**	**2, 499**	**48, 837**

Receivables from the hedging of derivative financial instruments result from granted financial securities for forward transactions in electricity trade. There were no pledges of trade accounts receivable as collateral.

In accordance with IFRS 7.37, an analysis of financial assets past-due on the balance sheet date but not yet impaired must be disclosed. The ageing analysis of past due assets is shown below:

Analysis of overdue assets K€

2021	Carrying amount	of which amount overdue at the balance sheet date	amount of which was not impaired on the balance sheet date and which is overdue in the following periods of time			
			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade accounts receivable	383, 062	9,045	6,682	394	826	1,143
Other receivables and assets *)	392,850	380	315	24	20	22

2020	Carrying amount	of which amount overdue at the balance sheet date	amount of which was not impaired on the balance sheet date and which is overdue in the following periods of time			
			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade accounts receivable	200, 304	7,299	5,565	242	163	1,330
Other receivables and assets *)	49,272	303	241	6	54	2

*) including receivables from companies in which a shareholding is held and receivables from affiliated companies

Depending on the respective business model and customer segment, the Group uses individual impairment models to determine the expected credit losses on trade receivables from individuals that comprise a very large number of small balances. The loss rates here are determined either on the basis of arrears or dunning levels. In addition, a general allowance of 0.6 percent (previous year: 0.6 percent) is recognised in the Group for trade receivables that are not overdue or have not been subjected to dunning. Collateral received for past-due receivables on the balance sheet date was of subordinate significance.

In addition, individual value adjustments are made to financial assets for which there is a specific need for impairment. Value adjustments made result mainly from uncollectible payments and delays in payment. Impairments of receivables are recognised using value adjustment accounts. Actual losses result in the derecognition of the respective receivables.

The development of value adjustments on trade receivables in the course of the year was as follows.

Impairments, trade accounts receivable K€

	Level 1 Expected 12-month credit loss	Level 2 Expected credit loss over the term – no impaired credit rating	Level 3 Expected credit loss over the term – impaired credit rating	Total
As at 31.12.2019	**2,757**	**1,386**	**3,599**	**7,742**
Expenses for value adjustments	528	583	475	1,586
Use of value adjustments	0	-466	-915	-1,382
Reversal of value adjustments	-561	-208	-45	-813
As at 31.12.2020	**2,724**	**1,295**	**3,114**	**7,133**
Change in scope of consolidation	371	0	0	371
Expenses for value adjustments	1,079	304	595	1,978
Use of value adjustments	-2	-140	-1,039	-1,181
Reversal of value adjustments	-779	-155	-174	-1,108
As of 31/12/2021	**3,392**	**1,304**	**2,496**	**7,193**

The development of value adjustments in respect of other receivables in the course of the year was as follows.

Impairments, other receivables and assets	Level 1 Expected 12-month credit loss	Level 2 Expected credit loss over the term – no impaired credit rating	Level 3 Expected credit loss over the term – impaired credit rating	Total K€
As at 31.12.2019	**1**	**0**	**210**	**211**
Expenses for value adjustments	0	0	31	31
Use of value adjustments	-1	0	-16	-16
Reversal of value adjustments	0	0	-1	-1
As at 31.12.2020	**0**	**0**	**224**	**224**
Expenses for value adjustments	0	0	5	5
Use of value adjustments	0	0	-10	-10
Reversal of value adjustments	0	0	-15	-15
As of 31.12.2021	**0**	**0**	**204**	**204**

Expenses for derecognition amount to K€ 2,968 (previous year: K€ 2,287) for trade accounts receivable and to K€ 33 (previous year: K€ 87) for other receivables and assets.

(18) Inventories

Inventories consist of the following items:

Inventories	31.12.2021	31.12.2020 K€
Primary energy inventories and supplies	11,047	7,395
Trade goods	3,072	11,834
Finished and unfinished goods	40	92
Total	**14,159**	**19, 321**

Primary energy stocks mainly comprise biofuels. Trade goods mainly consist of natural gas designated for sale to third parties.

In the current financial year, value adjustments of inventories amounting to K€ 156 (previous year: K€ 113) were made to the lower net selling value.

The impairments are recognised in cost of materials and other purchased services (please refer to Note (4)).

No inventories were pledged or used as a security for liabilities in any other way or manner.

(19) Cash and cash equivalents

A list of cash and cash equivalents is shown below:

Cash and cash equivalents		**K€**
	31.12.2021	31.12.2020
Cash in hand	141	131
Bank balances	200,271	109,295
Total	**200, 412**	**109, 426**

Cash in hand and bank balances include short-term liquid funds in foreign currency in the amount of K€ 4,416 (previous year: K€ 1,303).

The average interest rate for bank balances available as at 31 December 2021 is approximately -0.32 percent.

Cash and cash equivalents are deposited with banks or financial institutions. Based on the external ratings of banks and financial institutions and based on published default rates per rating category, an impairment of K€ 95 (previous year: K€ 41) was determined, which was not recognised for reasons of materiality.

EQUITY

The individual components and the development of equity are shown in a separate table (“Statement of Changes in Consolidated Equity”, p. 5).

(20) Share capital

The share capital amounts to K€ 100,000 and consists of 100,000,200 no-par value shares (previous year: 100,000,200 no-par value shares). Two interim certificates for 75,000,000 no-par value shares registered in the federal state of Styria and 25,000,200 no-par value shares registered in the name of S.E.U. Holdings S.à r.l. were issued. The share capital was fully paid up.

(21) Capital reserves

Capital reserves include that part of reserves not formed from previous years’ period results. Of which K€ 611,152 (previous year: K€ 611,152) is not available for distribution to shareholders.

(22) Accumulated results

Accumulated results come from accumulated earnings within the Group. Any amount of these accumulated results might be distributed to the shareholders of the parent company which is disclosed as “Balance sheet profit” in the parent company’s separate financial statements as at 31 December 2021, which are prepared according to the accounting principles applicable in Austria.

The dividend per share amounts to € 0.50 (previous year: € 0.60).

(23) Accumulated changes not affecting earnings

Other reserves developed as follows:

Other reserves **K€**

	Profits and losses from					
	currency conversion	Revaluations in accordance with IAS 19	Cash flow hedges	Fair value changes	Shareholdings recognised at equity	Total
As of 01.01.2020	**5,500**	**-86,707**	**-20,196**	**456,085**	**-19,086**	**335, 596**
Change not affecting the result	-89	4, 779	129, 963	-134, 135	1, 175	1,693
Realisation affecting income	0	0	-40, 071	0	0	-40, 071
Taxes offset directly against equity	0	-1, 195	-22, 473	33, 534	0	9, 866
As at 31.12.2020	**5,411**	**-83,122**	**47,223**	**355,484**	**-17,912**	**307, 083**
Change not affecting the result	161	1, 011	982, 904	91, 678	351	1,076,106
Realisation affecting income	0	0	-29, 817	0	0	-29, 817
Taxes offset directly against equity	0	-252	-238, 272	-22, 920	0	-261, 443
As of 31.12.2021	**5,572**	**-82,363**	**762,038**	**424,243**	**-17,561**	**1, 091, 929**

The currency translation reserve comprises all foreign currency differences due to the translation of financial statements of foreign operations.

The revaluations pursuant to IAS 19 consist of actuarial gains and losses from the revaluation of net debt from defined-benefit obligations.

Profits and losses from cash flow hedges are reserves for hedging transactions in connection with cash flow hedging (see Note (9) "Significant Accounting Methods" and Note (7) "Other Disclosures"). The reserve comprises the effective portion of the cumulative net changes in the fair value of hedging instruments used to hedge cash flows until the future recognition of the hedged cash flows or hedged items in profit or loss.

Profits and losses from changes in fair value include the cumulative net changes in the fair value of financial assets at fair value through equity.

Profits and losses from at equity recognised shareholdings reflect gains and losses from the revaluation of the net debt from defined-benefit obligations, value changes of assets held for sale recognised as not affecting earnings at associates, and cash flow hedges.

(24) Non-controlling interests

The development of non-controlling interests is reported in the Statement of Changes in Consolidated Equity.

Non-controlling interests include the minority interests in the equity capital of fully consolidated subsidiaries shown in the table below. All other fully consolidated companies are directly or indirectly 100 percent shareholder property of Energie Steiermark AG (see Note (3) "Scope of Consolidation").

Non-controlling interests

%	31.12.2021	31.12.2020
Jihlavske Kotelny s.r.o. (Czech Republic)	49.16%	49.16%
STEFE Rimavska Sobota, s.r.o. (Slovakia)	41.34%	41.34%
ENWA GmbH (Austria)	40.00%	40.00%
Murkraftwerk Graz Errichtungs- und BetriebsgmbH (Austria)	37.60%	37.60%
STEFE Martin, a.s. (Slovakia)	34.07%	34.07%
STEFE Banska Bystrica, a.s. (Slovakia)	34.00%	34.00%
STEFE Zvolen, s.r.o. (Slovakia)	34.00%	34.00%
Elektrizitätswerke Bad Radkersburg GmbH (Austria)	25.10%	25.10%
IBIOLA Mobility Solutions GmbH (Austria)	24.90%	24.90%
easy green energy GmbH & Co KG (Austria)	0.00%	49.00%
easy green energy GmbH (Austria)	0.00%	49.00%

The following table provides information on fully consolidated subsidiaries with non-controlling interests before intra-group eliminations. For reasons of materiality, they are summarised per country.

Significant items of subsidiaries with non-controlling interests

	31.12.2021			31.12.2020		
Subsidiaries (combined per country)	**Slovakia**	**Czech Republic**	**Austria**	**Slovakia**	**Czech Republic**	**Austria**
Profit and loss statement						
Sales revenues	35,268	5,147	7,692	41,769	5,219	49,409
Result after income taxes	2,889	731	-273	2,260	701	-60
Result after income taxes attributable to the non-controlling interests	1,001	359	-69	790	344	-17
Balance sheet						
Non-current assets	42,267	10,669	92,204	43,967	10,326	90,552
Current assets	13,649	2,218	4,794	12,153	1,809	27,744
Non-current liabilities	-19,687	-4,331	-78,605	-21,458	-4,127	-79,258
Current liabilities	-11,368	-1,911	-4,032	-10,603	-1,702	-24,877
Net assets attributable to the non-controlling interests	8, 761	3,267	5,268	8,487	3,100	5,139
Cash flow statement						
Cash flow resulting from ongoing operating activities	7,087	1,788	-1,327	6,375	1,734	6,871
Cash flow resulting from investment activities	-2,302	-519	-756	-2, 373	-862	-637
Cash flow resulting from financing activities	-4,274	-864	1,870	-4,687	-194	-5,820
Dividends paid to non-controlling interests during the year [1]	727	349	47	708	361	35

[1] Included in cash flows from financing activities

NON-CURRENT AND CURRENT LIABILITIES

(25) Non-current and current financial liabilities

Non-current and current financial liabilities are composed of:

non-current and current financial liabilities recognised at amortised cost of acquisition K€

	Residual term at 31.12.2021			Residual term at 31.12.2020		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Liabilities due to banks	126,930	417,928	544,858	-27,901	441,009	468,910
Lease liabilities	2, 405	11,275	13,681	2,515	10,448	12,963
Liabilities to others	29	422	451	28	473	501
Total	**129, 364**	**429, 625**	**558,990**	**30, 444**	**451, 929**	**482,374**

Non-current financial liabilities contain liabilities with a residual term of more than five years in the amount of K€ 426,148 (previous year: K€ 446,625).

The maturity analysis of lease liabilities is presented as follows:

Maturity analysis of lease liabilities K€

2021	up to 1 year	1 to 5 years	over five years
Land and buildings	778	2,135	4,385
Technical plants and machinery	25	101	84
Office and business equipment	1,602	4,119	453
Total	**2, 405**	**6,354**	**4,921**

2020	up to 1 year	1 to 5 years	over five years
Land and buildings	901	2,013	3,820
Technical plants and machinery	30	101	99
Office and business equipment	1,584	3,944	470
Total	**2, 515**	**6,059**	**4,389**

The category office and business equipment includes vehicles leases amounting to K€ 5,053 (previous year: K€ 4,682). Please refer to Note (13) “Property, plant and equipment” for information on rights-of-use assets in accordance with IFRS 16.

In the year under review, the average interest rate for financing in local and foreign currency is as follows:

Average interest

	2021	2020
in EUR	1.56%	1.57%
in CZK	1.66%	1.71%

In detail, non-current and current financial liabilities are composed of:

non-current and current financial liabilities recognised at amortised cost of acquisition K€

	Maturity	Emission volumes	Exposure on 31.12. of the financial year		Residual term	
			In foreign currencies	In €	up to 1 year	more than 1 year
Liabilities due to banks					**126, 930**	**417, 928**
In foreign currencies					**512**	**2,346**
Fixed interest rate	2011-2031	161,200	75,140	2,858	512	2, 346
Interest accrued					0	
In euro currencies					**126,418**	**415,582**
Fixed interest rate	2009-2041	580,900	0	453,502	59,469	394,033
Variable interest rate	2005-2031	116,334	0	85,801	64,252	21,548
Interest accrued					2,696	
Lease liabilities					**2, 405**	**11, 275**
In foreign currencies					**15**	**123**
Fixed interest rate	2019-2045	3,424	3, 424	138	15	123
Interest accrued					0	
In euro currencies					**2,391**	**11,153**
Fixed interest rate	2017-2100	13,543	0	13, 543	2, 391	11, 153
Interest accrued					0	
Financial liabilities to others					**29**	**422**
In euro currencies					**29**	**422**
Variable interest rate	2016-2042	451	0	451	29	422
Interest accrued					0	
Total financial liabilities					**129, 364**	**429, 625**

The market value of financial liabilities is determined as the present value of expected future cash flows. Current market interest rates are used for discounting. The market value of financial liabilities is as follows:

Market value of financial liabilities				K€
	2021		2020	
	Market value	Exposure	Market value	Exposure
Liabilities to banks in foreign currencies	2,613	2, 858	2,791	2,826
Liabilities to banks in euro	550,978	539,303	493,291	463,511

(26) Non-current provisions and accruals

Non-current provisions and accruals are as follows:

Non-current provisions and accruals		K€
	31.12.2021	31.12.2020
Provisions for pensions and similar obligations	150,079	159,943
Provisions for severance payments	84,461	85,610
Provisions for service anniversary bonuses	21,175	20,632
Provisions for part-time retirement	2,324	1,685
Accrued liabilities for severance pay	4,748	7,705
Accruals for other personnel expenses	541	541
Total personnel-related provisions and accruals	**263,328**	**276,116**
Provisions for imminent losses from pending transactions	2,325	5,056
Provisions for damages and process risks	1,651	1,429
Other accrued liabilities	156	536
Total other provisions and accruals	**4,132**	**7,021**
Total	**267, 459**	**283, 137**

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are composed of the following items:

Changes in liabilities for defined benefit pension obligations and other obligations similar to pensions K€

	2021	2020	2019	2018	2017
Present value (DBO) of obligations covered by fund assets	20,396	21,137	18,803	19,406	18,722
Fair value of plan assets	-10,916	-10,066	-11,066	-10,631	-11,304
Provision recognised for obligations covered by fund assets	9,480	11,070	7,736	8,775	7,418
Provision recognised for obligations not covered by fund assets	140,599	148,873	164,364	145,494	157,338
Experience adjustments of plan liabilities	0.9%	-0.1%	3.4%	-2.5%	-0.6%
Provision recognised as at 31.12.	**150, 079**	**159, 943**	**172,101**	**154,269**	**164,755**

Experience adjustments of plan liabilities are relative divergences between the predicted value of previous years' obligations and the real amount of the obligation calculated in the following year.

The adjustment-related expense for defined benefit pension commitments consists of actuarial gains and losses from changes in financial assumptions of K€ -70 (previous year: K€ -187).

The following table shows the components of the plan assets of the funds:

Composition of plan assets

	2021	2020
Shares in euro	11.3%	10.8%
Shares in foreign currencies	29.0%	26.8%
Government bonds	15.9%	18.6%
Corporate bonds	24.6%	26.6%
Other bonds	9.2%	6.8%
Bank/finance market	5.0%	6.1%
Real estate	5.0%	4.4%

Plan assets changed as follows:

Change in plan assets		K€
	2021	**2020**
Fair value of the plan assets on 1.1.	10, 066	11,066
+ Expected income from the plan assets	34	53
+ Actuarial gain/loss	1,624	-242
- Benefits paid	-808	-811
Fair value of the plan assets on 31.12.	**10,916**	**10, 066**

Value fluctuations occurring from plan assets were K€ 1,658 (previous year: K€ -189).

Pension obligations are covered by pension provisions or pension funds. In the event that claims transferred to the pension fund require additional payments, they are recognised in the Balance Sheet if the assets of the pension fund fall below the projected benefit obligation.

Provisions for pensions developed as follows in the 2021 and 2020 financial years:

Change in provision for pensions and similar obligations		K€
	2021	**2020**
Present value of defined benefit obligations (DBO) on 1.1.	159, 943	172, 101
+ Current service cost	239	275
+ Interest cost	551	851
- Actual benefit payments	-8,891	-9,644
- Actuarial gain/loss	-1,763	-3,639
Present value of defined benefit obligations (DBO) on 31.12.	**150, 079**	**159, 943**

Expected pension payments in 2022 are K€ 9,536 (previous year: K€ 9,887).

<u>Change in parameters</u>
The change in the interest rate and salary trend in the financial year (see table p. 101 for actuarial assumptions) led to a release of K€ 2,285. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 836. The parameter changes are contained in the “Actuarial gain/loss” item.

As at 31 December 2021, the weighted average residual term of pension and similar obligations is 11.7 years.

Sensitivity analysis of the provision for pensions and similar obligations K€

Calculation bases/assumptions	Change in assumption	31.12.2021	
		Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	1.2%	-1.2%
Salary increase	0.10%	-0.1%	0.1%
Pension increase	0.10%	-1.2%	1.2%
Remaining life expectancy	1 year	-7.7%	7.4%

Calculation bases/assumptions	Change in assumption	31.12.2020	
		Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	1.2%	-1.2%
Salary increase	0.10%	-0.1%	0.1%
Pension increase	0.10%	-1.3%	1.3%
Remaining life expectancy	1 year	-7.8%	7.5%

The sensitivity analysis was performed separately for each actuarial key parameter. Only one key parameter was changed in the analysis, all other variables being held constant (ceteris paribus). The changed pension obligation was determined in the same manner as the actual obligation. Interdependencies between the individual actuarial parameters were not taken into account.

Provisions for Severance Pay

Provisions for severance pay developed as follows in the 2021 and 2020 financial years:

Change in severance pay provisions K€

		2021	2020
	Present value of defined benefit obligations (DBO) on 1.1.	85, 610	87,246
+	Current service cost	777	1, 001
+	Interest cost	299	435
-	Actual benefit payments	-2,977	-1,932
-	Actuarial gain/loss	752	-1,140
	Present value of defined benefit obligations (DBO) on 31.12.	**84, 461**	**85 610**

Expected severance payments in 2022 are K€ 2,098 (previous year: K€ 2,901).

As at 31 December 2021, the weighted average residual term of severance pay obligations is 10.7 years.

The following table shows the experience adjustments of the plan obligations showing the relative divergences between the predicted value of previous years' obligations and the actual amount of the obligations calculated in the following year:

Change in provisions for defined benefit obligations K€

	2021	2020	2019	2018	2017
Balance sheet provision for defined benefit obligations	84, 461	85, 610	87, 246	76,602	74,003
Experience adjustments of plan liabilities	1.3%	0.6%	0.9%	3.0%	1.3%
Provision recognised as at 31.12.	**84, 461**	**85, 610**	**87, 246**	**76, 602**	**74, 003**

Change in parameters

The change in the interest rate and salary trend in the financial year (see table p. 101 for actuarial assumptions) led to a release of K€ 351. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 776. The parameter changes are contained in the "Actuarial gain/loss" item.

Sensitivity analysis of the severance pay provision K€

		31.12.2021	
Calculation bases/assumptions	Change in assumption	Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	1.1%	-1.1%
Salary increase	0.10%	-1.0%	1.1%

		31.12.2020	
Calculation bases/assumptions	Change in assumption	Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	1.1%	-1.1%
Salary increase	0.10%	-1.1%	1.1%

The sensitivity analysis was performed separately for each actuarial key parameter. Only one key parameter was changed in the analysis, all other variables being held constant (ceteris paribus). The changed pension obligation was determined in the same manner as the actual obligation. Interdependencies between the individual actuarial parameters were not taken into account.

As regards severance pay obligations, sensitivity of the remaining life expectancy was not taken into account due its minor significance.

Other personnel-related provisions and accruals

Provisions for service anniversary bonuses have been determined by using the other personnel provisions calculation factors (see Note (9), "Significant Accounting Methods"). The change in the interest rate and salary trend in the financial year (see table p. 102 for actuarial assumptions) led to a reversal of K€ 451. The change in interest rate and salary trend in the previous year resulted in an allocation to provisions in the amount of K€ 207.

Eight Group companies form the provision for part-time retirement based on a "Betriebsvereinbarung betreffend Altersteilzeitmodell" (corporate agreement on part-time retirement model) or based on individual part-time retirement agreements.

Accrued liabilities for severance pay are related to restructuring measures based on corporate agreements.

Other Non-Current Provisions

Other non-current provisions changed as follows:

Change in other non-current provisions K€

	Provisions for imminent losses from pending transactions	Provisions for damages and other risks	Total
As of 01.01.2020	**10**	**1,562**	**1,572**
Allocation	37	80	117
Transfer	5,010	10	5,020
Utilisation	-1	-32	-33
Reversal	0	-191	-191
As at 31.12.2020	**5, 056**	**1, 429**	**6,484**
Allocation	75	251	325
Transfer	-756	0	-756
Utilisation	-2,032	-29	-2,060
Reversal	-18	0	-18
As of 31.12.2021	**2, 325**	**1, 651**	**3,975**

Provisions for imminent losses from pending transactions comprise provisions for contractual obligations arising from supply agreements for electricity and natural gas.

Provisions for damages and other risks contain provisions for damage compensation payments and litigation risks and are calculated based on estimates in the amount of the outflow of funds expected in the future.

Non-current provisions are discounted at the EUR-swap rate commensurate with the projected residual term.

Furthermore, there are contingent liabilities from lawsuits arising from contractual agreements, which according to IAS 37.26 did not require provisions. In view of the subordinate significance to the Group's assets, financial and earning position, more detailed information is not provided according to IAS 37.86.

(27) Current provisions and accruals

Current provisions and accruals are as follows:

Current provisions and accruals		**K€**
	31.12.2021	31.12.2020
Provisions for part-time retirement	1,206	892
Accrued liabilities for severance pay	3,271	4,345
Deferred holiday which has not yet been taken	16,894	15,842
Accruals for other personnel expenses	11,318	10,871
Total personnel-related provisions and accruals	**32,689**	**31,949**
Provisions for imminent losses from pending transactions	31,973	9, 931
Provisions for damages and process risks	1,293	269
Other accrued liabilities	5,962	11,081
Total other provisions and accruals	**39,228**	**21,280**
Total	**71, 917**	**53, 230**

Personnel-related Provisions and Accruals

Provisions for part-time retirement refer to the current portion that is due for disbursement next year.

Accrued liabilities for severance pay are related to restructuring measures based on corporate agreements.

Accruals for other personnel expenses primarily include accruals for credit hours and bonuses not yet applied.

Other accrued liabilities include accruals for auditing and maintenance costs; legal, audit and consulting costs; and costs for preparing expert opinions.

Other current provisions

Provisions for imminent losses from pending transactions comprise provisions for contractual obligations.

Provisions for damages and litigation risks means compensation for damage, mandatory restoration, litigation and evaluation costs as well as litigation risks.

Current provisions developed as follows:

Development of other current provisions			**K€**
	Provisions for imminent losses from pending transactions	Provisions for damages and process risks	Total
As of 01.01.2020	**15,125**	**674**	**15,799**
Allocation	3, 097	76	3,172
Transfer	-5,020	0	-5, 020
Utilisation	-3,234	-409	-3,643
Reversal	-37	-72	-109
As at 31.12.2020	**9, 931**	**269**	**10,200**
Allocation	27,148	1,088	28,236
Transfer	756	0	756
Utilisation	-2,115	-44	-2,159
Reversal	-3,747	-20	-3,767
As of 31.12.2021	**31, 973**	**1, 293**	**33,266**

(28) Construction subsidies

Building cost contributions received from customers or project partners in the amount of K€ 231,166 (previous year: K€ 220,691) are one-off contributions to be made for the output-specific granting of grid access and power supply rights. Building cost contributions are reversed analogously to the useful life of the affected plants and are disclosed under other sales revenues. If the term in the contract with the customer is shorter than the useful life of the asset, the building cost contribution is reversed over the contract term. The current portion in the amount of K€ 14,433 (previous year: K€ 15,146) comprises the amount to be reversed in the next financial year and is recognised in the “Other current liabilities and accruals/deferrals” item.

(29) Trade accounts payable

In the current financial year, current liabilities were offset against trade accounts receivable from electricity trading activities (“Portfolio”), based on agreements with the respective counterparties, which provide for financial clearing of trading positions on a standardised key date once a month, and the net amount was reported in the Balance Sheet.

The table below shows the effects on the balance sheet:

Offsetting information K€

Class	31/12/2021 Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade accounts payable *)	394,983	-92, 354	-302,629

*) including non-current trade accounts payable amounting to K€ 884.

Class	31/12/2020 Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade accounts payable *)	244,960	-87, 976	156,985

*) including non-current trade accounts payable amounting to K€ 2,180.

(30) Income tax liabilities

Income tax liabilities are comprised as follows:

Income tax liabilities K€

	31/12/2021	31/12/2020
Corporation tax	3, 835	7, 304
Other taxes	0	0
Total	**3, 835**	**7, 304**

(31) Other non-current liabilities

Other non-current liabilities and accruals/deferrals are as follows:

Other non-current liabilities		**K€**
	31/12/2021	31/12/2020
Investment grants	44,057	38,633
Trade accounts payable	884	2,180
Citizen participation in renewable energy projects	843	868
Payments received for income affecting the subsequent periods	273	206
Taxes and social security	40	39
Other financial liabilities	225	279
Liabilities recognised at amortised cost of acquisition	**46,322**	**42,205**
Derivative financial instruments recognised at fair value through profit or loss	95,900	13,641
of which derivative financial instruments (level 1)	4,223	645
of which derivative financial instruments (level 2)	91,677	12,995
Derivative financial instruments	**95, 900**	**13, 641**
Total	**142, 221**	**55, 845**

Investment grants are mainly grants and contributions made and provided for wind power plants, high and medium-voltage lines, gas lines and expanding the broadband network, which are reversed through profit or loss according to the useful life of the associated tangible asset.

The category “Derivative financial instruments with hedging relationships” discloses derivative financial instruments with negative market values used to hedge unexpected price developments in energy trading. For a detailed explanation, refer to Note (7) “Other Disclosures”.

Derivative financial instruments at fair value through profit or loss include K€ 94,879 (previous year: K€ 12,853) of derivative financial instruments with negative market values to hedge against unexpected price developments in the energy trading business. For a detailed explanation, refer to Note (7) “Other Disclosures” (see table p. 76). This item also includes electricity derivatives not designated for hedging purposes in the amount of K€ 1,021 (previous year: K€ 788), which have a negative fair value as of the balance sheet date, as well as other derivative financial instruments that serve to hedge risks economically but do not qualify as hedging instruments in the balance sheet if their fair value is negative as of the balance sheet date.

For information on net profits and losses from derivative financial instruments held for trading, please refer to Note (1) “Sales Revenues” and Note (9) “Financial Income and Expenses”.

(32) Other current liabilities and accruals/deferrals

Other current liabilities as well as deferrals and accruals are as follows:

Other current liabilities and accruals/deferrals		K€
	31/12/2021	31/12/2020
Taxes and social security	84,805	81,809
Liabilities due to companies in which a participating interest is held	37,035	32,856
Liabilities from the hedging of derivative financial instruments	34,816	16,167
Construction subsidies	14,433	15,146
Advance payments received on account of orders	7,272	7,507
Investment grants	1,777	1,779
Employee liabilities	1,082	1,276
Payments received for income affecting the subsequent periods	149	1,218
Other financial liabilities	7,417	-5,494
Liabilities recognised at amortised cost of acquisition	**188,786**	**163,252**
Derivative financial instruments recognised at fair value through profit or loss	787,838	32,057
of which derivative financial instruments (level 1)	231,398	13,726
of which derivative financial instruments (level 2)	556,440	18,331
Derivative financial instruments	**787, 838**	**32, 057**
Total	**976, 624**	**195, 309**

Derivative financial instruments at fair value through profit or loss include K€ 501,834 (previous year: K€ 24,478) of derivative financial instruments with negative market values to hedge against unexpected price developments in the energy trading business. For a detailed explanation, refer to Note (7) “Other Disclosures” (see table p. 76). This item also includes electricity derivatives not designated for hedging purposes in the amount of K€ 286,004 (previous year: K€ 7,579), which have a negative fair value as of the balance sheet date, as well as other derivative financial instruments that serve to hedge risks economically but do not qualify as hedging instruments in the balance sheet if their fair value is negative as of the balance sheet date.

For information on net profits and losses from derivative financial instruments held for trading, please refer to Note (1) “Sales Revenues” and Note (9) “Financial Income and Expenses”.

(33) Information on Classes and Categories of Financial Instruments

Assets - balance sheet items						**K€**
			31/12/2021		**31/12/2020**	
Classes	**Measurement category acc. to IFRS 9**	**Level**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Shareholdings measured at fair value	@FVOCI *)	2	767, 891	767, 891	675, 663	675, 663
Shareholdings measured at fair value	@FVTPL	1	8, 880	8, 880	7, 435	7, 435
Securities measured at fair value	@FVTPL	1	40, 797	40, 797	41, 803	41, 803
Loans granted by the company	FAAC	2	17, 642	18,347	20, 009	21,294
Derivative financial instruments	@FVTPL	1	107, 420	107, 420	19, 715	19, 715
Derivative financial instruments	@FVTPL	2	190, 371	190, 371	16, 463	16, 463
Non-current financial assets			**1, 132, 999**	**-**	**781, 089**	**-**
Trade accounts receivable	FAAC	2	141	141	134	134
Other receivables	FAAC	2	1,764	1, 764	1,745	1, 745
Non-financial assets	-		661	-	754	-
Non-current receivables and other assets			**2, 565**	**-**	**2, 633**	**-**
Loans granted by the company	FAAC	2	10, 256	10,348	7, 792	7, 957
Derivative financial instruments	@FVTPL	1	125, 039	125, 039	10, 783	10, 783
Derivative financial instruments	@FVTPL	2	1, 056, 639	1, 056, 639	71, 219	71, 219
Current financial assets			**1, 191, 934**	**-**	**89, 794**	**-**
Contract assets	**FAAC**	**2**	**2, 870**	**2, 870**	**3, 550**	**3, 550**
Trade accounts receivable	FAAC	2	378,703	378, 703	187,632	187, 632
Receivables from companies with which a shareholding relationship exists	FAAC	2	12,927	12, 927	12,971	12, 971
Other receivables	FAAC	2	378,199	378, 199	42,806	42, 806
Non-financial assets	-		3,518	-	3,533	-
Current receivables and other assets			**773, 347**	**-**	**246, 942**	**-**
Cash and cash equivalents			**200, 412**	**200, 412**	**109, 426**	**109, 426**

*) Recognised at cost of acquisition if fair values cannot be determined reliably.

Summarised by measurement categories						
Financial assets valued at fair value through equity	@FVOCI		767, 891	767, 891	675, 663	675, 663
Financial assets valued at fair value through profit or loss	@FVTPL		1,529,145	1, 529, 145	167,419	167, 419
Financial assets at acquisition costs	FAAC		1,002,913	1,003,711	386,067	387,516

Liabilities - balance sheet items

Classes	Measurement category acc. to IFRS 9	Level	31/12/2021 Carrying amount	31/12/2021 Fair value	31/12/2020 Carrying amount	31/12/2020 Fair value
Liabilities due to banks	FLAC	2	417, 928	424,626	441, 009	466,564
Liabilities to others	FLAC		11,698	-	10,921	-
Non-current financial liabilities	**FLAC**		**429, 625**	**424, 626**	**451, 929**	**466, 564**
Liabilities recognised at amortised cost of acquisition	FLAC		1,992	1, 992	3,366	3, 366
Non-financial liabilities	-		44,330	-	38,839	-
Derivative financial instruments	@FVTPL	1	4, 223	4, 223	645	645
Derivative financial instruments	@FVTPL	2	91, 677	91, 677	12, 995	12, 995
Other non-current liabilities			**142, 221**	**-**	**55, 845**	**-**
Liabilities due to banks	FLAC	2	126, 930	128,964	27, 901	29,518
Liabilities to others	FLAC		2,434	-	2,543	-
Current financial liabilities			**129, 364**	**128, 964**	**30, 444**	**29, 518**
Trade accounts payable	**FLAC**		**301, 745**	**301, 745**	**154, 805**	**154, 805**
Contract liabilities	**FAAC**		**1, 110**	**1, 110**	**1, 684**	**1, 684**
Liabilities recognised at amortised cost of acquisition	FLAC		172,428	172, 428	145,109	145, 109
Non-financial liabilities	-		16,359	-	18,143	-
Derivative financial instruments	@FVTPL	1	231, 398	231, 398	13, 726	13, 726
Derivative financial instruments	@FVTPL	2	556, 440	556, 440	18, 331	18, 331
Other current liabilities			**976, 624**	**-**	**195, 309**	**-**
Summarised by measurement categories						
Financial liabilities at amortised cost of acquisition	FLAC		1,036,264	1,030,864	787,337	801,045
Financial liabilities valued at fair value through profit or loss	@FVTPL		883,737	883, 737	45,697	45, 697

@FVOCI at fair value through other comprehensive income
@FVTPL at fair value through profit or loss
FAAC financial assets at cost
FLAC financial liabilities at cost

6 NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

The Consolidated Cash Flow Statement is presented using the indirect method. The composition of cash and cash equivalents is shown in the table below. Effects of changes in exchange rates are disclosed separately.

Composition of cash and cash equivalents **K€**

	31/12/2021	31/12/2020
Cash in hand, cheques, cash in banks (required retention period of less than three months)	200, 412	109, 426
Other current borrowing (required retention period of less than three months)	0	0
Cash and cash equivalents at the end of the period	**200, 412**	**109, 426**

Income tax payments and interest payments are reported separately under operating activities. Dividends and interest received are allocated to investment activities. Dividends paid are disclosed as part of the financing activity.

Cash flow arising from the acquisition and sale of consolidated companies are contained in the net cash flow from investment activities. For information on company acquisitions and disposals, reference is made to Note 3 “Scope of Consolidation”.

In the current financial year, the item “Payments for the acquisition of parts of companies” includes the purchase prices for the acquisition of the shares in Electricité de Provence SAS (EdP) and the remaining shares in easy green energy GmbH (EGE GmbH) and easy green energy GmbH & Co KG (EGE KG). The item also includes purchase price adjustments for non-capitalised variable components relating to EdP and Elektrizitätswerke Bad Radkersburg GmbH (EBR). In the previous year, this item included the acquisition of the shares in Stadtwerke Bruck an der Mur GmbH (STB), the shares in eAHL AbHofLaden GmbH (eAHL) and the shares in IBIOLA Mobility Solutions GmbH (IMS).

The table below shows a summary of the assets and liabilities acquired as well as the amount of cash of the acquired subsidiaries in the previous year:

Payments made for the acquisition of business units less liquid assets acquired **K€**

2021	EdP	EGE KG *)	EGE GmbH *)	EBR	Total
Share acquisition in %	100.00%	-	-	-	-
Successive acquisition of shares in %	-	49.00%	49.00%	0.00%	-
Cash and cash equivalents	438	0	0	0	438
Non-current assets	661	0	0	0	661
Current assets	3,338	0	0	0	3, 338
Non-current liabilities	-603	0	0	0	-603
Current liabilities	-3,394	0	0	0	-3, 394
Equity	-440	-1,164	-71	0	-1,676
Share acquisition in %	100.00%	-	-	-	-
Successive acquisition of shares in %	-	49.00%	49.00%	0.00%	-
Share in equity capital acquired	440	571	35	0	1,046
Goodwill					10,018
Reclaim of purchase price					596
Purchase price liability					0
Total purchase price paid in cash					11,660
Cash and cash equivalents					-438
					11,222

*) Balance sheet items are shown at 100%

2020	STB *)	eAHL *)	IMS *)	Total
Share acquisition in %	34.00%	25.10%	-	-
Successive acquisition of shares in %	-	-	50.00%	-
Cash and cash equivalents	0	0	0	0
Non-current assets	19,802	474	305	20,581
Current assets	9,454	336	250	10,040
Non-current liabilities	-16,916	-146	-76	-17,139
Current liabilities	-8,138	-308	-123	-8,569
Equity	-4,201	-356	-356	-4,914
Share in equity capital acquired	1,428	89	178	1,696
Goodwill				4,095
Purchase price liability				-375
Total purchase price paid in cash				5,415
Cash and cash equivalents				0
				5, 415

*) Balance sheet items are shown at 100%

The reconciliation of debt movements to net cash flow from financing activities is shown below:

Reconciliation of movements in liabilities to cash flows from financing activities **K€**

	Notes	Liabilities			Equity				Total
		Liabilities due to banks	**Liabilities due to other parties**	**Liabilities from finance leases**	**Share capital / Capital reserves**	**Accumulated results**	**Accumulated changes not recognised in profit and loss**	**Non-controlling interests**	
Balance sheet as at 01/01/2020		**412,902**	**543**	**12,441**	**713,178**	**444, 323**	**335, 596**	**15, 547**	**1,934,530**
Changes in net cash flow from financing activities									
Distribution to shareholders (profit distribution)	(22)	0	0	0	0	-60,000	0	0	-60,000
Distribution to non-controlling interests	(24)	0	0	0	0	0	0	-1, 104	-1, 104
Raising of bonds, loans and credits	(25)	125, 832	0	0	0	0	0	0	125, 832
Repayment of bonds, loans and credits	(25)	-69,876	-51	0	0	0	0	0	-69, 927
Repayment of lease liabilities	(25)	0	0	-2, 173	0	0	0	0	-2, 173
Total change in net cash flow from financing activities		**55,957**	**-51**	**-2, 173**	**0**	**-60,000**	**0**	**-1, 104**	**-7, 372**
Change in scope of consolidation		**0**	**10**	**0**	**0**	**0**	**0**	**1,251**	**1,261**
Currency changes		**72**	**0**	**7**	**0**	**0**	**0**	**0**	**78**
Changes in fair value		**0**	**0**	**62**	**0**	**0**	**0**	**0**	**62**
Other changes related to liabilities									
New leases	(13)	0	0	2,626	0	0	0	0	2, 626
Interest expenses	(9)	7,307	0	359	0	0	0	0	7,666
Interest paid		-7,327	0	-359	0	0	0	0	-7, 686
Total other changes related to liabilities		**-20**	**0**	**2, 626**	**0**	**0**	**0**	**0**	**2,606**
Total other changes, related to equity		**0**	**0**	**0**	**0**	**65, 555**	**-28, 512**	**1, 031**	**38, 074**
Balance sheet as at 31/12/2020		**468, 910**	**501**	**12, 963**	**713, 178**	**449, 878**	**307, 083**	**16, 726**	**1,969,239**

Reconciliation of movements in liabilities to cash flows from financing activities

K€

	Notes	Liabilities			Equity				Total
		Liabilities due to banks	Liabilities due to other parties	Lease liabilities	Share capital / Capital reserves	Accumulated results	Accumulated changes not recognised in profit and loss	Non-controlling interests	
Balance sheet as at 31/12/2020		**468, 910**	**501**	**12, 963**	**713, 178**	**449, 878**	**307, 083**	**16, 726**	**1, 969, 239**
Changes in net cash flow from financing activities									
Payments received from shareholder grants	(21)	0	0	0	0	0	0	280	280
Distribution to shareholders (profit distribution)	(22)	0	0	0	0	-50, 000	0	0	-50, 000
Distribution to non-controlling interests	(24)	0	0	0	0	0	0	-1, 123	-1, 123
Raising of bonds, loans and credits	(25)	101,810	7	0	0	0	0	0	101, 817
Repayment of bonds, loans and credits	(25)	-26,138	-57	0	0	0	0	0	-26, 195
Repayment of lease liabilities	(25)	0	0	-2, 426	0	0	0	0	-2, 426
Total change in net cash flow from financing activities		**75,671**	**-50**	**-2, 426**	**0**	**-50, 000**	**0**	**-843**	**22, 353**
Change in scope of consolidation		**0**	**0**	**0**	**0**	**-6, 206**	**0**	**-35**	**-6, 241**
Currency changes		**154**	**0**	**-3**	**0**	**0**	**161**	**0**	**312**
Changes in fair value		**0**	**0**	**-266**	**0**	**0**	**0**	**0**	**-266**
Other changes related to liabilities									
New leases	(13)	0	0	3,413	0	0	0	0	3, 413
Interest expenses	(9)	7,833	0	366	0	0	0	0	8,199
Interest paid		-7,711	0	-366	0	0	0	0	-8, 077
Total other changes related to liabilities		**122**	**0**	**3, 413**	**0**	**0**	**0**	**0**	**3,535**
Total other changes, related to equity		**0**	**0**	**0**	**0**	**46, 608**	**784,684**	**1, 447**	**832,740**
Balance sheet as at 31/12/2021		**544, 858**	**451**	**13, 681**	**713, 178**	**440, 280**	**1, 091, 929**	**17, 295**	**2,821,672**

7 OTHER DISCLOSURES

FINANCIAL RISK MANAGEMENT

The Energie Steiermark Group is exposed to various financial risks, particularly to credit risks, liquidity risks, currency exchange risks and interest rate risks.

Financial risk management is performed centrally by corporate treasury and is based on a corporate guideline provided by the management. Central treasury identifies and assesses the financial risks in close cooperation with the operative business units and hedges them, if necessary.

For several years, Energie Steiermark AG has employed a company-wide risk and opportunity management system as an integrated component of corporate decision-making processes. The risk management system ensures that all legal requirements and regulations of the Energie Steiermark AG Corporate Governance Code with regard to risk management are fully complied with.

Risk Factors

Credit Risk

Credit risk means the risk arising when business partners are in non-compliance with contractual obligations, which might result in a loss of assets. Risk concentrations might result from financial instruments having the same or similar characteristics. Counterparty risks arising in the fields of financing and investment as well as in energy trading are minimised and excessive risk concentration is avoided by a strict limit system, continuing credit rating monitoring, guarantee commitments and the conclusion of accepted, standardised master agreements. In the operating business, outstanding accounts are continuously monitored in each business unit. As a reaction to the crisis on the international financial markets, the limits for bank investments were reduced to further limit the counterparty risk.

The maximum loss risk is reflected by amortised values of the financial assets disclosed in the Balance Sheet, as no general offset agreements exist. As regards derivatives in the electricity business which are traded at a stock exchange and have a positive fair value on the balance sheet date, the contracting partners provided financial security, which practically eliminates the default risk. At the same time, financial securities are provided by the contract partners if certain limits are exceeded for derivatives with a positive fair value in gas trading, to abate the default risk. Securities included in the non-current and current financial instruments as well as invested funds are subject to the general market risk. Individual credit risk is minimised by investing in partners with excellent credit rating. The maximum default risk for guarantee commitments provided to third parties corresponds to the amount disclosed under “Contingent Liabilities”.

The maximum default risk for financial assets on the balance sheet date is presented below:

Maximum default risk		**K€**
	Carrying amount at 31/12/2021	**Carrying amount at 31/12/2020**
Loans granted by the company	27,897	27,801
Securities at fair value through profit or loss	40, 797	41, 803
Derivative financial instruments with hedging relationships	1,012,821	78,235
Financial assets valued at fair value through profit or loss	254,370	9,905
Trade accounts receivable	383, 062	200, 304
Other receivables and assets	37,726	23,220
Cash and cash equivalents	200, 412	109, 426
Total default risk pursuant to balance sheet	**1,957,085**	**490,695**
Guarantees	19,125	8,996
Other contractual liability obligations	27	29
Total default risk	**1,976,236**	**499,719**

Liquidity Risk

Liquidity risk refers to the potential inability to produce the financial means to meet contracted liability requirements in a timely manner. The corporate financing policy is tailored to long-term financial planning and is controlled and monitored centrally. Liquidity development is controlled and documented by continuous liquidity representations in the form of a rolling liquidity planning, including comparisons between target and actual situation.

Energie Steiermark AG’s rating enables a diversification of the financing sources, which ensures sufficient liquidity. Moreover, the liquidity risk is limited by a defined reserve policy, defined limit values and the opportunity of using credit lines.

The liquidity analysis to be prepared according to IFRS 7.39, including contractually agreed (undiscounted) interest rate payments and repayments of financial liabilities, is shown in the table below. These amounts might differ from the discounted values disclosed in the Balance Sheet. If expected maturities differ from the contractually agreed dates, these are disclosed separately.

Variable interest payments are taken into account based on the conditions prevailing as of the balance sheet date. Financial liabilities that can be repaid at any time are allocated to the earliest period. Liabilities arising from derivative financial instruments are recognised at fair value as of the balance sheet date, unless changes of the derivatives’ fair value were compensated by additional payment obligations or unless certain payments were contractually agreed. Cash flows from guarantees and other contractual contingencies constitute fictitious outflow of funds which might occur if all obligations arising therefrom are claimed. These are allocated to the earliest period in which the obligation can be claimed.

Items disclosed under financial liabilities which will not result in an outflow of funds are not included in the liquidity analysis. These are building cost contributions received, government grants, advance payments received, third party down payments as well as derivative financial instruments whose change in value has already been settled by additional payment obligations.

Liquidity analysis				**K€**
2021	**Carrying**	**Cash flows**		
	31/12/2021	**2022**	**2023 - 2026**	**from 2027**
Liabilities due to banks	544, 858	91,138	121,601	340,509
Other financial liabilities	14,132	2, 434	6,688	5, 010
Derivative financial instruments with hedging relationships	373,565	282,909	90,656	0
Financial assets valued at fair value through profit or loss	287,024	286,004	1,021	0
Trade accounts payable	302, 629	301, 745	872	12
Tax and social security liabilities	84,844	84, 805	40	0
Other liabilities	46,602	45,534	225	843
Guarantees	19, 125	19, 125	0	0
Other contractual liability obligations	27	27	0	0
Financial liabilities arising from purchase commitments	2,473,820	2,041,271	432,549	0
Financial obligations from other contracts	6,680	232	926	5,523

2020	**Carrying**	**Cash flows**		
	31/12/2020	**2021**	**2022 - 2025**	**from 2026**
Liabilities due to banks	468, 910	32,478	123,462	368,600
Other financial liabilities	13,464	2, 543	5,966	4,954
Derivative financial instruments with hedging relationships	23,457	11,250	12,207	0
Financial assets valued at fair value through profit or loss	8,367	7,579	788	0
Trade accounts payable	156, 985	154, 805	2,160	20
Tax and social security liabilities	81,847	81, 809	39	0
Other liabilities	40,773	39,626	230	917
Guarantees	8, 996	8, 996	0	0
Other contractual liability obligations	29	29	0	0
Financial liabilities arising from purchase commitments	1,670,359	1,271,298	399,061	0
Financial obligations from other contracts	6,269	264	923	5,082

Currency Exchange Risk

The risk arising from value fluctuations of financial instruments, other Balance Sheet items (e.g. receivables and liabilities) and/or cash flows due to currency exchange variations is called the currency exchange risk. This risk is predominant where a currency different from the corporation's local currency (in the following referred to as "foreign currency") is involved in business transactions or may be involved during business operations.

There is almost no currency exchange risk on the asset and liability side, as deliveries and investments as well as liabilities and loans are performed primarily in the local currency of the respective Group company.

Interest Rate Risk

Interest rate risk means the possibility that the value of financial instruments, other Balance Sheet items and/or interest-related cash flows might change due to movements in the market interest rates. Interest rate risk includes the present value risk for fixed-rate Balance Sheet items and the cash flow risk for Balance Sheet items with variable interest rates. The interest rate risk relevant for Energie Steiermark is primarily the Euro zone risk.

For financial instruments with a fixed interest rate, a stipulated market interest rate is agreed upon for the entire term. The risk results from the fact that the quoted value of the financial instruments changes in case of fluctuations of the interest rate. The interest rate-related risk results in loss or gain when the fixed-rate financial instrument is disposed of prior to maturity. For variable-rate financial instruments, the interest rate is continually adapted, usually in line with the prevailing market interest rate. Here, the risk exists in market interest rate fluctuations resulting in varied interest payments.

On the asset side, an interest rate risk basically exists only for fixed-rate securities in non-current financial instruments. On the liabilities side, essential interest rate risks might exist in financial liabilities with a maturity of more than one year. The residual term for 76.9 percent of financial liabilities is more than one year, 5.1 percent of which has a variable interest rate.

Interest rate hedges were concluded for part of the non-current financial liabilities to hedge the interest rate risk. Moreover, no interest rate hedging by means of derivative financial instruments existed due to the current market estimates and a long-term secured financing structure.

IFRS 7 requires sensitivity analyses showing the effects of hypothetical changes of relevant risk variables in order to represent interest rate risks. Such an analysis shows the effects of changes in market interest rates on interest paid, income from interest and interest expenses as well as on valuation results of interest rate-induced market value changes. Effects are determined by relating the hypothetical changes in the risk variables to the inventory of financial instruments as of the balance sheet date. It is assumed that such an inventory is representative for the entire financial year.

Interest rate sensitivity analyses are based on the following assumptions: Market interest rate changes in primary fixed-rate financial instruments will only have an impact on the result if such are recognised at fair value in the Balance Sheet. Market interest rate changes have an impact on the interest result of variable-rate primary financial instruments and are, thus, included in the calculation of result-related sensitivities. Market interest rate changes in interest derivatives which are not subject to an effective hedging relationship as defined in IFRS 9 have an effect on the financial result, if their fair value changes, and are, thus, taken into account in the calculation of result-related sensitivities.

If the market interest rate level had been higher (lower) by 100 base points on 31 December 2021, the result from interest payments would have been higher (lower) by K€ 884 (previous year: K€ 885).

If the market interest rate level had been higher (lower) by 100 base points on 31 December 2021, the result from the change in the market values of financial assets recognised at fair value through profit or loss would have been lower (higher) by K€ 1,466 (previous year: K€ 1,623).

Use of Derivative Financial Instruments to Minimise Commodity Price Risks

In electricity and gas trading, derivative financial instruments are used as hedging instruments against undesirable price developments on the relevant wholesale markets for electricity and gas. In the event of hedging transactions, fluctuations of future cash flows based on expected purchases and sales are hedged by derivatives (cash flow hedges).

If the criteria are met, these hedges are subject to hedge accounting and the hedging relationship’s effectiveness is assessed by means of an analysis.

As a matter of principle, derivative financial instruments are not used as instruments of speculation, but serve to protect against risks in connection with operating activities. In addition, derivatives are used in proprietary trading within the narrow limits provided for this purpose. These limits are defined and monitored by independent organisational units.

If derivatives are included in a cash flow hedge relationship, price changes in the commodity prices underlying these transactions have effects on the security reserves in equity and on the fair value of the hedging transactions. It needs to be noted here that the market value changes in derivative financial instruments used for hedging are paired with underlying transactions with compensating effect.

Ineffectivities of K€ 36 (previous year: K€ 62) resulting from the qualifying cash flow hedges as of the balance sheet date were recognised in profit or loss for the period.

Furthermore, derivatives (exchange-traded and/or OTC futures and forwards) carry default risks if the counterparty fails to meet payment obligations under the derivative contract.

In order to limit this credit risk arising from derivative financial instruments, transactions are concluded exclusively with such counterparties who meet the current corporate credit requirements. All counterparties are categorised in credit-rating categories by external rating and scoring methods. The credit rating category determines the allowable transaction scopes to prevent risk concentrations.

Master agreements are concluded with all counterparties in order to further reduce the default risk. A significant component of these master agreements are offsetting arrangements so that the respective risk towards a business partner is considerably lower than the actual open receivables due from this business partner.

Suitable bank or parent company guarantees may help to improve the credit rating of smaller business partners.

Transactions with commodity exchanges are considered counterparty risk-free due to their high credit standing and the mandatory security system.

The counterparty risk (current exposure = potential financial loss upon the default on the part of a business partner on the balance sheet date) from energy trade is as follows on the balance sheet date:

Counterparty risk

€	Current exposure			Current exposure previous year		
Rating category*	Maximum	Minimum	Σ positive	Max. previous year	Min. previous year	Σ Previous year
iAAA	0	0	0	0	0	0
iAA	13,445,884	13,445,884	13,445,884	-332,152	-748,094	0
iA	169,501,738	-56,899,283	492,655,362	7,779,822	-2,756,772	21,019,461
iBBB	76,667,508	-69,265,343	279,456,041	3,700,887	-3,257,630	13,758,201
iBB	52,337,592	-13,662,595	115,823,312	1,210,794	-2,008,611	2,601,421
iB	597,395	-5,475,373	1,140,196	-875	-1,575	0
iC	0	0	0	0	0	0
iD	0	0	0	0	0	0
Total			902,520,795			37,379,084

* internal rating category by creditworthiness - depending on their creditworthiness, business partners are assigned to an internal rating category from iAAA (best credit rating) to iCCC, by analogy to the rating scales used by recognised, external rating agencies

The potential financial loss upon the default of a business partner results from outstanding net receivables (receivables less liabilities due to existing offsetting agreements) as well as market value differences of the underlying derivative contracts not yet completely fulfilled:

€	Current exposure[1]			Counterparty risk from outstanding net receivables[2]			Counterparty risk from market value differences[1,3]		
Internal rating category	Maximum	Minimum	Σ	Maximum	Minimum	Σ	Maximum	Minimum	Σ
iAAA	0	0	0	0	0	0	0	0	0
iAA	13,445,884	13,445,884	13,445,884	-898,566	14,344,450	-898.566	14,344,450	14,344,450	14,344,450
iA	169,501,738	-56,899,283	388,191,115	2,851,919	-57,653,186	-18,870,608	184,794,885	-57,653,186	407,061,724
iBBB	76,667,508	-69,265,343	57,678,583	4,470,377	-67,703,973	-24,764,496	77,419,416	-67,703,973	82,443,079
iBB	52,337,592	-13,662,595	96,966,835	3,222,374	-8,407,091	-2,516,173	52,625,862	-8,407,091	99,483,008
iB	597,395	-5,475,373	-4,335,178	103,503	-5,578,876	103,503	597,395	-5,578,876	-4,438,681
iC	0	0	0	0	0	0	0	0	0
iD	0	0	0	0	0	0	0	0	0
Total			551,947,239			-46,946,340			598,893,579

1 Risk taking into account contractual offsetting agreements

2 Negative values correspond to net liabilities on the balance sheet date

3 Negative values correspond to net market value losses; in the event of default of a business partner and net market value losses, the business partner receives financial compensation

from Energie Steiermark so that there is no credit risk for net market value losses

The counterparty risk from market value differences is as follows in the balance sheet:

€	Counterparty risk from market value differences recognised in the balance sheet, residual term < 1 year			Counterparty risk from market value differences recognised in the balance sheet, residual term > 1 year			Counterparty risk from market value differences recognised in the balance sheet, total		
Internal rating class	Market value gains	Market value losses	Σ	Market value gains	Market value losses	Σ	Market value gains	Market value losses	Σ
iAAA	0	0	0	0	0	0	0	0	0
iAA	12,890,792	-611,798	12,278,994	4,888,956	-2,823,500	2,065,456	17,779,748	-3,435,298	14,344,450
iA	1,538,101,389	-1,172,793,692	365,307,697	176,473,190	-134,719,163	41,754,027	1,714,574,579	-1,307,512,855	407,061,724
iBBB	1,494,604,669	-1,448,352,093	46,252,576	193,205,269	-157,014,765	36,190,503	1,687,809,937	-1,605,366,858	82,443,079
iBB	290,829,319	-210,506,995	80,322,324	46,530,951	-27,370,268	19,160,683	337,360,271	-237,877,263	99,483,008
iB	2,003,869	-5,965,969	-3,962,100	1,112,571	-1,589,151	-476,581	3,116,439	-7,555,120	-4.438.681
iC	0	0	0	0	0	0	0	0	0
iD	0	0	0	0	0	0	0	0	0
Total	3,338,430,037	-2,838,230,547	500,199,490	422,210,937	-323,516,848	98,694,089	3,760,640,974	-3,161,747,395	598,893,579

To represent market risks, IFRS 7 requires sensitivity analyses showing the effects of hypothetical changes of relevant risk variables on result and equity. Effects are determined by relating the hypothetical changes in the risk variables to the inventory of financial instruments as of the balance sheet date. It is assumed that such an inventory is representative for the entire financial year.

In the electricity and gas segment, derivative financial instruments are used to protect against price change risks. If these derivatives are included in a cash flow hedge relationship, hypothetical price changes in the commodity prices underlying these transactions have effects on the security reserves in equity and on the fair value of the hedging transactions. It needs to be noted here that the market value changes of derivative financial instruments used for hedging are paired with underlying transactions with compensating effect.

In the event of a 10 percent product price increase (product price decrease) in the electricity segment as at 31 December 2021, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 124,082 (previous year: K€ 50,691).

In the event of a 10 percent product price increase (product price decrease) in the gas segment as at 31 December 2021, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 27,831 (previous year: K€ 15,714).

Fair value changes in derivative financial instruments used for trading in the electricity and gas segment are recognised under sales revenue affecting income. Value-at-risk models are used to control the resulting financial risks. For this purpose, the value-at-risk is determined using a variance/covariance analysis with a confidence level of 99 percent and a holding period of one trading day.

No open positions were held in the electricity and gas trading business as of 31 December 2021.

On the balance sheet date, unsettled derivative financial instruments consist of the following:

Derivative financial instruments				K€
2021	Nominal volumes	Market value 31.12.2021	Residual term < 1 year	Residual term > 1 year
Electricity and gas futures	7,525,881 MWh	-21,818	-122,964	101,146
Electricity and gas forwards	7,164,567 MWh	633,989	538,937	95,052
CO2 certificates futures	241,000 t	10,949	9,197	1,752
CO2 certificates forwards	6,151,130 MWh	5,266	1,328	3,938
Total		**628,387**	**426,498**	**201,888**

2020	Nominal volumes	Market value 31.12.2020	Residual term < 1 year	Residual term > 1 year
Electricity and gas futures	5,187,450 MWh	12,423	-5,050	17,473
Electricity and gas forwards	10,399,937 MWh	55,527	51,123	3,403
CO2 certificates futures	337,000 t	3,745	2,148	1,597
CO2 certificates forwards	5,255,920 MWh	-750	-820	70
Total		**70,945**	**48,401**	**22,544**

*) positive market value (+) / negative market value (-)

The composition of the hedging reserve in equity is shown below:

Cash flow hedges						K€
2021	Residual term > 1 year	Residual term < 1 year	Cash flow hedges total	OCI total	Deferred taxes	OCI after taxes
Futures	101, 146	-122, 964	-21, 818	365,846	-91,462	274,385
Forwards	95, 052	538, 937	633, 989	633, 989	-158,497	475,492
CO2 certificates	5,690	10,525	16,215	16, 215	-4,054	12,161
As of 31/12/2021	**201, 888**	**426, 498**	**628, 387**	**1,016,050**	**-254,013**	**762, 038**
of which derivatives with a positive market value	296, 767	928,332	1,225,099			
of which derivatives with a negative market value	-94,879	-501,834	-596,713			

2020	Residual term > 1 year	Residual term < 1 year	Cash flow hedges total	OCI total	Deferred taxes	OCI after taxes
Futures	17, 473	-5, 050	12, 423	4,441	-1, 110	3,331
Forwards	3, 403	52, 123	55, 527	55, 527	-13,882	41,645
CO2 certificates	1,667	1, 328	2,995	2, 995	-749	2,246
As at 31.12.2020	**22, 544**	**48, 401**	**70 945**	**62,963**	**-15,741**	**47, 223**
of which derivatives with a positive market value	35 396	72,879	108,275			
of which derivatives with a negative market value	-12,853	-24,478	-37,330			

Market value

The market value is derived from market information available on the balance sheet date and the following methods and assumptions:

Determination of market value of financial liabilities and borrowings is based on current market data. Open cash flows are discounted at the market interest rate corresponding to the remaining term on the valuation date. The current market interest rate is calculated with the appropriate EURIBOR or the EUR swap rate plus a credit spread. For financial liabilities in non-euro currencies, future cash flows are discounted in the respective currency at the interest rate of that same currency. The resulting market value in foreign currency is then converted into euro using the exchange rate prevailing on the reporting date. The market values determined in this way correspond to Level 2 of the fair value hierarchy in accordance with IFRS 13.

The market value of current financial assets and current liabilities corresponds approximately to the carrying amounts based on their daily or short-term maturities.

Capital Management

The corporate aim of capital management is the continuation of the company's business as a going concern and the continuous increase in the company's value to meet the shareholders' interests and to generate value for other stakeholders. Control and adjustment, if required, of the capital structure are based on changes in the economic environment as well as changes in the risk characteristics of assets and liabilities. Capital management is performed based on the quotient of equity and total capital. In addition, the level of indebtedness, which is calculated as the quotient of financial liabilities plus non-current provisions and equity, is used as a control factor. Equity comprises share capital, capital reserves, non-controlling interests, accumulated results and changes not affecting earnings recognised in equity.

Control and adjustment, if required, of the capital structure are made in consideration of changes in the economic environment as well as changes in the risk characteristics of assets and liabilities. Capital management is based on defined parameters and limit values.

The defined limit values are measures serving for early identification of developments. If these values are (expected to be) reached or exceeded, there is the possibility of presenting and/or initiating countermeasures.

The indicators comprise parameters for securing liquidity, fixed interest rate periods, commitment of capital and for controlling the currency and counterparty risks, and are presented in the following table:

Capital Management

Key indicator	Supplementary note	Limit values
Liquidity	· Max. 33% of uncommitted credit lines · Net debts max. 40% of interest-bearing total capital	max. utilisation of 33% of uncommitted credit lines
Commitment of capital	· Long-term capital binding in an amount that at least ensures that a net working capital is achieved.	capital commitment > 1 year to achieve positive net working capital
Fixed interest rate period	· Interest sensitivity: Interest balance limit max. – 10% of earnings before taxes	max. 10% of earnings before taxes
	· Minimum interest cover ratio for financial liabilities of 5	interest cover ratio > 5
Currency risk from financial items	· Fluctuation potential less annual interest benefit from foreign currencies <= 10% of earnings before taxes, max. € 5 million	max. 10% of earnings before taxes (max. € 5 million)
Allocation of business Assets	· Investment per partner max. 10% of equity capital of Energie Steiermark · Max. 33% per partner	33% of investment volume per partner
Liabilities		with net debts > 40% 33% per ext. partner
Counterparty limit (assets)	· Max. individually defined amount per partner (creditworthiness analysis)	limit per counterparty; de-minimis threshold 1% of the respective single limit

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Such material events that must be recognised or disclosed in the Consolidated Financial Statements in accordance with IAS 10 (Contingencies and Events Occurring after the Balance Sheet Date) have been reported as far as they were of significance to valuations on the balance sheet date.

CONTINGENCIES, FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingencies comprise the following obligations:

Contingencies		K€
	31/12/2021	31/12/2020
Guarantees	19, 125	8, 996
Other contractual liability obligations	27	29
Total	**19,152**	**9,024**

Furthermore, the following financial obligations exist:

Financial obligations		K€
	31/12/2021	31/12/2020
From purchase commitment	2, 473, 820	1, 670, 359
From other contracts	6, 680	6, 269
Total	**2,480,500**	**1,676,627**

Concluded electricity trading contracts account for the highest part of the obligations from purchase commitment of K€ 2,473,820 (previous year: K€ 1,670,359). In the following year, an amount of K€ 2,041,271 (previous year: K€ 1,271,298) is due.

Apart from the contingencies and other obligations, the company has other obligations arising from long-term agreements, which were concluded to safeguard the procurement of electricity, natural gas and primary energy and which include arrangements for fixed quantities and prices. In addition, there are long-term natural gas transportation and storage contracts.

RELATED PARTY TRANSACTIONS

Related parties of Energie Steiermark AG are any and all companies included in the scope of consolidation, the main shareholders, i.e. the federal province of Styria, Graz (control) and S.E.U. Holdings S.à r.l., Luxembourg, a subsidiary of Macquarie European Infrastructure Fund 4 LP (MEIF4), owned by the Australian financial services provider Macquarie, as well as the members of the Management Board and Supervisory Board of Energie Steiermark AG and their close relatives.

A list of consolidated companies is shown in Note (8).

The transactions with related parties of the federal state of Styria are of subordinate significance.

Apart from the remuneration for bodies of the company as mentioned below, no material transactions occurred with related natural persons during the financial year. Transactions approved according to Section 95 (5) no. 12 AktG are of subordinate importance and in line with the arm's length principle.

Balances with subsidiary companies, associated companies and other significant shareholdings are reported under the relating items in the Financial Statements and are summarised separately in the following tables:

Business relationships with associated companies **K€**

	2021	2020
Sales revenues	67,166	60,614
Other income	226	294
Expenses for purchased services	-12,815	-7,490
Other expenses	-821	-1,339
Interest income	1 693	1,879

	31/12/2021	31/12/2020
Receivables	12,695	12,976
Borrowings	20,393	22,787
Liabilities	-38,309	-35,509

Business relationships with non-consolidated affiliated companies **K€**

	2021	2020
Sales revenues	431	361
Other income	1	1
Expenses for purchased services	-21	-83
Other expenses	-918	-729
Interest income	45	43

	31/12/2021	31/12/2020
Receivables	106	1
Borrowings	7, 499	5, 004
Liabilities	-1,044	-691

Significant transactions with other shareholdings **K€**

	2021	2020
Sales revenues	22,424	6,238
Expenses for purchased services	-26,771	-11,616
Other expenses	-5,703	-3,602

	31/12/2021	31/12/2020
Receivables	125	785
Liabilities	0	-4

The following business relationships existed with related companies under market compliant conditions:

- Heat procurement agreement
- Natural gas supply agreement
- Electricity supply agreement

A natural gas supply master agreement was signed with Energie Graz GmbH & Co KG and a power supply agreement was signed on the part of Energie Steiermark Business GmbH. Moreover, a heat supply agreement for the supply to the city of Graz exists between Energie Graz GmbH & Co KG and Energie Steiermark Wärme GmbH.

The business relationships are not different from the delivery and service relationships with companies that are not related to the Group of Energie Steiermark AG.

INFORMATION ON EXPENSES FOR THE GROUP'S AUDITOR

Expenses for services performed by the auditor of the Consolidated Financial Statements consist of the following:

Expenses for services performed by the Group's auditor **K€**

	2021	2020
Audit of the Consolidated Financial Statements	28	28
Other assurance work	162	169
Total	**190**	**197**

EMPLOYEES

The average number of employees during the year was:

Number of employees (average)

	2021	2020
Salaried employees	1,742	1,697
Workers	196	185
Total	**1,938**	**1,882**

DISCLOSURES ON THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Disclosures on the Supervisory Board and Management		K€
	2021	2020
Supervisory Board remuneration (Energie Steiermark and consolidated companies)	104	90
Remuneration paid to the Management Board members of Energie Steiermark (active time)	490	481
Payments to former Energie Steiermark Management Board members and their surviving relatives	391	389
Total	**985**	**961**

Management Board remuneration		K€
	DI (FH) Mag. (FH) Martin Graf, MBA (since 01.04.2016)	DI Christian Purrer (since 01.04.2012)
Payments due in the short term		
Fixed remuneration	221	221
Variable remuneration	24	24

The variable remuneration of the Management Board relates to the 2020 financial year.

Contracts with members of the Management Board are concluded in compliance with the provisions of the *Steiermärkisches Stellenbesetzungsgesetz* (Law Governing the Filling of Positions of Styria), *LGBl.* (Federal State Gazette) no. 120/2008 and the Steiermärkische Vertragsschablonenverordnung (Contract Scheme Decree of Styria), LGBl. no. 18/2009. In particular, the Group ensures compliance with the following principles:

The variable portions of remuneration are to be defined with orientation on performance and success, to be limited at a percentage of the fixed portion of remuneration and are primarily focused on the company's economic development. For this purpose, the objectives agreed by the Steering Committee with the Management Board for a financial year are compared retroactively with the measures initiated and resolutions passed by the Supervisory Board as well as the regular reports to the Supervisory Board in order to identify the degree of fulfilment of these performance and success criteria.

The total annual remuneration of each individual member of the Management Board must not exceed the maximum total annual remuneration specified in the *Steiermärkisches Landesbezügegesetz* (Federal Remuneration Law of Styria), LGBl. no. 72/1997.

The contractual relationships are principally subject to the provisions of the Betriebliche Mitarbeiter- und Selbständigenvorsorgegesetz BMSVG (Corporate Employee and Self-Employed Pension Act), BGBI I 2004/161 as amended. (Abfertigung NEU).

No loans or advance payments have been granted to the Management Board. No liabilities have been assumed.

The Management Board members are included in the group-wide D&O insurance policy for members of corporate bodies and executive employees.

Pension fund contributions in the amount of K€ 44 (previous year: K€ 44) were paid in the 2021 financial year for members of the Energie Steiermark AG's Management Board. These contributions paid for members of the Management Board to the company pension scheme are in line with the Steiermärkische Vertragsschablonenverordnung LGBl. 18/2009 in conjunction with section 13 Stmk. LBezG. (Remuneration Act of Styria) LGBl. 72/1997.

The corporate body members are individually listed in Note (11).

8 GROUP COMPANIES

The shareholdings of Energie Steiermark AG are disclosed below. The list contains values from the last available financial statements prepared in line with IFRS or according to the national commercial law as of the balance sheet dates of the individual companies. For financial statements prepared in foreign currencies, equity amounts were translated using the average exchange rate on the relevant balance sheet date, net profit/loss of the year was translated using the annual average exchange rates.

Investments of Energie Steiermark AG ≥ 20% as per 31.12.2021 **K€**

	Parent company	Shareholdin	Headquarter s	Type of consolidatio	Financial year	Equity	Annual profit/loss
Energie Steiermark AG			Graz	FC	2021	1,604,196	67,859
AQUA.NET Wasser- und Freizeitanlagen Steiermark GmbH	Energie Steiermark	100.00%	Graz	FC	2021	2,453	532
E1 Energiemanagement GmbH	KD	100.00%	Nuremberg	FC	2021	1,118	174
easy green energy GmbH (EGE GmbH)	GGE KG	100.00%	Vienna	FC	2021	71	7
easy green energy GmbH & Co KG (EGE KG)	GGE KG	100.00%	Vienna	FC	2021	1,164	1,975
Electricité de Provence SAS (EdP)	KD	100.00%	Toulon	FC	2021	-3,956	-8,897
Elektrizitätswerke Bad Radkersburg GmbH (EBR)	Energie Steiermark	74.90%	Bad Radkersburg	FC	2021	1,594	58
Energie Steiermark Business GmbH	KD	100.00%	Graz	FC	2021	831,745	-9,422
Energie Steiermark Finanz-Service GmbH (EFG)	Energie Steiermark	100.00%	Graz	FC	2021	7,489	1,642
Energie Steiermark Green Power GmbH (GP)	Energie Steiermark, EFG	100.00%	Graz	FC	2021	80,604	2,746
Energie Steiermark Kunden GmbH (KD)	Energie Steiermark	100.00%	Graz	FC	2021	36,096	-1,722
Energie Steiermark Natur GmbH	KD	100.00%	Graz	FC	2021	9,570	-386

	Parent company	Shareholding	Headquarters	Type of consolidation	Financial year	Equity	Annual profit/loss
Energie Steiermark Service GmbH	Energie Steiermark	100.00%	Graz	FC	2021	3,923	1, 021
Energie Steiermark Technik GmbH	Energie Steiermark, EFG	100.00%	Graz	FC	2021	85,767	15,855
Energie Steiermark Wärme GmbH	Energie Steiermark, GP	100.00%	Graz	FC	2021	49,412	-3,291
Energienetze Steiermark GmbH	Energie Steiermark	100.00%	Graz	FC	2021	420,413	17,466
ENWA GesmbH	GP	60.00%	Graz	FC	2021	4,025	-81
go green energy GmbH (formerly Unsere Wasserkraft GmbH)	KD	100.00%	Vienna	FC	2021	29	-11
go green energy GmbH & Co KG (GGE KG) (formerly Unsere Wasserkraft GmbH & Co KG)	KD	100.00%	Vienna	FC	2021	-4,610	-82
IBIOLA Mobility Solutions GmbH (IMS)	KD	75.10%	Vienna	FC	2021	232	-329
Jihlavske Kotelny s.r.o.	Energie Steiermark	50.84%	Jihlava	FC	2021	6,646	731
Murkraftwerk Graz Errichtungs- und BetriebsgmbH	GP EGG KG	62.40% 12.50%	Graz	FC	2021	8,509	73
Next Vertriebs- und Handels GmbH	Energie Steiermark	100.00%	Graz	FC	2021	1,255	-152
STEFE Banska Bystrica, a.s.	STEFE SK	66.00%	Banská Bystrica	FC	2021	12,623	1,820
STEFE ECB, s.r.o.	STEFE SK	100.00%	Banská Bystrica	FC	2021	4,765	870
STEFE Martin, a.s.	STEFE SK	65.93%	Martin	FC	2021	3,614	408
STEFE Rimavska Sobota, s.r.o.	STEFE SK	58.66%	Rimavská Sobota	FC	2021	4,162	255
STEFE Roznava, s.r.o.	STEFE SK	100.00%	Roznava	FC	2021	231	-132
STEFE SK a.s.	Energie Steiermark	100.00%	Banská Bystrica	FC	2021	33,856	3,474
STEFE THS, s.r.o.	STEFE SK	100.00%	Revúca	FC	2021	5, 415	433

	Parent company	Shareholdin	Headquarter s	Type of consolidatio	Financial year	Equity	Annual profit/loss
STEFE Zvolen, s.r.o.	STEFE SK	66.00%	Zvolen	FC	2021	4,463	406
V.I.Trade s.r.o.	STEFE SK	100.00%	Nitra	FC	2021	58	-240
ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o.	Energie Steiermark	38.00%	Ljubljana	EK	2020	43, 544	3, 135
Brucker Kraftwerks-, Bau-, und Betriebs GmbH 1)	STB	100.00%	Bruck an der Mur	EK	2020	850	-429
eAHL AbHofLaden GmbH 1)	KD	25.10%	Vienna	EK	2020	222	-335
Energie Graz GmbH	Energie Steiermark	49.00%	Graz	EK	2020	96	8
Energie Graz GmbH & Co KG (EGG KG)	Energie Steiermark	49.00%	Graz	EK	2021	218, 947	18, 110
Feistritzwerke-STEWEAG-GmbH 1)	Energie Steiermark	27.00%	Gleisdorf	EK	2021	50, 036	3, 620
homee GmbH 1)	KD	33.33%	Berlin	EK	2020	3,162	-2,227
Stadtwerke Bruck an der Mur GmbH (STB) 1)	Energie Steiermark	34.00%	Bruck an der Mur	EK	2020	3,870	-331
Stadtwerke Hartberg Energieversorgungs GmbH 1)	Energie Steiermark	25.10%	Hartberg	EK	2020	3,872	389
STEFE Trnava, s.r.o.	STEFE SK	50.00%	Trnava	EK	2021	4,950	608
Stromnetz Graz GmbH	EGG KG	100.00%	Graz	EK	2020	94	8
Stromnetz Graz GmbH & Co KG (SGG KG)	EGG KG	100.00%	Graz	EK	2021	-4,087	-2, 745
Stubalm Windpark Penz GmbH 1)	GP	49.00%	Edelschrott	EK	2020	2,774	-62
AQUASYSTEMS Gospodarjenje z vodami d.o.o. 1)	AQUA.NET	20.87%	Maribor	NC	2020	4,323	2,938
ARGONET GmbH 1)	Energie Steiermark	34.00%	Gmunden	NC	2020	4,767	-454
E 1 Wärme und Energie GmbH 1)	KD	100.00%	Seiersberg	NC	2021	1,560	115

	Parent company	Shareholding	Headquarters	Type of consolidation	Financial year	Equity	Annual profit/loss
Enery Green Power GmbH [2)]	GP	50.00%	Graz	NC	2020	0	0
ES SN Green Power GmbH [2)]	GP	50.00%	Graz	NC	2020	0	0
Grazer Energieagentur Ges.m.b.H. [1)]	Energie Steiermark, EGG KG	5.00% 47.50%	Graz	NC	2020	807	55
Solar Graz GmbH [1)]	EGG KG	100.00%	Graz	NC	2020	557	78
WDS Wärmedirektservice der Energie Graz GmbH [1)]	EGG KG	100.00%	Graz	NC	2020	6,195	430

1 Financial statements prepared based on the national commercial code
2 New establishment in the 2021 financial year

FC Full consolidation
EC Equity consolidation
NC Non-consolidated shareholding due to insignificance

All value disclosures are, if available, in accordance with IFRS.

9 SIGNIFICANT ACCOUNTING METHODS

The Group has consistently applied the following accounting methods to all periods presented in these Consolidated Financial Statements.

PRINCIPLES OF CONSOLIDATION

The purchase accounting method is applied to company acquisitions. In accordance with IFRS 3, assets, liabilities and contingent liabilities of the respective subsidiaries are measured at full fair value at the date of acquisition, regardless of the amount of any existing non-controlling interests. The non-controlling interests are measured at their pro rata value in the net assets (excluding any pro rata goodwill). Intangible assets are recognised separately from goodwill if they are separable from the enterprise or arise from a legal, contractual or other right. In the context of purchase price allocation, no new restructuring provisions may be formed. Any remaining differences on the assets side, compensating the seller for unidentifiable market opportunities and development potentials, are capitalised as goodwill in national currency in the associated segment and, pursuant to IAS 36, subjected to a minimum of one annual impairment test. Any negative differences are immediately recognised in profit or loss in the period of acquisition, following a review of the measurement of identifiable assets, liabilities and contingent liabilities of the acquired company and the cost of acquisition. A change of the shareholding held in a still fully consolidated company is recognised as an equity transaction not affecting income.

The results of subsidiaries acquired or sold during the year are included in the Group's Consolidated Profit and Loss Statement as of the effective date of acquisition or until the effective date of disposal.

Expenses and income as well as receivables and liabilities among the fully consolidated entities are eliminated. Intercompany results are separated, unless they are of subordinate significance.

At equity participations in associated companies are included together with their prorated, revalued assets, liabilities and contingent liabilities. If the costs of acquisition arising from the company acquisition for the Group's share exceed the fair values of the identifiable assets, liabilities and contingent liabilities of the associated company at the date of acquisition, the difference is recognised as goodwill. If the costs of acquisition of the company for the share of the Group fall below the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition (i.e. an acquisition discount), the difference is recognised in profit or loss in the period of acquisition. Goodwill recognised in the Balance Sheet is carried under investments and subjected to one annual impairment test in accordance with IAS 36, whilst impairment losses are offset against the result from shareholdings.

FOREIGN CURRENCY TRANSLATION

The Financial Statements of the subsidiaries not belonging to the European Monetary Union are converted based on the concept of functional currencies. Assets and liabilities of those companies are converted using the average exchange rate on the balance sheet date, income and expenses are converted at the full year average rates. Equity capital is converted at the historical currency exchange rate. Resulting currency translation differences are not disclosed in the Profit and Loss Statement, but as a separate item under equity. When a foreign entity leaves the scope of consolidation, the currency differences are recognised in profit or loss.

Exchange rate gains and losses arising from the fluctuation of exchange rates for foreign currency transactions are disclosed under “Other operating income” or “Other operating expenses”.

The following exchange rates are, among others, used for currency translation:

Exchange rates

	Average		Balance sheet date	
In €	2021	2020	31/12/2021	31/12/2020
100 Czech koruna	3.90	3.77	4.02	3.81

INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND RIGHTS-OF-USE ASSETS

Intangible assets acquired against payment are recognised at cost of acquisition, less scheduled straight-line and unscheduled depreciation for impairment.

For self-produced intangible assets, the production period is divided into a research and a development phase. Expenses incurred during the research phase are immediately recognised in profit or loss. Expenses incurred during the development phase are only capitalised if the criteria of IAS 38 are met. The present Financial Statement does not contain any capitalised development costs.

In accordance with IFRS 3, goodwill is not subject to scheduled depreciation, but annually and when there are indications of impairment subjected to an impairment test.

In accordance with IAS 38.74, CO_2 emission certificates are recognised as intangible assets at amortised cost. Certificates received free of charge are measured at fair value and, according to IAS 20, they are disclosed on the liabilities side under the “Government grants” item. A provision is created as of the balance sheet date for the obligation to use them; the amount of such provision depends on the value of the certificates declared to be used. Any obligation to grant emission rights regarding the existing certificates will be measured at the market value of the certificates to be subsequently procured.

Depreciable tangible assets are recognised at cost of acquisition or production, less scheduled straight-line and unscheduled depreciation for impairment.

Besides costs of material and personnel expenses, production costs of self-produced tangible assets also include pro-rata overhead costs. Third party contributions (building cost contributions) as well as government grants are attributed to the assets concerned, disclosed on the liabilities side and reversed in line with the useful life of the corresponding asset.

Scheduled amortisation and depreciation of intangible assets and depreciable tangible assets is dependent on the estimated useful life, which is as follows:

Useful Life

	Depreciation rate in %	Useful life in years
Intangible assets	1.33 - 100	1 - 75
Residential buildings	2	50
Company buildings and other buildings	2 - 10	10 - 50
Thermal power plants	4 - 20	5 - 25
Hydraulic power plants	1.33 - 10	10 - 75
Wind turbines	5	20
Electrical plants	4 - 20	5 - 25
Lines	2.5 - 5.26	19 - 40
Office and business equipment	6.67 - 50	2 - 15

Maintenance and repairs are reported as expenses, while replacement and expansion investments as well as reinstatement and demolition obligations are reported on the assets side. Profits or losses from asset disposals are recognised under “Other operating income” or “Other operating expenses”.

In accordance with the revised version of IAS 23, borrowing costs which can be directly allocated to qualified assets will be capitalised and depreciated according to the useful life of the underlying asset. Borrowing costs which cannot be allocated directly will be recognised as expenses.

The Group has been applying the new IFRS 16 standard “Leases” since 1 January 2019. This states that a lease is a contract or part of a contract that confers the right to use a defined asset in return for paying a fee for a specific period of time.

For all leases to be recognised in accordance with IFRS 16, the lessee recognises a lease liability for the future lease payments and capitalises a right-of-use asset corresponding to the present value of the future lease payments plus directly attributable costs. As far as the lessor is concerned, a distinction continues to be made between finance and operating leases, as was the case in IAS 17. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise a lease is classified as an operating lease. A number of leases contain termination and prolongation clauses. When determining contract terms, the parties take into account all facts and circumstances that offer an economic incentive to (not) exercise the respective option.

The Group takes advantage of the relief provided by IFRS 16 for lessees and therefore does not apply this standard to intangible assets, short-term leases with a term of no more than 12 months and low-value leased assets. There are currently no leases in the Group in which the Group is the lessor.

IMPAIRMENTS OF ASSETS

Regardless of whether fixed assets continue to be used in operations or are held for sale, the value of tangible and intangible assets is verified in accordance with IAS 36 "Impairment of Assets", if events or changes of the situation indicate that the asset may be impaired.

Assets with indefinite useful lives such as goodwill or assets not yet ready for use are not amortised on a systematic basis, but instead tested for impairment annually. Assets that are subject to scheduled depreciation are tested for impairment whenever there are events or changes in circumstances which suggest that the carrying amount may no longer be recoverable.

Tangible or intangible assets are impaired when the carrying amount is higher than the fair value less costs to sell or the value in use. The fair value less costs to sell results from the realisable sales proceeds less costs directly attributable to the sale. The value in use results from the present value of the estimated future net cash flows arising from the use of the asset and its disposal value at the end of the useful life. Impairments are disclosed under "Amortisation/depreciation" affecting earnings.

Goodwill is subject to impairment tests on an annual basis and whenever indications for impairment exist. To perform an impairment test, goodwill is attributed to cash-generating units. An impairment requirement of the cash-generating unit is determined by comparing the carrying amount to date recognised at amortised cost (including the attributed goodwill) with the recoverable amount.

The recoverable amount is determined by the net present value method based on the free cash flows planned by the Management and approved by the Supervisory Board. A perpetuity (terminal value) is recognised at the end of the observed period of 5 years.

A medium-term company plan is used as a basis for data. In regulated areas, this is based on the regulatory system provided by the respective regulator (e.g. E-Control). For the terminal value, it is assumed that the regulator provides an appropriate return on the cost of capital. Distribution, generation and other areas account for the current and medium-term situation and development in the energy markets both on the purchase and the sales side.

Free cash flows are discounted at weighted average cost of capital (WACC). The capitalisation rate consists generally of a base rate and a risk surcharge. The base rate is equal to the rate of return of an alternative investment that is equivalent to the cash flow of the cash-generating unit (CGU) under valuation in terms of duration, risk and availability. For this purpose, the rates of return of corporate bonds listed in the capital market are used as the basis. The risk surcharge is calculated using the capital asset pricing model (CAPM), which is the product of the market risk premium and the company's beta factor.

A company- and market-specific growth rate of between 0.75 percent and 1.5 percent is assumed for the WACC of the terminal value.

The following table shows the WACC after taxes for the individual countries:

WACC

Country	2021	2020
Austria	4.65%	4.60%
Germany	4.40%	4.20%
France	4.70%	4.67%
Slovakia	4.94%	5.06%
Slovenia	5.16%	5.79%
Czech Republic	4.66%	6.14%

The present value of the free cash flows determined as described above corresponds to the fair value of the CGU from the investors' point of view. The working capital (inventories, trade accounts receivable and trade accounts payable) was taken into account in the cash flow.

The results are plausibilised with other computational models (for example flow to equity) and specific parameters.

If the computed amount as of 31 December 2021 falls below the carrying amount, an unscheduled write-down in the amount of the difference is to be made on goodwill as a matter of priority. Any additional need for impairment is to be distributed over the remaining assets of the cash-generating unit (CGU) in relation to the carrying amount.

A corresponding appreciation in value is recognised when the reasons for unscheduled write-downs no longer exist. According to IFRS 3, goodwill that has already been amortised once due to impairment can no longer be appreciated.

Significant goodwill relates to the companies Energie Steiermark Kunden GmbH (KD) and Energie Steiermark Green Power GmbH (GP). The CGUs to be allocated to these goodwill were those legally separate entities which are understood to be the smallest identifiable groups of assets that generate cash inflows from the continued use of these assets and which are largely independent of the cash inflows of other assets or groups of assets.

The fair values of these CGUs are generally calculated pursuant to the measurement hierarchy of IFRS 13. No market values can be inferred for these CGUs. Correspondingly, the fair values are calculated according to level 3 of the measurement hierarchy.

The fair value of Energie Steiermark Kunden GmbH was determined using the discounted cash flow method on the basis of free cash flows (gross method). A perpetuity (terminal value) is recognised at the end of the detailed planning period of 5 years. In the pension phase, an annual growth of 0.75 percent in financial surpluses was assumed. In the terminal value, an accumulation of part of the financial surplus was taken into account. The fair value of Energie Steiermark Kunden GmbH exceeds its carrying amount by K€ 129,016 (previous year: K€ 162,625).

The fair value of Energie Steiermark Green Power GmbH was determined using the discounted cash flow method on the basis of free cash flows (gross method). At the end of the detailed planning period, the planning calculation was supplemented by a 17-year planning phase until reaching a steady state. After this rough planning phase, a perpetuity (terminal value) was recognised. In the pension phase, an annual growth of 1.5 percent in financial surpluses was assumed. In the terminal value, an accumulation of part of the financial surplus was taken into account. The fair value of Energie Steiermark Green Power GmbH exceeds its carrying amount by K€ 37,859 (previous year: K€ 36,622).

The financial surpluses that can be achieved in the future are basically derived from the internal medium-term planning. Proceeds to be expected in the future are taken into account in the determination of future values, considering past and future market developments as well as operating, maintenance and investment costs.

The table below shows the sensitivities for significant assumptions, which are used to calculate the fair values for the material goodwill:

Sensitivities

	2021		2020	
	GP	**KD**	**GP**	**KD**
WACC +1.0%	-19.96%	-18.02%	-20.73%	-18.96%
WACC -1.0%	30.95%	27.88%	32.40%	29.53%
Growth rate +0.1%	0.07%	0.08%	0.07%	0.08%
Growth rate -0.1%	-0.07%	-0.08%	-0.07%	-0.08%

If the WACC increased (decreased) by 1 percent in the 2021 financial year, the market value of the CGU at GP would have changed by -19.96 percent (change of +30.95 percent) and the market value of the CGU at KD would have changed by -18.02 percent (change of +27.88 percent).

If the growth factor increased (decreased) by 0.1 percent in the 2021 financial year, the market value of the CGU at GP would have changed by +0.07 percent (change of -0.07 percent) and the market value of the CGU and both KD would have changed by +0.08 percent (change of -0.08 percent).

FINANCIAL INSTRUMENTS

A financial instrument is an agreement that simultaneously gives rise to a financial asset at one company and to a financial liability or an equity instrument at another entity.

Primary Financial Instruments

Original financial instruments disclosed in the Balance Sheet include the following items: cash and cash equivalents, securities, financial assets and shareholdings, trade accounts receivable and trade accounts payable as well as obligations from leases and borrowings.

January 2018, the Group classifies its financial assets into the following measurement categories:

- valued at fair value (at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL))
- valued at amortised cost

The classification depends on the business model for managing the financial assets and on the contractual cash flows.

Equity instruments such as investments in unconsolidated subsidiaries, associated companies not accounted for using the equity method and other unlisted investments held for long-term strategic reasons are classified as “at fair value through other comprehensive income (FVOCI)” in accordance with IFRS 9 and measured at fair value as at the balance sheet date. In the event that the fair value cannot be reliably determined by means of quoted market prices or measurement models, recognition is made at cost of acquisition, or at cost of acquisition less required amortisation for impairment. All changes in fair value are recognised in other comprehensive income (OCI). Dividends are recognised as income in profit or loss unless the dividend is clearly covering part of the cost of the investment. Other net gains or losses are recognised in other comprehensive income and never reclassified to profit or loss.

Financial assets that are held within the framework of a business model with the objective to collect contractual cash flows representing only principal and interest payments are measured at amortised cost. As such, loans granted are recognised at their outstanding nominal value. Non-interest bearing loans or loans with an interest rate below the market interest rate are recognised at the present value. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. A gain or loss on derecognition is also recognised in profit or loss.

All financial assets that are not measured at amortised cost or at FVOCI are classified as at fair value through profit or loss (FVTPL). These include investment fund units and listed investments, provided they are not consolidated and are not accounted for using the equity method. Net profits or losses, including any interest or dividend income, are recognised in profit or loss.

Valuations of participations included at equity are increased or decreased on an annual basis by the respective change in equity and according to the capital share held by the Energie Steiermark Group. Losses exceeding the Group’s share in associated companies are not recognised. In accordance with IFRS 3, goodwill is no longer subject to amortisation, but is rather subject to an impairment test when there are indications of impairment.

Cash in hand, sight deposits and fixed-term deposits with initial terms of up to three months are treated as liquid funds.

Derivative financial instruments

Derivative financial instruments are recognised as assets or liabilities. All derivative financial instruments are recognised at fair value, regardless of their purpose.

Upon the signing of the contract, derivative financial instruments are recognised at their fair value, taking account of transaction costs, and are carried at this fair value in subsequent periods. The fair value of derivative financial instruments is determined through their market prices or by using market prices of comparable products. If no market prices exist, the fair values must be calculated using recognised actuarial models. Treatment of unrealised valuation gains or losses depends on the relevant purpose of the transaction.

Certain derivatives are designated as hedging instruments to hedge fluctuations in cash flows associated with highly probable forecast transactions resulting from changes in market prices. At the beginning of the designated hedging relationship, the risk management objectives and strategies pursued with respect to the hedge are documented. Furthermore, the economic relationship between the hedged item and the hedging instrument is documented and whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

The Group has decided to account for hedging transactions in accordance with the provisions of IFRS 9. The aim of the new regulations is above all to gear hedge accounting more closely towards the company's economic risk management. As in the past, companies must document the respective risk management strategy including risk management objectives at the start of the hedging relationship, with which, in the future, the relationship between the hedged underlying transaction and the hedging instrument must correspond to the requirements of the risk management strategy. If the effectiveness changes during a hedging relationship while the risk management objective remains the same, the amounts of the underlying transaction incorporated in the hedging relationship and the hedging instrument must be adjusted without allowing the hedging relationship to be discontinued. A hedging relationship must be retained for accounting purposes for as long as the documented risk management objective for this hedging transaction does not change and the other conditions for hedge accounting are met.

Companies must prove, without being tied to quantitative threshold values, that an economic relationship exists between the underlying transaction and the hedging instrument, which leads to contrasting changes in value due to a (shared) reference value or a hedged risk. Such proof may also be of a purely qualitative nature. However, the changes in value of the economic relationship may not be primarily attributable to the influence of credit risk.

If a derivative is designated as a cash flow hedge, the effective portion of the change in fair value is recognised in other comprehensive income. These amounts are reversed as profit or loss in the settlement period of the underlying hedged transaction and can be seen under the Statement of Changes in Consolidated Equity. Possibly ineffective shares are immediately credited to income in the net income for the period.

Derivative financial instruments not included in a hedging relationship according to IFRS 9 are to be categorised as "measured at fair value through profit or loss" and are therefore to be recognised at fair value through profit or loss. If they are negative, they are to be disclosed under "Financial liabilities".

Derivatives which, from an economic point of view, serve for hedging the interest rate change risk are not qualified as hedge for the purposes of the Balance Sheet and are categorised under "measured at fair value through profit or loss".

Derivative financial instruments in connection with energy trading activities are also recognised at fair value at the balance sheet date. Any changes in valuation are recognised in the Profit and Loss Statement as affecting income. Results from derivative energy trading activities are disclosed in net terms under sales revenues.

In accordance with IFRS 9, all commodity future contracts that are classified as derivatives (these include forwards and futures) are to be recognised in profit or loss as a rule. Transactions that are concluded by the company to meet expected purchase, sale or usage requirements and that are to be settled through delivery are exempt from the scope of IFRS 9 (so called own use exemption). These transactions are not derivative financial instruments as defined by IFRS 9, but they represent pending purchase and sale contracts, which are assessed for anticipated losses from pending transactions in accordance with the requirements of IAS 37. If the prerequisites for the own use exemption are not fulfilled, for example, in the case of transactions for short-term optimisation, the transactions are recognised as derivatives in accordance with IFRS 9.

Transactions that are not settled through physical performance, but through cash settlement and, thus, not covered by the own use exemption fall under the scope of IFRS 9, regardless of their economic purpose.

Financial Instruments – Recognition and Measurement

Loans and receivables are recognised in the balance sheet from the date on which they accrue. All other financial assets and liabilities are recognised initially on the trading day.

Financial assets are derecognised when the contractual rights to the cash flows from an asset expire, or the rights to receive the cash flows from that asset are transferred in a transaction in which all major risks and rewards associated with ownership of the financial asset are also transferred.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or have expired.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

In determining the fair value of an asset or a liability, the Group uses observable market data as far as possible. On the basis of the inputs used in the valuation techniques, the fair values are categorised into different levels of the fair value hierarchy in accordance with IFRS 13:

- Level 1: Quoted prices in active markets for identical assets and liabilities.

- Level 2: Valuation parameters other than quoted prices included within Level 1 that are observable for the asset or the liability either directly (i.e. as a price) or indirectly (i.e. derived from prices).

- Level 3: Valuation parameters for assets or liabilities, which are not based on observable market data.

If the input factors used to measure the fair value of an asset or a liability can be categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input factor that is significant to the entire measurement.

Any transfers between different levels of the fair value hierarchy are recognised at the end of the reporting period in which the change has occurred.

The fair values of futures and forward contracts used in connection with energy trading activities can be determined reliably on each balance sheet date, since quoted prices are available for futures contracts and/or since the valuation of forward contracts is performed using a forward price curve derived from quoted prices, taking account of the credit risk inherent in the counterparties. Consequently, the measurements of electricity, gas and CO_2 futures contracts are Level 1 measurements pursuant to IFRS 13. As a rule, the measurements of electricity, gas and CO_2 forward contracts are Level 2 measurements.

IMPAIRMENTS OF FINANCIAL ASSETS

For financial assets measured at amortised cost and for contract assets, IFRS 9 requires that an expected credit loss (ECL) be recognised when the financial asset is recognised.

IFRS 9 provides for a general impairment model (three-level model) and a simplified method for determining the expected loss:

<u>General impairment model (three-level model)</u>

Level 1: Financial assets without a deterioration in credit rating
All financial instruments are always assigned to Level 1 in the first-time recognition (provided that there is no impairment of credit rating at the time of acquisition). The expected loss corresponds to the value that can arise from possible default events within the next 12 months after the balance sheet date.

Level 2: Financial assets with significant deterioration in credit rating
If there has been a significant increase in the default risk since first-time recognition, the financial instrument is transferred from Level 1 to Level 2. The impairment corresponds to the value that can arise from possible default events during the remaining term of the instrument.

Level 3: Impaired financial assets
If there is objective evidence that a financial asset is impaired, it must be transferred to Level 3.

Simplified method

IFRS 9 provides for simplifications for trade receivables. These receivables are generally of a short-term nature, i.e. due in less than 12 months, meaning that the expected loss for the next 12 months corresponds to the expected loss for the remaining term of the receivable and a transfer from Level 1 to Level 2 is therefore not relevant. Trade receivables are therefore covered by the lifelong expected credit loss.

The option of simplifying the measurement of trade receivables also applies to contract assets in accordance with IFRS 15 (if they do not contain any material financing components) and to lease receivables.

To simplify the calculation of impairment, IFRS 9 permits the use of a value adjustment matrix for trade receivables. On the balance sheet date, the expected loss over the remaining term is determined as a fixed-sum percentage depending on the dunning level or the duration of the overdue payment.

INVENTORIES

Inventories of primary energy and operating supplies are recognised at cost of acquisition or the lower fair value. Gas inventories designated for sale to end consumers are depreciated if the cost of acquisition is not covered by the estimated sales prices obtainable within ordinary business activities, less estimated completion and selling costs. Other inventories are depreciated for insufficient turnover rate.

To determine the cost of sale, the weighted average cost method is used or the sequence of consumption method, if such is more suitable with regard to the actual circumstances.

CONTRACT ASSETS AND LIABILITIES

A contract asset is an entity’s right to consideration when it has rendered its service to a customer and settlement of the consideration is not dependent on its due date alone. A contract liability is an obligation of an entity to a customer to deliver goods or render services for which the entity has already received payments.

As of January 1, 2018, services which are not yet billable are reported in the Group as contract assets in accordance with IFRS 15. These represent claims against customers, which, due the lack of a payment claim, do not yet meet the definition of a financial instrument. These are either tangible assets that are produced on behalf of a third party and are still in progress on the balance sheet date or service orders that have not yet been completed on the balance sheet date.

Customer orders not invoiced are recognised at cost of production. Cost of production includes direct material and production costs as well as material and production overheads allocated on a systematic basis. The contract costs are recognised in proportion to the stage of completion on the balance sheet date.

If the result from a production contract can be measured reliably and if it is probable that the contract will be profitable, the contract revenue is recognised based on the stage of completion over the term of the contract. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

If the outcome of a production contract cannot be determined reliably, contract revenue is only recognised to the extent that it is probable that incurred contract costs can be recovered.

RECEIVABLES AND OTHER ASSETS

Receivables are recognised at cost less value adjustments for expected uncollectible amounts. Value adjustments are determined in accordance with the impairment model prescribed by IFRS 9. Actual losses result in the derecognition of the respective receivables. In the framework of individual value adjustments, financial assets characterised by a potential need for impairment are categorised according to similar loss risk characteristics and tested for impairment losses together, as well as value adjusted, if necessary.

An excess of negotiable, off-settable energy efficiency measures within the meaning of the Federal Law on the Increase of Energy Efficiency in Companies and the Federal Government (Federal Energy Efficiency Act - EEffG) which are not dedicated to meeting their own obligations, will be disclosed under receivables and other assets.

Other assets are valued at cost of acquisition less unscheduled depreciation. Non-interest bearing, long-term receivables are recognised at their present value.

LIABILITIES

Financial liabilities are stated at cost of acquisition. Financing costs and discounts are recognised as part of the cost of acquisition of the financial instrument by applying the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss. Gains or losses on derecognition are also recognised in profit or loss.

With the exception of derivative financial instruments, the Group has not designated any financial liabilities at fair value through profit or loss.

Building cost contributions are disclosed under non-current liabilities and reversed to income under "Other sales revenue", distributed over the useful life of the relevant asset. If the term in the contract with the customer is shorter than the useful life of the asset, the building cost contribution is reversed over the contract term. Amounts to be reversed in the next financial year are reported under "Current liabilities". Building cost contributions are customer contributions for investing in primary grids (electricity, gas and heat generation and distribution or production systems). These connection and supply charges are like liabilities due to the obligation to supply or deliver.

The reversal of building cost contributions is based on the useful life of the assets concerned or on the contract term and is as follows:

Useful life of building cost contributions

	Depreciation rate in %	Useful life in years
Contribution to building costs: GAS lines	3.33 / 2.5	30 / 40
Contribution to building costs: electricity/heating	5	20
Contribution to building costs: local heat supply	6.67	15
Energy Complete	6.67	15

Investment subsidies are government and third-party grants for the acquisition or production of certain assets and are reversed fundamentally over the useful life of the subsidised assets.

CO2 emission certificates assigned free of charge are recognised on the liabilities side as government grants at market value at the time of assignment. Valuation of this liability corresponds to the emission certificates provided free of charge for which government grants have been recognised in the balance sheet. Both upon the valuation of emission certificates and upon consumption or sale of emission certificates, income and expenses from emission certificates assigned free of charge are compensated for by the reversal or determination of the liability item.

PROVISIONS AND ACCRUALS

Provisions are made in the Balance Sheet when present obligations due to third parties arose from past events, the payment is likely to be made and the amount can be reliably estimated. Provisions are recognised at the value determined by the best estimate at the time of the preparation of the Financial Statements. If no reasonable estimate of the amount is feasible, no provision is formed. Long-term provisions are recognised in the Balance Sheet at their settlement value discounted at the balance sheet date, if the interest effect resulting from discounting is material.

The provisions for pensions and similar obligations are calculated according to the projected unit credit method. In accordance with IAS 19 (2011), revaluations are recognised in Other comprehensive income, not affecting the result. These comprise actuarial gains and losses, return on plan assets, if any, as well as changes in the effect of the asset ceiling, if any, in each case excluding any amounts that are included in net interest on net liabilities/assets.

Provision amounts are determined annually by an external expert’s actuarial calculations.

The calculations as at 31 December 2021 and 2020 are based on the following assumptions:

Actuarial assumptions
Provisions for pensions and similar obligations as well as severance payment provisions

	2021	2020
Interest rate	0.50% p.a.	0,35 % p.a.
Pension increases	2.40% p.a.	2.30% p.a.
Salary increases	2.40% p.a.	2.30% p.a.
Career trend	0.20% p.a.	0.20% p.a.
Expected investment result of the fund assets	0.50% p.a.	0,35 % p.a.

By derogation from the long-term salary trends disclosed in the above table, a one-time increase of 3.50 percent as of the end of 2021 (previous year: 1.80 percent to the end of 2020) and a one-time increase of 2.75 percent to the end of 2022 (previous year: 2.10 percent to the end of 2021) was recognised for pensions and salaries. Future salary increases by contractually determined two or three-year periods will be taken into account individually.

Valuation is based on the imputed pension age of 60 years for women and 65 years for men in compliance with the transitional regulations according to the Amendment of the ASVG (General Social Security Act) pursuant to Sec. 73, Budgetbegleitgesetz 2003 (BGBL. (Federal Gazette) I no. 71/2003 of 20 August 2003) and/or in line with the individual contract. Moreover, the pension age for women was determined using the "BVG Altersgrenzen" (Age Limits) (BGBl. 1992/832).

Calculations for salaried employees were based on "AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung" (Actuarial Assumptions for Pension Insurance for Salaried Employees), published in August 2018. Education-specific mortality and specific probability of marriage were also taken into account individually.

Due to corporate agreements and contracts, the company is obligated to pay old age pension benefits to employees upon retiring under certain conditions. These performance-based payment obligations are partly backed by appropriated pension insurance funds with "APK-Pensionskasse Aktiengesellschaft" (Pension Insurance Company). As to obligations that are to be met by APK-Pensionskasse Aktiengesellschaft, the employer has to provide extra funds. The amount of the defined benefit pensions is based normally on the length of service with the company and benefit-related remuneration.

The outsourced defined pension claims are managed by an umbrella pension fund. The pension fund is a legally independent enterprise in the form of a stock corporation, which collects the contributions, invests the funds received and makes pension payments to the beneficiaries.

Pension fund assets are invested by the pension insurance carrier primarily in various investment funds, in accordance with the provisions of the Pensionskassengesetz (Pension Plans Act). The expected return results from the investment structure, the macro-economic conditions and the influences on the capital markets connected therewith.

Severance pay is a statutory one-time payment to be made in the event of termination of employment or at the commencement of old-age retirement. The amount depends on the number of years of employment and the salary paid at the time of separation. The calculation period ends after twenty-five years of employment with the achievement of an annual salary. Severance pay provisions are determined using actuarial calculations. The same calculation factors as for pension provisions and similar obligations are used for their measurement. In accordance with IAS 19 (2011), revaluations are recognised in Other comprehensive income, not affecting the result.

Based on legal amendments which took effect on 1 January 2003, no severance pay provisions are created for newly hired employees in the Austrian group companies. 1.53 percent of the salary sum are paid to an employee provisions scheme for these employees. The company does not have any further obligations.

Anniversary benefit obligations based on collective agreements have been made on the basis of the following assumptions. In accordance with IAS 19 (2011), actuarial gains and losses from anniversary benefit obligations are recognised in profit or loss.

Actuarial assumptions
Other pension provisions

	2021	2020
Interest rate	0.50% p.a.	0.20% p.a.
Salary increases	2.40% p.a.	2.30% p.a.
Career trend	0.20% p.a.	0.20% p.a.

By derogation from the long-term salary trends disclosed in the above table, a one-time increase of 3.50 percent as of the end of 2021 (previous year: 1.80 percent to the end of 2020) and a one-time increase of 2.75 percent to the end of 2022 (previous year:

2.10 percent to the end of 2021) was recognised for salaries. Future salary increases by contractually determined two or three-year periods will be taken into account individually.

DEFERRED TAXES

Deferred taxes are recognised under the deferred liability method for all temporary differences between the tax value of assets and liabilities and the carrying amounts stated in the Consolidated Financial Statements. Significant temporary differences result from the recognition and the valuation of provisions, valuation differences of non-current and current assets and from tax loss carry-forwards. Deferred tax assets are disclosed only to the extent that it is probable that future taxable gains will be available for offsetting with the temporary differences.

For the determination of deferred income taxes, tax rates of the countries of the parent company and the respective subsidiaries bindingly released or in effect at the reference date are used.

In the 2021 and 2020 financial years, the following income tax rates were applied to the calculation of deferred taxes:

Income tax rates

Company headquarters	2021	2020
Austria	25.0%	25.0%
Germany	30.0%	30.0%
France	26.5%	28.0%
Slovakia	21.0%	21.0%
Czech Republic	19.0%	19.0%

USE OF ESTIMATES

In accordance with the generally accepted accounting and valuation policies in accordance with IFRS, some items in the Consolidated Financial Statements require the use of estimates and assumptions that will have an impact on the amount and presentation of assets, liabilities and contingencies recognised on the balance sheet date, and income and expenses recognised during the reporting period. The estimates are naturally subject to uncertainties. Thus, actual amounts may differ from the estimated amounts.

For impairment testing, estimates are to be made, in particular in relation to the expected net cash inflows. Future changes in the general economic environment and the situation of the sector or the company may result in a reduction in net cash inflows and, hence, to impairment losses.

For the valuation of existing provisions for pension and similar obligations as well as severance payments, the company uses assumptions regarding discount rate, retirement age, life expectancy as well as future pension and salary increases, which may lead to changed valuations in future periods.

Given the rolling reading of meters at customers who have no load profile meter, no read data and consumption data are regularly available for the customer collective at the annual reporting date. Therefore, estimates need to be made on a regular basis to present and defer the annual consumption.

In addition, assumptions and estimates were used in determining the useful life of intangible assets and tangible assets, for the formation of provisions for legal disputes, for uncertainties over income tax treatments and for the valuation of receivables and inventories. These estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances.

REVENUE RECOGNITION

Sales revenues result from payments received or receivables recognised in the Balance Sheet arising from the sale of products, goods and the rendering of services, less discounts, value added tax and the elimination of intra-group sales.

According to IFRS 15, sales revenues are realised when the customer acquires the power to dispose of the agreed goods and services and derive benefits therefrom. Sales revenues are measured with the amount of the consideration the company expects to receive. Any receivables from electricity, gas and heating supplies not yet billed on the balance sheet date are accrued and are shown in the item “Trade accounts receivable”.

The revenue recognition model applied by the Group from 1 January 2018 onwards in accordance with IFRS 15 provides for a five-level scheme according to which the customer contract and the separate performance obligations contained therein must first be identified. The transaction price of the customer contract is then to be determined and broken down for each of the individual performance obligations. Finally, revenue is to be realised for each performance obligation in the amount of the allocated pro rata transaction price as soon as the agreed service has been performed or the customer acquires control thereof. A distinction is to be made here between performance obligations for a point in time or a period of time on the basis of defined criteria.

When it comes to supplying electricity, gas and heat, control is transferred over the period during which the service is provided. Sales revenue is recognised at the amount at which the Group has fulfilled its obligations and a right to issue an invoice has arisen. There are no significant financing components as a result of segment-specific payment terms.

Revenue is mainly recognised in the Group in accordance with the provisions of IFRS 15. Only free services were identified as separate performance obligations and discounts granted when new contracts were concluded as transactions relevant for IFRS 15 and which show special features as regards the realisation of income. Taking into account the materiality criteria, sales revenues are not currently subjected to any special treatment. However, both the identified transactions and future new products are subject to a review as of the respective balance sheet date and, as a result, a new materiality assessment.

Interest income is recognised pro rata temporis subject to the effective interest rate. Dividend income is recorded when the shareholders' right to receive payment is established.

REGULATION SYSTEM FOR ELECTRICITY AND GAS GRIDS ACCORDING TO SECTION 50 ELWOG AND SECTION 71 GWG

In Austria, the amendment to the 2010 Electricity Act (ElWOG 2010), which took effect on 3 March 2011, introduced a new ex-post regulation procedure for the grid operator revenue in the form of the regulatory account in Section 50 ElWOG. This system was also integrated into Section 71 of the Natural Gas Act 2011 (GWG). The purpose of the newly introduced regulatory account is to provide every grid operator with compensation for differences between actual revenue earned and the officially established revenue by means of a "virtual" account maintained for each grid operator. In accordance with Section 50 ElWOG and Section 71 GWG, these differences are to be taken into account in determining the cost base for the next payment periods.

The differences pursuant to Section 50 ElWOG and/or Section 71 GWG between actual revenue earned and the revenue assumption in the ordinance as well as the differences between the actual costs incurred and the cost assumption in the ordinance are recorded, on balance, under receivables and other assets or under other liabilities in the separate financial statements of Energienetze Steiermark GmbH prepared in line with corporate laws.

In January 2021, the IASB published an Exposure Draft ED/2021/1 “Regulatory Assets and Regulatory Liabilities” aimed at replacing IFRS 14 “Regulatory Deferral Accounts”, which has not been adopted into EU law, and making it possible to recognise subsequent amounts in the future.

Regulatory Account [1]	K€

	Status as at 1.1.	Addition/ Reversal	Status as at 31.12. *)
2013	2,981	10,912	**13,893**
2014	13, 893	16,341	**30,234**
2015	30, 234	2,640	**32,874**
2016	32, 874	-18,613	**14,261**
2017	14, 261	-21,812	**-7,551**
2018	-7, 551	4,135	**-11,686**
2019	-11, 686	2,778	**-8,907**
2020	-8, 907	-6,925	**-1,983**
2021	-1, 983	11,315	**9,332**

[1] pursuant to company law

*) receivable (+) / liability (-)

In view of the current developments regarding accounting for regulatory deferral account balances, the company refrained from recognising regulatory assets and regulatory liabilities pursuant to IFRS (see Note 2 “Basis of Preparation”).

If the regulatory account had been recognised, the Group’s operating result would have been as follows:

Adjusted operating income

K€	**2021**	**2020**
Operating result	**30, 578**	**73, 463**
Regulatory account	11, 315	6, 925
Adjusted operating income	**41,893**	**80,388**

10 NEW STANDARDS WHICH HAVE NOT YET BEEN APPLIED

At the time the Consolidated Financial Statements were prepared, the IASB had decided to adopt further standards and interpretations which were not yet obligatorily applicable to the 2021 financial year:

New standards and interpretations which are not yet applicable

New standards/interpretations		applicable from [1]
IFRS 14	"Regulatory Deferral Account Balances"	1. January 2016 [2]
IFRS 17	"Insurance contracts"	1. January 2021 [3]

[1] The standards which have not yet been adopted by the EU are, in accordance with IASB, applicable for each financial year beginning on or after the date the standard comes into force. This date might change for the European Union by application in the EU.

[2] The European Commission had decided not to start the adoption process of this interim standard to recognise price-regulation transactions into EU law.

[3] IASB decides new effective date for IFRS 17

The objective of **IFRS 14 "Regulatory Deferral Accounts"** is to specify the financial reporting requirements for "regulatory deferral account balances" that arise when an entity provides goods or services at a price or rate that is subject to price regulation. IFRS 14 is designed as a limited scope standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS).

IFRS 17 "Insurance Contracts" sets out the principles relating to the identification, recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 aims to provide up-to-date, transparent and comparable accounting information for insurance contracts in order to make their impact on a company's assets, financial and earnings position as well as cash flows comprehensible.

In addition to the new standards and interpretations, the IASB has issued comprehensive amendments to existing standards which had not yet to be applied obligatorily for the 2021 financial year:

Amended standards and interpretations which are not yet applicable

Amended standards/interpretations		applicable from [1]
IAS 1	Amendment to IAS 1 "Presentation of Financial Statements" – Classification of liabilities as current or non-current [2]	1. January 2023 **)
IAS 1	Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Guidance Document 2 – Disclosures on Accounting Policies [2]	1. January 2023 **)
IAS 8	Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of "Estimates" [2]	1. January 2023 **)

[1] The standards which have not yet been adopted by the EU are, in accordance with IASB, applicable for each financial year beginning on or after the date the standard comes into force. This date might change for the European Union by application in the EU.

[2] Standard not yet adopted by the EU as of 31 December 2021.

***) the date of first-time adoption was originally 1 January 2022. The date of first-time adoption has been moved by the IASB by one year to 1 January 2023.*

Amended standards and interpretations which are not yet applicable

Amended standards/interpretations		**applicable from** [1)]
IAS 12	Amendments to IAS 12 – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction [2)]	1. January 2023
IAS 16	Amendments to IAS 16 “Property, Plant and Equipment” – Recognition of income and costs for test runs of property, plant and equipment	1. January 2022
IAS 37	Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – Onerous contract - cost of fulfilling a contract	1. January 2022
IFRS 3	Amendments to IFRS 3 “Business Combinations” – Adjustment of a reference to the IFRS conceptual framework	1. January 2022
IFRS 4	Amendments to IFRS 4 “Insurance Contracts” – Postponement of IFRS 9	1. January 2021
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4)]	- *)
IFRS 17	Amendments to IFRS 17 “Insurance Contracts” – First-time application of IFRS 17 and IFRS 9: Comparative information[2)]	1. January 2023
Improvements to IFRSs	Amendments within the framework of “Annual Improvements” – improvements of the International Financial Reporting Standards (2018-2020)	1. January 2022

[1)] *The standards which have not yet been adopted by the EU are, in accordance with IASB, applicable for each financial year beginning on or after the date the standard comes into force. This date might change for the European Union by application in the EU.*

[2)] *Standard not yet adopted by the EU as of 31 December 2021.*

*) *the date of first-time adoption was originally 1 January 2016. But, the IASB postponed the date of first-time adoption for an indefinite period. The option of a premature application will, however remain. The European Financial Reporting Advisory Group (EFRAG) proposed on 8 September 2015 to postpone the process of adopting it into EU law, until the IASB has completed the postponement process of the first-time adoption.*

*) *the date of first-time adoption was originally 1 January 2022. The date of first-time adoption has been moved by the IASB by one year to 1 January 2023.*

The purpose of the **amendments to IAS 1 “Presentation of Financial Statements**” is to clarify that the classification of liabilities as current or non-current is to be based on existing rights of the undertaking as of the balance sheet date. Accordingly, a liability is classified as non-current if, at the balance sheet date, the undertaking has the right to defer settlement of the liability for at least 12 months after the balance sheet date. The mere existence of a right is sufficient; the undertaking does not need to have any intention of exercising it. In the case of rights that are dependent on the existence of certain conditions, the key factor here is whether the conditions are met on the balance sheet date. If a liability is subject to conditions under which it can be settled by issuing equity instruments based on an option being exercised by the counterparty, this does not affect the classification of the liability as current or non-current if the option is presented separately as an equity component of a compound financial instrument under IAS 32.

The **amendment to IAS 1 “Presentation of Financial Statements”** will in future require only the “significant” accounting methods to be presented in the notes. To be significant, the accounting method must be related to significant transactions or other events and there must be a reason for the presentation. This means that, in future, the focus will be on company-specific explanations instead of standardised ones. The guidance in Practice Statement 2 has been amended accordingly.

The **amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** clarifies how companies can better distinguish changes in accounting methods from changes in accounting estimates. For this purpose, it is defined that an accounting estimate always relates to a unit of measurement of a financial figure in the financial statements. A company uses valuation techniques in addition to input parameters to determine an estimate. Valuation techniques can be estimation techniques or valuation techniques.

With its **amendments to IAS 12 "Income Taxes"**, the IASB is responding to existing uncertainties when it comes to the accounting for deferred taxes in connection with leases and disposal or restoration obligations. In these cases, the "initial recognition exemption" that previously applied in exceptional cases does not apply. This is therefore a reverse exception to the "initial recognition exemption" for narrowly defined cases.

The amendments to **IAS 16 "Property, Plant and Equipment"** clarify that revenue received by an entity from the sale of items produced while preparing the asset for its intended use (for example, product samples) and the related costs are to be recognised in profit or loss. It is not permitted to include such amounts when calculating the costs of acquisition.

The amendments to **IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** (Onerous Contract - Cost of Fulfilling a Contract) include the definition of which costs an entity includes when assessing whether a contract will be loss-making. With this amendment, the IASB is responding to the clarification proposed by the IFRS Interpretations Committee on the definition of cost of fulfilment. Accordingly, performance costs are any and all costs that directly relate to the contract. This means that both costs that would not be incurred without the contract (incremental costs) and other costs directly attributable to the contract must be taken into account.

The amendment to **IFRS 3 "Business Combinations"** clarifies that a business operation is a group of activities and assets that includes at least one input and a substantial process that together contribute significantly to the entity's ability to produce output. Furthermore, with regard to output, the focus is now on the provision of goods and services to customers; the reference to cost reductions no longer applies.

By postponing the effective date of IFRS 17 by two years to financial years beginning on or after 1 January 2023, the amendments to **IFRS 4 "Insurance Contracts"** postponed the expiry of the temporary exemption from the application of IFRS 9 Financial Instruments set out in IFRS 4 to 1 January 2023.

The **amendments of IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** eliminate an inconsistency which has existed between these two standards. IFRS 10 required so far the recognition of the full profit or loss arising from the loss of control over a subsidiary which is contributed to a joint venture or associate. IAS 28, however, provides only for a profit and loss realisation in the amount of the shares held by the other investors for non-financial assets contributed to associates or joint ventures. In future, the investor must always make a full profit or loss realisation whenever the transaction (i.e. the contribution of a subsidiary in a joint venture or associate with loss of control over the subsidiary) relates to a business as defined in IFRS 3 "Business Combinations". If that is not the case, but if the transaction relates to assets which do not represent a business, only the pro-rated profit (in the amount of the share of the investors) is to be recognised.

The minor amendment to **IFRS 17 "Insurance Contracts**" introduces the option to apply a classification overlay approach if certain conditions are met. This will allow the comparative information on financial instruments to be made more meaningful in the year prior to the first-time application of IFRS 17, i.e. for 2022. The adjustment to IFRS 17 is made against the background that, in contrast to the first-time application of IFRS 17, no retrospective application is required for the first-time application of IFRS 9 and therefore the basis of comparison for the investments may be missing.

Minor amendments were made to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the explanatory examples to IFRS 16 "Leases" as part of the **annual improvements to IFRSs (2018-2020)**.

OTHER STANDARDS

No significant effects on the asset, financial and earnings position of the Energie Steiermark Group are expected as a result of the adoption of the following new and amended standards and interpretations. No voluntary early application has been planned yet.

- Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-Current

- Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Guidance Document 2 – Disclosures on Accounting Policies

- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of “Estimates”

- Amendments to IAS 12 – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction

- Amendments to IAS 16 “Property, Plant and Equipment” – Recognition of income and costs for test runs of property, plant and equipment

- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – Onerous contract - cost of fulfilling a contract

- Amendments to IFRS 3 “Business Combinations” – Adjustment of a reference to the IFRS conceptual framework

- Amendments to IFRS 4 “Insurance Contracts” – Postponement of IFRS 9

- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

- Amendments to IFRS 17 “Insurance Contracts” – First-time application of IFRS 17 and IFRS 9: Comparative information

- Amendments within the framework of “Annual Improvements” – improvements of the International Financial Reporting Standards (2018- 2020)

11 CORPORATE BODIES

MANAGEMENT BOARD

- Dipl.-Ing. Christian **PURRER** (Spokesman of the Management Board since 1.4.2012)
- Dipl.-Ing. (FH) Mag. (FH) Martin **GRAF**, MBA (since 1.4.2016)

SUPERVISORY BOARD

Shareholder Representatives:

- Dipl.-Ing. Josef **MÜLNER**
  (Chairman since 1.12.2011, member since 1.12.2011)
- Univ.-Prof. Dipl.-Ing. Karl **ROSE**
  (Vice Chairman since 6.2.2014, member since 17.1.2011)

- Dr. Kurt **KLEIN** (member since 15.12.2005)
- Univ.-Prof. Mag. Dr. Thomas **KRAUTZER** (member since 6.2.2014)
- Dipl.WI (FH) Claudia **von der LINDEN**, MBA (IMD) (member since 25.09.2018)
- Dipl.-Ing. Hilko **SCHOMERUS** (member since 11.1.2016)
- Dipl.-Kfm. Ewald **WOSTE** (member since 11.1.2016)
- Dipl.-Ing. Christa **ZENGERER** (member since 3.6.2020)

Employee Representatives:

- Johann **HUBMANN** (member since 2.7.1998)
- Walter **PUTZ** (member since 17.1.2011)
- Peter **SCHEER** (member since 14.2.2017)
- Dipl.WI (FH) Manfred **STEINBAUER** (member since 1.1.2017)

The Consolidated Financial Statements were approved by the Management Board with the date of the signature and will be presented to the Supervisory Board. The Supervisory Board is responsible for checking the Consolidated Financial Statements and declaring whether it approves them.

Graz, 17 February 2022

The Management Board

Dipl.-Ing. Christian Purrer

Dipl.-Ing. (FH) Mag. (FH) Martin Graf, MBA