ENERGIE STEIERMARK

BUSINESS REPORT 2022

CONSOLIDATED MANAGEMENT REPORT

FOR THE FINANCIAL YEAR 2022

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1 GENERAL ECONOMIC DEVELOPMENT

Thanks to a series of global monetary, fiscal, financial and social policy measures, a recovery of the global economy was brought about in 2021. However, after the signs of growth in 2021, the outlook for global economic development deteriorated drastically in early March 2022 in view of the geopolitical turmoil. Price increases and supply bottlenecks associated with the political upheavals subsequently led to an unstable situation in the global economy.

The economic downturn, which began earlier in the USA, was clearly evident in the euro zone in 2022; nevertheless, seasonally adjusted GDP growth of 3.5 percent was ultimately achieved in the euro zone.

In the first half of the year, the Austrian economy recorded extremely strong growth due to catch-up effects. By contrast, investment levels had already been falling since the beginning of the year.
The level of employment remained stable despite declining production expectations.
Since the middle of the year, the very sharp rise in energy prices and a rising inflation rate have significantly slowed down the domestic economy. This led to a slight contraction in economic output in the second half of the year.

Starting from a highly volatile market environment, especially in the third quarter of 2022, the factors influencing the energy industry showed a further significant increase in uncertainties as well as a worsening of the striking price escalation for electricity and gas. This was exacerbated in particular by the decline in power generation in Europe from nuclear and coal-fired plants, the low water levels at some hydropower plants, and the restructuring of the European gas supply chains.

After a decade of loose monetary and low interest rate policies, these price developments were finally accompanied by a series of interest rate hikes and a further rise in inflation was curbed.

In view of a predominantly very mild winter to date and high fuel stock levels, the end of the fourth quarter saw a cautious reversal of the previously very pessimistic expectations.
However, with an accompanying fall in the price of raw materials, the price level remained significantly above the starting level of 2021. Nevertheless, signs of an economic bottoming out became visible, thus enabling the euro zone to avoid a recession in the fourth quarter.

In general, the forecasts continue to be subject to some downside risks. Problems with gas or electricity imports and thus rising energy prices, as well as a continuing high rate of inflation, may reduce economic output in Austria.

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.
As a consequence of the coronavirus pandemic as well as the increased focus on environmental issues, in many energy markets a severely curtailed supply side (including underinvestment, the Ukraine war) contrasted with state-fuelled demand (expansionary monetary policy and many years of low interest rates).
The result was a historic price increase in the last two years, which was mainly observable on the gas and electricity markets. In the meantime, important forward contracts were trading almost 20 times higher than at the beginning of 2021. In this environment, coal and oil prices also rose.
High energy prices gradually spilled over into the real economy, as reflected in high inflation data in recent months, especially in the euro area. The price increases are reinforced by the weak euro, which serves to further fuel inflation.
In order to curb inflation, the central banks, FED and ECB, reacted by ending their quantitative easing policy and, since the summer, by reversing their interest rate policy.

Electricity
In the 2022 calendar, the electricity market was largely shaped by supply-side constraints. Years of underinvestment successively reduced the available conventional capacity. The further shutdown of nuclear power plants in Germany at the beginning of the year and the reduction in coal capacity as part of the coal phase-out increased the risk of bottlenecks. The tight supply situation was exacerbated by the war in Ukraine. In response, the EU adopted several sanctions against Russia, which led to an additional price spike for relevant fuels (including coal and gas). The situation is particularly critical in France, where, as a result of the increased shutdown of nuclear power plants (overhauls, safety, extension of operating lives), electricity generation fell sharply and in the summer less than 50 percent of nuclear power plant capacity, which in previous years accounted for around 75 percent, was on the grid. Furthermore, the prolonged hot and dry period in summer led to very low water levels in Europe. All these supply-side factors cumulated in a historic price spike in August, where, among other things, the forward market product Cal 23 (DE) rose to almost EUR 1000/MWh at times.
In view of this extreme increase in volatility, the liquidity requirements of exchange participants increased, especially on the part of producers, who had to deposit many times more collateral for volumes already hedged.
On the demand side, the decoupling of electricity prices from the real economy led to buyer restraint on the one hand, as many companies are unable to pass on the increases, and on the other hand to many industrial companies considering selling forward market volumes already hedged back on the market and reducing their load behaviour. Additional uncertainty is caused by the fact that individual countries or the EU may intervene in the market design at any time.
At the end of the year (15 December 2022), the Cal 22 Base DE was quoted at EUR 324,82/MWh. The cost for the AT contract was EUR 343.82/MWh. Subsequent years were EUR 259.64/MWh (Cal 24 Base DE) and EUR 175.50/MWh (Cal 25 Base DE).

Gas

Unusually mild weather after Christmas 2021 and in the first quarter of 2022 spared gas and coal storage levels and led to sharp price declines until Russia's invasion of Ukraine. This open proxy war catapulted the energy and commodity markets to new preliminary highs within two weeks - e.g.: THE next month EUR 230 €/MWh on 7 March 2022 or coal API2 USD 261.95/t on 2 March 2022, followed by strong price corrections.

The reduction and later complete suspension of gas supplies to some countries that did not agree to the ruble conversion culminated in the Nord Stream 1 outage (late August). The almost completely emptied Gazprom storage facilities, as well as the resulting EU measures of mandatory early refilling of gas storage facilities in order to be able to maintain gas supply, caused prices for THE next month to rise from EUR 79.63/MWh on 8 June to EUR 337.24/MWh on 26 August 2022. This rally was further boosted by the fact that there was no coordinated joint EU purchasing but national bidding wars. Additionally, until early October, only government/regulatory permits were available for purchases on the spot markets of Europe's exchanges and no permits were available for over-the-counter futures/hedging, and monthly storage targets were publicly known. Very low hydropower and nuclear availabilities also had a supportive effect. With the early achievement of storage targets and exceptionally warm temperatures into November, nearly all of the price increases from the last rally have been surrendered.

As of 15 December 2022, the closing prices of CEGH, THE and TFF next month were EUR 134.76/MWh, EUR 135.63/MWh and EUR 134.58/MWh, respectively, while the Cal 23 closed at EUR 135.46/MWh, EUR 135.75/MWh and EUR 134.02/MWh, respectively. The Dec 22 emission future reached its high of EUR 98.01/MWh on 19 August 2022, and the product ended trading at EUR 85.51/MWh on 15 December 2022. The API2 Cal 23 coal year future set its high for the year at USD 342.42/t on 5 September 2022, and reached a close of USD 219.44/t on 15 December 2022.

Heat

The Austrian federal government also sees the solution to pan-European problems of security of supply and high energy prices in its goal of achieving Austria's climate neutrality by 2040. Along the way, it aims not only to solve the climate crisis, but also to end fossil fuel dependence.

The government passed the Renewable Heat Act in the Council of Ministers at the beginning of November 2022 to achieve the heat turnaround required for this purpose, among other things. This provides for the phase-out of gas heating by 2040 and oil heating by 2035, starting as early as next year. However, there are increasing signs that the law will probably not come into force until the middle of next year due to the lack of a two-thirds majority.

The switch to renewable heating systems is to be supported by a comprehensive subsidy programme with a total of around two billion euros until 2026. Comprehensive subsidies will also be made available for the renovation of buildings, as well as for multi-story residential construction.

Since 1 October 2022, Austria has had a national emissions trading system in addition to the EU Emissions Trading Scheme (ETS). This also takes into account the sectors outside the ETS namely buildings, transport, parts of industry. Trading participants (e.g. petroleum companies, gas suppliers) must purchase certificates to obtain the right to place certain substances (e.g. natural gas, heating oil, fuels) on the market. The additional costs incurred by the distributor are passed on by the distributor to the consumer, thus creating an incentive for CO_2 reduction at the consumer level. National emissions trading is divided into several phases, in which the cost of emissions certificates is to rise to EUR 55/t by 2025; from 2026, the price is to be based on the climate targets or their achievement via an emissions trading system – yet to be developed. A double burden of ETS and national emissions trading is to be avoided.

Netting

In the last few months of the year under review, the energy industry environment and the resulting effects relevant to Energienetze Steiermark GmbH were characterised, on the one hand, by a further massive increase in the number of PV systems being integrated and, on the other hand, by preparations for measures for a possible energy reduction in the gas and electricity sectors. In order to meet the future challenges of integrating renewable power generation into the grid, a grid master plan was developed in the course of preparing the medium-term planning. The aim and purpose of the master plan is, on the one hand, transparency regarding the projects currently already implemented and, on the other hand, the creation of a guideline or information for future network development.
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.

With regard to preparations for possible energy shortages in the gas and electricity sectors, a Group-wide preventive energy management crisis team has been set up. In detail, the gas supply situation has eased considerably due to the successful build-up of storage facilities (now over 90 TWh, equivalent to one year's gas consumption in Austria). In the electricity sector, the risk of a power shortage has increased significantly, as also shown by individual stress tests at the European and national level. For this reason, there are also intensive preventive preparatory activities here with the responsible state authorities and the largest customers in the electricity grid sector.

In the regulatory and legal area, the energy industry environment resulted in a large number of amendments, where in particular market model changes, monitoring tightening and billing-relevant changes such as CO_2 pricing or the electricity price brake led to labour-intensive necessary adjustments to the billing and clearing systems. The increased exit of individual suppliers from the market and the termination of some contracts with accompanying energy price increases also led to a massive increase in expenses for disconnecting grid customers (grid disconnection processes) in the grid area, which in turn led to a massive increase in the number of customer contacts in our front office units.

With the 2022 SNE-VO amendment (Ordinance on Use of System Charges) and the 2022 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 2022. In accordance with ElWOG 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.

3 ECONOMIC DEVELOPMENT OF THE GROUP

Selected P&L, balance sheet and cash flow positions develop as follows in the 2022 financial year:

in EUR millions	Full year		Deviation	
	2022	**2021**	**in absolute numbers**	**%**
Sales revenues	2,616.5	1,807.2	809.3	45%
Cost of materials	-2,147.1	-1,442.4	-704.7	-49%
Operating result (EBIT)	103.2	30.6	72.6	237%
Result before income taxes	106.5	56.8	49.7	87%
Result after income taxes	71.9	47.9	24.0	50%
Equity	2,631.5	2,262.7	368.8	16%
Total assets*	5,379.9	4,735.1	644.8	14%
Net cash flow from ongoing operating activities	140.4	185.1	-44.7	-24%
Net cash flow resulting from investment activities	-145.4	-116.5	-28.9	-25%
Net cash flow resulting from financing activities	-84.4	22.4	-106.7	-478%
Investments in property, plant and equipment	217.4	168.7	48.7	29%

*) The comparative information has been adjusted retrospectively in accordance with IAS 8.

In the 2022 financial year, the operating result (EBIT) was EUR 103.2 million, which is an increase of EUR 72.6 million in comparison to the previous year.

Revenues mainly include energy revenues and grid revenues. The increase compared with the previous year is due in particular to higher electricity and gas prices. Both revenues and the cost of materials for energy sales increased as a result of the higher price level on the wholesale market for electricity compared with the previous year. However, the cost of materials does not increase to the same extent, resulting in an increase of the gross profit margin in the amount of EUR 104.7 million.

In addition to sales revenues, changes in inventories, own work capitalised and other operating income also contributed to operating performance. Own work capitalised in 2022 amounted to EUR 33.0 million and was on a par with the previous year. Other operating income amounted to EUR 13.4 million, an increase of EUR 2.2 million over the previous year.

Personnel expenses in 2022 were up EUR 11.8 million over the previous year, mainly due to a higher provision for part-time retirement and the higher number of employees.

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

Other operating expenses, at EUR 103.1 million, are EUR 12.0 million above the value of the previous year and mainly include third-party services.

In 2021, income from investments in associated companies mainly comprised the pro-rata income from Energie Graz GmbH & Co KG and goodwill writedowns. 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 2022 amounted to EUR 71.9 million. Majority shareholders account for a result of EUR 71.1 million (previous year: EUR 46.6 million).

In 2022, investments in property, plant and equipment amounted to EUR 217.4 million. Investments in the energy grids and in renewable energies here are essential.

The following key figures were calculated for the 2022 financial year:

	Full year	
	2022	**2021**
EBITDA (EBIT + depreciation and amortisation) in € million	228.1	143.5
EBIT margin (EBIT/sales revenues)	3.9%	1.7%
Return on equity (taxed results/ø equity)	2.9%	2.6%
Capitalisation ratio (property, plant and equipment/balance sheet total)*	31.5%	33.7%
Equity ratio (equity/total capital)*	48.9%	47.8%

*) The comparative information has been adjusted retrospectively in accordance with IAS 8.

4 NON-FINANCIAL PERFORMANCE INDICATORS

Energy report

in GWh	Full year		Deviation	
	2022	**2021**	**in absolute numbers**	**%**
Sales				
Electrical energy				
Electricity sales on the customer market	**7,485**	7,312	173	2%
Portfolio and compensation energy sales	**5,634**	9,641	-4,007	-42%
Trading	**8,015**	5,873	2,142	36%
Total sales	**21,134**	22,825	-1,691	-7%
Gas energy				
Gas sales on the customer market	**3,287**	3,526	-239	-7%
Portfolio and compensation energy sales	**6,211**	9,149	-2,938	-32%
Trading	**846**	3,431	-2,585	-75%
Total sales	**10,345**	16,106	-5,762	-36%
Netting				
Electricity grid	**8,040**	8,248	-208	-3%
Gas network	**13,454**	14,770	-1,316	-9%
Heat				
Domestic heat sales	**1,440**	1,631	-191	-12%
Foreign heat sales	**547**	609	-62	-10%
Total sales	**1,987**	2,240	-253	-11%
Generation				
Electricity generation (including abroad)	**254**	278	-24	-9%

Electricity sales in the customer market increased compared with the previous year, with additional demand reflected above all in the onward distribution segment. The residential and small business segment was down in both electricity and gas energy in 2022, and was unable to match the previous year's level due to weather conditions. Gas sales in the customer market were also lower in the other segments.

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

Sales volumes in the electricity network were lower than in the previous year, in particular due to lower volumes among small-scale customers. The comparatively lower volume of sales in the gas network is attributable to fluctuations in industrial demand.

The lower level of heat sales results from different weather conditions compared to 2021.

The lower electricity generation from an annual perspective comes from the hydropower sector as a result of the lower water supply and lower electricity production in district heating.

- **Sales**

In our company's core business, we continue to face a competitive and volatile market environment – not least due to the pandemic, inflation and energy price crisis. 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 acquisition, investment and divestment of future-oriented companies with products and services related to energy was also pursued countercyclically during the crisis.
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. The price of electricity and gas is influenced here by demand, decentralised generation and the development of global fuel/CO_2 markets. Another important component of our satisfactory business performance 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.

- **Netting**

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 31,000 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 new determination of the electricity grid fees (grid usage and grid losses) resulted in an average change in the electricity grid fees of +9.6 percent for Energienetze Steiermark GmbH as of 1 January 2022, with average grid usage fees increasing by +8.1 percent and average grid loss fees by +36.3 percent.
The revision of the gas grid fees shows an average increase of 3.3 percent for Energienetze Steiermark GmbH as of 1 January 2022 with an average increase of 15.0 percent in grid level 2 and an average reduction of -2.3 percent in grid level 3.
In the electricity grid segment, grid sales volumes supplied from the electricity transmission grid amounted to 8,061 GWh in 2022, which is -205 GWh lower than the value of the previous year. This corresponds to a decrease of approximately -2.5 percent. The maximum grid load for 2022 was registered at 1,548 MW on 24 January 2022 and was thus +2.7 percent above the peak of 2021. In the gas segment, the distributed natural gas volume for downstream grid operators and end customers amounted to 13,970 GWh in the year under review. This was an increase of approximately around 1,981 GWh or approx. -12 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 2022. This was a hurricane on 18 August of the year under review that severely affected most of Styria. The general incidence of disruptions in the supply area of Energienetze Steiermark in the observation period 2022 was otherwise on a par with the average for the last few years.

- **Heating (excluding abroad)**

Overall, the weather in 2022 was slightly warmer than the long-term average. October in particular was one of the warmest months on record.
In 2022, district heating generation amounted to 1,456 GWh. Around 45.2 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 78.9 percent has already been achieved.
Despite the current high district heating prices, the networks of Energie Steiermark Wärme GmbH are also expected to see an increase in district heating sales in the next few years due to network densification and new connections, because alternative forms of heating (wood chips, pellets, electricity for heat pumps) have also become very expensive. The "Get out of oil & gas" campaign of the Federal Ministry for Climate Protection is making a major contribution to pushing district heating.

- **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 designs, builds and operates its own generation plants and, on the other, it concentrates on energy efficiency and innovations. Customers will benefit from services provided in the fields of hydropower, wind power, photovoltaic, innovative projects, and approval procedures.

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 (la bellenergie SAS and LBE Business 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 2022 financial year, Slovakia and the Czech Republic are forecast to grow by 1.9 percent and 2.5 percent, respectively. Expected growth in Slovenia is 6.2 percent. In Germany, the economy is expected to grow by 1.6 percent and in France by 2.6 percent.

Sustainability

Energie Steiermark summarises all measures in a sustainability report, which is published every two years – most recently in the reporting year. 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.
The company's internal sustainability management was taken to a new level in 2021, building on previous processes such as the materiality matrix or sustainability programme, and taking into account new political and legal framework conditions, social trends, market and demand-side drivers, and

opportunities and risks for business and investment activities to develop a Group-wide sustainability strategy. The sustainability strategy covers all domestic, fully consolidated Group companies, relates to the period under review up to 2030 and was drawn up in coordination with the Group strategy. The overriding strategic goal of Energie Steiermark is to achieve climate neutrality by 2040 at the latest, and even earlier in some areas. A holistic programme of measures comprising around 100 strategic/operational action initiatives was drawn up on the basis of the fields of action in the materiality matrix. Detailed descriptions of measures and activities with specific milestones and deadlines for implementation were drawn up for 55 high-priority sustainability measures. The year 2030 was selected as the period under review and the latest implementation date in line with the Group strategy.

Fig.: Key sustainability targets of Energie Steiermark

Erzeugung & Wärme GP/FW	Generation and heating GP/FW
660 GWh Wind 330 GWh PV 412 GWh Wasser Hocheff. Wärmeaufbringung Großraum Graz : 50% / 2027* Regionen: 80% / 2025** *EE, Abwärme **EE, Abwärme, KWK	660 GWh wind 330 GWh PV 412 GWh water High-efficiency heat generation Greater Graz area: 50% / 2027* Regions: 80% / 2025** *RE, waste heat **RE, waste heat, CHP
Netze & Technik EN/TK	Networks and technology EN/TK
Verkabelungsgrad: 75% (MSP) & 90% (NSP²)	Cabling density: 75% (MV) & 90% (LV²)

ASIDI (exkl. RAE³) 20,0 -20% Gasverbrauch zur Vorwärmung Anschlusskapazitäten EE +2.000 MW	ASIDI (excl. REE³) 20.0 –20% Gas consumption for preheating Connection capacities EE +2,000 MW
25 technische Lehrlinge p.a. 2020-2030 0 Vorfälle mit Personenschaden durch Anlagen der EN (jedes Jahr)	25 technical apprentices p.a. 2020-2030 0 Incidents involving personal injury caused by EN equipment (every year)
0 Verwaltungsübertretungen iSd. §159 GWG bzw. §99 ELWOG pro Jahr	0 administrative offences within the meaning of section GWG or section 99 ELWOG per year
Vertrieb & Handel KD/BT/ES	Distribution and trading KD/BT/ES
200.000 gesteuerte Ladevorgänge (2025) ca. 25.000 kWp Sun Complete & Sun Complete Business 78.000 kWp PV – Endkundenmarkt & Partnermodelle (E1)	200,000 managed charges (2025) approx. 25,000 kWp Sun Complete & Sun Complete Business 78,000 kWp PV – end customer market & partner models (E1)
Kundenzufriedenheit: 45 Touchpoint Net Promoter Score 35 Product Net Promoter Score 1,5 Customer Satisfaction Score 1,5 Customer Effort Score	Customer satisfaction: 45 touchpoints Net promoter score 35 products Net promoter score 1.5 customer satisfaction score 1.5 customer effort score
Innovation IN/NX	Innovation IN/NX
Klimaneutralität IN.NX im Zuge Pilotprojekt KLIMA METRIX (2022)	Climate neutrality IN.NX as part of pilot project KLIMA METRIX (2022)
Entwicklung IN.NX als Innovations HUB für Sustainability (2021)	Development of IN.NX as an innovation HUB for sustainability (2021)
Konzern	Group
≥ 380 Jobtickets (Stmk) 90% Beschaffungsvolumen aus AUT 100% alternativ betriebener Fuhrpark (2030) 1.300 Vereinbarungen Telearbeit (2022)	≥ 380 job tickets (Styria) 90% procurement volume from AUT 100% alternatively powered fleet (2030) 1,300 teleworking arrangements (2022)
≥ LTIFR[4] 25% Frauen in Führungspositionen 25,0 Relationship NPS[5] ≤ 1,92 MA-Zufriedenheit Top 3 Platz im Arbeitgeber-Rating p.a. (AUT-weit Branche & Stmk)	≥ LTIFR[4] 25% women in management positions 25.0 relationship NPS[5] ≤ 1.92 employee satisfaction Top three ranking in employer rating p.a. (AUT-wide industry and Styria)
0 Korruptionsfälle 0 Kartellrechtsverfahren 0 Datenschutzverletzungen* 100% positiv absolvierte Schulungen pro Jahr *meldepflichtig	0 corruption cases 0 antitrust proceedings 0 privacy violations* 100% training courses completed positively per year *notifiable
1 Mittelspannung 2 Niederspannung	1 Medium voltage 2 Low voltage

3 regional außergewöhnliche Ereignisse 4 Lost Time Injury Frequency Rate 5 Relationship Net Promoter Score	3 Regionally exceptional events 4 Lost time injury frequency rate 5 Relationship net promoter score

From the 2025 financial year onwards, the provisions of the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation will also be mandatory for the major companies in the Energie Steiermark Group. Energie Steiermark plans to make use of the exemption at the individual company level and to report only at Group level.
In the 2022 financial year, initial steps have already been taken in this regard to ensure timely implementation of the EU Taxonomy Regulation and, among other things, a pilot project on the classification of generation activities has been carried out. There are plans in the 2023 financial to roll out the classification to other economic activities.

Employees

Personnel management
Digital transformation, demographic conditions, climate change, and societal and global changes such as pandemics, war in Europe, and the associated intense dynamics in the energy industry are fundamentally influencing working and professional life and HR policy.
In these times of massive upheavals, it requires a flexible – but also long-term – strategy in human resources policy, with a focus on the leading green Styrian company and secure, attractive employer in the state. The implementation, further development and reorientation of strategic business processes requires the courage in all organizational units to make room for new perspectives and ways of thinking, to think outside the box and to engage in new and innovative ways. In the energy policy triangle of sustainability, competitiveness and security of supply, priorities in human resources management must also be constantly reset or changed.

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.
Since the beginning of the pandemic, a high degree of flexibility, understanding and loyalty has been demanded of our employees. Respect, appreciation and fairness are the pillars of a good working atmosphere and togetherness in order to shape the new challenges of the country's energy future in exciting fields of activity and innovative projects, even in difficult times.
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 at a steady and healthy pace 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 coronavirus pandemic has led to a general upheaval in the world of work. With the goal of not only reacting, but also acting, and subsequently creating new work models as well as new organisational structures adapted to the situation, the crisis became an opportunity to create new framework conditions in the company, to optimise work processes and to create higher employee satisfaction in the long term as well as secure an advantage over the competition.
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. Apart from the digitalisation of work practices, new requirements arose in particular with regard to networking, communication, self-organisation and resilience of employees.
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.
Valuable experience was gained from the coronavirus pandemic in every way. Although future events and developments cannot be predicted, this crisis has given us the opportunity to be better prepared for future challenges.

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.

Individual and very flexible flexitime and part-time models, which are offered in line with needs alongside statutory regulations, make it easier for young parents in particular to return to their working lives soon. This means that the close ties to the company are maintained and the ongoing digital and organisational changes in the individual areas can thus also be actively experienced.
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.
A competitive work environment also includes attractive remuneration and benefits. The remuneration of our employees is job-dependent and performance-oriented and is based on the respective activity, experience and qualification, irrespective of gender and origin.
The company’s ideas management system, which has been in place for many years, also offers lucrative bonuses to encourage employee creativity and ideas, and supports participation in suggestions for improvement, innovative input and efficiency enhancement measures in all areas of the company.
The company pension scheme in the form of a pension fund is another important component of the care provided for all employees as part of the overall remuneration and also contributes to the loyalty to the company.

High transparency of internal information
Ensuring end-to-end transparency with regard to all current issues and changes in the company is extremely important to management. These were made available to the entire workforce in a timely and comprehensive manner through ongoing information or corresponding video messages.

HR development and dynamic labour market
Demographic developments such as retirements, generational change or succession planning, and an increasing need for skilled workers for the energy transition in the company are coming up against a shortage of available people on the labour market, exacerbated by highly predatory competition. In these times, high levels of employer attractiveness for both potential and current employees is

considered a decisive competitive advantage in order to be able to secure the need for qualified employees in the long term despite increased challenges on the labour market.
All processes, activities and measures pay off in terms of strategic competence development and positioning as a top employer in the industry. In this context, employer evaluation platforms and positive testimonials from candidates and employees are becoming increasingly important.
In addition to strong positioning on the labour market and strategic cooperation for different target groups, comprehensive development opportunities and training programs within the company are crucial for employee loyalty and retention.
Key areas of responsibility for strategic HR development include employer branding and recruiting, diversity and corporate culture development, education and skills development. Effective personnel development is directly related to the development of corporate culture in order to strengthen the commitment and identification of employees in the long term.
With a focus on SDGs such as quality education, health and well-being, gender equity and fewer inequities, a holistic training and development offering is being created, ranging from specialised training, education and work methodology to targeted seminars to strengthen personal or social skills and comprehensive junior and executive programmes.
Dealing with complexity, flexibility, agility, goal orientation and positive leadership are essential competencies for mastering these challenges and successfully breaking new ground. The willingness to be a role model, to learn new things every day, 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 in this dynamic.
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 promoting female careers 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.
The employee interview as a central development tool accompanies employees and managers on the basis of the values and competence model. Every development measure agreed between managers and employees is intended to contribute to the successful implementation of the corporate strategy.
The HR development processes have been fully digitalised through the implementation and ongoing development of an integrated software solution for recruiting, learning management, employee appraisals and development goals. The associated transparency and traceability help foster impressions for applicants and employees along the entire employee lifecycle.

Focus on Young People

The current shortage of new skilled workers requires long-term strategic HR planning and safeguarding. Apprenticeship training at the most modern level in a wide variety of professions is becoming increasingly important and will continue to be pushed and constantly developed. 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.
With the start of apprenticeship in 2022, 29 apprentices started in six occupations at Energie Steiermark. We are thus continuing to focus on filling positions caused by retirements along with new innovative positions in the future with young specialists from our own apprenticeship training programme.
Training takes place in the first part of the apprenticeship period in the e-campus area. The basics are taught by competent instructors according to the respective job description using cutting-edge infrastructure. The specific individual requirements of management and departments are trained decentrally in the second part of the apprenticeship. The focus is on high-quality training for the challenges of an energy supplier and support in personal development.

In 2022, 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
- operational logistics worker

112 apprentices and young professionals were employed by the company as at 31 December 2022.

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 and their legal guardians. Direct contact with schools is being intensified on an ongoing basis. School visits by Energie Steiermark colleagues and company visits for school classes are intended to provide insights into working life and to facilitate or support decision-making.
The possibility of offering taster days to potential applicants is constantly being expanded in order to enable them to get to know the company and the tasks involved in the job. There are also plans to enter into a collaboration with the training centre for vocational orientation teachers.
Coronavirus-related training deficits after the end of compulsory schooling are compensated for by additional measures in the course of basic training in the first year of apprenticeship. Mathematics, German and English are also being offered at present. The digital competence of the young colleagues is promoted in cooperation with the IT department through hardware and software training.
By using the teleworking agreement during apprenticeship training, we offer an attractive opportunity to use digital communication from home for individual units.
In order to promote apprenticeships as a suitable entry into the world of work, Energie Steiermark has been a member of the "Zukunft Lehre Österreich" association since 2022. A platform for apprentice issues within the industry is also being established in a subgroup of the Austrian Energy HR Committee.
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

Energie Steiermark considers it a top priority to ensure the safety and health of its employees. In all areas of the company, this responsibility includes the promotion and protection of physical and mental

health, occupational safety and accident prevention, prevention and the promotion of personal responsibility.
A key issue in 2022 was the introduction of a comprehensive digital management system for health and safety that is uniform throughout the Group. This enables Energie Steiermark to provide safe and healthy workplaces, to prevent work-related injuries and illnesses, and to continuously and sustainably improve the safety performance and the mental and physical health performance of its employees. The digital implementation of clearly defined processes and uniform internal procedures enables legal and internal requirements to be rapidly implemented. Internal audits, regular walk-throughs and evaluation by senior management serve as a control system and evaluation of success with regard to the timeliness, effectiveness, appropriateness and further development of this tool.

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 regularly available for employees to provide competent support.
In order to prevent and reduce the number of occupational accidents, compliance with all legal and internal regulations is constantly monitored and, if necessary, adjusted accordingly. Any occupational accidents are recorded centrally, documented accordingly, analysed and subsequently evaluated. The result is measures to prevent hazards and accidents, such as additional instructions, training courses and classroom training, as well as virtual training via e-learning modules, throughout the entire Group.

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.

Photovoltaics
The PV ground-mounted system in Modriach has been feeding electrical energy into the grid since the end of March 2015, and a 4 x 200 kWp (800 kWp in total) rooftop system in Peggau since 2021. Furthermore, the decision was made to build a 16.1 MWp ground-mounted PV system in Bärnbach/Rosenstal and a 11 MWp ground-mounted PV system in Neudau together with project partners in a project company. Another 5 MWp PV ground-mounted plant in Gleinz in western Styria is currently under construction with project partners in a project company and is scheduled for commissioning in 2023.
In line with the Group’s strategy, the focus will continue to be on expanding the use of ground-mounted photovoltaic systems. Corresponding land will be secured and projects further developed, the Renewables Sectoral Programme, Focus Photovoltaics (SAPRO PV), should be available in the first quarter of 2023 and depending on this, further projects will be planned or implemented.

Branches

Energie Steiermark AG does not have any registered branches.

5 RISK MANAGEMENT

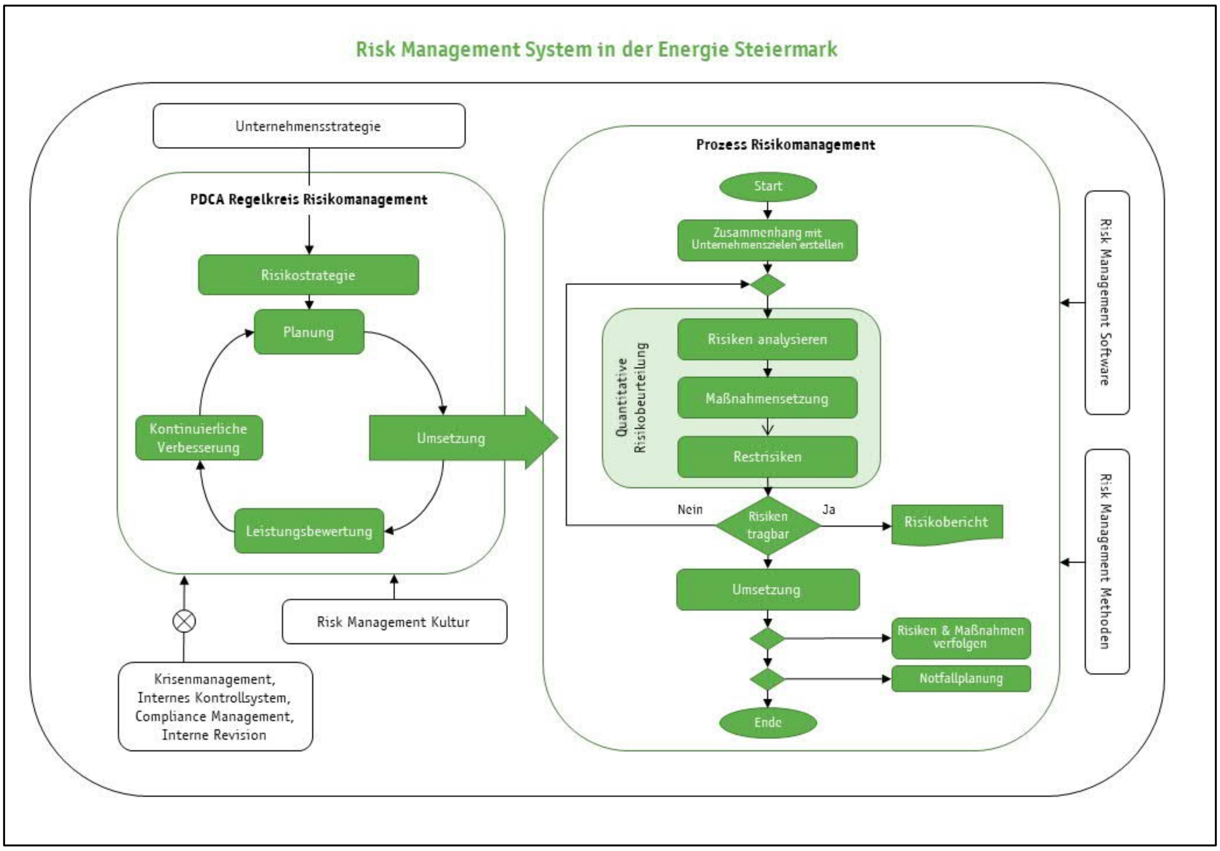
Risk management system and risk management process

On the basis of its mission statement and in line with its corporate strategy, Energie Steiermark pursues the goal of achieving a long-term increase in corporate value. The Group-wide sustainability strategy ensures that the areas of environment, social affairs and responsible corporate governance are dealt with in a sustainable manner. This sustainable 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.

The risk management system is implemented according to the norms and standards of ONR 49000 and ISO 31000, risk management for organisations and systems. All statutory requirements and Corporate Governance regulations are met in full.

The risk management system has been designed to take account of the core aspects of the COSO Enterprise Risk Management Framework 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.

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.



Risk management system and risk management process of Energie Steiermark in accordance with ISO 31000

Risk Management System in der Energie Steiermark	Risk Management System at Energie Steiermark
Unternehmensstrategie	Corporate strategy
PDCA Regelkreis Risikomanagement	PDCA control loop risk management
Risikostrategie	Risk Strategy
Planung	Planning
Umsetzung	Implementation
Leistungsbewertung	Performance evaluation
Kontinuierliche Verbesserung	Continuous improvement
Risk Management Kultur	Risk management culture
Krisenmanagement, Internes Kontrollsystem, Compliance Management, Interne Revision	Crisis management, internal control system, compliance management, internal audit
Prozess Risikomanagement	Process risk management
Start	Start
Zusammenhang mit Unternehmenszielen erstellen	Create context with business goals
Quantitative Risikobeurteilung	Quantitative risk assessment
Risiken analysieren	Analyse risks
Maßnahmensetzung	Set measures
Restrisiken	Residual risks
Nein	No
Ja	Yes
Risiken tragbar	Risks acceptable
Risikobericht	Risk report
Umsetzung	Implementation
Risiken & Maßnahmen verfolgen	Follow risks and measures
Notfallplanung	Emergency planning
Ende	End
Riks Management Software	Risk management software
Risk Management Methoden	Risk management methods

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.

Risk Portfolio

Energie Steiermark has mapped all 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, CO_2	Customer market risks	Subsidies for renewables	Weather, 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	Transformation risks	Environmental risks	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 sustainable energy service provider

Based on this structured risk inventory it is possible to efficiently and effectively manage the risk positions of the business areas as well as the overall risk position of Energie Steiermark.

Major risk clusters in the 2022 financial year

The repercussions of the global coronavirus crisis combined with a tense situation on the energy markets as a result of the Russian war of aggression in Ukraine 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. In the 2022 financial year, despite these difficult external conditions, Energie Steiermark was always able to maintain energy supply and grid operations at the usual high level in its role as a systemically important company and as an operator of critical infrastructure, and to continue to conduct its core business activities. This sustainability of the company is due to a high degree of organisation across the most essential areas and will continue to be expanded. The lessons learned from this crisis are being fed back into normal operations and will help to master further crises with similar economic success.

For the next few years, Energie Steiermark also sees the risk of overall economic development being sluggish. An energy markets task force was set up to develop and initiate options for action which guarantee the best chances of generating the planned results for the Group. By actively shaping the future, the measures introduced will lead to an improved earnings situation with reduced and sustainably bearable risk in the energy business, and the achievement of the medium-term planning is guaranteed with a higher probability.

Against the background of this uncertain development of the economic environment, the following key risk issues are presented in this management report.

Strategic Company Risks
Strategic risks such as the aftermath of the coronavirus crisis, the uncertain recovery of economic demand, supply chain restrictions and disruptions on the international and European energy markets, new economic trends, changes in public opinion, changes in the regulatory framework and market rules, medium- and long-term technology risks, the effects of climate change and the need for major price increases on the customer market all affect the medium-term development of the company and are managed in a structured strategy process including a future radar and the business area strategies derived from it for the subsidiaries. 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.

Energy prices secured in line with proven sales and generation strategy
In the year under review, the indirect consequences of the global coronavirus crisis and the Russian war of aggression, combined with the continuing tense situation on the energy markets, led to increases in energy prices on the wholesale markets to a historic all-time high. In order to guarantee the implementation of the proven strategy for raising sales volumes, even in a market environment characterised by peak prices and volatility, and in order to effectively counter all risks arising from the energy market, the energy markets task force has drawn up and implemented a package of risk management measures that will safeguard the earnings level and value of Energie Steiermark in the medium term. This involved managing the overall sales volumes in order to achieve the goal of a customer portfolio of a risk-adequate size with appropriate risk/earnings ratios in all customer segments. A key measure that has been implemented is the strict review and reinsurance of all customer portfolios in line with sales planning, which has hedged the price risk in line with the collection strategy. The consequences of this risk-averse price hedging for customers in an environment of extremely sharp rises and volatile market prices on the liquidity requirements for corresponding security deposits on energy exchanges were taken into account at an early stage and monitored and managed within a sufficiently large liquidity framework. For subsequent periods, the reinsurance of customer portfolios was reviewed to ensure coverage exclusively in line with the sales strategy or sales planning. In particular, this sales strategy provides for or has already implemented the necessary price adjustments to secure the planned contribution margins in the areas of electricity, gas and district heating. On the sales side, Energie Steiermark passed on the purchase price increase to the smallest extent necessary and, as an accompanying measure, set up a hardship fund for people affected by energy poverty. Energie Steiermark generally continues 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 longer period of time.

Market Risks
On the customer market, increased competition in the energy market from additional market participants generally 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. The distortions on the energy market, in particular the high short-term purchase prices, led to a significant number of risk-averse new suppliers being removed from the market in the reporting period.

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 renewable energies, 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.

Market shares in the business-to-consumer (B2C) segment for electricity and gas

Due to the good purchasing strategy and the strongly smoothed purchase prices for energy, Energie Steiermark can continue to offer attractive tariffs for existing customers against the background of the large price increases on the customer market. The limited amount of energy already purchased means that no new customers will be accepted. Ongoing retail market monitoring and the continuation of the successful purchasing strategy will enable market share to be maintained at a high level or expanded by means of modern sales activities with attractive, customer-oriented and competitive energy products and services, as well as increased digital sales.

Default risks insured

In the B2C area, known non-payment risks are taken into account by means of specific valuation allowances of a low and stable nature. The default risk for business customers is managed in a risk-averse manner by means of credit default insurance for the largest B2B customers and is monitored and adjusted on an ongoing basis in terms of sales volume and creditworthiness. The residual risks of customer payment defaults are to be assessed as self-sustainable in relation to the customer portfolio of the sales organisation.

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 Energie Steiermark is minimised, even under the more difficult framework conditions in the tense energy markets.

Liquidity risk covered to a high degree of security

The liquidity requirement for collateral deposits on energy exchanges must be guaranteed to a high degree due to the distortions on the energy market and the extreme price jumps on the energy exchanges. This liquidity requirement is consistently monitored, reported and managed in a risk-averse manner within a robust liquidity framework and with a high degree of security.

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 costs within the applicable ECA regulatory system for network.

Event risks insured
Appropriate adjustments to insurance were made for the grid segment and plant segment on the basis of quantitative risk analyses for event risks with significant negative effects. Optimum business continuity management of unavoidable event risks from damage limitation to return to regular operations is ensured by an established Group-wide crisis management system.

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 aftermath of the coronavirus crisis, combined with the war-related dislocations in the energy market, led to rapid increases in energy prices on wholesale markets to an all-time high, resulting in an increased risk of valuation measures in the energy business.

The measures drawn up as part of the energy markets task force with regard to managing overall sales volumes in order to achieve a customer portfolio of a risk-adequate size with appropriate risk/earnings ratios in all customer segments makes a significant contribution to safeguarding the value of the energy sales companies.

Another measure to safeguard the value of the subsidiaries is the Fit-4-Future efficiency and growth programme 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 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. In addition, a review of triggering events for all potential impairments is performed on a regular basis.

Support Process Risks
The various operational risks of the centralised support processes and shared services in the areas of strategy and investment management, 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 COVID-19 pandemic, the option of working from home has been established and proven. Thanks to the successfully expanded IT infrastructure base 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 established information security management system (ISMS). IT operations and all IT risks relating to the availability, confidentiality and integrity of IT systems and data are managed as part of the information security management system (ISMS). Technical and organisational measures are implemented in accordance with the state of the art to minimise risks. The ISMS is certified in accordance with ISO 27001 and is audited internally and recertified externally on an annual basis.

Risks in the Business Environment
In the grid company, the risk of fluctuations in grid sales volumes is fully taken into account by the regulatory account and compensated for in full. For ensuring optimal supply security for our customers, grid companies actively co-design the medium-term development of the grid tariffs as well as new strategic 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. The economic recovery following the COVID-19 pandemic is having a positive impact on grid volumes. The risk of potential payment defaults by industrial and commercial customers remains elevated. Provisions are adjusted to the maximum extent possible to cover this external risk.

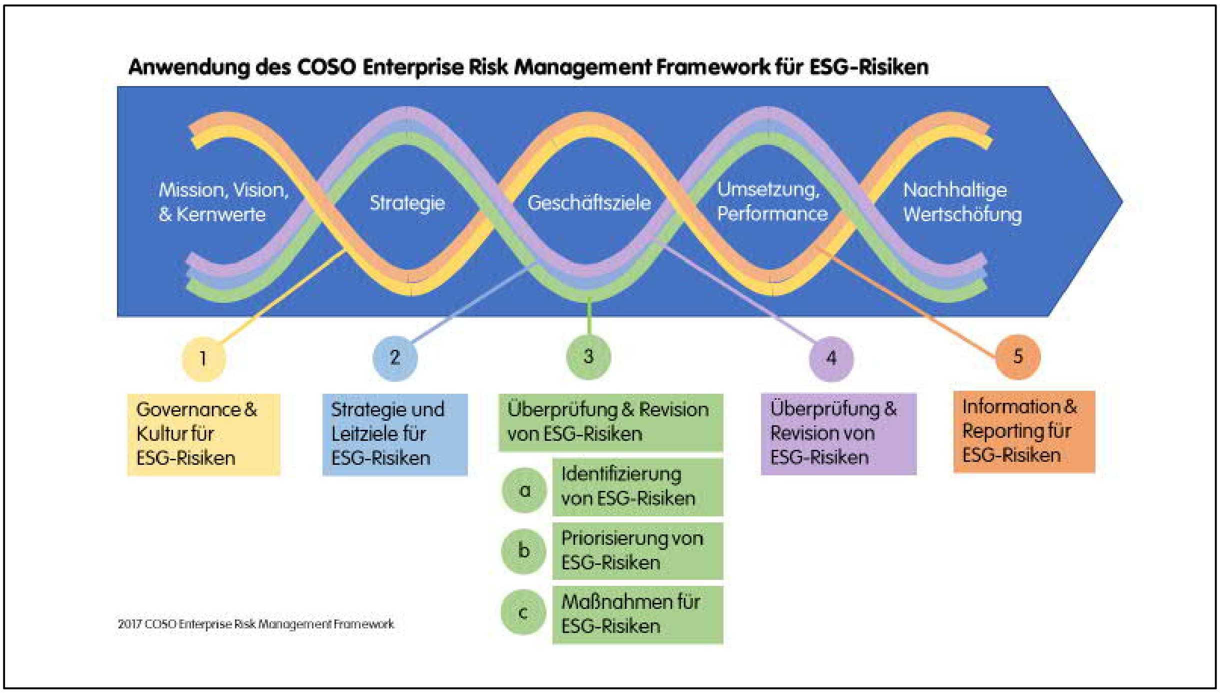
The orderly operation of the electricity network and the gas network was maintained without restriction during the historic upheavals on the energy market.

Mandatory Project Risk Management for Investment Projects
As part of its corporate and sustainability 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.

Sustainability strategy and risk management

Energie Steiermark's sustainability strategy includes the overarching guiding goal of climate neutrality by 2040, to which all business area strategies are aligned. These include ambitious expansion targets for renewable energy generation from hydropower, wind power, photovoltaics, and the necessary expansion of the grid infrastructure to integrate renewables by 2030.

The consistent alignment to sustainability criteria (ESG, Environmental, Social, Governance) requires a consistent integration of sustainability issues into the company-wide risk management. In the reporting year, the basis for the presentation of sustainability risks was developed in the risk management system. According to the established COSO ERM methodology, sustainability opportunities and risks represent uncertain future developments with potential impact on business objectives and are identified, considered and managed on an integrated basis in the company-wide risk management system as ESG opportunities and risks on an annual basis. From the perspective of sustainable business development, it is emphasised that considering the positive as well as negative aspects of sustainability issues promotes the identification of sustainability trends, which can lead to new promising sustainable business opportunities.



Sustainability risks in the risk management system according to COSO Enterprise Risk Management

Anwendung des COSO Enterprise Risk Management Framework für ESG-Risiken	Application of the COSO Enterprise Risk Management Framework for ESG risks
Mission, Vision & Kernwerte	Mission, vision and core values
Strategie	Strategy
Geschäftsziele	Business objectives
Umsetzung, Performance	Implementation, performance
Nachhaltige Wertschöpfung	Sustainable value creation
Governance & Kultur für ESG-Risiken	Governance and culture for ESG risks
Strategie und Leitziele für ESG-Risiken	Strategy and guiding objectives for ESG risks
Überprüfung & Revision von ESG-Risiken	Review and revision of ESG risks
Identifizierung von ESG-Risiken	Identification of ESG risks
Priorisierung von ESG-Risiken	Prioritisation of ESG risks
Maßnahmen für ESG-Risiken	Measures for ESG risks
Überprüfung & Revision von ESG-Risiken	Review and revision of ESG risks
Information & Reporting für ESG-Risiken	Information and reporting for ESG risks
2017 COSO Enterprise Risk Management Framework	2017 COSO Enterprise Risk Management Framework

Overall Risk Position and Assessment

In order to outline quantitative evaluations of circumstances carrying some degree of risk and to prioritise measures from the perspective of a cost/benefit analysis, risk data must be correctly quantified and collected in a risk management system. Based on an objective assessment of the main opportunity and risk positions, we act in a strategically risk-averse manner, while at the same time seizing opportunities from the current drivers of sustainable value-creating corporate development.

The risk environment of Energie Steiermark is currently characterised by significant uncertainties, unknown factors and change trends that are difficult to assess. The economic effects of the coronavirus crisis are lingering, the war in Ukraine is causing massive disruptions on the energy markets, and the uncertain economic development will continue 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 an increase in energy consumption (among other things due to the long-term trends in e-mobility, digitalisation and electrification), energy prices must be 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 a central 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 generation on the basis of energy efficiency and renewable energies.

By developing and presenting risk and opportunity information in a structured manner, Risk Management supports Energie Steiermark in its objective by improving its decision-making ability to further develop 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 energy transition in both a sustainable and economically viable way.

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. With respect to the company's equity, the occurrence of the total value-at-risk value would have only a minor effect on the equity ratio, which means that the total risk position of Energie Steiermark is to be considered as acceptable in any case.

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

R&D coordination
The Group-wide R&D portfolio for 2022 comprises approximately 40 R&D projects and collaborations (of which 28 are funded R&D projects) with a total expenditure of EUR 0.83 million (excl. renewable gasfield investments). In addition, central R&D services such as process management and statistics/reports as well as the management and coordination of R&D projects in the holding company are also handled by the Innovation staff unit.

Green Energy Lab research initiative:
Energie Steiermark AG is a founding member of the Green Energy Lab research initiative (association based in Vienna) www.greenenergylab.at. The Green Energy Lab (GEL) is an innovation laboratory for green energy technologies and forms an important bridge from R&D to innovation or accompanies the market launch of new products and services from research projects.
After the fourth and final funding call, the GEL portfolio comprises about 50 R&D projects with a volume > EUR 150 million. The following projects are being carried out with the participation of Energie Steiermark AG as a consortium partner or were completed in 2022:

- 2nd Life Batteries (https://greenenergylab.at/projects/secondlife-batteries/)
- Car2Flex – smart optimisation of tomorrow's e-mobility (https://greenenergylab.at/projects/car2flex/)
- Energy cell Johann - newly developed H2 technology for seasonal energy storage (https://greenenergylab.at/projects/energiezelle-johann/)
- FlexModul - thermal battery for solar energy (https://greenenergylab.at/projects/flexmodul/)
- SEP2 – Spatial energy planning part 2 (https://greenenergylab.at/projects/spatial-energy-planning-ii/)
- ThermaFLEX – The pilot project to develop tomorrow's district heating network (https://greenenergylab.at/projects/thermaflex/)
- UserGRIDs – Digital energy services to reduce CO_2 emissions on a university campus (https://greenenergylab.at/projects/nutzungszentrierte-planung-und-regelung-komplexer-nachhaltiger-quartiers-energiesysteme/)

In addition to free services, the Green Energy Lab also offers customer-oriented service packages and premium services, thus supporting the optimum transfer of R&D results to the market.

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

Trends frühzeitig erkennen	Recognise trends early on

Innovationsprojekte entwickeln	Develop innovation projects
Lösungen für die Markteinführung vorbereiten	Prepare solutions for market launch

R&D partnerships / cooperations
With its Next Incubator, the innovation area also offers partnerships on the topic of sustainability for interested individuals and organisations – from the R&D area, these include Joanneum Research LIFE, University of Graz / Wegener Center and Fraunhofer ISI (DE).

Innovative technology and network projects
Energie Steiermark is currently implementing the Clue, Holzmast Natur, renewable gasfield, Flygrid and NECST projects in its Product Development and New Services division in order to develop new business areas and customer projects together with Energie Steiermark Technik GmbH, Energienetze Steiermark GmbH and Energie Steiermark Kunden GmbH.

The Clue project aims to develop an innovative grid-serving, long-term self-sufficient, local energy community. This means that, for energy storage, two storage systems (battery and hydrogen storage) are coupled for short- and long-term storage. In the field test in Gasen, the storage facilities will be controlled in accordance with the agreed specifications, both for the grid and for the customer. The hydrogen storage facility is currently under review and is expected to be installed and integrated into the project next year in addition to the battery storage facility already installed in Gasen.

The aim of the Wooden Mast Nature project is to develop a wooden mast protection system that is as natural as possible and made of environmentally friendly, regional products. In a first step, different wood species (e.g. spruce or pine) with different wood moisture content were selected and coated with an environmentally friendly resin-fibre mixture. In a second project phase, the coated woods are to be examined and evaluated under real conditions with regard to various criteria such as rot, fungal attack, etc. in a field trial.

The renewable gasfield subproject is being implemented in the WIVA P&G showcase region. In this project, the holistic power-to-gas approach is implemented from hydrogen production from electrolysis with electricity from local renewable energy sources to a novel flexibly controllable methanation plant including feed-in to the natural gas grid. The versatile plant concept includes the storage, distribution and use of green hydrogen as well as the production of synthetic methane. Major plant components include an 850 KW photovoltaic system, a 1 MW electrolyser, a methanation system, and a trailer filling system. Following the conclusion of a supply contract with Wolfram Bergbau und Hütten AG at the end of May 2021, it was possible to commission all the main trades for AWS mining on schedule. Construction was scheduled to start in March 2022 once the official permits had been obtained. Test operations for the methanation plant and biomethane feed are running successfully, and the electrolysis plant will go into full operation in early 2023.

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 at the start of 2023.

In the NECST (Next Generation Emission-Reduced Charging System Technology) project, a demonstration plant is to be implemented in which waste heat from charging stations flows via suitable heat exchangers to a specially designed heat pump. This eliminates the fan and thus the acoustic disturbance in the vicinity of the charging pole. By raising the temperatures by means of a (quasi) silent heat pump, the energy is provided accordingly for hot water preparation and building heating. The heat exchange to the selected consumer takes place via a local heating network, resulting in significant savings for the consumer in its primary heating energy demand. By utilising this previously unused waste heat, CO_2 savings are achieved in the stationary heating systems, contributing to climate neutrality. Important results should be the thermal potential and the derived economic efficiency as well as reductions of CO_2 and acoustic emissions. (Construction) technical hurdles as well as a retrofit solution for existing e-fuelling stations will also be highlighted.

7 PROJECTIONS AND FUTURE OUTLOOK

The expansion of the global economy is currently being held back by the ongoing war in Ukraine and the increased rise in inflation as well as high uncertainty. The forecast is still subject to risks of a downturn in the global economy. The development is mainly dependent on the security of electricity and gas supplies, the development of energy prices and inflation. This means that if gas supply is reduced, economic output could decline. Inflation-related income losses subsequently lead to consumer restraint and a reduction in the savings rate as well as a decline in the propensity of companies to invest.

The immediate business environment of Energie Steiermark is currently characterised by unprecedented volatility in energy prices, substantial uncertainties in the European energy supply and high inflation rates coupled with uncertain economic indicators.

The high demand for individual energy solutions (especially for photovoltaics and energy storage) supports the ongoing renewable electrification and decarbonisation. At the same time, factors such as delivery problems and shortages of skilled workers are leading to increased waiting times for customers. Residential, commercial and industrial customers are also becoming increasingly reluctant to sign energy supply contracts.

Future developments in energy prices, the supply situation and legal and regulatory requirements will continue to be monitored closely and with a high degree of attention and will be incorporated accordingly into the Group’s strategic assessments.

Despite all the uncertainties mentioned, however, Energie Steiermark has set itself the clear goal of continuing to push ahead with the phase-out of fossil fuels and thus reducing its dependence on energy imports as quickly as possible. In the energy transition, Energie Steiermark is therefore focusing on sun, wind, water and biomass as the energy sources of the future. At the same time, Energie Steiermark is pushing ahead with the expansion of the grid infrastructure. Further investments are being made in digitalisation and in innovations such as green hydrogen and the decarbonisation of the heat supply.

Investments in these areas will therefore be continued and implemented as planned, irrespective of current economic and energy developments. On the one hand, this strengthens Energie Steiermark’s position as a reliable infrastructure operator for its customers and for Styria as a business location. On the other hand, the investments are also part of the strategy to reduce dependence on international markets.

Graz, 17 February 2023

The Managing Board:

Dipl.-Ing. Christian Purrer

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DEZEMBER 2022
ACCORDING TO IFRS

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CONSOLIDATED PROFIT AND LOSS STATEMENT

	Notes	2022 K€	2021 K€
Sales revenues	**(1)**	**2,616,485**	**1,807,162**
Changes in inventories and own work capitalised	**(2)**	34,477	32,907
Other operating income	**(3)**	13,415	11,210
Cost of material and other purchased manufacturing services	**(4)**	-2,147,100	-1,442,425
Staff expenses	**(5)**	-186,065	-174,280
Amortisation and expenses from impairments of intangible assets and depreciation of tangible assets	**(6)**	-124,929	-112,886
Other operating expenses	**(7)**	-103,097	-91,109
Operating result		**103,185**	**30,578**
Other results from shareholdings	**(8)**	32,022	25,840
Financial income	**(9)**	3,232	2,111
Financial expenses	**(9)**	-17,598	-11,860
Financial result		**17,655**	**16,091**
Result from shares held in associated companies	**(10)**	-14,344	10,165
Earnings before taxes		**106,496**	**56,834**
Income taxes	**(11)**	-34,614	-8,934
Consolidated net income		**71,882**	**47,900**
Of which:			
shareholders of the parent company		71,099	46,608
non-controlling interests		783	1,291
		71,882	**47,900**

CONSOLIDATEDOTHER COMPREHENSIVE INCOME

	2022 K€	2021 K€
Consolidated net income	**71,882**	**47,900**
Items that will not be reclassified ("recycled") subsequently to the Profit and Loss Statement		
Revaluation of net debt from defined benefit obligations	37,672	1,011
Net change in the fair value of investments measured at fair value through equity	710,735	91,678
Other results from investments accounted for using the equity method (revaluation of net debt from defined benefit obligations)	7,050	351
Sum of items that will not be subsequently reclassified (recycled) to the Profit and Loss Statement	**755,458**	**93,040**
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	-208,419	982,904
Realisation affecting income	-138,173	-29,817
Exchange rate differences resulting from the conversion of foreign businesses		
Change not affecting the result	164	317
Realisation affecting income	0	0
Sum of items that will be reclassified (“recycled”) subsequently to the Profit and Loss Statement	**-346,428**	**953,404**
Other income and earnings before taxes on income	**409,030**	**1,046,445**
Taxes on income that will not be subsequently reclassified (recycled) to the Profit and Loss Statement	-162,926	-23,172
Taxes on income that will be subsequently reclassified (recycled) to the Profit and Loss Statement	99,918	-238,272
Other income and earnings after taxes on income	**346,022**	**785,001**
Total consolidated net income	**417,904**	**832,901**
Of which:		
shareholders of the parent company	417,039	831,454
non-controlling interests	864	1,447
	417,904	**832,901**

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 1.1.2021	**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	0	0	-50,000	0	-50,000	-1,123	-51,123
Consolidated comprehensive income	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 comprehensive income	0	0	0	784,845	784,845	156	785,001
Foreign currency translation	*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 profit or loss	*0*	*0*	*0*	*91,678*	*91,678*	*0*	*91,678*
Change in financial assets Financial assets	*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**

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 1.1.2022	**100,000**	**613,178**	**440,280**	**1,091,929**	**2,245,387**	**17,295**	**2,262,682**
Total of transactions with owners, recognised directly in equity	0	0	-47,983	0	-47,983	-1,089	-49,072
Changes in the scope of consolidation	0	0	17	0	17	-42	-25
Capital increase	0	0	0	0	0	280	280
Dividends	0	0	-48,000	0	-48,000	-1,327	-49,327
Consolidated comprehensive income	0	0	71,099	345,941	417,039	864	417,904
Net income for the year	0	0	71,099	0	71,099	783	71,882
Other comprehensive income	0	0	0	345,941	345,941	81	346,022
Foreign currency translation	*0*	*0*	*0*	*84*	*84*	*81*	*164*
Actuarial gains/losses	*0*	*0*	*0*	*37,672*	*37,672*	*0*	*37,672*
Change in hedging instruments	*0*	*0*	*0*	*-346,592*	*-346,592*	*0*	*-346,592*
Change in investments measured at fair value through profit or loss	*0*	*0*	*0*	*710,735*	*710,735*	*0*	*710,735*
Change in financial assets Financial assets	*0*	*0*	*0*	*7,050*	*7,050*	*0*	*7,050*
Taxes offset directly against equity	*0*	*0*	*0*	*-63,008*	*-63,008*	*0*	*-63,008*
Status as at 31.12.2022	**100,000**	**613,178**	**463,396**	**1,437,869**	**2,614,443**	**17,070**	**2,631,514**

CONSOLIDATED BALANCE SHEET

	Notes	31/12/2022 K€	31.12.2021 [1] K€
ASSETS			
Non-current assets			
Intangible assets	**(12)**	111,595	114,495
Property, plant and equipment	**(13)**	1,697,094	1,595,332
Financial investments recognised at equity	**(14)**	128,327	137,831
Financial assets	**(15)(33)**	1,702,081	1,025,878
Receivables and other assets	**(17)(33)**	5,169	2,565
Deferred tax assets	**(11)**	23,392	36,275
		3,667,658	**2,912,377**
Current assets			
Inventories	**(18)**	229,438	39,570
Contract assets	**(1)**	3,370	2,870
Financial assets	**(16)(33)**	568,479	869,902
Receivables and other assets	**(17)(33)**	799,931	709,958
Cash and cash equivalents	**(19)(33)**	111,057	200,412
		1,712,275	**1,822,712**
Total assets		**5,379,933**	**4,735,090**

[1] The comparative information was adjusted retrospectively in line with IAS 8 (see Notes (2) "Basis of Preparation").

	Notes	31/12/2022 K€	31.12.2021 [1] 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)**	463,396	440,280
Accumulated changes not affecting earnings	**(23)**	1,437,869	1,091,929
		2,614,443	**2,245,387**
Non-controlling interests	**(24)**	**17,070**	**17,295**
Total equity		**2,631,514**	**2,62,682**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	**(25)(33)**	492,036	429,625
Non-current provisions and accruals	**(26)**	217,456	267,459
Deferred tax liabilities	**(11)**	455,579	398,905
Construction subsidies	**(28)**	230,560	216,733
Other non-current liabilities	**(31)(33)**	188,116	135,103
		1,583,748	**1,447,826**
Current liabilities			
Current financial liabilities	**(25)(33)**	35,598	129,364
Current provisions and accruals	**(27)**	66,643	71,917
Trade accounts payable	**(29)(33)**	260,643	301,745
Income tax liabilities	**(30)**	25,452	3,835
Contract liabilities	**(1)**	1,245	1,110
Other current liabilities and accruals/deferrals	**(32)(33)**	775,092	516,611
		1,164,672	**1,024,582**
Total liabilities		**2,748,419**	**2,407,407**
Total equity and liabilities		**5,379,933**	**4,735,090**

[1] The comparative information was adjusted retrospectively in line with IAS 8 (see Notes (2) "Basis of Preparation").

CONSOLIDATED CASH FLOW STATEMENT

		2022 K€	2021 [1] K€
	Net cash flow from ongoing operating activities		
	Earnings before taxes	106,496	56,834
+	Depreciation (- appreciation) of intangible assets and Property, plant and equipment	124,781	112,855
-	Unrealised gains (+ losses) from financial assets and Liabilities	5,193	-438
-	Reversal of building cost and investment subsidies	-19,892	-18,711
-	Gains (+ losses) from the disposal of non-current assets	-784	460
±	Pro rata results exceeding distribution recognised at equity (incl. impairment losses)	17,384	-8,724
-	Change in non-current provisions and accruals	-12,331	-14,666
±	Interest result recognised in profit or loss	6,185	6,177
-	Income from financial investments recognised in profit or loss	-35,740	-25,836
±	Other non-cash expenses/income	-69	-64
	Net cash flow from the result	**191,223**	**107,887**
-	Increase (+ decrease) from inventories incl. payments made on account	-184,361	-20,249
+	Increase (- decrease) from payments received on account	936	-235
-	Increase (+ decrease) from receivables and other assets	311,670	117,354
+	Increase (- decrease) from current provisions and accrued Liabilities	-5,274	18,682
+	Increase (- decrease) from trade accounts payable and other liabilities	-159,741	-20,759
	Cash flow from ongoing operating activities	**154,453**	**202,681**
-	Interest paid	-9,412	-8,077
-	Taxes on income paid	-4,689	-9,526
	Net cash flow from ongoing operating activities	**140,352**	**185,078**

[1] The comparative information was adjusted retrospectively in line with IAS 8 (see Notes (2) "Basis of Preparation").

		2022 K€	2021 [1] K€
	Net cash flow resulting from investment activities		
+	Payments received from the disposal of intangible assets and tangible assets	2,802	4,845
+	Payments received from the disposal of financial assets	1,991	2,504
+	Payments from building cost and investment subsidies	35,579	34,627
-	Payments made for investments in intangible assets and Property, plant and equipment	-221,402	-174,051
-	Payments made for investments in financial assets	-2,665	-1,086
+	Payments received from the disposal of business units	14	0
-	Payments made for the acquisition of business units less liquid assets acquired	-124	-11,222
+	Interest received	2,689	2,032
+	Dividends received	35,740	25,836
	Net cash flow resulting from investment activities	**-145,376**	**-116,515**
	Net cash flow resulting from financing activities		
+	Payments received from shareholder grants	280	280
-	Distribution to shareholders (profit distribution)	-48,000	-50,000
-	Distribution to non-controlling interests	-1,327	-1,123
+	Raising of bonds, loans and credits	85,608	101,817
-	Repayment of bonds, loans and credits	-118,220	-26,195
-	Repayment of lease liabilities	-2,724	-2,426
	Net cash flow resulting from financing activities	**-84,384**	**22,353**
	Cash flow		
±	Net cash flow from ongoing operating activities	140,352	185,078
±	Net cash flow resulting from investment activities	-145,376	-116,515
±	Net cash flow resulting from financing activities	-84,384	22,353
	Cash-effective net change in cash and cash equivalents	**-89,408**	**90,915**
±	Exchange rate related and other value changes to cash and cash equivalents	53	70
+	Cash and cash equivalents at the start of the period	200,412	109,426
	Cash and cash equivalents at the end of the period	**111,057**	**200,412**

[1] The comparative information was adjusted retrospectively in line with IAS 8 (see Notes (2) "Basis of Preparation").

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.

2 BASIS OF PREPARATION

The Consolidated Financial Statements of Energie Steiermark for the year ending 31 December 2022 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 2022.

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 2021 financial year.

The following revised IFRS/IFRIC were applied obligatorily in the 2022 financial year, in addition to the standards and interpretations which needed to be applied as of 31 December 2021:

Amended standards and interpretations applied obligatorily for the first time in the 2022 financial year

Amended standards/interpretations		applicable from [1]
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
Improvements to IFRSs	Amendments within the framework of "Annual Improvements" – improvements of the International Financial Reporting Standards (2018- 2020)	1 January 2022

[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 **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.

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)**.

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 2022 financial year, see Note 10 "Significant Accounting Methods".

Effects of the amendments pursuant to IAS 8

The following changes were made in accordance with IAS 8:

Current market price developments mean that the adoption of net recognition, i.e. **netting of the positive and negative fair value measurements of the futures with the hedging services as well as netting of the positive and negative fair value measurements of the forwards,** was re-evaluated.

The collateral deposited for the trading activities of electricity, gas and emission certificates (initial margin, i.e. the basic collateral at the opening of the transaction, and variation margin, which is determined on the basis of daily fluctuations in value) as well as the fair value measurement of the futures were previously reported gross on the balance sheet.

According to IAS 32.42 to .50, offsetting of financial assets and liabilities must be performed if, but only if, the entity has an unconditional legal right at the present time, not dependent on a future event and enforceable, to set off these amounts and thus to receive a net payment (IAS 32.42 et seq). A reassessment of the facts has shown that the legal claim exists in the ordinary course of business, in the event of default and also in the event of insolvency or bankruptcy (IAS 32.A38A et seq). Settlement is also already performed on a net basis.

As the criteria for offsetting in accordance with IAS 32.42 et seq. are considered to be met from the Group's perspective, receivables and liabilities for hedging services of futures as well as fair value measurements of futures are offset across different maturities and exchanges or clearing houses. However, only the variation margin for offsetting changes in the fair value of derivatives is included in the netting, and not the initial margin, as this is general basic collateral for opening transactions.

The fair value measurements of the forwards were previously presented in the balance sheet on a net basis, differentiated between contracts measured at fair value through other comprehensive income (OCI) and those measured at fair value through profit and loss. The fair values of these respective contracts were netted at the annual level. After reassessing the EFET master agreements, the fair value measurements of forwards based on EFET master agreements are netted for the respective settlement month, in each case separately for the relevant counterparties with whom such agreements have been concluded, due to the existing legal claim and the intention to net settlement. No distinction will be made in the offsetting of contracts according to the type of valuation (income statement, other comprehensive income) from now on.

In the case of **emission allowances held for trading purposes**, the exemption for raw material and commodity traders (brokerage exemption) in accordance with IAS 2 was applied up to now. This was previously presented in the items "Financial assets" and "Receivables and other assets" rather than in inventories.

The previously insufficient offsetting in accordance with IAS 32 and the incorrect reporting of emission certificates held for trading purposes were adjusted retrospectively. This resulted in adjustments to the figures reported in the previous year. All comparative values in these Consolidated Financial Statements as well as in the Notes were adjusted accordingly.

The adjustments only have an impact on the Group's balance sheet and cash flow statement. The presentation of a balance sheet as of 1 January 2021 is not necessary, as the corresponding effects were of minor significance as of this date.

The following table summarises the effects of the amendments on the Group's balance sheet in accordance with IAS 8:

Consolidated Balance Sheet

K€	31/12/2021 (As previously reported)	Netting pursuant to IAS 32	Emission certificates	31/12/2021 (adjusted)
ASSETS				
Non-current assets				
Intangible assets	114,495	0	0	114,495
Property, plant and equipment	1,595,332	0	0	1,595,332
Financial investments recognised at equity	137,831	0	0	137,831
Financial assets	1,132,999	-107,121		1,025,878
Other	38,841	0	0	38,841
	3,019,499	**-107,121**	**0**	**2,912,377**
Current assets				
Inventories	14,159	0	25,411	39,570
Contract assets	2,870	0	0	2,870
Financial assets	1,191,934	-304,196	-17,836	869,902
Receivables and other assets	773,347	-55,814	-7,575	709,958
Cash and cash equivalents	200,412	0	0	200,412
	2,182,722	**-360,010**	**0**	**1,822,712**
Total assets	**5, 202, 221**	**-467,131**	**0**	**4,735,090**
EQUITY				
Capital and reserves attributable to the shareholders of the parent company				
Other	713,178	0	0	713,178
Accumulated results	440,280	0	0	440,280
Accumulated changes not affecting earnings	1,091,929	0	0	1,091,929
	2,245,387	**0**	**0**	**2,245,387**
Non-controlling interests	17,295	0	0	17,295
Total equity	**2,62,682**	**0**	**0**	**2,62,682**
LIABILITIES				
Non-current liabilities				
Non-current financial liabilities	429,625	0	0	429,625
Non-current provisions and accruals	267,459	0	0	267,459
Other	615,638	0	0	615,638
Other non-current liabilities	142,221	-7,118	0	135,103
	1,454,944	**-7,118**	**0**	**1,447,826**
Current liabilities				
Current financial liabilities	129,364	0	0	129,364
Current provisions and accruals	71,917	0	0	71,917
Trade accounts payable	301,745	0	0	301,745
Other	4,945	0	0	4,945
Other current liabilities and accruals/deferrals	976,624	-460,013	0	516,611
	1,484,595	**-460,013**	**0**	**1,024,582**
Total liabilities	**2,939,538**	**-467,131**	**0**	**2,407,407**
Total equity and liabilities	**5,202,221**	**-467,131**	**0**	**4,735,090**

The following table summarises the effects of the amendments on the Group's cash flow statement in accordance with IAS 8:

Consolidated Cash Flow Statement

K€	2021 (as previously reported)	Netting pursuant to IAS 32	Emission certificates	2021 (adjusted)
Net cash flow resulting from ongoing operating activities				
Earnings before taxes	56,834	0	0	56,834
Other	51,053	0	0	51,053
Net cash flow from the result	**107,887**	**0**	**0**	**107,887**
Increase (+ decrease) from inventories incl. payments made on account	5,162	0	-25,411	-20,249
Increase (- decrease) from payments received on account	-235	0	0	-235
Increase (+ decrease) from receivables and other assets	-375,188	467,131	25,411	117,354
Increase (- decrease) from current provisions and accrued liabilities	18,682	0	0	18,682
Increase (- decrease) from trade accounts payable and other liabilities	446,372	-467,131	0	-20,759
Cash flow from ongoing operating activities	**202,681**	**0**	**0**	**202,681**

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 18 domestic (previous year: 19) and 13 foreign subsidiaries (previous year: 12) as fully consolidated companies. Twelve (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) "Group Companies").

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 "Other Disclosures" 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 of 31 December 2021	31	13
Acquisition of companies/first-time consolidation	2	0
Increase in shareholding	0	0
Disposals/deconsolidation	0	-1
Merger/contribution	-2	0
As of 31 December 2022	31	12
Of which foreign companies	13	3

Acquisition of companies/first-time consolidation

With the entry in the commercial register on 17 March 2022, the Telekom division was spun off from Energie Steiermark Technik GmbH (TK) to form Energie Steiermark Breitband GmbH (BB) with retroactive effect from 1 January 2022. Analog TK, Energie Steiermark AG holds 99 percent and Energie Steiermark Finanz-Service GmbH 1 percent of the shares in BB. The object of Energie Steiermark Breitband GmbH is to operate a service company in the field of telecommunications and the Internet. The spin-off has not resulted in changes in the Group's asset situation, since TK was already fully consolidated and included in the Consolidated Financial Statements.

LBE Business SaS (LBB) was established as a wholly owned subsidiary of la bellenergie SaS (LBE) (formerly Electricité de Provence SAS (EdP)) upon registration in the French Register of Companies on 28 June 2022. The object of LBB is the supply of electricity and related services. Inclusion in the Consolidated Financial Statements of Energie Steiermark AG as a fully consolidated company took place on 30 September 2022.

Increase in shareholding

By assignment agreement dated 7 April 2022, the remaining 24.9 percent of the shares in IBIOLA Mobility Solutions GmbH (IMS) were acquired from Energie Steiermark Kunden GmbH (KD) for a purchase price of K€ 25. 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€ -17 was recognised directly in equity, not affecting earnings.

Disposals/deconsolidation

In a written statement dated 4 July 2022, Energie Steiermark Kunden GmbH exercised the put option contractually agreed in the participation agreement dated 16 July 2020 to transfer its share in eAHL AbHofLaden GmbH (eAHL). The deconsolidation of the shares in eAHL accounted for using the equity method in August 2022 did not lead to any change in the Group's asset situation, as eAHL had already been written down on the disposal proceeds of K€ 14 as of 30 June 2022.

Merger/contribution

At the end of the cut-off date under civil law of 31 December 2021, easy green energy GmbH & Co KG (EGE KG) was merged into go green energy GmbH & Co KG (GGE KG) in the course of an accretion process and EGE KG was subsequently deleted from the register of companies.

By merger agreement dated 9 February 2022, the merger of easy green energy GmbH (EGE GmbH) with go green energy GmbH (GGE GmbH) was resolved as of 1 January 2022. The merger has not resulted in changes in the Group's asset situation, since all the companies in question were already fully consolidated and included in the Consolidated Financial Statements.

4 NOTES ON THE CONSOLIDATED PROFIT AND LOSS STATEMENT

(1) Sales revenues

Sales revenues		**K€**
	2022	2021
Energy revenue	2,239,122	1,433,821
thereof electricity	*1,444,878*	*977,905*
thereof gas	*602,615*	*299,630*
thereof heat	*172,974*	*139,977*
thereof other	*18,656*	*16,406*
Network revenue	308,191	297,565
thereof electricity grid	*261,847*	*248,256*
thereof gas grid	*46,343*	*49,309*
Other sales revenue	69,172	75,775
Total	**2,616,485**	**1,807,162**

Sales revenues include revenues from contracts with customers in the amount of K€ 2,586,973 (previous year: K€ 1,792,775) from contracts with customers.

Sales revenues are K€ 809,323 above the value of the previous year. This change results mainly from higher energy income in the electricity and gas segment.

With regard to grid revenues, please refer to the explanations on the regulatory system for electricity and gas grids in Note (10) “Significant Accounting Methods”.

Electricity trading activities (“Trading”) are disclosed as net amounts to provide an economic view. Revenue amounting to K€ 499,354 (previous year: K€ 272,411) will be netted with expenses from the procurement of electricity in the amount of K€ 557,897 (previous year: K€ 268,641).

Gas trading activities (“Trading”) are presented in analogy to the electricity trading activities. Revenue amounting to K€ 108,539 (previous year: K€ 101,430) is offset by expenses from the procurement of gas in the amount of K€ 77,071 (previous year: K€ 98,211).

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€**

	2022	2021
Realised gains/losses from futures	-16,735	51,050
Realised gains/losses from forwards	40,066	-1,613
Unrealised gains/losses from the Market valuation of futures	2,132	-10,129
Unrealised gains/losses from the market valuation of forwards	3,175	-40,355
Total	**28,638**	**-1,047**

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

Gross sales quantities

	2022	2021
Electricity sales in GWh *)	21,134	22,825
Sales of electricity in the grid segment in GWh	8,040	8,248
Gas sales in GWh **)	10,345	16,106
Sales of gas in the grid segment in GWh	13,454	14,770
Heating sales in GWh		
Austria	1,440	1,631
Abroad	547	609

*) The item "Sales of electricity in GWh" includes electricity trading activities ("trading") in the amount of GWh 8,015 (previous year: GWh 5,873) 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 846 (previous year: GWh 3,431) which are disclosed as net figures in sales revenue.

Other sales revenue is as follows:

Other sales revenue		**K€**
	2022	2021
Sales revenue from the reversal of building cost contributions	15,909	14,871
Management fees and revenue for other services	15,874	19,451
Sales revenue from deliveries and services other than energy deliveries	12,109	10,249
Sales revenue from the implementation of energy measures in buildings and technical plants	5,780	4,696
Sales revenue from the installation of house connections	5,543	4,137
Sales revenue from the provision of telecommunication infrastructure	4,722	3,769
Rental and leasing revenue	1,918	1,850
Other	7,315	16,751
Total	**69,172**	**75,775**

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

Contract balances		**K€**
	2022	2021
Trade receivables	415,516	383,062
Contract assets	3,370	2,870
Contract liabilities	-1,245	-1,110
Total	**417,642**	**384,822**

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€ 175 (previous year: K€ 1,035).

Contract liabilities include deferred revenues for the Customer Club. The amount of K€ 1,110 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 increases in inventories of K€ 1,467 (previous year: decreases in inventories amounting to K€ 52) and own work capitalised amounting to K€ 33,010 (previous year: K€ 32,960).

(3) Other operating income

Other operating income		**K€**
	2022	2021
Income from the reversal of investment subsidies	3,982	3,840
Income from the disposal of fixed assets	2,025	1,321
Subsidies from third parties	1,887	1,754
Income from progress payments	1,372	519
Income from damage compensation	1,429	1,106
Income from the appreciation of receivables	709	1,123
Income from the redemption of emission certificates	325	837
Income from the appreciation of fixed assets	148	31
Other	1,538	677
Total	**13,415**	**11,210**

(4) Cost of material and other purchased manufacturing services

Cost of material and other purchased manufacturing services		**K€**
	2022	2021
Energy procurement from third parties	2,031,478	1,358,505
thereof electricity	*1,370,954*	*959,289*
thereof gas	*554,950*	*317,660*
thereof heat	*92,511*	*66,286*
thereof other	*13,062*	*15,270*
Grid utilisation by third parties	76,172	68,828
thereof electricity grid	*67,344*	*61,463*
thereof gas grid	*8,828*	*7,365*
Other expenses for materials	39,451	15,091
Total	**2,147,100**	**1,442,425**

The expenses for materials and other purchased production services are K€ 704,676 above the expenses of the previous year. This increase is primarily due to sharp rises in energy prices.

(5) Staff expenses

Staff expenses		**K€**
	2022	2021
Wages and salaries	142,150	132,281
Expenses for severance payments	1,730	1,793
Expenses for the pension scheme	5,191	5,117
Expenses for legally defined social security contributions as well as contributions and obligatory contributions dependent on remuneration	35,047	33,230
Other social expenses	1,947	1,860
Total	**186,065**	**174,280**

With regard to expenses from interest on personnel provisions in the amount of K€ 1,272 (previous year: K€ 891), 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€ 6,097 (previous year: K€ 5,477).

(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€**
	2022	2021
Depreciation of tangible assets	110,616	106,810
Impairments of tangible assets	7,277	72
Amortisation of intangible assets	6,349	6,004
Impairments of intangible assets	687	0
Total	**124,929**	**112,886**

Depreciation of property, plant and equipment includes depreciation of rights of use recognised in accordance with IFRS 16 in the amount of K€ 2,817 (previous year: K€ 2,532).

Impairments of property, plant and equipment in the current financial year mainly include the impairment of the Gratkorn power plant in the amount of K€ 5,391 and the Mur power plant in Graz in the amount of K€ 1,835 in accordance with IAS 36. The fair value of the cash-generating unit was used as its recoverable amount. This item also includes, 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.

The item “Impairments of intangible assets” contains the unscheduled write-down of the goodwill of IBIOLA Mobility Solutions GmbH in accordance with IAS 36 amounting to K€ 687. The fair value of the cash-generating unit was used as its recoverable amount.

For information on the important aspects for impairments of assets, please refer to Note (10) “Significant Accounting Methods”.

(7) Other operating expenses

Other operating expenses		K€
	2022	2021
Service and maintenance expense as well as various necessary operating expenses	48,232	46,026
Advertising	6,545	6,616
Expense allowances to employees and for training and further education.	5,255	4,535
Commission payments	5,830	2,304
Postage and telephone costs	3,965	3,578
Security, cleaning and waste disposal expenses	3,339	3,097
Insurance policies	3,211	2,579
Car expenses	3,005	2,521
Legal, audit and consultancy costs	2,585	2,743
Taxes which are not dependent on income as well as contributions, fees and dues	1,926	1,912
Expenses arising from the value adjustment of receivables	1,691	791
Expenses arising from the derecognition of receivables less value adjustments used	1,503	3,001
Losses from the disposal of assets	1,187	1,781
Temporary staff	429	479
Damage claims	277	416
Leasing expenses	29	145
Miscellaneous other operating expenses	14,087	8,584
Total	**103,097**	**91,109**

Costs incurred in the research phase were K€ 408 (previous year: K€ 1,097) 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€ 29 (previous year: K€ 68). The previous year’s figure also includes expenses for low-value leases in the amount of K€77.

(8) Other results from shareholdings

Other results from shareholdings		**K€**
	2022	2021
Income from shareholdings measured at fair value through profit or loss	32,390	24,085
Market value changes from shareholdings measured at fair value through profit or loss	0	1,444
Income from shareholdings measured at fair value through profit or loss	311	311
Total other income from shareholdings	**32,700**	**25,840**
Market value changes from shareholdings measured at fair value through profit or loss	-679	0
Total other expenses from shareholdings	**-679**	**0**
Balance of other income and expenses arising from shareholdings	**32,022**	**25,840**

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€**
	2022	2021
Net gains/losses from shareholdings measured at fair value through profit or loss	-679	1,444
Net gains/losses from shareholdings measured at fair value through equity	0	0
Total net profits/losses	**-679**	**1,444**

(9) Financial income and expenses

Financial result		**K€**
	2022	2021
Interest income from:		
- loans and receivables	1,767	1,782
Total interest income from financial assets not measured at fair value through profit or loss	1,767	1,782
Income from securities measured at fair value through profit or loss	249	253
Other income from financial assets measured at amortised cost	1,245	56
Market value changes from securities measured at fair value through profit or loss	0	17
Income from the disposal of fixed assets measured at fair value through profit or loss	0	4
Total financial income	**3,232**	**2,111**
Interest expenses from:		
- valued at amortised cost Liabilities	-9,979	-8,229
- other interest and similar expenses	-2,644	-1,209
Total interest expenses from financial liabilities not measured at fair value through profit or loss	-12,623	-9,437
Expenses from settlement obligations to non-controlling interests of partnerships	0	-1,148
Market value changes from securities measured at fair value through profit or loss	-4,514	-1,024
Negative interest from financial assets not measured at fair value through profit or loss	-437	-221
Expenses from the disposal of fixed assets measured at fair value through profit or loss	-54	0
Expenses from the foreign currency valuation of financial assets measured at amortised cost	30	-30
Total financial expenses	**-17,598**	**-11, 860**
Financial income and expenses balance	**-14,367**	**-9,749**

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€ 424 thousand (previous year: K€ 366) 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€ 1,272 (previous year: K€ 891).

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€**
	2022	2021
Net gains/losses from assets measured at fair value through profit or loss	-4,568	-1,003
of which are from financial instruments measured at fair value	*-4,568*	*-1,003*
Net gains/losses on financial liabilities measured at amortised cost	0	0
Total net profits/losses	**-4,568**	**-1,003**

(10) Result from shares held in associated companies

Result from shares held in associated companies		**K€**
	2022	2021
Income from associated companies	8,120	11,138
Expenses from associated companies	-1,346	-973
Impairments	-21,118	0
Total	**-14,344**	**10,165**

Income from associated companies contains mainly income from Energie Graz GmbH & Co KG, of ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o. and Feistritzwerke-STEWEAG GmbH.

Expenses from associated companies mainly include expenses resulting from the consolidation of the current results of homee GmbH.

Impairment for the current financial year include the unscheduled amortisation of the goodwill of Energie Graz GmbH & Co KG amounting to K€ 20,678 and of eAHL AbHofLaden GmbH amounting to K€ 440 in accordance with IAS 36.

(11) Income taxes

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

Income taxes K€

	2022	2021
Current income taxes:		
Expenses for current income taxes	-27,862	-7,277
Income/expense from previous periods	-236	-1,987
Total current income taxes	**-28,097**	**-9,264**
Deferred taxes:		
Entry and reversal of temporary differences	-4,215	330
Effect of the tax rate change in Austria	-2,302	0
Total deferred taxes	**-6,517**	**330**
Income tax expenses	**-34,614**	**-8,934**

The effect of the tax rate change in the current financial year results from the eco-social tax reform in Austria, which was adopted on 20 January 2022 and includes, among other things, a gradual reduction in the corporate income tax rate. The reduction of the corporate income tax rate from 25% to 23% has already been taken into account in the calculation of deferred tax assets and liabilities of the Austrian Group companies as of 1 January 2022.

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€

	2022	2021
Ongoing operating activities	-34,614	-8,934
Taxes included in other comprehensive income (OCI) of the year	-63,008	-261,443
Income taxes - total	**-97,622**	**-270,377**

The item taxes recognised in other comprehensive income for the year (OCI) includes the income from the tax rate change of K€ 31,516 from the calculation of deferred tax assets and liabilities recognised directly in equity at 23 percent from 1 January 2022.

Income tax expenses in the financial year are K€ 7,990 higher (previous year: K€ 5,274 lower) 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€**

	2022	2021
Calculated tax expense	-26,624	-14,208
Differences resulting from deviating rates of taxation abroad	287	331
Tax-free dividend income	8,935	6,459
Pro rata at equity results which cannot be recognised for tax purposes	-4,165	2,181
Profit and loss shares in partnerships	0	-1,015
Amortisation of shareholdings	12,060	3,465
Goodwill amortisation	-217	5
Balance of the consumption of non-capitalised losses carried forward from previous years and non-capitalised losses carried forward from the ongoing financial year	-9,154	-2,373
Other tax-free income and non-deductible expenses	-9,026	-2,118
Non-period tax expense (current and deferred)	-6,752	-1,657
Other	42	-4
Reported income tax income/expenses	**-34,614**	**-8,934**
Effective corporation tax rate	**32.50%**	**15.72%**

The difference between the effective tax rate and the statutory tax rate is mainly due to the effects of the valuation of investments, tax-exempt investment income received and unrecognised tax loss carryforwards.

As at 2020, 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 previous year, a value adjustment of K€ 1,700 was made on the sevenths utilised up to that point. The total potential threat of around K€ 22,365 was almost entirely taken into account.

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 2022 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€**

	2022		2021	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	5,446	585	6,295	427
Property, plant and equipment	0	34,344	0	26,033
Financial assets	1	459,501	4	413,347
Inventories	657	0	18	0
Receivables and other assets	162,498	0	47,520	0
Untaxed reserves	0	7,931	0	8,733
Provisions and Accruals	22,022	62	34,768	12,638
Liabilities and other financial liabilities	41,732	180,517	105,291	109,337
Tax losses carried forward	5,643	0	5,538	0
Write-down to going concern value of shareholdings	10,918	0	3,712	0
Total deferred tax assets/liabilities	248,917	682,940	203,147	570,515
Add-on of supplementary tax balance sheets	6,308	4,472	8,295	3,556
Deferred tax assets/liabilities 31.12.	**255,224**	**687,412**	**211,442**	**574,071**
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	-231,832	-231,832	-175,167	-175,167
Offset deferred tax assets/liabilities	**23,392**	**455,579**	**36,275**	**398,905**

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

Net position from deferred taxes		**K€**
	31/12/2022	31/12/2021
Deferred tax assets	23,392	36,275
Deferred tax liabilities	455,579	398,905
Net position	**-432,187**	**-362,629**

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

Change in net position from deferred taxes		**K€**
	31/12/2022	31/12/2021
Status at the start of the year	-362,629	-101,467
Currency changes	-33	-58
Recognised through profit or loss in the financial year	-4,215	330
Changes not affecting the result	-94,524	-261,443
Addition of deferred tax assets/(liabilities) resulting from the acquisition of subsidiaries	0	9
Effect of tax rate changes	+29,214	0
Status at the end of the year	**-432,187**	**-362,629**

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€**
	2022	2021
DEFERRED TAX ASSETS		
Differences between depreciation for accounting and for tax purposes	-849	-147
Non-deductible provisions for pensions	-8,320	-1,211
Other non-deductible provisions	-4,426	-627
Losses from the measurement at fair value	51,416	113,023
Tax losses carried forward and unused tax credits	104	5,369
Write-down to going concern value of shareholdings	7,207	2,089
Add-on of supplementary tax balance sheets	-1,988	-466
Other deductible temporary differences	639	10
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	-56,666	-117,964
Change in deferred tax assets	**-12,883**	**77**
DEFERRED TAX LIABILITIES		
Differences between depreciation for accounting and for tax purposes	-8,469	-6,760
Other non-deductible provisions	12,576	-12,559
Income from the measurement at fair value	-117,333	-359,186
Other taxable temporary differences	801	213
Add-on of supplementary tax balance sheets	-915	-912
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	56,666	117,964
Change in deferred tax liabilities	**-56,675**	**-261,239**
Change in the net position	**-69,558**	**-261,162**

No deferred tax assets were recognised for tax losses carried forward amounting to K€ 41,814 (previous year: K€ 13,615), 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 STATEMENT OF COMPREHENSIVE INCOME

Income taxes on other comprehensive income are presented in the table below.

Income taxes on other comprehensive income **K€**

	2022 Prior Taxes	**2022** Taxes	**2022** according to Taxes	**2021** Prior Taxes	**2021** Taxes	**2021** according to Taxes
Revaluation of net debt from defined benefit obligations	37,672	-10,766	26,906	1,011	-252	759
Net change in the fair value of investments measured at fair value through equity	710,735	-152,160	558,575	91,678	-22,920	68,759
Other results from investments accounted for using the equity method (revaluation of net debt from defined benefit obligations)	7,050	0	7,050	351	0	351
Sum of items that will not be subsequently reclassified (recycled) to the Profit and Loss Statement	755,458	-162,926	592,532	93,040	-23,172	69,869
Market evaluation of hedging instruments (cash flow hedges)	-346,592	99,918	-246,674	953,087	-238,272	714,815
Exchange rate differences resulting from the conversion of foreign businesses	164	0	164	317	0	317
Sum of items that will be reclassified (“recycled”) subsequently to the Profit and Loss Statement	-346,428	99,918	-246,510	953,404	-238,272	715,132
Other comprehensive income	**409,030**	**-63,008**	**346,022**	**1,046,445**	**-261,443**	**785,001**

6 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€**
	31/12/2022	31/12/2021
Energie Steiermark Kunden GmbH	48,756	48,756
Energie Steiermark Green Power GmbH	7,288	7,288
la bellenergie SaS (formerly Electricité de Provence SAS)	3,744	3,744
Elektrizitätswerke Bad Radkersburg GmbH	1,121	1,022
E1 Energiemanagement GmbH	937	937
Energie Steiermark Wärme GmbH	890	890
IBIOLA Mobility Solutions GmbH	0	687
STEFE ECB, s.r.o.	137	137
Total	**62,873**	**63,461**

Assets having unlimited useful lives are disclosed under “Other non-amortisable intangible assets”.

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 1.1.2021	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 01/01/2021	49,079	0	59,649	5,318	114,046
Carrying amount at 31/12/2021	**48,483**	**103**	**63,461**	**2,448**	**114, 495**
Acquisition/manufacturing costs 1.1.2022	127,412	103	76,525	2,677	206,718
Currency changes	11	0	0	7	18
Additions	4,012	0	99	0	4,111
Disposals	-720	0	0	-707	-1,427
Reclassifications	677	-103	0	0	574
Acquisition/manufacturing costs 31.12.2022	131,393	0	76,624	1,976	209,994
Accumulated amortisation/depreciation 1.1.2022	78,929	0	13,064	229	92,222
Currency changes	5	0	0	7	12
Scheduled amortisation/depreciation	6,349	0	0	0	6,349
Impairments (Note (6))	0	0	687	0	687
Disposals	-635	0	0	-235	-871
Accumulated amortisation/depreciation 31.12.2022	84,648	0	13,751	0	98,399
Carrying amount at 01/01/2022	48,483	103	63,461	2,448	114,495
Carrying amount at 31/12/2022	**46,745**	**0**	**62,873**	**1,976**	**111,595**

(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 plants 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	82,49	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**

Changes in tangible assets K€

	Properties and buildings on other plots	Undeveloped plots	Technical plants and machinery	Other equipment, technical and office equipment	Properties under construction	Total
Acquisition/manufacturing costs 1.1.2022	479,128	26,148	2,915,858	73,461	87,824	3,582,418
Currency changes	140	0	555	8	2	705
Additions	13,240	177	78,452	9,505	119,908	221,281
Disposals	-1,292	0	-21,731	-6,508	-30	-29,561
Valuation changes	31	0	0	96	0	126
Reclassifications	23,380	71	59,950	354	-84,329	-574
Acquisition/manufacturing costs 31.12.2022	514,627	26,396	3,033,084	76,915	123,374	3,774,396
Accumulated amortisation/depreciation 1.1.2022	175,044	475	1,759,580	49,946	2,041	1,987,086
Currency changes	85	0	323	6	0	413
Scheduled amortisation/depreciation	11,546	0	90,356	8,714	0	110,616
Impairments (Note (6))	1,492	0	394	0	5,391	7,277
Appreciation	-38	0	-110	0	0	-148
Disposals	-1,047	0	-20,430	-6,467	0	-27,943
Accumulated amortisation/depreciation 31.12.2022	187,081	475	1,830,114	52,199	7,433	2,077,302
Carrying amount at 01/01/2022	304,084	25,673	1,156,278	23,515	85,782	1,595,332
Carrying amount at 31/12/2022	**327,546**	**25,921**	**1,202,970**	**24,716**	**115,941**	**1,697,094**

Investments in property, plant and equipment amounted to K€ 217,391 in the past financial year (previous year: K€ 168,651), where K€ 97,483 were invested in finished plants and K€ 119,908 in plants under construction. Finished plants mainly concern the expansion and renewal of power transformer and distribution stations, teleconnection and transmission technology, the smart meter roll-out, expansion of gas distribution grids and fibre optic cables, the expansion of heat supply grids, the new construction of office and operating buildings, and wind turbines as well as PV plants. Plants under construction primarily comprise 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, district heating generation plants and office and operating buildings. Carrying amounts increased by 6 percent in the year under review.

The decreases of the carrying amount of K€ 1,617 (previous year: K€ 2,175) 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 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 as at 1.1.2022	**7,073**	**200**	**6,028**
Currency changes	3	0	0
Additions	2,581	0	1,309
Valuation changes	31	0	96
Amortisation	-938	-26	-1,853
Carrying amount as at 31.12.2022	**8,750**	**174**	**5,579**

The category office and business equipment includes vehicles leases amounting to K€ 4,952 (previous year: K€ 5,053). 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 using the equity method developed as follows:

Change in companies included at equity		**K€**
	2022	2021
Status as at 1.1	137,831	128,357
Additions	1,051	400
Disposals	-222	0
Other changes not affecting income	7,050	351
Pro rata results	6,774	10,165
Distributions	-3,039	-1,441
Impairments	-21,118	0
Status as at 31.12	**128,327**	**137,831**

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 relate to income from Energie Graz GmbH & Co KG and 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 homee GmbH. Additions in the previous year include shareholder grants to homee GmbH and Stubalm Windpark Penz GmbH.

As regards disposals in the current financial year, we refer to the notes on changes in the scope of consolidation under Note (3) “Scope of consolidation”.

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

Goodwill		**K€**
	31/12/2022	31/12/2021
Energie Graz GmbH & Co KG	57,279	77,957
Stadtwerke Bruck an der Mur GmbH	3,013	3,222
Feistritzwerke-STEWEAG GmbH	2,569	2,569
STEFE Trnava, s.r.o.	2,558	2,558
Stadtwerke Hartberg Energieversorgungs GmbH	992	992
Stubalm Windpark Penz GmbH	51	51
eAHL AbHofLaden GmbH	0	485
Total	**66,462**	**87,834**

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€**
	31/12/2022				**31/12/2021**			
associated company	**EGG KG**	**SGG KG**	**Feistritz-werke[1]**	**Adriaplin[2]**	**EGG KG**	**SGG KG**	**Feistritz-werke[1]**	**Adriaplin[2]**
Statement of financial position								
Non-current assets	535,214	31,145	133,247	56,242	530,680	29,728	111,762	57,261
Current assets	56,055	11,962	-14,324	10,749	25,966	8,251	6,388	7,747
Non-current liabilities	-227,031	-35,130	-79,541	-9,761	-243,789	-37,034	-55,973	-12,547
Current liabilities	-125,565	-9,938	-16,858	-11,314	-93,910	-5,031	-12,141	-8,917
Reconciliation to the carrying amount of the interest in the associated company								
Net assets	238,673	-1,961	51,172	45,916	218,947	-4,087	50,036	43,544
Share in the net assets in %	49%	49%	27%	38%	49%	49%	27%	38%
Share in the net assets	116,950	-961	13,816	17,448	107,284	-2,003	13,510	16,547
+/- Revaluations	-87,043	-2,105	-215	-2,304	-87,043	-2,105	-179	-2,886
Carrying amount of the interest in the associated company (excl. goodwill)	29,907	-3,066	13,602	15,144	20,241	-4,108	13,330	13,661

[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 2021 financial year and, in the previous year, to the 2020 financial year.

Financial information about material associated companies K€

	2022				2021			
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	277,035	47,537	27,130	42,086	221,435	44,780	25,465	37,458
Result after income taxes	9,058	1,126	3,636	3,368	18,110	-2,745	3,620	3,35
Other comprehensive income	13,385	1,000	0	4	412	312	0	-11
Consolidated comprehensive income	22,443	2,126	3,636	3,372	18,522	-2,432	3,620	3,124
Dividend paid to Energie Steiermark	1,331	-	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 2021 financial year and, in the previous year, to the 2020 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€

	2022	2021
Result after income taxes	-919	-2,468
Other comprehensive income	0	0
Consolidated comprehensive income	-919	-2,468
Carrying amount of the interest in the associated companies (excl. goodwill)	6,279	6,872

(15) Non-current financial assets

Non-current financial assets consist of the following:

Non-current financial assets		**K€**
	2022	2021
Loans granted by the company	20,000	17,642
Assets at fair value through equity	1,480,239	767,891
of which investments measured at fair value through equity (level 2)	1,480,239	767,891
Assets at fair value through profit and loss	201,842	240,346
of which investments measured at fair value through profit or loss (level 1)	34,244	40,797
of which investments measured at fair value through profit or loss (level 1)	8,201	8,880
of which derivative financial instruments (level 2)	159,397	190,669
Total	**1,702,081**	**1,025,878**

The following investments are designated 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 recognised at fair value not affecting profit and loss in the amount of K€ 1,419,187 (previous year: K€ 707,426) mainly comprise the shares in VERBUND Hydro Power GmbH (VHP).

Shareholdings valued at fair value through equity (Level 2)		**K€**
	Fair value as at 31/12/2022	Recognised dividend income in 2022
VERBUND Hydro Power GmbH	1,419,187	26,550
RAG-Beteiligungs- Aktiengesellschaft	49,400	4,800
ARGONET GmbH	5,016	0
E 1 Wärme und Energie GmbH	1,990	123
ES SN Green Power GmbH	1,143	0
AGGM Austrian Gas Grid Management AG	1,121	153
AQUASYSTEMS Gospodarjenje z vodami d.o.o.	965	654
Enery Green Power GmbH	576	0
E-VO eMobility GmbH	350	0
APCS Power Clearing and Settlement AG	136	19
AGCS Gas Clearing and Settlement AG	111	9
CISMO Clearing Integrated Services and Market Operations GmbH	109	82
EXAA Abwicklungsstelle für Energieprodukte AG	66	0
Other shareholdings	71	0
Total	**1,480,239**	**32,390**

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

Long-term loans granted by the company		**K€**
	2022	2021
Energie Graz GmbH & Co KG	20,000	17,500
Stubalm Windpark Penz GmbH	0	137
Other	0	5
Total	**20,000**	**17,642**

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. In December 2022, an extension of the existing subordinated shareholder loan with a final maturity in 2035 and a credit risk premium of 4.56 percent to 5.08 percent was agreed.

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€ 29,204 (previous year: K€ 28,695). 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€ 34,244 (previous year: K€ 40,797) consist of fund shares and equities and are recognised at market value on the balance sheet date.

Fund shares to the amount of K€ 34,226 (previous year: K€ 40,779) had an average stock market price of € 87.18 on the balance sheet date (previous year: € 100.99).

Shareholdings recognised at fair value through profit and loss in the amount of K€ 8,201 (previous year: K€ 8,880) contain mainly shares in Burgenland Holding Aktiengesellschaft, whose fair value is K€ 8,190 as at 31 December 2022 (previous year: K€ 8,865).

Derivative financial instruments recognised at fair value through profit or loss comprise derivative financial instruments in the energy sector with positive market values. For a detailed explanation of derivative financial instruments, refer to Note (8) "Other Disclosures".

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	Assets at fair value through profit and loss
As of 01 January 2021	**20,009**	**675,663**	**65,702**
Additions	137	549	184,712
Disposals	-2,504	0	-10,506
Unrealised profits/losses	0	91,678	438
As of 31 December 2021	**17,642**	**767,891**	**240,346**
Additions	2,500	1,614	83,191
Disposals	-142	0	-167,152
Unrealised profits/losses	0	710,735	45,458
As of 31 December 2022	**20,000**	**1,480,239**	**201,842**

(16) Current financial assets

Current financial assets consist of the following:

Current financial assets		K€
	2022	2021
Loans granted by the company	9,415	10,256
Assets at fair value through profit and loss	559,064	859,647
of which derivative financial instruments (level 2)	559,064	859,647
Total	**568,479**	**869,902**

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€
	2022	2021
Energie Graz GmbH & Co KG	255	2,755
E 1 Wärme und Energie GmbH	9,014	7,499
Stubalm Windpark Penz GmbH	146	0
Other	0	1
Total	**9,415**	**10,256**

The fair values of non-current and current loans and borrowings originated by the company are are presented in Note (15) "Non-Current Financial Assets".

Derivative financial instruments recognised at fair value through profit or loss comprise derivative financial instruments in the energy sector with positive market values. For a detailed explanation of derivative financial instruments, refer to Note (8) "Other Disclosures".

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 as at 31.12.2022			Residual term at 31.12.2021		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Trade receivables	415,353	163	415,516	382,921	141	383,062
Receivables from companies with which a shareholding relationship exists	7,473	0	7,473	8,709	0	8,709
Other receivables and assets	377,105	5,006	382,110	318,328	2,424	320,752
Total	**799,931**	**5,169**	**805,100**	**709,958**	**2,565**	**712,523**

Current trade accounts receivable include receivables due from associated companies amounting to K€ 1,164 (previous year: K€ 3,980).

In the 2022 financial year, current trade accounts receivable were netted with trade accounts payable arising from electricity trading activities ("Portfolio") in the amount of K€ 97,730 (previous year: K€ 92,354) 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.

In addition, the receivables for hedging services of futures (variation margin) included in other receivables and assets in the amount of K€ 74,893 (previous year: K€ 63,389) were netted with the fair value measurement of futures in the current financial year. See also Note (8) "Other Disclosures".

The table below shows the effects on the balance sheet:

Offsetting information			K€
	31/12/2022		
Class	Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade receivables	513,246	-97,730	415,516
Other receivables and assets	457,003	-74,893	382,110

Offsetting information K€

Class	31/12/2021 Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade receivables	475,416	-92,354	383,062
Other receivables and assets	384,141	-63,349	320,752

Other receivables and assets consist of the following:

Other receivables and assets K€

	Residual term as at 31.12.2022			Residual term at 31.12.2021		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Receivables from the hedging of derivative financial instruments	326,294	0	326,294	287,048	0	287,048
Tax refund claims	20,070	0	20,070	19,429	0	19,429
Receivables from allowances granted not yet received	6,079	0	6,079	1,711	0	1,711
Advance payments for expenses affecting the subsequent periods	-5,483	3,265	8,748	3,948	739	4,687
Receivables from payroll	41	1,597	1,637	65	1,494	1,559
Other receivables and assets	19,137	145	19,282	6,127	191	6,319
Total	**377,105**	**5,006**	**382,110**	**318,328**	**2,424**	**320,752**

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€

2022	Carrying amount	of which amount overdue at the balance sheet date	of which not impaired at balance sheet date and overdue in the following time bands			
			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade accounts receivable	415,516	12,220	10,951	258	295	716
Other receivables and assets *)	389,584	622	496	10	15	102

Analysis of overdue assets K€

2021	Carrying amount	of which amount overdue at the balance sheet date	of which not impaired at balance sheet date and overdue in the following time bands			
			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 *)	329,461	380	315	24	20	22

*) 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 is recognised in the Group for trade receivables that are not overdue or have been dunned (previous year: 0.6 percent). 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 of 01 January 2021	**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 December 2021	**3,392**	**1,304**	**2,496**	**7,193**
Expenses for value adjustments	787	159	1,576	2,522
Use of value adjustments	-12	-85	-740	-836
Reversal of value adjustments	-444	-128	-136	-707
As of 31 December 2022	**3,724**	**1,250**	**3,197**	**8,171**

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 of 01 January 2021	**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 December 2021	**0**	**0**	**204**	**204**
Expenses for value adjustments	0	0	35	35
Use of value adjustments	0	0	-30	-30
Reversal of value adjustments	0	0	-2	-2
As of 31 December 2022	**0**	**0**	**208**	**208**

Expenses for derecognition amount to K€1,395 (previous year: K€ 2,968) for trade accounts receivable and to K€ 108 (previous year: K€ 33) for other receivables and assets.

(18) Inventories

Inventories consist of the following items:

Inventories	31/12/2022	31/12/2021 K€
Primary energy inventories	171,766	4,908
CO_2 emission certificates	46,165	25,411
Raw material and supplies	9,729	9,114
Finished and unfinished goods	1,777	138
Total	**229,438**	**39,570**

The primary energy inventories mainly comprise natural gas inventories in the amount of K€ 165,475 (previous year: K€ 1,647). Due to the threat of gas supply stoppages, Energie Steiermark continuously expanded its strategic gas stockpiling during the course of the business year. This is intended to ensure security of supply on the one hand and to make gas available for bottleneck management on the other.

In the case of CO_2 emission allowances, a large portion is valued in accordance with the broker-trader exception, as these are held solely for trading purposes. They are measured at fair value (Level 1) less costs to sell. In total, the fair value of inventories held for trading amounted to K€ 34,428 as at the reporting date of 31 December 2022 (previous year: K€ 25,411). As of 31 December 2022, a write-down of K€ 2,732 (previous year: write-up of K€ 7,575) was recognised in profit or loss.

In addition, CO_2 emission allowances include allowances not yet redeemed to meet the requirements of the Emission Allowance Act. In the current financial year, certificates assigned, free of charge, were valued at a fair value of K€ 5,733 on the date of assignment.

In the current financial year, value adjustments of raw, auxiliary and operating materials amounting to K€ 870 (previous year: K€ 156) 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€**
	31/12/2022	31/12/2021
Cash in hand	131	141
Bank balances	110,925	200,271
Total	**111,057**	**200,412**

Cash in hand and bank balances include short-term liquid funds in foreign currency in the amount of K€ 2,259 (previous year: K€ 4,416).

The average interest rate for bank balances available as at 31 December 2022 is approximately -0.16 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€ 22 was determined (previous year: K€ 95), 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 to Land 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 2022, which are prepared according to the accounting principles applicable in Austria.

The dividend per share amounts to € 0.48 (previous year: € 0.50).

(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 January 2021	**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 December 2021	**5,572**	**-82,363**	**762,038**	**424,243**	**-17,561**	**1,091,929**
Change not affecting the result	84	37,672	-208,419	710,735	7,050	547,122
Realisation affecting income	0	0	-138,173	0	0	-138,173
Taxes offset directly against equity	0	-10,766	99,918	-152,160	0	-63,008
As of 31 December 2022	**5,656**	**-55,456**	**515,363**	**982,817**	**-10,511**	**1,437,869**

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 (10) “Significant Accounting Methods” and Note (8) “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

%	31/12/2022	31/12/2021
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%

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 **K€**

	31/12/2022			31/12/2021		
Subsidiaries (combined per country)	**Slovakia**	**Czech Republic**	**Austria**	**Slovakia**	**Czech Republic**	**Austria**
Profit and loss statement						
Sales revenues	45,843	7,635	6,249	35,268	5,147	7,692
Result after income taxes	2,880	799	-1,470	2,889	731	-273
Result after income taxes attributable to the non-controlling interests	999	393	-609	1,001	359	-69
Statement of financial position						
Non-current assets	41,591	10,645	90,889	42,267	10,669	92,204
Current assets	12,758	2,772	3,969	13,649	2,218	4,794
Non-current liabilities	-19,097	-4,509	-78,873	-19,687	-4,331	-78,605
Current liabilities	-10,176	-2,039	-2,755	-11,368	-1,911	-4,032
Net assets attributable to the non-controlling interests	8,839	3,376	4,856	8,761	3,267	5,268
Cash flow statement						
Cash flow resulting from ongoing operating activities	6,233	1,555	-721	7,087	1,788	-1,327
Cash flow resulting from investment activities	-3,747	-497	-575	-2,302	-519	-756
Cash flow resulting from financing activities	-3,019	-649	2,672	-4,274	-864	1,870
Dividends paid to non-controlling interests during the year [1]	922	364	42	727	349	47

[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 as at 31.12.2022			Residual term at 31.12.2021		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Liabilities to banks	32,985	479,248	512,232	126,930	417,928	544,858
Lease liabilities	2,582	12,395	14,977	2,405	11,275	13,681
Liabilities to others	31	393	425	29	422	451
Total	**35,598**	**492,036**	**527,633**	**129, 364**	**429,625**	**558,990**

Non-current financial liabilities contain liabilities with a residual term of more than five years in the amount of K€ 404,966 (previous year: K€ 426,148).

The maturity analysis of lease liabilities is presented as follows:

Maturity analysis of lease liabilities **K€**

2022	Up to 1 year	1 to 5 years	over five years
Land and buildings	767	1,925	6,345
Technical plants and machinery	26	100	59
Office furniture and equipment	1,790	3,726	239
Total	**2,582**	**5,751**	**6,644**

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 furniture and equipment	1,602	4,119	453
Total	**2,405**	**6,354**	**4,921**

The category office and business equipment includes vehicles leases amounting to K€ 4,952 (previous year: K€ 5,053). 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	2022	2021
in EUR	1.10%	1.56%
in CZK	1.83%	1.66%

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

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

	Term of contract	Emission volumes	31.12. of the financial year Exposure		Residual term	
			In foreign currencies	In €	Up to 1 year	more than 1 year
Liabilities to banks					**32,985**	**479,248**
In foreign currencies					**520**	**2,568**
Fixed interest rate	2011-2032	177,200	59,913	3,088	520	2,568
Interest accrued					0	
In euro currencies					**32,464**	**476,680**
Fixed interest rate	2009-2041	620,900	0	474,033	19,469	454,564
Variable interest rate	2005-2038	115,558	0	32,539	10,423	22,115
Interest accrued					2,572	
Lease liabilities					**2,582**	**12,395**
In foreign currencies					**17**	**117**
Fixed interest rate	2019-2035	3,231	3,231	134	17	117
Interest accrued					0	
In euro currencies					**2,565**	**12,278**
Fixed interest rate	2017-2100	14,843	0	14,843	2,565	12,278
Interest accrued					0	
Financial liabilities to others					**31**	**393**
In euro currencies					**31**	**393**
Variable interest rate	2016-2042	425	0	425	31	393
Interest accrued					0	
Total financial liabilities					**35,598**	**492,036**

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€

	2022		2021	
	Market value	**Exposure**	**Market value**	**Exposure**
Liabilities to banks in foreign currencies	2,780	3,088	2,613	2,858
Liabilities to banks in euro	426,203	506,572	550,978	539,303

(26) Non-current provisions and accruals

Non-current provisions and accruals are as follows:

Non-current provisions and accruals K€

	31/12/2022	31/12/2021
Provisions for pensions and similar obligations	116,825	150,079
Provisions for severance payments	71,196	84,461
Provisions for service anniversary bonuses	18,534	21,175
Provisions for part-time retirement	5,652	2,324
Accrued liabilities for severance pay	2,687	4,748
Accruals for other personnel expenses	453	541
Total personnel-related provisions and accruals	**215,348**	**263,328**
Provisions for imminent losses from pending transactions	148	2,325
Provisions for damages and process risks	1,805	1,651
Other accrued liabilities	156	156
Total other provisions and accruals	**2,108**	**4,132**
Aggregate total	**217,456**	**267,459**

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€

	2022	2021	2020	2019	2018
Present value (DBO) of obligations covered by fund assets	17,113	20,396	21,137	18,803	19,406
Fair value of plan assets	-11,204	-10,916	-10,066	-11,066	-10,631
Provision recognised for obligations covered by fund assets	5,909	9,480	11,070	7,736	8,775
Provision recognised for obligations not covered by fund assets	110,916	140,599	148,873	164,364	145,494
Experience adjustments of plan liabilities	-2.5%	0.9%	-0.1%	3.4%	-2.5%
Provision recognised as at 31.12.	**116,825**	**150,079**	**159,943**	**172,101**	**154,269**

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€ -3,481 (previous year: K€ -70).

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

Composition of plan assets

	2022	2021
Shares in euro	10.4%	11.3%
Shares in foreign currencies	27.3%	29.0%
Government bonds	14.7%	15.9%
Corporate bonds	24.0%	24.6%
Other bonds	11.5%	9.2%
Bank/finance market	6.2%	5.0%
Real estate	5.9%	5.0%

Plan assets changed as follows:

Change in plan assets			K€
		2022	2021
	Fair value of the plan assets on 1.1.	10,916	10,066
+	Expected income from the plan assets	52	34
+	Actuarial gain/loss	1,083	1,624
-	Benefits paid	-848	-808
	Fair value of the plan assets on 31.12.	**11,204**	**10,916**

Value fluctuations occurring from plan assets were K€ 1,136 (previous year: K€ 1,658).

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 2022 and 2021 financial years:

Change in provision for pensions and similar obligations			K€
		2022	2021
	Present value of defined benefit obligations (DBO) on 1.1.	150,079	159,943
+	Current service cost	253	239
+	Interest cost	741	551
-	Actual benefit payments	-8,753	-8,891
-	Actuarial gain/loss	-25,495	-1,763
	Present value of defined benefit obligations (DBO) on 31.12.	**116,825**	**150, 079**

Expected pension payments in 2023 are K€ 10,055 (previous year: K€ 9,536).

Change in parameters
The change in the interest rate and salary trend in the financial year (see table p. 107 for actuarial assumptions) led to a release of K€ 20,836. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 2,285. The parameter changes are contained in the “Actuarial gain/loss” item.

As at 31 December 2022, the weighted average residual term of pension and similar obligations is 9.6 years.

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

Calculation bases/assumptions	Change in the assumption	31/12/2022 Decrease in parameter/change in DBO	31/12/2022 Increase in parameter/change in DBO
Interest rate	0.10%	0.9%	-0.9%
Salary increase	0.10%	0.0%	0.0%
Pension increase	0.10%	-1.0%	1.0%
Remaining life expectancy	1 year	-6.7%	6.3%

Calculation bases/assumptions	Change in the assumption	31/12/2021 Decrease in parameter/change in DBO	31/12/2021 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%

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 2022 and 2021 financial years:

Change in severance pay provisions K€

		2022	2021
	Present value of defined benefit obligations (DBO) on 1.1.	84,461	85,610
+	Current service cost	671	777
+	Interest cost	425	299
-	Actual benefit payments	-2,183	-2,977
-	Actuarial gain/loss	-12,177	752
	Present value of defined benefit obligations (DBO) on 31.12.	**71,196**	**84,461**

Expected severance payments in 2023 are K€ 3,315 (previous year: K€ 2,098).

As at 31 December 2022, the weighted average residual term of severance pay obligations is 9.2 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€**

	2022	2021	2020	2019	2018
Balance sheet provision for defined benefit obligations	71,196	84,461	85,610	87,246	76,602
Experience adjustments of plan liabilities	-2.2%	1.3%	0.6%	0.9%	3.0%
Provision recognised as at 31.12.	**71,196**	**84,461**	**85,610**	**87,246**	**76,602**

Change in parameters
The change in the interest rate and salary trend in the financial year (see table p. 107 for actuarial assumptions) led to a release of K€ 10,440. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 351. The parameter changes are contained in the "Actuarial gain/loss" item.

Sensitivity analysis of the severance pay provision **K€**

		31/12/2022	
Calculation bases/assumptions	Change in the assumption	Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	0.9%	-0.9%
Salary increase	0.10%	-0.9%	0.9%

		31/12/2021	
Calculation bases/assumptions	Change in the 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%

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 (10), "Significant Accounting Methods"). The change in the interest rate and salary trend in the financial year (see table p. 108 for actuarial assumptions) led to a reversal of K€ 2,868. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 451.

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 January 2021	**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 December 2021	**2,325**	**1,651**	**3,975**
Allocation	35	189	224
Transfer	-861	0	-861
Utilisation	-1,329	-35	-1,364
Reversal	-22	0	-22
As of 31 December 2022	**148**	**1,805**	**1,952**

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€
	31/12/2022	31/12/2021
Provisions for part-time retirement	3,524	1,206
Accrued liabilities for severance pay	1,788	3,271
Deferred holiday which has not yet been taken	17,643	16,894
Accruals for other personnel expenses	13,108	11,318
Total personnel-related provisions and accruals	**36,063**	**32,689**
Provisions for imminent losses from pending transactions	17,184	31,973
Provisions for damages and process risks	1,196	1,293
Other accrued liabilities	12,201	5,962
Total other provisions and accruals	**30,580**	**39,228**
Aggregate total	**66,643**	**71,917**

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 January 2021	**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 December 2021	**31,973**	**1,293**	**33,266**
Allocation	58,821	191	59,012
Transfer	861	0	861
Utilisation	-73,148	-141	-73,290
Reversal	-1,324	-147	-1,470
As of 31 December 2022	**17,184**	**1,196**	**18,379**

(28) Construction subsidies

Building cost contributions received from customers or project partners in the amount of K€ 244,808 (previous year: K€ 231,166) 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€ 14,248 (previous year: K€ 14,433) 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	31/12/2022 Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Trade accounts payable *)	360,295	-97,730	262,562

*) including non-current trade accounts payable amounting to K€ 1,989

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.

(30) Income tax liabilities

Income tax liabilities are comprised as follows:

Income tax liabilities K€

	31/12/2022	31/12/2021
Corporation tax	25,452	3,835
Other taxes	0	0
Total	**25,452**	**3,835**

(31) Other non-current liabilities

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

Other non-current liabilities		**K€**
	31/12/2022	31/12/2021
Investment grants	44,932	44,057
Trade accounts payable	1,919	884
Citizen participation in renewable energy projects	881	843
Payments received for income affecting the subsequent periods	295	273
Taxes and social security	40	40
Other financial liabilities	52	225
Liabilities recognised at amortised cost of acquisition	**48,120**	**46,322**
Derivative financial instruments recognised at fair value through profit or loss	139,997	88,782
of which derivative financial instruments (level 2)	139,997	88,782
Derivative financial instruments	**139,997**	**88,782**
Aggregate total	**188,116**	**135,103**

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.

Derivative financial instruments recognised at fair value through profit or loss comprise derivative financial instruments in the energy sector with negative market values. For a detailed explanation of derivative financial instruments, refer to Note (8) “Other Disclosures”.

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€
	31/12/2022	31/12/2021
Taxes and social security	72,571	84,805
Liabilities from overpayments and energy vouchers from customers	53,654	411
Liabilities due to companies in which a participating interest is held	37,635	37,035
Construction subsidies	14,248	14,433
Investment grants	11,983	1,777
Advance payments received on account of orders	8,208	7,272
Other financial liabilities	13,330	8,238
Liabilities recognised at amortised cost of acquisition	**211,629**	**153,970**
Derivative financial instruments recognised at fair value through profit or loss	563,463	362,641
of which derivative financial instruments (level 2)	563,463	362,641
Derivative financial instruments	**563,463**	**362,641**
Aggregate total	**775,092**	**516,611**

In the current financial year, liabilities for the hedging of In the current financial year, liabilities for hedging futures (variation margin) amounting to K€ 31,375 (previous year: K€ 34,816) were netted against the fair value measurement of futures. See also Note 8 “Other Disclosures”.

The table below shows the effects on the balance sheet:

Offsetting information			K€
	31/12/2022		
Class	Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Liabilities recognised at amortised cost of acquisition	243,004	-31,375	211,629

Offsetting information			**K€**
	31/12/2021		
Class	Gross amount before offsetting	Gross amount offset	Net amount disclosed in the balance sheet
Liabilities recognised at amortised cost of acquisition	188,786	-34,816	153,970

The derivative financial instruments measured at fair value through profit or loss include financial instruments with negative market values to hedge against unexpected price developments in the energy trading business. Moreover, electricity derivatives not designated for hedging purposes and derivative financial instruments which, economically, serve as hedging instruments for risks but which are not qualified as hedging instruments in the Balance Sheet are disclosed under this item if their fair value is negative on the balance sheet date. For a detailed explanation of derivative financial instruments, refer to Note (8) "Other Disclosures".

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€

Classes	Valuation category in accordance with IFRS 9	Level	31/12/2022 Carrying amount	31/12/2022 Fair value	31/12/2021 Carrying amount	31/12/2021 Fair value
Shareholdings measured Equity investments	@FVOCI *)	2	1,480,239	1,480,239	767,891	767,891
Shareholdings measured Equity investments	@FVTPL	1	8,201	8,201	8,880	8,880
Shareholdings measured Securities	@FVTPL	1	34,244	34,244	40,797	40,797
Loans granted by the company	FAAC	2	20,000	17,102	17,642	18,347
Derivative financial instruments	@FVTPL/ @FVOCI **)	2	159,397	159,397	190,669	190,669
Non-current financial assets			**1,702,081**	**-**	**1,025,878**	**-**
Trade receivables	FAAC	2	163	163	141	141
Other receivables	FAAC	2	1,808	1,808	1,764	1,764
Non-financial assets	-		3,198	-	661	-
Non-current receivables and other assets			**5,169**	**-**	**2, 565**	**-**
Loans granted by the company	FAAC	2	9,415	12,103	10,256	10,348
Derivative financial instruments	@FVTPL/ @FVOCI **)	2	559,064	559,064	859,647	859,647
Current financial assets			**568,479**	**-**	**869,902**	**-**
Contract assets	**FAAC**	**2**	**3,370**	**3,370**	**2,870**	**2,870**
Trade receivables	FAAC	2	415,353	415,353	382,921	382,921
Receivables from companies with which a shareholding relationship exists	FAAC	2	7,473	7,473	8,709	8,709
Other receivables	FAAC	2	370,454	370,454	314,810	314,810
Non-financial assets	-	0	6,650	-	3,518	-
Current receivables and other assets			**799,931**	**-**	**709,958**	**-**
Cash and cash equivalents			**111,057**	**111,057**	**200,412**	**200,412**

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

**) due to the offsetting carried out on the basis of netting agreements, the cash flow hedges are no longer separable

Summarised by measurement categories					
Financial assets at Acquisition costs	FAAC	939,094	938,883	938,524	940,322
Financial assets valued at fair value through equity	@FVOCI	1,480,239	1,480,239	767,891	767,891
Financial assets valued at fair value through profit or loss	@FVTPL	42,445	42,445	49,676	49,676
Derivative financial instruments	@FVTPL/ @FVOCI **)	718,461	718,461	1,050,316	1,050,316

Liabilities - balance sheet items

Classes	Valuation category in accordance with IFRS 9	Level	31/12/2022 Carrying amount	31/12/2022 Fair value	31/12/2021 Carrying amount	31/12/2021 Fair value
Liabilities to banks	FLAC	2	479,248	401,359	417, 928	424,626
Liabilities to others	FLAC		12,788	-	11,698	-
Non-current financial liabilities	**FLAC**		**492,036**	**401,359**	**429,625**	**424,626**
Liabilities recognised at amortised cost of acquisition	FLAC		974	974	1,108	1,108
Non-financial liabilities	-		45,227	-	44,330	-
Derivative financial instruments	@FVTPL/ @FVOCI *)	2	139,997	139,997	88,782	88,782
Other non-current liabilities			**186,198**	**-**	**134,219**	**-**
Liabilities to banks	FLAC	2	32,985	27,624	126,930	128,964
Liabilities to others	FLAC		2,613	-	2,434	-
Current financial liabilities			**35,598**	**27,624**	**129,364**	**128,964**
Trade accounts payable	**FLAC**		**262,562**	**262,562**	**302,629**	**301,745**
Contract liabilities	**FAAC**		**1,245**	**1,245**	**1,110**	**1,110**
Liabilities recognised at amortised cost of acquisition	FLAC		185,314	185,314	137,611	137,611
Non-financial liabilities	-		26,315	-	16,359	-
Derivative financial instruments	@FVTPL/ @FVOCI *)	2	563,463	563,463	362,641	362,641
Other current liabilities			**775,092**	**-**	**516,611**	**-**

**) due to the offsetting carried out on the basis of netting agreements, the cash flow hedges are no longer separable

Summarised by measurement categories					
Financial liabilities at amortised cost of acquisition	FLAC	977,728	879,078	1,001,448	995,164
Derivative financial instruments	@FVTPL/ @FVOCI *)	703,459	703,459	451,423	451,423

@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

7 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€
	31/12/2022	31/12/2021
Cash in hand, cheques, cash in banks (required retention period of less than three months)	111,057	200,412
Other current borrowing (required retention period of less than three months)	0	0
Cash and cash equivalents at the end of the period	**111,057**	**200,412**

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”.

The item “Payments made for business unit acquisition” discloses in the current financial year the purchase price for the acquisition of the remaining 24.9 percent of the shares in IBIOLA Mobility Solutions GmbH (IMS). The item also includes purchase price adjustments for non-capitalised variable components relating to Elektrizitätswerke Bad Radkersburg GmbH (EBR).

In the previous year, this item included the purchase price for the acquisition of 100 percent of the shares in la bellenergie SaS (LBE) (formerly: 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 LBE and Elektrizitätswerke Bad Radkersburg GmbH (EBR).

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€**

2022	IMS	EBR	Total
Successive acquisition of shares in %	24.90%	0.00%	-
Equity	-168	0	-168
Successive acquisition of shares in %	24.90%	0.00%	-
Share in equity capital acquired	42	0	42
Goodwill			82
Total purchase price paid in cash			124
Cash and cash equivalents			0
			124

2021	LBE	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 in equity capital acquired	440	571	35	0	1,046
Goodwill					10,018
Reclaim of purchase price					596
Total purchase price paid in cash					11,660
Cash and cash equivalents					-438
					11,222

*) 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 January 2021		**468,910**	**501**	**12,963**	**713,178**	**449,878**	**307,083**	**16,726**	**1, 969, 23 9**
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 in respect of 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 in respect of liabilities		**122**	**0**	**3,413**	**0**	**0**	**0**	**0**	**3,535**
Total other changes in respect of equity		**0**	**0**	**0**	**0**	**46,608**	**784,684**	**1,447**	**832,740**
Balance sheet as at 31 December 2021		**544,858**	**451**	**13,681**	**713,178**	**440,280**	**1,091,929**	**17,295**	**2,821,672**

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

		Liabilities			Equity				
	Notes	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	Total
Balance sheet as at 31 December 2021		**544,858**	**451**	**13,681**	**713,178**	**440,280**	**1,091,929**	**17,295**	**2,821,672**
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	-48,000	0	0	-48,000
Distribution to non-controlling interests	(24)	0	0	0	0	0	0	-1,327	-1,327
Raising of bonds, loans and credits	(25)	85,608	0	0	0	0	0	0	85,608
Repayment of bonds, loans and credits	(25)	-118,194	-27	0	0	0	0	0	-118,220
Repayment of lease liabilities	(25)	0	0	-2,724	0	0	0	0	-2,724
Total change in net cash flow from financing activities		**-32,586**	**-27**	**-2,724**	**0**	**-48,000**	**0**	**-1,047**	**-84,384**
Change in scope of consolidation		**0**	**0**	**0**	**0**	**17**	**0**	**-42**	**-25**
Currency changes		**85**	**0**	**4**	**0**	**0**	**84**	**81**	**253**
Other changes in respect of liabilities									
New leases	(13)	0	0	4,392	0	0	0	0	4,392
Termination of leases	(13)	0	0	-376	0	0	0	0	-376
Interest expenses	(9)	8,863	0	424	0	0	0	0	9,287
Interest paid		-8,988	0	-424	0	0	0	0	-9,412
Total other changes in respect of liabilities		**-124**	**0**	**4,016**	**0**	**0**	**0**	**0**	**3,892**
Total other changes in respect of equity		**0**	**0**	**0**	**0**	**71,099**	**345,857**	**783**	**417,739**
Balance sheet as at 31 December 2022		**512,232**	**425**	**14,977**	**713,178**	**463,396**	**1,437,869**	**17,070**	**3,159,147**

8 OTHER DISCLOSURES

FINANCIAL RISK MANAGEMENT

The Energie Steiermark Group is exposed to various financial risks, particularly to credit risks, liquidity risks, currency exchange risks, interest rate risks and price change 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 31/12/2022	**Carrying amount at 31/12/2021**
Loans granted by the company	29,415	27,897
Securities at fair value through profit or loss	34,244	40,797
Derivative financial instruments	718,461	1,050,316
Trade receivables	415,516	383,062
Other receivables and assets	54,541	37,726
Cash and cash equivalents	111,057	200,412
Total default risk pursuant to balance sheet	**1,363,234**	**1,740,210**
Guarantees	31,029	19,125
Other contractual liability obligations	27	27
Total default risk	**1,394,290**	**1,759,362**

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. Based on the existing legal claim and the intention to net settlement, the fair-value measurements are netted for the respective settlement month, in each case separately for the relevant counterparties with whom such agreements have been concluded.

In addition and in accordance with IAS 32.42 et seq. receivables and liabilities are offset for hedging services of futures as well as fair value measurements of futures across different maturities and exchanges or clearing houses. However, only the variation margin for offsetting changes in the fair value of derivatives is included in the netting, and not the initial margin, as this is general basic collateral for opening transactions.

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€**

2022	Carrying 31/12/2022	Cash flows 2023	2024 - 2027	from 2028
Liabilities to banks	512,232	29,550	209,062	315,584
Other financial liabilities	15,401	2,613	8,825	3,963
Derivative financial instruments	703,459	563,463	139,997	0
Trade accounts payable	262,562	260,643	1,637	282
Tax and social security liabilities	72,611	72,571	40	0
Other liabilities	104,388	103,455	52	881
Guarantees	31,029	31,029	0	0
Other contractual liability obligations	27	27	0	0
Financial liabilities arising from purchase commitments	3,135,688	2,892,072	243,617	0
Financial obligations from other contracts	7,982	268	1,071	6,643

Liquidity analysis				K€
2021	Carrying	Cash flows		
	31/12/2021	2022	2023 - 2026	from 2027
Liabilities to banks	544,858	91,138	121,601	340,509
Other financial liabilities	14,132	2,434	6,688	5,010
Derivative financial instruments	451,423	362,641	88,782	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

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 93.3 percent of financial liabilities is more than one year, 4.6 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 2022, the result from interest payments would have been higher (lower) by K€ 1,127 (previous year: K€ 884).

If the market interest rate level had been higher (lower) by 100 base points on 31 December 2022, 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€ 1,522 (previous year: K€ 1,466).

Use of Derivative Financial Instruments to Minimise Commodity Price Risks

In energy trading, derivative financial instruments are used as hedging instruments against undesirable price developments on the relevant wholesale markets for electricity, gas and certificates (CO_2 emission certificates and certificates of origin). 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.

For the purpose of assessing hedge effectiveness, an economic relationship between the hedged item and the hedging instrument must be demonstrated, and the default risk must not have a dominant influence on the changes in value. Prospective effectiveness is generally assessed on a qualitative basis using the critical terms match method, which compares the material terms of the hedging instruments with those of the hedged item.

Ineffectivities of K€ 17,680 (previous year: K€ 36) resulting from the qualifying cash flow hedges as of the balance sheet date were recognised in profit or loss for the period.

As of 31 December 2022, derivative financial instruments in the energy sector (electricity and gas futures as well as electricity and gas forwards, CO_2 futures and forwards guarantees of origin) were composed as follows:

Cash flow hedges **K€**

2022	Positive market value 31/12/2022	Negative market value 31/12/2022	Net
Electricity futures and forwards	1,460,859	1,565,998	-105,139
Gas futures and forwards	300,667	252,993	47,674
CO2 certificates futures	2,912	535	2,377
Certificates of origin forwards	17,930	466	17,464
Total before offsetting	**1,782,367**	**1,819,991**	**-37,624**
thereof short-term	1,481,003	1,479,887	1,116
thereof long-term	301,364	340,105	-38,740
thereof in other comprehensive income	0	0	-37,624

2021	Positive market value 31/12/2021	Negative market value 31/12/2021	Net
Electricity futures and forwards	2,780,263	2,137,433	642,829
Gas futures and forwards	408,696	439,353	-30,658
CO2 certificates futures	10,949	0	10,949
Certificates of origin forwards	5,336	70	5,266
Total before offsetting	**3,205,243**	**2,576,856**	**628,387**
thereof short-term	2,676,636	2,250,138	426,498
thereof long-term	528,607	326,719	201,888
thereof in other comprehensive income	0	0	628,387

Trading	K€

2022	Positive market value 31/12/2022	Negative market value 31/12/2022	Net
Electricity futures and forwards	51,987	53,410	-1,423
Gas futures and forwards	9,762	3,330	6,432
CO2 certificates futures	4,098	0	4,098
Certificates of origin forwards	283	282	1
Total before offsetting	**66,131**	**57,022**	**9,108**
thereof short-term	64,910	54,382	10,528
thereof long-term	1,221	2,640	1,420

2021	Positive market value 31/12/2021	Negative market value 31/12/2021	Net
Electricity futures and forwards	761,985	811,406	-49,421
Gas futures and forwards	7,987	9,058	-1,071
Certificates of origin forwards	50	48	2
Total before offsetting	**770,021**	**820,512**	**-50,490**
thereof short-term	768,998	819,491	-50,493
thereof long-term	1,023	1,021	3

Total	K€

2022	Positive market value 31/12/2022	Negative market value 31/12/2022	Net
Electricity futures and forwards	1,512,847	1,619,408	-106,561
Gas futures and forwards	310,429	256,323	54,106
CO2 certificates futures	7,010	535	6,475
Certificates of origin forwards	18,213	748	17,465
Total before offsetting	**1,848,498**	**1,877,014**	**-28,516**
Consideration of offsetting agreements	-1,130,036	-1,176,554	43,518
Total after offsetting	**718,461**	**703,459**	**15,002**

2021	Positive market value 31/12/2021	Negative market value 31/12/2021	Net
Electricity futures and forwards	3,542,247	2,948,839	593,408
Gas futures and forwards	416,683	448,411	-31,729
CO2 certificates futures	10,949	0	10,949
Certificates of origin forwards	5,385	118	5,268
Total before offsetting	**3,975,264**	**3,397,368**	**577,896**
Consideration of offsetting agreements	-2,924,948	-2,945,945	20,998
Total after offsetting	**1,050,316**	**451,423**	**598,894**

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

K€	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	2,156	-7,933	2,156	13,446	13,446	13,446
iA	93,860	-169,884	331,300	169,502	-56,899	492,655
iBBB	50,518	-109,978	257,255	76,668	-69,265	279,456
iBB	53,701	-182	60,455	52,338	-13,663	115,823
iB	31,134	-5,550	33,331	597	-5,475	1,140
iC	0	0	0	0	0	0
iD	0	0	0	0	0	0
Total			684,497			902,521

* 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:

K€	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	2,156	-7,933	-5,777	3,865	-8,424	4,356	-1,709	-8,424	-10,133
iA	93,860	-169,884	-21,198	8,568	-145,976	-32,299	101,688	-145,976	11,101
iBBB	50,518	-109,978	-99,294	6,615	-110,581	-43,371	50,518	-110,581	-55,923
iBB	53,701	-182	60,273	17,402	-182	17,402	36,299	-182	42,871
iB	31,134	-5,550	27,781	2,093	-5,470	695	32,452	-5,470	27,086
iC	0	0	0	0	0	0	0	0	0
iD	0	0	0	0	0	0	0	0	0
Total			-38,215			-53,217			15,002

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:

K€	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	17,666	-20,497	-2,831	325	-7,627	-7,302	17,991	-28,124	-10,133
iA	741,509	-817,223	-75,714	102,817	-16,002	86,814	844,325	-833,225	11,101
iBBB	446,436	-478,682	-32,246	80,879	-154,970	-74,091	527,316	-633,652	-106,337
iBB	46,216	-5,399	40,817	7,475	-5,421	2,054	53,691	-10,820	42,871
iB	104,360	-41,703	62,658	14,842	0	14,842	119,203	-41,703	77,500
iC	0	0	0	0	0	0	0	0	0
iD	0	0	0	0	0	0	0	0	0
Total	1,356,187	-1,363,503	-7,316	206,338	-184,020	22,318	1,562,525	-1,547,523	15,002

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 2022, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 128,878 (previous year: K€ 124,082).

In the event of a 10 percent product price increase (product price decrease) in the gas segment as at 31 December 2022, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 36,905 (previous year: K€ 27,831).

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 2022.

The derivative financial instruments used to hedge cash flows break down as follows:

Derivative financial instruments for cash flow hedges				K€
2022	Nominal volumes	Market value 31.12.2022	Residual term < 1 year	Residual term > 1 year
Electricity futures and forwards	8,427,421 MWh	-105,139	-15,506	-89,633
Gas futures and forwards	4,988,724 MWh	47,674	3,729	43,945
CO2 certificates futures	233000 t	2,377	1,296	1,081
Certificates of origin forwards	6,104,000 MWh	17,464	11,596	5,867
Total		**-37,624**	**1,116**	**-38,740**
2021	Nominal volumes	Market value 31.12.2021	Residual term < 1 year	Residual term > 1 year
Electricity futures and forwards	8,113,334 MWh	642,829	502,720	140,109
Gas futures and forwards	6,577,114 MWh	-30,658	-86,747	56,090
CO2 certificates futures	241000 t	10,949	9,197	1,752
Certificates of origin forwards	6,151,130 MWh	5,266	1,328	3,938
Total		**628,387**	**426,498**	**201,888**

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

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

Hedge reserve						K€
2022	Residual term > 1 year	Residual term < 1 year	Cash flow hedges total	OCI total	Deferred taxes	OCI after taxes
Electricity futures and forwards	-89,633	-15,506	-105,139	462,345	-106,459	355,886
Gas futures and forwards	43,945	3,729	47,674	187,273	-43,073	144,200
CO2 certificates futures	1,081	1,296	2,377	2,377	-547	1,830
Certificates of origin forwards	5,867	11,596	17,464	17,464	-4,017	13,447
As of 31 December 2022	**-38,740**	**1,116**	**-37,624**	**669,458**	**-154,095**	**515,363**
of which derivatives with a positive market value	301,364	1,481,003	1,782,367			
of which derivatives with a negative market value	-340,105	-1,479,887	-1,819,991			

Hedge reserve						**K€**
2021	Residual term > 1 year	Residual term < 1 year	Cash flow hedges total	OCI total	Deferred taxes	OCI after taxes
Electricity futures and forwards	140,109	502,720	642,829	800,221	-200,055	600,166
Gas futures and forwards	56,090	-86,747	-30,658	199,614	-49,904	149,711
CO2 certificates futures	1,752	9,197	10,949	10,949	-2,737	8,212
Certificates of origin forwards	3,938	1,328	5,266	5,266	-1,316	3,949
As of 31 December 2021	**201,888**	**426,498**	**628,387**	**1,016,050**	**-254,013**	**762, 038**
of which derivatives with a positive market value	528,607	2,676,636	3,205,243			
of which derivatives with a negative market value	-326,719	-2,250,138	-2,576,856			

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
Equity and liabilities		with net debts > 40% 33% per ext. Partners
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€**
	31/12/2022	31/12/2021
Guarantees	31,029	19,125
Other contractual liability obligations	27	27
Total	**31,056**	**19,152**

Furthermore, the following financial obligations exist:

Financial obligations		**K€**
	31/12/2022	31/12/2021
From purchase commitment	3,135,688	2,473,820
From other contracts	7,982	6,680
Total	**3,143,670**	**2,480,500**

Concluded electricity trading contracts account for the highest part of the obligations from purchase commitment of K€ 3,135,688 (previous year: K€ 2,473,820). In the following year, an amount of K€ 2,892,072 (previous year: K€ 2,041,271).

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 (9).

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€**

	2022	2021
Sales revenues	94,875	67,166
Other income	232	226
Expenses for purchased services	-14,674	-12,815
Other expenses	-484	-821
Interest income	1,537	1,693

	31/12/2022	31/12/2021
Receivables	8,637	12,695
Borrowings	20,401	20,393
Liabilities	-37,988	-38,087

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

	2022	2021
Sales revenues	496	431
Other income	2	1
Expenses for purchased services	-147	-21
Other expenses	-558	-918
Interest income	115	45

	31/12/2022	31/12/2021
Receivables	59	106
Borrowings	9,014	7,499
Liabilities	-1,165	-1,044

Significant transactions with other shareholdings **K€**

	2022	2021
Sales revenues	59,874	22,424
Other income	9	0
Expenses for purchased services	-65,868	-26,771
Other expenses	-2,291	-5,703

	31/12/2022	31/12/2021
Receivables	139	125
Liabilities	-85	-222

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€**

	2022	2021
Audit of the Consolidated Financial Statements	30	28
Other assurance work	211	162
Other services	43	0
Total	**284**	**190**

EMPLOYEES

The average number of employees during the year was:

Number of employees (average)

	2022	2021
Salaried employees	1,780	1,742
Waged employees	202	196
Total	**1,982**	**1,938**

DISCLOSURES ON THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Disclosures on the Supervisory Board and Management K€	2022	2021
Supervisory Board remuneration (Energie Steiermark and consolidated companies)	88	104
Remuneration paid to the Management Board members of Energie Steiermark (active time)	488	490
Payments to former Energie Steiermark Management Board members and their surviving relatives	399	391
Total	**975**	**985**

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	224	224
Variable remuneration	20	20

The variable remuneration of the Management Board relates to the 2021 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€ 45 (previous year: K€ 44) were paid in the 2022 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 (12).

9 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 of 31/12/2022 **K€**

	Parent company	Shareholding	Headquarters	Type of consolidation	Financial year	Equity	Annual profit/ loss
Energie Steiermark AG			Graz	FC	2022	2,168,839	49,852
AQUA.NET Wasser- und Freizeitanlagen Steiermark GmbH	Energie Steiermark	100.00%	Graz	FC	2022	2,578	596
E1 Energiemanagement GmbH	KD	100.00%	Nuremberg	FC	2022	1,437	273
Elektrizitätswerke Bad Radkersburg GmbH (EBR)	Energie Steiermark	74.90%	Bad Radkersburg	FC	2022	1,842	304
Energie Steiermark Breitband GmbH	Energie Steiermark	100.00%	Graz	FC	2022	5,763	697
Energie Steiermark Business GmbH	KD	100.00%	Graz	FC	2022	565,651	-19,690
Energie Steiermark Finanz-Service GmbH (EFG)	Energie Steiermark	100.00%	Graz	FC	2022	6,946	1,098
Energie Steiermark Green Power GmbH (GP)	Energie Steiermark, EFG	100.00%	Graz	FC	2022	85,731	6,946
Energie Steiermark Kunden GmbH (KD)	Energie Steiermark	100.00%	Graz	FC	2022	56,521	19,591
Energie Steiermark Natur GmbH	KD	100.00%	Graz	FC	2022	8,181	-1,389
Energie Steiermark Service GmbH	Energie Steiermark	100.00%	Graz	FC	2022	4,691	970
Energie Steiermark Technik GmbH	Energie Steiermark, EFG	100.00%	Graz	FC	2022	86,634	10,002

	Parent company	Shareholding	Headquarters	Type of consolidation	Financial year	Equity	Annual profit/ loss
Energie Steiermark Wärme GmbH	Energie Steiermark, GP	100.00%	Graz	FC	2022	52,541	1,385
Energienetze Steiermark GmbH	Energie Steiermark	100.00%	Graz	FC	2022	435,024	9,765
ENWA GesmbH	GP	60.00%	Graz	FC	2022	4,644	-82
go green energy GmbH	KD	100.00%	Vienna	FC	2022	119	19
go green energy GmbH & Co KG (GGE KG)	KD	100.00%	Vienna	FC	2022	21,262	31,546
IBIOLA Mobility Solutions GmbH (IMS)	KD	100.00%	Vienna	FC	2022	606	-126
Jihlavské Kotelny, s.r.o.	Energie Steiermark	50.84%	Jihlava	FC	2022	6,868	799
la bellenergie SaS (LBE) (formerly Electricité de Provence SAS (EdP))	KD	100.00%	Toulon	FC	2022	3,015	1,071
LBE Business SaS	LBE	100.00%	Toulon	FC	2022	397	-3
Murkraftwerk Graz Errichtungs- und BetriebsgmbH	GP EGG KG	62.40% 12.50%	Graz	FC	2022	6,744	-1,692
Next Vertriebs- und Handels GmbH	Energie Steiermark	100.00%	Graz	FC	2022	1,109	-146
STEFE Banska Bystrica, a.s.	STEFE SK	66.00%	Banská Bystrica	FC	2022	12,818	1,837
STEFE ECB, s.r.o.	STEFE SK	100.00%	Banská Bystrica	FC	2022	4,955	1,016
STEFE Martin, a.s.	STEFE SK	65.93%	Martin	FC	2022	3,569	365
STEFE Rimavska Sobota, s.r.o.	STEFE SK	58.66%	Rimavská Sobota	FC	2022	4,220	269
STEFE Roznava, s.r.o.	STEFE SK	100.00%	Roznava	FC	2022	288	57
STEFE SK a.s.	Energie Steiermark	100.00%	Banská Bystrica	FC	2022	34,082	3,692
STEFE THS, s.r.o.	STEFE SK	100.00%	Revúca	FC	2022	5,471	453

	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	2022	4,471	410
V.I.Trade s.r.o.	STEFE SK	100.00%	Nitra	FC	2022	152	-206
ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o.	Energie Steiermark	38.00%	Ljubljana	EK	2021	45,916	3,368
Brucker Kraftwerks-, Bau-, und Betriebs GmbH [1)]	STB	100.00%	Bruck an der Mur	EK	2021	1,241	391
Energie Graz GmbH	Energy Styria	49.00%	Graz	EK	2021	106	10
Energie Graz GmbH & Co KG (EGG KG)	Energie Steiermark	49.00%	Graz	EK	2022	238,673	9,058
Feistritzwerke-STEWEAG-GmbH [1)]	Energie Steiermark	27.00%	Gleisdorf	EK	2022	51,172	3,636
homee GmbH [1)]	KD	33.33%	Berlin	EK	2021	637	-2,525
Stadtwerke Bruck an der Mur GmbH (STB) [1)]	Energie Steiermark	34.00%	Bruck an der Mur	EK	2021	5,685	1,815
Stadtwerke Hartberg Energieversorgungs GmbH [1)]	Energie Steiermark	25.10%	Hartberg	EK	2021	2,329	-1,155
STEFE Trnava, s.r.o.	STEFE SK	50.00%	Trnava	EK	2022	5,002	629
Stromnetz Graz GmbH	EGG KG	100.00%	Graz	EK	2021	103	8
Stromnetz Graz GmbH & Co KG (SGG KG)	EGG KG	100.00%	Graz	EK	2022	-1,961	1,126
Stubalm Windpark Penz GmbH [1)]	GP	49.00%	Edelschrott	EK	2021	2,683	-91
AQUASYSTEMS Gospodarjenje z vodami d.o.o. [1)]	AQUA.NET	20.87%	Maribor	NC	2021	4,623	3,133
ARGONET GmbH [1)]	Energie Steiermark	34.00%	Gmunden	NC	2021	3,976	-791
E 1 Wärme und Energie GmbH [1)]	KD	100.00%	Seiersberg	NC	2022	1,568	123
Enery Green Power GmbH 2)	GP	50.00%	Graz	NC	2021	200	-35

	Parent company	Shareholding	Headquarters	Type of consolidation	Financial year	Equity	Annual profit/ loss
ES SN Green Power GmbH 2)	GP	50.00%	Graz	NC	2021	392	-43
Grazer Energieagentur Ges.m.b.H. 1)	Energie Steiermark, EGG KG	5.00% 47.50%	Graz	NC	2021	865	59
Solar Graz GmbH 1)	EGG KG	100.00%	Graz	NC	2021	663	106
WDS Wärmedirektservice der Energie Graz GmbH 1)	EGG KG	100.00%	Graz	NC	2021	5,523	328

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.

10 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 €	2022	2021	31/12/2022	31/12/2021
100 Czech koruna	4,07	3.90	4,14	4.02

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.

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.

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	1.11 - 100	1 - 90
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 furniture and 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.

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	2022	2021
Austria	6.56%	4.65%
Germany	6.04%	4.40%
France	6.62%	4.70%
Slovakia	7.06%	4.94%
Slovenia	7.47%	5.16%
Czech Republic	9.96%	4.66%

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 2022 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€ 93,274 (previous year: K€ 129,016).

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€ 69,538 (previous year: K€ 37,859).

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

	2022		2021	
	GP	**KD**	**GP**	**KD**
WACC +1.0%	-11.31%	-17.02%	-19.96%	-18.02%
WACC -1.0%	15.18%	23.36%	30.95%	27.88%
Growth rate +0.1%	0.05%	0.09%	0.07%	0.08%
Growth rate -0.1%	-0.05%	-0.09%	-0.07%	-0.08%

If the WACC increased (decreased) by 1 percent in the 2022 financial year, the market value of the CGU at GP would have changed by -11.31 percent (change of +15.18 percent) and the market value of the CGU at KD would have changed by -17.02 percent (change of +23.36 percent).

If the growth factor increased (decreased) by 0.1 percent in the 2022 financial year, the market value of the CGU at GP would have changed by +0.05 percent (change of -0.05 percent) and the market value of the CGU and both KD would have changed by +0.09 percent (change of -0.09 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.

Financial assets are classified in 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:

- Stage 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:

General impairment model (three-level model)

Stage 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 as well as raw materials and 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.

CO_2 emission certificates are recognised at net realisable value in accordance with IAS 2. 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.

The CO_2 emission certificates held for trading purposes are recognised at fair value less costs to sell based on the exemption for raw material and commodity traders (brokerage exemption) in accordance with IAS 2. The corresponding forward transactions are recognised as financial assets or financial liabilities and measured at fair value.

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.

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
Energy Complete	6.67 / 5	15 / 20

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 2022 and 2021 are based on the following assumptions:

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

	2022	2021
Interest rate	3,50 % p.a.	0,50 % p.a.
Pension increases	2,75 % p.a.	2,40 % p.a.
Salary increases	2,75 % p.a.	2,40 % p.a.
Career trend	0,20 % p.a.	0,20 % p.a.
Expected investment result of the fund assets	3,50 % p.a.	0,50 % p.a.

By derogation from the long-term salary trends disclosed in the above table, a one-time increase of 8.80 percent as of the end of 2022 (previous year: 3.50 percent to the end of 2021) and a one-time increase of 5.25 percent to the end of 2023 (previous year: 2.75 percent to the end of 2022) and a one-time increase of 3.75 percent to the end of 2024 was determined 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

	2022	2021
Interest rate	3,50 % p.a.	0,50 % p.a.
Salary increases	2,75 % p.a.	2,40 % 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 8.80 percent as of the end of 2022 (previous year: 3.50 percent to the end of 2021) and a one-time increase of 5.25 percent to the end of 2023 (previous year: 2.75 percent to the end of 2020) and a one-time increase of 3.75 percent to the end of 2024 was determined 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 2022 and 2021 financial years, the following income tax rates were applied to the calculation of deferred taxes:

Income tax rates

Company headquarters	2022	2021
Austria	23.0%	25.0%
Germany	30.0%	30.0%
France	25.0%	26.5%
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**
2022	9,332	18,609	**27,941**

[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€	2022	2021
Operating result	**103,185**	**30,578**
Regulatory account	18,609	11,315
Adjusted operating income	**121,794**	**41,893**

11 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 2022 financial year:

New standards and interpretations which are not yet applicable

New standards/interpretations		**applicable from**
IFRS 17	"Insurance contracts"	1 January 2023 2)

1) The European Commission has decided not to initiate the endorsement process of the interim standard IFRS 14 "Regulatory Deferral Accounts" (published on 30 January 2014) and to wait for the final IFRS standard.

2) IASB decides new effective date for IFRS 17

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 2022 financial year:

Amended standards and interpretations which are not yet applicable

Amended standards/interpretations		**applicable from 1)**
IAS 1	Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Guidance Document 2 – Disclosures on Accounting Policies	1 January 2023 *)
IAS 1	Amendments to IAS 1 "Presentation of Financial Statements" 2) - Classification of liabilities as current or non-current - Classification of liabilities as current or non-current - Postponement of application date - classification of debts with covenants	1 January 2024
IAS 8	Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of "Estimates"	1 January 2023 *)
IAS 12	Amendments to IAS 12 – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IFRS 16	Amendments to IFRS 16 "Leases" – Lease liability in a sale and leaseback transaction 2)	1 January 2024
IFRS 17	Amendments to IFRS 17 "Insurance Contracts" – First-time application of IFRS 17 and IFRS 9: Comparative information	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.*

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 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 amendments also relate to the classification of debt subject to covenants. Covenants to be met before or on the balance sheet date may have an impact on the classification as current or non-current. By contrast, covenants that only have to be met after the balance sheet date have no impact on classification. Instead of being taken into account in the classification, such covenants must be disclosed in the notes. This is intended to enable users of financial statements to assess the extent to which non-current liabilities may become repayable within twelve months.

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 IFRS 16 "Leases"** include rules on the subsequent measurement of a lease liability in the event of a sale and leaseback transaction. The amendments to IFRS 16 require the lease liability to be measured in such a way that no gain or loss arises on its subsequent measurement in respect of the right-of-use asset retained. For this purpose, the lessee shall establish an accounting policy for determining lease payments that satisfies this requirement.

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.

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" and IFRS Guidance Document 2 – Disclosures on Accounting Policies

- Amendments to IAS 1 "Presentation of Financial Statements"
  - Classification of liabilities as current or non-current
  - Classification of debts with covenants

- 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 IFRS 16 "Leases" – Lease liability in a sale and leaseback transaction

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

12 MANAGING BOARD AND SUPERVISORY BOARD

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:

- Univ.-Prof. Dipl.-Ing. Karl **ROSE**
  (Chairman since 05.12.2022, Deputy Chairman from 06.02.2014 to 05.12.2022, member since 17.01.2011)
- Dipl.WI (FH) Claudia **von der LINDEN**, MBA (IMD)
  (Vice Chairman since 05.12.2022, member since 25.09.2011)
- Dipl.-Ing. Josef **MÜLNER**
  (Chairman from 01.12.2011 to 05.12.2022, member from 01.12.2011 to 05.12.2022)

- Mag. Michaela **HUBER** (member since 05.12.2022)
- Dr. Kurt **KLEIN** (member since 15.12.2005)
- Univ.-Prof. Mag. Dr. Thomas **KRAUTZER** (member since 6.2.2014)
- 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 2023

The Managing Board:

Dipl.-Ing. Christian Purrer

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