



ENERGIE STEIERMARK

BUSINESS REPORT 2023

CONSOLIDATED MANAGEMENT REPORT

FOR THE FINANCIAL YEAR 2023

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1 GENERAL ECONOMIC DEVELOPMENT

The outlook for global economic growth remains below average. According to the latest forecasts, global economic growth will be just below 3 percent, compared with a long-term average of around 3.5 percent. The ongoing war in Ukraine, low consumer confidence and the persistent problems in the real estate sector continue to affect the global economy, including Austria. Together with record inflation driven by energy prices, economic output stagnated here, particularly in the third quarter of 2023. This trend is only expected to recover slightly in the fourth quarter of 2023. Business managers' assessments of the economy do not point to an imminent turnaround in these developments.

GDP growth of 0.7 percent is forecast for the EU in 2023. Moderate growth of only 1.0 percent and 1.5 percent is forecast for 2024 and 2025 respectively. Austria is expected to experience a mild recession of -0.7 percent in 2023. The economy is not expected to recover until 2024, as a result of stronger consumer demand due to inflation compensation and real GDP growth of 0.6 percent.

Meanwhile, inflationary pressures in Austria have spread to other areas and, although they have eased somewhat in the face of significant increases in key interest rates, they are still declining only slowly. The average annual inflation rate is 7.8 percent. It is expected to decline significantly to 2.5 percent by 2026. Austria's real GDP will grow by 1.7 percent and 1.3 percent in the years 2025 and 2026, which is comparable to the growth in the euro area.

From an international perspective, the global economy should return to moderate growth of just under 3 percent once the current period of high inflation and rising interest rates has ended. Europe is expected to grow by 0.7 percent in 2023, before returning to a slightly slower average of 1.2 percent per year thereafter.

Following the massive turbulence on the European energy markets in the wake of the Russian war of aggression in Ukraine in February 2022, energy prices have largely stabilised again in the energy industry. In contrast to 2022, French generation capacities were available again in the European electricity market in 2023 and gas from non-Russian sources could be secured in sufficient quantities. Together with the ongoing expansion of renewable energy generation and mild weather, wholesale prices on the energy markets fell, which were subsequently passed on to end consumers. Fiscal measures taken by the Austrian federal government (power price brake, grid cost subsidy) have helped to dampen energy-related inflation. The government also adopted a climate change stimulus package, which includes energy support for businesses and a renewable heat package.

In response to persistently high inflation, the ECB has raised its key rates sharply by 4.25 percentage points in the space of a year. Inflation in the euro area is therefore expected to fall to 5.6 percent by 2023 and is forecast to fall to 2.1 percent by 2025.

The unemployment rate for Austria was 6.4 percent in 2023 and will be 6.8 percent and 6.5 percent in the following years.

2 ENERGY INDUSTRY ENVIRONMENT

After years of energy crisis and geopolitical uncertainties, 2023 was characterised by relaxation. The supply situation was secured by full natural gas storage facilities, and power production had a downward effect on prices thanks to good water supplies and the strong expansion of renewable energies. High retail energy prices, strong inflation and significant increases in interest rates have clouded the overall economic environment and led to strong energy saving behaviour.

Despite the calmer environment, market prices for electricity and natural gas are still above twice the pre-crisis level. Towards the end of the year, further price reductions showed the expected direction of 2024.

Power

Following the price spikes in the previous year, the 2023 calendar year was essentially characterised by a relaxed supply situation with weakening demand on the spot market and the reduction of risk premiums ("normalization" of pricing) on the futures market.

Right at the beginning of the year, mild temperatures and news on storage in the gas market led to a visible easing of the market and significantly reduced the feared risks of shortages. On the supply side, the very high proportion of renewable energies ("RE") such as wind, solar and hydropower ensured a predominantly good supply situation on the relevant spot markets over the course of the year, which was also gradually reflected along the price curve.

The supply side also benefited from the continued reliability of nuclear power supply from France, which had been seen as one of the main risk factors in the previous year. The phasing out of nuclear power in Germany, where the last nuclear power plants were shut down in mid-April, has so far been largely offset by the aforementioned high supply of renewable energy and increased imports. However, this exit led to an increased dependence on power from Germany, which was particularly noticeable in the second and third quarters and also had an impact on spreads.

On the demand side, the economic downturn, price-induced efficiency measures and historically mild weather led to weaker power demand. This was also reflected in high stock levels (gas, coal) and lower demand for EUAs, which also dampened power prices and related expectations.

The average spot price for the year was EUR 95.18/MWh for the German-Luxembourg market area and EUR 102.14/MWh for the Austrian market area. Cal 24 Base DE was quoted at EUR 95.60/MWh shortly before the start of delivery. The AT-DE spread was EUR 4.92/MWh at the reporting date.

Gas, coal, crude oil and CO₂

The destruction of demand in 2022 continued in 2023 (e.g. gas storage level in Germany at 80 percent at the end of January 2023) – mainly due to a continuous decline in industrial gas consumption and a sharp drop in heating demand (caused by a very mild winter in the northern hemisphere) as well as a switch to other forms of energy. China's delayed and slow return from the coronavirus lockdown from February 2023 also contributed massively to the fact that inventories (gas, coal, crude oil, etc.) remained very high and the quantities to be replenished for the next winter were significantly lower than in previous years. Economic and demand growth was mainly driven by the United States, India and China, while Europe and parts of East Asia experienced sharp falls in demand, which were reflected in prices.

In September 2023, gas storage levels in Europe exceeded the mandatory storage levels. Thanks to the very rapid expansion/rental of LNG landing, processing and transmission infrastructure, massive additional imports of LNG worldwide and pipeline gas from Norway, Africa and Azerbaijan as well as maximum utilisation and expansion of the infrastructure, the decline in Russian gas to less than 10 percent of 2021 volumes was well compensated. The explosion in gas prices in 2022 has led to an increase in the Asian spot and TTF price above the gas-to-coal switch price in Europe and Asia and to

an increased use of coal worldwide. In 2023, the economic justification for a switch to coal weakened globally in terms of price – in Germany and Europe, on the other hand, up to 10 coal-fired power plants returned to the market because they were simply needed to generate power. However, the corresponding increase in the carbon intensity of fossil-fuelled power generation was not able to compensate for the negative factors on the demand side of the emissions market. The war in Gaza and the ongoing OPEC+ cuts only drove prices up in the short term. Global gas prices have fallen sharply in 2023 due to substitution and reduced demand in Europe and Asia – prices in the United States, Europe's largest LNG supplier, have also fallen from over USD 4/MMBtu to USD 2/MMBtu. As at 27 December 2023, the closing prices of CEGH, THE and TFF were more than 50 percent lower than the corresponding prices in the previous year: at EUR 35.85/MWh, EUR 36.14/MWh and EUR 35.56/MWh, while Cal 24 closed at EUR 37.56/MWh, EUR 37.21/MWh and EUR 36.40/MWh. The Dec 23 emissions future reached its annual high of € 100.34/MWh on 21/02/2023, while the product ended trading at € 69.08/MWh on 18/12/2022. The API2 Cal 24 coal year future peaked at USD 178.01/t on 20 January 2023 and closed at USD 99.88/t on 27 December 2023.

Heat

In Europe, around a third of total energy consumption is used to heat buildings and produce hot water. Currently, around 70 percent of this energy still comes from the combustion of crude oil or natural gas. The energy transition is seeing attempts being made to move away from this, with the district heating industry playing an important role here. However, the continent still uses gas for the most part, but can in principle use a variety of heat sources, and, in the future, it will primarily be renewable energies. In this context, the European Union published the EU Renewable Energy Directive (also known as "RED III") in the Official Journal of the EU on 31 October 2023. According to the new binding targets, the share of renewable energies in the EU is to be increased to at least 42.5 percent of final energy consumption by 2030 – instead of the current 32 percent – even with the aim of achieving a non-binding target of 45 percent.

For the buildings sector, a separate EU target has been set to increase the share of renewable energies in heating and cooling to at least 49 percent across Europe by 2030. In order to promote the use of renewable energy, each Member State must increase the share of renewables in the building sector by at least 0.8 percent (2021-2025) or 1.1 percent (for the period 2026-2030) each year. The target for district heating and cooling is to increase the proportion of renewable energy by 2.2 percent per year. In Austria, the federal government agreed on a comprehensive economic stimulus package in October 2023, which is primarily intended to promote ecological construction and renovation measures. Instead of the long-discussed Renewable Heat Act, a package of measures comprising subsidies, new regulations and other steps is to be introduced in the form of a Renewable Heat Package (EWP). A legal framework for banning gas heating in new builds and additional subsidies for boiler replacement will further increase the existing boom in district heating.

After reaching a historic high in 2022, energy prices have fallen again, in some cases significantly, yet remain higher than before the crisis. The fall in energy prices has only had a muted effect on household prices for district heating, as district heating operators were still purchasing relatively expensive energy, particularly when procuring natural gas.

Grids

The energy industry environment and the resulting effects relevant to Energienetze Steiermark GmbH continued to be shaped decisively by the increasing number of integrated PV systems in the final months of the reporting year.

With regard to preparations for possible energy shortages in gas and electricity, a Group-wide Preventive Crisis Team for Energy Management was set up. In detail, the gas supply situation has eased considerably due to the successful storage build-up (over 90 TWh in mid-November, equivalent to one year's gas consumption in Austria) and the relatively mild winter so far. The situation has also eased in the electricity sector – the nuclear power plants in France are stable on the grid and the power supply in Europe is therefore secure.

The legislative area in the energy industry environment was characterised by its involvement in the planned comprehensive successor regulation to the Electricity Industry and Organisation Act (EIWOG). However, the resolution is still at the National Assembly, so the comprehensive amendment is therefore not expected until 2024.

The final report of Energienetze Steiermark GmbH was submitted for comment with regard to the Federal Court of Audit's audit of "Smart meters". This contains recommendations to network operators and criticism of the responsible federal ministries in connection with the lack of coordination.

The audit mandate of the Federal State Court of Audit to audit Energie Steiermark AG was also extended to include Energienetze Steiermark GmbH. An information workshop was held with the audit team from the Federal State Court of Auditors at the beginning of October.

With the 2023 SNE-VO amendment (Ordinance on Use of System Charges) and the 2023 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 2023. In accordance with EIWOG 2010 and GWG 2011, the Management Board of Energie-Control Austria (ECA) initially specified the cost basis, the objectives and the quantity structure in its notification. The system usage fees and the compensation payments are subsequently determined by E-Control's regulatory commission. For this purpose, the grid usage and grid loss charges for the Styrian grid, the recognised cost basis and the quantity structure of all grid operators (in the electricity grid segment with an annual sales volume of more than 50 GWh) are taken into account.

3 ECONOMIC DEVELOPMENT OF THE GROUP

Selected P&L, balance sheet and cash flow positions develop as follows in the 2023 financial year:

in MEUR	Jahressicht		Abweichung	
	2023	2022	absolut	%
Umsatzerlöse	2.786,9	2.616,5	170,4	7%
Materialaufwand	-2.225,1	-2.147,1	-78,0	-4%
Operatives Ergebnis (EBIT)	150,4	103,2	47,2	46%
Ergebnis vor Ertragssteuern	198,5	106,5	92,0	86%
Ergebnis nach Ertragssteuern	160,8	71,9	88,9	124%
Eigenkapital	1.628,1	2.631,5	-1.003,4	-38%
Bilanzsumme	4.435,5	5.379,9	-944,4	-18%
Netto-Geldfluss aus laufender Geschäftstätigkeit	-154,1	140,4	-294,5	-210%
Netto-Geldfluss aus der Investitionstätigkeit	-114,9	-145,4	30,5	21%
Netto-Geldfluss aus der Finanzierungstätigkeit	291,3	-84,4	375,7	-445%
Investitionen in Sachanlagen	221,3	217,4	3,9	2%

in EUR millions	Full year		Deviation	
	2023	2022	absolute	%
Sales revenues	2,786.9	2,616.5	170.4	7%
Cost of materials	-2,225.1	-2,147.1	-78.0	-4%
Operating result (EBIT)	150.4	103.2	47.2	46%
Result before income taxes	198.5	106.5	92.0	86%
Result after income taxes	160.8	71.9	88.9	124%
Equity	1,628.1	2,631.5	-1,003.4	-38%
Balance sheet total	4,435.5	5,379.9	-944.4	-18%
Net cash flow from ongoing operating activities	-154.1	140.4	-294.5	-210%
Net cash flow resulting from investment activities	-114.9	-145.4	30.5	21%
Net cash flow resulting from financing activities	291.3	-84.4	375.7	-445%
Investments in property, plant and equipment	221.3	217.4	3.9	2%

In the 2023 financial year, the operating result (EBIT) was € 150.4 million, which is an increase of € 47.2 million in comparison with the previous year.

Revenues mainly include energy revenues and grid revenues. The year-on-year increase is due in particular to higher electricity and gas prices. The cost of materials also increased compared to the previous year due to a moderate development in the price level on the wholesale market, but not to the same extent, resulting in an increase in the gross profit margin of € 92.4 million.

In addition to sales revenues, changes in inventories, own work capitalised and other operating income also contributed to operating performance. Own work capitalised including changes in inventory

amounted to € 36.6 million in 2023 was above the level of the previous year. Other operating income amounted to € 33.3 million.

Personnel expenses in 2023 were up € 8.5 million over the previous year, mainly due to rises in the collectively agreed salaries, a higher provision for partial retirement, and the higher number of employees.

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

Other operating expenses, at € 130.7 million, are € 27.6 million above the value of the previous year and mainly include third-party services.

In 2023, income from investments in associated companies mainly comprised the negative result of Energie Graz GmbH & Co KG. Other income from shareholdings primarily includes the dividend from VERBUND Hydro Power GmbH.

Overall, after taking into account the financial result and taxes, the consolidated net profit for 2023 amounted to EUR 160.8 million. Majority shareholders account for a result of € 157.4 million (previous year: EUR 71.1 million).

In 2023, investments in property, plant and equipment totalling € 221.3 million were made. Investments in the energy grids and in renewable energies here are essential.

The following key figures were calculated for the 2023 financial year:

	Jahressicht	
	2023	2022
EBITDA (EBIT + Abschreibungen) in MEUR	281,5	228,1
EBIT-Marge (EBIT / Umsatzerlöse)	5,4%	3,9%
Return on Equity (versteuertes Ergebnis / Ø Eigenkapital)	7,5%	2,9%
Anlagenintensität (Sachanlagenvermögen / Bilanzsumme)	40,7%	31,5%
Eigenkapitalquote (Eigenkapital / Gesamtkapital)	36,7%	48,9%

	Full year	
	2023	2022
EBITDA (EBIT + depreciation and amortisation) in € million	281.5	228.1
EBIT margin (EBIT/sales revenues)	5.4%	3.9%
Return on equity (taxed results/Ø equity)	7.5%	2.9%
Capitalisation ratio (property, plant and equipment/balance sheet total)	40.7%	31.5%
Equity ratio (equity/total capital)	36.7%	48.9%

4 NON-FINANCIAL PERFORMANCE INDICATORS

Energy report

in GWh	Full year		Deviation	
	2023	2022	absolute	%
Sales				
Electrical energy				
Electricity sales on the customer market	7,750	7,485	265	4%
Portfolio and compensation energy sales	3,646	5,634	-1,988	-35%
Trading	1,211	8,015	-6,804	-85%
Total sales	12,607	21,134	-8,527	-40%
Gas energy				
Gas sales on the customer market	3,568	3,287	281	9%
Portfolio and compensation energy sales	3,419	6,211	-2,792	-45%
Trading	451	846	-395	-47%
Total sales	7,437	10,345	-2,907	-28%
Grids				
Electricity grid	7,639	8,040	-401	-5%
Gas network	10,737	13,454	-2,717	-20%
Heat				
Domestic heat sales	1,329	1,440	-111	-8%
Foreign heat sales	522	547	-25	-5%
Total sales	1,851	1,987	-136	-7%
Generation				
Electricity generation (including abroad)	326	254	72	28%

Electricity sales on the customer market increased compared to the previous year, with the additional demand being primarily due to the investments in France and higher sales in the secondary distributors segment. The industrial customer segment saw a decline in the electricity energy segment in 2023, whereas the increase in sales in the gas energy segment was primarily attributable to this segment.

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

There was a minor change in the electricity grid compared to the previous year. The comparatively 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 2022.

The higher electricity generation over the year stems from hydropower as a result of higher water levels and higher photovoltaic generation, in particular PV GKB Karlschacht II.

- **Sales**

We continue to face a competitive and volatile market environment in our company's core business. 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 promoted this year with additional initiatives towards omnichannel.

The company's business performance was largely determined by the volatile 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/CO₂ markets.

Another important component of a satisfactory business model is optimised customer management – key words data analysis and customer experience – the ability to retain customers and lose as few as possible to ensure a solid business base. The ability of our organisation to have the skills required to meet the challenges of the future, as well as the attractiveness of our company to attract a suitable mix of young talents and experienced professionals will also be a key competitive advantage.

- **Grids**

Energienetze Steiermark GmbH is an independent electricity grid and gas grid operator within the meaning of Section 42 (3) of the Electricity Industry and Organisation Act 2010 as amended (ELWOG) and Section 106 (1) of the 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 revision of the electricity grid fees for consumers (grid usage and grid losses) resulted in an average change of +40 percent in the electricity grid fees for Energienetze Steiermark GmbH for the period from January to February 2023, with the grid usage fees increasing by an average of +7.2 percent and the grid loss fees increasing by an average of +544 percent compared to 2022. The increase in the grid loss cost rate is due in particular to the massive increase in wholesale electricity prices.

In the electricity grid segment, grid sales volumes supplied from the electricity transmission grid amounted to 7,660 GWh in 2023, which is -256 GWh lower than the value of the previous year. This corresponds to a decrease of approximately -3.2 percent. The maximum grid load for 2023 was registered at 1,494 MW on 19 January 2023 and was thus -3.5 percent below the peak of 2022. In the gas segment, the distributed natural gas volume for downstream grid operators and end customers amounted to 11,650.6 GWh in the year under review. This was a decrease of approximately around 2,319 GWh or approx. -17 percent over the previous year.

The general situation for operations and disruptions in the supply area of Energienetze Steiermark was influenced by three extreme weather events ("regionally unusual events") in the 2023 year under review: Heavy snowfall in the areas of Knittelfeld and south-western Styria in January 2023, heavy snowfall in large areas of the Mur and Mürztal valleys as well as south-western and upper Styria in February 2023 and substantial wet snowfall in the areas of western Styria, Bruck and upper Styria as well as in the upper Murtal valley in December 2023. The general incidence of disruptions in the supply area of Energienetze Steiermark in the observation period 2023 was otherwise slightly above the average for the last few years.

- **Heating (excluding abroad)**

As in the previous year, the weather in 2023 – especially in September and October – was slightly warmer overall than the 10-year average.

In 2023, district heating generation amounted to 1,355 GWh. Around 38.7 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 80.1 percent has been achieved.

In the grids of Energie Steiermark Wärme GmbH, district heating sales are also expected to increase in the coming years as a result of grid densification and new conditions. The “Raus aus Öl & Gas” (“let’s stop using oil and gas”) campaign and the Federal Ministry for Climate Protection's renewable heat package are making a major contribution to promoting 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.

On the foreign markets relevant to Energie Steiermark AG, a plus of 1.3 percent is forecast in Slovakia and a minus of -0.4 percent in the Czech Republic for the 2023 financial year. Expected growth in Slovenia is 1.3 percent. A slight decrease of 0.3 percent is expected in Germany and an increase of 1.0 percent in France.

Sustainability

Energie Steiermark summarises all environmental, social and governance-related measures in a sustainability report, which is published every two years. The sustainability report for the 2022/2023 financial years will be prepared in the established manner in accordance with the GRI standard (Global Reporting Initiative), but is already based on the results of the “double materiality”. “Double materiality” is the foundation of future mandatory sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), as the results justify the ESG topics reported on in the sustainability report. The “double materiality analysis” approach required for this was implemented in accordance with the European Sustainability Reporting Standards (ESRS). As part of the “double materiality analysis”, the positive and negative effects, risks and opportunities of Group-wide business activities along the entire value chain were assessed. With the involvement of the main internal and external stakeholder groups (e.g. Sustainability Advisory Board, suppliers, customers, employees, banks, regulatory authority, management board), those sustainability topics were identified that are material for Energie Steiermark from an environmental, social or governance-related sustainability perspective and therefore subject to reporting.

Energie Steiermark was 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.

Building on the sustainability strategy (2021), with a programme of measures comprising around 100 strategic and operational action initiatives and the key strategic goal of climate neutrality by 2040 at

the latest and the climate neutrality roadmap (2022, decarbonization strategy), the Group-wide initiatives to progressively position Energie Steiermark as a leading green company and regional decarbonization partner were also continued in the 2023 financial year.

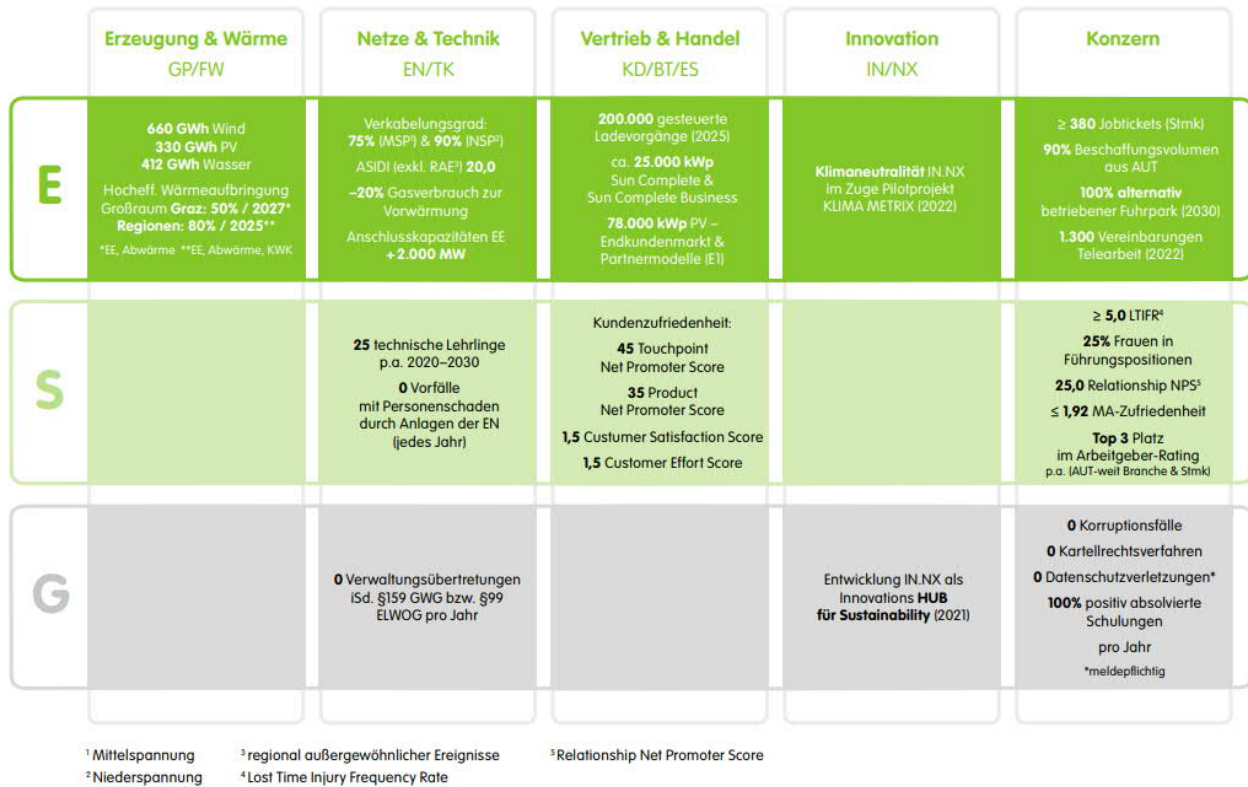


Fig.: Key sustainability targets of Energie Steiermark

Erzeugung & Wärme 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	Generation and heating GP/FW 660 GWh wind 330 GWh PV 412 GWh water Highly efficient heat generation Greater Graz area: 50% / 2027* Regions: 80% / 2025** *RE, waste heat **RE, waste heat, CHP
Netze & Technik EN/TK Verkabelungsgrad: 75% (MSP) & 90% (NSP ²) ASIDI (exkl. RAE ³) 20,0 -20% Gasverbrauch zur Vorwärmung Anschlusskapazitäten EE +2.000 MW	Networks and technology EN/TK Cabling density: 75% (MSP) & 90% (NSP ²) ASIDI (excl. RAE ³) 20.0 -20% Gas consumption for preheating Connection capacities RE +2,000 MW
25 technische Lehrlinge p.a. 2020-2030	25 technical apprentices p.a. 2020-2030

0 Vorfälle mit Personenschaden durch Anlagen der EN (jedes Jahr)	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 159 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 touchpoint net promoter score 35 product 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 3 place in the employer rating p.a. (AUT-wide industry & 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 3 regional außergewöhnliche Ereignisse 4 Lost Time Injury Frequency Rate 5 Relationship Net Promoter Score	1 Medium voltage 2 Low voltage 3 regionally exceptional events 4 Lost Time Injury Frequency Rate 5 Relationship Net Promoter Score

From the 2025 financial year, the provisions of the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation will also be

mandatory for the large domestic and foreign companies in the Energie Steiermark Group. For this reason, the cross-divisional preparatory work for the legally compliant implementation of the aforementioned regulations was continued with high priority at Group level. In addition to the above-mentioned implementation of the dual materiality analysis, further economic activities were identified in the area of the EU Taxonomy Regulation following the classification of electricity generation activities and a project was launched for the automated, system-based collection of the key figures to be reported.

It is planned to roll out the classification to other business activities in the 2024 financial year. Energie Steiermark plans to make use of the exemption at individual company level and to report on its environmental, social and governance-related sustainability performance at consolidated level in the Group Management Report 2025.

Employees

Human resources management

Digital transformation, demographic conditions, climate change and social and global changes such as the pandemic, war in Europe and the associated intense dynamics in the energy industry are having a fundamental impact on working and professional life and HR policy. In such turbulent times affected by massive upheaval, it is important to have an HR strategy that is both flexible and long-term oriented. The focus here is on supporting the leading green company in Styria and securing an attractive and stable employer position in the federal state.

The implementation, further development and reorientation of strategic business processes requires all organisational units to have the courage to make room for new perspectives and ways of thinking, to think outside the box and to embrace new and innovative approaches. In the energy policy triangle of sustainability, competitiveness and security of supply, priorities in personnel management must be continuously adapted or redefined.

The employees of Energie Steiermark are the 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, our employees have been expected to show a high degree of flexibility, understanding and loyalty. Respect, appreciation and fairness are the pillars of a good working atmosphere and cooperation 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 steadily and healthily despite ongoing changes and new challenges.

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

Employee satisfaction is an important aspect of the company's strategy. A comprehensive employee survey throughout the entire Group is carried out at regular intervals with the aim of establishing the level of satisfaction with the status quo among employees. It also offers them room to make suggestions or indicate any changes they would like to see.

The coronavirus pandemic has provided valuable experience for future challenges in many respects and has led to a general upheaval in the world of work. With the aim of not just reacting, but acting, and

subsequently creating new working models and new organisational structures adapted to the situation, the crisis became an opportunity to create new framework conditions within the company, optimise work processes and create greater employee satisfaction and a competitive advantage over the competition in the long term.

Personal responsibility and innovative, team-oriented working methods combined with working from home have proven their worth in the face of special challenges and demonstrated the resilience of the overall system. In addition to the digitalisation of working practices, new requirements have emerged, particularly in terms of networking, communication, self-organisation and employee resilience.

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 highly flexible flexitime and part-time models, offered alongside statutory regulations in line with requirements, make it easier for young parents in particular to start their careers soon. This maintains a close connection to the company and allows them to actively experience the ongoing digital and organisational changes in the individual areas.

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 working environment also includes attractive remuneration and additional benefits. The remuneration of our employees is job-related, performance-oriented and is based on the respective job, experience and qualifications, regardless of gender and origin.

Ideas management, which has been established in the company for years, also promotes the creativity and ideas potential of employees with lucrative bonuses and supports participation in suggestions for improvement, innovative input and efficiency improvement measures in all areas of the company.

The company pension scheme in the form of a pension fund is another important component of employee retirement planning as part of the overall remuneration and also contributes to the loyalty to the company.

High transparency of internal information

Management attaches great importance to continuous transparency with regard to all current issues and changes within the company. Regular information and corresponding video messages are provided to ensure that all employees are informed promptly and comprehensively.

Dynamic labour market

Employer branding and recruiting

The demographic trend with a large number of retirements and an increasing need for skilled workers for the energy transition in the company are creating a shortage of available people on the labour market. This must be seen in combination with very strong predatory competition on the labour market, in which, for example, higher qualifications, wage costs, flexibility or productivity make certain groups of workers appear more attractive. It is also important to mention technological change so as to have a complete picture of labour market dynamics: New technologies, especially artificial intelligence and automation, are changing the way work is done and the skills that are required.

In a constantly changing world of work, job security has once again become one of the most decisive factors when choosing an employer.

In this environment, employer branding, positioning as an employer and communication with applicants and employees are of great importance. Key factors include corporate culture, remuneration and

benefits, career and training opportunities, working environment, social responsibility, company reputation, employee satisfaction and leadership. These factors are taken into account as part of a holistic strategy and are essential to be positioned as a top employer on the labour market.

Potential applicants go for the combination of a new job or task and the key factors listed above, which are more important than in the past and are also presented more transparently. Recruiting processes are more complex in the current labour market than in the past. The decision-making process is characterised by a substantial need for information and negotiation, and the length of time required for a candidate to decide is more. Communication and recruiting are becoming more specialist activities. Network and recommendation communication, particularly in the direction of educational and development institutions, is becoming increasingly important.

In the awareness strategy as an employer, media and channels are strategically used, relevant recruiting events and development institutions are visited together with the specialist departments and cooperation agreements are made based on the positioning as described above. The installation of operational recruiting directly in the companies has increased efficiency and effectiveness in terms of the necessary proximity to the candidates.

Energie Steiermark's recruiting process is digitalised from the initial job application to the start of employment. The technology offers simplicity in establishing contact. The aforementioned needs of the applicants are subsequently taken into account and the focus is placed on communication quality and individuality – from the invitation, getting to know each other through to acceptance or rejection. Gender and diversity management are taken into account in the recruitment process.

Authenticity in recruiting is required and crucial to building trust. In these times, excellent employer attractiveness for both potential and existing employees is considered a decisive competitive advantage in order to secure the long-term demand for qualified employees despite increased challenges on the labour market.

Employee experience

HR, skills and corporate culture development

In addition to a strong positioning on the labour market and strategic partnerships for different target groups, comprehensive development opportunities, individual training opportunities and an open corporate culture are key success factors for creating loyalty and a sense of belonging to the company. The main areas of responsibility for strategic HR development include systematic retention management, diversity and corporate culture, training and skills development. Effective HR development is directly linked to positive experiences in everyday working life and the corporate culture in order to strengthen the commitment and identification of employees in the long term.

With a focus on the sustainability goals (SDGs) such as high-quality education, health and well-being, gender equality and less injustice, a holistic range of training and further education courses is being created, ranging from subject-specific training, training courses and work methodology to targeted seminars to strengthen personal and social skills and comprehensive junior and management programmes.

Dealing with complexity, flexibility, agility, goal orientation and positive leadership are essential skills for mastering these challenges and successfully breaking new ground. Self-directed learning, collaborative working and diversity are key and evolving success factors.

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 women in the Group were continued. With the implementation of the Gender Equality Plan, the measures

developed to achieve these strategic objectives were bundled, appropriate monitoring was anchored and thus another important milestone towards equal opportunities was set.

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.

Focus on young people

The current increasing shortage of skilled workers requires long-term strategic personnel planning and safeguarding. State-of-the-art apprenticeship training in a wide range of professions is becoming increasingly important and is being further promoted 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.

34 apprentices in 6 professions started at Energie Steiermark at the beginning of 2023. We are therefore continuing to focus on replacing retirees and filling new innovative positions with young professionals from our own apprenticeship program.

Training takes place in the first part of the apprenticeship in the e-campus area. Using state-of-the-art infrastructure, the basics of the respective job profile are taught by competent instructors. The individual requirements of management and specialist departments are addressed decentrally in the second part of the apprenticeship, the focus being on high-quality training for the challenges of an energy supplier and support for personal development.

In 2023, the following occupational profiles were trained in the apprenticeship programme:

- Office clerk
- Electrical and building technician
- Plant and operations technician
- Installation and building technician
- Dual occupation plant and operation technician, construction draftsman
- Company logistics clerk

As at 31 December 2023, a total of 129 apprentices and young professionals were employed by the company.

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 legal guardians. Direct contact with schools is constantly being intensified. School visits by Energie Steiermark colleagues and company visits for school classes are intended to provide insights into working life and facilitate or support decision-making. Increased use of resources in target group-oriented recruiting should positively support the application process for apprenticeships in the future. The opportunity to offer taster days to potential applicants is constantly being expanded to enable them to get to know the company and the tasks involved in the job. Cooperation with the training centre for vocational orientation teachers is also planned.

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 courses are currently also offered. The digital skills of young colleagues are promoted through hardware and software training in collaboration with the IT department.

By using the “teleworking agreement” in apprenticeship training, we offer an attractive opportunity to use digital communication from home for individual teaching 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 apprenticeship issues within the industry is also being set up in a subgroup of the Austrian Energy Personnel 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.

Health and safety of employees

Energie Steiermark considers it a top priority to ensure the safety and health of its employees. This responsibility includes the promotion and protection of physical and mental health, occupational safety and accident prevention, prevention and the promotion of personal responsibility in all areas of the company.

The digital health and safety management system introduced in the Group in 2022 was successfully continued, enabling 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 standardised internal procedures enables the rapid implementation of legal and internal requirements. Internal audits, regular inspections and evaluation by top management serve as a control system and performance evaluation with regard to the up-to-dateness, 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.

In order to prevent and reduce the number of accidents at work, compliance with all legal and internal requirements is constantly monitored and, if necessary, adjusted accordingly. Any occupational accidents are recorded centrally, documented fully, analysed and subsequently evaluated. This has resulted in measures to prevent hazards and accidents, such as additional instructions, training or courses in person, but also virtually via e-learning modules, throughout the entire Group.

Renewable energy

Energie Steiermark Green Power GmbH is consequently oriented on the new needs of the market and positions itself as a modern service company. In generation, Energie Steiermark Green Power GmbH continues to focus on renewable energy from water, wind and sun, and on hydrogen.

Hydropower

Energie Steiermark Green Power GmbH’s own generation in the hydropower segment currently results from the co-ownership shares in the Gössendorf and Kaisdorf power plants as well as from the electricity procurement rights to the Mur power plant in Graz and several small hydropower plants.

The commissioning of the Gratkorn power plant, which has been under construction since 2021, in the first half of 2024 will further strengthen in-house generation from hydropower.

Energie Steiermark Green Power GmbH is also intensively pursuing the Leoben Ost project as well as other small and medium-sized hydropower plant projects in Styria.

Wind power

With the Handalm, Freiländeralm 1-4 and Plankogel wind farms, Energie Steiermark Green Power GmbH currently also has significant generation capacities in the wind power segment. In the 2023 financial year, the 2nd phase of the EIA for the Freiländeralm II wind farm was completed. Initial preparatory work for the construction of the facilities began immediately once the EIA ended. Construction of the wind turbines and associated infrastructure will start in 2024.

Energie Steiermark Green Power GmbH is also planning to construct the Stubalm wind farm, which has an existing EIA permit. The Soboth-Eibiswald wind farm successfully completed phase 1 of the EIA approval process. Work on these two projects is scheduled to take place between 2025 and 2027. In addition, further areas for increasing wind power potential are continuously being evaluated and secured.

Photovoltaics

Energie Steiermark Green Power GmbH currently has an installed photovoltaic capacity of around 30 MW, taking into account the proportionate share of plants built by associated companies. Further significant expansion in the PV segment is planned for the coming years. In line with the strategic objectives, the installed PV capacity will increase around tenfold in the coming years. The necessary preparations such as securing land, project planning and tendering are underway. In the short and medium term, the focus is on areas designated in the photovoltaics program and on areas with existing dedications.

Branches

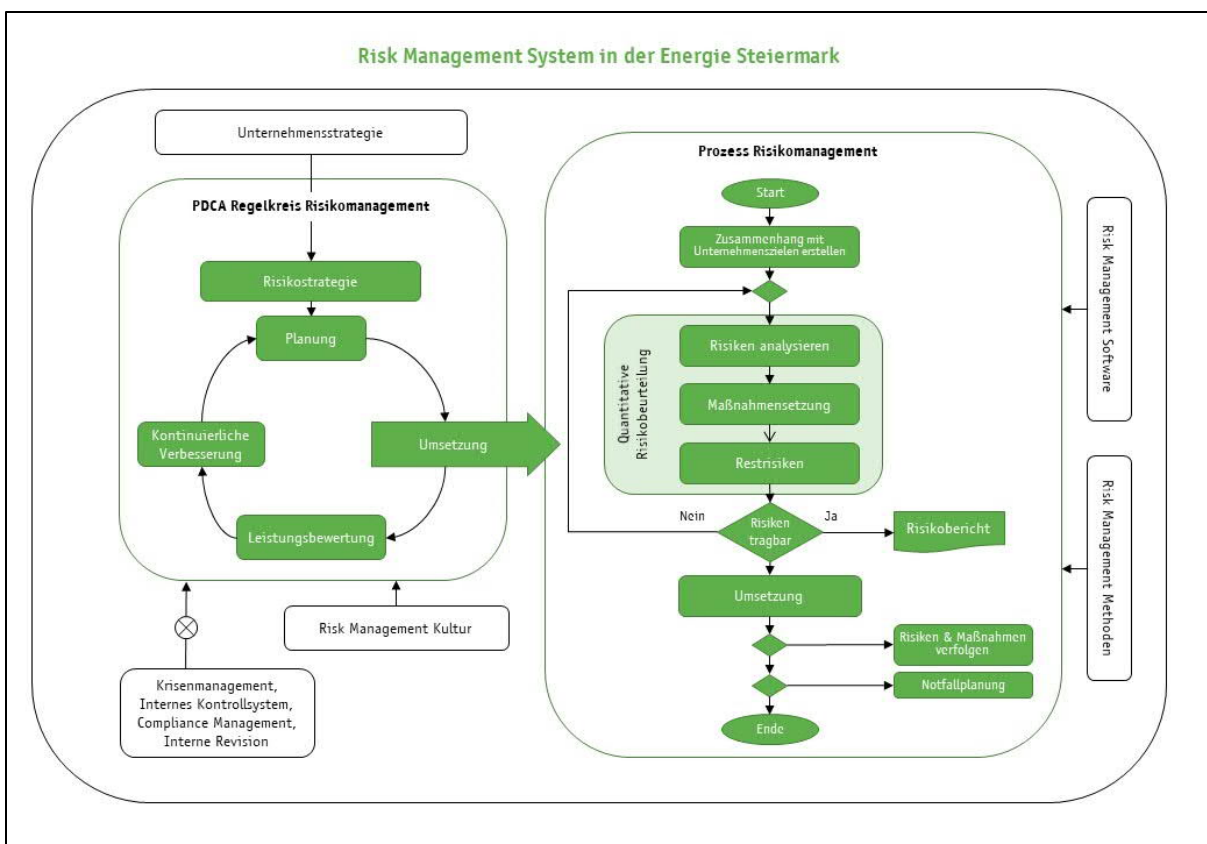
Energie Steiermark AG does not have any registered branches.

5 RISK MANAGEMENT

Risk management system and risk management process

On the basis of its mission statement and in line with its corporate strategy, Energie Steiermark pursues the goal of achieving a sustainable increase in corporate value. The Group-wide sustainability strategy ensures that environmental, social and responsible corporate governance issues 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 also takes into account the central aspects of the COSO Enterprise Risk Management Framework in order to increasingly link opportunity and risk aspects with strategy and performance. Risk Management as a governance function is part of the Three Lines of Defense model and deals centrally and uniformly with all key risk issues in coordination with the operational business units and the crisis management, internal control system and compliance management functions; the overall system is audited by Internal Audit.



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
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Unternehmensstrategie	Corporate strategy
PDCA Regelkreis Risikomanagement	PDCA risk management control loop
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	Risk management process
Start	Start
Zusammenhang mit Unternehmenszielen erstellen	Create a connection with corporate goals
Quantitative Risikobeurteilung	Quantitative risk assessment
Risiken analysieren	Analyse risks
Maßnahmensetzung	Implementation of measures
Restrisiken	Residual risks
Nein	No
Ja	Yes
Risiken tragbar	Risks bearable
Risikobericht	Risk report
Umsetzung	Implementation
Risiken & Maßnahmen verfolgen	Tracking risks and measures
Notfallplanung	Emergency planning
Ende	End
Risks 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 leading, 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. This makes it easier to efficiently and effectively manage the material risk positions of the business areas as well as the overall risk position of Energie Steiermark.

GRIDS	PRODUCTION	SALES	GENERATION	HEATING	INVESTMENTS
Regulatory Risks	Price risk electricity, gas, CO ₂	Customer market and regulatory risks	Subsidies for renewables	Weather conditions,	Entrepreneurial and control risk

				heating degree days	
Grid facility/grid operation/grid failure risks	Compliance and regulation	Market price risks Energy and services	Equipment, operating and downtime risk		Liquidity 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	Raising liquidity risk	Digitalisation	Project development risks	Expansion of renewables	Political risks
ENVIRONMENT, SOCIAL AFFAIRS, GOVERNANCE					
Climate risks	Transformation risks	Environmental and natural risks	Health	Shareholders and stakeholders	Governance and compliance
GROUP FUNCTIONS / SHARED SERVICES					
Balance sheet valuation risks	Rating change risk	HR cost risks	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	Liquidity risk	Governance, compliance risks

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

Significant risk clusters in the 2023 financial year

The turmoil on the energy market as a result of the Russian war of aggression against Ukraine has led to rapid increases in energy prices on the wholesale markets, which has posed major challenges for the resilience of the company's core business. As things look today, the energy market crisis has been managed well in economic terms thanks to risk-averse, forward-looking and timely measures, and the company is well placed to achieve further results at a high level in an adjusted energy market and a challenging market and regulatory environment. From a security of supply perspective, both grid operation and energy supply were maintained and all central operational activities continued to be carried out. The lessons learned from the wide range of measures implemented during the energy market crisis will flow back into normal operations and will help to master particularly volatile market phases with similar economic success in the future.

In the 2023 financial year, Energie Steiermark was able to maintain its energy supply and grid operations at the usual high level and continue its core business activities despite these difficult external conditions in its role as a systemically important company and operator of critical infrastructure. The company's viability is due to a high degree of organisation across the most important areas and will continue to be expanded. The lessons learned from this crisis are being fed back into normal operations and will help to overcome further crises with similar economic success.

In its planning work, Energie Steiermark continues to face the risk of a burdened, uncertain macroeconomic development. As part of the Energy Markets task force, measures are implemented that guarantee the best chance of achieving the planned results for the Group in the medium-term planning period, with an acceptable level of risk. The task force also developed a structured, systematic early warning system. The aim of the early warning system is to warn, react and report on adverse changes on the energy markets in good time in order to safeguard earnings, liquidity and risk-bearing capacity through timely action.

Against the backdrop 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 uncertain recovery in economic demand, supply chain restrictions and high volatility 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 a strong focus of the entire corporate strategy on the most important sustainability issues affect the medium-term development of the company and are managed in a structured strategy process including a future radar and the resulting business area strategies for the subsidiaries and are subsequently mapped and managed quantitatively in the medium-term planning process. 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 procurement strategy

In 2023, the indirect consequences of the multiple global crises combined with the persistently uncertain situation on the energy markets led to major fluctuations in energy prices on the wholesale markets. The most important measure taken by the Energy Markets task force was to manage the entire sales volume in order to achieve the goal of a customer portfolio of a size commensurate with the risk and with appropriate risk/earnings ratios in all customer segments. 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. In the reporting year, Sales passed on its purchase price increase to the minimum extent necessary and set up a hardship fund for

people affected by energy poverty as an accompanying measure. Sustainable price reductions on the wholesale market were also passed on to customers promptly through appropriate price reductions and discounts. Sales generally continue to pursue the goal of stable prices and secure these by means of a reinsurance strategy that is long-term, enabling necessary and justifiable price adjustments to be made smoothly over a period of several years.

Market risks

The distortions on the energy market, in particular the high short-term purchase prices, led to a significant shakeout of risk-averse new suppliers in the reporting period. With its eyes firmly fixed on the future, 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 successful purchasing strategy and the greatly smoothed purchase prices for energy, Energie Steiermark can continue to offer attractive tariffs for existing customers in the B2C area against the background of the large price increases on the customer market. By continuously monitoring the retail market and maintaining the successful purchasing strategy, market share is maintained at a high level and expanded through modern sales with attractive, customer-oriented and competitive energy products and services as well as increased digital sales.

Default risks insured

In the B2C area, known payment default risks are taken into account by means of individual value adjustments in a low and stable amount. Default risk in relation to business customers is managed on a risk-averse basis by means of credit default insurance for the largest B2B customers and is monitored and adjusted on an ongoing basis in relation to sales volume and creditworthiness. The residual risks of customer payment defaults are to be assessed as self-acceptable in relation to Sales' customer portfolio.

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

Due to the distortions in the energy market and the extreme price fluctuations on the energy exchanges, the liquidity requirements for hedging transactions on the energy exchanges must be guaranteed to a high degree. This liquidity requirement is managed consistently and in a risk-averse way within a robust liquidity framework including a multi-stage early warning system with a high level of security.

Regulatory risks

A significant risk for 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 change in the regulatory system, including cost control and recognition by Energie-Control Austria (ECA). A regulatory change in the recognised costs for the operation of energy networks (OPEX) and the approved capitalisation of fixed assets (CAPEX) has a direct impact on the profit margin of the grid segment under Austrian commercial law, including the regularisation account. 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 effects here and ensures an acceptable return, as well as fair returns for network operations.

Event risks insured

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

Valuation risks

A significant risk and opportunity position for Energie Steiermark AG is the valuation or potential valuation measures, e.g. due to impairment tests, for the major subsidiaries Energienetze Steiermark GmbH, Energie Steiermark Kunden GmbH, Energie Steiermark Service GmbH, Energie Steiermark Green Power GmbH, Energie Steiermark Wärme GmbH, STEFE SK a.s., and la bellenergie SAS. 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 or on equity. The effects of the multiple crises (coronavirus, upheavals on the energy market, Ukraine war) have triggered high fluctuations in energy prices on the wholesale markets, which have severely tested the company's resilience in the energy business and presented it with major challenges. As a result, there was an increased risk of valuation measures in the energy business.

In the 2023 financial year, a package of risk management measures was implemented to safeguard the earnings level and the intrinsic value of Energie Steiermark AG in the short and medium term. The entire sales volume was managed in order to achieve the goal of a customer portfolio of a risk-adequate size with appropriate risk/earnings ratios in all customer segments. Another important measure is the strict reinsurance of all customer portfolios in line with sales planning, which has enabled the price risk to be hedged in a risk-averse manner. The sales strategy saw the necessary price adjustments to a level in line with the market implemented promptly to secure the planned contribution margins in the electricity, gas and district heating segments

Another measure to safeguard the value of the subsidiaries is the structured strategy process, which ensures a modern, market-appropriate corporate structure and orientation as a modern energy service provider on the basis of an economic sustainability strategy. Significant valuation risks also apply 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 investment management and monitoring. As a further measure, a risk-oriented review of triggering events is carried out regularly for all potential impairments.

Shared services risks

The various operational process risks of the centralised Group functions and shared services in the areas of strategy and business development, communications, innovation management, internal audit, controlling, accounting, legal, IT and human resources are kept to a minimum by a high degree of organisation, qualitative development and standardisation of processes, company-wide standardised and integrated systems and uniform Group procedures.

The option of working from home became established and proven during the COVID-19 pandemic. Thanks to the IT infrastructure base being successfully expanded, 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 in order to minimise risks. The ISMS is certified in accordance with ISO 27001 and is audited internally and recertified externally every year.

Risks in the business environment

In the grid company, the risk of fluctuations in grid sales volumes are fully taken into account by the regularisation account and fully offset. 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 generally having a positive impact on grid volumes. The risk of potential payment defaults on the part of industrial and commercial customers remains elevated. This external risk is calculated for by adjusting the provisions to the maximum extent possible. The proper operation of the electricity and gas grids was maintained without restriction during the historic upheavals on the energy market.

Mandatory project risk management for investment projects

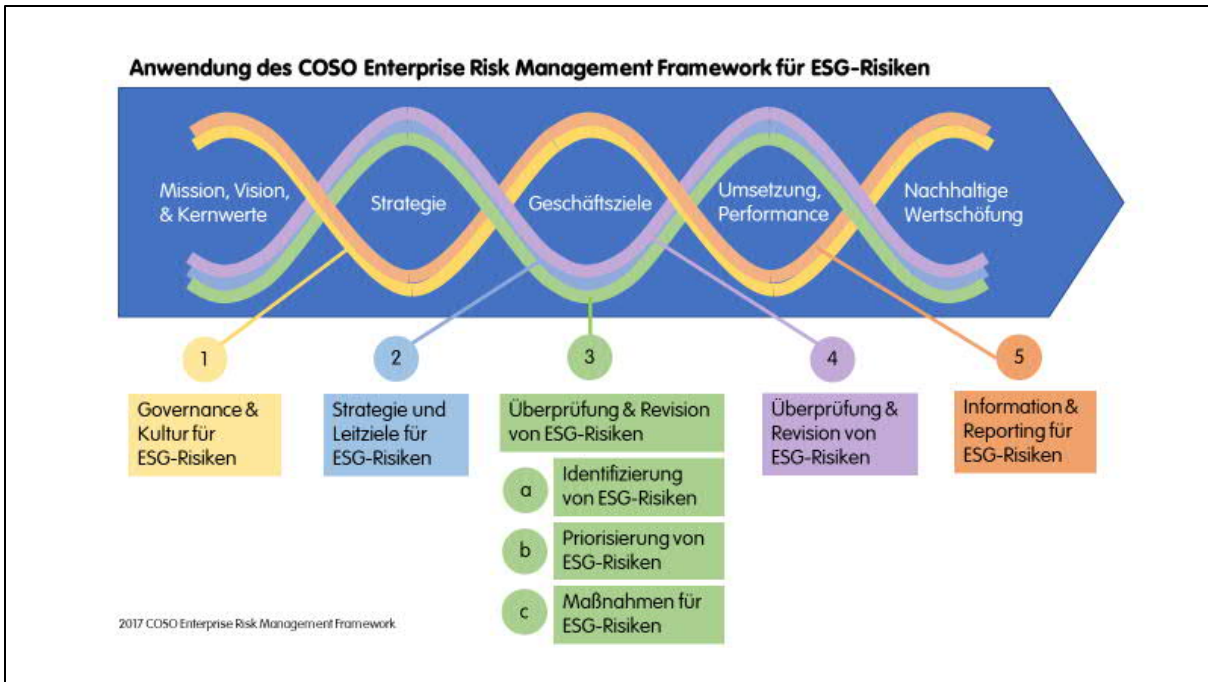
As part of its corporate and sustainability strategy, Energie Steiermark implements major investment projects, which are, naturally, associated with serious entrepreneurial risks. At Energie Steiermark, these are accompanied by proven project risk management. The objectives are to reliably recognise 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.

Sustainability strategy and risk management

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

The steadfast focus on sustainability criteria (ESG: Environmental, Social, Governance) requires consistent integration of sustainability issues into company-wide risk management. In accordance with the established COSO ERM methodology, sustainability opportunities and risks represent uncertain future developments with a potential impact on corporate objectives and are updated and managed annually as "ESG opportunities and risks" in the company-wide risk management system. In terms of sustainable corporate development, it is emphasised that taking into account the positive and negative aspects of

sustainability issues makes it easier to identify sustainability trends at an early stage that 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, 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 key objectives for ESG risks
Überprüfung & Revision von ESG-Risiken	Review and auditing 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 auditing 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 present reliable quantitative assessments of circumstances carrying some degree of risk and prioritise measures from the perspective of a cost/benefit analysis, risk data must be correctly quantified and subsequently collected in a risk management system. On this basis of an objective assessment of the key opportunity and risk positions, strategic opportunities can be seized from the current drivers of sustainable, value-creating corporate development with acceptable risk.

The risk environment of Energie Steiermark continues to be characterised by significant uncertainties, unknown factors and change trends that are difficult to assess. The economic downturn continues, the war in Ukraine is leading to permanent distortions on the energy markets and the uncertain economic development makes medium-term planning difficult. 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 a strategic objective of expanding renewable energies within the framework of sensibly designed support programmes as well as developing grids including 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 need 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 a dynamic 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 basic commitment towards focusing on sustainability criteria, represents the most important development opportunity for Energie Steiermark. In all segments, 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 relevant risk and opportunity information in a structured manner, Risk Management supports Energie Steiermark in its objective by improving its decision-making ability to assert itself from a sustainable overall risk position as a customer-oriented provider of sustainable energy and services, economically and sustainably within the framework of the energy transition.

The risk management system of Energie Steiermark did not identify any significant risks and threats 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 2023 comprises around 45 R&D projects and collaborations (including 30 funded R&D projects) with a total cost of € 0.90 million. In addition, central R&D services such as process management and statistics/reports as well as the management and coordination of selected R&D projects in the holding company are also handled by the Innovation department.

Green Energy Lab (GEL) research initiative

The **Green Energy Lab** (www.greenenergylab.at) is Austria's largest innovation laboratory for green energy technologies and forms an important bridge from R&D to innovation and supports the market launch of new products and services from research projects.

All projects from the fourth and final funding call were launched in 2023 – while some projects from the third call are already in the final phase. The following projects from the GEL portfolio are taking place with the participation of Energie Steiermark AG as a consortium partner or were completed in 2023:

- Car2Flex – smart optimisation of tomorrow's e-mobility
<https://greenenergylab.at/projects/car2flex>
- Johann energy cell - newly developed H2 technology for seasonal energy storage
<https://greenenergylab.at/projects/energiezelle-johann>
- FlexModul – sorption storage for solar energy
<https://greenenergylab.at/projects/flexmodul>
- SEP2 – Spatial energy planning part 2
<https://greenenergylab.at/projects/spatial-energy-planning-ii>
- UserGRIDs – digital energy services to reduce CO₂ emissions on a university campus
<https://greenenergylab.at/projects/nutzungszentrierte-planung-und-regelung-komplexer-nachhaltiger-quartiers-energiesysteme>

In addition, GEL has established itself as a relevant player in the R&D community and at the interface to public organisations by means of customer-oriented service packages, paving the way for cost-effective operation in 2023.



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

Trends frühzeitig erkennen	Recognising trends at an early stage
Innovationsprojekte entwickeln	Develop innovation projects
Lösungen für die Markteinführung vorbereiten	Preparing solutions for market launch

R&D partnerships / collaborations

- the innovation area offers a “**Next Incubator**” (www.next-incubator.com) for interested individuals and organisations on the topic of sustainability – from the R&D sector, these include Joanneum Research / LIFE Institute, University of Graz / Wegener Center, Fraunhofer ISI (DE), Green-Tech-Cluster and Climate-KIC (EU).
- Energie Steiermark AG is a member of the Association for the Promotion of Research and Development in the Field of Hydrogen and Renewable Gases – WIVA P&G (www.wiva.at).

Innovative technology and grid projects

The **PVBESS4All** project involves planning and preparing funding applications for a grid- and customer-friendly large-scale battery storage system in combination with an energy generation system in the Passail substation area. This pilot project serves to develop a multimodal large-scale storage system with a PV system that can be used jointly by Energie Steiermark Green Power GmbH and Energienetze Steiermark GmbH (market and grid-supporting). In addition to the legal/regulatory framework, the control algorithms are also developed and implemented. Furthermore, a regional grid reconstruction (20 kV grid UW Weiz) is being investigated in the project.

The WEIZ+ real-world laboratory has set itself the goal of developing an integrated, regional energy system, as it appears to be replicable in many other regions in Austria due to its diversity. This is associated with region-specific challenges and issues relating to the energy application sectors of electricity, heat and mobility to be examined. Energienetze Steiermark GmbH acts as a project partner in **Weiz+** and **Fossilfree4Industry** and will provide data from various data sources (e.g. extracts from the 110 kV electricity grid, extracts from the gas grid, data from the process data archive, etc.) and help develop and verify the simulation algorithms. Energienetze Steiermark GmbH will also operate the Passail (central grid-serving large-scale storage facility for supporting the medium-voltage grid) and St. Margarethen a.d. Raab (grid-serving P2G system and several grid-serving battery storage systems in the MW range) and integrate them into the real laboratory. All locations are controlled via a central regional control system in a way that is both grid-friendly and market-oriented.

The **Renewable Gasfield** project, which is investigating the production of renewable hydrogen and its various uses in industry and mobility, as well as the methanation of hydrogen with CO₂ from an existing biogas plant, including feeding it into the natural gas grid, has been completed. The plant was commissioned in 2023 and the first hydrogen deliveries to customers have already been made.

As part of the **HyGrid² project**, with EN having the project lead, an existing natural gas pipeline is to be rededicated for test purposes and filled with hydrogen for the first time in Austria. The rezoning process pursuant to the Gas Industry Act is currently being planned and is scheduled for 2024. Methodically, the hydrogen compatibility of the material is examined on the basis of a condition assessment of the existing pipeline. It is also to be evaluated which gas qualities can be transported in a rededicated natural gas pipeline and how any processing of the gas is to be carried out. The result should be a manual for the rededication of existing natural gas pipelines.

Energienetze Steiermark GmbH is taking the first steps towards planning grid-serving power-to-gas plants to test the concept in accordance with section 22a ElWOG. In the long term, this also lays the foundation for improved, regional green gas production and a reduction in import dependency (substituting natural gas). In the future, P2G systems and battery storage systems are to be installed in the immediate vicinity of energy grid substations or at critical points in the grid. In addition to increasing the absorption capacity of the electricity grids, the generation and supply of renewable gases

creates key added value. The synergy effects resulting from the avoided grid expansion mean that this concept represents an extremely efficient measure with scaling potential. A technological, economic and regulatory analysis in this regard is being carried out as part of the **SetHub** project.

Work was also carried out on further R&D projects in the reporting year. Examples included the multimodal use of battery storage systems, bidirectional charging for grid and market applications and the development of innovative grid tariff models to effectively meet the challenges of the energy transition for electricity grids.

7 PROJECTIONS AND FUTURE OUTLOOK

The main risks to further economic development are the currently weak industrial economy and an escalation of the current geopolitical tensions and increasing fragmentation of global trade. A permanent increase in commodity prices could also further slow economic momentum. The main positive effects on growth could be a faster decline in inflation and an increase in the volume of labour.

In the European energy market, the German Constitutional Court's ruling on the lifting of the debt brake is particularly noteworthy. The budget reallocation for the Energy Economic Stabilization Fund that is likely to be necessary as a result will have an impact on investments in the energy transformation towards renewable energy sources.

In the immediate business environment of Energie Steiermark, the economic stimulus package passed in October 2023 should be noted. Energy subsidies for businesses of all sizes and additional investment in renewable energy (suspension of VAT on PV systems) were agreed. As part of the Renewable Heat Package, a ban on natural gas heating in new buildings and additional subsidies for boiler replacement have been agreed.

In Styria, 36 duly designated priority areas have been made available as open-air PV sites under the "Renewable Energy Programme".

The goal of "climate neutrality & green energy" remains at the centre of Energie Steiermark's strategy for the future. In line with the 2040 Climate Neutrality Roadmap, the focus is on renewable generation, green heat and efficient energy grids.

Graz, 21 February 2024

The Management Board

Dipl.-Ing. Christian Purrer

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DEZEMBER 2023
ACCORDING TO IFRS

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CONSOLIDATED PROFIT AND LOSS STATEMENT

	Notes	2023 K€	2022 K€
Sales revenues	(1)	2,786,871	2,616,485
Changes in inventories and own work capitalised	(2)	36,639	34,477
Other operating income	(3)	33,281	13,415
Cost of material and other purchased manufacturing services	(4)	-2,225,069	-2,147,100
Personnel costs	(5)	-219,492	-186,065
Amortisation and expenses from impairments of intangible assets and depreciation of tangible assets	(6)	-131,149	-124,929
Other operating expenses	(7)	-130,711	-103,097
Operating result		150,371	103,185
Other results from shareholdings	(8)	74,507	32,022
Financial income	(9)	9,361	3,232
Financial expenses	(9)	-22,749	-17,598
Financial result		61,120	17,655
Result from shares held in associated companies	(10)	-12,965	-14,344
Earnings before taxes		198,526	106,496
Income taxes	(11)	-37,724	-34,614
Consolidated net income		160,802	71,882
Of which:			
shareholders of the parent company		157,416	71,099
non-controlling interests		3,386	783
		160,802	71,882

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	2023 K€	2022 K€
Consolidated net income	160,802	71,882
Items that will not be reclassified ("recycled") subsequently to the Profit and Loss Statement		
Revaluation of net debt from defined benefit obligations	-14,173	37,672
Net change in the fair value of investments measured at fair value through equity	-260,635	710,735
Other results from investments accounted for using the equity method (revaluation of net debt from defined benefit obligations)	-2,916	7,050
Sum of items that will not be subsequently reclassified ("recycled") to the Profit and Loss Statement	-277,724	755,458
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	-728,902	-208,419
Realisation affecting income	-430,575	-138,173
Exchange rate differences resulting from the conversion of foreign businesses		
Change not affecting the result	-167	164
Realisation affecting income	0	0
Sum of items that will be reclassified ("recycled") subsequently to the Profit and Loss Statement	-1,159,644	-346,428
Other earnings before taxes	-1,437,368	409,030
<i>Deferred taxes on actuarial gains and losses from defined benefit obligations, recognised directly in equity</i>	3,260	-10,766
<i>Deferred taxes on value changes, offset directly against equity, resulting from the market valuation investments measured at fair value through equity</i>	59,946	-152,160
Taxes on items that will not be subsequently reclassified ("recycled") to the Profit and Loss Statement	63,206	-162,926
<i>Deferred taxes on value changes of hedging instruments offset directly against equity</i>	266,680	99,918
Taxes on items that will be reclassified ("recycled") subsequently to the Profit and Loss Statement	266,680	99,918
Other earnings after taxes	-1,107,483	346,022
Total consolidated net income	-946,681	417,904
Of which:		
shareholders of the parent company	-949,984	417,039
non-controlling interests	3,304	864
	-946,681	417,904

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 1/1/2022	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 paid out	0	0	-48,000	0	-48,000	-1,327	-49,327
Total result	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 result	0	0	0	345,941	345,941	81	346,022
<i>Currency conversion</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>84</i>	<i>84</i>	<i>81</i>	<i>164</i>
<i>Actuarial gains/losses</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>37,672</i>	<i>37,672</i>	<i>0</i>	<i>37,672</i>
<i>Hedging instrument changes</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-346,592</i>	<i>-346,592</i>	<i>0</i>	<i>-346,592</i>
<i>Changes from shareholdings measured at fair value</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>710,735</i>	<i>710,735</i>	<i>0</i>	<i>710,735</i>
<i>Changes from financial investments recognised using the equity method</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,050</i>	<i>7,050</i>	<i>0</i>	<i>7,050</i>
<i>Taxes offset directly against equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-63,008</i>	<i>-63,008</i>	<i>0</i>	<i>-63,008</i>
Status as at 31/12/2022	100,000	613,178	463,396	1,437,869	2,614,443	17,070	2,631,514
Status as at 1/1/2023	100,000	613,178	463,396	1,437,869	2,614,443	17,070	2,631,514
Total of transactions with owners, recognised directly in equity	0	-399	-54,891	0	-55,291	-1,398	-56,689
Changes in the scope of consolidation	0	0	-291	0	-291	-462	-753
Capital increase	0	0	0	0	0	480	480
Dividends paid out	0	0	-55,000	0	-55,000	-1,416	-56,416
Other changes not affecting earnings	0	-399	399	0	0	0	0
Total result	0	0	157,416	-1,107,400	-949,984	3,304	-946,681
Net income for the year	0	0	157,416	0	157,416	3,386	160,802
Other result	0	0	0	-1,107,400	-1,107,400	-82	-1,107,483
<i>Currency conversion</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-85</i>	<i>-85</i>	<i>-82</i>	<i>-167</i>
<i>Actuarial gains/losses</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-14,173</i>	<i>-14,173</i>	<i>0</i>	<i>-14,173</i>
<i>Hedging instrument changes</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1,159,477</i>	<i>-1,159,477</i>	<i>0</i>	<i>-1,159,477</i>
<i>Changes from shareholdings measured at fair value</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-260,635</i>	<i>-260,635</i>	<i>0</i>	<i>-260,635</i>
<i>Changes from financial investments recognised using the equity method</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-2,916</i>	<i>-2,916</i>	<i>0</i>	<i>-2,916</i>
<i>Taxes offset directly against equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>329,886</i>	<i>329,886</i>	<i>0</i>	<i>329,886</i>
Status as at 31/12/2023	100,000	612,779	565,920	330,469	1,609,168	18,976	1,628,144

CONSOLIDATED BALANCE SHEET

	Notes	31/12/2023 K€	31/12/2022 K€
ASSETS			
Non-current assets			
Intangible assets	(12)	114,908	111,595
Property, plant and equipment	(13)	1,805,574	1,697,094
Financial investments recognised at equity	(14)	108,275	128,327
Financial assets	(15)(33)	1,295,739	1,702,081
Receivables and other assets	(17)(33)	2,725	5,169
Deferred tax assets	(11)	129,134	23,392
		3,456,355	3,667,658
Current assets			
Inventories	(18)	93,720	229,438
Contract assets	(1)	5,828	3,370
Financial assets	(16)(33)	40,151	568,479
Receivables and other assets	(17)(33)	706,176	799,931
Cash and cash equivalents	(19)(33)	133,283	111,057
		979,159	1,712,275
Total assets		4,435,514	5,379,933

	Notes	31/12/2023 K€	31/12/2022 K€
EQUITY			
Capital and reserves attributable to the shareholders of the parent company			
Share capital	(20)	100,000	100,000
Capital reserves	(21)	612,779	613,178
Accumulated results	(22)	565,920	463,396
Accumulated changes not affecting earnings	(23)	330,469	1,437,869
		1,609,168	2,614,443
Non-controlling interests	(24)	18,976	17,070
Total equity		1,628,144	2,631,514
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	(25)(33)	625,451	492,036
Non-current provisions and accruals	(26)	233,740	217,456
Deferred tax liabilities	(11)	238,540	455,579
Construction subsidies	(28)	238,457	230,560
Other non-current liabilities	(31)(33)	105,258	188,116
		1,441,445	1,583,748
Current liabilities			
Current financial liabilities	(25)(33)	262,988	35,598
Current provisions and accruals	(27)	86,357	66,643
Trade accounts payable	(29)(33)	350,675	260,643
Income tax liabilities	(30)	23,933	25,452
Contract liabilities	(1)	1,515	1,245
Other current liabilities and accruals/deferrals	(32)(33)	640,457	775,092
		1,365,926	1,164,672
Total liabilities		2,807,370	2,748,419
Total equity and liabilities		4,435,514	5,379,933

CONSOLIDATED CASH FLOW STATEMENT

	2023 K€	2022 K€
Net cash flow from ongoing operating activities		
Earnings before taxes	198,526	106,496
+		
Depreciation (- appreciation) of intangible assets and tangible assets	127,625	124,781
-		
Unrealised gains (+ losses) from financial assets and liabilities	-279	5,193
- Reversal of building cost and investment subsidies	-21,051	-19,892
- Gains (+ losses) from the disposal of non-current assets	154	-784
±		
Pro rata at equity results exceeding distribution (incl. impairments of goodwill)	15,806	17,384
- Change in non-current provisions and accruals	2,112	-12,331
± Interest result recognised in profit or loss	8,254	6,185
- Income from financial investments recognised in profit or loss	-78,606	-35,740
± Other non-cash expenses/income	36	-69
Net cash flow from the result	252,576	191,223
- Increase (+ decrease) from inventories incl. payments made on account	136,398	-184,361
+ Increase (- decrease) from payments received on account	-1,176	936
- Increase (+ decrease) from receivables and other assets	-87,947	311,670
+		
Increase (- decrease) from current provisions and accrued liabilities	19,700	-5,274
+		
Increase (- decrease) from trade accounts payable and other liabilities	-433,637	-159,741
Cash flow from ongoing operating activities	-114,086	154,453
- Interest paid	-8,855	-9,412
- Income taxes paid	-31,186	-4,689
Net cash flow from ongoing operating activities	-154,127	140,352

	2023 K€	2022 K€
Net cash flow resulting from investment activities		
+ Payments received from the disposal of intangible assets and tangible assets	1,958	2,802
+ Payments received from the disposal of financial assets	0	1,991
+ Payments from building cost and investment subsidies	32,107	35,579
- Payments made for investments in intangible assets and tangible assets	-225,452	-221,402
- Payments made for investments in financial assets	-960	-2,665
+ Payments received from the disposal of business units	0	14
- Payments made for the acquisition of business units less liquid assets acquired	-6,753	-124
+ Interest received	5,584	2,689
+ Dividends received	78,606	35,740
Net cash flow resulting from investment activities	-114,910	-145,376
Net cash flow resulting from financing activities		
+ Payments received from shareholder grants	480	280
- Distribution to shareholders (profit distribution)	-55,000	-48,000
- Distribution to non-controlling interests	-1,416	-1,327
+ Raising of bonds, loans and credits	371,025	85,608
- Repayment of bonds, loans and credits	-20,797	-118,220
- Repayment of lease liabilities	-2,979	-2,724
Net cash flow resulting from financing activities	291,313	-84,384
Cash flow		
± Net cash flow from ongoing operating activities	-154,127	140,352
± Net cash flow resulting from investment activities	-114,910	-145,376
± Net cash flow resulting from financing activities	291,313	-84,384
Cash-effective net change in cash and cash equivalents	22,276	-89,408
± Exchange rate related and other value changes to cash and cash equivalents	-49	53
+ Cash and cash equivalents at the start of the period	111,057	200,412
Cash and cash equivalents at the end of the period	133,283	111,057

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, the Federal State of Styria holds all Energie Steiermark 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 2023 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 2023.

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 2022 financial year.

The following new IFRS/IFRIC were applied obligatorily in the 2023 financial year, in addition to the standards and interpretations which needed to be applied as of 31 December 2022:

New standards and interpretations applied obligatorily for the first time in the 2023 financial year

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

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.

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.

The first-time application of IFRS 17 “Insurance Contracts” has no effect on the Consolidated Financial Statements of Energie Steiermark AG.

In addition to the new standards and interpretations, the following amended IFRS/IFRIC were applied obligatorily in the 2023 financial year:

Amended standards and interpretations applied obligatorily for the first time in the 2023 financial year

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 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 “Income Taxes” – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IAS 12 Amendments to IAS 12 “Income Taxes”: International Tax Reform – Pillar Two Model Rules	1 January 2023
IFRS 17 Amendments to IFRS 17 “Insurance Contracts” – First-time application of IFRS 17 and IFRS 9: Comparative information	1 January 2023

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.

^{*)} With some specific transitional regulations

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

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

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

The **amendments to IAS 12 “Income Taxes” on global minimum top-up tax** comprise both a temporary exemption from disclosing deferred taxes arising from the implementation of the global minimum top-up tax, which must be applied, as well as on specific disclosures for companies concerned.

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.

CHANGES TO MATERIAL ACCOUNTING METHODS

(a) Global minimum top-up tax

The Group applied the *Amendments to IAS 12 "Income Taxes": International Tax Reform – Pillar Two Model Rules* following their publication on 23 May 2023. The amendments contain a temporary, mandatory and immediately applicable exemption from reporting deferred taxes arising from the implementation of global minimum top-up tax. They also require specific disclosures in the notes on the impact of global minimum top-up tax (see note 4 "Notes to the consolidated profit and loss statement, note (11) 'Income Taxes'").

The mandatory exemption must be applied retrospectively. However, as a new law introducing global minimum top-up tax was not yet in force as at 31 December 2022 in any of the countries in which the Group operates and no associated deferred taxes were recognized at that time, the retrospective application has no impact on the consolidated financial statements.

(b) Disclosures of material accounting policies

The Group also applied the *Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Guidance Document 2* for the first time as at 1 January 2023. Although the amendments did not lead to a change in the accounting policies themselves, they affected the disclosures of accounting policies in the notes to the consolidated financial statements in that "disclosures of material accounting policies" were prescribed instead of "presentation of material accounting policies".

The first-time adoption of the other amended standards and interpretations 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 2023 financial year, see Note 10 "Material accounting policies".

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 17 domestic (previous year: 18) and 13 foreign subsidiaries (previous year: 13) as fully consolidated companies. Eleven (previous year: twelve) 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 at 31/12/2022	31	12
Increase in shareholding	1	-1
Merger/contribution	-2	0
As at 31.12.2023	30	11
Of which foreign companies	13	3

Increase in shareholding

With effect from 30 January 2023, Energie Steiermark AG acquired the remaining 25.1 percent of the shares in Elektrizitätswerke Bad Radkersburg GmbH (EBR) at a purchase price of K€ 753 by exercising the call option agreed in the purchase and equity interest agreement. This is a matter of acquiring an equity interest in 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, meaning that the resulting difference of K€ 291 was recognised directly in equity, not affecting earnings.

In a purchase and transfer agreement dated 29 August 2023, Energie Steiermark Green Power GmbH (GP) acquired a further 51 percent of Windpark Stubalm GmbH (formerly Stubalm Windpark Penz GmbH) in the amount of K€ 6,000. The increase in the equity interest in Windpark Stubalm GmbH (SWP) from 49 percent to 100 percent became legally effective on 29 August 2023. Incorporating the other shares, which up to now has been consolidated using the equity method, translates into total goodwill of K€ 4,719.

Merger/contribution

The spin-off of the Immo sub-operation from Energie Steiermark Technik GmbH (TK) for incorporation into Energie Steiermark AG and the spin-off of the Construction sub-operation from Energie Steiermark Technik GmbH (TK) for incorporation into Energie Steiermark Green Power GmbH were entered in the Register of Companies on 6 April 2023 with retroactive effect from 1 January 2023. The spin-off did not result in changes in the Group's asset situation, since TK had already been fully consolidated and included in the Consolidated Financial Statements.

The merger of Energie Steiermark Technik GmbH (TK) into Energienetze Steiermark GmbH (EN) was entered in the Register of Companies on 7 April 2023 with retroactive effect from 1 January 2023.. TK was subsequently removed from the Register of Companies. Energie Steiermark AG subsequently holds 99.865 percent and Energie Steiermark Finanz-Service GmbH 0.135 percent of the shares in EN. 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.

Upon entry in the Register of Companies on 21 September 2023, Energie Steiermark Natur GmbH (NA) was merged into Energie Steiermark Kunden GmbH (KD) with retroactive effect from 1 January 2023. NA was subsequently removed from the Register of Companies. 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€	
	2023	2022
Energy revenue	2,353,337	2,239,122
<i>thereof electricity</i>	1,714,926	1,444,878
<i>thereof gas</i>	358,652	602,615
<i>thereof heat</i>	252,056	172,974
<i>thereof other</i>	27,659	18,656
Network revenue	354,124	308,191
<i>thereof electricity grid</i>	300,995	261,847
<i>thereof gas grid</i>	53,128	46,343
Other sales revenue	79,411	69,172
Total	2,786,871	2,616,485

Sales revenues contain sales revenues from contracts with customers in the amount of K€ 2,810,950 (previous year: K€ 2,586,973).

Sales revenues are K€ 170,386 above the value of the previous year. This change results mainly from higher energy income in the electricity 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 presented on a net basis, taking into account the net gains/losses from derivative financial instruments held for trading purposes with these electricity trading activities within energy income in the electricity segment.

Revenue from electricity deliveries amounting to K€ 223,298 (previous year: K€ 499,354) will be balanced with expenses from the procurement of electricity in the amount of K€ 194,831 (previous year: K€ 557,897). The result from electricity trading activities in the amount of K€ 28,467 (previous year: K€ -58,543) is offset by net gains/losses from derivative financial instruments held for trading in connection with these electricity trading activities in the amount of K€ -28,439 (previous year: K€ 59,208).

Gas trading activities ("trading") are presented net in the same way as electricity trading activities, taking into account the net gains/losses from derivative financial instruments held for trading purposes with these gas trading activities within energy income in the gas segment. Income from gas deliveries in the amount of K€ 24,485 (previous year: K€ 108,539) is offset by expenses from gas purchases in the amount of K€ 24,477 (previous year: K€ 77,071), which are netted against these. The result from gas trading activities in the amount of K€ 8 (previous year: K€ 31,468) is offset by net gains/losses from derivative financial instruments held for trading in connection with these electricity trading activities in the amount of K€ -908 (previous year: K€ -30,570).

The net gains/losses from derivative financial instruments held for trading in connection with electricity and gas trading activities (“trading”) are broken down as follows:

Net profit/loss from derivative financial instruments held for trading purposes			K€
	2023	2022	
Realised gains/losses from futures, electricity	-39,075	20,278	
Realised gains/losses from forwards, electricity	-4,103	40,056	
Unrealised gains/losses from the market valuation of futures, electricity	-827	-4,299	
Unrealised gains/losses from the market valuation of forwards, electricity	15,566	3,174	
Net gain/loss from derivative financial instruments, electricity trading	-28,439	59,208	
Realised gains/losses from futures, gas	-1,132	-37,012	
Realised gains/losses from forwards, gas	-1	10	
Unrealised gains/losses from the market valuation of futures, gas	225	6,431	
Unrealised gains/losses from the market valuation of forwards, gas	0	1	
Net gain/loss from derivative financial instruments, gas trading	-908	-30,570	
Total	-29,347	28,638	

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

Gross sales quantities		
	2023	2022
Electricity sales in GWh *)	12,607	21,134
Sales of electricity in the grid segment in GWh	7,639	8,040
Gas sales in GWh **)	7,437	10,345
Sales of gas in the grid segment in GWh	10,737	13,454
Heating sales in GWh		
Domestic market	1,329	1,440
Abroad	522	547

*) The item “Sales of electricity in GWh” includes electricity trading activities (“trading”) in the amount of 1,211 GWh (previous year: GWh 8,015) 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 451 (previous year: GWh 846) which are disclosed as net figures in sales revenue.

Other sales revenue is as follows:

Other sales revenue	K€	
	2023	2022
Sales revenue from the reversal of building cost contributions	16,863	15,909
Management fees and revenue for other services	21,826	15,874
Sales revenue from deliveries and services other than energy deliveries	8,157	12,109
Sales revenue from the implementation of energy measures in buildings and technical plants	6,319	5,780
Sales revenue from the installation of house connections	3,124	5,543
Sales revenue from the provision of telecommunication infrastructure	5,701	4,722
Rental and leasing revenue	2,106	1,918
Sales revenue from emission certificates and guarantees of origin	5,268	874
Other	10,047	6,442
Total	79,411	69,172

Trading activities in connection with certificates (“trading”) are presented on a net basis to provide an economic view. Revenue amounting to K€ 56,030 (previous year: K€ 8,864) is offset by expenses in the amount of K€ -66,983 (previous year: K€ -621). The result from trading activities with certificates in the amount of K€ -10,952 (previous year: K€ 8,243) is offset by net gains/losses from derivative financial instruments held for trading in connection with these trading activities in the amount of K€ 11,883 (previous year: K€ -6,896).

The net gains/losses from derivative financial instruments held for trading in connection with electricity and gas trading activities (“trading”) are broken down as follows:

Net profit/loss from derivative financial instruments held for trading purposes	K€	
	2023	2022
Realised gains/losses from futures	12,790	-9,628
Realised gains/losses from forwards	-283	-1
Unrealised gains/losses from the market valuation of futures	-906	2,488
Unrealised gains/losses from the market valuation of forwards	282	245
Total	11,883	-6,896

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

Contract balances	K€	
	2023	2022
Trade accounts receivable	530,918	415,516
Contract assets	5,828	3,370
Contract liabilities	-1,515	-1,245
Total	535,231	417,642

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 previous year amounting to K€ 175.

Contract liabilities include deferred revenues for the Customer Club. The amount of K€ 1,245 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€ 71 (previous year: increases in inventories amounting to K€ 1,467) and own work capitalised amounting to K€ 36,569 (previous year: K€ 33,010).

(3) Other operating income

Other operating income	K€	
	2023	2022
Subsidies from third parties	17,894	1,887
Income from the reversal of investment subsidies	4,188	3,982
Income from the appreciation of fixed assets	3,524	148
Income from damage compensation	2,931	1,429
Income from payments on account	1,641	1,372
Income from the disposal of fixed assets	1,150	2,025
Income from the appreciation of receivables	1,009	709
Other	942	1,863
Total	33,281	13,415

The subsidies from third parties relate to compensation payments in accordance with the French energy price umbrella from energy deliveries to end customers.

Income from the appreciation of fixed assets in the current financial year mainly includes the appreciation of the Mur power plant in Graz in the amount of K€ 1,835 and the Gratkorn power plant in the amount of K€ 1,468.

(4) Cost of material and other purchased manufacturing services

Cost of material and other purchased manufacturing services	K€	
	2023	2022
Energy procurement from third parties	2,106,362	2,031,478
<i>thereof electricity</i>	1,613,461	1,370,954
<i>thereof gas</i>	424,244	554,950
<i>thereof heat</i>	57,195	92,511
<i>thereof other</i>	11,461	13,062
Grid utilisation by third parties	92,595	76,172
<i>thereof electricity grid</i>	73,101	67,344
<i>thereof gas grid</i>	19,494	8,828
Other expenses for materials	26,112	39,451
Total	2,225,069	2,147,100

The expenses for materials and other purchased production services are K€ 77,969 above the expenses of the previous year. This increase is mainly due to higher electricity purchases.

(5) Personnel costs

Personnel costs	K€	
	2023	2022
Wages and salaries	170,293	142,150
Expenses for severance payments	1,703	1,730
Expenses for the pension scheme	6,535	5,191
Expenses for legally defined social security contributions as well as contributions and obligatory contributions dependent on remuneration	38,689	35,047
Other social expenses	2,271	1,947
Total	219,492	186,065

With regard to expenses from interest on personnel provisions in the amount of K€ 7,197 (previous year: K€ 1,272), 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€ 6,779 (previous year: K€ 6,097).

(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€	
	2023	2022
Depreciation of tangible assets	118,667	110,616
Impairments of tangible assets	5,846	7,277
Amortisation of intangible assets	6,636	6,349
Impairments of intangible assets	0	687
Total	131,149	124,929

Depreciation of tangible assets contain depreciation in the amount of K€ 3,140 (previous year: K€ 2,817) in depreciation of right-of-use assets recognized in accordance with IFRS 16.

Impairment of tangible assets in the current financial year mainly includes the impairment of the P2G plant in Gabersdorf in the amount of K€ 3,752 in accordance with IAS 36. The fair value of the cash-generating unit was used as its recoverable amount. In the previous year, this item mainly included 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. 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" for the previous financial year 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 9 "Group Companies".

(7) Other operating expenses

Other operating expenses	K€	
	2023	2022
Service and maintenance expense as well as various necessary operating expenses	56,072	48,232
Advertising	14,177	6,545
Expense allowances to employees and for training and further education	6,506	5,255
Expenses arising from the value adjustment of receivables	5,355	1,691
Postage and telephone costs	3,935	3,965
Insurance policies	3,815	3,211
Security, cleaning and waste disposal expenses	3,784	3,339
Commission payments	3,419	5,830
Legal, audit and consultancy costs	3,148	2,585
Car expenses	3,089	3,005
Taxes which are not dependent on income as well as contributions, fees and dues	2,837	1,926
Expenses arising from the derecognition of receivables less value adjustments used	1,546	1,503
Losses from the disposal of assets	1,304	1,187
Miscellaneous other operating expenses	21,724	14,821
Total	130,711	103,097

Costs incurred in the research phase were K€ 380 (previous year: K€ 1,097) and were immediately recognised in profit or loss.

Other operating expenses in the current financial year include expenses for short-term leases in the amount of K€ 52 (previous year: K€ 29).

(8) Other results from shareholdings

Other results from shareholdings	K€	
	2023	2022
Income from shareholdings recognised at fair value through equity	75,454	32,390
Market value changes from shareholdings measured at fair value through profit or loss	2	0
Income from shareholdings recognised at fair value through profit or loss	311	311
Total other income from shareholdings	75,767	32,700
Market value changes from shareholdings measured at fair value through profit or loss	-1,260	-679
Total other expenses from shareholdings	-1,260	-679
Balance of other income and expenses arising from shareholdings	74,507	32,022

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€	
	2023	2022
Net gains/losses from shareholding recognised at fair value through profit or loss	-1,258	-679
Net gains/losses from shareholding recognised at fair value through equity	0	0
Total net profits/losses	-1,258	-679

(9) Financial income and expenses

Financial result	K€	
	2023	2022
Interest income from:		
- loans and receivables	2,417	1,767
Total interest income from financial assets not measured at fair value through profit or loss	2,417	1,767
Income from securities measured at fair value through profit or loss	505	249
Other income from financial assets measured at amortised cost	4,903	1,215
Market value changes from securities measured at fair value through profit or loss	1,536	0
Total financial income	9,361	3,232
Interest expenses from:		
- liabilities measured at amortised cost	-13,647	-9,979
- other interest and similar expenses	-9,101	-2,644
Total interest expense from financial liabilities not measured at fair value through profit or loss	-22,749	-12,623
Market value changes from securities measured at fair value through profit or loss	0	-4,514
Negative interest from financial assets not measured at fair value through profit or loss	0	-437
Expenses arising from the disposal of securities measured at fair value through profit or loss	0	-54
Expenses from the foreign currency valuation of financial assets measured at amortised cost	0	30
Total financial expenses	-22,749	-17,598
Financial income and expenses balance	-13,387	-14,367

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 from the discounting of leases in accordance with IFRS 16 in the amount of K€ 550 (previous year: K€ 424) is included in the interest expenses from liabilities measured at amortized cost.

Other interest and similar expenses contain primarily expenses arising from interest on personnel provisions in the amount of K€ 7,197 (previous year: K€ 1,272).

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€	
	2023	2022
Net profits/losses from assets recognised at fair value through profit or loss	1,536	-4,568
<i>of which are from financial instruments measured at fair value</i>	1,536	-4,568
Net profits/losses from financial liabilities valued at amortised cost	-4	0
Total net profits/losses	1,532	-4,568

(10) Result from shares held in associated companies

Result from shares held in associated companies	K€	
	2023	2022
Income from associated companies	4,067	8,120
Expenses from associated companies	-17,032	-1,346
Impairments	0	-21,118
Total	-12,965	-14,344

Income from associated companies contains mainly income from ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o. and Feistritzwerke-STEWEAG GmbH.

Expenses from associated companies include mainly expenses resulting from the consolidation of the current results of Energie Graz GmbH & Co KG.

Impairment for the previous year includes the write-down of the goodwill of Energie Graz GmbH & Co KG amounting to K€ 20,678 and of der 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€	
	2023	2022
Current income taxes:		
Expenses for current income taxes	-30,186	-27,862
Income/expense from previous periods	-405	-236
Total current income taxes	-30,591	-28,097
Deferred taxes:		
Entry and reversal of temporary differences	-7,132	-4,215
Effect of the tax rate change in Austria	0	-2,302
Total deferred taxes	-7,132	-6,517
Income tax expenses	-37,724	-34,614

The effect of the tax rate change in the previous year results from the socio-economic tax reform adopted in Austria on 20 January 2022, which includes a gradual reduction in the corporate income tax rate. The reduction in the corporation tax rate from 25 percent to 23 percent was already taken into account when calculating the deferred tax assets and liabilities of the Austrian Group companies from 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€	
	2023	2022
Ongoing operating activities	-37,724	-34,614
Taxes included in other comprehensive income (OCI) of the year	329,886	-63,008
Income taxes - total	292,162	-97,622

The tax item recognised in other comprehensive income (OCI) in the previous year includes 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€ 9,922 lower (previous year: K€ 7,990 higher) than the computed income tax expenses which would result by applying a tax rate of 25 percent to the profit before income tax.

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

Tax rate reconciliation	K€	
	2023	2022
Calculated tax expense	-47,646	-26,624
Differences resulting from deviating rates of taxation abroad	491	287
Tax-free dividend income	18,865	8,935
Pro rata at equity results which cannot be recognised for tax purposes	-3,793	-4,165
Profit and loss shares in partnerships	-919	0
Amortisation of shareholdings	2,736	12,060
Goodwill amortisation	-44	-217
Balance of the consumption of non-capitalised losses carried forward from previous years and non-capitalised losses carried forward from the ongoing financial year	1,841	-9,154
Other tax-free income and non-deductible expenses	-1,436	-9,026
Non-period tax expense (current and deferred)	-7,538	-6,752
Other	-281	42
Reported income tax income/expenses	-37,724	-34,614
Effective corporation tax rate	19.79%	32.50%

The difference between the effective tax rate and the statutory tax rate is mainly due to tax-free investment income received as well as the only partial utilization of loss carryforwards and effects from the interest barrier in accordance with the medium-term planning for 2023 - 2027.

As of the 2021 assessment date, the write-downs to the value of the investment in Energie Steiermark Technik GmbH (TK) carried out in 2011 to 2013 and to the investment in Energie Steiermark Service GmbH (ES) in 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. The entire threat potential has been fully considered.

The appeal was restricted and corrected with regard to the partial write-downs on the investment in Energie Steiermark Technik GmbH (TK) in 2015 and 2016. The appeals were directed against the tax assessments of the group owners for the years 2015 and 2016. The facts of the case related to the tax recognition of the respective sevenths of the partial write-downs on the same investment made in the years 2011 to 2013 and was settled in the company's favour.

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 2023 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€			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	5,558	288	5,446	585
Property, plant and equipment	0	49,531	0	34,344
Financial assets	4	245,171	1	459,501
Inventories	31	446	657	0
Receivables and other assets	157,852	1	162,498	0
Untaxed reserves	0	7,770	0	7,931
Provisions and accruals	24,983	0	22,022	62
Liabilities and other financial liabilities	24,145	35,449	41,732	180,517
Tax losses carried forward	2,408	0	5,643	0
Write-down to going concern value of shareholdings	12,572	0	10,918	0
Total deferred tax assets/liabilities	227,553	338,656	248,917	682,940
Add-on of supplementary tax balance sheets	6,291	4,593	6,308	4,472
Deferred tax assets/liabilities 31/12	233,843	343,249	255,224	687,412
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	-104,710	-104,710	-231,832	-231,832
Offset deferred tax assets/liabilities	129,134	238,540	23,392	455,579

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

Net position from deferred taxes		K€
	31/12/2023	31/12/2022
Deferred tax assets	129,134	23,392
Deferred tax liabilities	238,540	455,579
Net position	-109,406	-432,187

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

Change in net position from deferred taxes		K€
	31/12/2023	31/12/2022
Status at the start of the year	-432,187	-362,629
Currency changes	28	-33
Recognised through profit or loss in the financial year	-7,132	-4,215
Changes not affecting the result	329,886	-94,524
Effect of tax rate changes	0	29,214
Status at the end of the year	-109,406	-432,187

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€	
	2023	2022
DEFERRED TAX ASSETS		
Differences between depreciation for accounting and for tax purposes	113	-849
Non-deductible provisions for pensions	140	-8,320
Other non-deductible provisions	2,821	-4,426
Losses from the measurement at fair value	-22,231	51,416
Tax losses carried forward and unused tax credits	-3,234	104
Write-down to going concern value of shareholdings	1,653	7,207
Add-on of supplementary tax balance sheets	-17	-1,988
Other deductible temporary differences	-626	639
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	127,122	-56,666
Change in deferred tax assets	105,741	-12,883
DEFERRED TAX LIABILITIES		
Differences between depreciation for accounting and for tax purposes	-14,890	-8,469
Other non-deductible provisions	62	12,576
Income from the measurement at fair value	359,397	-117,333
Other taxable temporary differences	-285	801
Add-on of supplementary tax balance sheets	-121	-915
Offsetting of deferred tax assets and liabilities vis-à-vis the same tax authority	-127,122	56,666
Change in deferred tax liabilities	217,040	-56,675
Change in the net position	322,781	-69,558

GLOBAL MINIMUM TOP-UP TAX

On 30 December 2023, the Minimum Tax Reform Act (MinBestRefG, Federal Law Gazette I No. 187/2023) was published in Austria, the country in which the ultimate parent company is domiciled. This implemented EU Directive 2022/2523 based on the OECD model regulations (Pillar II) to ensure global minimum top-up tax for multinational enterprise groups and large domestic groups in the EU with revenues of more than € 750 million.

The Group continues to assess the impact of the global minimum top-up tax legislation and applied the temporary mandatory exemption to the recognition of deferred taxes arising from the introduction of the global minimum tax and recognizes them as current tax expense/income as incurred (see Note "Basis of Preparation").

Deferred tax assets of K€ 54,659 (previous year: K€ 47,471) were recognised for the partial write-downs outstanding as at 31 December from the tax allocation of unscheduled write-downs to the tax base over seven years.

No deferred tax assets were recognised for tax losses carried forward amounting to K€ 34,141 (previous year: K€ 41,814), 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. The loss carryforwards originate from subsequent assessment years:

Non-capitalised loss carryforwards		K€
	2023	
	Gross amount	Tax effect
Assessment year 2014	128	29
Assessment year 2015	555	128
Assessment year 2016	114	26
Assessment year 2017	279	70
Assessment year 2018	1,638	478
Assessment year 2019	1,627	374
Assessment year 2020	644	147
Assessment year 2021	860	194
Assessment year 2022	27,155	6,243
Assessment year 2023	1,142	263
Total	34,141	7,953

5 NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income taxes on other comprehensive income are shown in the following table.

Income taxes on other comprehensive income							K€
	2023	2023	2023	2022	2022	2022	
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes	
Revaluation of net debt from defined benefit obligations	-14,173	3,260	-10,913	37,672	-10,766	26,906	
Net change in the fair value of investments measured at fair value through equity	-260,635	59,946	-200,689	710,735	-152,160	558,575	
Other results from investments accounted for using the equity method (revaluation of net debt from defined benefit obligations)	-2,916	0	-2,916	7,050	0	7,050	
Sum of items that will not be subsequently reclassified ("recycled") to the Profit and Loss Statement	-277,724	63,206	-214,518	755,458	-162,926	592,532	
Market valuation of hedging instruments (cash flow hedges)	-1,159,477	266,680	-892,797	-346,592	99,918	-246,674	
Exchange rate differences resulting from the conversion of foreign businesses	-167	0	-167	164	0	164	
Sum of items that will be reclassified ("recycled") subsequently to the Profit and Loss Statement	-1,159,644	266,680	-892,965	-346,428	99,918	-246,510	
Other result	-1,437,368	329,886	-1,107,483	409,030	-63,008	346,022	

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€	
	31/12/2023	31/12/2022
Energie Steiermark Kunden GmbH	48,756	48,756
Energie Steiermark Green Power GmbH	7,288	7,288
Windpark Stubalm GmbH (formerly Stubalm Windpark Penz GmbH)	4,719	0
la bellenergie SaS	3,744	3,744
Elektrizitätswerke Bad Radkersburg GmbH	1,121	1,121
E1 Energiemanagement GmbH	937	937
Energie Steiermark Wärme GmbH	890	890
STEFE ECB, s.r.o.	137	137
Total	67,593	62,873

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 1/1/2022	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 1/1/2022	48,483	103	63,461	2,448	114,495	
Carrying amount at 31/12/2022	46,745	0	62,873	1,976	111,595	
Acquisition/manufacturing costs 1/1/2023	131,393	0	76,624	1,976	209,994	
Currency changes	-9	0	0	0	-9	
Additions	4,099	48	4,719	0	8,866	
Disposals	-159	-48	0	-1	-208	
Reclassifications	1,115	0	0	0	1,115	
Acquisition/manufacturing costs 31/12/2023	136,439	0	81,344	1,976	219,758	
Accumulated amortisation/depreciation 1/1/2023	84,648	0	13,751	0	98,399	
Currency changes	-4	0	0	0	-4	
Scheduled amortisation/depreciation	6,589	48	0	0	6,636	
Disposals	-133	-48	0	0	-181	
Accumulated amortisation/depreciation 31/12/2023	91,099	0	13,751	0	104,851	
Carrying amount at 1/1/2023	46,745	0	62,873	1,976	111,595	
Carrying amount at 31/12/2023	45,339	0	67,593	1,976	114,908	

(13) Property, plant and equipment

The carrying amount of tangible assets changed as follows:

Changes in tangible assets							K€
	Properties and buildings on other plots	Undeveloped plots	Technical plant and machinery	Other equipment, technical and office equipment	Properties under construction	Total	
Acquisition/manufacturing costs 1/1/2022	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 1/1/2022	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	

Changes in tangible assets	K€					
	Properties and buildings on other plots	Undeveloped plots	Technical plant and machinery	Other equipment, technical and office equipment	Properties under construction	Total
Acquisition/manufacturing costs 1/1/2023	514,627	26,396	3,033,084	76,915	123,374	3,774,396
Additions from the acquisition of shares	0	0	0	0	3,356	3,356
Currency changes	-106	0	-428	-7	-4	-545
Additions	8,496	628	99,569	14,889	99,614	223,195
Disposals	-3,110	-121	-29,051	-9,013	-17	-41,312
Valuation changes	4,852	0	-1	1,465	0	6,316
Reclassifications	11,150	5	93,660	960	-106,891	-1,115
Acquisition/manufacturing costs 31/12/2023	535,908	26,907	3,196,833	85,210	119,431	3,964,289
Accumulated amortisation/depreciation 1/1/2023	187,081	475	1,830,114	52,199	7,433	2,077,302
Currency changes	-68	0	-274	-6	0	-348
Scheduled amortisation/depreciation	12,131	0	95,918	10,617	0	118,667
Impairments (Note (6))	2,422	0	2,716	160	548	5,846
Appreciation	-1,525	0	-530	0	-1,468	-3,524
Disposals	-2,736	0	-27,519	-8,972	0	-39,227
Reclassifications	-1	0	1	0	0	0
Accumulated amortisation/depreciation 31/12/2023	197,303	475	1,900,426	53,999	6,512	2,158,715
Carrying amount at 1/1/2023	327,546	25,921	1,202,970	24,716	115,941	1,697,094
Carrying amount at 31/12/2023	338,605	26,432	1,296,406	31,211	112,919	1,805,574

Investments in property, plant and equipment amounted to K€ 221,306 in the past financial year (previous year: K€ 217,391), where K€ 121,692 were invested in finished plants and K€ 99,614 in plants under construction. Finished plants mainly concern the expansion and renewal of power transformer and distribution stations, teleconnection and transmission technology, the roll out of smart meter, the 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 systems. The assets under construction consist primarily of investments in transformer and electricity distribution systems, smart meter technology, the expansion of gas and heating supply networks, fibre optic cables and hydraulic generation plants, district heating generation plants and office and plant buildings. Carrying amounts increased by 6 percent in the year under review.

The decreases of the carrying amount of K€ 2,085 (previous year: K€ 1,617) relate mainly to technical plants and machinery.

No interest on borrowing capital as defined in IAS 23 was capitalised in the current 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 01/01/2022	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 at 01/01/2022	8,750	174	5,579	
Currency changes	-2	0	0	
Additions	228	45	1,616	
Valuation changes	4,852	-1	1,465	
Amortisation	-1,023	-36	-2,081	
Carrying amount at 31/12/2023	12,806	182	6,579	

The category office and business equipment includes vehicles leases amounting to K€ 4,957 (previous year: K€ 4,952). We refer to Note (25) "Non-current and current financial liabilities" as regards lease liabilities.

(14) Financial investments recognised at equity

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

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

Change in companies included at equity	K€	
	2023	2022
Status as at 1/1	128,327	137,831
Additions	0	1,051
Disposals	-1,330	-222
Other changes not affecting income	-2,916	7,050
Pro rata results	-12,965	6,774
Distributions	-2,841	-3,039
Impairments	0	-21,118
Status as at 31/12	108,275	128,327

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

Additions in the previous year include shareholder contributions to homee 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€	
	31/12/2023	31/12/2022
Energie Graz GmbH & Co KG	57,279	57,279
Stadtwerke Bruck an der Mur GmbH	3,013	3,013
Feistritzwerke-STEWEAG GmbH	2,569	2,569
STEFE Trnava, s.r.o.	2,558	2,558
Stadtwerke Hartberg Energieversorgungs GmbH	992	992
Windpark Stubalm GmbH	0	51
Total	66,411	66,462

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€
associated company	31/12/2023				31/12/2022				
	EGG KG	SGG KG	Feistritz- werke ¹	Adriaplin ²	EGG KG	SGG KG	Feistritz- werke ¹	Adriaplin ²	
Balance sheet									
Non-current assets	475,567	32,379	156,372	55,101	535,214	31,145	133,247	56,242	
Current assets	70,717	16,081	16,645	9,998	56,055	11,962	14,324	10,749	
Non-current liabilities	-229,503	-43,526	-102,912	-5,593	-227,031	-35,130	-79,541	-9,761	
Current liabilities	-123,658	-3,756	-17,747	-9,630	-125,565	-9,938	-16,858	-11,314	
Reconciliation to the carrying amount of the interest in the associated company									
Net assets	193,123	1,179	52,358	49,876	238,673	-1,961	51,172	45,916	
Share in the net assets in %	49%	49%	27%	38%	49%	49%	27%	38%	
Share in the net assets	94,630	578	14,137	18,953	116,950	-961	13,816	17,448	
+/- Revaluations	-87,043	-2,105	-184	-2,361	-87,043	-2,105	-215	-2,304	
Carrying amount of the interest in the associated company (excl. goodwill)	7,588	-1,527	13,953	16,592	29,907	-3,066	13,602	15,144	

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 2022 financial year and, in the previous year, to the 2021 financial year.

Financial information about material associated companies	K€
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associated company	2023				2022			
	EGG KG	SGG KG	Feistritz- werke ¹	Adriaplin ²	EGG KG	SGG KG	Feistritz- werke ¹	Adriaplin ²
Profit and loss statement								
Sales revenues	404,265	55,620	32,938	68,651	277,035	47,537	27,130	42,086
Result after income taxes	-37,679	3,912	3,685	4,903	9,058	1,126	3,636	3,368
Other result	-5,223	-772	0	57	13,385	1,000	0	4
Total result	-42,903	3,140	3,685	4,960	22,443	2,126	3,636	3,372
Dividend paid to Energie Steiermark	2,647	-	675	380	1,331	-	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 2022 financial year and, in the previous year, to the 2021 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€
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	2023	2022
Result after income taxes	-1,775	-919
Other result	0	0
Total result	-1,775	-919
Carrying amount of the interest in the associated companies (excl. goodwill)	5,259	6,279

(15) Non-current financial assets

Non-current financial assets consist of the following:

Non-current financial assets	K€	
	2023	2022
Loans granted by the company	20,000	20,000
Assets at fair value through equity	1,220,564	1,480,239
<i>of which are shareholdings valued at fair value not affecting profit and loss (Level 2)</i>	1,220,564	1,480,239
Assets at fair value through profit and loss	55,176	201,842
<i>of which are securities valued at fair value through profit and loss (Level 1)</i>	35,780	34,244
<i>of which are shareholdings valued at fair value through profit and loss (Level 1)</i>	6,943	8,201
<i>of which derivative financial instruments (level 2)</i>	12,452	159,397
Total	1,295,739	1,702,081

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€ 1,155,246 (previous year: K€ 1,419,187) relate mainly to the shares in VERBUND Hydro Power GmbH (VHP).

Shareholdings valued at fair value through equity (Level 2)	K€
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	Fair value as at 31/12/2023	Recognised dividend income in 2023
VERBUND Hydro Power GmbH	1,155,246	69,030
RAG-Beteiligungs- Aktiengesellschaft	52,862	5,000
ARGONET GmbH	5,016	0
E 1 Wärme und Energie GmbH	2,740	447
ES SN Green Power GmbH	1,143	0
AGGM Austrian Gas Grid Management AG	1,065	162
AQUASYSTEMS Gospodarjenje z vodami d.o.o.	1,028	727
Energy Green Power GmbH	576	0
E-VO eMobility GmbH	421	0
APCS Power Clearing and Settlement AG	131	14
AGCS Gas Clearing and Settlement AG	103	1
CISMO Clearing Integrated Services and Market Operations GmbH	101	74
EXAA Abwicklungsstelle für Energieprodukte AG	54	0
Other shareholdings	79	0
Total	1,220,564	75,454

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

Long-term loans granted by the company	K€
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	2023	2022
Energie Graz GmbH & Co KG	20,000	20,000
Other	0	0
Total	20,000	20,000

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, it was agreed to extend the existing subordinated shareholder loan with a final maturity in 2035 and a credit risk premium of 4.56 percent to 5.08 percent.

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€ 25,406 (previous year: K€ 29,204). 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€ 35,780 (previous year: K€ 34,244) consist of fund shares and equities and are recognised at market value on the balance sheet date.

Fund shares to the amount of K€ 35,762 (previous year: K€ 34,226) had an average stock market price of € 91.09 on the balance sheet date (previous year: € 87.18).

Shareholdings recognised at fair value through profit and loss in the amount of K€ 6,943 (previous year: K€ 8,201) contain mainly shares in Burgenland Holding Aktiengesellschaft, whose fair value is K€ 6,930 as at 31 December 2023 (previous year: K€ 8,190).

Derivative financial instruments recognised at fair value through profit or loss include derivative financial instruments in the energy segment with positive market values. For a detailed explanation on 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 at 1/1/2022	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 at 31/12/2022	20,000	1,480,239	201,842
Additions	0	960	40,470
Disposals	0	0	-187,415
Unrealised profits/losses	0	-260,635	279
As at 31.12.2023	20,000	1,220,564	55,176

(16) Current financial assets

Current financial assets consist of the following:

Current financial assets	K€	
	2023	2022
Loans granted by the company	4,242	9,415
Assets at fair value through profit and loss	35,910	559,064
<i>of which derivative financial instruments (level 2)</i>	35,910	559,064
Total	40,151	568,479

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€	
	2023	2022
Energie Graz GmbH & Co KG	285	255
E 1 Wärme und Energie GmbH	3,957	9,014
Windpark Stubalm GmbH	0	146
Total	4,242	9,415

The market values of short-term and long-term loans, and the loans extended by the company are shown in note (15) "Non-Current Financial Assets".

Derivative financial instruments recognised at fair value through profit or loss include derivative financial instruments in the energy segment with positive market values. For a detailed explanation on 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 31/12/2023			Residual term as at 31/12/2022		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Trade accounts receivable	530,606	312	530,918	415,353	163	415,516
Receivables from companies with which a shareholding relationship exists	6,750	0	6,750	7,473	0	7,473
Other receivables and assets	168,820	2,413	171,233	377,105	5,006	382,110
Total	706,176	2,725	708,902	799,931	5,169	805,100

Current trade accounts receivable include receivables due from associated companies amounting to K€ 12,331 (previous year: K€ 1,164).

In the 2023 financial year, current trade accounts receivable were netted with trade accounts payable arising from electricity trading activities ("Portfolio") in the amount of K€ 56,825 (previous year: K€ 97,730) 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, receivables for futures hedging services (variation margin) included in other receivables and assets totalling K€ 72,617 (previous year: K€ 74,893) were offset against the fair value measurement of futures in the current financial year. See here also Note 8 "Other disclosures".

The table below shows the effects on the balance sheet:

Offsetting information				K€
Class	Gross amount before offsetting	31/12/2023		Net amount disclosed in the balance sheet
		Gross amount	offset	
Trade accounts receivable	587,743	-56,825		530,918
Other receivables and assets	243,850	-72,617		171,233

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

Other receivables and assets consist of the following:

Other receivables and assets	K€
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	Residual term as at 31/12/2023			Residual term as at 31/12/2022		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Receivables from the hedging of derivative financial instruments	95,380	0	95,380	326,294	0	326,294
Tax refund claims	37,006	0	37,006	20,070	0	20,070
Deposits	10,861	155	11,015	2,194	0	0
Receivables from allowances granted not yet received	10,060	0	10,060	6,079	0	6,079
Advance payments for expenses affecting the subsequent periods	2,026	825	2,851	5,483	3,265	8,748
Receivables from payroll	488	1,266	1,754	41	1,597	1,637
Other receivables and assets	13,000	168	13,168	16,943	145	19,282
Total	168,820	2,413	171,233	377,105	5,006	382,110

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€
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2023	Carrying amount	of which amount overdue at the balance sheet date	amount of which was not impaired on the balance sheet date and which is overdue in the following periods of time			
			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade accounts receivable	530,918	22,789	20,603	778	455	954
Other receivables and assets *)	177,983	150	150	0	0	0

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

*) 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 not been (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 value adjustments on trade receivables in the course of the year developed as follows:

Impairments, trade accounts receivable	K€
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	Level 1 Expected 12-month credit loss	Level 2 Expected credit loss over the term – no impaired credit rating	Level 3 Expected credit loss over the term – impaired credit rating	Total
As at 1/1/2022	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 at 31/12/2022	3,724	1,250	3,197	8,171
Expenses for value adjustments	1,464	684	3,954	6,102
Use of value adjustments	-4	-60	-682	-746
Reversal of value adjustments	-690	-119	-183	-992
As at 31.12.2023	4,494	1,755	6,286	12,535

The value adjustments in respect of other receivables in the course of the year developed as follows:

Impairments, other receivables and assets				K€
	Level 1	Level 2	Level 3	Total
	Expected 12-month credit loss	Expected credit loss over the term – no impaired credit rating	Expected credit loss over the term – impaired credit rating	
As at 1/1/2022	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 at 31/12/2022	0	0	208	208
Use of value adjustments	0	0	-1	-1
Reversal of value adjustments	0	0	-17	-17
As at 31.12.2023	0	0	189	189

Expenses for derecognition amount to K€ 1,474 (previous year: K€ 1,395) for trade accounts receivable and to K€ 73 (previous year: K€ 108) for other receivables and assets.

(18) Inventories

Inventories consist of the following items:

Inventories			K€
	31/12/2023	31/12/2022	
Primary energy inventories	58,948	171,766	
CO ₂ emission certificates	21,402	46,165	
Raw materials and supplies	11,566	9,729	
Finished and unfinished goods	1,804	1,777	
Total	93,720	229,438	

Primary energy inventories include mainly natural gas inventories amounting to K€ 51,828 (previous year: K€ 165,475). The looming threat of gas supply stoppages meant that Energie Steiermark steadily increased its strategic gas stockpiling over the course of the financial year. The aim here being both to safeguard security of supply and to have gas available to manage bottlenecks.

The majority of CO₂ emission certificates are valued in accordance with the broker-trader exception, as they are held exclusively for trading. 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€ 2,111 as at the reporting date of 31 December 2023 (previous year: K€ 34,428). As at December 31 of the previous year, a revaluation of K€ 2,732 was recognised in profit or loss.

In addition, the CO₂ emission certificates include certificates that have not yet been redeemed to fulfil 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€ 10,766 (previous year: K€ 5,733).

In the current financial year, value adjustments of raw materials and supplies amounting to K€ 571 (previous year: K€ 870) 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€	
	31/12/2023	31/12/2022
Cash in hand	100	131
Bank balances	133,183	110,925
Total	133,283	111,057

Cash in hand and bank balances include short-term liquid funds in foreign currency in the amount of K€ 2,713 (previous year: K€ 2,259).

The average interest rate for bank balances available as at 31 December 2023 is approx. 0.2 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€ 8 (previous year: K€ 22) was determined, which was not recognised for reasons of materiality.

EQUITY

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

(20) Share capital

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

(21) Capital reserves

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

(22) Accumulated results

Accumulated results come from accumulated earnings within the Group. Any amount of these accumulated results might be distributed to the shareholders of the parent company which is disclosed as "Balance sheet profit" in the parent company's separate financial statements as at 31 December 2023, which are prepared according to the accounting principles applicable in Austria.

The dividend per share amounts to € 0.55 (previous year: € 0.48).

(23) Accumulated changes not affecting earnings

Other reserves developed as follows:

Other reserves						K€
	Profits and losses from					Total
	Currency conversion	Revaluations in accordance with IAS 19	Cash flow hedges	Fair value changes	Shareholdings recognised at equity	
As at 1/1/2022	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 at 31/12/2022	5,656	-55,456	515,363	982,817	-10,511	1,437,869
Change not affecting the result	-85	-14,173	-728,902	-260,635	-2,916	-1,006,711
Realisation affecting income	0	0	-430,575	0	0	-430,575
Taxes offset directly against equity	0	3,260	266,680	59,946	0	329,886
As at 31.12.2023	5,571	-66,369	-377,434	782,128	-13,426	330,469

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		
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%	31/12/2023	31/12/2022
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%

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€
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Subsidiaries (combined per country)	31/12/2023			31/12/2022		
	Slovakia	Czech Republic	Austria	Slovakia	Czech Republic	Austria
Profit and loss statement						
Sales revenues	77,673	11,653	2,674	45,843	7,635	6,249
Result after income taxes	6,509	759	2,075	2,880	799	-1,470
Result after income taxes attributable to the non-controlling interests	2,234	373	779	999	393	-609
Balance sheet						
Non-current assets	41,730	10,211	89,177	41,591	10,645	90,889
Current assets	20,377	3,358	2,215	12,758	2,772	3,969
Non-current liabilities	-17,732	-4,047	-75,972	-19,097	-4,509	-78,873
Current liabilities	-15,585	-2,870	-900	-10,176	-2,039	-2,755
Net assets attributable to the non-controlling interests	10,107	3,270	5,598	8,839	3,376	4,856
Cash flow statement						
Cash flow resulting from ongoing operating activities	12,114	2,487	536	6,233	1,555	-721
Cash flow resulting from investment activities	-3,310	-628	-656	-3,747	-497	-575
Cash flow resulting from financing activities	-6,319	-1,341	-191	-3,019	-649	2,672
Dividends paid to non-controlling interests during the year ¹	965	397	54	922	364	42

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 31/12/2023			Residual term as at 31/12/2022		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Liabilities due to banks	260,159	607,620	867,779	32,985	479,248	512,232
Lease liabilities	2,796	17,404	20,200	2,582	12,395	14,977
Liabilities to others	34	427	461	31	393	425
Total	262,988	625,451	888,439	35,598	492,036	527,633

Non-current financial liabilities contain liabilities with a residual term of more than five years in the amount of K€ 411,162 (previous year: K€ 404,966).

The maturity analysis of lease liabilities is presented as follows:

Maturity analysis of lease liabilities				K€
2023	up to 1 year	1 to 5 years	over five years	
Land and buildings	793	2,262	10,173	
Technical plants and machinery	39	107	48	
Office and business equipment	1,964	4,626	188	
Total	2,796	6,995	10,410	
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 and business equipment	1,790	3,726	239	
Total	2,582	5,751	6,644	

The category office and business equipment includes vehicles leases amounting to K€ 4,957 (previous year: K€ 4,952). 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		
	2023	2022
in EUR	2.45%	1.10%
in CZK	2.76%	1.83%

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

non-current and current financial liabilities recognised at amortised cost of acquisition						K€
	Maturity	Emission volumes	31/12 of the financial year Exposure		Residual term	
			in FW	In €	up to 1 year	more than 1 year
Liabilities due to banks					260,159	607,620
In foreign currencies					469	2,069
Fixed interest rate	2011-2032	119,200	62,693	2,538	469	2,069
Interest accrued					0	
In euro currencies					259,690	605,550
Fixed interest rate	2009-2041	930,000	0	811,632	226,682	584,949
Variable interest rate	2005-2100	52,388	0	46,215	25,614	20,601
Interest accrued					7,394	
Lease liabilities					2,796	17,404
In foreign currencies					20	94
Fixed interest rate	2019-2045	2,804	2,804	114	20	94
Interest accrued					0	
In euro currencies					2,776	17,311
Fixed interest rate	2017-2100	20,086	0	20,086	2,776	17,311
Interest accrued					0	
Financial liabilities to others					34	427
In euro currencies					34	427
Variable interest rate	2016-2042	461	0	461	34	427
Interest accrued					0	
Total financial liabilities					262,988	625,451

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€
	2023		2022	
	Market value	Exposure	Market value	Exposure
Liabilities to banks in foreign currencies	2,341	2,538	2,780	3,088
Liabilities to banks in euro	818,431	857,847	426,203	506,572

(26) Non-current provisions and accruals

Non-current provisions and accruals are as follows:

Non-current provisions and accruals			K€
	31/12/2023	31/12/2022	
Provisions for pensions and similar obligations	117,671	116,825	
Provisions for severance payments	77,758	71,196	
Provisions for service anniversary bonuses	20,310	18,534	
Provisions for part-time retirement	13,894	5,652	
Accrued liabilities for severance pay	1,185	2,687	
Accruals for other personnel expenses	734	453	
Total personnel-related provisions and accruals	231,552	215,348	
Provisions for imminent losses from pending transactions	116	148	
Provisions for damages and process risks	1,921	1,805	
Other accrued liabilities	151	156	
Total other provisions and accruals	2,188	2,108	
Aggregate total	233,740	217,456	

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€				
	2023	2022	2021	2020	2019
Present value (DBO) of obligations covered by fund assets	18,652	17,113	20,396	21,137	18,803
Fair value of plan assets	-10,745	-11,204	-10,916	-10,066	-11,066
Provision recognised for obligations covered by fund assets	7,907	5,909	9,480	11,070	7,736
Provision recognised for obligations not covered by fund assets	109,764	110,916	140,599	148,873	164,364
Experience adjustments of plan liabilities	-8.9%	-2.5%	0.9%	-0.1%	3.4%
Provision recognised as at 31/12	117,671	116,825	150,079	159,943	172,101

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€ 2,255 (previous year: K€ -3,481) and, in the present financial year, actuarial profits and losses from the change of demographic assumptions in the amount of K€ -101.

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

Composition of plan assets		
	2023	2022
Shares in euro	8.2%	10.4%
Shares in foreign currencies	25.6%	27.3%
Government bonds	16.1%	14.7%
Corporate bonds	23.7%	24.0%
Other bonds	14.5%	11.5%
Bank/finance market	6.7%	6.2%
Real estate	5.4%	5.9%

Plan assets changed as follows:

Change in plan assets	K€	
	2023	2022
Fair value of the plan assets on 1/1	11,204	10,916
+ Expected income from the plan assets	376	52
+ Actuarial gain/loss	-1,848	1,083
+ Employer contributions	1,972	0
- Benefits paid	-958	-848
Fair value of the plan assets on 31/12	10,745	11,204

Value fluctuations occurring from plan assets were K€ -1,472 (previous year: K€ 1,136).

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 2023 and 2022 financial years:

Change in provision for pensions and similar obligations	K€	
	2023	2022
Present value of defined benefit obligations (DBO) on 1/1	116,825	150,079
+ Current service cost	180	253
+ Interest cost	4,057	741
- Actual benefit payments	-10,693	-8,753
- Actuarial gain/loss	7,303	-25,495
Present value of defined benefit obligations (DBO) on 31/12	117,671	116,825

Expected pension payments in 2024 are K€ 9,963 (previous year: K€ 10,055).

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 an allocation of K€ 17,898. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 20,836. The parameter changes are contained in the "Actuarial gain/loss" item.

As at 31 December 2023, the weighted average residual term of pension and similar obligations is 9.9 years.

Sensitivity analysis of the provision for pensions and similar obligations

K€

Calculation bases/assumptions	Change in assumption	31/12/2023	
		Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	1.0%	-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 assumption	31/12/2022	
		Decrease in parameter/change in DBO	Increase in parameter/change in DBO
Interest rate	0.10%	0.9%	-0.9%
Salary increase	0.10%	0.0%	0.0%
Pension increase	0.10%	-1.0%	1.0%
Remaining life expectancy	1 year	-6.7%	6.3%

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 2023 and 2022 financial years:

Change in severance pay provisions		K€	
	2023	2022	
Present value of defined benefit obligations (DBO) on 1/1/	71,196	84,461	
+ Current service cost	454	671	
+ Interest cost	2,491	425	
- Actual benefit payments	-3,253	-2,183	
- Actuarial gain/loss	6,870	-12,177	
Present value of defined benefit obligations (DBO) on 31/12	77,758	71,196	

Expected severance payments in 2024 are K€ 2,800 (previous year: K€ 3,315).

As at 31 December 2023, the weighted average residual term of severance pay obligations is 8.6 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€
	2023	2022	2021	2020	2019
Balance sheet provision for defined benefit obligations	77,758	71,196	84,461	85,610	87,246
Experience adjustments of plan liabilities	-3.1%	-2.2%	1.3%	0.6%	0.9%
Provision recognised as at 31/12	77,758	71,196	84,461	85,610	87,246

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 an allocation of K€ 9,145. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 10,440. The parameter changes are contained in the "Actuarial gain/loss" item.

Sensitivity analysis of the severance pay provision				K€
Calculation bases/assumptions	Change in assumption	31/12/2023		
		Decrease in parameter/change in DBO	Increase in parameter/change in DBO	
Interest rate	0.10%	0.8%	-0.8%	
Salary increase	0.10%	-0.8%	0.8%	
Calculation bases/assumptions	Change in assumption	31/12/2022		
		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%	

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 an allocation of K€ 2,342. The change in interest rate and salary trend in the previous year resulted in a reversal in the amount of K€ 2,868.

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 at 1/1/2022	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 at 31/12/2022	148	1,805	1,952
Allocation	36	140	176
Transfer	-30	0	-30
Utilisation	-32	-17	-49
Reversal	-5	-7	-12
As at 31.12.2023	116	1,921	2,037

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€	
	31/12/2023	31/12/2022
Provisions for part-time retirement	5,343	3,524
Accrued liabilities for severance pay	1,472	1,788
Deferred holiday which has not yet been taken	19,356	17,643
Accruals for other personnel expenses	14,347	13,108
Total personnel-related provisions and accruals	40,518	36,063
Provisions for imminent losses from pending transactions	14,039	17,184
Provisions for damages and process risks	990	1,196
Other accrued liabilities	30,810	12,201
Total other provisions and accruals	45,839	30,580
Aggregate total	86,357	66,643

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 at 1/1/2022	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 at 31/12/2022	17,184	1,196	18,379
Allocation	4,695	270	4,965
Transfer	30	0	30
Utilisation	-7,802	-354	-8,157
Reversal	-67	-121	-189
As at 31.12.2023	14,039	990	15,029

(28) Construction subsidies

Building cost contributions received from customers or project partners in the amount of K€ 255,827 (previous year: K€ 244,808) 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€ 17,371 (previous year: K€ 14,248) 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	31/12/2023		Net amount disclosed in the balance sheet
	Gross amount before offsetting	Gross amount offset	
Trade accounts payable *)	409,446	-56,825	352,621

*) including non-current trade accounts payable amounting to K€ 1,947.

Class	31/12/2022		Net amount disclosed in the balance sheet
	Gross amount before offsetting	Gross amount offset	
Trade accounts payable *)	360,292	-97,730	262,562

*) including non-current trade accounts payable amounting to K€ 1,919

(30) Income tax liabilities

Income tax liabilities are comprised as follows:

Income tax liabilities			K€
	31/12/2023	31/12/2022	
Corporation tax	23,933	25,452	
Other taxes	0	0	
Total	23,933	25,452	

(31) Other non-current liabilities

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

Other non-current liabilities	K€	
	31/12/2023	31/12/2022
Investment grants	45,876	44,932
Trade accounts payable	1,947	1,919
Citizen participation in renewable energy projects	868	881
Payments received for income affecting the subsequent periods	264	295
Taxes and social security	44	40
Other financial liabilities	119	52
Liabilities recognised at amortised cost of acquisition	49,117	48,120
Derivative financial instruments recognised at fair value through profit or loss	56,140	139,997
of which derivative financial instruments (level 2)	56,140	139,997
Derivative financial instruments	56,140	139,997
Aggregate total	105,258	188,116

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 segment with negative market values. For a detailed explanation on 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€
	31/12/2023	31/12/2022
Taxes and social security	86,151	72,571
Liabilities from overpayments and customer energy vouchers	57,134	53,654
Liabilities due to companies in which a participating interest is held	32,070	37,635
Construction subsidies	17,371	14,248
Investment grants	12,483	11,983
Advance payments received on account of orders	7,032	8,208
Other financial liabilities	78,283	13,330
Liabilities recognised at amortised cost of acquisition	290,523	211,629
Derivative financial instruments recognised at fair value through profit or loss	349,935	563,463
of which derivative financial instruments (level 2)	349,935	563,463
Derivative financial instruments	349,935	563,463
Aggregate total	640,457	775,092

In the current financial year, there was a netting of liabilities for hedging futures (variation margin) in the amount of K€ 21,082 (previous year: K€ 31,375) with the fair value measurement of futures. See here also Note 8 "Other disclosures".

The table below shows the effects on the balance sheet:

Offsetting information		K€	
Class	Gross amount before offsetting	31/12/2023	
		Gross amount offset	Net amount disclosed in the balance sheet
Liabilities recognised at amortised cost of acquisition	311,605	-21,082	290,523

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

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 trading and derivative financial instruments in this item which, economically, serve as hedging instruments for risks but which are not qualified as hedging instruments the Balance Sheet are disclosed under this item if their fair value is negative on the balance sheet date. For a detailed explanation on 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	Measurement category acc. to IFRS 9	Level	31/12/2023		31/12/2022	
			Carrying amount	Fair value	Carrying amount	Fair value
Shareholdings measured at fair value	@FVOCI *)	2	1,220,564	1,220,564	1,480,239	1,480,239
Shareholdings measured at fair value	@FVTPL	1	6,943	6,943	8,201	8,201
Securities measured at fair value	@FVTPL	1	35,780	35,780	34,244	34,244
Loans granted by the company	FAAC	2	20,000	21,449	20,000	17,102
Derivative financial instruments	@FVTPL/ @FVOCI **)	2	12,452	12,452	159,397	159,397
Non-current financial assets			1,295,739	-	1,702,081	-
Trade accounts receivable	FAAC	2	312	312	163	163
Other receivables	FAAC	2	1,644	1,644	1,808	1,808
Non-financial assets	-		769	-	3,198	-
Non-current receivables and other assets			2,725	-	5,169	-
Loans granted by the company	FAAC	2	4,242	4,242	9,415	12,103
Derivative financial instruments	@FVTPL/ @FVOCI **)	2	35,910	35,910	559,064	559,064
Current financial assets			40,151	-	568,479	-
Contract assets	FAAC	2	5,828	5,828	3,370	3,370
Trade accounts receivable	FAAC	2	530,606	530,606	415,353	415,353
Receivables from companies with which a shareholding relationship exists	FAAC	2	6,750	6,750	7,473	7,473
Other receivables	FAAC	2	165,193	165,193	370,454	370,454
Non-financial assets	-	0	3,628	-	6,650	-
Current receivables and other assets			706,176	-	799,931	-
Cash and cash equivalents			133,283	133,283	111,057	111,057

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

**) Cash flow hedges are no longer separable due to offsetting based on netting agreements

Summarised by measurement categories

Financial assets at acquisition costs	FAAC	867,858	869,307	939,094	938,883
Financial assets valued at fair value through equity	@FVOCI	1,220,564	1,220,564	1,480,239	1,480,239
Financial assets valued at fair value through profit or loss	@FVTPL	42,723	42,723	42,445	42,445
Derivative financial instruments	@FVTPL/ @FVOCI **)	48,362	48,362	718,461	718,461

Liabilities - balance sheet items

Classes	Measurement category acc. to IFRS 9	Level	31/12/2023		31/12/2022	
			Carrying amount	Fair value	Carrying amount	Fair value
Liabilities due to banks	FLAC	2	607,620	577,806	479,248	401,359
Liabilities to others	FLAC		17,831	-	12,788	-
Non-current financial liabilities	FLAC		625,451	577,806	492,036	401,359
Liabilities recognised at amortised cost of acquisition	FLAC		1,031	1,031	974	974
Non-financial liabilities	-		46,140	-	45,227	-
Derivative financial instruments	@FVTPL/ @FVOCI *)	2	56,140	56,140	139,997	139,997
Other non-current liabilities			103,311	-	186,198	-
Liabilities due to banks	FLAC	2	260,159	238,309	32,985	27,624
Liabilities to others	FLAC		2,829	-	2,613	-
Current financial liabilities			262,988	238,309	35,598	27,624
Trade accounts payable	FLAC		352,621	352,621	262,562	262,562
Contract liabilities	FAAC		1,515	1,515	1,245	1,245
Liabilities recognised at amortised cost of acquisition	FLAC		257,484	257,484	185,314	185,314
Non-financial liabilities	-		33,038	-	26,315	-
Derivative financial instruments	@FVTPL/ @FVOCI *)	2	349,935	349,935	563,463	563,463
Other current liabilities			640,457	-	775,092	-

**) Cash flow hedges are no longer separable due to offsetting based on netting agreements

Summarised by measurement categories

Financial liabilities at amortised cost of acquisition	FLAC	1,501,091	1,428,767	977,728	879,078
Derivative financial instruments	@FVTPL/ @FVOCI *)	406,075	406,075	703,459	703,459

@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€
	31/12/2023	31/12/2022
Cash in hand, cheques, cash in banks (required retention period of less than three months)	133,283	111,057
Other current borrowing (required retention period of less than three months)	0	0
Cash and cash equivalents at the end of the period	133,283	111,057

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 purchase price for the acquisition of the remaining 25.1 percent of shares in Elektrizitätswerke Bad Radkersburg GmbH (EBR) and for the acquisition of the remaining 51 percent of shares in Windpark Stubalm GmbH (SWP) are recognised under "Payments made for the acquisition of business units" in the current financial year.

In the previous year, this item included the purchase price for the acquisition of the remaining 24.9 percent of 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).

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€
2023	EBR ^{*)}	SWP ^{*)}	Total
Successive acquisition of shares in %	25.10%	51.00%	-
Non-current assets	0	3,356	3,356
Current assets	0	11	11
Non-current liabilities	0	0	0
Current liabilities	0	-756	-756
Equity	-1,842	-2,611	-4,453
Successive acquisition of shares in %	25.10%	51.00%	-
Share in equity capital acquired	462	1,332	1,794
Goodwill			4,959
Total purchase price paid in cash			6,753
Cash and cash equivalents			0
			6,753

2022	IMS ^{*)}	EBR	Total
Successive acquisition of shares in %	24.90%	0.00%	-
Non-current assets	0	0	0
Current assets	0	0	0
Non-current liabilities	0	0	0
Current liabilities	0	0	0
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

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

Reconciliation of movements in liabilities to cash flows from financing activities									K€
Notes	Liabilities			Equity				Total	
	Liabilities due to banks	Liabilities due to other parties	Liabilities from finance leases	Share capital/capital reserves	Accumulated results	Accumulated changes not recognised in profit and loss	Non-controlling interests		
Balance sheet as at 01/01/2022	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 related to 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 related to liabilities	-124	0	4,016	0	0	0	0	3,892	
Total other changes, related to equity	0	0	0	0	71,099	345,857	783	417,739	
Balance sheet as at 31/12/2022	512,232	425	14,977	713,178	463,396	1,437,869	17,070	3,159,147	

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

K€

	Notes	Liabilities			Equity			Total	
		Liabilities due to banks	Liabilities due to other parties	Lease liabilities	Share capital/capital reserves	Accumulated results	Accumulated changes not recognised in profit and loss		Non-controlling interests
Balance sheet as at 31/12/2022		512,232	425	14,977	713,178	463,396	1,437,869	17,070	3,159,147
Changes in net cash flow from financing activities									
Payments received from shareholder grants	(21)	0	0	0	0	0	0	480	480
Distribution to shareholders (profit distribution)	(22)	0	0	0	0	-55,000	0	0	-55,000
Distribution to non-controlling interests	(24)	0	0	0	0	0	0	-1,416	-1,416
Raising of bonds, loans and credits	(25)	370,988	36	0	0	0	0	0	371,025
Repayment of bonds, loans and credits	(25)	-20,797	0	0	0	0	0	0	-20,797
Repayment of lease liabilities	(25)	0	0	-2,979	0	0	0	0	-2,979
Total change in net cash flow from financing activities		350,192	36	-2,979	0	-55,000	0	-936	291,313
Change in scope of consolidation		600	0	0	0	-291	0	-462	-153
Currency changes		-65	0	-3	0	0	-85	-82	-235
Other changes related to liabilities									
New leases	(13)	0	0	8,205	0	0	0	0	8,205
Interest expenses	(9)	13,125	0	550	0	0	0	0	13,675
Interest paid		-8,305	0	-550	0	0	0	0	-8,855
Total other changes related to liabilities		4,820	0	8,205	0	0	0	0	13,025
Total other changes, related to equity		0	0	0	-399	157,815	-1,107,315	3,386	-946,514
Balance sheet as at 31/12/2023		867,779	461	20,200	712,779	565,920	330,469	18,976	2,516,583

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 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 default risk is reflected by the going concern values of the financial assets reported in the balance sheet and the receivables resulting from settled financial assets as at the measurement date, with contractual netting agreements being explicitly taken into account in the disclosure. For exchange-traded derivatives in the electricity, gas and certificates business that have a positive fair value on the balance sheet date, collateral is provided on an ongoing basis that 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 31/12/2023	Carrying amount at 31/12/2022
Loans granted by the company	24,242	29,415
Securities at fair value through profit or loss	35,780	34,244
Derivative financial instruments	48,362	718,461
Trade accounts receivable	530,918	415,516
Other receivables and assets	79,752	54,541
Cash and cash equivalents	133,283	111,057
Total default risk pursuant to balance sheet	852,338	1,363,234
Guarantees	34,313	31,029
Other contractual liability obligations	27	27
Total default risk	886,678	1,394,290

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. Due to the existing legal claim and the intention to settle on a net basis, the fair value measurements of forwards are netted for the respective settlement month, in each case separately for the corresponding counterparties with whom such agreements were concluded.

In addition, in accordance with IAS 32.42 et seqq, receivables and liabilities for futures hedging services and the fair value measurement of futures across different maturities and exchanges or clearing houses are netted. However, only the variation margin for offsetting changes in the market value of the derivatives is included in the netting, 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€
2023	Carrying	Cash flows			
	31/12/2023	2024	2025 - 2028	from 2029	
Liabilities due to banks	867,779	272,619	343,774	344,220	
Other financial liabilities	20,661	2,829	14,446	3,385	
Derivative financial instruments	406,075	349,935	56,140	0	
Trade accounts payable	352,621	350,675	1,924	22	
Tax and social security liabilities	86,195	86,151	44	0	
Other liabilities	164,094	163,108	67	920	
Guarantees	34,313	34,313	0	0	
Other contractual liability obligations	27	27	0	0	
Financial liabilities arising from purchase commitments	1,491,501	1,155,038	336,463	0	
Financial obligations from other contracts	7,316	244	976	6,097	

Liquidity analysis	K€
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2022	Carrying 31/12/2022	Cash flows		
		2023	2024 - 2027	from 2028
Liabilities due 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

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 70.4 percent of financial liabilities is more than one year, 3.4 percent of which has a variable interest rate.

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 fixed-rate original 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 original financial instruments and are, thus, included in the calculation of result-related sensitivities.

If the market interest rate level had been higher (lower) by 100 base points on 31 December 2023, the result from interest payments would have been higher (lower) by K€ 1,183 (previous year: K€ 1,127).

If the market interest rate level had been higher (lower) by 100 base points on 31 December 2023, 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€ 1,872 (previous year: K€ 1,522).

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 (CO₂ emission certificates and guarantees 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.

Changes in the prices of the commodities on which the derivative financial instruments are based have an impact on the fair values. 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 order to assess the effectiveness of the hedging relationship, 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. The prospective effectiveness assessment is generally carried out on a qualitative basis using the critical terms match method, in which the main terms of the hedging instruments are compared with those of the underlying transaction.

The reasons for the ineffectiveness are that the structure of the underlying transactions does not fully match the structure of the hedging instruments available on the market.

Ineffective portions of hedges are determined by comparing the fair values of the hedges and the underlying transactions. The hypothetical derivative method is used to determine the fair value of the underlying transactions. In the previous year, ineffectiveness of K€ 17,680 resulting from hedging relationships

qualifying as cash flow hedges as at the reporting date was recognised in profit and loss under cost of materials. The ineffectiveness of K€ 3,954 in the current financial year was not to be recognised.

Hedged items have potential future volume uncertainties with regard to the actual amount of future fulfilment of these hedged items. If the underlying items to be hedged change during the term of the corresponding underlying items after the original hedge with corresponding forward products to such an extent that the hedging transactions established for the hedge no longer appear fully suitable for adequately hedging the risk to be hedged, the corresponding forward items are redesignated and recognised in profit and loss under cost of materials.

As at 31 December 2023, derivative financial instruments in the energy sector (electricity and gas futures as well as electricity and gas forwards, CO₂ futures and forwards for guarantees of origin) were composed as follows

Cash flow hedges			K€
2023	Positive market value 31/12/2023	Negative market value 31/12/2023	Net
Electricity futures and forwards	136,815	491,105	-354,290
Gas futures and forwards	23,632	84,959	-61,327
CO ₂ certificates futures	744	3,257	-2,513
Guarantees of origin forwards	1,297	953	344
Total before netting	162,488	580,274	-417,786
thereof short-term	117,113	459,272	-342,159
thereof long-term	45,375	121,002	-75,627
thereof in other comprehensive income	0	0	-417,786
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
CO ₂ certificates futures	2,912	535	2,377
Guarantees of origin forwards	17,930	466	17,464
Total before netting	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

Trading	K€
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2023	Positive market value 31/12/2023	Negative market value 31/12/2023	Net
Electricity futures and forwards	22,392	14,078	8,314
Gas futures and forwards	262	37	225
CO ₂ certificates futures	0	0	0
Guarantees of origin forwards	0	0	0
Total before netting	22,654	14,115	8,539
thereof short-term	19,146	10,856	8,290
thereof long-term	3,508	3,259	249

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
CO ₂ certificates futures	4,098	0	4,098
Guarantees of origin forwards	283	282	1
Total before netting	66,131	57,022	9,108
thereof short-term	64,910	54,382	10,528
thereof long-term	1,221	2,640	-1,420

Total	K€
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2023	Positive market value 31/12/2023	Negative market value 31/12/2023	Net
Electricity futures and forwards	159,207	505,184	-345,976
Gas futures and forwards	23,894	84,996	-61,102
CO ₂ certificates futures	744	3,257	-2,513
Guarantees of origin forwards	1,297	953	344
Total before netting	185,142	594,390	-409,247
Consideration of netting agreements	-136,780	-188,315	51,534
Total after netting	48,362	406,075	-357,713

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
CO ₂ certificates futures	7,010	535	6,475
Guarantees of origin forwards	18,213	748	17,465
Total before netting	1,848,498	1,877,014	-28,516
Consideration of netting agreements	-1,130,036	-1,173,554	43,518
Total after netting	718,461	703,459	15,002

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 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.

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		
	Maximum	Minimum	Σ positive	Max. previous year	Min. previous year	Σ Previous year
iAAA	0	0	0	0	0	0
iAA	1,334	-5,806	-5,005	2,156	-7,933	2,156
iA	11,408	-166,116	-347,905	93,860	-169,884	331,300
iBBB	112	-39,833	-131,411	50,518	-109,978	257,255
iBB	0	-26	-26	53,701	-182	60,455
iB	0	-348	-348	31,134	-5,550	33,331
iC	0	0	0	0	0	0
iD	0	0	0	0	0	0
Total			-484,696			684,497

* 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

K€	Current exposure ¹			Counterparty risk from outstanding net receivables ²			Counterparty risk from market value differences ^{1,3}		
	Maximum	Minimum	Σ	Maximum	Minimum	Σ	Maximum	Minimum	Σ
iAAA	0	0	0	0	0	0	0	0	0
iAA	1,334	-5,806	-5,005	1,167	-347	672	167	-5,589	-5,677
iA	11,408	-166,116	-347,905	11,408	-64,684	-97,290	7,391	-101,432	-250,616
iBBB	112	-39,833	-131,411	7,851	-14,005	-29,081	992	-36,797	-102,331
iBB	0	-26	-26	0	-26	-26	0	0	0
iB	0	-348	-348	0	-915	-915	566	0	566
iC	0	0	0	0	0	0	0	0	0
iD	0	0	0	0	0	0	0	0	0
Total			-484,696			-126,639			-358,057

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 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		
	Market value gains	Market value losses	Σ	Market value gains	Market value losses	Σ	Market value gains	Market value losses	Σ
Internal rating class									
iAAA	0	0	0	0	0	0	0	0	0
iAA	441	-5,897	-5,456	262	-482	-220	703	-6,379	-5,677
iA	28,272	-233,844	-205,572	8,531	-53,575	-45,044	36,804	-287,419	-250,616
iBBB	5,771	-109,771	-104,000	3,529	-1,861	1,669	9,300	-111,631	-102,331
iBB	0	0	0	0	0	0	0	0	0
iB	601	-35	566	0	0	0	601	-35	566
iC	0	0	0	0	0	0	0	0	0
iD	0	0	0	0	0	0	0	0	0
Total	35,085	-349,547	-314,462	12,323	-55,918	-43,595	47,408	-405,465	-358,057

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 business, including the associated certificate markets (certificates for guarantees of origin and certificates in connection with the EU CO₂ certificate scheme), derivative financial instruments are used to hedge 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 2023, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 75,266 (previous year: K€ 128,878).

In the event of a 10 percent product price increase (product price decrease) in the gas segment as at 31 December 2023, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 19,684 (previous year: K€ 36,905).

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.

In the event of a 10 percent product price increase (product price decrease) in the certificates segment as at 31 December 2023, the hedging reserve in equity and the fair value of the hedging transactions would have been higher (lower) by K€ 2,492.

No open positions were held in the electricity and gas trading business, or in certificates, as at 31 December 2023.

The derivative financial instruments for hedging cash flows are composed as follows:

Derivative financial instruments to hedge cash flows **K€**

31/12/2023	Nominal volume	Nominal value ¹	Fair value ²	Residual term < 1 year	Residual term > 1 year
Electricity futures and forwards	7,927,873 MWh	1,140,769	-354,290	-304,556	-49,734
Gas futures and forwards	5,637,293 MWh	299,971	-61,327	-38,368	-22,959
CO ₂ certificates futures	299,000 t	27,437	-2,513	328	-2,841
Guarantees of origin forwards	1,914,821 MWh	2,194	344	437	-93
Total			-417,786	-342,159	-75,627

31/12/2022	Nominal volume	Nominal value ¹	Fair value ²	Residual term < 1 year	Residual term > 1 year
Electricity futures and forwards	8,427,421 MWh	2,714,750	-105,139	-15,506	-89,633
Gas futures and forwards	4,988,724 MWh	266,539	47,674	3,729	43,945
CO ₂ certificates futures	233,000 t	17,952	2,377	1,296	1,081
Guarantees of origin forwards	6,104,000 MWh	2,393	17,464	11,596	5,867
Total			-37,624	1,116	-38,740

¹ Cost price of derivative financial instruments

² Change in market value at cost price: Basis for recording potential ineffectiveness

³ positive market value (+) / negative market value (-)

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

Hedge reserve **K€**

2023	Residual term > 1 year	Residual term < 1 year	Cash flow hedges total	OCI total	Deferred taxes	OCI after taxes
Electricity futures and forwards	-49,734	-304,556	-354,290	-382,141	87,773	-294,368
Gas futures and forwards	-22,959	-38,368	-61,327	-105,709	24,313	-81,396
CO ₂ certificates futures	-2,841	328	-2,513	-2,513	578	-1,935
Guarantees of origin forwards	-93	437	344	344	-79	265
As at 31.12.2023	-75,627	-342,159	-417,786	-490,019	112,585	-377,434
of which derivatives with a positive market value	45,375	117,113	162,488			
of which derivatives with a negative market value	-121,002	-459,272	-580,274			

Hedge reserve	K€
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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
Guarantees of origin forwards	5,867	11,596	17,464	17,464	-4,017	13,447
As at 31/12/2022	-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			

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	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · Long-term capital commitment, at least in an amount sufficient to achieve a positive net working capital 	Capital commitment > 1 year to achieve positive net working capital
Fixed interest rate period	<ul style="list-style-type: none"> · Interest sensitivity: interest balance limit max. – 10% of earnings before taxes 	max. 10% of earnings before taxes
	<ul style="list-style-type: none"> · Minimum interest cover ratio for financial liabilities of 5 	interest cover ratio > 5
Currency risk from financial items	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · Investment per partner max. 10% of equity capital of Energie Steiermark · Max. 33% per partner 	33% of investment volume per partner
Liabilities		with net debts > 40% 33% per ext. partner
Counterparty limit (assets)	<ul style="list-style-type: none"> · Max. individually defined limit per partner (analysis of creditworthiness) 	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€	
	31/12/2023	31/12/2022
Guarantees	34,313	31,029
Other contractual liability obligations	27	27
Total	34,340	31,056

Furthermore, the following financial obligations exist:

Financial obligations	K€	
	31/12/2023	31/12/2022
From purchase commitment	1,491,501	3,135,688
From other contracts	7,316	7,982
Total	1,498,818	3,143,670

Concluded electricity trading contracts account for the highest part of the obligations from purchase commitment of K€ 1,491,501 (previous year: K€ 3,135,688). In the following year, an amount of K€ 1,155,038 (previous year: K€ 2,892,072) will be due.

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

RELATED PARTY TRANSACTIONS

Related parties of Energie Steiermark AG are all companies included in the scope of consolidation, the sole shareholder, the Province of Styria, 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€
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	2023	2022
Sales revenues	153,186	94,875
Other income	288	232
Expenses for purchased services	-12,053	-14,674
Other expenses	-531	-484
Interest income	1,558	1,537
	31/12/2023	31/12/2022
Receivables	19,081	8,637
Borrowings	20,285	20,401
Liabilities	-32,218	-37,988

Business relationships with non-consolidated affiliated companies	K€
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	2023	2022
Sales revenues	433	496
Other income	2	2
Expenses for purchased services	-433	-147
Other expenses	-625	-558
Interest income	293	115
	31/12/2023	31/12/2022
Receivables	36	59
Borrowings	3,957	9,014
Liabilities	-609	-1,165

Significant transactions with other shareholdings	K€
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	2023	2022
Sales revenues	27,372	59,874
Other income	-25	9
Expenses for purchased services	-53,068	-65,868
Other expenses	-2,911	-2,291
	31/12/2023	31/12/2022
Receivables	204	139
Liabilities	0	-85

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€
	2023	2022	
Audit of the Consolidated Financial Statements	33	30	
Other assurance work	198	211	
Other services	0	43	
Total	231	284	

EMPLOYEES

The average number of employees during the year was:

Number of employees (average)			
	2023	2022	
Salaried employees	1,868	1,780	
Workers	206	202	
Total	2,074	1,982	

DISCLOSURES ON THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Disclosures on the Supervisory Board and Management		K€
	2023	2022
Supervisory Board remuneration (Energie Steiermark and consolidated companies)	79	88
Remuneration paid to the Management Board members of Energie Steiermark (active time)	520	488
Payments to former Energie Steiermark Management Board members and their surviving relatives	415	399
Total	1,013	975

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	236	236
Variable remuneration	24	24

The variable remuneration of the Management Board relates to the 2022 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), *BGBl. 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€ 47 (previous year: K€ 45) were paid in the 2023 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.

Shareholdings of Energie Steiermark AG ≥ 20 percent as of 31/12/2023							K€
	Parent company	Shareholdin	Headquarter	Type of consolidation	Financial year	Equity	Annual profit/loss
Energie Steiermark AG			Graz	FC	2023	1 989 131	80,143
AQUA.NET Wasser- und Freizeitanlagen Steiermark GmbH	Energie Steiermark	100.00%	Graz	FC	2023	2,737	706
E1 Energiemanagement GmbH	KD	100.00%	Nuremberg	FC	2023	1,844	407
Elektrizitätswerke Bad Radkersburg GmbH (EBR)	Energie Steiermark	100.00%	Bad Radkersburg	FC	2023	2,351	679
Energie Steiermark Breitband GmbH	Energie Steiermark	100.00%	Graz	FC	2023	5,736	9
Energie Steiermark Business GmbH	KD	100.00%	Graz	FC	2023	-277,523	-208
Energie Steiermark Finanz-Service GmbH (EFG)	Energie Steiermark	100.00%	Graz	FC	2023	6,886	1,058
Energie Steiermark Green Power GmbH (GP)	Energie Steiermark, EFG	100.00%	Graz	FC	2023	113,896	22,878
Energie Steiermark Kunden GmbH (KD)	Energie Steiermark	100.00%	Graz	FC	2023	73,107	16,857
Energie Steiermark Service GmbH	Energie Steiermark	100.00%	Graz	FC	2023	3,782	749
Energie Steiermark Wärme GmbH	Energie Steiermark, GP	100.00%	Graz	FC	2023	61,748	9,836
Energienetze Steiermark GmbH	Energie Steiermark, EFG	100.00%	Graz	FC	2023	495,828	-1,164

	Parent company	Shareholding	Headquarters	Type of consolidation	Financial year	Equity	Annual profit/loss
ENWA GesmbH	GP	60.00%	Graz	FC	2023	5,786	-58
go green energy GmbH	KD	100.00%	Vienna	FC	2023	123	4
go green energy GmbH & Co KG (GGE KG)	KD	100.00%	Vienna	FC	2023	52,851	40,105
IBIOLA Mobility Solutions GmbH (IMS)	KD	100.00%	Vienna	FC	2023	1,108	-299
Jihlavské Kotelny, s.r.o.	Energie Steiermark	50.84%	Jihlava	FC	2023	6,653	759
la bellenergie SaS (LBE) (formerly Electricité de Provence SAS (EdP))	KD	100.00%	Toulon	FC	2023	18,166	15,152
LBE Business SaS	LBE	100.00%	Toulon	FC	2023	406	9
Murkraftwerk Graz Errichtungs- und BetriebsgmbH	GP EGG KG	62.40% 12.50%	Graz	FC	2023	8,734	2,133
Next Vertriebs- und Handels GmbH	Energie Steiermark	100.00%	Graz	FC	2023	985	-124
STEFE Banska Bystrica, a.s.	STEFE SK	66.00%	Banská Bystrica	FC	2023	16,477	5,490
STEFE ECB, s.r.o.	STEFE SK	100.00%	Banská Bystrica	FC	2023	7,108	3,118
STEFE Martin, a.s.	STEFE SK	65.93%	Martin	FC	2023	3,600	398
STEFE Rimavska Sobota, s.r.o.	STEFE SK	58.66%	Rimavská Sobota	FC	2023	4,314	286
STEFE Roznava, s.r.o.	STEFE SK	100.00%	Roznava	FC	2023	160	-14
STEFE SK a.s.	Energie Steiermark	100.00%	Banská Bystrica	FC	2023	35,902	5,515
STEFE THS, s.r.o.	STEFE SK	100.00%	Revúca	FC	2023	5,610	557
STEFE Zvolen, s.r.o.	STEFE SK	66.00%	Zvolen	FC	2023	4,398	335
V.I.Trade s.r.o.	STEFE SK	100.00%	Nitra	FC	2023	277	126

	Parent company	Shareholdin	Headquarter s	Type of consolidation	Financial year	Equity	Annual profit/loss
Windpark Stubalm GmbH (formerly Stubalm Windpark Penz GmbH)	GP	100.00%	Graz	FC	2023	2,875	-86
ADRIAPLIN, Podjetje za distribucijo zemeljskega plina d.o.o.	Energie Steiermark	38.00%	Ljubljana	EK	2022	49,876	4,903
Brucker Kraftwerks-, Bau-, und Betriebs GmbH ¹⁾	STB	100.00%	Bruck an der Mur	EK	2022	570	-671
Energie Graz GmbH	Energie Steiermark	49.00%	Graz	EK	2022	114	9
Energie Graz GmbH & Co KG (EGG KG)	Energie Steiermark	49.00%	Graz	EK	2023	193,123	-37,679
Feistritzwerke-STEWEAG-GmbH ¹⁾	Energie Steiermark	27.00%	Gleisdorf	EK	2023	52,358	3,685
homee GmbH ¹⁾	KD	33.33%	Berlin	EK	2022	1,192	-2,599
Stadtwerke Bruck an der Mur GmbH (STB) ¹⁾	Energie Steiermark	34.00%	Bruck an der Mur	EK	2022	5,703	1,119
Stadtwerke Hartberg Energieversorgungs GmbH ¹⁾	Energie Steiermark	25.10%	Hartberg	EK	2022	1,958	-370
STEFE Trnava, s.r.o.	STEFE SK	50.00%	Trnava	EK	2023	5,113	730
Stromnetz Graz GmbH	EGG KG	100.00%	Graz	EK	2022	112	9
Stromnetz Graz GmbH & Co KG (SGG KG)	EGG KG	100.00%	Graz	EK	2023	1,179	3,912
AQUASYSTEMS Gospodarjenje z vodami d.o.o. ¹⁾	AQUA.NET	20.87%	Maribor	NC	2022	5,035	3,482
ARGONET GmbH ¹⁾	Energie Steiermark	34.00%	Gmunden	NC	2022	3,015	-961
E 1 Wärme und Energie GmbH ¹⁾	KD	100.00%	Seiersberg	NC	2023	2,642	447
Energ Green Power GmbH	GP	50.00%	Graz	NC	2022	1,045	-72
ES SN Green Power GmbH	GP	50.00%	Graz	NC	2022	2,200	-43
Grazer Energieagentur Ges.m.b.H. ¹⁾	Energie Steiermark, EGG KG	5.00% 47.50%	Graz	NC	2022	915	49

	Parent company	Shareholdin	Headquarter s	Type of consolidation	Financial year	Equity	Annual profit/loss
Solar Graz GmbH ¹⁾	EGG KG	100.00%	Graz	NC	2022	760	97
WDS Wärmedirektservice der Energie Graz GmbH ¹⁾	EGG KG	100.00%	Graz	NC	2022	5,934	411

¹⁾ Financial statements prepared based on the national commercial code

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				
In €	Average		Balance sheet date	
	2023	2022	31/12/2023	31/12/2022
100 Czech koruna	4.17	4.07	4.05	4.14

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.

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

Useful life		
	Depreciation rate in %	Useful life in years
Intangible assets	1.11 - 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 and business equipment	6.67 - 50	2 - 15

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

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

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	2023	2022
Austria	6.26%	6.56%
Germany	5.77%	6.04%
France	6.32%	6.62%
Slovakia	6.73%	7.06%
Slovenia	7.11%	7.47%
Czech Republic	7.38%	9.96%

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 2023 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 perpetuity 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€ 101,755 (previous year: K€ 93,274).

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€ 115,138 (previous year: K€ 69,538).

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				
	2023		2022	
	GP	KD	GP	KD
WACC +1.0%	-16.25%	-101.93%	-11.31%	-17.02%
WACC -1.0%	22.57%	144.70%	15.18%	23.36%
Growth rate +0.1%	0.07%	0.64%	0.05%	0.09%
Growth rate -0.1%	-0.07%	-0.64%	-0.05%	-0.09%

If the WACC increased (decreased) by 1 percent in the 2023 financial year, the market value of the CGU at GP would have changed by -16.25 percent (change of +22.57 percent) and the market value of the CGU at KD would have changed by -101.93 percent (change of +144.70 percent).

If the growth factor increased (decreased) by 0.1 percent in the 2023 financial year, the market value of the CGU at GP would have changed by +0.07 percent (change of -0.07 percent) and the market value of the CGU and both KD would have changed by +0.64 percent (change of -0.64 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.

Original 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 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 positive, they are to be disclosed under "Financial assets". Negative fair values are reported under financial liabilities.

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. Such pending transactions are used to a minor extent in the Group, although no provisions for impending losses needed to be recognised in the current financial year.

If the prerequisites for the own use exemption are not fulfilled, for example, in the case of transactions for short-term optimisation, the transactions are recognised as derivatives in accordance with IFRS 9.

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

Financial instruments – recognition and measurement

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

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

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

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

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

- Level 1: Quoted prices in active markets for identical assets and liabilities.
- Level 2: Valuation parameters other than quoted prices included within Level 1 that are observable for the asset or the liability either directly (i.e. as a price) or indirectly (i.e. derived from prices).
- Level 3: Valuation parameters for assets or liabilities, which are not based on observable market data.

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

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

The fair values of futures and forward contracts used in connection with energy trading activities can be determined reliably on each balance sheet date, since quoted prices are available for futures contracts and/or since the valuation of forward contracts is performed using a forward price curve derived from quoted prices, taking account of the credit risk inherent in the counterparties. Consequently, the measurements of electricity, gas and CO₂ futures contracts are Level 1 measurements pursuant to IFRS 13. As a rule, the measurements of electricity, gas and CO₂ 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)

Level 1: Financial assets without a deterioration in credit rating

All financial instruments are always assigned to Level 1 in the first-time recognition (provided that there is no impairment of credit rating at the time of acquisition). The expected loss corresponds to the value that can arise from possible default events within the next 12 months after the balance sheet date.

Level 2: Financial assets with significant deterioration in credit rating

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

Level 3: Impaired financial assets

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

Simplified method

IFRS 9 provides for simplifications for trade receivables. These receivables are generally of a short-term nature, i.e. due in less than 12 months, meaning that the expected loss for the next 12 months corresponds

to the expected loss for the remaining term of the receivable and a transfer from Level 1 to Level 2 is therefore not relevant. Trade receivables are therefore covered by the lifelong expected credit loss.

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

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

INVENTORIES

Inventories of primary energy, 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.

CO₂ 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 CO₂ emission certificates held for trading purposes are measured at fair value less costs to sell in accordance with IAS 2 on the basis of the exemption for commodity and commodity traders (brokerage exemption). 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 - EEEffG) 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 / 4	20 / 30 / 40
Contribution to building costs: electricity/heating	5	20
Contribution to building costs: 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 2023 and 2022 are based on the following assumptions:

Actuarial assumptions Provisions for pensions and similar obligations as well as severance payment provisions
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	2023	2022
Interest rate	3.20 % p.a.	3.50 % p.a.
Pension increases	2.75 % p.a.	2.75 % p.a.
Salary increases	2.75 % p.a.	2.75 % p.a.
Career trend	0.20 % p.a.	0.20 % p.a.
Expected investment result of the fund assets	3.20 % p.a.	3.50 % p.a.

By derogation from the long-term salary trends disclosed in the above table, a one-time increase of 9.00 percent as of the end of 2023 (previous year: 8.80 percent to the end of 2022) and a one-time increase of

5.00 percent to the end of 2024 (previous year: 5.25 percent to the end of 2023) and a one-time increase of 3.25 percent to the end of 2025 (previous year: 3.75% to the end of 2024) was recognised for pensions and salaries. Future salary increases by contractually determined two or three-year periods will be taken into account individually.

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

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

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

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

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

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

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

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

Actuarial assumptions
Other pension provisions

	2023	2022
Interest rate	3.20 % p.a.	3.50 % p.a.
Salary increases	2.75 % p.a.	2.75 % 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 9.00 percent as of the end of 2023 (previous year: 8.80 percent to the end of 2022) and a one-time increase of 5.00 percent to the end of 2024 (previous year: 5.25 percent to the end of 2023) and a one-time increase of 3.25 percent to the end of 2025 (previous year: 3.75% to the end of 2024) was recognised for salaries. Future salary increases by contractually determined two or three-year periods will be taken into account individually.

DEFERRED TAXES

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

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

In the 2023 and 2022 financial years, the following income tax rates were applied to the calculation of deferred taxes:

Income tax rates		
Company headquarters	2023	2022
Austria	23.0%	23.0%
Germany	30.0%	30.0%
France	25.0%	25.0%
Slovakia	21.0%	21.0%
Czech Republic	19.0%	19.0%

USE OF ESTIMATES

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

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

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

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

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

REVENUE RECOGNITION

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

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

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

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

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

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

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

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

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

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

Regulatory account ¹			K€
	Status as at 1/1	Addition/ Reversal	Status as at 31/12 (*)
2013	2,981	10,912	13,893
2014	13,893	16,341	30,234
2015	30,234	2,640	32,874
2016	32,874	-18,613	14,261
2017	14,261	-21,812	-7,551
2018	-7,551	-4,135	-11,686
2019	-11,686	2,778	-8,907
2020	-8,907	6,925	-1,983
2021	-1,983	11,315	9,332
2022	9,332	18,609	27,941
2023	27,941	13,708	41,649

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 also ##2Note “Basis of Preparation”).

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

Adjusted operating income		
K€	2023	2022
Operating result	150,371	103,185
Regulatory account	13,708	18,609
Adjusted operating income	164,078	121,794

11 NEW STANDARDS WHICH HAVE NOT YET BEEN APPLIED

At the time the Consolidated Financial Statements were prepared, the IASB had adopted a range of comprehensive amendments to existing standards which were not yet obligatorily applicable to the 2023 financial year:

Amended standards and interpretations which are not yet applicable

Amended standards/interpretations	applicable from ¹⁾
IAS 1 Amendment to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-Current - Classification of Liabilities as Current or Non-Current - Deferred date of application - Classification of liabilities with covenants	1 January 2024
IAS 7 and IFRS 7 Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": Supplier Finance Arrangements ²⁾	1 January 2024
IAS 21 Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Effects of Exchange Rate Changes - Lack of Exchangeability ²⁾	1 January 2025
IFRS 16 Amendments to IFRS 16 "Leases" - Lease Liability in a Sale and Leaseback ²⁾	1 January 2024

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 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 liabilities that are subject to covenants. Covenants that must be met before or on the balance sheet date may have an impact on classification as current or non-current. By contrast, covenants that only have to be complied with after the balance sheet date have no influence on classification. Instead of being included in the classification, such covenants must be disclosed in the notes. This is intended to enable users of the financial statements to assess the extent to which non-current liabilities could become repayable within 12 months.

The **amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"** relate to disclosure obligations in connection with supplier financing agreements (also known as supply chain financing, financing of trade payables or reverse factoring agreements). The new regulations contain information on:

- Terms and conditions of supplier financing agreements
- The amounts of the liabilities that are the subject of such agreements, for which part of them the suppliers have already received payments from the financiers and under which item these liabilities are shown in the balance sheet

- Spreading the due dates
- Information on liquidity risk

The **amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"** relates to the determination of the exchange rate in the event of long-term non-exchangeability, as IAS 21 did not previously contain any corresponding provisions. The amendment to the IAS 21 standard includes:

- guidelines for assessing whether a currency can be exchanged for another currency,
- explanations on the determination of the exchange rate if such an exchange is not possible; and
- additional corresponding disclosure requirements.

The **amendments to IFRS 16 “Leases”** include regulations on the subsequent measurement of a lease liability in the event of a sale and leaseback in the standard. The amendments to IFRS 16 require the lease liability to be measured in such a way that no gain or loss arises in relation to the retained right-of-use asset on subsequent measurement. For this purpose, the lessee must determine an accounting method for determining the lease payments that meets this requirement.

OTHER STANDARDS

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

- Amendments to IAS 1 “Presentation of Financial Statements”
 - Classification of liabilities as current or non-current
 - Classification of liabilities with covenants
- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”: Supplier Finance Arrangements
- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”: Effects of Exchange Rate Changes - Lack of Exchangeability
- Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback

12 CORPORATE BODIES

MANAGEMENT BOARD

- Dipl.-Ing. Christian **PURRER** (Spokesman of the Management Board since 1/4/2012)
- Dipl.-Ing. (FH) Mag. (FH) Martin **GRAF**, MBA (since 1/4/2016)

SUPERVISORY BOARD

Shareholder Representatives:

- 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 Chairwoman since 05/12/2022, member since 25/01/2018)
- Mag. Dr Peter **EBNER** (member since 03/03/2023)
- 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 from 11/01/2016 to 03/03/2023)
- Dr. Martin **WIEDENBAUER** (member since 03/03/2023)
- Dipl.-Kfm. Ewald **WOSTE** (member from 11/01/2016 to 03/03/2023)
- Dipl.-Ing. Christa **ZENGERER** (member since 3/6/2020)

Employee Representatives:

- Johann **HUBMANN** (member from 02/07/1998 to 14/12/2023)
- Ing. Harald **KASPROWICZ** (member since 09/11/2023)
- Walter **PUTZ** (member from 17/01/2011 to 09/11/2023)
- Ing. Christoph **RATH** (member since 09/11/2023)
- Peter **SCHEER** (member from 14/02/2017 until 09/11/2023)
- Mag. Johann **SCHUPFER** (member since 09/11/2023)
- Dipl.WI (FH) Manfred **STEINBAUER** (member from 01/01/2017 to 09/11/2023)
- Petra **WEISSENSTEINER** (member since 14/12/2023)

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, 21 February 2024

The Management Board

Dipl.-Ing. Christian Purrer

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