

VERBUND Energy4Business GmbH
Annual Report 2023

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Note on rounding: The addition of rounded amounts and the calculation of percentages may lead to rounding differences due to the use of computing software.

Three-year comparison

	2021	2022	2023
			€k
Revenue	3,557,709.3	8,188,340.1	12,675,441.6
Earnings before interest and taxes (EBIT)	87,835.7	260,006.2	240,947.7
Earnings before taxes	72,820.9	235,783.2	202,530.0
Net income for the year	53,291.4	177,798.7	154,320.3
Net profit	0.0	0.0	0.0
Total assets	1,592,325.7	2,381,834.4	1,305,977.0
Fixed assets	70,253.9	110,799.0	132,046.8
Capital expenditure on property, plant and equipment	922.0	1,592.9	13,443.9
Depreciation of property, plant and equipment	591.7	653.2	711.7
Equity	330,772.7	484,372.7	484,491.4
Return on sales (ROS)	2.5%	3.2%	1.9%
Return on equity (ROE)	24.2%	71.3%	41.8%
Return on investment (ROI)	14.5%	16.3%	10.1%
Equity ratio	20.8%	20.3%	37.1%
Notional debt repayment period	20.1	11.3	5.2
Cash flow from operating activities	-1,161,131.3	-411,922.2	1,153,994.7
Working capital	414,398.0	253,186.1	335,785.8
Net debt	1,011,460.0	1,456,174.6	451,164.5
Current liabilities	1,107,661.6	1,767,612.8	705,262.4
Current assets	1,522,059.7	2,020,798.9	1,041,048.2
Average number of employees	177	183	218

Governing bodies

Management

Mag. Robert Slovacek	Managing Director
MMag. Martin Wagner	Managing Director

Supervisory Board

Mag. Dr. Michael Strugl MBA Chairman	CEO
Dr. Peter F. Kollmann Vice-Chairman	Member of the Executive Board
Dr. Andreas Bräuer	Authorised signatory
Mag. Andreas Wollein	Authorised signatory

Employee representatives

Veronika Neugeboren	Member of the Works Council
Mag. Helmut Lenauer (until 13/11/2023)	Member of the Works Council
DI Christoph Merschl (since 14/11/2023)	Member of the Works Council

Management report

Report on business performance and economic position

Business model and business activities

VERBUND Energy4Business GmbH is a wholly owned subsidiary of VERBUND AG, in which capacity it is responsible for central marketing, optimisation and management of the Group's entire generation capacity. The Company acts as the central energy hub for VERBUND in its function as an interface between generation, sales and the wholesale market. VERBUND Energy4Business GmbH has conducted all transactions on its own behalf and for its own account since 1 September 2014.

Since the realignment of sales activities in 2020, the industrial customer – or B2B – business including projects and new business models in the Solutions area (marketing of photovoltaic installations, battery projects and electromobility) has also been part of VERBUND Energy4Business GmbH.

Together with VERBUND AG as the parent company, a single entity exists for corporate income tax and value-added tax purposes. In accordance with the profit and loss transfer agreement in place, all profit or loss of VERBUND Energy4Business GmbH is transferred to or absorbed by VERBUND AG unless an allocation is made to other revenue reserves.

VERBUND Energy4Business GmbH's trading activities comprise physical and financial trading of energy products and energy derivatives on European over-the-counter (OTC) markets, trading platforms and energy exchanges. VERBUND Energy4Business GmbH provides central market access for all commodities and is responsible for commodity hedging at VERBUND.

The Company's business activities comprise direct supply of energy to wholesalers, resellers, industrial customers and municipal utilities in Austria and abroad. Its core electricity business is supplemented by trading in gas and hedging gas transactions and by trading in environmental products (emission allowances, green electricity certificates and guarantees of origin) of various standards of quality and bearing various labels.

In the area of energy services, VERBUND Energy4Business GmbH offers a number of customer-specific products and services (market access, plant use optimisation, price hedging, regulatory services, etc.) and is especially active in the marketing of energy from renewable sources, flexibility marketing and short-term trading.

New business models for constructing, operating and marketing photovoltaic installations with industrial customers and projects and cooperation models in the areas of large-scale batteries/battery storage expand and supplement the range of products and services. Since 2021, VERBUND Energy4Business GmbH also offers cooperation models in the area of electromobility for constructing and operating charging infrastructure in cooperation with the subsidiary SMATRICS GmbH & Co KG.

VERBUND Energy4Business GmbH's activities in its primary markets of Austria and Germany are supplemented by business in neighbouring countries. The Company also conducts cross-border transactions with Serbia and Hungary based on its marketing of the Group's wind generation in Romania.

With regard to the electricity sales volume outside of Austria, VERBUND Energy4Business GmbH is additionally responsible for managing the business activities of the subsidiaries in Germany. The rules and guidelines promulgated by the energy market regulatory authorities form the basis of the business relationships. VERBUND Energy4Business GmbH is registered as an electricity trading company under the relevant national laws.

The VERBUND Energy4Business GmbH subsidiary in Germany, VERBUND Energy4Business Germany GmbH, acts as a broker for VERBUND Energy4Business GmbH vis-à-vis municipal utilities and resellers. The industrial customer business and the marketing of photovoltaic and battery projects are performed on this company's own behalf and for its own account.

The following VERBUND Energy4Business GmbH subsidiaries act on their own behalf and for their own account.

VERBUND Energy4Flex GmbH – established in December 2019, VERBUND Energy4Flex GmbH has conducted the optimisation, support and management of VERBUND's flexible power plants in connection with the Austrian control power market since 2020 on behalf of VERBUND

Energy4Business GmbH,

in its own name, but for the latter's account.

VERBUND Energy4Future GmbH – established in December 2020, VERBUND Energy4Future GmbH is responsible for providing customers with green electricity certified to the eco-label guideline “UZ 46” as well as other specific green electricity products on behalf of VERBUND Energy4Business GmbH.

SMATRICS GmbH & Co KG, E-Mobility Provider Austria GmbH (unconsolidated) – SMATRICS GmbH & Co KG has the object of establishing charging infrastructure for electric vehicles as well as setting up and providing services for electromobility customers. In quarter 2/2021, VERBUND Energy4Business GmbH became the sole owner, and SMATRICS GmbH & Co KG was fully consolidated as at 30 September 2021; in quarter 1/2022, EnBW mobility+ AG & Co KG acquired a 25.1% stake, reducing the share held by VERBUND Energy4Business GmbH to 74.9%. As an equity interest of VERBUND Energy4Business GmbH (74.9%), E-Mobility Provider Austria GmbH is accounted for using the equity method.

As part of an equity investment transaction, VERBUND Energy4Business GmbH completed the acquisition of Solarpower Holding GmbH including its subsidiaries (MSP Solarpower GmbH and iFIX Solar GmbH) in the first half of 2023. Following the merger of the holding company with VERBUND Energy4Business GmbH as the absorbing company in the second half of 2023, VERBUND Energy4Business GmbH is now the direct sole parent company of MSP Solarpower GmbH, a full-service provider of photovoltaic systems (in the areas of photovoltaic planning, procurement, execution, construction and installation as well as operation), active in sales and contracting, and of iFIX Solar GmbH, active in the wholesale of photovoltaic modules, inverters and mounting structures, among other things.

Report on the branch offices

There were no branch offices in the financial year under review.

Market performance

VERBUND contracted for most of its own generation for 2023 on the futures market back in 2021 and 2022. Ever since the split of the joint German-Austrian price zone in October 2018, separate, higher prices have prevailed in Austria.

Prices for AT 2023 front-year base load contracts (traded in 2022) averaged €315.6/MWh and prices for DE 2023 front-year base load contracts averaged €298.9/MWh. Compared with the prior-year period, futures market prices were therefore up by as much as 245.8% (AT) and 238.0% (DE). AT front-year peak load contracts traded at an average of €417.7/MWh and DE front-year peak load contracts traded at an average of €400.2/MWh. Futures market prices in this area thus increased year-on-year by 279.5% (AT) and 273.2% (DE).

Prices for AT 2024 front-year base load contracts (traded in 2023) averaged €148.1/MWh, and prices for DE 2024 front-year base load contracts averaged €137.5/MWh. Compared with the prior-year period, futures market prices were therefore significantly down again by 53.1% (AT) and 54.0% (DE). Front-year peak load (AT) contracts traded at an average of €176.1/MWh and front-year peak load (DE) contracts traded at €164.8/MWh. Futures market prices in this area thus decreased year-on-year by 58.8% (AT) and 57.8% (DE).

On both the Austrian and German spot markets, wholesale trading prices for electricity likewise fell significantly again year-on-year in quarters 1–4/2023. Prices for base load electricity decreased by an average of 60.9% to €102.1/MWh in Austria and by 59.6% to €95.2/MWh in Germany. Prices for peak load fell by 61.7% to €115.5/MWh in Austria and by 60.3% to €106.2/MWh in Germany.

The sharp drop in electricity prices is mainly due to falling gas prices. This in turn is caused by reduced demand for gas following the price shock in the previous year, significantly higher gas stocks and fading

concerns about shortages. Despite the ongoing war in Ukraine and other geopolitical crises, the situation has normalised.

Business performance

By far the largest portion of the Group's generation is marketed by VERBUND Energy4Business GmbH, with the exception of generation for eligible purchasers of energy from Group power plants and energy fed in directly from subsidised generation facilities. This generation is marketed using hedging transactions on the forward and futures markets and through optimisation on the short-term day-ahead, intraday and control power markets.

Electricity purchases	GWh	
	2022	2023
Purchased generation	24,386	27,129
of which hydropower	22,862	25,999
of which wind power	260	452
of which thermal power	1,264	677
Other Group purchases	150	307
Electricity purchased from third parties	34,557	30,122
Total purchased by VEB	59,093	57,558
Trading contracts	25,669	7,190
	84,762	64,747

At 27,129 GWh in 2023, the marketing of this generation was 11.2% higher than in the same period in 2022.

Generation from hydropower increased by 3,077 GWh compared with the previous year. At 0.98, the hydro coefficient for the run-of-river power plants was 12% above the prior-year level and 2% below the long-term average. Generation from the annual storage power plants rose significantly by 9.6% in quarters 1–4/2023 versus 2022. The effects from decreasing reservoir levels and a higher inflow significantly outweighed the lower generation from turbinning.

The generation from wind power that VERBUND Energy4Business GmbH markets to Germany and Austria was 37.7% above the level of the previous year.

Generation from thermal power plants decreased by 587 GWh in quarters 1–4/2023 due to their lower utilisation for congestion management and lower clean spark spreads.

Electricity purchased from third parties for trading and sales also decreased (–12.8%).

The standardised forward contracts had a volume of 7,190 GWh. VERBUND Energy4Business GmbH recognises the profits/losses from energy trading contracts for electricity entered into for trading purposes under revenue. The underlying electricity purchases and sales are offset and presented net under electricity revenue. VERBUND Energy4Business GmbH's electricity sales volume after offsetting the transactions against standardised forward contracts amounted to 57,558 GWh (including generation for own use and Austrian Power Grid AG). VERBUND Energy4Business GmbH has three customer segments: traders in Austria and abroad, resellers (electric utilities) and consumers.

Electricity sales	GWh	
	2022	2023
Traders	20,179	20,949
Resellers	20,836	20,131
Industrial customers	8,783	8,401
Group	9,295	8,077
of which small customers	1,920	1,622
of which industrial customers	3,146	3,213
of which APG	1,577	1,006
of which own use of generation companies	2,652	2,235
	59,093	57,558
Trading contracts	25,669	7,190
	84,762	64,747

Compared with the previous year, VERBUND Energy4Business GmbH's electricity sales volume decreased by 1,536 GWh to 57,558 GWh. Deliveries were made to trading firms above all in the context of hedging the generation volumes and marketing the additional generation on exchanges. Sales to traders increased by 3.8% in the reporting period.

Electricity sales volumes with resellers decreased by 3.4%. Deliveries to consumers also fell (-4.3%).

In addition, VERBUND Energy4Business GmbH provides the volumes for VERBUND AG's small customers and the electricity sales volumes for the subsidiaries VERBUND Energy4Business Germany GmbH and VERBUND Energy4Future GmbH. The Company also supplies VERBUND's generation companies. There are business relationships with Austrian Power Grid AG in connection with grid loss coverage and congestion management as well as the provision of control power services through the subsidiary VERBUND Energy4Flex GmbH.

Electricity sales volumes delivered to Austrian Power Grid AG were 36.3% lower in all areas. Supplies to cover generation for own use were down 15.7%, primarily due to reduced turbinning.

In 2023, international trading and sales activities focused on the German market. The Company's extensive business with guarantees of origin is reflected in the net presentation.

Net assets, financial position and results of operations

Results of operations

	Unit	2022	2023
Revenue	€k	8,188,340.1	12,675,441.6
Earnings before interest and taxes (EBIT)	€k	260,006.2	240,947.7
Earnings before taxes	€k	235,783.2	202,530.0
Net income for the year	€k	177,798.7	154,320.3
Net profit	€k	0.0	0.0
Return on sales (ROS)	%	3.2	1.9
Return on equity (ROE)	%	71.3	41.8
Return on investment (ROI)	%	16.3	10.1

VERBUND Energy4Business GmbH's revenue rose by 54.8% to €12,675,441.6k in financial year 2023, mainly on account of revenue from electricity deliveries. This was due primarily to higher futures market prices.

Other operating income of €520.3k was higher than the figure for 2022 (€94.5k) chiefly because of funding statements and the reversal of provisions.

At €12,390,031.6k, expenses for material and other purchased services were 57% higher than in 2022, mainly driven by the price-related surge in electricity purchase costs (up 63.8% or €4,624,922.9k).

Personnel expenses, at €36,209.7k, were up €10,223.4k compared with the previous year (+39.3%) due to additional employees, pension schemes and the recognition of provisions.

Other operating expenses increased moderately by 2.1% to €28,027.4k.

VERBUND Energy4Business GmbH had an average of 218 employees (221 including employees in the active phase of partial retirement; previous year: 183 employees, 185 including employees in the active phase of partial retirement). Expenses for training and continuing education amounted to €188.8k in financial year 2023 (previous year: €156.6k).

VERBUND Energy4Business GmbH has a profit and loss transfer agreement with VERBUND AG. In order to maintain an adequate equity ratio, a portion of the net income for 2022 (€177,798.7k after taxes) of €150,000.0k was allocated to other revenue reserves, while the remaining amount was transferred. The net income for 2023 of €144,391.6k will be distributed in full to VERBUND AG.

Net assets

	Unit	2022	2023
Fixed assets	€k	110,799.0	132,046.8
Current assets	€k	2,269,108.1	1,173,189.8
Working capital	€k	253,186.1	335,785.8
Equity	€k	484,372.7	484,491.4
Current liabilities	€k	1,767,612.8	705,262.4
Current assets	€k	2,020,798.9	1,041,048.2
Equity ratio	%	20.3	37.1

Fixed assets rose to €132,046.8k, due especially to the acquisition of the Solarpower companies and investing activities in the photovoltaic business. At €1,173,189.8k, current assets were significantly lower than in the previous year (€2,269,108.1k) owing to the decline in receivables, particularly from the electricity trading business and from guarantees extended to exchanges. At €484,491.4k in 2023, equity almost matched the previous year's level (€484,372.7k).

Financial position

	Unit	2022	2023
Cash flow from operating activities	€k	-411,922.2	1,153,994.7
Cash flow from investing activities	€k	-24,736.5	-10,760.9
Cash flow from financing activities	€k	438,015.8	-1,144,036.9
Financial result	€k	-11,834.5	-16,363.7
Notional debt repayment period	years	11.3	5.2

The change in the financial result is attributable to higher interest expenses than in the previous year (€-14,194.6k) combined with higher interest income (€4,043.0k) as well as a significantly higher overall result from the subsidiaries (€+6,174.4k). Due to a sharp decline in liabilities (€1,071,217.1k) compared with the previous year, the debt repayment period was 5.2 years and fell compared with 2022, also on account of the continued positive result.

Cash flow statement

The cash flow statement is calculated using the indirect method and was prepared in accordance with Opinion 36 of the Austrian Financial Reporting and Auditing Committee (AFRAC) (previously regulated by expert opinion 2 issued by the Austrian Chamber of Public Accountants and Tax Advisors (KFS/BW 2)).

VERBUND AG has an electricity supply commitment to Uniper Kraftwerke GmbH (previously E.ON Wasserkraft GmbH and E.ON Kraftwerke GmbH) arising from a transaction with an equity interest (acquisition of power plant shares in Germany). The electricity supply commitment is linked to the fictitious operations of the Zemm-Ziller power plant group. This commitment was transferred to VERBUND Energy4Business GmbH as at 1 January 2016. In return, VERBUND Energy4Business GmbH received an intra-Group credit (Group clearing balance) for the amount recognised by VERBUND AG of around €180.6m.

VERBUND Energy4Business GmbH manages the fictitious operating agreement as contractually stipulated and receives compensation from VERBUND AG for handling this service. However, VERBUND AG retained the earnings, which are therefore charged back by VERBUND Energy4Business GmbH. This is related to the net result from the termination of the electricity supply commitment, the interest added to the external liability, income from management (supply, reinsurance, guarantees of origin, various reimbursements) and the interest income on the receivable from VERBUND Finanzierungsservice GmbH.

(1) Cash flow from operating activities

In 2023, cash flow significantly improved compared with 2022. Due to the positive result and despite the decrease in liabilities, there was a positive effect from the decrease in receivables (€+1,116,869.4k) mainly in connection with receivables from guarantees, but also from payment flows arising from variation margins and cascading on the EEX power exchange. The payment flows were accrued in net income since they will be realised in future years.

(2) Cash flow from investing activities

Cash flow from investing activities results mainly from recharging of interest within the VERBUND Group, from shareholder contributions (in 2022, €30,000.0k to the subsidiary VERBUND Energy4Business Germany GmbH and a cash contribution to SMATRICS GmbH & Co KG (approximately €7,200.0k): in 2023, €300.0k to the subsidiary VERBUND Energy4Future GmbH and a cash contribution to SMATRICS GmbH & Co KG (approximately €6,149.0k)), the acquisition of the Solarpower companies in 2023 and ongoing investing activities, particularly in the photovoltaic business.

(3) Cash flow from financing activities

The change in cash flow from financing activities was the result of money market transactions and financial market liabilities, the Group clearing balance - caused by the effects described under receivables and liabilities - and profit transfers.

Cash flow statement

		2022	2023
	Notes		€k
Earnings before taxes		235,783.2	202,530.0
Amortisation of intangible assets and depreciation of property, plant and equipment		1,225.1	1,661.6
Write-downs and write-ups of financial assets		20.7	-18.5
Result from the disposal of assets		-1.2	-0.5
Income from investments, other interest and similar income and interest and similar expenses		11,691.2	16,013.9
Change in inventories		3,665.1	-21,754.6
Change in trade receivables and other receivables ¹		-751,243.4	1,119,966.2
Change in non-current provisions		-11,545.1	545.7
Income from the reversal of contributions to building costs		-126.2	-153.8
Other non-cash expenses and income		-11,592.5	-13,102.5
Change in current provisions		1,049.2	-9,077.4
Change in trade payables and other liabilities ²		166,479.2	-95,610.2
Payments for income taxes		-57,327.5	-47,005.3
Cash flow from operating activities	(1)	-411,922.2	1,153,994.7
Capital expenditure on intangible assets and property, plant and equipment		-5,710.9	-12,558.6
Disposals of intangible assets and property, plant and equipment		2.7	170.6
Capital expenditure on investments		-37,352.5	-19,125.5
Disposals of investments		1,096.4	21.1
Cash inflow from investment and security income		650.7	107.2
Cash inflow from interest		16,577.2	20,624.3
Cash flow from investing activities	(2)	-24,736.5	-10,760.9
Cash inflow (outflow) from capital increases (decreases)		3,600.0	0.0
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		400,000.0	4,679.2
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		-286.2	-261,635.4
Cash inflow from contributions to building costs received and grants		1.9	-40.4
Profit transferred		-32,669.1	-143,087.5
Changes in Group clearing balances		78,760.1	-717,440.8
Cash outflow from interest and similar expenses		-11,390.8	-26,511.9
Cash flow from financing activities	(3)	438,015.8	-1,144,036.9
Change in cash and cash equivalents		1,357.1	-803.1
Cash and cash equivalents as at 1/1		563.4	1,920.5
Cash and cash equivalents as at 31/12		1,920.5	1,117.4

¹ incl. prepayments and accrued income // ² incl. accruals and deferred income

Report on research, development, the environment and social aspects

Employees

In 2023, VERBUND Energy4Business GmbH had an average of 221 employees (including employees in the active phase of partial retirement; previous year: 185 employees including employees in the active phase of partial retirement). Expenses for training and continuing education amounted to €188.8k in financial year 2023 (previous year: €156.6k).

Sustainability

VERBUND is guided by the principle of sustainability in all of its fields of activity. VERBUND publishes information relevant to sustainability in the integrated annual report in accordance with Global Reporting Initiative guidelines, the internationally recognised standard for sustainability reporting. Multiple specialised sustainability agencies routinely evaluate the reporting, and VERBUND is also represented in a number of indices.

VERBUND Energy4Business GmbH is involved in VERBUND's extensive initiatives and supports all activities, especially those relating to the marketing of renewable energy. The efficient and flexible use of pumped storage power plants also supports the advancing integration of new renewables into the energy market, above all wind power and solar energy. Flexible, needs-based electricity products and energy services support our customers in meeting their requirements efficiently and provide innovative solutions for optimising procurement. Furthermore, VERBUND Energy4Business GmbH is one of the leading suppliers of green electricity products and guarantees of origin, and its hydropower generation has been certified in accordance with numerous European standards (e.g. TÜV). In the area of wind power and photovoltaic energy marketing for the third-party customer segment, VERBUND Energy4Business GmbH is actively expanding its renewables portfolio and using high-quality forecasting and portfolio management with the objective of generating sustainable contribution margins for the Group. Its business activities in the field of sustainable electricity generation and marketing are supplemented by a small-scale hydropower initiative.

Innovation, research and development

Energy market environment requires flexibility

VERBUND Energy4Business GmbH's research and development activities focus on improving the optimisation and forecasting instruments as well as tools for modelling electricity pricing curves.

In 2023, the further improvement of inflow forecasting and snow cover measurements continued to be a key component of the innovative development. A definitive methodology of using drones and satellites to measure snow cover was refined and improved for further application in operations under the SNOWPOWER project. The snow data collected can now be fed into operational forecasting models so that models are continuously updated. The operational seasonal forecast prototype was established successfully in 2023.

Damage caused by extreme weather events has steadily increased over the last two decades due to climate change. In the ICARIA project, a multidisciplinary team is working on gaining a better understanding of the impact on the critical infrastructure and developing adaptation solutions.

One of three model regions for the studies is the federal state of Salzburg, where VERBUND has the role of "risk owner".

In the first year of the project (three in total), the natural hazards to be analysed were specified and various approaches and high-resolution climate models were tested.

To tackle the major challenges of climate change, detailed information is needed on how climatic changes might affect the energy market in Austria in the future. Glaciers in particular play a key role here, as they are still able to cushion low water phases in Austria's major rivers, for example. In the first of two-and-a-half project years, the HyMELT-CC project laid the foundations for analysing the interplay between glacier melt and the effect of climate change on runoff on Austria's rivers as well as future energy flows in Austria.

New solar power and large-scale battery solutions for customers

Under the Smart Energy Power Platform (SEPP) project, tools and products for smart charging were developed in cooperation with SMATRICS GmbH & Co KG. The project's product development is focused on the charging infrastructure's load management during regular operations in order to realise cost savings at customer sites.

In 2023, the focus topic of "Photovoltaic systems on carports" was driven forward as planned. The concept was finalised in terms of the technology and three projects were submitted to the regulatory authorities and approved. Availability of critical components (mainly inverters) improved over the course of the year. Prices for modules in particular fell dramatically, by up to 45% depending on the manufacturer. Installers and electricians remained in short supply in the labour market.

Report on the Company's significant risks and uncertainties

At VERBUND, risk is regarded as the chance of either a positive or a negative deviation from corporate targets and KPIs.

The objective of corporate activities is to generate appropriate returns while increasing enterprise value in a controlled manner. To do so, opportunities are taken advantage of and risks entered into. Early identification and due consideration of such opportunities and risks are therefore an integral part of our planning, corporate management and all corporate decision-making processes. Risk limitation and monitoring is undertaken by the risk management functions at VERBUND Energy4Business GmbH and the Group as well as by the risk management committees defined in the Group. In general, the risk management process involves the individual steps of risk identification, analysis, measurement, management and controls.

VERBUND Energy4Business GmbH has drafted its own internal guidelines and work instructions for the Company's individual areas of business on the basis of the guidelines applicable to the entire Group. Building on the rulebook, these guidelines specify all business transactions, procedures, business processes and authorities within VERBUND Energy4Business GmbH to ensure that risks and responsibilities are clearly allocated and delineated. In 2021, this set of guidelines was comprehensively revised; it is reviewed annually and adapted if necessary. Special rules apply to dealing with market risk, credit risk and operating risk. The risk control process at VERBUND Energy4Business GmbH is applied to all significant business processes every day.

Market risk

Due to the high trading volumes and the volatile prices on the markets again in 2023, risk management is especially important with regard to monitoring exposures. Market risk is limited using a system made up of exposure limits, drawdown limits and value at risk limits, and it is monitored daily; in addition, stress tests are routinely conducted to monitor liquidity risks.

Liquidity risk

The liquidity requirements from margining (initial margin and variation margin) fell significantly over the course of 2023. In addition to stringent position management, this was due to the significant drop in price levels and a general decline in market volatility. Stress tests are conducted routinely (weekly) to monitor liquidity risks.

Credit risk

Credit risk lies primarily in the danger of complete or partial failure to pay on the part of the counterparty and the associated default. In order to minimise this risk, a maximum credit limit is issued for each of our customers based on an internal scoring system. The utilisation of the limits is monitored daily. Changes in customers' credit ratings are likewise monitored continuously. Where a customer has an insufficient credit rating, transactions are generally only entered into if sufficient collateral is provided (e.g. bank guarantee, guarantee issued by the parent company, etc.). Whenever (framework) agreements are concluded, attention is paid to the wording of netting arrangement clauses and to the provision of guarantees in order to minimise deterioration in the customer's credit rating.

Gas and electricity prices fell again in 2023 compared with 2022. However, the price level for electricity remains high compared with before COVID-19. Despite the current difficult economic conditions, the impact of the Ukraine conflict on security of supply in Europe and the market distortions in the energy sector in 2022, VERBUND Energy4Business GmbH did not record a single loan default in its customer portfolio in 2023. Customer payment discipline remains largely unchanged compared with the previous year. In light of the current market situation, management of the credit risk will once again play a significant role in 2024.

VERBUND Energy4Business GmbH is part of the VERBUND cash pool. Prior to every assessment of credit standing, VERBUND Energy4Business GmbH also subjects its customers to appropriate business partner integrity checks, as required by law, which are intended to prevent involvement in criminal proceedings (corruption, money laundering, tax fraud) and protect VERBUND's reputation.

Operational risk management

Since 2019, VERBUND Energy4Business GmbH has had a crisis centre that can be activated at short notice. The mobilisation and functionality of the crisis centre is tested several times each year. Due to physical separation of the teams in the areas of trading, plant use optimisation and scheduling management precipitated by COVID-19, the crisis centre has been in regular use since 2020. Business processes have been defined and documented in respect of the procedures along the value chain. In combination with the applicable guidelines, this is aimed at preventing any ambiguities with regard to competencies and areas of responsibility. Risk reports have been submitted on a quarterly basis for years in order to identify risks in advance; in addition, a report on early warning indicators for risks was set up at VERBUND Energy4Business GmbH in 2022. Regular reports are made on potential and actual loss events.

Report on the expected performance of the Company

VERBUND Energy4Business GmbH is concentrating on two core tasks: firstly, asset marketing and sales optimisation augmented by the trading business and, secondly, sales activities.

VERBUND Energy4Business GmbH's most important task continues to be to successfully market the total volume of generated electricity available to VERBUND. The Company's participation in international trading serves both to hedge revenue over the long term through the sale of structured products and to increase earnings by optimising the power plants over the short term. In addition to the focus on optimal marketing of own generation, the main activities for this comprise expanding the position as one of the leading providers of innovative green electricity and flexibility products as well as energy services, (direct) marketing of renewable energy (particularly wind, solar and small-scale hydropower) and taking advantage of short-term market opportunities, especially in relation to control power products and balancing energy optimisation.

VERBUND Energy4Business GmbH is meeting the challenges represented by the sales activities as its second core task. The product portfolio, or rather the market segment in which VEB operates, also includes supplying industrial customers in addition to large customers and resellers. Here, the focus is on business models for establishing, operating and marketing photovoltaic installations for and with business customers; an ambitious growth course is being pursued in this segment. The range of products and services will be broadened to include in-house projects and cooperation models for large-scale batteries and battery storage systems.

This will make it possible to expand the Company's positions in the core markets of Austria and Germany. Furthermore, contractual relationships with state energy companies and other resellers in Austria will be continued, as will direct marketing of wind and small-scale hydropower.

The tenders for balancing services products and grid services put out by Austrian Power Grid AG, in which VERBUND Energy4Business GmbH participates on an ongoing basis, continue to be relevant; these are supplemented by the provision of congestion management measures for grid operators.

The subsidiary VERBUND Energy4Business Germany GmbH generates stable earnings contributions in the German market by marketing green electricity certificates. New key areas of focus in Germany include the marketing of battery storage projects – used to optimise wind power marketing and for grid services – as well as the construction and operation of photovoltaic installations.

VERBUND Energy4Business Germany GmbH plans to maintain its market presence in its existing Western European markets. The Company's primary activities in these countries are trading in cross-border capacities, marketing guarantees of origin and offering market access. Marketing activities and portfolio management for newly acquired Group generation capacities from solar and wind power in Spain and Italy are being continuously developed in line with the progress made in the area of generation.

With regard to its servicing of international markets in the regions of Central, Eastern and Southeastern Europe, VERBUND Energy4Business GmbH will concentrate, as in previous years, on marketing available generation from Group power plants in Romania and on short-term cross-border optimisation transactions and will accordingly maintain its market presence at the levels required for this.

Gas business activities in 2024 will continue to focus on managing the Mellach combined cycle gas turbine power plant (gas purchasing and storage management, price hedging, marketing, operational processing), which are used in the market and for flexible utilisation under the grid reserve agreements entered into for the Austrian grid operator Austrian Power Grid AG. Furthermore, procurement and price hedging for VERBUND's gas consumer business takes place.

In addition to maintaining market share in its core markets, the Company also strives to generate stable margins in trading and in international business. The recent extremely volatile electricity price trend also

makes it necessary to regularly evaluate and adapt actions taken for the purpose of hedging long-term generation capacities to meet changing market conditions.

Since 2021, business models for constructing and operating charging infrastructure for electric vehicles are being developed at the premises of industrial customers and cooperation partners and customers are being successfully acquired. The customer base and the number of charging stations installed in Austria and Germany will be greatly increased and expanded in the years to come.

In 2024 and after, the main focuses for VERBUND Energy4Business GmbH will concern expanding its market position as a marketer and cooperation partner in the renewable energy sector – particularly for the construction and marketing of photovoltaic installations – and as a provider of flexible services in the electromobility segment.

Trading and sales activities are always conducted in compliance with strict monitoring and risk management guidelines, supplemented by compliance and integrity requirements. These guidelines are of fundamental significance in light of the challenging market environment.

As at 14 February 2024, no risks were foreseeable for 2024, the effects of which – either individually or in interaction with other risks – could pose a threat to the continued existence of VERBUND Energy4Business GmbH.

Vienna, 14 February 2024

The Management

Mag. Robert Slovacek

MMag. Martin Wagner

Annual financial statements

Balance sheet

ASSETS		€k	
	Notes	2022	2023
A. Fixed assets			
I. Intangible assets		8,464.4	8,343.9
II. Property, plant and equipment	(1)	4,152.2	17,885.5
III. Investments	(2)	98,182.5	105,817.3
		110,799.0	132,046.8
B. Current assets			
I. Inventories	(3)	5,450.0	27,204.6
II. Receivables and other assets	(4)	2,261,737.5	1,144,867.7
of which due in more than one year		250,237.6	132,883.2
III. Cash at banks		1,920.5	1,117.4
		2,269,108.1	1,173,189.8
C. Prepayments and accrued income			
	(5)	1,927.3	740.5
		2,381,834.4	1,305,977.0
EQUITY AND LIABILITIES		€k	
	Notes	2022	2023
A. Equity			
I. Called and paid-in share capital	(6)	250.0	250.0
II. Capital reserves	(7)	127,897.4	128,016.1
III. Revenue reserves	(8)	356,225.3	356,225.3
IV. Net profit	(9)	0.0	0.0
		484,372.7	484,491.4
B. Provisions			
	(10)	32,350.6	27,022.3
C. Liabilities			
	(11)	1,863,107.8	791,890.7
of which due within one year		1,746,927.1	691,018.4
of which due in more than one year		116,180.7	100,872.3
D. Accruals and deferred income			
	(12)	2,003.3	2,572.7
		2,381,834.4	1,305,977.0
Contingent liabilities			
	(13)	0.0	2,500.0
		0.0	2,500.0

Income statement

		2022	2023
	Notes		€k
1. Revenue	(14)	8,188,340.1	12,675,441.6
2. Change in the total of services not yet billable		550.9	-1,160.3
3. Other own work capitalised		0.0	22.4
4. Other operating income	(15)	94.5	520.3
5. Operating income (subtotal of lines 1 to 4)		8,188,985.5	12,674,824.0
6. Expenses for electricity, gas purchases and purchases of emission allowances and other purchased production services and other services		-7,886,718.8	-12,390,031.6
7. Personnel expenses	(16)	-25,986.2	-36,209.7
8. Depreciation and amortisation	(17)	-1,225.1	-1,661.6
9. Other operating expenses	(18)	-27,437.6	-28,027.4
10. Total earnings (subtotal of lines 5 to 9)		247,617.7	218,893.7
11. Income from equity interests		649.7	106.4
12. Income from other securities in financial assets		150.8	154.7
13. Other interest and similar income		16,427.4	20,470.4
14. Income from the disposal and reversal of impairment losses on investments		92.1	18.5
15. Expenses from investments		-4,931.4	1,304.0
16. Interest and similar expenses		-24,223.1	-38,417.7
17. Financial result (subtotal of lines 11 to 16)	(19)	-11,834.5	-16,363.7
18. Earnings before taxes (subtotal of lines 10 and 17)		235,783.2	202,530.0
19. Taxes on income	(20)	-57,984.4	-48,209.7
20. Net income for the year		177,798.7	154,320.3
21. Changes in net assets as a result of reorganisations		0.0	-9,928.8
22. Allocation to revenue reserves		-150,000.0	0.0
23. Profit transferred due to a profit and loss transfer agreement		-27,798.7	-144,391.6
24. Net profit		0.0	0.0

Statement of changes in fixed assets

	As at 1/1/2023	Additions from mergers	Additions	Disposals	Reclassifications	As at 31/12/2023
I. Intangible assets						
1. Concessions, industrial property rights, electricity purchase rights, usage fees and similar rights and benefits as well as licences derived therefrom	18,755.0	0.0	664.5	166.9	1,326.1	20,578.6
2. Prepayments	1,326.1	0.0	165.0	0.0	-1,326.1	165.0
	20,081.1	0.0	829.5	166.9	0.0	20,743.6
II. Property, plant and equipment						
1. Land, land rights and buildings, including buildings on third-party land						
a. with plant and other plant facilities	52.9	1,325.6	588.4	0.0	0.0	1,967.0
2. Electrical installations	7,088.2	0.0	191.8	105.4	0.0	7,174.6
3. Other equipment, office and plant equipment	2,070.4	23.7	198.9	153.3	2.0	2,141.7
4. Prepayments, assets under construction and projects	407.4	0.0	12,464.7	0.0	-2.0	12,870.1
	9,618.9	1,349.3	13,443.9	258.8	0.0	24,153.3
Property, plant and equipment and intangible assets	29,700.0	1,349.3	14,273.4	425.7	0.0	44,897.0
III. Investments						
1. Shares in affiliated companies	90,982.1	300.3	18,971.6	11,788.3	0.0	98,465.7
2. Securities (loan stock rights) classified as fixed assets	1,625.4	0.0	0.0	0.0	0.0	1,625.4
3. Other loans	5,640.7	0.0	153.9	21.1	0.0	5,773.5
	98,248.2	300.3	19,125.5	11,809.4	0.0	105,864.6
Fixed assets	127,948.2	1,649.6	33,398.9	12,235.1	0.0	150,761.6

€k						
Accumulated depreciation, amortisation and write-downs as at 1/1/2023	Additions from mergers	Additions from depreciation and amortisation	Disposals	Accumulated depreciation, amortisation and write-downs as at 31/12/2023	Net carrying amount as at 31/12/2023	
11,616.7	0.0	949.9	166.9	12,399.7	8,178.9	
0.0	0.0	0.0	0.0	0.0	165.0	
11,616.7	0.0	949.9	166.9	12,399.7	8,343.9	
17.6	333.0	6.8	0.0	357.4	1,609.5	
4,083.0	0.0	344.6	96.6	4,331.0	2,843.6	
1,366.1	6.3	360.3	153.3	1,579.4	562.3	
0.0	0.0	0.0	0.0	0.0	12,870.1	
5,466.7	339.4	711.7	250.0	6,267.9	17,885.5	
17,083.4	339.4	1,661.6	416.9	18,667.5	26,229.4	
0.0	0.0	0.0	0.0	0.0	98,465.7	
65.7	0.0	0.0	0.0	47.3	1,578.2	
0.0	0.0	0.0	0.0	0.0	5,773.5	
65.7	0.0	0.0	0.0	47.3	105,817.3	
17,149.2	339.4	1,661.6	416.9	18,714.8	132,046.8	

Maturity schedule 2023

	€k			
	≤ 1 year	> 1 year	Residual term to maturity as at 31/12/2023 > 5 years	Total
Loans				
1. Other loans	1.1	0.0	5,772.3	5,773.5
	1.1	0.0	5,772.3	5,773.5
Receivables and other assets				
1. Trade receivables	497,821.6	9.9	0.0	497,831.5
2. Receivables from affiliated companies	15,481.0	0.0	0.0	15,481.0
3. Other receivables and assets	498,681.8	132,873.4	0.0	631,555.2
	1,011,984.5	132,883.2	0.0	1,144,867.7
Liabilities				
1. Liabilities to banks	143,150.3	0.0	0.0	143,150.3
2. Prepayments received for orders	0.0	0.0	0.0	0.0
3. Trade payables	187,643.7	93.0	0.0	187,736.7
4. Liabilities to affiliated companies	304,924.5	0.0	2,875.1	307,799.6
5. Other liabilities	55,299.8	80,477.0	17,427.2	153,204.0
	691,018.4	80,570.0	20,302.3	791,890.7

Maturity schedule 2022

	€k			
	Residual term to maturity as at 31/12/2022			
	≤ 1 year	> 1 year	> 5 years	Total
Loans				
1. Other loans	1.1	0.0	5,639.6	5,640.7
	1.1	0.0	5,639.6	5,640.7
Receivables and other assets				
1. Trade receivables	476,661.1	11.3	0.0	476,672.4
2. Receivables from affiliated companies	59,691.2	0.0	0.0	59,691.2
3. Other receivables and assets	1,475,147.6	250,226.3	0.0	1,725,373.9
	2,011,499.9	250,237.6	0.0	2,261,737.5
Liabilities				
1. Liabilities to banks	400,001.0	0.0	0.0	400,001.0
2. Prepayments received for orders	3.0	0.0	0.0	3.0
3. Trade payables	185,327.7	28.9	0.0	185,356.6
4. Liabilities to affiliated companies	1,019,182.1	0.0	2,798.1	1,021,980.2
5. Other liabilities	142,413.4	72,109.6	41,244.0	255,767.0
	1,746,927.1	72,138.5	44,042.2	1,863,107.8

Notes to
the annual financial statements

Notes

I. General notes

VERBUND Energy4Business GmbH with its registered office in Vienna is entered in the commercial register at the Commercial Court of Vienna under number FN 173735 v.

These annual financial statements have been prepared in accordance with the provisions of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB), as amended.

In the interest of clear presentation, individual line items in the balance sheet and the income statement have been aggregated. These line items are explained separately in the notes to the annual financial statements. The individual line items of the balance sheet and income statement are presented in accordance with VERBUND's Group-wide requirements with respect to form and substance.

In accordance with Section 223(7) of the Austrian Commercial Code (UGB), balance sheet and income statement line items with a carrying amount of zero in both the financial year and the previous year are not reported. The designations of the items have been shortened or expanded to reflect their actual substance in accordance with Section 223(4) of the Austrian Commercial Code (UGB) to the extent that this appeared expedient in order to present annual financial statements that are clear and easy to understand.

If the presentation has changed year-on-year or if the prior-year amounts are not comparable, the prior-year amounts are adjusted in accordance with Section 223(2) of the Austrian Commercial Code (UGB) and explained in the corresponding item.

The addition of rounded amounts and the calculation of percentages may lead to rounding differences due to the use of computing software.

II. Accounting policies

The annual financial statements were prepared in compliance with the general practice of giving a true and fair view of the Company's net assets, financial position and results of operations in accordance with Austrian generally accepted accounting principles.

In preparing these annual financial statements, the principle of completeness was adhered to and the principle of prudence was observed. Measurement was based on the assumption that the Company is a going concern.

As a rule, fixed assets subject to wear and tear are measured at cost less depreciation and amortisation.

Fixed assets

Property, plant and equipment and intangible assets used for longer than six months of the financial year are depreciated or amortised at the full annual rate, whereas those that are used for less than six months are depreciated or amortised at half the annual rate.

Purchased intangible assets are recognised at cost and – to the extent that they are subject to wear and tear – amortised over their standard useful life.

Low-value assets are fully written off in the year of acquisition and reported as an asset disposal in the subsequent year.

Shares in affiliated companies and equity interests are recognised at cost or at the lower fair value. Securities and loan stock rights under fixed assets are measured at cost or at the lower fair value.

Interest-bearing loans are recognised at their principal amounts. Impairment losses are recognised if the impairment is expected to be permanent. Receivables due in more than one year – with the exception of instalment sales – are reported under financial assets as loans.

VERBUND's schedule of uniform depreciation and amortisation rates specifies the following depreciation and amortisation rates for VERBUND Energy4Business GmbH:

	Rate of depreciation/ amortisation in %	Useful life in years
Intangible assets		
Rights to software products	25	4
Other rights	2–25	4–50
Buildings		
Office buildings	2 or 3	33.3 or 50
Technical installations and machinery		
Electrical installations	3–14.3	7–33.3
Photovoltaic systems	3.33–10	10–30
Telecommunications installations	4–33.3	3–25
Office and plant equipment	10–25	4–10

Inventories recognised using the moving average price method are measured at cost in accordance with the strict lower of cost or market value principle.

Current assets

Receivables and other assets are measured at their principal amount, unless a lower fair value is required to be recognised in the case of specific identifiable risks. Receivables in foreign currencies are measured at the mean rate of exchange prevailing at the recognition date or the lower foreign exchange reference rate of the European Central Bank (ECB) prevailing at the reporting date (unless the exchange rate is otherwise hedged). Receivables in foreign currencies not listed by the ECB are measured using the exchange rate listed by the respective national bank.

Cash at banks in foreign currency is also measured using the ECB foreign exchange reference rate in accordance with the strict lower of cost or market value principle.

The Company has recognised deferred tax assets pursuant to Section 198(9) of the Austrian Commercial Code (UGB) to the extent tax relief is expected in subsequent years. The deferred taxes attributable to Group members based on tax allocation are presented under the current result in their balance sheets. In the event of a net tax liability, the deferred taxes are offset and presented under tax provisions.

Deferred taxes

This deferral item results from differences between the carrying amounts of line items in the financial statements and the tax base with respect to line items that can only be deducted as expenses for tax purposes in income statements of future periods. The underlying tax rate for Austria is 23% (previous year: tax rate based on the eco-social tax reform approved in January 2022 of between 23% and 24%).

Provisions take into account all identifiable risks that can be allocated to a financial year that has already ended and include those amounts that it was necessary to recognise based on the best estimate of the settlement amount. Provisions with a remaining maturity of more than one year are discounted using a market interest rate.

Provisions

Provisions for termination benefits are allocated at the full actuarial amount based on the projected unit credit method typically used in international financial reporting. The accumulation period for provisions for termination benefits is 25 years. Employees whose service began after 31 December 2002 are no longer entitled to a direct claim against their employer for statutory termination benefits. For those employment contracts, the employer pays 1.53% of salary monthly into an employee pension fund in which the contributions are deposited in an account of the employee. Collective bargaining agreement requirements

for energy supply companies which exceed statutory claims are recognised in provisions for termination benefits.

On the basis of works agreements and contracts, the Company is obligated under certain conditions to make pension payments to employees after they retire. These defined benefit pension plan obligations are partially covered by pension plan assets earmarked for this purpose by APK Pensionskasse AG. The provision calculated in accordance with the projected unit credit method typically used in international financial reporting is presented net of pension plan assets. The employer is obligated to provide additional funding to the extent that these defined benefit pension plan obligations are required to be fulfilled by APK Pensionskasse AG.

Provisions for current pensions, vested pensions and similar obligations are determined using the projected unit credit method. The actuarial interest rate for the measurement of provisions for employee benefits relating to pensions and termination benefits (*Sozialkapital*) as at 31 December 2023 was derived from an average of interest rate recommendations published by actuarial consulting firms as at the reporting date. The interest expenses are shown in the financial result, in line with international practice.

Similar obligations relate to employer contributions for supplementary health insurance premiums to be paid after retirement. The provisions are determined in the same manner as provisions for pension obligations. As a result of a reorganisation of the supplementary health insurance system in previous years, new contracts are currently only concluded with insurance excesses. Employees with old contracts excluding an insurance excess have the opportunity to transfer to the new system at any time.

The calculations are based on the updated “AVÖ 2018-P – Actuarial Assumptions for Pension Insurance”.

The calculations as at 31 December 2023 and 2022 were based on the following assumptions:

	2022	2023
		%
Interest rate		
Pensions and similar obligations	3.75	3.75
Termination benefits	3.50	3.75
Trend		
Pension increases	1.75–5.75	2.00–6.75
Salary increases	2.75–6.75	2.75–7.25
Contributions to obligations similar to pensions – old contracts	5.50	6.00
Contributions to obligations similar to pensions – new contracts	3.75	4.00
Employee turnover	0.00–5.80	0.00–5.80
Retirement age – women	60–65 years	60–65 years
Retirement age – men	63–65 years	65 years
Expected long-term return on plan assets	3.75	3.75

The same interest rate is applied to the expected return on plan assets as is used to determine the corresponding provision. The discount rates differ based on the residual term of the pension obligations and in line with the total contained therein (employees and pensioners). The effects of the changes in parameters are presented under personnel expenses.

Liabilities are recognised at their settlement amount based on the principle of prudence. Liabilities denominated in foreign currency are measured at the ECB foreign exchange reference rate prevailing at the reporting date, provided that this rate is higher than the rate prevailing at the time of origination. Liabilities in foreign currencies not listed by the ECB are measured using the exchange rate listed by the respective national bank.

Liabilities

Accruals and deferred income include investment grants that are amortised in accordance with the useful lives of the property, plant and equipment, as well as deferred revenue. In addition, a revaluation reserve was recognised for tax accounting purposes in 2016 pursuant to Section 124b(270)(a) of the Austrian Income Tax Act (*Einkommensteuergesetz*, EStG). The revaluation reserve is accounted for under accruals and deferred income pursuant to Section 906(32) of the Austrian Commercial Code (UGB).

Accruals and deferred income

Wholesale and industrial customer area

Marketing of own generation

VERBUND Energy4Business GmbH hedges planned generation on behalf of the generation subsidiaries of VERBUND AG and for the purchase rights of VERBUND AG. Here, VERBUND Energy4Business GmbH purchases electricity forwards from the respective VERBUND generation company and from VERBUND AG itself (purchase rights) at market prices in accordance with the corresponding electricity supply agreement and enters into an inverse transaction on the market by selling electricity forwards or electricity futures. VERBUND Energy4Business GmbH retains any margin between the purchase and sales price.

In addition to the electricity forwards and electricity futures, generation is also hedged on a case-by-case basis using options that are passed on to the producer or to VERBUND AG once exercised at the strike price less the option premiums incurred.

The transactions between VERBUND Energy4Business GmbH and VERBUND's generation companies or VERBUND AG are classified either as derivatives (if improvements are made) or as own-use relationships (if the delivery is exclusively from the producer and from VERBUND AG to VERBUND Energy4Business GmbH). The transactions between VERBUND Energy4Business GmbH and the external partners constitute derivatives.

Hedging relationships exist between the transactions with VERBUND's generation companies or VERBUND AG (hedged item) and the transactions with external partners (derivative). Hedge accounting is applied to these hedging relationships. These hedging relationships serve to hedge against market risk.

Derivative financial instruments

Other wholesale and industrial customer transactions

In addition, VERBUND Energy4Business GmbH enters into over-the-counter (OTC) transactions with external counterparties in the sales area. VERBUND Energy4Business GmbH retains the margin generated from these transactions. These transactions are combined into different portfolios. Portfolios include transactions with similar structures, sales channels and markets. These portfolios are used as reinsurance for sales transactions. If a portfolio presents a loss for a delivery year, i.e. the average fixed sales price is lower than the cost of reinsurance, a provision for onerous contracts is recognised.

The purchase and sale transactions in the portfolios represent derivatives or own-use contracts. The purchase and sale transactions are closed in terms of volume and are assigned to a hedged item and hedging instrument on the date the contract is entered into. Hedge accounting based on the portfolios is applied in each case.

Measurement of effectiveness

No material ineffectiveness occurs in the sales area because fluctuations in the market value of the derivatives are routinely offset in purchase and sale transactions that are nearly closed in terms of volume. Any open positions are taken into consideration when determining the amount of provisions for onerous contracts. The amounts realised from the derivative hedging transactions are recognised in the income statement.

Trading area

Portfolio valuation is conducted annually in the trading area. Changes in the value of the transactions offset each other within the annual portfolio. In accordance with the Austrian Commercial Code (UGB), only those annual portfolios with a negative balance are accounted for by recognising a provision for onerous contracts. The Austrian Commercial Code (UGB) stipulates that annual portfolios with a positive balance may not be recognised. The result from trading is presented after offsetting under electricity revenue.

Due to its inclusion as a member of the group of companies of VERBUND AG, the parent of the tax group, VERBUND Energy4Business GmbH is not an independently taxable entity for corporate income tax.

Taxes on income

The tax group parent charges (tax allocation rate of 24%; previous year: 25%) or, in the event of a loss, credits (tax allocation rate of 24%, 18% or 13% depending on the anticipated date of future profits of the group member; previous year: 25%, 20% or 15%) the group members with the corporate income tax amounts attributable to them by means of a tax allocation. The practice of recharging the tax allocations shifts the reduction or increase in the tax expense to the parent's income statement. The tax recharges to group members are only adjusted for subsequent deviations if these are material.

VERBUND Energy4Business GmbH is part of the VERBUND Group, a multinational corporate group. The Austrian Minimum Taxation Act (*Mindestbesteuerungsgesetz*, MinBestG) came into force in Austria on 31 December 2023 to implement the global minimum taxation of multinational groups. The VERBUND Group falls within the scope of this law, as the ultimate parent company, VERBUND AG, is domiciled in Austria. The Austrian Minimum Taxation Act (MinBestG) transposed the Pillar Two EU Directive 2022/2523, which is based on the OECD Model Rules, into Austrian law to ensure global minimum taxation for multinational groups and large domestic groups in the EU. As the newly enacted tax legislation in Austria is applicable to financial years beginning on or after 31 December 2023, there will be no ongoing tax effects for the financial year ending on 31 December 2023. VERBUND has applied the mandatory exception for the recognition of deferred tax assets and liabilities arising from income taxes from Pillar Two.

III. Notes to the balance sheet and to the income statement

Per the merger agreement dated 22 November 2023, Solarpower Holding GmbH was merged with VERBUND Energy4Business GmbH as at 30 September 2023 in accordance with Section 96 of the Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, GmbHG) in conjunction with Sections 220 ff. of the Stock Corporation Act (*Aktiengesetz*, AktG) and in accordance with Article I of the Reorganisation Tax Act (*Umgründungssteuergesetz*, UmgrStG) claiming the benefits under the UmgrStG.

Corporate law matters

As at 30 September 2023, the carrying amounts were as follows:

Net assets	€k
	30/9/2023
Fixed assets	1,471.5
Current assets	1,952.0
Prepayments and accrued income	3.1
Untaxed reserves	-105.9
Provisions	-246.4
Liabilities	-1,096.1
	1,978.2

A. Fixed assets

Assets

For details, please refer to the separate "Statement of changes in fixed assets".

(1) II. Property, plant and equipment

Base value of land: €558.8k (previous year: €0.0k). The land was acquired in 2023 with the merger of Solarpower Holding GmbH into VERBUND Energy4Business GmbH and is included in the net assets acquired as at 30 September 2023.

(2) III. Investments

The disclosures in accordance with Section 238(1)(4) of the Austrian Commercial Code (UGB) are presented separately in "Disclosures of equity interests".

Securities (loan stock rights) under fixed assets These consist of Austrian investment fund units and loan stock rights on electricity trading exchanges.

Loans For details, please refer to the separate "Maturity schedules".

B. Current assets

(3) I. Inventories

	2022	2023
Trading goods	2,245.7	27,174.3
Services not yet billable	3,204.3	30.3
	5,450.0	27,204.6

(4) II. Receivables and other assets

For details, please refer to the separate "Maturity schedules".

Of the receivables from affiliated companies, €15,481.0k related to trade receivables (previous year: €59,691.2k).

	€k	
Other receivables and assets	2022	2023
Electricity trading activities	1,082,902.3	382,464.7
Security deposits electricity business	617,043.0	227,433.8
Gas trading business	24,876.3	21,406.9
Tax authorities	53.3	217.3
Payroll	85.2	22.7
Related to social security	10.6	9.0
Other	403.1	0.7
	1,725,373.9	631,555.2

Of the other liabilities from electricity trading €382,464.7k (previous year: 1,076,349.5k) related primarily to accruals required by the Austrian Commercial Code (UGB) for differences in realisation dates by the electricity trading exchanges and by VERBUND Energy4Business GmbH. The amounts to be accrued for option premiums in the future are also presented where appropriate under other receivables from electricity trading activities.

Under the Other item, an amount of €0.0k (previous year: €88.8k) relates to receivables due from Austria Wirtschaftsservice Gesellschaft mbH (aws) for investment grants related to investments made in the financial year. The investment volume applied for under the COVID-19 Investment Subsidy Act (*COVID-19-Investitionsprämienengesetz*, InvPrG) amounted to €634.6k.

Receivables for security deposits for the electricity business of €132,873.4k (previous year: €250,226.3k) were reported in 2023 as non-current receivables.

(5) C. Prepayments and accrued income

	€k	
	2022	2023
Auctions of cross-border capacities	1,348.9	0.0
Other	578.4	740.5
	1,927.3	740.5

A. Equity

(6) I. Called and paid-in share capital

The share capital of VERBUND Energy4Business GmbH amounts to €250.0k (previous year: €250.0k) and was fully paid in as at the reporting date. There are no reciprocal equity interests in accordance with Section 241(6) of the Austrian Commercial Code (UGB).

(7) II. Capital reserves

	€k	
	2022	2023
Allocated capital reserves	1,171.4	1,171.4
Unallocated capital reserves	126,726.0	126,844.7
	127,897.4	128,016.1

(8) III. Revenue reserves

	€k	
	2022	2023
Statutory reserves	25.0	25.0
Distributable reserves	356,200.3	356,200.3
	356,225.3	356,225.3

Equity and liabilities

(9) IV. Net profit

€k

As at 31/12/2022	0.0
Net income for the year	154,320.3
Changes in net assets as a result of reorganisations	-9,928.8
Profit transfer to VERBUND AG	-144,391.6
As at 31/12/2023	0.0

VERBUND Energy4Business GmbH has a profit and loss transfer agreement with VERBUND AG. The allocation of revenue reserves in the 2022 reporting period was undertaken to maintain the equity ratio of at least 20%.

(10) B. Provisions**1. Provisions for termination benefits**

€k

	2022	2023
Premium reserve based on actuarial calculations	6,040.8	6,384.9
Taxed portion of provisions	6,040.8	6,384.9

In 2002, the provision permitted under Section 14 of the Austrian Income Tax Act (EStG) was transferred tax-free to a reserve qualifying as taxed (Section 124b(68) of the Austrian Income Tax Act (EStG)).

2. Provisions for pensions

€k

	2022	2023
Provisions for pension obligations gross	5,075.8	5,629.0
Pension fund assets	-2,142.3	-2,300.7
Provisions for pension obligations net	2,933.5	3,328.4
of which obligations similar to pensions	2,307.3	2,680.5

3. Other provisions

€k

	2022	2023
Outstanding capital expenditure invoices	287.4	2,002.2
Other services	672.8	714.3
Consulting services	566.1	630.4
Expected losses	10,095.5	361.0
Electricity/grid purchases	200.0	200.0
Other	1,974.9	494.4
	13,796.8	4,402.3

	€k	
Other personnel-related provisions	2022	2023
Bonuses	3,338.7	4,025.9
Unused holidays	2,215.6	2,752.7
Anniversary bonuses	1,453.7	1,877.0
Holiday allowance	1,178.5	1,315.1
Compensatory time credit	405.9	494.4
Death grant	39.4	44.8
Early retirement benefits	29.3	0.0
Other personnel-related provisions	53.7	43.7
	8,714.9	10,553.5

4. Provisions for taxes

	€k	
4. Provisions for taxes	2022	2023
Corporate income tax (including prior reporting periods)	0.0	246.4

The provision for corporate income tax relates to Solarpower Holding GmbH, before this company was merged into VERBUND Energy4Business GmbH, and is included in the net assets acquired as at 30 September 2023.

5. Provisions for deferred taxes

	€k	
5. Provisions for deferred taxes	2022	2023
Social capital	2,176.3	2,388.6
Valuation of fixed assets	-112.3	-174.0
Other	-2,928.7	-4,321.4
Deferred tax receivables (+) respectively liabilities (-) netted	-864.6	-2,106.8

Other deferred taxes relate to differences between the financial and tax treatment of mainly accounting for investees. The underlying tax rate for Austria is 23% (previous year: tax rate based on the eco-social tax reform approved in January 2022 of between 23% and 24%).

(11) C. Liabilities

For details, please refer to the separate "Maturity schedules".

Of the liabilities to affiliated companies, €303,835.1k (previous year: €993,330.5k) relates to other liabilities and €3,964.6k (previous year: €28,649.7k) to trade payables.

	€k	
Other liabilities	2022	2023
From long-term electricity supply commitments	113,353.6	97,904.2
Electricity trading activities	121,691.0	34,153.5
From short-term electricity supply commitments	18,908.5	20,950.8
Emission allowance trading	1,032.1	191.5
Related to social security	445.6	0.0
From taxes	331.7	0.0
Other	4.4	4.0
	255,767.0	153,204.0

The other liabilities from electricity trading of €34,153.5k (previous year: €111,846.8k) relate mainly to compensation payments for futures for which hedge accounting was applied. Amounts to be accrued for option premiums in the future are also presented where appropriate under other liabilities from electricity trading activities.

(12) D. Accruals and deferred income

	€k	
	2022	2023
Contributions to building costs	1,177.5	1,112.0
From electricity business	241.7	899.3
Revaluation reserve	518.4	518.4
Investment grants	65.7	42.9
	2,003.3	2,572.7

This balance sheet item includes contributions to building costs (financing contributions) in connection with the use of individual facilities. Impairment reversals not carried out in previous years were transferred to a revaluation reserve for tax purposes in accordance with Section 124b(270)(a) of the Austrian Income Tax Act (EStG) as at 1 January 2016 and are recognised under accruals and deferred income in accordance with Section 906(32) of the Austrian Commercial Code (UGB). The other accruals and deferred income include grants awarded under the COVID-19 Investment Subsidy Act (InvPrG) in the amount of €42.9k (previous year: €65.7k). An investment volume of €634.6k was applied for from Austria Wirtschaftsservice Gesellschaft mbH in 2020 and 2021.

	€k			
COVID-19 investment premium	2022	Addition	Reversal	2023
I. Intangible assets	0.0	42.6	–10.7	32.0
II. Property, plant and equipment	65.7	–43.6	–11.2	10.9

(13) Contingent liabilities

VERBUND Energy4Business GmbH is liable to VERBUND Finanzierungsservice GmbH for the liabilities of the wholly owned subsidiary MSP Solarpower GmbH up to a maximum of €1,400.0k and for the liabilities of the wholly owned subsidiary IFIX Solar GmbH up to a maximum of €1,100.0k under a hard letter of comfort for an indefinite period.

Notes to the
income statement

(14) 1. Revenue		€k	
		2022	2023
Revenue from electricity deliveries			
Domestic	Traders	1,372,384.9	1,255,780.9
	Resellers	3,100,680.0	3,386,683.1
	Industrial customers	970,880.9	638,812.0
		5,443,945.9	5,281,276.1
EU	Traders	- 140,609.4	3,880,255.7
	Resellers	1,589,443.3	2,406,554.9
	Industrial customers	645,104.3	579,741.1
		2,093,938.2	6,866,551.8
		7,537,884.0	12,147,827.8
Other revenue (including emission allowances and gas trading)			
		650,456.0	527,613.8
		8,188,340.1	12,675,441.6

Revenue from trading partners in the EU is negative for 2022 on account of the amounts realised from financial price hedging by means of futures. The exceptionally sharp rise in prices in 2022 meant that the amounts realised were negative.

Revenue from sales to industrial customers also includes recharged amounts such as grid fees. The corresponding item - netted in revenue - is accounted for under the resellers.

(15) 4. Other operating income		€k	
		2022	2023
a) Income from the disposal of fixed assets with the exception of investments		1.2	0.5
b) Income from the reversal of provisions		0.0	219.3
c) Others		93.4	300.6
		94.5	520.3

(16) 7. Personnel expenses

	2022	2023
a) Salaries	22,463.1	28,052.6
b) Expenses for termination benefits and payments to employee pension funds		
Termination benefits	189.7	428.5
Contributions to employee pension funds	241.5	305.2
Change in the provision for termination benefits	-1,318.2	136.3
Expenses/income and takeovers/transfers within the Group	134.3	0.0
	-752.7	870.0
c) Expenses for pensions and similar obligations		
Provisions, pension payments and similar obligations	130.1	96.4
Change in the provisions for pensions and similar obligations	-1,544.5	290.1
Expenses/income and takeovers/transfers within the Group	72.5	-13.1
Change in the provisions for early retirement benefits	-70.9	-29.5
Pension fund contributions	690.9	1,050.8
	-721.9	1,394.8
d) Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	4,754.5	5,589.8
e) Other social security expenses	243.3	302.5
	25,986.2	36,209.7

Interest rate changes for provisions related to termination benefits and pensions and similar obligations resulted in a negative effect of €476.5k in the financial year and a positive effect of €3,621.3k in the previous year.

(17) 8. Depreciation, amortisation and write-downs

	2022	2023
a) Amortisation of intangible assets and depreciation of property, plant and equipment		
Depreciation and amortisation	1,143.3	1,552.0
Immediate write-off of low-value assets in accordance with Section 13 of the Austrian Income Tax Act (EStG)	81.8	109.7
	1,225.1	1,661.6

(18) 9. Other operating expenses

	€k	
	2022	2023
a) Taxes other than taxes on income	8.4	8.7
b) Other		
Expenses for information processing	7,203.9	7,822.7
Other administrative expenses	2,291.1	2,722.9
Operating costs for buildings, rents and leasing	1,768.1	1,997.0
Usage fees	1,683.6	1,934.5
Legal, audit and consulting expenses	1,237.3	1,890.2
Advertising costs	1,301.8	1,615.8
Temporary personnel and provision of personnel	2,362.7	1,615.7
Data services, telecommunications services	1,474.6	1,459.4
Material consumption	284.9	367.9
Travel expenses	187.0	317.5
Membership fees	259.9	312.9
Training and further education	156.6	188.8
Write-downs of current assets	2,244.9	0.0
Other	4,972.7	5,773.4
	27,429.3	28,018.7
	27,437.6	28,027.4

(19) 17. Financial result

	€k	
	2022	2023
Income from equity interests		
from affiliated companies	543.3	1,639.1
Other interest and similar income		
from affiliated companies	12,731.8	11,780.9
Income from disposals of investments		
from affiliated companies	92.1	0.0
Expenses relating to investments		
from affiliated companies	4,910.6	335.1
Interest and similar expenses		
of which interest for long-term personnel provisions	122.6	368.4
from affiliated companies	2,616.0	17,651.0

(20) 19. Taxes on income

	€k	
	2022	2023
From the Group parent		
Taxes on income ¹	57,299.5	46,967.5
Deferred taxes	685.0	1,242.2
	57,984.4	48,209.7

¹ tax allocation rate of 24% (previous year: 25%)

IV. Other disclosures

		€k	
Material items	Total commitment	2024	2024-2028
Rent, lease and insurance agreements	¹	1,804.6	7,760.4
Purchase commitments	11,123.9	10,592.7	11,123.9
of which to affiliated companies	¹	1,238.8	6,194.1

1. Total amount of other financial obligations

¹ The amount of the total commitment cannot be determined due to unspecified contract periods.

There is an agreement with VERBUND Services GmbH for the invoicing of services in the areas of IT, telecommunications, procurement, financial accounting, payroll and administrative services.

An agreement has been entered into with VERBUND Finanzierungsservice GmbH for the invoicing of payment transaction and cash management services.

An agreement has been entered into with VERBUND AG for the invoicing of general management services.

As a shareholder in SMATRICS GmbH & Co KG, VERBUND Energy4Business GmbH assumed a liability totalling €1,000.0k for the duration of four years (beginning at the closing of the joint venture transaction in 2020) on behalf of the newly formed joint venture SMATRICS mobility+ GmbH between SMATRICS GmbH & Co KG and Energie Baden-Württemberg AG. As a shareholder in SMATRICS GmbH & Co KG and based on corporate resolutions, VERBUND Energy4Business GmbH committed to make earmarked payments of €4,771.1k into the capital reserves of SMATRICS GmbH & Co KG; the first partial payment amounting to €734.0k was transferred on 24 January 2023, and the second totalling €4,037.1k was transferred on 24 January 2024.

VERBUND Energy4Business GmbH has concluded electricity supply and electricity purchase agreements with the following Group companies:

VERBUND AG (electricity generation from purchase rights of Ennskraft and the Grenzkraftwerke power plants (Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG, Innwerk AG)), VERBUND Hydro Power GmbH, VERBUND Thermal Power GmbH & Co KG, VERBUND Innkraftwerke GmbH (share of own generation and deliveries to further customers EVN-Naturkraft, Wienenergie and Innkraft Bayern GmbH & Co. KG), Innwerk AG (electricity generation from own power plants and purchase rights of Grenzkraftwerke power plants (Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG)), VERBUND Wind Power Austria GmbH, VERBUND Green Power Deutschland GmbH, VERBUND Wind Power Romania S.R.L. and VERBUND Green Power GmbH.

The electricity supply agreements between VERBUND Energy4Business GmbH and VERBUND's generation companies, which were transferred by VERBUND AG when VERBUND Energy4Business GmbH commenced independent operations, govern the intra-Group settlement and compensation of the electricity generation provided by the producers from hydropower and wind power plants. The main content of the agreements is the price determination for electricity generation (for long-term volume hedges and short-term volumes, using published futures and spot market prices), requirements for other revenue components resulting, for instance, from marketing volumes used for control power and congestion management of the storage power plants, and revenue components arising from sales of guarantees of origin. The agreements stipulate that compensation for VERBUND Energy4Business GmbH's marketing activities shall occur in the form of a handling fee charged on the output managed. Regular committees are established to address ongoing questions related to the management of the generation portfolio. This is where the associated contractual adjustments (addenda) are developed.

On the basis of works agreements and contracts, the Company is obligated under certain conditions to make pension payments to employees after they retire. The employer is obligated to provide additional

funding to the extent that these pension obligations are required to be fulfilled by APK Pensionskasse AG. As a result of the trend in the financial markets, APK Pensionskasse AG reported an obligation for additional funding in the amount of €55.2k (previous year: €139.8k) to cover defined benefit pension plan obligations.

As at the reporting date, no (previous year: one) employee had a letter of loyalty granting a higher degree of employment protection. The prerequisite was 20 years of service at VERBUND and a minimum age of 45.

Derivative financial instruments (electricity/gas/carbon futures, forwards and options) comprised the following in 2023:

2. Disclosures regarding financial instruments

	€k			
Trading	Fair values – positive	Fair values – negative	Fair values – net	thereof recognised in the balance sheet as a provision
Futures	102,264.0	107,207.2	–4,943.2	0.0
Forwards	300,764.2	294,957.0	5,807.2	0.0
Total before netting	403,028.2	402,164.2	864.0	–51.2
of which non-current	42,064.7	42,371.9	–307.2	0.0
				€k
Wholesale and industrial customers	Fair values – positive	Fair values – negative	Fair values – net	thereof recognised in the balance sheet as a provision
Futures	1,394,918.3	1,764,242.8	–369,324.5	0.0
Forwards ¹	2,192,124.0	1,029,952.9	1,162,171.2	0.0
Options	0.0	0.0	0.0	0.0
Total before netting	3,587,042.3	2,794,195.6	792,846.7	–309.8
of which non-current	535,147.5	234,135.1	301,012.5	0.0
				€k
Total	Fair values – positive	Fair values – negative	Fair values – net	thereof recognised in the balance sheet as a provision
Futures	1,497,182.2	1,871,450.0	–374,267.7	0.0
Forwards	2,492,888.2	1,324,909.9	1,167,978.4	0.0
Options	0.0	0.0	0.0	0.0
Total before netting	3,990,070.5	3,196,359.8	793,710.6	–361.0
of which non-current	577,212.2	276,506.9	300,705.3	0.0
Taking netting agreements into consideration ²	–2,354,063.0	–2,354,063.0	0.0	0.0
	1,636,007.5	842,296.9	793,710.6	–361.0

¹ In the fair values of the positive forwards, €269,695.9k and, in the fair values of the negative forwards, €–166,023.2k relates to affiliated companies. // ² If a framework agreement with a netting clause has been entered into with a counterparty, the positive and negative fair values of the transactions for this counterparty are presented here netted.

The positive fair values for the annual trading portfolios from 2024 to 2029 are not recognised in the balance sheet. A provision of €51.2k was recognised for negative annual tranches. The positive fair value of €792,846.7k for wholesale electricity, gas and carbon contracts is offset (own use exemption) against

items having a negative fair value in nearly the same amount (difference of €-309.8k) that are not presented in the table and which constitute a single accounting unit. With respect to carbon, a single accounting unit is formed with the store. If the previously fixed sales price is lower than the reinsurance costs in individual electricity, gas or carbon transactions, a provision for onerous contracts is recognised in all areas. With the exception of changes in foreign exchange rates (different value date between measurement and payment), the fair values of the futures impacted the cash flow. The resulting receivables and liabilities are presented together with the amounts to be realised from futures in future periods as other receivables or liabilities (an explanation of the amount is provided under Other receivables and other liabilities where applicable).

Derivative financial instruments (electricity/gas/carbon futures, forwards and options) comprised the following in the previous year:

	€k			
Trading	Fair values – positive	Fair values – negative	Fair values – net	thereof recognised in the balance sheet as a provision
Futures	203,390.7	202,852.9	537.7	0.0
Forwards	1,354,586.1	1,353,200.2	1,385.9	0.0
Total before netting	1,557,976.8	1,556,053.2	1,923.6	-49.0
of which non-current	349,314.2	347,040.6	2,273.6	0.0

	€k			
Wholesale and industrial customers	Fair values – positive	Fair values – negative	Fair values – net	thereof recognised in the balance sheet as a provision
Futures	2,231,063.7	3,264,263.9	-1,033,200.2	0.0
Forwards ¹	3,586,369.1	3,734,676.6	-148,307.5	0.0
Options	4,700.3	172,422.5	-167,722.2	0.0
Total before netting	5,822,133.1	7,171,363.0	-1,349,229.9	-10,046.5
of which non-current	948,886.1	1,621,036.2	-672,150.1	0.0

	€k			
Total	Fair values – positive	Fair values – negative	Fair values – net	thereof recognised in the balance sheet as a provision
Futures	2,434,454.4	3,467,116.8	-1,032,662.4	0.0
Forwards	4,940,955.2	5,087,876.9	-146,921.7	0.0
Options	4,700.3	172,422.5	-167,722.2	0.0
Total before netting	7,380,109.9	8,727,416.2	-1,347,306.3	-10,095.5
of which non-current	1,298,200.3	1,968,076.8	-669,876.5	0.0
Taking netting agreements into consideration ²	-5,102,299.2	-5,102,299.2	0.0	0.0
	2,277,810.7	3,625,117.0	-1,347,306.3	-10,095.5

¹ In the fair values of the positive forwards, €172,026.4k and, in the fair values of the negative forwards, €-428,124.3k relates to affiliated companies. // ² If a framework agreement with a netting clause has been entered into with a counterparty, the positive and negative fair values of the transactions for this counterparty are presented here netted. Regional legislation led to the calculation for netting receivables and payables being revised for 2022 and after.

The positive fair values for the annual trading portfolios from 2023 to 2028 were not recognised in the balance sheet. A provision of €49.0k was recognised for negative annual tranches. The negative fair value of €-1,349,229.99k for wholesale electricity, gas and carbon contracts is offset (own use exemption) against items having a positive fair value in nearly the same amount (difference of €-10,046.5k) that are not presented in the table and which constitute a single accounting unit. With respect to carbon, a single accounting unit is formed with the store. If the previously fixed sales price is lower than the reinsurance costs in individual electricity, gas or carbon transactions, a provision for onerous contracts is recognised in all areas. With the exception of changes in foreign exchange rates (different value date between measurement and payment), fair values of the futures impacted the cash flow. The resulting receivables and liabilities are presented together with the amounts to be realised from futures in future periods as other receivables or liabilities (an explanation of the amount is provided under Other receivables and other liabilities where applicable).

Average	2022	2023
Salaried employees	183	218
..		€k
	2022	2023
Managing directors and other employees	-1,474.6	2,264.8

3. Number of employees

4. Expenses for termination benefits and pensions

No disclosures on the Management pursuant to Section 239(1)(3) of the Austrian Commercial Code (UGB) are necessary for the 2022 and 2023 financial years pursuant to Section 242(4) of the Austrian Commercial Code (UGB).

Disclosures regarding the governing bodies (Management and the Supervisory Board) are presented in Annex 4.

Two members of Management were employed throughout financial years 2022 and 2023, which is why no additional disclosures are necessary pursuant to Section 242(4) of the Austrian Commercial Code (UGB).

Remuneration paid to members of the Supervisory Board amounted to a total of €24.5k (previous year: €25.7k). No loans or advances were paid out to members of the governing bodies.

5. Governing bodies

In accordance with Section 245 of the Austrian Commercial Code (UGB), VERBUND Energy4 Business GmbH is exempt from preparing consolidated financial statements. The parent company required to prepare consolidated financial statements is VERBUND AG, Am Hof 6a, 1010 Vienna. VERBUND AG prepares the exempting consolidated financial statements and submits them to the commercial register of the Commercial Court of Vienna under number FN 76023 z. In accordance with Section 238(1)(18) of the Austrian Commercial Code (UGB), VERBUND Energy4Business GmbH elects not to disclose the expenses for the auditor.

VERBUND Energy4Business GmbH is a member of the group of companies of the parent company (within the meaning of Section 9(8) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*, KStG)).

Irrespective of the group and tax allocation agreement concluded with the tax group parent, the profit and loss transfer agreement concluded with VERBUND AG on 5 May 2014 remains in force. In addition, VERBUND Energy4Business GmbH is a member of a value-added tax fiscal unit with VERBUND AG.

There are profit and loss transfer agreements with the subsidiaries VERBUND Energy4Flex GmbH, VERBUND Energy4Future GmbH and VERBUND Energy4Business Germany GmbH.

6. Intra-Group relationships

Business transactions as defined by Section 8(3) of the Austrian Electricity Industry and Organisation Act (*Elektrizitätswirtschafts- und -organisationsgesetz*, EIWOG) and Section 8(3) of the Gas Industry Act 2011 (*Gaswirtschaftsgesetz*, GWG 2011) were entered into specifically with the following companies:

Electricity deliveries VERBUND Hydro Power GmbH, VERBUND Thermal Power GmbH & Co KG, VERBUND Innkraftwerke GmbH, Innwerk AG, Austrian Power Grid AG, Infrastruktur Oberheimbach I GmbH & Co KG, Infrastrukturgesellschaft Bischheim GmbH & Co KG, VERBUND Wind Power Austria GmbH, VERBUND Energy4Business Germany GmbH, VERBUND AG, VERBUND Green Power Deutschland GmbH

Electricity trading and sales VERBUND Energy4Business Germany GmbH, VERBUND AG, VERBUND Energy4Customers GmbH, VERBUND Energy4Flex GmbH, VERBUND Green Power GmbH

Grid services Austrian Power Grid AG

Telecommunications VERBUND Services GmbH

Services VERBUND Services GmbH, VERBUND Energy4Flex GmbH, VERBUND Energy4Future GmbH, SMATRICES GmbH & Co KG, Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG, Parque Eólico Buseco S.L.U., Lusitania Renovables S.L.U., Parque Eólico Loma de los Pinos S.L.U., Parque Eólico Ayamonte S.L.U., Watt Development SPV 5 S.L.U., Watt Development SPV 6 S.L.U., Watt Development SPV 7 S.L.U., Anselma Issuer S.A.U., SICA Desarrollos Albarreal S.L.U., SICA Desarrollos Cuerva S.L.U., SICA Desarrollos los Navalmorales S.L.U., SICA Desarrollos Totanes S.L.U., Stein von Liebig Balears I S.L.U., Topacio Energy S.L.U., Green Power Wind Spain 1 S.L.U., Green Power Wind Marquesado, S.L.U.

Financing VERBUND Finanzierungsservice GmbH

Provision of personnel VERBUND AG

7. Disclosures in accordance with Section 8 of the Austrian Electricity Industry and Organisation Act (EIWOG) and Section 8(3) of the Gas Industry Act 2011 (GWG 2011)

Result of the documentation of electricity by source	Share	2022 kWh
Natural gas	33.48%	1,475,009,743.00
Hydropower	31.92%	1,406,426,708.87
Wind energy	24.44%	1,076,796,075.76
Solid or liquid biomass	5.67%	249,956,070.15
Solar energy	3.18%	139,514,429.04
Biogas	1.31%	57,772,099.48
Other green energy	0.00%	150.34
Total of certificates verified	100.00%	4,405,475,276.64
Evidence not required		0.00
Total volume of electricity supplied to consumers in Austria for their own use		4,405,475,276.64
The guarantees of origin used for electricity labelling come from the following countries		
Austria	33.34%	
France	15.49%	
Netherlands	12.98%	
Norway	9.80%	
Denmark	6.45%	
Finland	6.35%	
Italy	5.08%	
Latvia	4.12%	
Sweden	2.62%	
Portugal	2.15%	
Spain	1.27%	
Germany	0.25%	
Czech Republic	0.04%	
Croatia	0.03%	
Ireland	0.03%	
	100.00%	
Impact of electricity generation on the environment for the amount of electricity supplied to customers for their own use		2022
Radioactive waste (mg/kWh)		0.00
CO ₂ emissions (g/kWh)		128.63

8. Disclosures in accordance with Section 78 of the Austrian Electricity Industry and Organisation Act (EIWOG)

The disclosures for 2023 were not yet available on the date this report was prepared. The figures for assigning guarantees of origin based on the green electricity allocation by OeMaG Abwicklungsstelle für Ökostrom AG will be available by 30 April 2024 at the latest. Until that time, the figures from 2022 shall apply.

No events occurred that would require separate reporting.

9. Events after the reporting date

Vienna, 14 February 2024

The Management

Mag. Robert Slovacek

MMag. Martin Wagner

Disclosures of equity interests

in accordance with Section 238(1)(4) of the Austrian Commercial Code (UGB)

						€k	
		Head- quarters	% share- holding as at 31/12/2023	Most recent annual financial statements	(+) (-)	Net income/loss for the year	Equity ¹
Affiliated companies							
iFix Solar GmbH	€	Feldkirchen	100.00	2023	+	635.3	671.3
MSP							
Solarpower GmbH	€	Feldkirchen	100.00	2023	+	119.8	384.2
VERBUND							
Energy4Business							
Germany GmbH	€	Munich	100.00	2023	+	3,036.3	40,047.3
VERBUND							
Energy4Flex GmbH							
	€	Vienna	100.00	2023	-	31.7	2,600.0
VERBUND							
Energy4Future GmbH							
	€	Vienna	100.00	2023	-	303.4	625.0
E-Mobility Provider							
Austria GmbH	€	Vienna	74.90	2023	+	16.5	52.8
SMATRICS							
GmbH & Co KG	€	Vienna	74.90	2023	-	4,292.2	34,951.4

¹ equity as defined by Section 224(3)a of the Austrian Commercial Code (UGB) or local law

Independent Auditor's Report (Translation)

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of VERBUND Energy4Business GmbH, Vienna, comprising the balance sheet as of 31 December 2023, the income statement for the fiscal year then ended and the notes.

In our opinion, the accompanying financial statements comply with the legal requirements and give a true and fair view of the assets and the financial position of the Company as of 31 December 2023 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles, the Electricity Industry and Organisation Act (*Elektrizitätswirtschafts- und -organisationsgesetz*, ElWOG) and the Gas Industry Act (*Gaswirtschaftsgesetz*, GWG).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibility for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us up to the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion as of that date.

Note on Other Matters

The financial statements of VERBUND Energy4Business GmbH, Vienna, for the fiscal year ended 31 December 2022 were audited by another auditor, which issued an unmodified opinion on those financial statements dated 16 February 2023.

Responsibilities of Management and of the Supervisory Board for the Financial Statements

The Company's management is responsible for preparation of the financial statements and for ensuring that the financial statements present a true and fair view of the assets, the financial position and the financial performance of the Company in accordance with Austrian Generally Accepted Accounting Principles, the Electricity Industry and Organisation Act (ElWOG) and the Gas Industry Act (GWG). The Company's management is also responsible for such internal controls as it deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control systems.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in respect of events or conditions that could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

The Company's management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with the Austrian Standards on Auditing applicable to the audit of the management report.

Opinion

In our opinion, the management report was prepared in accordance with the applicable legal requirements and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances, no material misstatements in the management report came to our attention.

Vienna, 15 February 2024

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Rosemarie König

Wirtschaftsprüferin/
Austrian Certified Public Accountant

ppa Mag. Victoria Scherich

Wirtschaftsprüferin/
Austrian Certified Public Accountant

This report is a translation of the original German report, which is the only legally binding version. The financial statements may only be published or reproduced together with our auditor's report in the version audited by us. This auditor's report relates exclusively to the German language version of the complete financial statements, including the management report. Section 281(2) of the Austrian Commercial Code (UGB) applies to versions differing from the version audited by us.

Glossary

Glossary

Cash flows

Balance of the inflow and outflow of cash and cash equivalents, usually broken down into cash flow from operating activities, investing activities and financing activities.

EBIT

Earnings before interest (including personnel-related interest) and taxes.

Equity ratio

Ratio of equity to total capital.

Net debt

Interest-bearing debt less cash and cash equivalents (including securities and shares held as current assets), adjusted for the asset and liability portions of closed items (e.g. in the case of cross-border leasing transactions).

Notional debt repayment period

Ratio of debt to surplus funds from earnings after tax.

Return on equity (ROE)

Ratio of earnings before taxes to equity at the beginning of the financial year.

Return on investment (ROI)

Ratio of earnings before interest (including personnel-related interest) and taxes to total capital at the beginning of the financial year.

Return on sales (ROS)

Ratio of earnings before interest (including personnel-related interest) and taxes to revenue.

Working capital

Current assets (including current loans and current prepayments and accrued income) less current liabilities (including current accruals and deferred income).

EDITORIAL DETAILS

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Contact: VERBUND AG

Am Hof 6a, 1010 Vienna, Austria

Phone: + 43 (0)50 313-0

Fax: + 43 (0)50 313-54191

E-mail: information@verbund.com

Web: www.verbund.com

Investor Relations:

Andreas Wollein

Phone: + 43 (0)50 313-52604

E-mail: investor-relations@verbund.com

Group Communications:

Ingun Metelko

Phone: + 43 (0)50 313-53748

E-mail: ingun.metelko@verbund.com