Creating sustainable value.
Renewable energy powered by VERBUND.

Half-year Financial Report 2021

Verbund
Power for the Future

Contents

At a glance

- Water supply in quarters 1–2/2021 down on the long-term average at 0.96, but slightly higher than in quarters 1–2/2020.
- Average sales prices obtained for our own generation from hydropower up €2.2/MWh to €46.6/MWh.
- Results for the quarters improved: EBITDA (+2.5%) and Group result (+4.5%) up.
- Strong performance of VERBUND shares in quarters 1–2/2021 (+11.2%) – significantly better than the STOXX Europe 600 Utilities (–2.9%) but below the ATX (+22.4%).
- Acquisition of a 51% stake in Gas Connect Austria GmbH completed as at 31 May 2021 – free cash flow before dividends therefore negative, net debt up.
- Earnings forecast for 2021 improved due to strong energy market environment: EBITDA projected to reach between approximately €1,310m and €1,410m and the Group result to between approximately €590m and €660m based on expectations of average levels of own generation from hydropower and wind power in quarters 3–4/2021 as well as the opportunities and risks identified.

KPIs

	Unit	Q1–2/2020	**Q1–2/2021**	Change
Revenue	€m	1,714.0	1,001.4	–41.6%
EBITDA	€m	639.0	654.9	2.5%
EBITDA adjusted	€m	639.0	654.9	2.5%
Operating result	€m	435.2	459.1	5.5%
Group result	€m	310.4	324.5	4.5%
Group result adjusted	€m	301.0	315.2	4.7%
Earnings per share	€	0.89	0.93	4.5%
EBIT margin	%	25.4	45.8	–
EBITDA margin	%	37.3	65.4	–
Cash flow from operating activities	€m	584.6	426.4	–27.1%
Additions to property, plant and equipment	€m	202.9	248.0	22.2%
Free cash flow before dividends	€m	319.7	–141.5	–144.2%
Free cash flow after dividends	€m	268.1	–473.1	–276.5%
Performance of VERBUND shares	%	–10.9	11.2	–
Average number of employees		2,830	3,011	6.4%
Electricity sales volume	GWh	30,938	28,632	–7.5%
Hydro coefficient		0.95	0.96	–
New renewables coefficient		1.06	0.91	–

	Unit	31/12/2020	**30/6/2021**	Change
Total assets	€m	12,054.2	13,669.2	13.4%
Equity	€m	6,873.9	6,897.4	0.3%
Equity ratio (adjusted)	%	59.1	52.1	–
Net debt	€m	1,881.2	2,642.8	40.5%
Gearing	%	27.4	38.3	–

Report of the Executive Board

Dear Shareholders,

All in all, we can look back at quarter 2/2021 as a good one. The Group turned in a very satisfactory business performance, the energy market environment continued to improve apace and the Group's long-term positioning across all segments fits seamlessly with the energy sector's increasingly ambitious decarbonisation goals within the EU and in Austria. These positive environmental factors bolster the Group's share price performance. VERBUND's shares were trading at €77.7 as at 30 June 2021, up 11.2%. The value of VERBUND based on market capitalisation was therefore €27.0bn at the end of quarter 2/2021. This puts the Group at the pinnacle of the ATX by a large margin and makes it one of the largest utilities in Europe – a clear signal that the capital market takes a positive view of the Group's strategy and positioning.

The energy market environment, which is vitally important for our business, continued to improve in the reporting period. Prices for European CO_2 emission rights, which are crucial for the switch from carbon-intensive coal-fired power generation to lower-carbon gas-fired power generation, and the prices for primary energy sources, which determine the wholesale price of electricity in Europe, increased significantly. Wholesale electricity prices in Europe, one of the main value drivers of VERBUND's business performance, reached a twelve-year high in quarter 2/2021.

The strong commitment of the EU member states to achieving comprehensive decarbonisation of the energy system provided support here, prompting the European Commission to make further clear decisions on 14 July 2021 as part of the Fit for 55 package aimed at accelerating decarbonisation of the energy system in Europe. It is expected that these decisions will continue to have a positive effect on the energy market environment for VERBUND. The objective is to achieve a 55% drop in all of the EU's greenhouse gas emissions by 2030 (1990 baseline).

These positive developments in the energy market environment will greatly benefit VERBUND's business model. VERBUND is ideally positioned in this environment as a hydropower producer with an increasing share of new renewables. Our strategy envisages that by 2030 a total of 20–25% of the electricity VERBUND generates will come from new renewable sources of energy in Europe. The Renewable Energy Development Act (Erneuerbaren-Ausbau-Gesetz, EAG), passed by the Austrian parliament in early July 2021, provides for extensive decarbonisation and climate neutrality by 2040 and thus creates the framework for achieving this ambitious goal. In addition to its activities relating to electricity and gas grids, which also need to be expanded on a large scale to achieve the ambitious climate targets, as well as in electricity trading and sales, VERBUND will move into new fields of application that will play an important role in the successful implementation of the energy transition over the coming years. Examples are the development of a green hydrogen system, the advancement of electromobility and the development of storage systems. VERBUND is thus making a vital contribution to the implementation of Austria's climate strategy.

To realise VERBUND's sustainable strategy at an operational level, we made important decisions and pushed ahead with our projects in quarter 2/2021:

Flexible power plants are necessary to ensure the integration of volatile new renewable energy sources into the power grid. VERBUND will invest around half a billion euros in this area. In mid-June 2021, for example, construction of the Reißeck II+ pumped storage power plant started on the Reißeck lake plateau in Carinthia. VERBUND is currently investing €160 million in the modernisation and expansion of the Malta-Reißeck power plant group in Carinthia, in order to be able to temporarily store the increased electricity generated from renewable energy sources as a means to meeting future demand. The existence of large, flexible pumped storage power plants is fundamental to the success of the energy transition in achieving a carbon-free power supply.

The end of May 2021 also saw the completion of the acquisition of a 51 % stake in Gas Connect Austria GmbH – an important strategic milestone for VERBUND. The agreed purchase price for OMV's 51 % stake in this company is €238.7m, less the dividend distributed for financial year 2020. VERBUND will also assume any outstanding liabilities of the Gas Connect Austria Group to OMV. The acquisition of this stake not only sharpens VERBUND's business profile as the owner and operator of critical infrastructure but, due to the increased proportion of stable and regulated income and a positive trend in the KPIs, it especially puts VERBUND in an ideal position for sector coupling and development of a green hydrogen system.

VERBUND also initiated an energy cooperation with Visiolar GmbH in Germany during quarter 2/2021. With its extensive properties suited to projects that harness new renewable energy sources, Visiolar provides an extremely reliable basis on which to establish and develop these joint activities. VERBUND, together with Visiolar, is committed to supplying non-subsidised clean energy in close cooperation with farmers, local communities and residents. The stated goal is to produce energy in a sustainable and carbon-neutral manner and make it available to cities and communities at attractive prices. The cooperation partners will use up to 2,000 hectares of Visiolar's land to generate electrical energy from renewable sources, in particular solar power. It is envisaged that the projects will be progressively developed, installed and put into operation in the coming years.

VERBUND posted gratifying results for quarters 1–2/2021. EBITDA increased by 2.5 % to €654.9m, and the Group result rose by 4.5 % to €324.5m. The adjusted Group result increased by 4.7 % to €315.2m. At 0.96, the hydro coefficient for the run-of-river power plants was 4 percentage points below the long-term average and 1 percentage point above the comparative prior-year figure. Generation from annual storage power plants fell by as much as 16.0 % in quarters 1–2/2021 due to lower natural water inflows and reduced turbining. Generation from hydropower thus decreased by 430 GWh compared with the prior-year reporting period. However, the marked increase in wholesale electricity prices on the spot markets gave a boost to earnings – unlike futures market prices, which declined in the period under review. The average sales prices obtained for our own generation from hydropower thus rose by €2.2/MWh to €46.6/MWh. The first-time consolidation of Gas Connect Austria GmbH also resulted in a positive contribution to earnings.

Based on expectations of average own generation from hydropower and wind power in quarters 3–4/2021 and the opportunities and risks identified, VERBUND expects EBITDA of between around €1,310m and €1,410m and a Group result of between around €590m and €660m in financial year 2021. VERBUND's planned payout ratio for 2021 is between 45 % and 55 % of the Group result of between around €580m and €650m, after adjustment for non-recurring effects.

In an energy market environment that is developing encouragingly, VERBUND is ideally positioned for the future of energy and works together with its employees on innovations, new areas of business and acquisitions.

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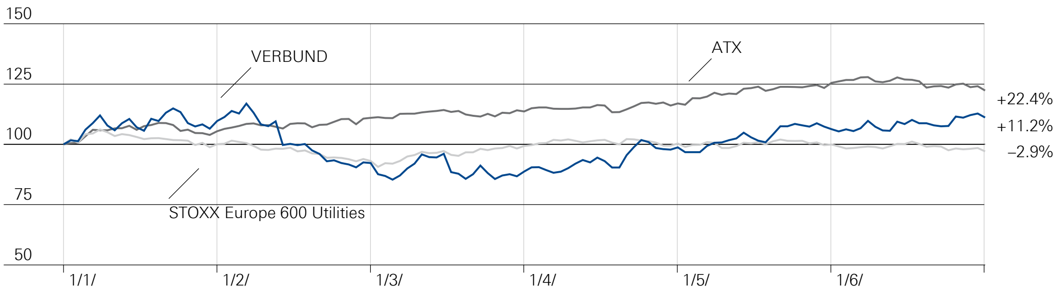
COVID-19 vaccination progress and the easing of restrictions imposed in response to the pandemic continued in quarter 2/2021, sparking an economic recovery in many countries. The United States in particular saw a real upswing, due in no small measure to the enormous fiscal and monetary policy stimulus packages. A strong economic recovery after the crisis year 2020 can be observed in Europe, too. However, the growing economic improvement is already leading to bottlenecks for precursors and in the transport sector, as well as to labour shortages. Inflation rates are likewise rising and economic institutes have been raising their forecasts of these. Higher energy prices and more expensive services are the main driving forces here.

The capital markets showed strong growth in quarters 1–2/2021, mainly in the USA, though also in Europe. The impact of the emerging supply chain bottlenecks, rising inflation and new COVID-19 mutations after the summer remains to be seen, however.

The US benchmark index Dow Jones Industrial Average ended quarters 1–2/2021 up 12.7 %. The Euro Stoxx 50 surpassed this performance, closing 14.4 % higher than at year-end 2020. The Japanese benchmark index Nikkei 225 finished the reporting period with an increase of 4.9 % on 31 December 2020. The price gain in the MSCI Emerging Markets Index amounted to 6.5 % at the 30 June 2021 reporting date.

VERBUND share price: relative performance 2021



Upcoming dates:
Results for
quarters 1–3/2021:
4 November 2021

The performance of VERBUND shares in quarter 1/2021 was characterised by high inflows and outflows in exchange traded funds (ETFs) in connection with clean energy. In quarter 2/2021, the shares benefited from a continuous improvement in the energy market environment. After reaching their high in early February 2021, the shares experienced a sharp correction which lasted until the beginning of March, followed by a volatile sideways movement until the end of quarter 1/2021. Prices then climbed at a steady pace, fuelled by high gas prices and rising prices for CO_2 emission rights, but also by the upcoming regulatory decisions at EU level aimed at stepping up decarbonisation efforts in Europe. VERBUND shares ended quarters 1–2/2021 trading at €77.7 as at 30 June 2021, up 11.2 % compared with year-end 2020. The shares thus underperformed against the Austrian ATX (+22.4 %) but outperformed the STOXX Europe 600 Utilities sector index (–2.9 %).

KPIs – shares

	Unit	Q1–2/2020	**Q1–2/2021**	Change
Share price high	€	50.1	81.7	63.1 %
Share price low	€	29.0	59.6	105.2 %
Closing price	€	39.9	77.7	94.8 %
Performance	%	– 10.9	11.2	–
Market capitalisation	€m	13,848.0	26,976.8	94.8 %
ATX weighting	%	7.5	9.7	–
Value of shares traded	€m	2,463.6	4,542.9	84.4 %
Shares traded per day	Shares	487,215	527,038	8.2 %

Interim Group management report

Business performance

Electricity supply and sales volume

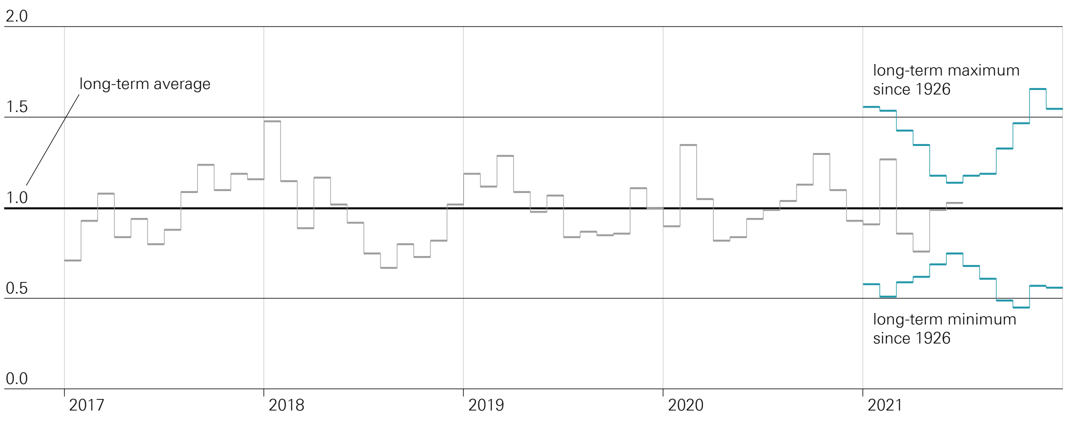
Group electricity supply GWh

	Q1–2/2020	Q1–2/2021	Change
Hydropower[1]	14,992	14,561	–2.9%
Wind power	515	444	–13.8%
Solar power	0.2	1.0	–
Thermal power	676	217	–67.9%
Own generation	16,182	**15,223**	–5.9%
Electricity purchased for trading and sales	14,989	13,486	–10.0%
Electricity purchased for grid loss and control power volumes	1,793	1,786	–0.4%
Electricity supply	32,964	**30,495**	–7.5%

[1] including purchase rights

VERBUND's own generation decreased by 959 GWh, or 5.9%, to 15,223 GWh in quarters 1–2/2021 compared with the same period of 2020. Generation from hydropower fell by 430 GWh versus the prior-year reporting period. At 0.96, the hydro coefficient for the run-of-river power plants was 4 percentage points below the long-term average and 1 percentage point above the comparative prior-year figure. Generation from annual storage power plants fell by as much as 16.0% in quarters 1–2/2021 due to lower natural water inflows and reduced turbining.

Hydro coefficient (monthly averages)



The volume of electricity generated by VERBUND's wind power installations in quarters 1–2/2021 was 71 GWh lower than the comparative prior-year figure, with reduced volumes in Germany, Romania and Austria. Electricity generated by photovoltaic installations totalled 1.0 GWh in quarters 1–2/2021.

Generation from thermal power plants decreased by 459 GWh in quarters 1–2/2021. The Mellach combined cycle gas turbine power plant (Mellach CCGT) produced 125 GWh less electricity in the reporting period due to reduced use for congestion management compared with the previous year. The volume of electricity generated at the Mellach district heating plant in quarters 1–2/2021 was negligible. As a result, generation fell by 334 GWh year-on-year.

Purchases of electricity from third parties for trading and sales declined by 1,503 GWh in quarters 1–2/2021. Electricity purchased from third parties for grid loss and control power volumes likewise decreased slightly, dropping by 7 GWh in the reporting period.

Group electricity sales volume and own use GWh

	Q1–2/2020	**Q1–2/2021**	Change
Consumers	6,736	7,023	4.3 %
Resellers	14,366	13,100	–8.8 %
Traders	9,836	8,510	–13.5 %
Electricity sales volume	30,938	**28,632**	–7.5 %
Own use	1,627	1,357	–16.6 %
Control power	399	506	26.8 %
Electricity sales volume and own use	32,964	**30,495**	–7.5 %

VERBUND's electricity sales volume fell by 2,306 GWh, or 7.5 %, in quarters 1–2/2021. While sales to consumers rose – the customer base at 30 June 2021 comprised around 523,000 electricity and gas customers – sales to resellers fell by 1,267 GWh and sales to traders by 1,327 GWh. In sales to traders, this is mainly attributable to lower delivery volumes to international customers, whereas in sales to resellers it is largely due to a fall in delivery volumes to domestic customers. Own use of electricity declined by 270 GWh in quarters 1–2/2021. This decrease is attributable to reduced operation of the Group's power plants in turbining mode, among other things.

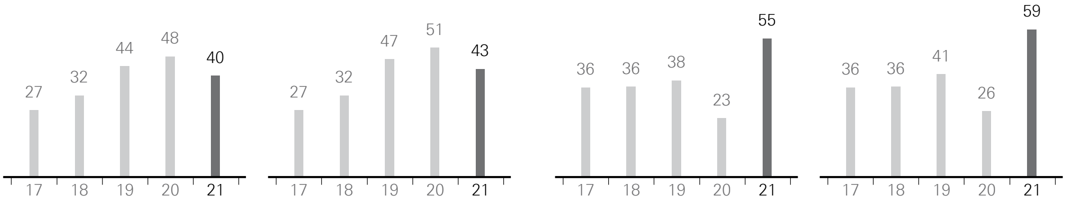
Electricity sales by country GWh

	Q1–2/2020	**Q1–2/2021**	Change
Austria	16,909	16,060	–5.0 %
Germany	11,337	10,110	–10.8 %
France	2,296	2,083	–9.3 %
Others	396	379	–4.5 %
Electricity sales volume	30,938	**28,632**	–7.5 %

Approximately 56 % of the electricity sold by VERBUND in quarters 1–2/2021 went to the Austrian market. The German market, which accounted for around 80 % of all volumes sold abroad in quarters 1–2/2021, was VERBUND's largest foreign market for its international trading and sales activities.

Electricity prices

Futures prices €/MWh — Front Year Base DE; Front Year Base AT
Spot market prices €/MWh for quarters 1–2 — Spot Base DE; Spot Base AT



Futures prices traded in the year before supply. The years stated are the respective years of supply. 2017–2018: Market area Germany/Austria. Starting 2019: Market area Germany or Austria respectively.
Spot prices 2017–2018: Market area Germany/Austria. Starting 2019: Market area Germany or Austria respectively. Average prices.

Source: EEX, EPEX Spot

VERBUND contracted for most of its own generation for 2021 on the futures market back in 2019 and 2020. Ever since the split of the joint German-Austrian price zone in October 2018, separate, higher prices have prevailed in Austria. Prices for AT 2021 front-year base load contracts (traded in 2020) averaged €42.8/MWh, and prices for DE 2021 front-year base load contracts averaged €40.2/MWh. Futures market prices thus decreased year-on-year by 16.4 % (AT) and 16.0 % (DE).

Front-year peak load (AT) contracts traded at an average of €52.0/MWh and front-year peak load (DE) contracts traded at an average of €49.0/MWh. Futures market prices in this area thus also decreased year-on-year by 16.3 % (AT) and 14.9 % (DE). The declines are mainly attributable to the COVID-19 pandemic.

Following the sharp drop in the previous year due to COVID-19, wholesale trading prices for electricity on both the Austrian and German spot markets rallied significantly in quarters 1–2/2021. Prices for base load electricity increased by an average of 123.9 % to €58.5/MWh in Austria and by 134.7 % to €54.9/MWh in Germany. Prices for peak load rose by 119.4 % to €67.5/MWh in Austria and by 118.6 % to €62.3/MWh in Germany.

Financial performance

Results

€m

	Q1–2/2020	Q1–2/2021	Change
Revenue	1,714.0	1,001.4	–41.6%
EBITDA	639.0	654.9	2.5%
Operating result	435.2	459.1	5.5%
Group result	310.4	324.5	4.5%
Earnings per share in €	0.89	0.93	4.5%

Electricity revenue

VERBUND's electricity revenue declined by €723.3m to €660.4m in quarters 1–2/2021. The measurement of electricity derivatives through profit or loss resulting from the sharp rise in wholesale prices for electricity had a material negative impact on electricity revenue. Offsetting measurement effects are also reflected in the expenses for the purchase of electricity in nearly the same amount. Further details on the measurement effects are presented in the notes to the consolidated interim financial statements. In terms of quantities, electricity sales volumes decreased by 2,306 GWh, or 7.5%, year-on-year. By contrast, the average sales prices obtained for our own generation from hydropower rose by €2.2/MWh to €46.6/MWh. This increase is attributable to significantly higher prices on the spot markets in the wholesale market for electricity, as opposed to futures market prices, which declined in the period under review.

Grid revenue

Grid revenue increased by €31.2m to €282.1m in quarters 1–2/2021 compared with the prior-year period. This is mainly attributable to increases in revenues from balancing services and to higher national tariff revenue resulting from volume effects. Conversely, international grid usage fees decreased, due in particular to auctioning off of cross-border capacities. The first-time consolidation of Gas Connect Austria GmbH, acquired with effect from 31 March 2021, also increased revenue. Further details on Gas Connect Austria GmbH are presented in the notes to the consolidated interim financial statements.

Other revenue and other operating income

Other revenue decreased by €20.5m to €59.0m. District heating revenue – due to the termination of the long-term agreement to supply district heating to the city of Graz with effect from 30 June 2020 – and revenue from the sale of green electricity certificates were down. Other operating income rose by €0.8m to €36.3m. This increase stems from an increase in own work capitalised.

Expenses for electricity, grid, gas and certificates purchases

Expenses for electricity, grid, gas and certificates purchases fell considerably by €724.5m to €51.4m. The measurement of electricity derivatives through profit or loss resulting from the sharp rise in wholesale prices for electricity significantly reduced expenses. Offsetting measurement effects in almost the same amount are presented under revenue. Further details on the measurement effects are presented in the notes to the consolidated interim financial statements. The volume of electricity purchased from third parties for trading and sales as well as for grid losses and control power additionally declined by a total of 1,510 GWh. Expenses for electricity purchases thus decreased by €709.8m compared with the previous year. Expenses for grid purchases fell by €2.5m and expenses for gas purchases by €10.3m.

Fuel expenses

Fuel and other usage-/revenue-dependent expenses decreased by €32.1m to €15.6m. The discontinuation of coal-fired generation at the Mellach district heating power plant with effect from 31 March 2020 significantly reduced coal expenses. Gas consumption fell due to the reduced use of the Mellach CCGT for congestion management (for details please refer to the section entitled Electricity supply and sales volumes). By contrast, gas prices rose. The lower fuel expenses were also due to lower expenses for emission rights attributable to the decrease in generation.

Personnel expenses

Personnel expenses increased by €14.3m year-on-year to €190.9m. The increase is attributable to new hires for the implementation of strategic growth projects and to the consolidation of Gas Connect Austria GmbH. The 1.5 % rise in pay rates under the collective bargaining agreement and the additions to provisions for unused leave also increased personnel expenses.

Other operating expenses

Other operating expenses rose by €14.6m to €124.9m. The increase is due to a rise in goods and services purchased from third parties, higher legal, audit and consulting expenses as well as higher IT expenses. Other operating expenses were also up on account of the first-time consolidation of Gas Connect Austria GmbH.

EBITDA

As a result of the above-mentioned factors, EBITDA increased by 2.5 % to €654.9m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €6.0m to €195.3m. Along with the first-time consolidation of Gas Connect Austria GmbH, this is due in particular to an increase in the investment volume. A usage-based decrease in depreciation charged on the Mellach CCGT as a result of its reduced use for congestion management had an offsetting effect.

Impairment losses

The insignificant impairment losses of €0.5m in quarters 1–2/2021 (Q1–2/2020: €14.6m) related to a wind farm project in Austria.

Result from interests accounted for using the equity method

The result from interests accounted for using the equity method decreased by €1.5m to €23.8m. The decline was mainly due to the earnings contributions from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft in the amount of €24.3m (Q1–2/2020: €25.8m).

Interest income and expenses

Interest income increased by €3.3m to €19.3m compared with quarters 1–2/2020. Interest expenses fell by €4.8m to €37.9m, due in particular to the decrease in interest payments on bonds. The positive effects from the repayments of principal in financial year 2020 outweigh the negative effects from the issue of a €500m bond in April 2021 and the first-time consolidation of the debt of Gas Connect Austria GmbH.

Other financial result

The other financial result fell by €1.6m to €18.4m in quarters 1–2/2021. This decrease can be attributed primarily to the measurement of an obligation to return an interest (€–13.5m) relating to the Jochenstein power plant on the Danube River. The measurement of securities funds through profit or loss in accordance with IFRS 9 had a positive effect, however (€+11.1m).

Group result

After taking account of an effective tax rate of 23.6% and non-controlling interests in the amount of €46.0m, the Group result amounted to €324.5m. This represents an increase of 4.5% compared with the previous year. Earnings per share amounted to €0.93 (Q1–2/2020: €0.89) for 347,415,686 shares.

Financial position

Consolidated balance sheet (condensed)

€m

	31/12/2020	Share	**30/6/2021**	**Share**	Change
Non-current assets	11,351.9	94 %	12,319.8	90 %	8.5 %
Current assets	702.3	6 %	1,349.5	10 %	92.1 %
Total assets	12,054.2	100 %	**13,669.2**	**100 %**	13.4 %
Equity	6,873.9	57 %	6,897.4	50 %	0.3 %
Non-current liabilities	4,045.4	34 %	4,639.3	34 %	14.7 %
Current liabilities	1,134.8	9 %	2,132.5	16 %	87.9 %
Equity and liabilities	12,054.2	100 %	**13,669.2**	**100 %**	13.4 %

Assets

The rise in non-current assets compared with 31 December 2020 is mainly attributable to the increase in property, plant and equipment and interests accounted for using the equity method in connection with the first-time consolidation of Gas Connect Austria GmbH as at 31 May 2021. The other additions to property, plant and equipment of €248.0m were reduced by depreciation of €172.2m. The main additions to property, plant and equipment related to capital expenditure for the Austrian transmission grid and replacement investments at Austrian and German hydropower plants. The considerable increase in current assets was primarily the result of higher positive fair values for derivative hedging transactions in the electricity business resulting from the sharp increase in wholesale prices for electricity.

Equity and liabilities

The change in equity is mainly attributable to the profit for the period generated in quarters 1–2/2021 and the increase in equity attributable to non-controlling interests as a consequence of the first-time consolidation of Gas Connect Austria GmbH, offset by negative effects from the measurement of cash flow hedges recognised in other comprehensive income that reduce equity and the dividend distribution by VERBUND AG. The increase in current and non-current liabilities was primarily the result of higher negative fair values for derivative hedging transactions in the electricity business arising from the sharp increase in wholesale prices for electricity, as well as the €500m Green and Sustainability-linked Bond issued in quarter 2/2021 and higher financial liabilities in connection with the acquisition of Gas Connect Austria GmbH. Lower liabilities for outstanding invoices for investments had a counteracting effect.

Cash flows

Cash flow statement (condensed) €m

	Q1–2/2020	**Q1–2/2021**	Change
Cash flow from operating activities	584.6	426.4	–27.1 %
Cash flow from investing activities	–263.7	–565.9	–
Cash flow from financing activities	–322.2	144.1	–
Change in cash and cash equivalents	–1.2	4.6	–
Cash and cash equivalents as at 30/6/	43.4	**53.8**	23.9 %

Cash flow from operating activities

Cash flow from operating activities amounted to €426.4m in quarters 1–2/2021, down €158.2m on the prior-year figure. In addition to changes in working capital, the difference was chiefly due to higher margining payments for hedging transactions in the electricity business resulting from the sharp increase in wholesale prices for electricity; these are provided as security for open positions held with exchange clearing houses. The higher revenue from grid usage fees had an offsetting effect.

Cash flow from investing activities

Cash flow from investing activities amounted to €–565.9m in quarters 1–2/2021 (Q1–2/2020: €–263.7m). The change compared with quarters 1–2/2020 was mainly attributable to the acquisition of Gas Connect Austria GmbH (€–230.5m) and a higher cash outflow from capital expenditure for intangible assets and property, plant and equipment (€–74.1m).

Cash flow from financing activities

Cash flow from financing activities amounted to €+144.1m in quarters 1–2/2021, representing a change of €+466.3m. This resulted primarily from the cash inflow generated by the issue of the Green and Sustainability-linked Bond (€+489.1m), from the change in payments from money market transactions (€+260.1m) and from lower repayments of lease liabilities (€+5.6m). The higher cash outflow for dividends (€–280.0 million) had a counteracting effect. This effect largely resulted from the shift in the payment of the dividend for the previous year to quarter 3/2020. The cash outflow from the repayment of financial liabilities also rose (€–8.4m).

Opportunity and risk management

Operating result

Principally the volatility of generation volumes, caused by fluctuations in the water supply (because hydrological conditions cannot be controlled), but also the volatility of electricity prices may lead to potential changes in the operating result. Increased or reduced marketing of control power and congestion management can also lead to revenue fluctuations in terms of the transmission grid, as can regulatory effects. Due to the first-time consolidation of Gas Connect Austria GmbH in the reporting period, potential fluctuations in revenue or costs in relation to the long-distance gas pipeline or gas distribution network could equally impact on the operating result. It is also possible that changes in the operating environment and ongoing judicial proceedings will bring about measurement-related adjustments of VERBUND's assets or changes in provisions.

Financial result

Potential fluctuations in the financial result are determined by the following factors: the volatility of investment income, measurement effects on the balance sheet arising from changes in market prices and interest rates, and potential expenses from collateral provided being called in.

Sensitivities

All else remaining equal, any changes in the factors shown below would be reflected in the projected Group result for full-year 2021 as follows (based on the hedging status as at 30 June 2021 for generation volumes and interest rates):

- +/– 1 % in generation from hydropower: €+/– 6.9m
- +/– 1 % in generation from wind power: €+/– 0.3m
- +/– 1€/MWh in wholesale electricity prices (renewable generation): €+/– 1.9m
- +/– 1 percentage point in interest rates: €+/– 1.7m

Significant transactions with related parties requiring disclosure are presented in the selected explanatory notes.

Outlook

VERBUND's earnings performance is significantly influenced by the following factors: ongoing developments in the energy market, changes in wholesale prices for electricity, the Group's own generation from hydropower and wind power and the earnings contribution from flexibility products. In addition, further – unforeseeable – developments in the COVID-19 crisis may impact earnings performance.

In line with our hedging strategy for own generation, we already contracted for around 88 % of our planned own generation of electricity from hydropower for 2021 as at 30 June 2021. The average price obtained was €47.3/MWh. For those volumes not yet hedged, we have based our planning on the current market prices. The performance of own generation depends largely on the water supply.

Assuming an average level of own generation from hydropower and an average wind supply in the second half of the year, and in light of the opportunities and risks identified, we expect EBITDA for financial year 2021 to amount to between approximately €1,310m and €1,410m and the Group result to be between approximately €590m and €660m. The planned payout ratio for 2021 is between 45 % and 55 % of the Group result of between around €580m and €650m, after adjustment for non-recurring effects.

Segment report

Hydro segment

Generation from hydropower is reported under the Hydro segment.

KPIs – Hydro segment

	Unit	Q1–2/2020	Q1–2/2021	Change
Total revenue	€m	599.6	611.8	2.0 %
EBITDA	€m	444.2	444.1	0.0 %
Result from interests accounted for using the equity method	€m	0.4	0.1	–
Capital employed	€m	5,948.5	5,922.0	–0.4 %

The increase in total revenue is mainly due to higher average prices obtained for electricity on the whole. On account of lower generation from storage power plants with only a slight increase in generation from run-of-river power plants, generation volumes were low overall. The hydro coefficient for the run-of-river power plants was 0.96, compared with 0.95 in quarters 1–2/2020.

The change in capital employed was mainly due to higher deferred tax liabilities and a decrease in financial assets, while working capital and property, plant and equipment rose.

Current information on the Hydro segment

Current hydropower projects

In addition to ongoing power plant operations, work on current new build, expansion and rehabilitation projects continued in quarters 1–2/2021 in compliance with the health and safety precautions in place due to the COVID-19 pandemic.

In the project to expand and improve efficiency in Töging, concreting work around the powerhouse block and at the Jettenbach weir was continued, among other activities. Assembly work on generator set 1 was also continued. In addition, the turbine impeller was assembled in May 2021. All work is progressing on schedule.

In the Kaprun-Oberstufe rehabilitation project, trial operation on generator set 2 was temporarily halted in quarter 2/2021 due to heat build-up in the generator. However, generator set 2 can continue to be used almost completely with few restrictions until this defect is remedied under warranty in quarter 3/2021. Furthermore, pre-assembly began for the modernisation of generator set 1 planned from quarter 3/2021.

In the Malta-Oberstufe rehabilitation project, trial operation of generator set 1 was completed in quarter 2/2021. May 2021 also saw work begin on the dismantling of generator set 2. As regards the pump modernisation of generator set 2 at the Malta-Hauptstufe power plant, commissioning is set for July 2021 onwards. In the new Reißeck pumping station, assembly work is currently under way for the commissioning in quarter 3/2021.

In the Ottensheim-Wilhering rehabilitation project, trial operation of the first of nine generator sets (generator set 5) also started at the beginning of May, and trial operation of generator set 3 in the Ybbs rehabilitation project began in June.

In quarters 1–2/2021, the main contracts for the construction of the Gratkorn power plant on the Mur River were awarded and preparations for initial construction activities (including the clearing, planned for autumn 2021) were carried out. Construction is due to start at the beginning of 2022.

Construction work is under way for the Reißeck II+ project, and in June 2021 the tunnel-breaking was celebrated in compliance with the applicable COVID-19 regulations.

In the Limberg III project, construction work began immediately after construction approval was given in March 2021. Boring of the drainage tunnel and installation of the construction site at Moserboden are currently in progress.

On the environmental side, the commissioning of the fish pass in Abwinden-Asten took place in quarter 2/2021 and work on the fish passes in Altenwörth and Ferlach was continued.

New renewables segment

We report on our wind and solar power activities in the New renewables segment.

KPIs – New renewables segment

	Unit	Q1–2/2020	**Q1–2/2021**	Change
Total revenue	€m	58.3	**49.8**	–14.5 %
EBITDA	€m	35.0	**24.4**	–30.1 %
Result from interests accounted for using the equity method	€m	0.0	**0.0**	–
Capital employed	€m	410.5	**407.1**	–0.8 %

The decrease in total revenue and the drop in EBITDA were largely attributable to lower generation volumes as well as to lower average prices obtained for electricity sales from the wind farms. The new renewables coefficient was 0.91 (Q1–2/2020: 1.06).

The decline in capital employed is largely due to lower current receivables and higher deferred tax liabilities, offset by an increase in property, plant and equipment.

Current projects in the New renewables segment

Most of the orders for the 1.7 MWp open-field solar installation in Mitterkirchen were placed and the necessary clearing work was performed at the beginning of 2021. Construction of the installation kicked off in mid-May, and the plant is scheduled to come on stream in August 2021.

By order of VERBUND Energy4Business GmbH (VEB), VERBUND Green Power GmbH (VGP) was engaged in quarter 2/2021 to perform the construction as well as the maintenance and monitoring of rooftop or open-field solar installations at industrial customers in Austria.

In addition to the current construction projects, further spaces of around 4 hectares were secured in Austria.

In terms of project development and asset acquisition, intensive work also continued on the implementation of the extensive wind power and solar power project pipeline in and outside Austria. In the course of the project partnership with EFI/Felix Nova GmbH, work continued on the development of wind power projects in West Germany, among others. The portfolio currently comprises eight wind farms with a potential capacity of up to 78 MW. In addition, acquisition of existing wind power installations with a capacity of around 35 MW is currently being looked into in Romania.

Another project partnership to develop large-scale open-field solar installations in Brandenburg was agreed with JLW/Visiolar. The cooperation agreement was signed at the end of 2020 and the appendix for the spaces to be developed was signed in April 2021. In recent months, the internal project structure has been established and development of individual projects from the portfolio has been advanced. As things stand today, the portfolio has potential spaces of up to 2,000 hectares.

Further projects in Spain are also being considered. In this respect, a cooperation agreement for the development of open-field solar installations with a potential capacity of up to 100 MWp is planned as a first step.

Sales segment

The Sales segment comprises VERBUND's trading and sales activities and its energy services.

KPIs – Sales segment

	Unit	Q1–2/2020	Q1–2/2021	Change
Total revenue	€m	1,349.0	608.8	–54.9 %
EBITDA	€m	33.5	55.7	66.3 %
Result from interests accounted for using the equity method	€m	–1.0	–0.7	–
Capital employed	€m	133.5	400.1	–

The sharp drop in total revenue is mainly attributable to the result from the measurement of energy derivatives, which led to significantly lower electricity revenue and to lower electricity purchases in quarters 1–2/2021, while negative measurement effects were substantially lower in quarters 1–2/2020. The improvement in EBITDA chiefly results from the overall positive effect from the measurement of energy derivatives. The higher sales of electricity and gas to consumers, due in particular to higher sales volumes, also had a positive effect. The rise in capital employed is primarily attributable to higher deferred tax assets, higher trade receivables as well as guarantees in electricity trading and higher inventory of emission rights.

Current information on B2B activities

Sales activities continue to focus on expanding VERBUND's position as one of the leading providers of innovative green electricity and flexibility products as well as energy services and on marketing renewable energy (particularly wind, solar and small-scale hydropower).

The expanded range of products and services is supplemented by innovative projects and cooperation models involving large-scale batteries/battery storage units and green hydrogen.

In the EU-sponsored H2FUTURE project, quasi-commercial operation for production of green hydrogen for the voestalpine steel plant including participation in balancing energy markets was successfully continued. The project was extended by another six months until the end of 2021 so as to build up more operational experience and make up for delays caused by the COVID-19 pandemic, among other things.

VERBUND also works in a cross-sectoral project with industrial companies in Austria with the objective of producing carbon-free plastics based on green hydrogen and CO_2 from cement production. The technical design concept, project implementation schedule and feasibility analysis were updated in quarters 1–2/2021 and the project was submitted for the second EU Innovation Fund call. The project partners also founded a joint project development company – C2PAT GmbH & Co KG – on 2 July 2021.

In the SYNERG-E industrial-scale battery project, the battery storage system installed in Heppenheim is currently in the prequalification process for the marketing of control power. Two further battery storage systems in Germany (in Bergkirchen and Kaltenkirchen) are already in trial operation for capping peak loads at a local level. Besides this use, the batteries at the five completed Austrian sites are also in their intended mode of operation (control energy/intraday marketing and local peak shaving). Another

SYNERG-E location in Wiener Neustadt, Austria, is currently in the detailed planning stage and is expected to be implemented in quarter 4/2021.

In addition, VERBUND offers photovoltaic systems under a contracting model for industrial and commercial customers in Austria and Germany. These are either rooftop or open-field solar installations where the customer consumes over 90% of the electricity generated. In quarter 2/2021, the extensive project pipeline was further expanded in this connection.

Also in quarter 2/2021, SMATRICS (VERBUND share: 40%) further built on its position as a leading international e-mobility supplier with a focus on infrastructure, provision of services and IT. The expansion of the product portfolio and the growing importance of high-power infrastructure and electrified fleets enabled new customers from different industries (including municipal utilities, filling stations and the automotive sector) to be acquired in Germany and Austria. At the same time, the number of employees – especially in technical functions – was increased to currently 65.

The public charging network SMATRICS EnBW was also enlarged in the reporting period through the addition of high-calibre sites on major transport routes. By the end of 2021, 100 new HPC charging points with up to 300 kW will be installed along motorways and in city-centre locations. Besides the stations in the SMATRICS EnBW network, 77,000 charging points in 22 countries can now be accessed with the SMATRICS charging card.

Current information on B2C activities

Gross acquisitions rose by around 60% in quarter 2/2021 compared with the same period in 2020. VERBUND's attractive products and a certain COVID-19 catch-up effect helped to win over more customers. The customer base at the end of June 2021 stood at approximately 523,000 customers.

Grid segment

The Grid segment comprises the activities of Austrian Power Grid AG (APG) as well as those of Gas Connect Austria GmbH (GCA).

KPIs – Grid segment

	Unit	Q1–2/2020	Q1–2/2021	Change
Total revenue	€m	363.4	403.3	11.0%
EBITDA	€m	122.0	130.6	7.0%
Result from interests accounted for using the equity method	€m	0.0	0.0	–
Capital employed	€m	1,502.3	2,616.4	74.2%

Starting from the reporting period, the Grid segment also includes the companies Gas Connect Austria GmbH and Austrian Gas Grid Management AG, which were consolidated for the first time as at 31 May 2021.

Total revenue increased, which aside from the companies consolidated for the first time was due in particular to higher national grid usage fees, while revenue from auctioning off of cross-border capacity decreased. The rise in EBITDA is primarily attributable to the earnings contributions from Gas Connect Austria GmbH and Austrian Gas Grid Management AG.

The increase in capital employed mainly resulted from the rise in property, plant and equipment and in the result from interests accounted for using the equity method in connection with the first-time consolidation of Gas Connect Austria GmbH, as well as from the rise in property, plant and equipment through the net investment by APG, offset by higher non-interest-bearing debt.

Current information on the Grid segment – Austrian Power Grid AG

Security of supply and congestion management

As in the previous quarters, action had to be taken at Austrian power plants in quarter 2/2021 to manage congestion both within and outside the APG grid.

Tariff regulation

The 2021 cost calculation process for the current financial year was initiated on 22 February 2021. Two lists of requirements that are essentially the same as in the previous year were also processed in quarter 2/2021.

Conductor replacement on the 220-kV line from Tauern to Weißenbach completed

The replacement of conductors required for grid operations was completed by the end of quarter 2/2021. The line has been reconnected and can now be operated with a thermal rating.

Network Development Plan 2021 – consultation

APG’s Network Development Plan for 2021 was prepared and was available for consultation on the APG website until mid-July 2021. The Renewable Energy Development Act (EAG) will lead to large-scale expansion of renewable energy sources by 2030. This will entail 20 new greenfield substations and other necessary grid expansion (line projects) by APG up until 2030.

Current information on the Grid segment – Gas Connect Austria GmbH

Gas flows

In quarter 2/2021, gas flows were around 18 % lower than in the prior-year quarter. With wholesale prices up significantly year-on-year and a shortage of natural gas, cross-border gas spreads were very low or non-existent.

Regulation

E-Control approved the Network Development Plan 2021–2030. In the course of the tariff review process in the distribution area, the relevant documents were also submitted to E-Control for review.

Hydrogen

The reports of the European Hydrogen Backbone initiative were presented in April and June 2021 and provide an outline for possible development of a pan-European hydrogen infrastructure by 2040. In addition, they address production and consumption of hydrogen across Europe until 2050 and expected transport costs for hydrogen.

Legal developments

A number of new legal frameworks are at the consultation stage or in final negotiations, examples being the Renewable Energy Development Act (EAG) in Austria (agreement was reached in the National Council at the beginning of July 2021) and, at a European level, the recast of the Regulation on guidelines for trans-European energy infrastructure (TEN-E).

All other segments

"All other segments" is a combined heading under which the Thermal generation segment, Services segment and Equity interests segment are brought together given that they are below the quantitative thresholds.

KPIs – All other segments

	Unit	Q1–2/2020	Q1–2/2021	Change
Total revenue	€m	103.0	65.4	–36.4 %
EBITDA	€m	19.6	20.6	5.3 %
Result from interests accounted for using the equity method	€m	25.8	24.3	–5.9 %
Capital employed	€m	492.7	500.6	1.6 %

The lower total revenue is mainly attributable to the reduced use of the Mellach CCGT for congestion management, as well as to decreased generation of electricity by the Mellach district heating plant owing to the discontinuation of coal-fired generation. Due to the fact that the use of fuels also decreased, EBITDA remained almost level with the previous year. The result from interests accounted for using the equity method was generated by KELAG-Kärntner Elektrizitäts-Aktiengesellschaft.

The increase in capital employed is chiefly attributable to the increased equity interest in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft due to the result from interests accounted for using the equity method, which is offset by lower property, plant and equipment resulting in particular from the impairment losses recognised on the Mellach CCGT in quarter 4/2020 and from a smaller portfolio of emission rights.

Current information on the Thermal generation segment

In quarter 2/2021, the Mellach CCGT and the Mellach district heating power plant were used to guarantee security of supply. The necessary audits of the facilities were also successfully completed.

After the call for expressions of interest had ended, VERBUND Thermal Power GmbH & Co KG (VTP) was also invited by APG in quarter 2/2021 to submit an offer with a view to providing further support for congestion prevention. VTP subsequently submitted its offers to APG in due time on 18 June for the period from 1 October 2021 to 30 September 2023 at the latest.

The goal of expanding the Mellach/Werndorf site into a technology and innovation centre or a “power plant of the future” was likewise pursued further in the reporting period.

Current information on the Services segment

Crisis management work within the Group in quarters 1–2/2021 continued to focus on management of the COVID-19 crisis by crisis teams to ensure continued operation of critical infrastructure. In this connection, a wide variety of measures were implemented, such as COVID-19 testing lanes, provision of operating resources and even self-testing. Particular emphasis was placed on the COVID-19 vaccinations at different VERBUND sites. Some 1,700 employees took advantage of the opportunity to get their first COVID-19 vaccine during the second half of May. In addition, the site protection concepts are continuously being adapted accordingly based on the measures adopted by the Austrian federal government.

The migration to SAP S/4 Hana is also on schedule. The design phase will be successfully completed by the end of July 2021 in adherence to the project schedule and the tight project budget. The tender for the implementation phase, which is scheduled to begin in early 2022, is currently being carried out.

In IT services, relocation to the new data centre at the Bisamberg substation was completed in quarter 2/2021 without disruption to regular operations. After the current area was returned to InterXion in a clean sweep, the project was completed.

In telecommunications, the telecommunications development of the construction site facilities for the Limberg III project was commenced in quarter 2/2021. In transmission technology, the expansion of the dense wavelength division multiplexing (DWDM) network was continued. 75% of the upgrade of the company radio system has been completed and this is already in operation. Fine-tuning is currently taking place.

Current information on the Equity interests segment

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

KELAG's contribution to the result from interests accounted for using the equity method was €24.3m in quarters 1–2/2021 (Q1–2/2020: €25.8m). In 2021 to date, the extended COVID-19 crisis has had only minor effects on the business of the KELAG Group. Based on current business performance, the result for 2021 as a whole is therefore expected to be at the prior-year level.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 30 June 2021 and authorisation for issue on 27 July 2021.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–2/2020	**Q1–2/2021**	Q2/2020	**Q2/2021**
Revenue		1,714.0	**1,001.4**	456.7	**327.3**
Electricity revenue	1	1,383.6	660.4	323.5	163.8
Grid revenue	1	250.9	282.1	108.2	143.0
Other revenue	1	79.5	59.0	25.0	20.4
Other operating income		35.5	36.3	20.0	19.4
Expenses for electricity, grid, gas and certificates purchases	2	–775.9	–51.4	–16.8	175.5
Fuel expenses and other usage-/revenue-dependent expenses	3	–47.7	–15.6	–8.3	–3.6
Personnel expenses	4	–176.6	–190.9	–89.5	–100.9
Other operating expenses		–110.3	–124.9	–54.1	–65.5
EBITDA		639.0	**654.9**	308.0	**352.3**
Depreciation and amortisation	5	–189.3	–195.3	–94.6	–100.6
Impairment losses		–14.6	–0.5	–14.5	–0.5
Operating result		435.2	**459.1**	199.0	**251.2**
Result from interests accounted for using the equity method	6	25.2	23.8	15.1	17.6
Other result from equity interests		1.5	2.1	0.6	1.1
Interest income	7	16.0	19.3	8.0	8.2
Interest expenses	8	–42.6	–37.9	–21.2	–19.8
Other financial result	9	20.1	18.4	27.3	15.9
Impairment losses		–0.8	0.0	–0.8	0.0
Financial result		19.3	**25.7**	29.1	**23.0**
Profit before tax		454.5	**484.8**	228.1	**274.1**
Taxes on income		–101.6	–114.3	–51.3	–65.6
Profit for the period		352.9	**370.5**	176.7	**208.6**
Attributable to the shareholders of VERBUND AG (Group result)		310.4	324.5	153.9	179.8
Attributable to non-controlling interests		42.5	46.0	22.8	28.7
Earnings per share in €[1]		0.89	**0.93**	0.44	**0.52**

[1] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1–2/2020	**Q1–2/2021**	Q2/2020	**Q2/2021**
Profit for the period		352.9	**370.5**	176.7	**208.6**
Remeasurements of net defined benefit liability	10	40.9	52.1	41.5	52.3
Measurements of financial instruments		0.0	0.0	0.0	0.0
Other comprehensive income from interests accounted for using the equity method		–5.6	0.4	0.0	0.0
Total of items that will not be reclassified subsequently to the income statement		35.4	**52.5**	41.5	**52.3**
Differences from currency translation		–2.4	–2.3	–0.6	–0.1
Measurements of cash flow hedges		–36.4	–349.4	–181.8	–261.2
Other comprehensive income from interests accounted for using the equity method		–0.9	0.1	0.0	0.0
Total of items that will be reclassified subsequently to the income statement		–39.6	**–351.6**	–182.4	**–261.3**
Other comprehensive income before tax		–4.3	**–299.1**	–140.9	**–209.0**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		–10.6	–13.3	–10.7	–13.3
Taxes on income relating to items that will be reclassified subsequently to the income statement		9.1	87.3	45.4	65.3
Other comprehensive income after tax		–5.8	**–225.0**	–106.2	**–157.0**
Total comprehensive income for the period		347.1	**145.5**	70.5	**51.6**
Attributable to the shareholders of VERBUND AG		301.3	94.4	44.3	17.8
Attributable to non-controlling interests		45.8	51.1	26.2	33.8

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2020	30/6/2021
Non-current assets		11,351.9	**12,319.8**
Intangible assets		668.2	696.9
Property, plant and equipment		9,407.6	10,191.1
Right-of-use assets		110.7	121.4
Interests accounted for using the equity method		349.3	510.4
Other equity interests	12	145.7	150.5
Investments and other receivables	12	670.4	625.7
Deferred tax assets		0.0	23.8
Current assets		702.3	**1,349.5**
Inventories	11	33.0	65.2
Trade receivables, other receivables and securities	12	620.1	1,230.4
Cash and cash equivalents	12	49.2	53.8
Total assets		12,054.2	**13,669.2**

€m

In accordance with IFRSs	Notes	31/12/2020	30/6/2021
Equity		6,873.9	**6,897.4**
Attributable to the shareholders of VERBUND AG		6,151.2	5,984.8
Attributable to non-controlling interests		722.8	912.7
Non-current liabilities		4,045.4	**4,639.3**
Financial liabilities	12	1,202.2	1,815.3
Provisions		886.2	882.4
Deferred tax liabilities		797.1	778.5
Contributions to building costs and grants		761.0	760.6
Other liabilities	12	399.0	402.6
Current liabilities		1,134.8	**2,132.5**
Financial liabilities	12	84.1	317.6
Provisions		39.6	32.6
Current tax liabilities		197.4	297.2
Trade payables and other liabilities	12	813.8	1,485.1
Total equity and liabilities		12,054.2	**13,669.2**

Statement of changes in equity

In accordance with IFRSs	Called and paid-in share capital	Capital reserves	Retained earnings	Remeasurements of net defined benefit liability
Notes				10
As at 1/1/2020	347.4	954.3	4,933.7	–388.7
Profit for the period	–	–	310.4	–
Other comprehensive income	–	–	0.0	21.4
Total comprehensive income for the period	–	–	310.4	21.4
Dividends	–	–	–239.7	–
Other changes in equity	–	–	–0.2	0.0
As at 30/6/2020	347.4	954.3	5,004.3	–367.2
As at 1/1/2021	**347.4**	**954.3**	**5,325.5**	**–388.8**
Profit for the period	–	–	324.5	–
Other comprehensive income	–	–	0.0	34.2
Total comprehensive income for the period	**–**	**–**	**324.5**	**34.2**
Changes in the basis of consolidation	–	–	0.0	0.0
Dividends	–	–	–260.6	–
Other changes in equity	–	–	–0.3	0.0
As at 30/6/2021	**347.4**	**954.3**	**5,389.1**	**–354.6**

€m

Difference from currency translation	Measure-ments of financial instruments	Measure-ments of cash flow hedges	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
−11.7	3.2	49.5	5,887.8	680.2	6,568.0
–	–	–	310.4	42.5	352.9
−2.3	0.0	−28.2	−9.1	3.3	−5.8
−2.3	0.0	−28.2	301.3	45.8	347.1
–	–	–	−239.7	−51.6	−291.4
0.0	0.0	0.0	−0.2	0.0	−0.2
−14.0	3.2	21.3	5,949.3	674.4	6,623.6
−15.2	**7.7**	**−79.8**	**6,151.2**	**722.8**	**6,873.9**
–	–	–	324.5	46.0	370.5
−2.2	0.0	−262.0	−230.1	5.0	−225.0
−2.2	**0.0**	**−262.0**	**94.4**	**51.1**	**145.5**
0.0	0.0	0.0	0.0	210.0	210.0
–	–	–	−260.6	−71.1	−331.7
0.0	0.0	0.0	−0.3	0.0	−0.3
−17.5	**7.7**	**−341.8**	**5,984.8**	**912.7**	**6,897.4**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1–2/2020	Q1–2/2021
Profit for the period		352.9	370.5
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		205.0	195.8
Impairment losses on investments (net of reversals of impairment losses)		8.8	–3.6
Result from interests accounted for using the equity method (net of dividends received)		–25.2	–19.4
Result from the disposal of non-current assets		1.0	–0.8
Change in non-current provisions and deferred tax liabilities		8.0	–5.7
Change in contributions to building costs and grants		–12.0	–0.4
Other non-cash expenses and income		–49.2	–21.4
Subtotal		489.3	**514.9**
Change in inventories		14.1	–25.9
Change in trade receivables and other receivables		65.9	–441.8
Change in trade payables and other liabilities		–54.5	295.4
Change in current provisions and current tax liabilities		69.8	83.7
Cash flow from operating activities[1]		584.6	**426.4**

[1] Cash flow from operating activities includes income taxes paid of €15.6m (Q1–2/2020: €1.1m), interest paid of €5.8m (Q1–2/2020: €16.5m), interest received of €0.0m (Q1–2/2020: €0.0m) and dividends received of €2.4m (Q1–2/2020: €1.7m).

€m

In accordance with IFRSs	Notes	Q1–2/2020	**Q1–2/2021**
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–265.2	–339.3
Cash inflow from the disposal of intangible assets and property, plant and equipment		0.3	1.9
Cash outflow from capital expenditure for investments		–1.2	–0.1
Cash inflow from the disposal of investments		2.4	2.1
Cash inflow (outflow) from capital expenditure for subsidiaries		0.0	–230.5
Cash flow from investing activities		–263.7	**–565.9**
Cash inflow from money market transactions		0.0	235.1
Cash outflow from money market transactions		–25.0	0.0
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		0.0	489.1
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		–222.8	–231.3
Cash outflow from the repayment of lease liabilities		–22.7	–17.1
Dividends paid		–51.6	–331.7
Cash flow from financing activities		–322.2	**144.1**
Change in cash and cash equivalents		–1.2	**4.6**
Cash and cash equivalents as at 1/1/		44.6	**49.2**
Change in cash and cash equivalents		–1.2	4.6
Cash and cash equivalents as at 30/6/		43.4	**53.8**

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND for the period ended 30 June 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as adopted by the European Union.

The condensed format of VERBUND's consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures please refer to VERBUND's consolidated financial statements for the year ended 31 December 2020, which form the basis for these consolidated interim financial statements of VERBUND.

Basis of consolidation

VERBUND Green Power Deutschland Photovoltaik GmbH, which was previous not consolidated due to immateriality, was consolidated for the first time in quarter 1/2021.

In the course of a business acquisition, a 51% stake in Gas Connect Austria GmbH was acquired and consolidated for the first time (see "Business acquisitions"). AGGM Austrian Gas Grid Management AG, a subsidiary of Gas Connect Austria GmbH, was likewise consolidated for the first time as part of this transaction. The equity interest in Trans Austria Gasleitung GmbH held by Gas Connect Austria GmbH was consolidated using the equity method of accounting due to the latter's significant influence over the investee.

Business acquisitions

VERBUND acquired a 51% stake in Gas Connect Austria GmbH from OMV Gas Logistics Holding GmbH effective 31 May 2021. The agreed purchase price for OMV's 51% stake in Gas Connect Austria GmbH is €238.7m. VERBUND also assumed Gas Connect Austria GmbH's outstanding liabilities to OMV of around €212.2m.

Gas Connect Austria GmbH is responsible for the operation and construction of high-pressure natural gas lines in Austria. In addition, the entity is responsible for the marketing and preparation of transport capacities to the border crossing points and for transport capacities for natural gas needed in Austria.

The acquisition of this stake will not only sharpen VERBUND's business profile as the owner and operator of critical infrastructure and have a positive impact on its KPIs; it will in particular put the Group in an ideal position for sector coupling with the potential for a future hydrogen economy. In combination with VERBUND's renewable generation portfolio, Gas Connect Austria GmbH's transport infrastructure can make an important and valuable contribution to the achievement of climate targets. The company is assigned to the Grid segment.

The (provisional) fair values of the identifiable assets and liabilities of the Gas-Connect-Austria - subgroup were broken down as follows at the acquisition date:

Assets acquired and liabilities assumed €m

	Fair value at the acquisition date
Concessions, rights, licences	7.8
Land and buildings	79.3
Machinery	54.7
Gas lines	487.0
Office and plant equipment	55.2
Plants under construction and projects	37.4
Right-of-use assets	20.7
Interests accounted for using the equity method	141.4
Other equity interests	5.5
Other investments	7.9
Inventories	6.3
Trade receivables and current other receivables[1]	22.4
Cash and cash equivalents	8.2
Total assets acquired	**933.8**
Non-controlling interests	0.8
Non-current financial liabilities	147.0
Non-current provisions	61.8
Deferred tax liabilities	24.8
Non-current liabilities to affiliated companies	153.0
Non-current other liabilities	11.9
Current provisions	7.4
Current financial liabilities	0.6
Current liabilities to affiliated companies	59.2
Trade payables and current other liabilities	40.4
Total liabilities assumed	**507.0**
Total identifiable net assets at fair value (100%)	**426.8**
Share of net assets (51%)	217.7
Goodwill	21.0
Total consideration transferred	**238.7**
of which in cash	238.7

[1] For trade receivables and current other receivables, the carrying amounts represented a realistic estimate of their fair values (due to the short maturities); they also correspond to the gross value of the receivables.

The provisional goodwill resulting from the transaction in the amount of €21.0m can be attributed in particular to future value potential arising from the transport of hydrogen, which cannot be separately identified, but is also attributable to the value of the workforce and to deferred tax liabilities to be recognised in the balance sheet in accordance with IFRS 3.

VERBUND's new subsidiaries contributed €16.8m to VERBUND's revenue from the time of initial consolidation to the reporting date 30 June 2021; their contribution to VERBUND's net profit for the period was €2.3m. If the business acquisition had taken place at the beginning of the reporting period, the new subsidiaries would have contributed €102.8m in revenue and €30.1m in net profit for the period to the corresponding line items of VERBUND's income statement.

In the course of the business acquisition, the performance fee for an investment bank was recognised under other operating expenses in the amount of €3.5m.

Considering the complexity of the accounting policy issues related to this transaction and the fact that it took place close to the reporting date, the initial accounting treatment of this business acquisition is to be classified as "provisional". The updates of the provisional purchase price allocation will have an effect on the measurement of right-of-use assets as defined under IFRS 16, as well as on provisions and deferred taxes, among other things.

Accounting policies

With the exception of the IASB's new accounting standards described below, the same accounting policies were applied in these consolidated interim financial statements of VERBUND as in VERBUND's consolidated financial statements as at 31 December 2020.

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

Newly applicable or applied accounting standards

Newly applicable or applied accounting standards

Standard or interpretation		Published by the IASB (endorsed by the EU)	Mandatory application for VERBUND	Material effects on the consolidated interim financial statements of VERBUND
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	25/6/2020 (15/12/2020)	1/1/2021	None
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	27/8/2020 (13/1/2021)	1/1/2021	None

Segment reporting

EBITDA in the total column corresponds to EBITDA in the income statement. Therefore, the reconciliation to profit before tax can be taken from the income statement. Transactions between segments are carried out at arm's length. All segment data are measured in accordance with IFRSs.

€m

	Hydro	New Renewables	Sales	Grid	All other segments	Recon-ciliation/ consoli-dation	Total Group
Q1–2/2021							
External revenue	46.2	38.9	520.6	389.5	3.6	2.8	1,001.4
Internal revenue	565.6	11.0	88.2	13.8	61.9	–740.5	0.0
Total revenue	611.8	49.8	608.8	403.3	65.4	–737.7	1,001.4
EBITDA	**444.1**	**24.4**	**55.7**	**130.6**	**20.6**	**–20.5**	**654.9**
Depreciation and amortisation	–107.5	–13.3	–1.0	–65.4	–6.6	–1.5	–195.3
Effects from impairment tests (operating result)	0.0	–0.5	0.0	0.0	0.0	0.0	–0.5
Other material non-cash items	18.3	0.0	3.8	6.0	4.3	0.7	33.2
Result from interests accounted for using the equity method	0.1	0.0	–0.7	0.0	24.3	0.0	23.8
Capital employed	**5,922.0**	**407.1**	**400.1**	**2,616.4**	**500.6**	**7.6**	**9,853.8**
of which carrying amount of interests accounted for using the equity method	5.1	1.3	9.0	138.6	356.4	0.0	510.4
Additions to intangible assets and property, plant and equipment[1]	118.8	0.8	2.4	125.6	3.6	1.1	252.4

[1] excl. additions from business acquisitions in the amount of €721.3m

	Hydro	New Renewables	Sales	Grid	All other segments	Recon-ciliation/ consoli-dation	Total Group
							€m
Q1–2/2020							
External revenue	50.0	44.3	1,248.9	349.0	17.7	4.1	1,714.0
Internal revenue	549.6	14.0	100.2	14.4	85.3	–763.4	0.0
Total revenue	599.6	58.3	1,349.0	363.4	103.0	–759.4	1,714.0
EBITDA	**444.2**	**35.0**	**33.5**	**122.0**	**19.6**	**–15.2**	**639.0**
Depreciation and amortisation	–107.1	–12.3	–0.7	–58.8	–9.2	–1.2	–189.3
Effects from impairment tests (operating result)	–8.8	0.0	0.0	0.0	–5.7	0.0	–14.6
Other material non-cash items	28.7	0.0	–6.6	5.9	3.7	0.6	32.3
Result from interests accounted for using the equity method	0.4	0.0	–1.0	0.0	25.8	0.0	25.2
Effects from impairment tests (financial result)	–0.8	0.0	0.0	0.0	0.0	0.0	–0.8
Capital employed	**5,948.5**	**410.5**	**133.5**	**1,502.3**	**492.7**	**–124.0**	**8,363.4**
of which carrying amount of interests accounted for using the equity method	2.9	1.4	8.8	1.5	335.6	0.0	350.2
Additions to intangible assets and property, plant and equipment	109.5	1.5	1.4	99.8	3.4	0.5	216.0

Notes to the income statement

(1) Revenue

Revenue

€m

	Q1–2/2020 Domestic	**Q1–2/2021 Domestic**	Q1–2/2020 Foreign	**Q1–2/2021 Foreign**	Q1–2/2020 Total	**Q1–2/2021 Total**	Change
Electricity revenue resellers	27.0	26.5	17.8	15.0	44.8	41.4	–7.5%
Electricity revenue traders	0.1	0.1	1.8	1.5	1.9	1.6	–14.9%
Electricity revenue – Hydro segment	27.1	**26.5**	19.6	**16.5**	46.7	**43.0**	–7.8%
Electricity revenue resellers	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Electricity revenue traders	8.0	7.4	–3.4	8.0	4.5	15.4	n.a.
Electricity revenue consumers	0.0	0.0	25.5	15.7	25.5	15.7	–38.2%
Electricity revenue – New renewables segment	8.0	**7.4**	22.0	**23.8**	30.0	**31.2**	4.0%
Electricity revenue resellers	220.7	187.8	193.6	56.4	414.4	244.2	–41.1%
Electricity revenue traders	130.1	162.6	404.4	–183.7	534.5	–21.1	–103.9%
Electricity revenue consumers	147.9	99.5	116.8	162.9	264.7	262.4	–0.9%
Electricity revenue – Sales segment	498.8	**450.0**	714.8	**35.6**	1,213.5	**485.6**	–60.0%
Electricity revenue resellers	60.4	55.2	30.8	39.7	91.2	94.9	4.0%
Electricity revenue traders	2.3	4.0	–0.1	1.7	2.2	5.7	158.8%
Electricity revenue – Grid segment	62.7	**59.2**	30.8	**41.4**	93.4	**100.6**	7.7%
Total electricity revenue	596.5	**543.1**	787.1	**117.3**	1,383.6	**660.4**	–52.3%
Grid revenue electric utilities	161.5	189.6	11.9	5.8	173.4	195.4	12.7%
Grid revenue industrial customers	2.1	2.4	0.0	0.0	2.1	2.4	13.8%
Grid revenue other	19.6	34.0	55.8	50.3	75.4	84.3	11.8%
Total grid revenue – Grid segment	183.2	**226.0**	67.7	**56.1**	250.9	**282.1**	12.4%
Other revenue – Hydro segment					3.4	**3.1**	–7.7%
Other revenue – New renewables segment					14.3	**7.7**	–46.6%
Other revenue – Sales segment					35.3	**35.0**	–0.8%
Other revenue – Grid segment					4.7	**6.8**	45.6%
Other revenue – All other segments					17.7	**3.6**	–79.9%
Other revenue – reconciliation					4.1	**2.8**	–32.1%
Total other revenue					79.5	**59.0**	–25.8%
Total revenue					1,714.0	**1,001.4**	–41.6%

Measurement effects from derivatives contracts in the energy area in the amount of €–729.6m (previous year: €+22.6m) were recorded under revenue in quarters 1–2/2021. The negative measurement effect can be attributed to the significant increase in electricity prices, as a result of which measurement losses (reducing revenue) were recognised for the sales contracts presented under revenue. Offsetting measurement effects are presented under procurement costs.

(2)
Expenses for electricity, grid, gas and certificates purchases

Expenses for electricity, grid, gas and certificates purchases €m

	Q1–2/2020	Q1–2/2021	Change
Expenses for grid purchases (system use)	30.9	28.3	–8.2%
Expenses for electricity purchases (including control power)	728.8	19.0	–97.4%
Expenses for gas purchases	15.3	5.0	–67.5%
Purchases of proof of origin and green certificates	1.0	0.8	–24.1%
Purchases of emission rights (trade)	–0.1	–1.7	n.a.
Expenses for electricity, grid, gas and certificates purchases	775.9	**51.4**	–93.4%

Measurement effects from derivatives contracts in the energy area were recognised in the amount of €–721.0m (previous year: €–6.0m) under expenses for electricity, grid, gas and certificates purchases in quarters 1–2/2021. The positive measurement effect can be attributed to the considerable increase in the electricity prices, as a result of which gains (reducing expenses) were recognised for the procurement contracts presented under procurement cost. Offsetting measurement effects are presented under revenue.

(3)
Fuel expenses and other usage-/ revenue-dependent expenses

Fuel expenses and other usage-/ revenue-dependent expenses €m

	Q1–2/2020	Q1–2/2021	Change
Other revenue-dependent expenses	5.8	11.0	89.2%
Fuel expenses	31.1	3.1	–90.2%
Emission rights acquired in exchange for consideration	10.8	1.0	–90.3%
Other usage-dependent expenses	0.0	0.5	n.a.
Fuel expenses and other usage-/ revenue-dependent expenses	47.7	15.6	–67.3%

(4)
Personnel expenses

Personnel expenses €m

	Q1–2/2020	Q1–2/2021	Change
Wages and salaries	134.5	145.9	8.5%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	29.9	32.3	8.1%
Other social expenses	1.7	1.8	8.6%
Subtotal	166.0	**180.0**	8.4%
Expenses for pensions and similar obligations	8.5	9.0	6.2%
Expenses for termination benefits	2.1	1.9	–11.7%
Personnel expenses	176.6	**190.9**	8.1%

(5)
Depreciation and amortisation

Depreciation and amortisation

€m

	Q1–2/2020	Q1–2/2021	Change
Depreciation of property, plant and equipment	167.4	172.2	2.9%
Depreciation of right-of-use assets	17.7	18.1	2.6%
Amortisation of intangible assets	4.3	4.9	15.6%
Depreciation and amortisation	189.3	**195.3**	3.2%

(6)
Result from interests accounted for using the equity method

Result from interests accounted for using the equity method

€m

	Q1–2/2020 Domestic	**Q1–2/2021** Domestic	Change	Q1–2/2020 Foreign	**Q1–2/2021** Foreign	Change
Income or expenses	24.8	**23.8**	–4.2%	0.4	**0.0**	–102.9%

(7)
Interest income

Interest income

€m

	Q1–2/2020	Q1–2/2021	Change
Interest from investments under closed items on the balance sheet	15.1	15.4	2.2%
Other interest and similar income	0.9	3.9	n.a.
Interest income	16.0	**19.3**	–13.8%

(8)
Interest expenses

Interest expenses

€m

	Q1–2/2020	Q1–2/2021	Change
Interest on financial liabilities under closed items on the balance sheet	15.1	15.4	2.3%
Interest on other liabilities from electricity supply commitments	7.4	7.0	–5.4%
Interest on bonds	8.3	4.8	–41.9%
Interest on bank loans	4.3	3.9	–9.8%
Interest on a share redemption obligation	4.2	3.4	–18.6%
Net interest expense on personnel-related liabilities	3.2	2.7	–15.1%
Interest on other non-current provisions	0.8	0.6	–22.3%
Interest on leases	0.5	0.5	1.8%
Borrowing costs capitalised in accordance with IAS 23	–2.9	–2.5	13.3%
Other interest and similar expenses	1.8	2.1	13.9%
Interest expenses	42.6	**37.9**	–11.1%

(9) Other financial result

Other financial result €m

	Q1–2/2020	Q1–2/2021	Change
Measurement of an obligation to return an interest	26.1	12.7	–51.6%
Measurement of non-derivative financial instruments	–7.5	3.6	148.0%
Income from securities and loans	1.1	1.0	–6.4%
Measurement of derivatives in the finance area	0.7	1.2	70.7%
Other	–0.3	0.0	90.0%
Other financial result	20.1	**18.4**	139.6%

Notes to the statement of comprehensive income

(10) Remeasurements of the net defined benefit liability

Provisions for pensions and similar obligations and for statutory termination benefits were measured based on an actuarial report updated as at 30 June 2021. The discount rates used were 1.25% instead of 0.75% (obligations similar to pensions), 1.00% instead of 0.75% (pension obligations) and 0.75% instead of 0.50% (severance payment obligations). Future salary increases were taken into account at 2.75% and future pension increases at 1.00% to 2.25%. In addition, the parameters for pension claims based on the Austrian General Social Security Act (Allgemeines Sozialversicherungsgesetz, ASVG) were updated when the actuarial reports were prepared in accordance with statutory provisions.

Notes to the balance sheet

(11) Inventories

Inventories €m

	31/12/2020	30/6/2021	Change
Inventories of primary energy sources held for generation	3.4	**3.1**	–9.0%
Emission rights held for trading	14.8	24.6	66.4%
Measurements of emission rights held for trading	7.8	25.2	n.a.
Fair value of emission rights held for trading	22.5	**49.8**	120.6%
Proof of origin and green electricity certificates	0.3	**1.4**	n.a.
Other	6.8	**11.0**	62.1%
Inventories	33.0	**65.2**	97.5%

The measurement benchmark for emission rights held for trading by VERBUND is fair value less costs to sell in accordance with the exemption provided for raw materials and commodity broker-traders (brokerage exemption). The fair value of emission rights held for trading corresponds to the price quoted on the European Energy Exchange (EEX). The fair values are thus based on Level 1 measurements.

(12) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement category 30/6/2021

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	10.6	10.6
Interests in unconsolidated subsidiaries	FVOCI	AC	0.3	0.3
Other equity interests	FVOCI	1	24.9	24.9
Other equity interests	FVOCI	2	101.5	101.5
Other equity interests	FVOCI	AC	13.2	13.2
Other equity interests			**150.5**	
Securities	FVPL	1	132.6	132.6
Securities	FVOCI	3	5.8	5.8
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	62.2	60.1
Other loans – closed items on the balance sheet	AC	2	284.1	315.1
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	71.8	71.8
Loans to investees	AC	2	24.9	24.4
Other loans	AC	2	5.5	6.0
Other	–	–	61.4	–
Other non-current investments and non-current other receivables			**649.6**	
Trade receivables	AC	–	375.9	–
Receivables from investees	AC	–	40.9	–
Loans to investees	AC	2	50.6	51.6
Other loans	AC	2	0.0	0.0
Derivatives in the energy area	FVPL	1	0.7	0.7
Derivatives in the energy area	FVPL	2	624.7	624.7
Emission rights	–	–	3.0	–
Other	AC	–	98.8	–
Other	–	–	35.8	–
Trade receivables and current other receivables			**1,230.4**	
Cash and cash equivalents	**AC**	**–**	**53.8**	**–**
Aggregated by measurement category				
Financial assets at amortised cost	AC		996.7	
Financial assets at fair value through profit or loss	FVPL		829.7	
Financial assets at fair value through other comprehensive income	FVOCI		157.7	

Carrying amounts and fair values by measurement category 30/6/2021

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	991.3	1,024.5
Financial liabilities to banks and to others	AC	2	723.5	765.2
Financial liabilities to banks – closed items on the balance sheet	AC	2	107.6	144.9
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	310.6	310.6
Capital shares attributable to limited partners	–	–	–0.1	–
Non-current and current financial liabilities			**2,132.9**	
Electricity supply commitment	–	–	132.4	–
Obligation to return an interest	AC	3	101.3	177.2
Trade payables	AC	–	3.2	–
Lease liabilities	–	–	80.9	–
Other	AC	–	84.9	–
Non-current other liabilities			**402.6**	
Trade payables	AC	–	210.5	–
Derivatives in the energy area	FVPL	2	976.1	976.1
Derivatives in the finance area	FVPL	2	8.3	8.3
Lease liabilities	–	–	13.4	–
Other	AC	–	148.2	–
Other	–	–	105.7	–
Trade payables and current other liabilities			**1,485.1**	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		2,370.4	
Financial liabilities at fair value through profit or loss	FVPL		1,007.2	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		310.6	

Carrying amounts and fair values by measurement category 31/12/2020 €m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	10.6	10.6
Interests in unconsolidated subsidiaries	FVPL	3	0.0	0.0
Interests in unconsolidated subsidiaries	FVOCI	AC	1.1	1.1
Other equity interests	FVOCI	1	24.9	24.9
Other equity interests	FVOCI	2	101.5	101.5
Other equity interests	FVOCI	AC	7.7	7.7
Other equity interests			**145.7**	
Securities	FVPL	1	121.8	121.8
Securities	FVOCI	3	5.8	5.8
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	60.7	58.5
Other loans – closed items on the balance sheet	AC	2	279.3	309.3
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	87.7	87.7
Loans to investees	AC	2	73.7	75.4
Other loans	AC	2	5.4	6.1
Other	–	–	34.7	–
Other non-current investments and non-current other receivables			**670.4**	
Trade receivables	AC	–	342.7	–
Receivables from investees	AC	–	39.8	–
Loans to investees	AC	2	3.5	3.6
Other loans	AC	2	0.1	0.1
Derivatives in the energy area	FVPL	1	2.3	2.3
Derivatives in the energy area	FVPL	2	150.0	150.0
Emission rights	–	–	15.6	–
Other	AC	–	42.8	–
Other	–	–	23.5	–
Trade receivables and current other receivables			**620.1**	
Cash and cash equivalents	**AC**	**–**	**49.2**	**–**
Aggregated by measurement category				
Financial assets at amortised cost	AC		897.1	
Financial assets at fair value through profit or loss	FVPL		361.7	
Financial assets at fair value through other comprehensive income	FVOCI		152.9	

Carrying amounts and fair values by measurement category 31/12/2020

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	496.8	532.5
Financial liabilities to banks and to others	AC	2	361.9	405.0
Financial liabilities to banks – closed items on the balance sheet	AC	2	279.3	148.0
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	148.4	148.4
Capital shares attributable to limited partners	–	–	0.0	–
Non-current and current financial liabilities			1,286.3	
Electricity supply commitment	–	–	138.0	–
Obligation to return an interest	AC	3	110.5	209.8
Trade payables	AC	–	1.7	–
Lease liabilities			75.3	
Other	AC	–	73.5	–
Non-current other liabilities			399.0	
Trade payables	AC	–	224.0	–
Derivatives in the energy area	FVPL	1	5.4	5.4
Derivatives in the energy area	FVPL	2	236.0	236.0
Derivatives in the finance area	FVPL	2	10.7	10.7
Lease liabilities			22.9	
Other	AC	–	241.8	–
Other	–	–	73.0	–
Trade payables and current other liabilities			813.8	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		1,789.5	
Financial liabilities at fair value through profit or loss	FVPL		252.0	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		148.4	

Of the derivative financial instruments in the energy area classified as FVPL in the above tables, positive fair values of €126.6m (31 December 2020: €29.2m) and negative fair values of €577.0m (31 December 2020: €129.1m) relate to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies, cash flow hedges can no longer be isolated.

Valuation techniques and input factors for determining fair values

Level	Financial instruments	Valuation technique	Input factor
1	Energy forwards	Market approach	Settlement price published by the stock exchange
1	Securities, other equity interest in Burgenland Holding AG	Market approach	Stock exchange price
2	Securities and other loans under closed items on the balance sheet, long-term loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Interests in unconsolidated subsidiaries, other equity interests in Energie AG Oberösterreich and HGRT	Market approach	Trading multiple, transaction price
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange prices, yield curve, credit risk of the contracting parties
2	Other financial assets and liabilities measured at fair value through profit or loss in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
3	Return obligation (obligation to transfer back the 50% interest acquired in Donaukraftwerk Jochenstein AG)	Net present value approach	Price forecasts for electricity, weighted average cost of capital after taxes
3	Securities (shares of Wiener Börse AG)	Net present value approach	Expected distribution of profits, cost of equity
AC	Other interests in unconsolidated subsidiaries, other equity interests and other securities	–	Cost as a best estimate of fair value
–	Cash and cash equivalents, trade receivables and payables, current other receivables, other borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as a best estimate of fair value

Other note disclosures

Dividends paid

Dividends paid	Total (€m)	Number of ordinary shares	Per share (€)
Dividend paid in 2021 for financial year 2020	260.6	347,415,686	0.75
Dividend paid in 2020 for financial year 2019	239.7	347,415,686	0.69

Purchase commitments

Purchase commitments for property, plant and equipment, intangible assets and other services

€m

	30/6/2021	of which due in 2021	of which due 2022–2026
Total commitment	**1,198.8**	468.4	730.3

Contingent liabilities

By 30 June 2021, 100% of the original volume of cross-border leasing transactions had been terminated. The last remaining transaction at the beginning of the year had an off-balance sheet financing structure. This transaction was completed as agreed on 4 January 2021. As at 30 June 2021, VERBUND's secondary liability amounted to €225.5m (31 December 2020: €465.7m) for the remaining portion of the lease liability (equity portion) not yet paid from this cross-border leasing transaction. Of the rights of recourse against the primary debtors, €56.4m (31 December 2020: €261.7m) is secured through counter-guarantees from entities entitled to purchase electricity. In addition, €225.8m (31 December 2020: €273.3m) is covered by off-balance sheet investments in zero coupons of the European Investment Bank, which are also secured by a guarantee from Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.).

Court proceedings pending

There were no significant developments compared with the status described as at 31 December 2020 in connection with the claims for damages asserted in the wake of the flooding of the Drau River in 2012. No disclosures have been provided in respect of any contingent liabilities or provisions because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

In connection with the amortisation of goodwill for the investment in VERBUND Innkraftwerke GmbH claimed for tax purposes for the years 2014–2023, the appeals against the 2014 to 2019 notices of assessment for the group parent remain pending. The tax benefit for these years (reduction of future tax payments in the amount of €8.2m per year) is recognised in accordance with VERBUND's accounting policies if it is reasonably likely to arise.

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1–2/2020	Q1–2/2021	Change
Income statement			
Electricity revenue	24.7	27.4	10.7%
Grid revenue	16.8	17.9	6.1%
Other revenue	2.1	2.0	–6.0%
Other operating income	2.4	2.1	–11.2%
Expenses for electricity, grid, gas and certificates purchases	–11.4	–11.1	2.9%
Fuel expenses and other usage-/ revenue-dependent expenses	0.0	–0.5	n.a.
Other operating expenses	–0.2	–1.1	n.a.
Interest income	0.7	0.6	–2.4%
Other financial result	0.9	0.8	–7.7%

Transactions with investees accounted for using the equity method €m

	31/12/2020	30/6/2021	Change
Balance sheet			
Investments and other non-current receivables	47.1	5.9	–87.5%
Trade receivables and other current receivables	33.9	60.2	77.8%
Contributions to building costs and grants	270.9	274.7	1.4%
Trade payables and other current liabilities	1.7	6.0	n.a.

Electricity revenue with equity-accounted investees was generated mainly with KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (€21.3m; previous year: €17.2m) and with OeMAG Abwicklungsstelle für Ökostrom AG (€6.0m; previous year: €7.3m). The electricity revenue was offset by electricity purchases from KELAG in the amount of €10.4m (previous year: €10.9m). Grid revenue with investees accounted for using the equity method of accounting was generated with KELAG.

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria amounted to a total of €34.4m (previous year: €32.5m). Electricity was purchased mainly by ÖBB, OMV and Telekom Austria. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria totalled €3.6m (previous year: €2.7m). The electricity was supplied primarily by ÖBB. Gas trading contracts with OMV and gas deliveries on the part of OMV resulted in a total expense of €43.2m reported under other revenue and purchased gas, respectively (previous year: €4.1m).

VERBUND's expenses for monitoring by E-Control amounted to €5.0m (previous year: €5.3m).

Audit and/or review

These consolidated interim financial statements of VERBUND have been neither audited nor reviewed by an auditor.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 30 June 2021 and authorisation for issue on 27 July 2021.

Vienna, 27 July 2021

Executive Board

Michael Strugl **Chairman of the Executive Board of VERBUND AG**	Peter F. Kollmann **CFO, member of the Executive Board of VERBUND AG**	Achim Kaspar **Member of the Executive Board of VERBUND AG**

Responsibility statement of the legal representatives

We confirm according to the best of our knowledge that the condensed consolidated interim financial statements of VERBUND as at 30 June 2021, prepared in accordance with the accounting standards for interim financial reports under International Financial Reporting Standards (IFRSs), give a true and fair view of the assets and liabilities, financial position and profit or loss of the Group as required under stock exchange regulations.

We also confirm that the interim Group management report of VERBUND gives a true and fair view of the assets and liabilities, financial position and profit or loss of the Group as required under stock exchange regulations with respect to the important events during the first six months of the financial year and their effects on the condensed consolidated interim financial statements as at 30 June 2021 as well as with respect to the principal risks and uncertainties in the remaining six months of the financial year and with respect to the related party transactions to be disclosed.

Vienna, 27 July 2021

Executive Board

Michael Strugl
Chairman of the Executive Board of VERBUND AG

Peter F. Kollmann
CFO, member of the Executive Board of VERBUND AG

Achim Kaspar
Member of the Executive Board of VERBUND AG

EDITORIAL DETAILS

Published by: VERBUND AG
Am Hof 6a, 1010 Vienna, Austria

This **Interim Financial Report** was produced in-house with firesys.
Chart and table concept:
Roman Griesfelder, aspektum gmbh
Creative concept and design:
Brainds, Marken und Design GmbH
Consulting: Ute Greutter, UKcom Finance
Translation and linguistic consulting:
ASI GmbH – Austria Sprachendienst International
Print: VERBUND AG (in-house)

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Shareholder structure:
– Republic of Austria (51.0%)
– Syndicate (> 25.0%) consisting of EVN AG (the shareholders of which are Niederösterreichische Landes-Beteiligungsholding GmbH, 51%, and Wiener Stadtwerke, 28.4%) and Wiener Stadtwerke (the sole shareholder is the City of Vienna)
– TIWAG-Tiroler Wasserkraft AG (> 5.0%; the sole shareholder is the province of Tyrol)
– Free float (< 20.0%): No further information is available concerning owners of shares in free float.

Legal and statutory limitations of voting rights:
With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder in the Annual General Meeting are restricted to 5% of the share capital.

Regulatory body/trade associations:
E-Control GmbH/E-Control Kommission
Wirtschaftskammer Österreich
Oesterreichs Energie

Object of the Group:
The Group focus is the generation, transportation, trading with and sale of electrical energy and energy from other sources as well as the provision and performance of energy services.

Executive Board:
Michael Strugl (Chairman),
Peter F. Kollmann,
Achim Kaspar

Supervisory Board:
Martin Ohneberg (Chairman – interim),
Christine Catasta (Vice-Chairwoman),
Eckhardt Rümmler, Susan Hennersdorf,
Barbara Praetorius, Jürgen Roth, Christa Schlager,
Stefan Szyszkowitz, Peter Weinelt, Doris Dangl,
Isabella Hönlinger, Kurt Christof,
Wolfgang Liebscher, Veronika Neugeboren

Purpose of publication:
Information of customers, partners and the general public about the utilities sector and the Group.

Specific laws applicable:
Austrian Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG) with associated regulations and implementation laws. The legal bases listed can be accessed via the legal information system of the Federal Chancellery of the Republic of Austria at www.ris.bka.gv.at.

Verbund
Power for the Future