Creating sustainable value.
Renewable energy powered by VERBUND.

Interim report quarters 1-3/2021

Verbund
Power for the Future

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At a glance

- At 0.99, the hydro coefficient (water supply, run-of-river) was 1 percentage point below the long-term average in quarters 1–3/2021 but 1 percentage point above the prior-year figure.
- Average sales prices obtained for own generation from hydropower up €7.4/MWh to €51.3/MWh.
- Results for the quarters improved: EBITDA (+16.3%) and Group result (+23.0%) up.
- Strong performance by VERBUND shares in quarters 1–3/2021 (+25.6%) – significantly better than the STOXX Europe 600 Utilities (–6.4%) but below the ATX (+31.6%). New record of €95.6 for VERBUND shares on 14 September 2021.
- Earnings forecast for 2021 increased due to strong energy market environment as at 12 October 2021: EBITDA to reach between around €1,490m and €1,590m and Group result to reach between around €740m and €810m based on expectations of average levels of own generation from hydropower and wind power in quarter 4/2021 as well as the opportunities and risks identified.

KPIs

	Unit	Q1–3/2020	**Q1–3/2021**	Change
Revenue	€m	2,522.7	1,790.6	–29.0%
EBITDA	€m	989.5	1,150.6	16.3%
EBITDA adjusted	€m	989.5	1,150.6	16.3%
Operating result	€m	692.9	843.6	21.8%
Group result	€m	477.7	587.4	23.0%
Group result adjusted	€m	468.3	566.2	20.9%
Earnings per share	€	1.38	1.69	23.0%
EBIT margin	%	27.5	47.1	–
EBITDA margin	%	39.2	64.3	–
Cash flow from operating activities	€m	852.3	510.6	–40.1%
Additions to property, plant and equipment	€m	362.1	430.0	18.8%
Free cash flow before dividends	€m	427.1	–264.1	–
Free cash flow after dividends	€m	135.8	–595.8	–
Average number of employees		2,858	3,110	8.8%
Electricity sales volume	GWh	47,344	44,194	–6.7%
Hydro coefficient		0.98	0.99	–
New renewables coefficient		1.02	0.88	

	Unit	31/12/2020	**30/9/2021**	Change
Total assets	€m	12,054.2	15,140.5	25.6%
Equity	€m	6,873.9	6,631.7	–3.5%
Equity ratio (adjusted)	%	59.1	45.1	–
Net debt	€m	1,881.2	2,776.3	47.6%
Gearing	%	27.4	41.9	–

Report of the Executive Board

Dear Shareholders,

The energy market environment for the development of our business continued to present a very positive picture. Prices for primary energy sources in particular rose sharply in quarters 1–3/2021. Below-average gas storage inventories, unfavourable weather conditions and interruptions to supply in an environment in which demand was recovering from the COVID-19 lows were driving forces behind the substantial increase in natural gas and coal prices worldwide. China, too, was asking for more liquefied natural gas (LNG). Prices for European CO_2 emission rights likewise increased significantly at the same time, thus also pushing up wholesale electricity prices in Europe, which are fuelled by primary energy prices and prices for CO_2 emission rights. Wholesale electricity prices in Europe are a key value driver of VERBUND's business performance.

VERBUND's share price also benefited from this positive market environment, reaching a new all-time high of €95.55 on 14 September 2021. VERBUND's market capitalisation on this date thus amounted to around €33.2bn.

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. However, not only are we in a energy transition but also in a network transition. Our activities relating to the electricity grid (Austrian Power Grid (APG)) and gas network (Gas Connect Austria GmbH (GCA)), which need to be expanded on a large scale in order to achieve the ambitious climate targets, as well as our electricity trading and sales activities have moved us into new fields of application. These will play an important role in the successful implementation of the energy and network transition over the coming years. The secure power supply does, however, also provide the basis for a state-of-the-art, sustainable and digital society. APG, with its electricity infrastructure, is therefore a key factor for the integration of renewable energy in Austria. Here the aim is to generate 100% of electricity (national balance) from renewable energy sources by 2030. The Limberg III pumped storage power plant, the construction of which was kicked off in September, will also make a significant contribution to the achievement of the 100% target – specifically, to make electricity available as and when it is needed from forms of generation that are dependent on the weather and the time of day. VERBUND's investment of €480m in this project not only provides an economic stimulus that is vital right now, but also supports Austria's progression to achieving carbon-free electricity generation. The acquisition of the shares in Gas Connect Austria GmbH (GCA) as of 31May 2021 also improves VERBUND's business profile and puts it in an excellent position in terms of sector coupling and the development of a green hydrogen system.

VERBUND's results in quarters 1–3/2021 were very encouraging. EBITDA increased by 16.3% to €1,150.6m, while the Group result rose by 23.0% to €587.4m. The adjusted Group result increased by 20.9% to €566.2m. At 0.99, the hydro coefficient for the run-of-river power plants was 1 percentage point 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 10.7% in quarters 1–3/2021 due to reduced turbining. Generation from hydropower thus decreased by a total of 589 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 price obtained for our own generation from hydropower thus rose by €7.4/MWh to €51.3/MWh. The full 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 for quarter 4/2021 and the opportunities and risks identified, VERBUND expects EBITDA of between around €1,490m and €1,590m and a Group result of between around €740m and €810m in financial year 2021. VERBUND's planned payout ratio for financial year 2021 is between 45% and 55% of the Group result of between around €720m and €790m, after adjustment for non-recurring effects.

To set an example and actively shape the energy future, we are working with our employees at VERBUND on innovations, new areas of business and acquisitions. Let's join together to generate enthusiasm for the energy transition and the achievement of climate targets! No matter how big the contribution from each one of us seems. There is always something you can change; you just have to do it.

Mag. Dr. Michael Strugl MBA

Dr. Peter F. Kollmann

Mag. Dr. Achim Kaspar

Investor relations

In spite of rising COVID-19 infection rates in quarter 3/2021, the government does not currently consider any new, far-reaching restrictions necessary. As a result, the economic recovery is also continuing, albeit at a more moderate pace recently. Market activity is, however, affected by supply difficulties due to logistics issues and a shortage of precursors, accompanied by full order books at the same time. Due to a sharp increase in energy prices and more expensive services, inflation rates continued to rise in quarter 3/2021, reaching long-term highs in many places. The central banks assume that this is merely a temporary phenomenon and made only moderate adjustments to their forecasts. Massive interest rate hikes are not on their agenda for the time being.

The capital markets in the USA and Europe performed well, although the nervousness of investors and thus volatility has increased significantly in recent weeks. The US benchmark index Dow Jones Industrial Average ended quarters 1–3/2021 up 10.6%. The Euro Stoxx 50 surpassed this performance, closing on 30 September 2021 13.9% higher than at year-end 2020. The Japanese benchmark index Nikkei 225 finished the reporting period with an increase of 7.3% compared with 31 December 2020. The price decline in the MSCI Emerging Markets Index amounted to 3.0% as at the 30 September 2021 reporting date.

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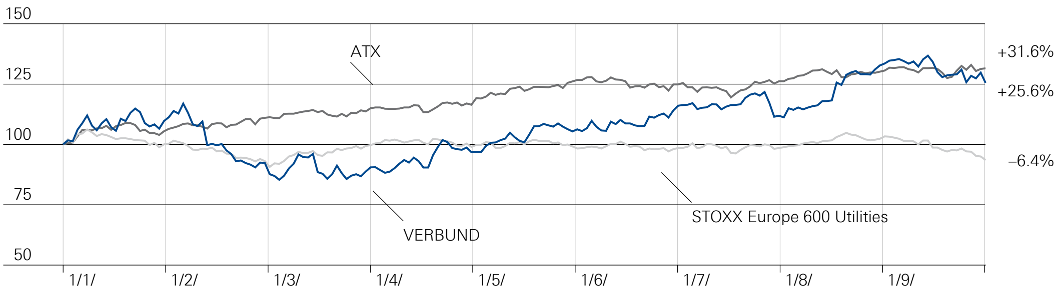
VERBUND share price: relative performance 2021



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. This trend was even stronger in quarter 3/2021, driven in particular by rising gas and coal prices, as well as high prices for CO_2 emission rights. As a result, VERBUND shares reached a new record high of €95.6 on 14 September 2021.

Upcoming dates:
2021 annual results:
17March 2022

Closing at a price of €87.7 on 30 September 2021, VERBUND shares rose by 25.6% in quarters 1–3/2021 compared with year-end 2020. The shares thus underperformed against the Austrian ATX (+31.6%) but significantly outperformed the STOXX Europe 600 Utilities sector index (–6.4%).

KPIs – shares

	Unit	Q1–3/2020	**Q1–3/2021**	Change
Share price high	€	50.1	95.6	90.9%
Share price low	€	29.0	59.6	105.2%
Closing price	€	46.7	87.7	87.9%
Performance	%	4.3	25.6	–
Market capitalisation	€m	16,217.4	30,468.4	87.9%
ATX weighting	%	9.4	10.3	–
Value of shares traded	€m	3,341.3	6,201.6	85.6%
Shares traded per day	Shares	422,323	446,152	5.6%

Interim Group management report

Business performance

Electricity supply and sales volume

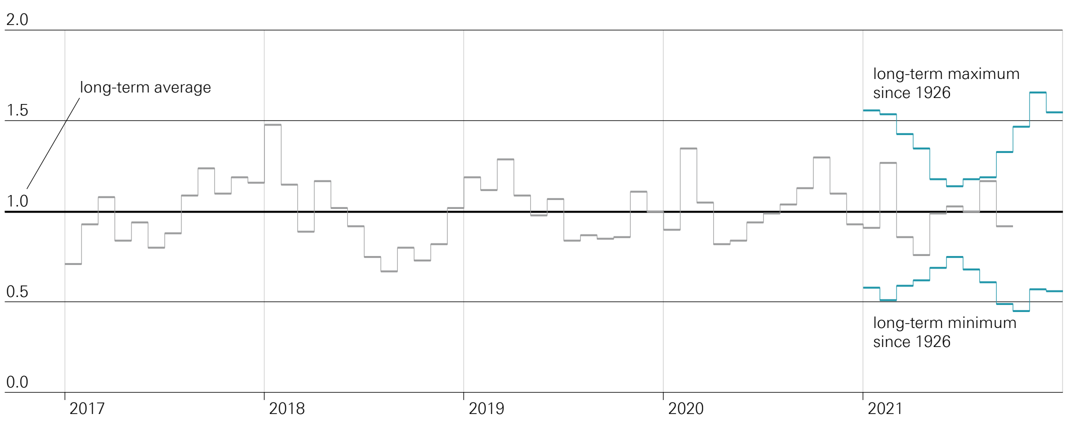
Group electricity supply GWh

	Q1–3/2020	**Q1–3/2021**	Change
Hydropower[1]	24,268	23,680	–2.4%
Wind power	680	587	–13.7%
Solar power	0	2	–
Thermal power	808	313	–61.3%
Own generation	25,756	**24,581**	–4.6%
Electricity purchased for trading and sales	22,501	19,934	–11.4%
Electricity purchased for grid loss and control power volumes	2,346	2,671	13.9%
Electricity supply	50,603	**47,186**	–6.8%

[1] incl. purchase rights

VERBUND's own generation decreased by 1,176 GWh, or 4.6%, to 24,581 GWh in quarters 1–3/2021 compared with the same period of 2020. Generation from hydropower fell by 589 GWh versus the prior-year reporting period. At 0.99, the hydro coefficient for the run-of-river power plants was 1 percentage point below the long-term average and 1 percentage point above the figure for the same period of the previous year. Generation from annual storage power plants fell by as much as 10.7% in quarters 1–3/2021 due in particular to reduced turbining.

Hydro coefficient (monthly averages)



The volume of electricity generated by VERBUND's wind power installations in quarters 1–3/2021 was 93 GWh lower than the comparative prior-year figure due to the low wind supply. Electricity generated by photovoltaic installations totalled 1.6 GWh in quarters 1–3/2021.

Generation from thermal power plants decreased by 495 GWh in quarters 1–3/2021. The Mellach combined cycle gas turbine power plant (Mellach CCGT) produced 160 GWh less electricity in the reporting period due to reduced use for congestion management compared with the same period of the previous year. The Mellach district heating plant was only used for a short period in quarters 1–3/2021. This reduced generation by 335 GWh year-on-year.

Purchases of electricity from third parties for trading and sales declined by 2,567 GWh in quarters 1–3/2021. Conversely, electricity purchased from third parties for grid loss and control power volumes increased by 325 GWh in the reporting period.

Group electricity sales volume and own use GWh

	Q1–3/2020	**Q1–3/2021**	Change
Consumers	10,146	10,581	4.3%
Resellers	21,886	19,734	–9.8%
Traders	15,312	13,879	–9.4%
Electricity sales volume	47,344	**44,194**	–6.7%
Own use	2,593	2,242	–13.5%
Control power	667	750	12.6%
Electricity sales volume and own use	50,603	**47,186**	–6.8%

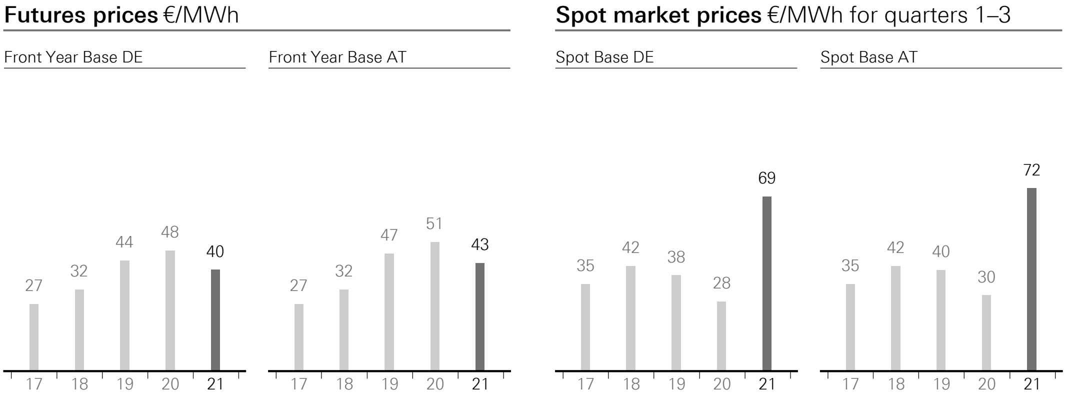
VERBUND's electricity sales volume fell by 3,150 GWh, or 6.7%, in quarters 1–3/2021. While sales to consumers rose slightly – the customer base at 30 September 2021 comprised around 535,000 electricity and gas customers – sales to resellers fell by 2,151 GWh and sales to traders by 1,433 GWh. In respect of 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 351 GWh in quarters 1–3/2021. This decrease is attributable, among other things, to reduced operation of the Group's power plants in turbining mode.

Electricity sales by country GWh

	Q1–3/2020	**Q1–3/2021**	Change
Austria	26,233	25,114	–4.3%
Germany	17,357	15,456	–11.0%
France	3,090	3,088	–0.1%
Others	664	536	–19.3%
Electricity sales volume	47,344	**44,194**	–6.7%

Approximately 57% of the electricity sold by VERBUND in quarters 1–3/2021 went to the Austrian market. The German market, which accounted for around 81% of all volumes sold abroad in quarters 1–3/2021, was VERBUND's largest foreign market for its international trading and sales activities.

Electricity prices



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 1–3/2021. Prices for base load electricity increased by an average of 141.1% to €72.5/MWh in Austria and by 149.9% to €69.2/MWh in Germany. Prices for peak load rose by 134.0% to €82.8/MWh in Austria and by 134.0% to €77.5/MWh in Germany.

Financial performance

Results €m

	Q1–3/2020	Q1–3/2021	Change
Revenue	2,522.7	1,790.6	–29.0%
EBITDA	989.5	1,150.6	16.3%
Operating result	692.9	843.6	21.8%
Group result	477.7	587.4	23.0%
Earnings per share in €	1.38	1.69	23.0%

Electricity revenue

VERBUND's electricity revenue declined by €850.4m to €1,214.0m in quarters 1–3/2021. The measurement of electricity derivatives through profit or loss had a material adverse effect, due to the sharp rise in wholesale prices for electricity. As a result of this price increase, negative measurement results were recognised for the sales contracts reported in revenue. The measurement results therefore reduced revenue significantly in the reporting period. Offsetting measurement effects are presented under expenses for the purchase of electricity. In addition, electricity sales volumes decreased by 3,150 GWh, or 6.7%, year-on-year. By contrast, the average sales prices obtained for own generation from hydropower rose by a significant €7.4/MWh to €51.3/MWh. This increase is attributable to significantly higher prices on the spot markets as well as to the prices for short-term futures on the wholesale electricity market, unlike futures market prices, which declined in the period under review.

Grid revenue

Grid revenue increased by €92.4m to €450.0m in quarters 1–3/2021 compared with the prior-year period. The revenue increase at Austrian Power Grid AG (APG) of €27.7m is primarily due to an increase in revenue from balancing services and to higher national tariff revenue resulting from volume effects. In contrast, there was a decline in revenue from international grid usage attributable to inter-TSO compensation and the auctioning off of cross-border capacity. The first-time consolidation of Gas Connect Austria GmbH (GCA), the regulated gas transmission and distribution system operator in Austria, acquired with effect from 31May 2021, also increased grid revenue. Further information on GCA can be found in the notes to the consolidated interim financial statements.

Other revenue and other operating income

Other revenue rose by €25.9m to €126.6m. 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. The increase in revenue is mainly attributable to the measurement of energy derivatives through profit or loss. Offsetting measurement effects are presented under expenses for the purchase of gas. Other operating income rose by €1.9m to €56.3m. This increase is particularly due to 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 €922.1m to €177.7m. The measurement of electricity derivatives through profit or loss had a distinctly positive effect, due to the sharp rise in wholesale electricity prices. As a result of this price increase, positive measurement results were recognised for the procurement contracts reported under procurement costs. The measurement results therefore reduced expenses significantly in the period under review. Offsetting measurement effects are presented under revenue. In addition, the volume of electricity purchased from third parties for trading and sales as well as for grid losses and control power declined by a total of 2,242 GWh. Expenses for electricity purchases thus decreased by €910.8m compared with the previous year. Expenses for grid purchases fell by €3.9m and expenses for gas purchases fell by €4.7m.

Fuel expenses

Fuel and other usage-/revenue-dependent expenses decreased by €23.7m to €35.5m. The discontinuation of coal-fired generation at the Mellach district heating power plant with effect from 31March 2020 significantly reduced coal expenses. Conversely, gas expenses increased – in spite of the reduced use of the Mellach CCGT for congestion management (for details please refer to the section entitled Electricity supply and sales volumes) – due to the sharp hike in gas prices. 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 €24.4m year-on-year to €278.9m. This increase is primarily due to the full consolidation of Gas Connect Austria GmbH. The hiring of additional employees for the implementation of strategic growth projects and a 1.5% raise in pay rates under the collective bargaining agreement also raised personnel expenses.

Other operating expenses

Other operating expenses rose by €30.1m to €204.2m. The increase is due to a rise in goods and services purchased from third parties, higher IT expenses and higher legal, audit and consulting expenses. The first-time consolidation of Gas Connect Austria GmbH also raised other operating expenses.

EBITDA

The above-mentioned factors caused EBITDA to increase by 16.3% to €1,150.6m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €24.5m to €306.4m. 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 negligible impairment losses of €0.5m in quarters 1–3/2021 (Q1–3/2020: €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 rose by €6.4m to €38.9m. This increase is mainly due to the earnings contributions from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft in the amount of €39.5m (Q1–3/2020: €33.7m).

Other result from equity interests

The other result from equity interests rose by €12.5m to €14.5m compared with quarters 1–3/2020. This increase resulted mainly from the non-recurring effect arising from the transitional consolidation of SMATRICS GmbH & Co KG. Further details on the full consolidation of SMATRICS GmbH & Co KG effective 30 September 2021 can be found in the notes to the consolidated interim financial statements.

Interest income and expenses

Interest income increased by €5.3m to €29.4m compared with quarters 1–3/2020 due to the recognition of default interest through profit or loss. Interest expenses fell by €4.1m to €58.0m. This is due in particular to the decrease in interest payments on bonds. The positive effects from the repayments of principal in financial year 2020 outweighed 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 €0.6m to €20.5m in quarters 1–3/2021. 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. Conversely, the measurement of securities funds through profit or loss in accordance with IFRS 9 had a positive effect (€+11.8m).

Group result

After taking account of an effective tax rate of 23.3% and non-controlling interests in the amount of €94.8m, the Group result amounts to €587.4m. This corresponds to an increase of 23.0% compared with the previous year. Earnings per share amounted to €1.69 (Q1–3/2020: €1.38) for a total of 347,415,686 shares.

Financial position

Consolidated balance sheet (condensed) €m

	31/12/2020	Share	**30/9/2021**	**Share**	Change
Non-current assets	11,351.9	94%	12,477.6	82%	9.9%
Current assets	702.3	6%	2,662.9	18%	–
Total assets	12,054.2	100%	**15,140.5**	**100%**	25.6%
Equity	6,873.9	57%	6,631.7	44%	–3.5%
Non-current liabilities	4,045.4	34%	4,492.5	30%	11.1%
Current liabilities	1,134.8	9%	4,016.4	27%	–
Total equity and liabilities	12,054.2	100%	**15,140.5**	**100%**	25.6%

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 31May 2021. The other additions to property, plant and equipment of €430.0m were reduced by depreciation of €270.6m. 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 1–3/2021 and the increase in equity attributable to non-controlling interests as a result of the first-time consolidation of Gas Connect Austria GmbH, which are offset by high negative effects from the measurement of cash flow hedges recognised in other comprehensive income and VERBUND AG's dividend distribution, which reduce equity. 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, the Green and Sustainability-linked Bond issued in quarters 1–3/2021, and higher financial liabilities in connection with the acquisition of Gas Connect Austria GmbH.

Cash flows

Cash flow statement condensed) €m

	Q1–3/2020	Q1–3/2021	Change
Cash flow from operating activities	852.3	510.6	–40.1%
Cash flow from investing activities	–422.9	–771.9	–
Cash flow from financing activities	–422.3	260.2	–
Change in cash and cash equivalents	7.1	–1.2	–
Cash and cash equivalents as at 30/9/	51.7	**48.0**	–7.1%

Cash flow from operating activities

Cash flow from operating activities amounted to €510.6m in quarters 1–3/2021, down €341.8m on the prior-year figure. This difference is mainly attributable to changes in working capital, higher income tax payments as well as higher margining payments for hedging transactions in electricity business provided as security for open positions held with exchange clearing houses (note: the security deposits shall be returned upon fulfilment of the supply agreements).

Cash flow from investing activities

Cash flow from investing activities amounted to €–771.9m in quarters 1–3/2021 (Q1–3/2020: €–422.9m). The change compared with quarters 1–3/2020 is mainly attributable to the acquisitions of Gas Connect Austria GmbH (€–230.5m) and SMATRICS GmbH & Co KG (€–16.7m), as well as to a higher cash outflow from capital expenditure for intangible assets and property, plant and equipment (€–93.0m).

Cash flow from financing activities

Cash flow from financing activities amounted to €+260.2m in quarters 1–3/2021, representing a change of €+682.5m. This resulted primarily from the cash inflow generated by the issue of the Green and Sustainability-linked Bond (€+489.1m) and from the higher cash inflow from money market transactions (€+237.9m). The higher cash outflow for dividends (€–40.3m) had a counteracting effect.

Opportunity and risk management

Operating result

Potential changes in the operating result may arise in particular due to fluctuations in electricity prices and fluctuations in the water supply due to hydrological conditions that cannot be controlled. Over the past few months especially, there has been a marked increase in the volatility of electricity prices on the markets. In terms of the electric transmission grid, potential revenue fluctuations may arise in relation to control power and congestion management, and due to regulatory effects. Potential revenue or cost fluctuations in the area of gas transmission can also have an effect 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 may be caused by 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, a change 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 September 2021 for generation volumes and interest rates:

- +/–1% in generation from hydropower: €+/–6.2m
- +/–1% in generation from wind power: €+/–0.3m
- +/–1 €/MWh in wholesale electricity prices (renewable generation): €+/–0.6m
- +/–1 percentage point in interest rates: €+/–1.1m

Segment report

Hydro segment

Generation from hydropower is reported under the Hydro segment.

KPIs – Hydro segment

	Unit	Q1–3/2020	Q1–3/2021	Change
Total revenue	€m	952.7	1,100.0	15.5%
EBITDA	€m	714.7	841.8	17.8%
Result from interests accounted for using the equity method	€m	0.5	0.1	–
Capital employed	€m	6,084.5	5,865.0	–3.6%

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 down overall. The hydro coefficient for the run-of-river power plants was 0.99 (Q1–3/2020: 0.98).

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

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 quarter 3/2021 in compliance with the health and safety protocols in place due to the COVID-19 pandemic.

In the project to expand and improve efficiency in Töging, construction work around the powerhouse and at the Jettenbach weir continued, among other activities. The assembly work on generator set 1 is complete apart from outstanding work. Assembly has begun on generator sets 2 and 3. In addition, the existing power plant was decommissioned in September 2021. All core work is progressing on schedule.

Trial operation at the Kaprun-Oberstufe rehabilitation project was able to continue following an interruption due to a heating problem with the generator after adjustments to the inverter and cooling system. Commissioning was thus completed in July 2021. Refurbishment work on generator set 1 also commenced in August 2021.

At the Malta-Oberstufe rehabilitation project VERBUND continued the renovation work on generator set 2 started in May 2021. The new pump in generator set 2 at the Malta-Hauptstufe power plant was commissioned in July 2021. The assembly work on the Reißeck pumping station also continued. Due to delays in delivery of the motor, commissioning is expected in November 2021.

In the Ottensheim-Wilhering rehabilitation project, the first of nine generator sets to be refurbished (generator set 5) was successfully commissioned in July 2021. The renovation work on generator set 2 commenced in September 2021.

In the Ybbs rehabilitation project, following the commissioning of the refurbished generator set 3 in July 2021, the renovation work on generator set 1 (the last of six generator sets to be refurbished) commenced in September 2021.

In quarter 3/2021, the initial preparatory work was carried out at the new Gratkorn power plant construction project on the Mur River (including the clearings).

In the new Reißeck II+ construction project, construction work is underway and on schedule. The access and bypass tunnels have already been fully excavated. The excavation work on the headrace tunnel and the cavern has already begun.

The construction work on the new Limberg III construction project is also on schedule. Boring of the drainage tunnel and excavation of the assembly cavern for the tunnel boring machine are already complete. Boring of the access tunnel to the Drossen valve chamber and for the construction of the headrace distribution pipeline was also started.

In the area of ecology, the fish pass in Ferlach was commissioned in quarter 3/2021. Work on the fish pass in Altenwörth continued and construction of the fish pass at the Feistritz power plant also got underway this year.

New renewables segment

The New renewables segment reports on our wind and solar power activities.

KPIs – New renewables segment

	Unit	Q1–3/2020	Q1–3/2021	Change
Total revenue	€m	78.5	76.5	–2.5%
EBITDA	€m	42.8	26.8	–37.3%
Result from interests accounted for using the equity method	€m	0.0	0.1	–
Capital employed	€m	401.1	399.4	–0.4%

The decline in total revenue is mainly due to a lower generation volume from the wind farms, which could not be fully compensated by the higher average prices obtained. The decrease in EBITDA is primarily attributable to higher expenses for electricity purchases to cover supply obligations as a result of the low wind supply. The new renewables coefficient was 0.88 (Q1–3/2020: 1.02).

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

Current projects in the New renewables segment

In the area of operations management, safety was increased in Austria with the retrofitting of additional smoke detectors in the power houses of the Type E66/E70 wind turbines. In addition, progress continued with the implementation of the database information system (DBIS). DBIS is the central digitalisation project of VERBUND Green Power GmbH (VGP) and aims to improve data quality in future, to automate calculations and to inform the company promptly about any malfunctions or outages of energy systems. Commissioning is planned for summer 2022.

Most of the orders for the 1.7 MWp open-field solar installation in Mitterkirchen were already placed and the necessary clearing work performed at the beginning of 2021. Construction of the plant commenced in mid-May. Commissioning is planned for quarter 4/2021.

By order of VERBUND Energy4Business GmbH (VEB), VERBUND Green Power GmbH (VGP) was once again tasked in quarter 3/2021 with the construction as well as the maintenance and monitoring of rooftop and open-field solar installations at industrial customers in Austria.

In terms of project development and asset acquisition, VERBUND intensively pursued the implementation of the wind power and solar power project pipeline in and outside Austria. In Austria, the focus of these activities was on reviewing the projects at different stages of development and potential collaborations with project development partners.

Another project partnership to develop large-scale open-field solar installations in Brandenburg was agreed with JLW/Visiolar at the end of 2020. The appendix to the agreement pertaining to the spaces of up to approximately 1,400 hectares 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. The first project is to go into operation in 2024, subject to regulatory approvals.

Sales segment

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

KPIs – Sales segment

	Unit	Q1–3/2020	**Q1–3/2021**	Change
Total revenue	€m	2,012.3	1,118.9	–44.4%
EBITDA	€m	56.7	82.0	44.6%
Result from interests accounted for using the equity method	€m	–1.7	–2.0	–
Capital employed	€m	168.3	798.2	–

The decline in total revenue is mainly attributable to the result from the measurement of energy derivatives, which led to significantly lower electricity revenue and to significantly lower electricity purchases in quarters 1–3/2021, while negative measurement effects were substantially lower in quarters 1–3/2020. The improvement in EBITDA is primarily due to higher contributions to earnings from flexibility products and to the sale of electricity to customers, by virtue of higher sales volumes and prices.

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.

VERBUND is involved 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 carried out 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. Contracting is currently underway for the preparation of feasibility studies by technology providers and integration engineers.

In the industrial-scale battery project SYNERG-E, the battery storage systems installed in Heppenheim and Bergkirchen are in full operation – local peak shaving at the ultra-fast charging stations and participation in the energy markets. The third battery storage system in Germany – in Kaltenkirchen – continues to run in trial mode. The battery systems at the total of 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 being implemented and is expected to be completed in quarter 4/2021.

VERBUND also offers photovoltaic systems in the 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 3/2021 customer contracts for photovoltaic installations were concluded in accordance with the expansion plan. Additional photovoltaic projects are currently being negotiated.

EnBW and SMATRICS have developed a fleet product together as well as a “CPO as a Service” product for the German market, both of which were launched in quarter 3/2021. The fleet product combines EnBW’s (MSP) access to the charging station network with SMATRICS’ services for the installation and operation of the charging infrastructure for company vehicle fleets in Germany. CPO as a Service is another attractive product that has been developed to target in particular public utilities and the operation of their charging station networks.

Three further high-power charging stations with a total of 18 charging points have also been installed and put into operation as a service for the SMATRICS-EnBW charging joint venture.

Current information on B2C activities

The customer base as at the end of September 2021 amounted to around 535,000 private customers in the electricity and gas sector.

Grid segment

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

KPIs – Grid segment

	Unit	Q1–3/2020	Q1–3/2021	Change
Total revenue	€m	519.0	651.1	25.4%
EBITDA	€m	167.8	196.8	17.3%
Result from interests accounted for using the equity method	€m	0.0	1.2	–
Capital employed	€m	1,571.9	2,663.8	69.5%

As at 31May 2021, the Grid segment also comprises Gas Connect Austria GmbH and Austrian Gas Grid Management AG (AGGM). Total revenue increased – in addition to the companies included for the first time – due in particular to higher national grid usage fees, while revenue from auctioning off of cross-border capacity declined. 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 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 3/2021 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. The preliminary investigation report was delivered by E-Control Austria (ECA) in quarter 3/2021. APG prepared a comprehensive response to this and submitted it to ECA. The cost notice to serve as a basis for the tariffs in 2022 will be delivered in quarter 4/2021.

Salzburg line and Weinviertel line projects

Construction for both projects is progressing according to plan along all the routes and across the substation locations. With respect to the Salzburg line, there is increasing interest in construction activities (based on visits).

Network Development Plan 2021 – ECA submission

The APG Network Development Plan 2021 (NDP) was prepared and submitted to ECA for approval at the end of August 2021. Official approval of the NDP 2021 by ECA is expected at the end of November 2021. The NDP 2021 will subsequently be published on the APG and ECA websites.

Current information on the Grid segment – Gas Connect Austria GmbH

Gas flows

In quarter 3/2021, gas flows were around 12% lower than for the same reporting period of the previous year. With wholesale prices up significantly and a shortage of natural gas, cross-border gas spreads were very low or non-existent.

Regulation

A market consultation on the NDP 2022–2031 will take place in quarter 4/2021.

Legal developments

The Renewable Energy Development Act (Erneuerbaren-Ausbau-Gesetz, EAG) in Austria was adopted and published in quarter 3/2021. At EU level, the new version of the Regulation on guidelines for trans-European energy infrastructure (TEN-E Regulation) is under negotiation.

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	Q1–3/2020	**Q1–3/2021**	Change
Total revenue	€m	139.1	109.5	–21.3%
EBITDA	€m	31.3	32.0	2.1%
Result from interests accounted for using the equity method	€m	33.7	39.5	17.4%
Capital employed	€m	497.9	515.4	3.5%

The lower total revenue is mainly attributable to the reduced use of the Mellach CCGT for congestion management, as well as to decreased generation 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

The Mellach CCGT and the Mellach district heating power plant were used in quarters 1–3/2021 to ensure security of supply.

At the end of August 2021, the Mellach CCGT was contracted to prevent congestion (contracting by APG) for the period starting 1 October 2021. The Mellach CCGT also supplies heat for district heating of the city of Graz and the surrounding area. The Mellach district heating power plant was not contracted further by APG and will thus be mothballed from 1 October 2021.

Current information on the Services segment

In quarter 3/2021 the Group's crisis management work continued to focus on overcoming the COVID-19 crisis to keep the critical infrastructure up and running. A wide range of measures were implemented for this, such as the operation of COVID-19 testing lanes or measures to provide PPE and self-testing kits.

In the SAP Excellence project (migration to S/4 Hana), the tendering process is currently being conducted with the aim of validating the relevant SAP consulting service for VERBUND and selecting the appropriate service providers.

In the field of IT services, work was carried out on current customer projects in quarter 3/2021 and further support was given to the implementation of the projects in the InfoSec area. Furthermore, in the M365 Implementation project, a directional decision was taken for applications and governance. In addition, the procurement of a system monitoring solution was initiated, which is required for the new Service Monitoring End2End initiative.

Activities in the telecommunications area in quarter 3/2021 were characterised by the further implementation of the current year's projects. These include the continued remodelling of the dense wavelength division multiplexing (DWDM) network as well as the tendering and award of the new generation of transmission technology. This award procedure is in the final phase.

Current information on the Equity interests segment

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

The contribution of KELAG to the result of the interests accounted for using the equity method in quarters 1–3/2021 amounted to €39.5m (Q1–3/2020: €33.7m). This improvement compared with the previous year is attributable to the high water supply in the current fiscal year and the significantly higher sales prices. KELAG is currently expected to perform well again in quarter 4/2021.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 30 September 2021 and authorisation for issue on 21 October 2021.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–3/2020	Q1–3/2021	Q3/2020	Q3/2021
Revenue		2,522.7	**1,790.6**	808.7	**789.1**
Electricity revenue	1	2,064.3	1,214.0	680.7	553.6
Grid revenue	1	357.7	450.0	106.8	167.9
Other revenue	1	100.7	126.6	21.2	67.6
Other operating income		54.4	56.3	18.8	19.9
Expenses for electricity, grid, gas and certificates purchases	2	–1,099.8	–177.7	–323.9	–126.3
Fuel expenses and other usage-/revenue-dependent expenses	3	–59.2	–35.5	–11.5	–19.9
Personnel expenses	4	–254.6	–278.9	–77.9	–88.0
Other operating expenses		–174.1	–204.2	–63.7	–79.2
EBITDA		989.5	**1,150.6**	350.4	**495.7**
Depreciation and amortisation	5	–282.0	–306.4	–92.7	–111.1
Impairment losses		–14.6	–0.5	0.0	0.0
Operating result		692.9	**843.6**	257.7	**384.5**
Result from interests accounted for using the equity method	6	32.5	38.9	7.3	15.2
Other result from equity interests		2.0	14.5	0.5	12.5
Interest income	7	24.1	29.4	8.1	10.0
Interest expenses	8	–62.1	–58.0	–19.5	–20.1
Other financial result	9	21.1	20.5	1.0	2.0
Impairment losses		–0.8	0.0	0.0	0.0
Financial result		16.8	**45.4**	–2.5	**19.7**
Profit before tax		709.7	**889.0**	255.2	**404.2**
Taxes on income		–162.1	–206.8	–60.5	–92.5
Profit for the period		547.6	**682.2**	194.7	**311.7**
Attributable to the shareholders of VERBUND AG (Group result)		477.7	587.4	167.3	262.9
Attributable to non-controlling interests		69.9	94.8	27.4	48.8
Earnings per share in €[1]		1.38	**1.69**	0.48	**0.76**

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

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1–3/2020	**Q1–3/2021**	Q3/2020	**Q3/2021**
Profit for the period		547.6	**682.2**	194.7	**311.7**
Remeasurements of net defined benefit liability	10	41.1	52.2	0.2	0.1
Measurements of financial instruments		0.0	0.0	0.0	0.0
Other comprehensive income from interests accounted for using the equity method		–9.1	5.6	–3.5	5.2
Total of items that will not be reclassified subsequently to the income statement		32.0	**57.8**	–3.3	**5.2**
Differences from currency translation		–3.4	–3.1	–1.0	–0.7
Measurements of cash flow hedges		–70.8	–1,118.4	–34.4	–769.0
Other comprehensive income from interests accounted for using the equity method		–0.7	–4.4	0.1	–4.5
Total of items that will be reclassified subsequently to the income statement		–74.9	**–1,125.9**	–35.3	**–774.3**
Other comprehensive income before tax		–42.9	**–1,068.1**	–38.6	**–769.0**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		–10.7	–13.3	–0.1	0.0
Taxes on income relating to items that will be reclassified subsequently to the income statement		17.7	279.6	8.6	192.3
Other comprehensive income after tax		–35.8	**–801.8**	–30.1	**–576.8**
Total comprehensive income for the period		511.8	**–119.6**	164.6	**–265.1**
Attributable to the shareholders of VERBUND AG		438.5	–219.5	137.2	–313.9
Attributable to non-controlling interests		73.2	99.9	27.5	48.8

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2020	30/9/2021
Non-current assets		11,351.9	**12,477.6**
Intangible assets		668.2	737.9
Property, plant and equipment		9,407.6	10,273.8
Right-of-use assets		110.7	114.8
Interests accounted for using the equity method		349.3	535.8
Other equity interests	12	145.7	150.8
Investments and other receivables	12	670.4	639.2
Deferred tax assets		0.0	25.3
Current assets		702.3	**2,662.9**
Inventories	11	33.0	74.1
Trade receivables, other receivables and securities	12	620.1	2,540.7
Cash and cash equivalents	12	49.2	48.0
Total assets		12,054.2	**15,140.5**

€m

In accordance with IFRSs	Notes	31/12/2020	30/9/2021
Equity		6,873.9	**6,631.7**
Attributable to the shareholders of VERBUND AG		6,151.2	5,670.2
Attributable to non-controlling interests		722.8	961.5
Non-current liabilities		4,045.4	**4,492.5**
Financial liabilities	12	1,202.2	1,831.6
Provisions		886.2	877.0
Deferred tax liabilities		797.1	584.4
Contributions to building costs and grants		761.0	784.4
Other liabilities	12	399.0	415.2
Current liabilities		1,134.8	**4,016.4**
Financial liabilities	12	84.1	450.4
Provisions		39.6	34.7
Current tax liabilities		197.4	219.3
Trade payables and other liabilities	12	813.8	3,311.9
Total equity and liabilities		12,054.2	**15,140.5**

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	–	–	477.7	–
Other comprehensive income	–	–	0.0	18.0
Total comprehensive income for the period	–	–	477.7	18.0
Dividends	–	–	–239.7	–
Other changes in equity	–	–	0.1	0.0
As at 30/9/2020	347.4	954.3	5,171.8	–370.7
As at 1/1/2021	**347.4**	**954.3**	**5,325.5**	**–388.8**
Profit for the period	–	–	587.4	–
Other comprehensive income	–	–	0.0	39.4
Total comprehensive income for the period	**–**	**–**	**587.4**	**39.4**
Changes in the basis of consolidation	–	–	–1.1	0.0
Dividends	–	–	–260.6	–
Other changes in equity	–	–	0.1	0.0
As at 30/9/2021	**347.4**	**954.3**	**5,651.3**	**–349.3**

€m

Difference from currency translation	Measurements of financial instruments	Measurements 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
–	–	–	477.7	69.9	547.6
–3.3	0.0	–53.9	–39.2	3.4	–35.8
–3.3	0.0	–53.9	438.5	73.2	511.8
–	–	–	–239.7	–51.6	–291.4
0.0	0.0	0.0	0.1	0.0	0.1
–15.0	3.2	–4.4	6,086.7	701.8	6,788.5
–15.2	**7.7**	**–79.8**	**6,151.2**	**722.8**	**6,873.9**
–	–	–	587.4	94.8	682.2
–2.9	0.0	–843.3	–806.8	5.1	–801.8
–2.9	**0.0**	**–843.3**	**–219.5**	**99.9**	**–119.6**
0.1	0.0	0.0	–1.0	210.0	208.9
–	–	–	–260.6	–71.1	–331.7
0.0	0.0	0.0	0.1	0.0	0.1
–18.1	**7.7**	**–923.1**	**5,670.2**	**961.5**	**6,631.7**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1–3/2020	**Q1–3/2021**
Profit for the period		547.6	682.2
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		297.7	306.9
Impairment losses on investments (net of reversals of impairment losses)		8.1	–4.5
Result from interests accounted for using the equity method (net of dividends received)		–32.5	–38.8
Result from the disposal of non-current assets		–0.3	2.5
Change in non-current provisions and deferred tax liabilities		11.1	–14.4
Change in contributions to building costs and grants		–12.2	23.4
Other non-cash expenses and income		–52.8	–37.5
Subtotal		766.8	**919.7**
Change in inventories		10.4	–34.1
Change in trade receivables and other receivables		66.7	–1,528.6
Change in trade payables and other liabilities		–64.5	1,147.7
Change in current provisions and current tax liabilities		73.0	5.8
Cash flow from operating activities[1]		852.3	**510.6**

[1] Cash flow from operating activities includes income taxes paid of €197.0m (Q1–3/2020: €54.5m), interest paid of €6.5m (Q1–3/2020: €17.2m), interest received of €0.1m (Q1–3/2020: €0.7m) and dividends received of €3.0m (Q1–3/2020: €2.4m).

€m

In accordance with IFRSs	Notes	Q1–3/2020	Q1–3/2021
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–427.1	–520.1
Cash inflow from the disposal of intangible assets and property, plant and equipment		1.9	2.3
Cash outflow from capital expenditure for investments		–1.2	–0.2
Cash inflow from the disposal of investments		3.5	3.0
Cash inflow (outflow) from capital expenditure for subsidiaries		0.0	–247.2
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		0.0	–9.8
Cash flow from investing activities		–422.9	**–771.9**
Cash inflow from money market transactions		125.0	363.0
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	–234.9
Cash outflow from the repayment of lease liabilities		–33.2	–25.3
Dividends paid		–291.4	–331.7
Cash flow from financing activities		–422.3	**260.2**
Change in cash and cash equivalents		7.1	**–1.2**
Cash and cash equivalents as at 1/1/		44.6	**49.2**
Change in cash and cash equivalents		7.1	–1.2
Cash and cash equivalents as at 30/9/		51.7	**48.0**

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND for the period ended 30 September 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 previously 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 (GCA) was acquired and consolidated for the first time on 31May 2021 (see "Business acquisitions"). Austrian Gas Grid Management AG (AGGM), a subsidiary of GCA, was likewise consolidated for the first time as part of this transaction. The equity interest in Trans Austria Gasleitung GmbH (TAG) held by GCA was consolidated using the equity method of accounting due to the latter's significant influence over the investee.

SMATRICS GmbH & Co KG (hereinafter: SMATRICS), which was previously consolidated using equity method accounting, was consolidated (see "Business acquisitions") after the acquisition of a 20% stake from Siemens Aktiengesellschaft Österreich effective 30 July 2021 and a 40% stake from OMV Downstream GmbH effective 30 September 2021. The general partnership of SMATRICS, E-Mobility Provider Austria GmbH, also acquired as part of this transaction was not consolidated due to immateriality. The 49% equity interest in SMATRICS EnBW GmbH held by SMATRICS was consolidated using equity method accounting due to the latter's significant influence over the investee.

The previously consolidated subsidiary VERBUND Trading Romania S.R.L. was deconsolidated on 1 July 2021 due to the realignment of business activities.

Business acquisitions

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

GCA 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, GCA'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 GCA 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 €67.6m to VERBUND's revenue from the time of initial consolidation to the reporting date 30 September 2021; their contribution to VERBUND's net profit for the period was €13.5m. If the business acquisition had taken place at the beginning of the reporting period, the new subsidiaries would have contributed €136.9m in revenue and €36.7m in net profit for the period to the corresponding line items of VERBUND's income statement.

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.

VERBUND acquired 40% of the interest in SMATRICS GmbH & Co KG from OMV Downstream GmbH effective 30 September 2021. Thus, following the acquisition of the 20% stake from SIEMENS Aktiengesellschaft already carried out on 30 July 2021, VERBUND increased its equity interest in SMATRICS to 100%. The agreed purchase price for OMV's 40% interest in SMATRICS was €19.6m. VERBUND also assumed the outstanding liabilities of SMATRICS to OMV in the amount of around €3.6m.

SMATRICS is a leading full-service provider for charging solutions, software products and services along the entire e-mobility value chain. The acquisition of the interest in SMATRICS is intended to boost VERBUND's positioning in the electromobility market. In addition, the concentration and further expansion of SMATRICS as a technology company and service provider is to be expedited. The company is assigned to the Sales segment.

The fair value of the identifiable assets and liabilities of SMATRICS GmbH & Co KG as at the acquisition date of the OMV stake was as follows:

Assets acquired and liabilities assumed €m

	Fair value at the acquisition date
Concessions, rights, licences	0.0
Machinery	0.0
Office and plant equipment	0.1
Interests accounted for using the equity method	12.5
Inventories	0.7
Trade receivables and current other receivables[1]	4.1
Cash and cash equivalents	2.9
Total assets acquired	20.4
Non-current other liabilities	0.0
Current provisions	2.0
Current liabilities to affiliated companies	7.3
Trade payables and current other liabilities	2.6
Total liabilities assumed	11.9
Total identifiable net assets at fair value (100%)	8.5
Consideration transferred (40% stake)[2]	19.6
Fair value equity interest (60% stake)	29.4
Subtotal	49.0
Goodwill (100%)	40.5

[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. // [2] The consideration was transferred entirely in cash.

The goodwill resulting from the transaction in the amount of €40.5m can be attributed primarily to the area of electromobility currently being established. SMATRICS will realise economies of scale with an increase in business volume with new customers and is expected to generate a profit after the year 2025. The goodwill therefore includes future customer contracts with which SMATRICS will participate in the growing electromobility sector. In accordance with IFRS 3.B38, future customer contracts may not be recognised separately from goodwill; however, they are crucial for determining the value of SMATRICS as a service provider.

The consolidation difference between the carrying amount and fair value of the previously held 60% interest in SMATRICS in the amount of around €11.9m arising in the course of the transitional consolidation was recorded as income in the other result from equity interests.

Since the consolidation date corresponds to the reporting date of the interim financial statements as at 30 September 2021, the revenue does not include any contribution on the part of SMATRICS. Profit or loss for the period includes the previously recognised results from the consolidation of SMATRICS using equity method accounting.

If the business acquisition had taken place at the beginning of the reporting period, the new subsidiary SMATRICS would have contributed around €8.7m in revenue and a net loss of €–2.8m for the period to the corresponding line items of VERBUND's income statement.

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 for the period ended 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 16	COVID-19-Related Rent Concessions Beyond 30 June 2021	30/8/2021 (31/8/2021)	1/4/2021	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
Q1–3/2021							
External revenue	80.3	62.0	1,012.9	627.6	5.0	2.8	1,790.6
Internal revenue	1,019.7	14.6	105.9	23.5	104.5	–1,268.1	0.0
Total revenue	1,100.0	76.5	1,118.9	651.1	109.5	–1,265.3	1,790.6
EBITDA	**841.8**	**26.8**	**82.0**	**196.8**	**32.0**	**–28.8**	**1,150.6**
Depreciation and amortisation	–161.6	–19.9	–1.5	–111.4	–9.8	–2.2	–306.4
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	28.2	0.0	3.2	8.6	4.6	1.0	45.6
Result from interests accounted for using the equity method	0.1	0.1	–2.0	1.2	39.5	0.0	38.9
Capital employed	5,865.0	399.4	798.2	2,663.8	515.4	134.5	10,376.3
of which carrying amount of interests accounted for using the equity method	5.1	1.4	12.5	143.9	372.9	0.0	535.8
Additions to intangible assets and property, plant and equipment[1]	192.3	5.2	2.9	233.4	6.3	1.4	441.5
Additions to interests accounted for using the equity method[2]	0.0	0.0	9.8	0.0	0.0	0.0	9.8

[1] excl. additions from business acquisitions in the amount of €721.5m // [2] excl. additions from business acquisitions in the amount of €153.9m

€m

	Hydro	New renewables	Sales	Grid	All other segments	Recon- ciliation/ consoli- dation	Total Group
Q1–3/2020							
External revenue	76.8	61.0	1,866.3	496.6	19.2	2.8	2,522.7
Internal revenue	875.9	17.5	146.0	22.4	120.0	–1,181.7	0.0
Total revenue	952.7	78.5	2,012.3	519.0	139.1	–1,178.9	2,522.7
EBITDA	**714.7**	**42.8**	**56.7**	**167.8**	**31.3**	**–23.8**	**989.5**
Depreciation and amortisation	–160.5	–18.5	–1.1	–87.8	–12.3	–1.7	–282.0
Effects from impairment tests (operating result)	–8.8	0.0	0.0	0.0	–5.8	0.0	–14.6
Other material non-cash items	43.4	0.0	–7.2	8.7	6.7	0.9	52.4
Result from interests accounted for using the equity method	0.5	0.0	–1.7	0.0	33.7	0.0	32.5
Effects from impairment tests (financial result)	–0.8	0.0	0.0	0.0	0.0	0.0	–0.8
Capital employed	**6,084.5**	**401.1**	**168.3**	**1,571.9**	**497.9**	**19.2**	**8,742.9**
of which carrying amount of interests accounted for using the equity method	3.0	1.2	8.2	1.4	340.3	0.0	354.0
Additions to intangible assets and property, plant and equipment	164.3	2.2	2.0	201.0	7.5	0.9	378.0

Notes to the income statement

(1) Revenue

Revenue

€m

	Q1–3/2020 Domestic	Q1–3/2021 Domestic	Q1–3/2020 Foreign	Q1–3/2021 Foreign	Q1–3/2020 Total	Q1–3/2021 Total	Change
Electricity revenue resellers	42.5	42.7	26.5	30.5	69.0	73.2	6.1%
Electricity revenue traders	0.1	0.3	2.7	2.2	2.8	2.5	–12.5%
Electricity revenue – Hydro segment	42.6	**43.0**	29.2	**32.6**	71.8	**75.6**	5.3%
Electricity revenue resellers	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Electricity revenue traders	10.4	10.0	–2.5	14.0	7.8	24.0	n.a.
Electricity revenue consumers	0.0	0.0	32.5	26.3	32.5	26.3	–19.2%
Electricity revenue – New renewables segment	10.4	**10.0**	30.0	**40.3**	40.4	**50.3**	24.6%
Electricity revenue resellers	368.1	372.4	272.9	187.5	641.0	559.9	–12.6%
Electricity revenue traders	226.5	405.8	551.9	–546.2	778.4	–140.3	–118.0%
Electricity revenue consumers	218.8	294.7	184.9	208.4	403.7	503.2	24.6%
Electricity revenue – Sales segment	813.4	**1,073.0**	1,009.6	**–150.2**	1,823.0	**922.7**	–49.4%
Electricity revenue resellers	92.5	80.1	32.8	77.1	125.2	157.2	25.6%
Electricity revenue traders	3.8	2.8	0.1	5.2	3.9	8.1	108.6%
Electricity revenue – Grid segment	96.2	**83.0**	32.8	**82.3**	129.1	**165.3**	28.1%
Total electricity sales revenue	962.6	**1,208.9**	1,101.7	**5.0**	2,064.3	**1,214.0**	–41.2%
Grid revenue electric utilities	230.3	303.5	18.4	5.2	248.8	308.6	24.1%
Grid revenue industrial customers	2.9	4.4	0.0	0.0	2.9	4.4	53.1%
Grid revenue other	27.1	56.0	78.9	81.0	106.0	137.0	29.2%
Total grid revenue – Grid segment	260.3	**363.9**	97.4	**86.2**	357.7	**450.0**	25.8%
Other revenue – Hydro segment					4.9	**4.6**	–6.5%
Other revenue – New renewables segment					20.6	**11.7**	–43.4%
Other revenue – Sales segment					43.3	**90.2**	108.4%
Other revenue – Grid segment					9.8	**12.3**	24.4%
Other revenue – All other segments					19.2	**5.0**	–73.8%
Other revenue – reconciliation					2.8	**2.8**	0.4%
Total of other revenue					100.7	**126.6**	25.7%
Total revenue					2,522.7	**1,790.6**	–29.0%

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

Expenses for electricity, grid, gas and certificates purchases

€m

	Q1–3/2020	Q1–3/2021	Change
Expenses for electricity purchases (including control power)	1,030.2	119.5	–88.4%
Expenses for grid purchases (system use)	52.9	49.0	–7.4%
Expenses for gas purchases	15.3	10.6	–30.5%
Purchases of proof of origin and green certificates	1.6	1.1	–30.0%
Purchases of emission rights (trade)	–0.2	–2.5	n.a.
Expenses for electricity, grid, gas and certificates purchases	1,099.8	**177.7**	–83.8%

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

Fuel expenses and other usage-/revenue-dependent expenses

€m

	Q1–3/2020	Q1–3/2021	Change
Other revenue-dependent expenses	11.5	15.4	33.9%
Fuel expenses	35.5	14.6	–58.8%
Emission rights acquired in exchange for consideration	12.2	3.2	–74.0%
Other usage-dependent expenses	0.0	2.3	n.a.
Fuel expenses and other usage-/revenue-dependent expenses	59.2	35.5	–40.0%

(4)
Personnel expenses

Personnel expenses

€m

	Q1–3/2020	Q1–3/2021	Change
Wages and salaries	193.7	212.0	9.4%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	43.5	47.8	9.8%
Other social expenses	2.4	3.1	28.5%
Subtotal	239.6	**262.8**	9.7%
Expenses for pensions and similar obligations	11.9	12.9	8.2%
Expenses for termination benefits	3.1	3.3	5.0%
Personnel expenses	254.6	**278.9**	9.6%

(5)
Depreciation and amortisation

Depreciation and amortisation

€m

	Q1–3/2020	Q1–3/2021	Change
Depreciation of property, plant and equipment	249.1	270.6	8.6%
Depreciation of right-of-use assets	26.6	27.8	4.6%
Amortisation of intangible assets	6.3	8.1	28.4%
Depreciation and amortisation	282.0	**306.4**	8.7%

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

Result from interests accounted for using the equity method

€m	Q1–3/2020 Domestic	Q1–3/2021 Domestic	Change	Q1–3/2020 Foreign	Q1–3/2021 Foreign	Change
Income or expenses	32.1	**38.9**	21.1%	0.4	**0.0**	–89.3%

(7) Interest income

Interest income

€m	Q1–3/2020	Q1–3/2021	Change
Interest from investments under closed items on the balance sheet	22.7	23.2	2.3%
Other interest and similar income	1.4	6.2	n.a.
Interest income	24.1	**29.4**	–13.8%

(8) Interest expenses

Interest expenses

€m	Q1–3/2020	Q1–3/2021	Change
Interest on financial liabilities under closed items on the balance sheet	22.7	23.2	2.3%
Interest on other liabilities from electricity supply commitments	11.0	10.4	–5.6%
Interest on bonds	10.2	7.9	–23.1%
Interest on bank loans	6.3	5.7	–10.2%
Interest on a share redemption obligation	5.9	4.9	–16.3%
Net interest expense on personnel-related liabilities	4.7	4.1	–13.1%
Interest on other non-current provisions	1.0	0.8	–15.6%
Interest on leases	0.7	0.8	3.0%
Borrowing costs capitalised in accordance with IAS 23	–3.4	–3.6	–7.4%
Other interest and similar expenses	2.9	3.7	26.4%
Interest expenses	62.1	**58.0**	–6.6%

(9)
Other financial result

Other financial result €m

	Q1–3/2020	Q1–3/2021	Change
Measurement of an obligation to return an interest	26.1	12.7	–51.6%
Measurement of non-derivative financial instruments	–7.3	4.5	162.2%
Measurement of derivatives in the finance area	0.9	1.8	88.0%
Income from securities and loans	1.6	1.5	–6.2%
Other	–0.2	0.1	127.5%
Other financial result	21.1	**20.5**	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 on 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 on 30 June 2021 when the actuarial reports were prepared in accordance with statutory provisions.

Notes to the balance sheet

(11)
Inventories

Inventories €m

	31/12/2020	30/9/2021	Change
Inventories of primary energy sources held for generation	3.4	**4.8**	42.7%
Emission rights held for trading	14.8	24.5	66.4%
Measurements of emission rights held for trading	7.8	29.9	n.a.
Fair value of emission rights held for trading	22.5	**54.5**	141.5%
Proof of origin and green electricity certificates	0.3	**2.6**	n.a.
Other	6.8	**12.3**	81.0%
Inventories	33.0	**74.1**	124.4%

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 1measurements.

(12) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement category 30/9/2021

€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	0.6	0.6
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			**150.8**	
Securities	FVPL	1	129.2	129.2
Securities	FVOCI	3	5.8	5.8
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	65.1	63.9
Other loans – closed items on the balance sheet	AC	2	297.0	322.7
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	71.9	71.9
Loans to investees	AC	2	24.8	24.2
Other loans	AC	2	5.5	6.1
Other	–	–	64.0	–
Other non-current investments and non-current other receivables			**664.5**	
Trade receivables	AC	–	553.2	–
Receivables from investees	AC	–	41.2	–
Loans to investees	AC	2	49.8	50.6
Other loans	AC	2	0.0	0.0
Derivatives in the energy area	FVPL	1	0.6	0.6
Derivatives in the energy area	FVPL	2	1,678.3	1,678.3
Securities	FVPL	1	4.3	4.3
Emission rights	–	–	5.8	–
Other	AC	–	166.1	–
Other	–	–	41.4	–
Trade receivables and current other receivables			**2,540.7**	
Cash and cash equivalents	**AC**	**–**	**48.0**	**–**
Aggregated by measurement category				
Financial assets at amortised cost	AC		1,250.8	
Financial assets at fair value through profit or loss	FVPL		1,884.1	
Financial assets at fair value through other comprehensive income	FVOCI		157.9	

Carrying amounts and fair values by measurement category 30/9/2021 €m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	994.7	1,036.7
Financial liabilities to banks and to others	AC	2	853.3	892.2
Financial liabilities to banks – closed items on the balance sheet	AC	2	112.5	148.8
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	321.5	321.5
Capital shares attributable to limited partners	–	–	0.0	–
Non-current and current financial liabilities			2,282.0	
Electricity supply commitment	–	–	129.5	–
Obligation to return an interest	AC	3	102.8	179.0
Trade payables	AC	–	2.5	–
Lease liabilities	–	–	81.4	–
Other	AC	–	99.1	–
Non-current other liabilities			415.2	
Trade payables	AC	–	249.8	–
Derivatives in the energy area	FVPL	2	2,675.9	2,675.9
Derivatives in the finance area	FVPL	2	7.2	7.2
Lease liabilities	–	–	8.0	–
Other	AC	–	185.1	–
Other	–	–	110.2	–
Trade payables and current other liabilities			3,311.9	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		2,599.8	
Financial liabilities at fair value through profit or loss	FVPL		2,758.8	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		321.5	

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 €343.8m (31 December 2020: €29.2m) and negative fair values of €1,563.4m (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

	30/9/2021	of which due in 2021	of which due 2022–2026
Total commitment	**1,118.4**	336.5	781.9

Contingent liabilities

By 30 September 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 September 2021, VERBUND's secondary liability amounted to €116.6m (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, €29.1m (31 December 2020: €261.7m) is secured through counter-guarantees from entities entitled to purchase electricity. In addition, €116.6m (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

	Q1–3/2020	Q1–3/2021	Change
Income statement			
Electricity revenue	39.3	41.7	6.0%
Grid revenue	23.1	25.5	10.1%
Other revenue	3.1	4.2	38.0%
Other operating income	5.8	4.9	–15.7%
Expenses for electricity, grid, gas and certificates purchases	–18.3	–18.1	1.1%
Fuel expenses and other usage-/ revenue-dependent expenses	–0.1	–0.8	n.a.
Other operating expenses	–0.2	–5.6	n.a.
Interest income	0.9	0.9	–3.1%
Other financial result	1.3	1.2	–7.6%

Transactions with investees accounted for using the equity method

€m

	31/12/2020	30/9/2021	Change
Balance sheet			
Investments and other non-current receivables	47.1	5.8	–87.7%
Trade receivables and other current receivables	33.9	65.0	91.8%
Contributions to building costs and grants	270.9	0.0	–100.0%
Trade payables and other current liabilities	1.7	12.1	n.a.

Electricity revenue with equity-accounted investees was generated mainly with KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (€36.2m; previous year: €28.6m) and with OeMAG Abwicklungsstelle für Ökostrom AG (€5.4m; previous year: €10.2m). The electricity revenue was offset by electricity purchases from KELAG in the amount of €17.0m (previous year: €17.3m). 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 €52.2m (previous year: €49.5m). Electricity was purchased by ÖBB, OMV and Telekom Austria. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria totalled €5.0m (previous year: €3.5m). 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 €55.3m reported under other revenue and purchased gas, respectively (previous year: €6.3m).

VERBUND's expenses for monitoring by E-Control Austria (ECA) amounted to €9.5m (previous year: €8.5m).

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 September 2021 and authorisation for issue on 21 October 2021.

Vienna, 21 October 2021

The 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 for the period ended 30 September 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.

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 with respect to the important events during the first nine months of the financial year and their effects on the condensed consolidated interim financial statements for the period ended 30 September 2021, as well as with respect to the principal risks and uncertainties in the remaining three months of the financial year.

Vienna, 21 October 2021

The 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

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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), Christine Catasta (Vice-Chairwoman), Christa Schlager (Vice-Chairwoman), Susan Hennersdorf, Barbara Praetorius, Jürgen Roth, Eckhardt Rümmler, 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.

Gender balance and diversity
Gender balance and diversity are given high priority at VERBUND. Our clear objective is to treat all persons and genders equally in both written and spoken language. We are continually looking for a solution that includes everybody and is of non-discriminatory nature, and use gender-neutral terms for the most part.

Verbund

Power for the Future