Half-year Financial Report 2024

Verbund

The power to transform.
Together.

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KPIs

	Unit	Q1–2/2023	**Q1–2/2024**	Change
Revenue	€m	6,686.5	**3,892.6**	–41.8%
EBITDA	€m	2,255.2	**1,762.4**	–21.9%
EBITDA adjusted	€m	2,255.2	**1,762.4**	–21.9%
Operating result	€m	1,988.0	**1,282.3**	–35.5%
Group result	€m	1,287.2	**910.1**	–29.3%
Group result adjusted	€m	1,307.5	**1,008.5**	–22.9%
Earnings per share	€	3.71	**2.62**	–29.3%
EBIT margin	%	29.7	**32.9**	–
EBITDA margin	%	33.7	**45.3**	–
Cash flow from operating activities	€m	2,895.7	**1,850.2**	–36.1%
Additions to property, plant and equipment	€m	311.3	**444.6**	42.8%
Free cash flow before dividends	€m	2,470.9	**1,331.6**	–46.1%
Free cash flow after dividends	€m	927.1	**–602.4**	–
Performance of VERBUND shares	%	–6.6	**–12.4**	–
Average number of employees		3,696	**4,074**	10.2%
Electricity sales volume	GWh	31,447	**34,112**	8.5%
Hydro coefficient		0.95	**1.12**	–
New renewables coefficient		1.01	**0.94**	–

	Unit	31/12/2023	**30/6/2024**	Change
Total assets	€m	19,485.3	**18,567.8**	–4.7%
Equity	€m	11,220.9	**10,213.4**	–9.0%
Equity ratio (adjusted)	%	58.9	**56.3**	–
Net debt	€m	1,758.7	**2,496.0**	41.9%
Gearing	%	15.7	**24.4**	–

Report of the Executive Board

Dear Shareholders,

After a record year in 2023, VERBUND entered financial year 2024 as a strong, resilient and well-positioned company. The energy market environment remains highly volatile. In particular, the key value driver for VERBUND – the wholesale price for electricity – is fluctuating considerably and has risen again following the sharp corrections in quarter 1/2024. Overall, wholesale prices remain higher than before the start of the Russia-Ukraine war, but well below the peaks of 2022 and 2023. The increase in prices in quarter 2/2024 was mainly driven by rising gas prices due to higher demand from Asia, geopolitical risks and LNG terminal outages.

Our business activities in quarter 2/2024 centred on the systematic implementation of the 2030 sustainable growth strategy. Strengthening our integrated position in the domestic market with a focus on expanding domestic hydropower and the Austrian high-voltage grid, expanding new renewables energy generation in Europe and building a green hydrogen economy are top priorities. Our Mission V roadmap is helping us to meet the challenges ahead step by step. VERBUND is working across the board to transform the grid and make the transition to clean energy, and achieved numerous milestones again in quarter 2/2024.

Implementation of the major Limberg III hydropower project is progressing on schedule, with completion scheduled for 2025. The Stegenwald power plant on the Salzach river is likewise due to be completed in financial year 2025. The Gratkorn hydropower plant is expected to come on stream as early as October 2024. These projects are boosting VERBUND's renewable electricity generation – particularly in terms of flexible capacity.

In the New renewables segment, VERBUND put into operation the 50 MW Calatrava II solar power plant in Manzanares in the province of Ciudad Real. This latest commissioning brings VERBUND's on-stream renewable energy capacity in Spain to 680 MW. Wind power plants account for 380 MW of this and photovoltaic capacity for a further 300 MW. In Austria, VERBUND reached a whole series of milestones in the ongoing development of its wind power projects. VERBUND opened a 2.7 MW photovoltaic system in the municipality of Güssing with an average annual generation of 300,000 KWh. In cooperation with Raiffeisen Regional Bank Güssing-Jennersdorf, VERBUND also invited local residents to participate in the "Climate Savings" investment model.

VERBUND also made further progress on battery storage in the quarter now ended,with three more units put into operation in Bavaria and Hesse. Three storage sites with a total output of 44 MW and a storage volume of 55 MWh are now supporting and stabilising the distribution networks in Bavaria and Hesse.

In the Grid segment, Austrian Power Grid received approval and confirmation of environmental compatibility for the Upper Austria (Central region) Electric Transmission Infrastructure project. In addition, other construction projects such as the 380 kV Salzburg line and various substation projects are proceeding on schedule. Austrian Power Grid is thus working consistently to implement the Network Development Plan (NDP) in order to integrate new renewables. Gas Connect Austria is focused on the implementation of the WAG loop to ensure that appropriate measures are in place for Austria's security of supply if gas supplies from Russia are interrupted. The West Austria gas pipeline (WAG) is one of the most important long-distance gas pipelines in the country.

In green hydrogen, VERBUND and TE H2 – a joint venture between TotalEnergies and EREN Groupe – signed a memorandum of understanding with the Republic of Tunisia to explore the implementation of a large-scale green hydrogen project for export via pipelines to Central Europe. The project is expected to produce around 200,000 tons of green hydrogen per year in the initial phase.

Another highlight was the issuance of a green bond with a biodiversity component. For VERBUND, this is another positive step in our long-standing green finance strategy, which in turn helps us pursue our sustainable strategy. The €500m green bond with a maturity of seven years was received extremely positively by the investor community in a competitive environment. VERBUND plans to use up to 90% of the proceeds from the bond to finance the construction of the 380 kV Salzburg high-voltage line (Salzburg line). With the remaining 10%, VERBUND plans to finance the LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn biodiversity projects.

VERBUND posted lower results in quarters 1–2/2024 due to a weaker energy market environment. EBITDA fell by 21.9% year-on-year to €1,762.4m. The Group result was down 29.3% to €910.1m and the Group result after adjustment for non-recurring effects was down 22.9% year-on-year. At 1.12, the hydro coefficient for the run-of-river power plants was 17 percentage points above the prior-year figure and 12 percentage points higher than the long-term average. By contrast, generation from annual storage power plants fell by 3.1% in quarters 1–2/2024 compared with the prior-year reporting period. Generation from hydropower thus increased by 2,239 GWh to 17,292 GWh. Earnings were hard-hit by the sharp drop in futures prices for wholesale electricity that were relevant for the reporting period. Spot market prices likewise fell in quarters 1–2/2024. The average sales price achieved for own generation from hydropower fell by €68.8/MWh to €113.3/MWh. Despite higher generation from photovoltaic installations and wind power plants, particularly those that came on stream in Spain, the earnings contribution from the New renewables segment also declined due to lower sales prices. A significantly higher earnings contribution in the Sales segment had a positive effect, partly due to lower procurement costs, while the contribution from the Grid segment suffered due to a drop in earnings at Gas Connect Austria GmbH and Austrian Power Grid AG. Earnings were also reduced by a lower contribution from flexibility products.

Based on expectations of average levels of own generation from hydropower, wind power and solar power in quarters 3–4/2024 as well as the current opportunities and risks identified, VERBUND expects EBITDA of between around €3,000m and €3,300m and a Group result of between around €1,500m and €1,650m in financial year 2024. VERBUND's planned payout ratio for financial year 2024 is between 45% and 55% of the Group result of between around €1,600m and €1,750m, after adjusting for non-recurring effects.

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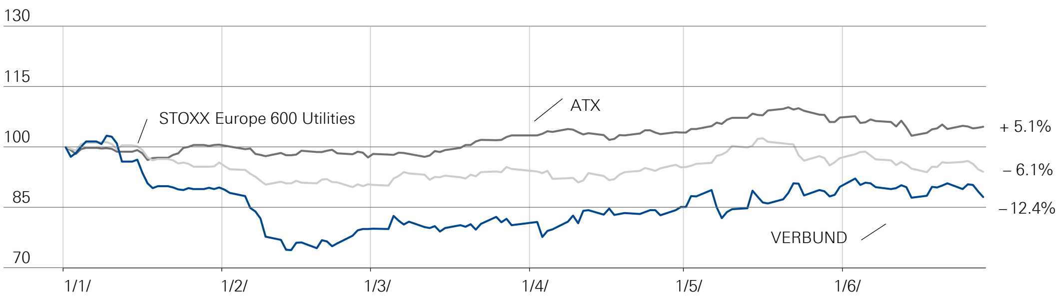
In quarter 2/2024, economic recovery continued in large parts of the world, albeit at varying paces. The mood in the USA was generally more upbeat than in Europe. Though persistent, geopolitical risks, new protectionist measures (US and EU tariffs vis-à-vis China) and the upcoming US presidential election this November now appear to be largely factored into share prices. There were positive signs from companies both in the USA and in Europe. US equities in particular therefore recorded new highs, driven not least by the ubiquitous theme of artificial intelligence (AI).

The ECB's anticipated turnaround on interest rates finally came to pass, with a cut of 25 basis points in the key interest rate in June 2024 after a steady fall in European inflation. Further moderate easing this year is conceivable. This contrasts with the USA, where inflation was (back) on the rise. Accordingly, the Federal Reserve held off on reducing interest rates. In China, the negative impact of the property market crisis continued, though the Chinese government is working to stabilise the situation.

The US benchmark index Dow Jones Industrial Average ended quarters 1–2/2024 up 3.8%. The Euro Stoxx 50 performed better in the reporting period, closing 8.2% higher than at year-end 2023. The Japanese benchmark index Nikkei 225 rallied far more strongly, up 18.3% compared with 31 December 2023.

VERBUND share price: relative performance 2024



Upcoming dates:
Interim financial report quarters 1–3/2024:
7 November 2024

VERBUND shares took a marked downturn until mid-February. This was due to generally poor performance in the utilities sector (notably the sharp drop in wholesale electricity prices), negative sentiment on the capital market around long-term value creation from investment in new renewables, ongoing regulatory uncertainties such as the extension of the windfall tax in Austria in particular, and the profit warning issued by VERBUND on 8 February 2024 owing to the marked divergence between external analysts' consensus estimates and internal forecasts for financial year 2024. Following the announcement of a special dividend for financial year 2023 and the best annual results in the Company's history, the share price stabilised and recovered slightly by the end of quarter 1/2024. In quarter 2/2024, VERBUND's share price climbed steadily. This was mainly attributable to rising wholesale prices for electricity, which in turn were driven by rising gas prices.

Trading at a closing price of €73.7 as at 30 June 2024, VERBUND shares were down 12.4% in quarters 1–2/2024 against year-end 2023. As such, the shares underperformed significantly against the Austrian ATX (+5.1%) and even the STOXX Europe 600 Utilities sector index (–6.1%).

KPIs – shares

	Unit	Q1–2/2023	**Q1–2/2024**	Change
Share price high	€	83.2	86.5	4.0%
Share price low	€	68.1	62.6	–8.0%
Closing price	€	73.5	73.7	0.3%
Performance	%	–6.6	–12.4	–
Market capitalisation	€m	25,517.7	25,587.2	0.3%
ATX weighting	%	10.1	9.6	–
Value of shares traded	€m	2,526.9	2,788.0	10.3%
Shares traded per day	Shares	261,108	308,562	18.2%

Interim Group management report

Business performance

Electricity supply and sales volume

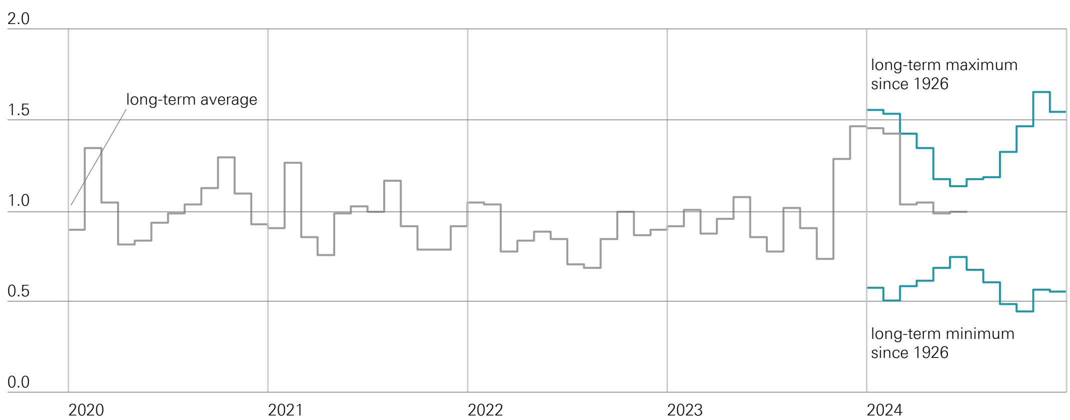
Group electricity supply GWh

	Q1–2/2023	**Q1–2/2024**	Change
Hydropower[1]	15,054	**17,292**	14.9%
Wind power	546	**989**	81.1%
Solar power	161	**210**	30.5%
Thermal power	342	**423**	23.5%
Battery storage systems[2]	–	**22**	–
Own generation	16,103	**18,935**	17.6%
Electricity purchased for trading and sales	15,590	**15,171**	–2.7%
Electricity purchased for grid loss and control power volumes	2,135	**2,178**	2.0%
Electricity supply	33,828	**36,284**	7.3%

[1] incl. purchase rights // [2] drawing of stored power; the stored quantities are shown under own use

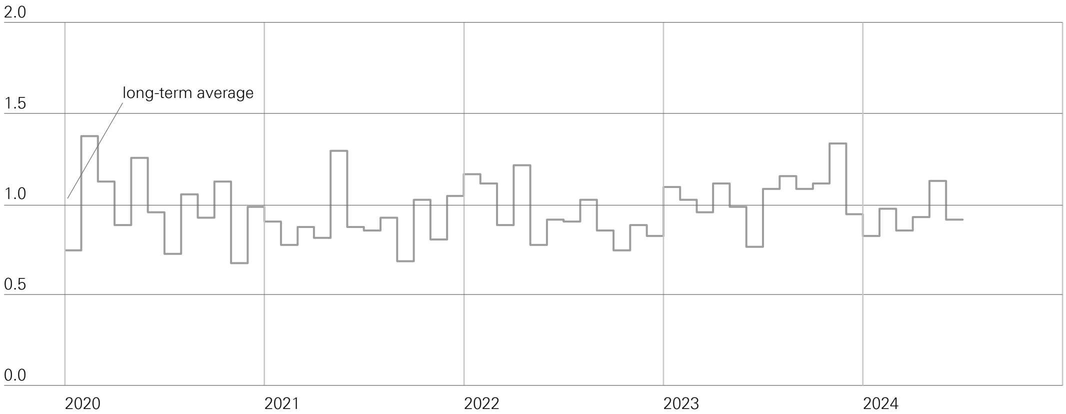
VERBUND’s own generation was up 2,833 GWh (17.6%) to 18,935 GWh in quarters 1–2/2024 compared with the same period in 2023. Generation from hydropower plants rose by 2,239 GWh in the reporting period to 17,292 GWh. At 1.12, the hydro coefficient for the run-of-river power plants was 12 percentage points above the long-term average and up 17 percentage points on the comparative prior-year figure. Generation from VERBUND’s annual storage power plants declined by 3.1% in quarters 1–2/2024, due in particular to a drop in generation from turbining.

Hydro coefficient (monthly averages)



At 989 GWh, the volume of electricity generated by VERBUND's wind power plants in quarters 1–2/2024 was up 443 GWh on the comparative prior-year figure. Electricity generated from proprietary photovoltaic installations rose by 49 GWh to 210 GWh. The new renewables coefficient dropped to 0.94: 6 percentage points below the long-term average and 7 percentage points lower than the comparative prior-year figure. The upswing in generation from photovoltaic installations and wind power plants was largely due to new plants in Spain coming on stream.

New renewables coefficient (monthly averages)



Despite lower congestion management, generation from thermal power increased by 81 GWh year-on-year due to better market conditions for deploying the Mellach combined cycle gas turbine power plant to supply electricity and district heating.

The management of battery systems generated 22 GWh in the reporting period. Purchases of electricity from third parties for trading and sales declined by 419 GWh in quarters 1–2/2024. Electricity purchased from third parties for grid losses and control power rose by 42 GWh.

Group electricity sales volume and own use

GWh

	Q1–2/2023	**Q1–2/2024**	Change
Consumers	7,003	6,748	–3.6%
Resellers	13,688	14,366	5.0%
Traders	10,756	12,997	20.8%
Electricity sales volume	31,447	**34,112**	8.5%
Own use	1,817	1,587	–12.7%
Control power	564	585	3.8%
Electricity sales volume and own use	33,828	**36,284**	7.3%

VERBUND's electricity sales volume increased by 2,665 GWh (8.5%) to 34,112 GWh in quarters 1–2/2024. Sales to consumers fell by 255 GWh (the customer base at 30 June 2024 comprised around 482,000 electricity and gas customers), while sales to resellers rose by 678 GWh. Sales to traders were up 2,241 GWh, due in particular to higher generation.

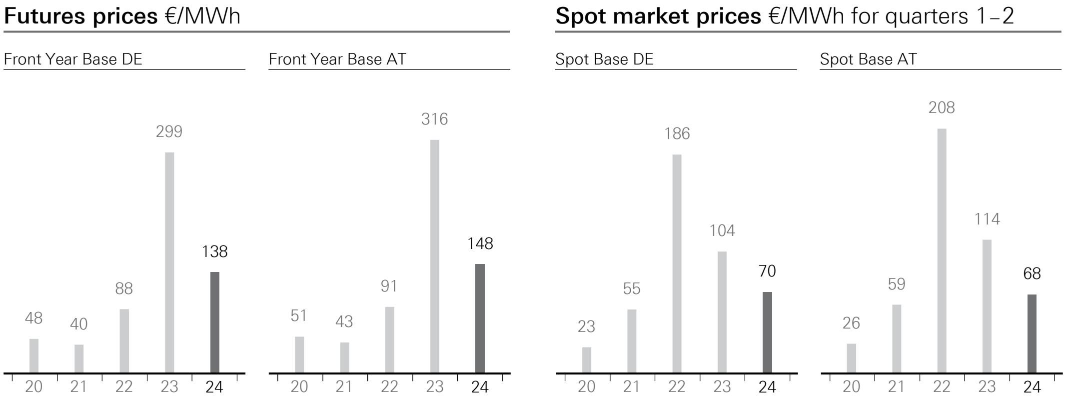
Own use of electricity declined by 230 GWh in quarters 1–2/2024, attributable above all to lower generation from turbining.

Electricity sales by country GWh

	Q1–2/2023	**Q1–2/2024**	Change
Austria	18,780	**18,172**	–3.2%
Germany	10,237	**12,932**	26.3%
France	1,724	**1,810**	5.0%
Spain	212	**654**	–
Others	495	**544**	10.0%
Electricity sales volume	31,447	**34,112**	8.5%

Approximately 53.3% of the electricity sold by VERBUND in quarters 1–2/2024 went to the Austrian market. The German market, which accounted for around 81% of all volumes sold abroad, 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. Market area Germany or Austria respectively. Average prices.

Source: EEX, EPEX Spot

VERBUND contracted for most of its own generation for 2024 on the futures market back in 2022 and 2023. Prices for AT 2024 front-year base load contracts (traded in 2023) averaged €148.1/MWh and prices for DE 2024 front-year base load contracts averaged €137.5/MWh. Compared with the prior-year period, futures market prices were therefore down by as much as 53.1% (AT) and 54.0% (DE). Front-year peak load (AT) contracts traded at an average of €176.1/MWh and front-year peak load (DE) contracts at €164.8/MWh. Futures market prices in this area thus decreased year-on-year by 57.8% (AT) and 58.8% (DE).

On both the Austrian and German spot markets, wholesale trading prices for electricity continued to retreat in quarters 1–2/2024. Prices for base load electricity declined by an average of 40.5% to €67.7/MWh in Austria and by 33.0% to €69.7/MWh in Germany. Prices for peak load fell by 40.0% to €75.1/MWh in Austria and by 35.2% to €73.2/MWh in Germany. The decline in wholesale prices is mainly attributable to lower prices for emission allowances and gas, due in turn to factors such as softer demand and higher stocks of gas.

Financial performance

Results

€m

	Q1–2/2023	Q1–2/2024	Change
Revenue	6,686.5	3,892.6	–41.8%
EBITDA	2,255.2	1,762.4	–21.9%
Operating result	1,988.0	1,282.3	–35.5%
Group result	1,287.2	910.1	–29.3%
Earnings per share in €	3.71	2.62	–29.3%

Electricity revenue

VERBUND's electricity revenue fell by €2,530.2m to €3,274.5m in quarters 1–2/2024. Wholesale electricity futures prices that were relevant for the reporting period were down significantly year-on-year. Spot market prices likewise declined in quarters 1–2/2024 (for details please refer to the Electricity prices section). The average sales price achieved for own generation from hydropower fell by €68.8/MWh to €113.3/MWh. By contrast, in terms of quantities, electricity sales volumes rose by 2,665 GWh, or 8.5%, year-on-year. Offsetting effects resulted from the recognition of energy derivatives that are not part of a hedging relationship. These derivatives are recognised at the spot market price in accordance with IFRS 9.

Grid revenue

Grid revenue fell by €281.6m to €457.7m in quarters 1–2/2024 compared with the prior-year period. Grid revenue at Austrian Power Grid AG was down €196.4m year-on-year. Along with lower tariff rates, relatively high generation from hydropower and photovoltaic installations and the associated volume reduction at higher grid levels also had an impact. Lower international revenues – particularly from the auctioning of cross-border capacities – were an additional factor. The €85.4m decline in grid revenue at Gas Connect Austria GmbH was largely due to lower revenue from the transmission business, mostly as a result of the commodity tariff and auction revenue.

Other revenue and other operating income

Other revenue climbed by €17.9m to €160.4m. The increase was mainly attributable to the sale of green electricity certificates. Other operating income rose by €20.6m to €74.2m due to factors including an increase in own work capitalised.

Expenses for electricity, grid, gas and certificates purchases

Expenses for electricity, grid, gas and certificates purchases decreased by €1,543.8m to €1,734.2m. A total of 377 GWh less electricity was purchased from third parties for trading and sales as well as for grid losses and control power. Lower procurement prices due to the fall in wholesale electricity prices had a positive effect as well. The recognition of energy derivatives that are not part of a hedging relationship also reduced expenses. These derivatives are recognised at the spot market price in accordance with IFRS 9. Expenses for electricity purchases thus decreased by €1,498.9m compared with the previous year. Expenses for grid purchases fell by €14.1m and expenses for gas purchases by €25.9m.

Fuel expenses and other usage-/revenue-dependent expenses

Fuel and other usage-/revenue-dependent expenses fell by €182.6m to €167.5m. Gas expenses rose, due in particular to increased use of the Mellach combined cycle gas turbine power plant (for details please refer to the section entitled Electricity supply and sales volumes). Higher expenses for emission allowances also pushed up expenses. Lower gas storage costs and a lower write-down on gas inventories had an offsetting effect. The expenses recognised in connection with the measures to tax windfall profits totalled €1.0m in the current reporting period, a decrease of €171.1m on the prior-year figure (Q1–2/2023: €172.1m).

Personnel expenses

Personnel expenses in quarters 1–2/2024 were up €45.5m year-on-year to €290.3m. This increase was due to hiring additional employees in the Grid, Hydro, Hydrogen and New renewables segments for the implementation of strategic objectives. The collective bargaining agreement of between 7.8% and 8.4% also increased personnel expenses.

Other operating expenses

Other operating expenses rose by €18.9m to €214.1m due to a number of factors including higher maintenance and IT expenses and higher regulatory costs.

Measurement and recognition of energy derivatives

This account includes €+265.0m (Q1–2/2023: €–416.2m) from the recognition of energy derivatives, with countervailing effects from revenue and/or procurement costs. The measurement and recognition of energy derivatives for future delivery periods was €–63.2m (Q1–2/2023: €–0.7m). In quarters 1–2/2024, the result came to €+201.7m (Q1–2/2023: €–416.9m). Further details are presented in the notes to the consolidated interim financial statements.

EBITDA

As a consequence of the above-mentioned factors, EBITDA decreased by 21.9% to €1,762.4m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €33.7m to €285.4m. Along with an increase in the investment volume at Austrian Power Grid AG, this was due in particular to the amortisation of the wind power plants acquired in Spain.

Impairment losses

The impairment losses of €194.7m (Q1–2/2023: €15.4m) related to Gas Connect Austria GmbH (€169.7m) and the Mellach combined cycle gas turbine power plant (€25.0m). Further details are presented in the notes to the consolidated interim financial statements.

Result from interests accounted for using the equity method

The result from interests accounted for using the equity method rose by €9.2m to €52.7m. This was mainly due to the earnings contributions from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft in the amount of €52.2m (Q1–2/2023: €38.3m; for more information, please refer to the section entitled All other segments) and from Trans Austria Gasleitung GmbH in the amount of €–1.2m (Q1–2/2023: €+4.9m).

Interest income and expenses

Interest income rose by €10.8m to €43.8m compared with quarters 1–2/2023, due mainly to higher interest payments from money market transactions. Interest expenses fell by €16.7m to €62.1m. This decrease was mostly due to the repayment of a €500m promissory note loan in November 2023 and lower net interest charged on money market transactions.

Other financial result

The other financial result fell by €18.5m to €–13.0m in quarters 1–2/2024. This decrease can be attributed primarily to the change in the measurement of an obligation to return an interest (€–16.7m) relating to the Jochenstein power plant on the Danube River.

Group result

After taking account of an effective tax rate of 22.8% and non-controlling interests of €99.3m, the Group result was €910.1m. This is a decrease of 29.3% compared with the previous year. Earnings per share amounted to €2.62 (Q1–2/2023: €3.71) for 347,415,686 shares. The Group result after adjustment for non-recurring effects was €1,008.5m, a decrease of 22.9% on the prior-year period.

Financial position

Consolidated balance sheet (condensed)

€m

	31/12/2023	Share	**30/6/2024**	**Share**	Change
Non-current assets	15,895.1	82%	15,781.1	85%	–0.7%
Current assets	3,590.2	18%	2,786.7	15%	–22.4%
Total assets	19,485.3	100%	**18,567.8**	**100%**	–4.7%
Equity	11,220.9	58%	10,213.4	55%	–9.0%
Non-current liabilities	5,103.1	26%	5,762.4	31%	12.9%
Current liabilities	3,161.3	16%	2,592.0	14%	–18.0%
Equity and liabilities	19,485.3	100%	**18,567.8**	**100%**	–4.7%

Assets

Non-current assets remained practically unchanged from the level as at 31 December 2023. The additions to property, plant and equipment of €444.6m were reduced by depreciation amounting to €266.0m. The main additions to property, plant and equipment related to (replacement) investments at Austrian and German hydropower plants, investments in Austrian, German and Spanish wind power and photovoltaic installations, and investments in the Austrian transmission system. Impairment testing of property, plant and equipment and of intangible assets revealed a need for impairment of €169.7m for the Austrian gas transmission system and of €25.0m for the Mellach combined cycle gas turbine power plant after deduction of related government grants. The decrease in current assets was primarily due to lower cash and cash equivalents, lower positive fair values for derivative hedging transactions in the electricity business and lower trade receivables. Higher current money market deposits had an offsetting effect.

Equity and liabilities

The change in equity was mainly attributable to the profit for the period generated in quarters 1–2/2024 along with negative effects arising from the measurement of cash flow hedges recognised in other comprehensive income and from the dividend payment by VERBUND AG and VERBUND Hydro Power GmbH. The change in current and non-current liabilities primarily resulted from higher financial liabilities following the issuance of a bond. Lower negative fair values for derivative hedging transactions in the electricity business and lower current other liabilities had an offsetting effect.

Cash flows

Cash flow statement (condensed) €m

	Q1–2/2023	**Q1–2/2024**	Change
Cash flow from operating activities	2,895.7	1,850.2	–36.1%
Cash flow from investing activities	–434.4	–512.7	–
Cash flow from financing activities	–2,474.8	–1,832.5	–
Change in cash and cash equivalents	–13.5	–495.0	–
Cash and cash equivalents as at 30/6/	395.7	**469.1**	18.5%

Cash flow from operating activities

Cash flow from operating activities amounted to €1,850.2m in quarters 1–2/2024, down €1,045.4m on the prior-year figure. The change was mainly due to significantly lower average prices achieved for electricity sales, lower returns from margining payments for hedging transactions in the electricity business provided as security for open positions held with exchange clearing houses, and higher income tax payments.

Cash flow from investing activities

Cash flow from investing activities amounted to €–512.7m in quarters 1–2/2024 (Q1–2/2023: €–434.4m). The change compared with quarters 1–2/2023 was mainly due to a higher cash outflow from capital expenditure for intangible assets and property, plant and equipment (€–105.8m). Cash inflows from the disposal of investments (€+19.0m) and the discontinuation of cash outflows for business acquisitions (€+11.7m) had an offsetting effect.

Cash flow from financing activities

Cash flow from financing activities amounted to €–1,832.5m in quarters 1–2/2024, representing a change of €+642.2m. This change was mainly attributable to lower net outflows from money market transactions (€+556.3m), the change in inflows and outflows for financial liabilities (€+478.4m) and higher dividends paid (€–390.2m).

Opportunity and risk management

Operating result

Potential changes in the operating result are caused primarily by the volatility of electricity prices and by fluctuations in output from hydropower and from wind and photovoltaic installations. In the Electricity grid segment, possible fluctuations in the contribution margin may arise due to increased or reduced marketing of control power and congestion management, and due to regulatory effects. In the Gas grid segment, the volatility of gas prices and delivery volumes in particular along with the regulatory framework are causing potential revenue and cost fluctuations. Potential project postponements and unforeseen cost fluctuations may also result in corresponding changes in contribution margins and capital expenditure. It is also possible that changes in legal requirements and ongoing judicial proceedings as well as changes in market prices and interest rates may bring about measurement-related adjustments of VERBUND's assets or changes in provisions.

Financial result

Changes 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, interest rates and changes in the general environment, as well as potential expenses from collateral provided being called in and fluctuating interest rates.

Sensitivities

A change in the factors shown below (all else remaining equal) would be reflected in a projected Group result for full-year 2024 as follows based on the hedging status as at 30 June 2024 for generation volumes and interest rates:

- +/– 1% generation from hydropower plants: +/– €6.9m
- +/– 1% generation from wind and solar power: +/– €0.6m
- +/– €1/MWh wholesale electricity prices (renewable generation): +/– €2.1m
- +/– 1 percentage point in interest rates: +/– €0.8m

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, wind power and photovoltaic production and the earnings contribution from flexibility products. In addition, further – unforeseeable – geopolitical developments may impact earnings performance. The same applies to further regulatory interventions in the market system and measures relating to windfall tax.

In line with our hedging strategy for own generation, as at 30 June 2024 we have already contracted for around 88% of our planned own generation of electricity from hydropower for 2024. The average price achieved was €123.0/MWh. For those volumes not yet hedged, we have based our planning on the current market prices. The performance of own generation will depend largely on the water/wind supply and photovoltaic output.

Based on average own generation from hydropower, wind power and photovoltaic production in quarters 3–4/2024 and the current opportunities and risks identified, VERBUND expects EBITDA of between approximately €3,000m and €3,300m and a reported Group result of between approximately €1,500m and €1,650m in financial year 2024. VERBUND is also planning a payout ratio for 2024 of between 45% and 55% of the Group result of between around €1,600m and €1,750m, after adjustment for non-recurring effects.

Segment report

Hydro segment

Hydropower activities are reported in the Hydro segment.

KPIs – Hydro segment

	Unit	Q1–2/2023	Q1–2/2024	Change
Total revenue	€m	2,411.7	1,757.7	–27.1%
EBITDA	€m	1,984.3	1,500.8	–24.4%
Result from interests accounted for using the equity method	€m	0.1	0.4	–

KPIs – Hydro segment

	Unit	31/12/2023	30/6/2024	Change
Capital employed	€m	5,957.9	5,786.9	–2.9%

The decline in total revenue and in EBITDA was mainly attributable to much lower average prices achieved overall, which could not be counterbalanced by the increase in output. The hydro coefficient for the run-of-river power plants was 1.12 (Q1–2/2023: 0.95).

The decrease in capital employed was largely due to higher current income tax provisions; lower other non-interest-bearing debt had an offsetting effect.

Current information on the Hydro segment

Current hydropower projects

During quarter 2/2024, operation and maintenance as well as all current new build, expansion and rehabilitation projects were conducted without significant restrictions.

In the Limberg III project, the headrace channel connection work to the Mooserboden and Wasserfallboden reservoirs was completed in May 2024. Refilling of the reservoirs then began immediately. By the end of the reporting period, work was underway on the final blocks of the liner section in the pressure shaft. The concreting in the caverns was completed. Assembly work on generator set 1 is well advanced and work on generator set 2 began in May 2024. The works are on schedule and commissioning is scheduled for 2025. In view of the announced raising of the Limberg Dam, work resumed after the winter break at the beginning of June 2024.

The main assembly work on the Reißeck II plus project is now complete except for the installation of the rotor. The rotor poles had to be remanufactured/reworked due to production faults and poor workmanship. Delivery is scheduled for early July 2024. With respect to the 110 kV energy dissipator, 90% of the alternative line route is structurally complete. Initially scheduled for quarter 1/2024, commissioning has been postponed due to the delayed rotor delivery. The trial run is planned starting from mid-November 2024.

In the Gratkorn project, impounding was carried out in April 2024. Both generator sets were in trial operation at the end of June 2024. In addition, the reservoir on the right and left banks was completed and further work on the tailrace section was carried out after the end of the reporting period. Both the technical and the near-natural parts of the fish pass have been built and commissioning is scheduled for the beginning of July 2024.

In the Stegenwald project, the weir bridge was lifted in at the end of June 2024. The concreting on the main structure will be completed in July 2024. In addition, flood protection in the reservoir and the tail race was completed along with around two-thirds of the work to raise the riverbed and reinforce the banks. Assembly work on the turbines will begin at the end of July 2024. Overall, the work is on schedule and commissioning of the generator sets is expected in quarter 2/2025.

In ongoing rehabilitation projects, the last of three generator sets to be refurbished was commissioned at the Ering-Frauenstein power plant in early May 2024 and the fourth of nine generator sets to be refurbished at the Ottensheim-Wilhering power plant was put into operation in June 2024.

In the rehabilitation projects for the Wallsee-Mitterkirchen, Jochenstein, Egglfing-Obernberg, Braunau-Simbach and Rosenheim power plants, preparations continued for the overhaul of the first generator set at each plant, starting in September 2024 (Rosenheim September 2025). Preparations are also underway for the planned rehabilitation of the Laufnitzdorf power plant from quarter 3/2024.

In the preliminary project for the Riedl energy store, the Passau District Office is still preparing the planning approval decision following the public hearing held in October 2023. Approval is expected by the end of 2024.

The new Danube apprenticeship workshop in Ybbs-Persenbeug opened in April 2024, welcoming its first cohort of trainees immediately afterwards. Planning for the new Passau-Ingling plant group site is complete and implementation began in June 2024. Completion is scheduled for November 2025. Design planning for the new plant group and administration site in Töging is now largely finished.

Ecological work on the implementation of the Braunau-Simbach fish pass, which began in July 2023, was advanced in quarter 1/2024. Completion is scheduled for summer 2024. The planning and approval of more fish passes including additional ecological measures also continued, for example in connection with the two LIFE projects Blue Belt Danube Inn and Riverscape Lower Inn. Final negotiations with the state of Styria are currently underway for the WeNatureEnns LIFE project. The project is scheduled to start in quarter 3/2024.

New renewables segment

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

KPIs – New renewables segment

	Unit	Q1–2/2023	Q1–2/2024	Change
Total revenue	€m	153.3	151.8	–1.0%
EBITDA	€m	109.2	88.1	–19.4%
Result from interests accounted for using the equity method	€m	0.3	1.2	–

KPIs – New renewables segment

	Unit	31/12/2023	30/6/2024	Change
Capital employed	€m	1,643.2	1,843.8	12.2%

The decline in total revenue and EBITDA was mainly attributable to lower average prices achieved, while output increased, in particular due to the wind power plants acquired in Spain in quarter 3/2023 and those acquired in Austria and Germany in quarters 1–2/2024. The hydro coefficient was 0.94 (Q1–2/2023: 1.01).

The increase in capital employed was largely attributable to the rise in net property, plant and equipment stemming in particular from wind farms in Spain coming on stream and the acquisition of wind power plants in Austria and Germany.

Current projects in the New renewables segment

In Austria, new photovoltaic projects totalling around 16 MW and new wind power projects of around 137 MW were added to the project pipeline in quarter 2/2024. Work also continued on the implementation of an approximately 2 MW open-field solar installation. Commissioning is planned for quarter 4/2024.

In Germany, work continued in quarter 2/2024 on developing individual solar photovoltaic projects from the portfolio in collaboration with VISIOLAR. The first project should go into operation in 2025, subject to regulatory approval. In the wind area, transactions for four wind farms with an installed capacity of 30 MW were closed in quarter 2/2024. We also made further progress on the development of wind power projects in partnership with EFI/Felix Nova GmbH. These comprise two portfolios with a planned installed capacity of up to 209 MW. The initial projects are expected to come on stream in 2026, subject to regulatory approval. In September 2023, VERBUND was awarded a contract for the first project under the German Renewable Energy Sources Act (*Erneuerbare-Energien-Gesetz*, EEG), with payment of a fixed tariff over 20 years.

In Spain, work included the implementation of another wind farm with a capacity of around 28 MW. Commissioning is currently planned for quarter 4/2024. Work also continued in Spain on the project pipeline acquired in summer 2022, which consists of projects at varying stages of development. The first of these, a 50 MW open-field solar installation, reached ready-to-build status back in 2023 and came on stream in quarter 2/2024. Two further projects are scheduled to go into operation in 2025. These are an open-field solar installation with a capacity of around 25 MW and a wind farm with a capacity of 18 MW.

In Italy, work focused on developing the photovoltaic project portfolio with a planned capacity of up to 250 MW. The first two projects reached ready-to-build status in 2023 and will likely come on stream at the end of 2024. Commissioning of the remaining projects is planned for 2025 and 2026. In quarter 1/2024, we also acquired an external project development company for the development of a 27 MW wind farm in northern Italy.

In Albania, our focus in the reporting period was on developing initial wind power and photovoltaic projects. VERBUND won an international tender to build a 72 MW wind power project with an associated 15-year electricity purchase agreement.

Sales segment

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

KPIs – Sales segment

	Unit	Q1–2/2023	**Q1–2/2024**	Change
Total revenue	€m	5,545.8	**3,210.0**	–42.1%
EBITDA	€m	–143.2	**15.9**	–
Result from interests accounted for using the equity method	€m	–0.1	**–0.5**	–

KPIs – Sales segment

	Unit	31/12/2023	**30/6/2024**	Change
Capital employed	€m	585.4	**677.9**	15.8%

The decline in total revenue was basically attributable to the recognition of energy derivatives that are not part of a hedging relationship. These derivatives are recognised at the spot market price in accordance with IFRS 9. The increase in EBITDA was mainly due to lower prices for purchasing electricity and gas.

The increase in capital employed was principally attributable to a decrease in deferred tax liabilities from the measurement of derivative financial instruments as well as to lower other non-interest-bearing debt. Lower working capital had an offsetting effect.

Current information on B2B activities

Sales activities 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, photovoltaic and small-scale hydropower). The expanded range of products and services will be supplemented by innovative projects and cooperation models involving large-scale batteries.

One of the ways VERBUND plans to achieve this is by building large-scale battery sites in Germany for the provision of grid services and marketing of control power. The Hesse-Bavaria battery storage chain, with a total of 44 MW at three sites in the German federal states of Hesse and Bavaria, came on stream in 2023. Projects with more than 400 MW of capacity are currently under development, of which 50 MW under implementation, and will be commissioned over the next few years.

VERBUND also offers photovoltaic systems under a contracting model for industrial and commercial customers.

VERBUND has significantly expanded its electromobility charging points business for industry and has installed several hundred charging points as part of its newly developed offering for commercial car park operators. In parallel, charging points are under implementation in the tourism sector.

Revenue at SMATRICS was up in quarter 2/2024 compared with the prior-year period. The SMATRICS-EnBW charging network also saw 54 new HPC charging points put into operation in quarter 2/2024.

Current information on B2C activities

VERBUND's customer base as at 30 June 2024 amounted to around 482,000 residential customers in the electricity and gas sector.

Since May 2024 new gas customer contracts can be concluded again.

Grid segment

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

KPIs – Grid segment

	Unit	Q1–2/2023	**Q1–2/2024**	Change
Total revenue	€m	1,308.6	**750.2**	–42.7%
EBITDA	€m	295.5	**175.9**	–40.5%
Result from interests accounted for using the equity method	€m	4.9	**–0.6**	–

KPIs – Grid segment

	Unit	31/12/2023	**30/6/2024**	Change
Capital employed	€m	2,762.3	**2,597.0**	–6.0%

Total revenue decreased, primarily due to Austrian Power Grid generating much lower revenue from the recharging of expenses for grid loss and congestion management, along with lower national and international grid revenue. However, there was an equally sharp fall in expenses arising from grid loss energy purchases and congestion management. This and the elimination of the volume-based fee to cover additional energy costs in the gas grid were the main causes of the drop in EBITDA. The result from interests accounted for using the equity method was generated mainly from Trans Austria Gasleitung GmbH.

The decrease in capital employed was mostly attributable to lower net property, plant and equipment as a result of impairment losses in the gas grid and lower working capital. Lower other non-interest-bearing debt had a counteracting effect.

Current information on the Grid segment – Austrian Power Grid AG

Security of supply and congestion management

In quarter 2/2024, action was taken at Austrian power plants to manage congestion both within and outside the Austrian Power Grid AG coverage area.

Tariff regulation

The 2024 cost calculation process was initiated on 2 February 2024. In quarter 2/2024 we completed the first two lists of requirements (which were essentially the same as for 2023) and answered further detailed questions from E-Control. To date, there have been no hearings before the Federal Administrative Court (*Bundesverwaltungsgericht*, BVwG) concerning the 2023 and 2024 cost notices contested by Austrian Power Grid AG.

Asset projects

Construction of the 380 kV Salzburg line and the associated substations is on track, with commissioning expected for spring 2025.

Construction of the 380 kV Germany line and expansion at the St. Peter substation are likewise on schedule. Joint commissioning with TenneT DE is planned for the end of 2027.

In the Upper Austria (Central region) Electric Transmission Infrastructure project, the Federal Administrative Court gave a ruling on 24 June 2024 which dismissed all appeals against the first-instance decision and legally upheld the EIA approval for the Upper Austrian part of the project. This means that the construction decision can now be made and construction preparation started.

Current information on the Grid segment – Gas Connect Austria GmbH

Gas flows

In quarter 2/2024, gas flows in the East market area remained at a lower level than in the prior-year reporting period – particularly at the Oberkappel entry and Mosonmagyaróvár exit points. Due to high storage levels after the heating season, storage in quarter 2/2024 was lower than in the past, but nominations in the exit distribution area were similar to the same quarter of the previous year. Reduced demand for gas or rather the sufficient supply of natural gas was also reflected in the wholesale prices for gas (and electricity) and thus in the lower costs for compressor energy.

Regulation

The WACC in the distribution network for the 2023–2027 regulatory period is 3.72% for existing capital expenditures and 6.33% (2023: 4.88%) for new capital expenditures; the WACC for new capital expenditures is still adjusted annually.

Talks with Energie-Control Austria (ECA) on the imminent fifth regulatory period (2025–2027) for transmission rates concluded in quarter 2/2024. The decision reached for the East market area was to change to a no-risk regulatory system and to compensate new capital expenditures at a higher interest rate in the same way as for the distribution network.

WAG Loop 1 project

At the National Council session on 3 July 2024, up to €70m of funding was approved for the WAG Loop 1 project. A subsidy agreement will now be concluded between the relevant Federal Ministry and Gas Connect Austria GmbH. Subject to the agreement and to clarification of the parameters, implementation of the project is currently expected to start in quarter 4/2024.

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	Q1–2/2023	**Q1–2/2024**	Change
Total revenue	€m	235.8	**259.3**	10.0%
EBITDA	€m	36.8	**9.6**	–73.8%
Result from interests accounted for using the equity method	€m	38.3	**52.2**	36.4%

KPIs – All other segments

	Unit	31/12/2023	**30/6/2024**	Change
Capital employed	€m	674.4	**703.1**	4.3%

The revenue increase was mainly due to positive effects from the recognition of hedging relationships to hedge the clean spark spread. Nevertheless, EBITDA fell due to negative effects from the measurement of future energy deliveries as well as higher fuel expenses for increased use of the Mellach combined cycle gas turbine power plant. The change in the measurement of gas storage had a compensatory effect. The result from interests accounted for using the equity method was generated by KELAG-Kärntner Elektrizitäts-Aktiengesellschaft.

The change in capital employed was largely due to the increase in the investment in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft accounted for using the equity method. However, a decrease in property, plant and equipment, mainly as a result of the impairment loss on the Mellach combined cycle gas turbine power plant, had a countervailing effect.

Current information on the Thermal generation segment

In quarter 2/2024, both generators at the Mellach combined cycle gas turbine power plant were used primarily in the electricity market, but also by Austrian Power Grid to eliminate congestion during the reporting period. The Mellach district heating power plant was available to Austrian Power Grid in quarter 2/2024 exclusively for the purposes of eliminating congestion.

At the beginning of May 2024, bids to participate in the tender process for the grid reserve for the period from 1 October 2024 to 30 September 2025 were submitted on time. The results are expected at the end of quarter 3/2024.

Current information on the Services segment

As a shared services organisation, VERBUND Services GmbH continued to process central Group services efficiently, cost-effectively and with a high level of customer satisfaction in the quarter now ended.

Facility Management successfully ensured ongoing maintenance in quarter 2/2024.

As S/4HANA went live in January 2024, Group reporting (consolidation tool) and the BW/4 planning and production of the first (earnings) forecast are now up and running under the new system in the SAP commercial processes.

The BW/4 project went fully live at the end of June 2024. IT services completed its key project to convert the document management system. Upgrade projects such as Structured Query Language (SQL) migration and Microsoft Windows Server have been adopted throughout lifecycle management, and the Group-wide rollout of Windows 11 is underway.

In telecommunications, the SDH/PDH replacement project (Synchronous Digital Hierarchy (SDH)/Plesiochrone Digital Hierarchy (PDH)) continued in quarter 2/2024. In the Limberg III project, the two telecommunications rooms will be equipped and connected redundantly using fibre optics.

Current information on the Equity interests segment

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

The contribution of KELAG-Kärntner Elektrizitäts-Aktiengesellschaft to the result from interests accounted for using the equity method was €52.2m in quarters 1–2/2024 (Q1–2/2023: €38.3m). The improved water supply accounted for most of the increase. Higher margins in the trading business and lower procurement costs further contributed to this increase in earnings. The lower windfall tax due to the fall in market prices also had a positive effect. Based on the current opportunities and risks, the results for 2024 as a whole are expected to remain on a positive trend.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 30 June 2024 and authorisation for issue on 23 July 2024.

Consolidated interim financial statements

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–2/2023	**Q1–2/2024**	Q2/2023	**Q2/2024**
Revenue		6,686.5	**3,892.6**	3,423.8	**1,884.8**
Electricity revenue	1	5,804.7	3,274.5	3,038.9	1,619.1
Grid revenue	1	739.4	457.7	338.7	209.7
Other revenue	1	142.5	160.4	46.1	56.0
Other operating income		53.7	74.2	33.5	28.3
Expenses for electricity, grid, gas and certificates purchases	2	–3,278.0	–1,734.2	–1,477.8	–768.9
Fuel expenses and other usage-/revenue-dependent expenses	3	–350.1	–167.5	–127.6	–22.3
Personnel expenses	4	–244.8	–290.3	–132.6	–156.6
Other operating expenses		–195.2	–214.1	–98.0	–110.2
Measurement and recognition of energy derivatives	5	–416.9	201.7	–333.4	23.9
EBITDA		2,255.2	**1,762.4**	1,287.9	**879.0**
Depreciation and amortisation	6	–251.7	–285.4	–125.8	–146.8
Impairment losses	7	–15.4	–194.7	–15.4	–194.7
Operating result		1,988.0	**1,282.3**	1,146.6	**537.5**
Result from interests accounted for using the equity method	8	43.5	52.7	25.5	32.2
Other result from equity interests		2.0	3.1	1.0	1.9
Interest income	9	33.0	43.8	16.9	20.7
Interest expenses	10	–78.8	–62.1	–40.4	–31.1
Other financial result	11	5.6	–13.0	0.0	–15.7
Impairment losses		–18.7	0.0	–18.7	0.0
Reversals of impairment losses		6.3	0.1	6.3	0.1
Financial result		–7.1	**24.7**	–9.3	**8.1**
Profit before tax		1,980.9	**1,307.0**	1,137.3	**545.6**
Taxes on income		–445.3	–297.6	–242.6	–122.7
Profit for the period		1,535.7	**1,009.3**	894.7	**422.9**
Attributable to the shareholders of VERBUND AG (Group result)		1,287.2	910.1	758.3	404.0
Attributable to non-controlling interests		248.4	99.3	136.4	18.9
Earnings per share in €[1]		3.71	**2.62**	2.18	**1.16**

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

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1–2/2023	**Q1–2/2024**	Q2/2023	**Q2/2024**
Profit for the period		1,535.7	**1,009.3**	894.7	**422.9**
Remeasurements of net defined benefit liability	12	–34.4	–38.7	–34.2	–38.6
Measurements of financial instruments		0.2	0.1	0.2	0.1
Other comprehensive income from interests accounted for using the equity method[1]		–4.6	–5.8	0.0	0.0
Total for items that will not be reclassified subsequently to the income statement		–38.7	**–44.5**	–34.0	**–38.5**
Foreign exchange differences		–0.8	0.4	–0.7	0.1
Measurements of cash flow hedges		1,413.5	–174.5	75.6	–431.0
Other comprehensive income from interests accounted for using the equity method[2]		13.0	16.9	26.5	5.1
Total for items that will be reclassified subsequently to the income statement		1,425.6	**–157.2**	101.5	**–425.7**
Other comprehensive income before tax		1,386.9	**–201.6**	67.4	**–464.2**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		7.9	8.9	7.9	8.8
Taxes on income relating to items that will be reclassified subsequently to the income statement		–336.3	40.0	–20.0	99.3
Other comprehensive income after tax		1,058.5	**–152.8**	55.3	**–356.1**
Total comprehensive income for the period		2,594.1	**856.6**	950.0	**66.9**
Attributable to the shareholders of VERBUND AG		2,345.4	760.9	814.4	51.5
Attributable to non-controlling interests		248.7	95.7	135.6	15.4

[1] deferred taxes included therein in quarters 1–2/2024: €1.7m (Q1–2/2023: €1.4m) // [2] deferred taxes included therein in quarters 1–2/2024: €–5.1m (Q1–2/2023: €–4.2m)

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2023	30/6/2024
Non-current assets		15,895.1	**15,781.1**
Intangible assets		1,000.2	1,003.1
Property, plant and equipment		12,697.9	12,677.6
Right-of-use assets		169.7	180.7
Interests accounted for using the equity method		516.7	578.8
Other equity interests	14	227.5	230.2
Investments and other receivables	14	819.2	762.2
Receivables from derivative financial instruments	14	401.1	271.3
Deferred tax assets		62.8	77.2
Current assets		3,590.2	**2,786.7**
Inventories	13	80.8	148.8
Receivables from derivative financial instruments	14	1,211.6	780.4
Trade receivables, other receivables and securities	14	1,333.8	1,388.4
Cash and cash equivalents	14	964.0	469.1
Total assets		19,485.3	**18,567.8**

€m

In accordance with IFRSs	Notes	31/12/2023	30/6/2024
Equity		11,220.9	**10,213.4**
Attributable to the shareholders of VERBUND AG		9,969.1	9,291.1
Attributable to non-controlling interests		1,251.8	922.3
Non-current liabilities		5,103.1	**5,762.4**
Financial liabilities	14	1,555.0	2,116.9
Provisions		566.0	626.6
Deferred tax liabilities		1,359.5	1,279.5
Contributions to building costs and grants		788.9	782.1
Liabilities from derivative financial instruments	14	60.9	109.1
Other liabilities	14	772.8	848.2
Current liabilities		3,161.3	**2,592.0**
Financial liabilities	14	852.9	652.7
Provisions		78.9	50.4
Current tax liabilities		651.8	836.8
Liabilities from derivative financial instruments	14	302.4	131.5
Trade payables and other liabilities	14	1,275.4	920.7
Total equity and liabilities		19,485.3	**18,567.8**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1–2/2023	Q1–2/2024
Profit for the period		1,535.7	1,009.3
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)	6, 7	267.2	480.1
Impairment losses on investments (net of reversals of impairment losses)	11	–3.5	–3.6
Result from interests accounted for using the equity method (net of dividends received)	8	–7.6	29.9
Result from the disposal of non-current assets		–0.2	2.0
Change in non-current provisions and deferred tax liabilities		34.0	–25.2
Change in contributions to building costs and grants		–10.1	–6.8
Other non-cash expenses and income		2.9	21.3
Subtotal		1,818.4	1,507.2
Change in inventories	13	58.7	–68.1
Change in trade receivables and other receivables	14	151.3	209.3
Change in trade payables and other liabilities	14	232.1	–219.8
Change in non-current and current receivables from derivative financial instruments	14	527.7	304.0
Change in non-current and current liabilities from derivative financial instruments	14	–181.9	–38.8
Change in current provisions and current tax liabilities		289.3	156.4
Cash flow from operating activities[1]		2,895.7	1,850.2

[1] Cash flow from operating activities includes income taxes paid of €188.8m (Q1–2/2023: €128.9m), interest paid of €12.0m (Q1–2/2023: €20.4m), interest received of €18.7m (Q1–2/2023: €11.7m) and dividends received of €3.1m (Q1– 2/2023: €37.3m).

€m

In accordance with IFRSs	Notes	Q1–2/2023	**Q1–2/2024**
Cash outflow from capital expenditure for intangible assets and property, plant and equipment[2]		– 400.2	– 506.0
Cash inflow from the disposal of intangible assets and property, plant and equipment		4.7	3.6
Cash outflow from capital expenditure for investments		– 9.6	– 13.1
Cash inflow from the disposal of investments		0.0	19.0
Cash outflow from business acquisitions		– 11.7	0.0
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		– 17.7	– 16.2
Cash flow from investing activities		– 434.4	– 512.7
Cash inflow from money market transactions		154.6	0.0
Cash outflow from money market transactions		– 1,050.0	– 339.1
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		7.8	504.6
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		– 35.4	– 53.8
Cash outflow from the repayment of lease liabilities		– 7.9	– 10.3
Dividends paid		– 1,543.8	– 1,934.0
Cash flow from financing activities		– 2,474.8	– 1,832.5
Change in cash and cash equivalents		– 13.5	– 495.0
Cash and cash equivalents as at 1/1/		409.3	964.0
Change in cash and cash equivalents		– 13.5	– 495.0
Cash and cash equivalents as at 31/6/		395.7	469.1

[2] This item includes the cash purchase price of €22.9m paid to acquire 100% of the equity interest in three project companies operating wind power plants in Austria as well as €17.2m paid to acquire 100% of the equity interest in four project companies operating wind power plants in Germany (see Basis of consolidation) less cash and cash equivalents acquired in a total amount of €4.3m.

Statement of changes in equity

In accordance with IFRSs	Called and paid-in share capital	Capital reserves	Retained earnings	Remeasure-ments of net defined benefit liability
Notes				12
As at 1/1/2023	347.4	954.3	7,305.0	–205.5
Profit for the period	–	–	1,287.2	–
Other comprehensive income	–	–	0.0	–28.4
Total comprehensive income for the period	–	–	1,287.2	–28.4
Dividends	–	–	–1,250.7	–
Other changes in equity	–	–	1.7	0.0
As at 30/6/2023	347.4	954.3	7,343.2	–233.9
As at 1/1/2024	347.4	954.3	8,322.7	–231.1
Profit for the period	–	–	910.1	–
Other comprehensive income	–	–	0.0	–32.1
Total comprehensive income for the period	–	–	910.1	–32.1
Dividends	–	–	–1.441,8	–
Other changes in equity	–	–	2.9	0.0
As at 30/6/2024	347.4	954.3	7,793.9	–263.2

€m

Foreign exchange differences	Change in financial instruments	Measurements of cash flow hedges	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
–18.2	29.0	–1,136.1	7,276.0	1,047.0	8,323.0
–	–	–	1,287.2	248.4	1,535.7
–0.8	0.1	1,087.3	1,058.2	0.3	1,058.5
–0.8	0.1	1,087.3	2,345.4	248.7	2,594.1
–	–	–	–1,250.7	–247.3	–1,498.0
0.0	0.0	0.0	1.7	–0.6	1.1
–19.0	29.0	–48.7	8,372.4	1,047.9	9,420.3
–19.7	54.1	541.3	9,969.1	1,251.8	11,220.9
–	–	–	910.1	99.3	1,009.3
0.4	0.0	–117.5	–149.2	–3.6	–152.8
0.4	0.0	–117.5	760.9	95.7	856.6
–	–	–	–1,441.8	–425.2	–1,867.0
0.0	0.0	0.0	2.9	0.0	2.9
–19.3	54.2	423.8	9,291.1	922.3	10,213.4

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND for the period ended 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting, 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 2023, which form the basis for these consolidated interim financial statements of VERBUND.

Basis of consolidation

The following changes were made to the basis of consolidation in quarters 1–2/2024:

In January 2024, Convex Set GmbH, Scalar GmbH and N^2 Energie GmbH were consolidated for the first time in the context of an asset acquisition.

At the beginning of April 2024, 50% of the shares in Amaranta Energy S.L. and PH Tambre Energy S.L. were acquired. The equity interests in these companies are accounted for using the equity method.

At the end of April 2024, Oedelum II Windparkbetriebsgesellschaft mbH, Windparkbetriebsgesellschaft Neundorf mbH, Windpark Mariengarten GmbH and Windpark Häger/Sandruper See GmbH were included in the basis of consolidation for the first time through an acquisition of assets.

Effects of the macroeconomic environment

Quarters 1–2/2024 showed no significant changes in the macroeconomic environment compared with the previous year.

Ongoing global geopolitical tensions, and particularly the war in Ukraine, continued to create uncertainty in the macroeconomic environment and thus in the business environment in which VERBUND operates. The resulting effects are impacting on the gas grid operating company Gas Connect Austria GmbH along with other firms. Potential risks are posed by possible future economic sanctions on the part of the European Union in connection with Russian natural gas supplies and a possible suspension of gas deliveries by Russia, the financial impact of which is difficult to assess from the current perspective.

Eurozone inflation is falling at a slow pace. After inflation of 3.4% in May 2024, consumer prices in Austria rose by around 3.0% in June 2024 compared with June of the previous year. The annual inflation rate is therefore at its lowest level in the period under review, although it remains quite high.

In accordance with the resolution adopted on 6 June 2024, the European Central Bank (ECB) decided to reduce the key interest rate by 0.25 percentage points. As a result, the main refinancing operations rate of 4.25% set by the ECB for the eurozone has applied since 12 June 2024. Further smaller interest rate cuts are expected for the remainder of 2024, but a significant reduction in key interest rates in the eurozone is not forecast for 2024. The effects of the interest rate movements for VERBUND included the determination of the weighted average cost of capital, which was updated as at 30 June 2024.

Following a large correction in quarter 1 2024, the wholesale price of electricity rose again by the end of quarter 2 2024. The development was taken into account accordingly in the impairment testing as at 30 June 2024.

In the first half of 2024, the energy market environment for gas power plants showed a significant deterioration in the clean spark spreads achievable in the medium term. Clean spark spreads declined due to the mild winter, the currently stable gas supplies for Europe and the high gas storage levels, as well as high electricity generation from hydro, wind and photovoltaic power plants. At VERBUND, this development was taken into account in the impairment testing for the Mellach combined cycle gas turbine power plant as at 30 June 2024.

The updating of the above parameters resulted in changes in the value of assets recognised by VERBUND (see Note 7. Impairment losses). All developments, the resulting risks and the potential financial impact on VERBUND continue to be evaluated on an ongoing basis.

Effects of climate change

The effects of climate change on the measurement of VERBUND's assets are evaluated at regular intervals, whereby VERBUND works with scenarios that focus on meteorology and hydrology. The climate-based scenario analysis directly affects VERBUND's strategy in that the investment programme focuses primarily on the construction of new power plants for renewable generation, the expansion of transmission systems and steps to increase efficiency at existing power plants. No significant measurement effects as a result of changes in the quantities relevant for energy production have been identified to date in connection with the climate scenarios evaluated. Details on the effects of climate change on VERBUND are described in the 2023 consolidated financial statements. There were no significant changes compared with 31 December 2023.

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 as in the consolidated financial statements for the period ended 31 December 2023.

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 16	Amendment: Lease Liability in a Sale and Leaseback	22/9/2022 (20/11/2023)	1/1/2024	None
IAS 1	Amendments: Classification of Liabilities as Current or Non-current; and Non-current Liabilities with Covenants	23/1/2020 (19/12/2023)	1/1/2024	None
IAS 7 and IFRS 7	Amendment: Supplier Finance Arrangements, adding disclosure requirements	25/5/2023 (15/5/2024)	1/1/2024	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.

€m

	Hydro	New renewables	Sales	Grid	All other segments	Recon-ciliation/ consoli-dation	Total Group
Q1–2/2024							
External revenue	90.4	121.9	3,000.9	667.4	8.7	3.4	3,892.6
Internal revenue	1,667.3	29.9	209.2	82.8	250.6	–2,239.8	0.0
Revenue	1,757.7	151.8	3,210.0	750.2	259.3	–2,236.4	3,892.6
EBITDA	**1,500.8**	**88.1**	**15.9**	**175.9**	**9.6**	**–27.9**	**1,762.4**
Depreciation and amortisation	–114.5	–61.6	–3.7	–92.1	–10.8	–2.7	–285.4
Effects from impairment tests (operating result)	0.0	0.0	0.0	–169.7	–25.0	0.0	–194.7
Other material non-cash items	40.3	0.1	–20.8	6.3	–54.2	1.4	–26.8
Result from interests accounted for using the equity method	0.4	1.2	–0.5	–0.6	52.2	0.0	52.7
Effects from impairment tests (financial result)	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Capital employed	5,786.9	1,843.8	677.9	2,597.0	703.1	–103.0	11,505.6
of which carrying amount of interests accounted for using the equity method	34.8	11.0	25.5	50.3	457.3	0.0	578.8
Additions to intangible assets and property, plant and equipment	203.4	117.2	16.9	109.3	5.5	7.7	460.1
Additions to interests accounted for using the equity method	0.0	8.3	5.4	0.0	0.0	0.0	13.7

€m

	Hydro	New renewables	Sales	Grid	All other segments	Reconciliation/ consolidation	Total Group
Q1–2/2023							
External revenue	117.5	113.3	5,217.6	1,227.5	7.3	3.3	6,686.5
Internal revenue	2,294.1	39.9	328.2	81.1	228.5	–2,971.8	0.0
Revenue	2,411.7	153.3	5,545.8	1,308.6	235.8	–2,968.5	6,686.5
EBITDA	**1,984.3**	**109.2**	**–143.2**	**295.5**	**36.8**	**–27.5**	**2,255.2**
Depreciation and amortisation	–115.7	–31.7	–1.9	–89.5	–11.4	–1.5	–251.7
Effects from impairment tests (operating result)	0.0	0.0	0.0	0.0	–15.4	0.0	–15.4
Other material non-cash items	–144.6	11.2	–82.1	7.6	–19.6	0.5	–227.0
Result from interests accounted for using the equity method	0.1	0.3	–0.1	4.9	38.3	0.0	43.5
Effects from impairment tests (financial result)	6.3	0.0	0.0	–2.8	0.0	–15.8	–12.4
Capital employed	5,763.4	1,470.5	943.0	2,776.0	632.1	–308.9	11,276.1
of which carrying amount of interests accounted for using the equity method	28.7	1.7	16.6	33.1	351.7	0.0	431.8
Additions to intangible assets and property, plant and equipment	150.8	19.4	2.8	137.5	6.7	2.8	319.9
Additions to interests accounted for using the equity method	0.0	0.0	1.0	0.0	0.0	0.0	1.0

Notes to the income statement

(1) Revenue

Revenue

€m

	Q1–2/2023 Domestic	Q1–2/2024 Domestic	Q1–2/2023 Foreign	Q1–2/2024 Foreign	Q1–2/2023 Total	Q1–2/2024 Total	Change
Electricity revenue resellers	51.3	44.7	53.0	39.7	104.3	84.4	–19.1%
Electricity revenue traders	0.0	0.0	8.6	0.1	8.7	0.1	–98.8%
Electricity revenue – Hydro segment	51.3	**44.7**	61.6	**39.8**	112.9	**84.5**	–25.2%
Electricity revenue resellers	0.0	0.0	33.1	55.4	33.1	55.4	67.2%
Electricity revenue traders	0.0	5.2	26.4	15.9	26.4	21.1	–20.0%
Electricity revenue consumers	0.0	0.0	42.5	32.1	42.5	32.1	–24.5%
Electricity revenue – New renewables segment	0.0	**5.3**	102.0	**103.3**	102.0	**108.6**	6.5%
Electricity revenue resellers	1,110.0	453.9	1,052.8	396.5	2,162.8	850.4	–60.7%
Electricity revenue traders	656.0	522.9	1,314.7	826.3	1,970.7	1,349.2	–31.5%
Electricity revenue consumers	461.1	364.1	519.0	319.5	980.2	683.6	–30.3%
Electricity revenue – Sales segment	2,227.1	**1,341.0**	2,886.6	**1,542.3**	5,113.6	**2,883.3**	–43.6%
Electricity revenue resellers	384.3	175.1	72.5	17.3	456.8	192.4	–57.9%
Electricity revenue traders	16.6	7.5	2.8	–1.7	19.4	5.8	–70.2%
Electricity revenue – Grid segment	400.8	**182.6**	75.3	**15.5**	476.1	**198.1**	–58.4%
Total electricity revenue	2,679.2	**1,573.6**	3,125.5	**1,700.9**	5,804.7	**3,274.5**	–43.6%
Grid revenue electric utilities	351.0	219.5	17.0	8.8	368.0	228.3	–38.0%
Grid revenue industrial customers	8.2	8.3	0.0	0.0	8.2	8.3	1.9%
Grid revenue other	128.8	63.7	234.4	157.4	363.2	221.1	–39.1%
Total grid revenue – Grid segment	488.0	**291.5**	251.4	**166.2**	739.4	**457.7**	–38.1%
Other revenue – Hydro segment					4.6	**5.9**	28.1%
Other revenue – New renewables segment					11.4	**13.3**	17.4%
Other revenue – Sales segment					104.0	**117.5**	13.0%
Other revenue – Grid segment					11.9	**11.6**	–2.9%
Other revenue – All other segments					7.3	**8.7**	19.1%
Other revenue – reconciliation					3.3	**3.4**	3.5%
Total of other revenue					142.5	**160.4**	12.6%
Total revenue					6,686.5	**3,892.6**	–41.8%

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

Expenses for electricity, grid, gas and certificates purchases

€m

	Q1–2/2023	Q1–2/2024	Change
Expenses for electricity purchases (including control power)	3,120.7	1,621.8	–48.0%
Expenses for grid purchases	70.3	56.2	–20.0%
Expenses for gas purchases	79.2	53.4	–32.6%
Expenses for guarantees of origin and green certificates	6.3	3.2	–49.3%
Purchases of emission allowances (trading)	1.5	–0.4	n/a
Expenses for electricity, grid, gas and certificates purchases	3,278.0	**1,734.2**	–47.1%

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

Fuel expenses and other usage-/revenue-dependent expenses

€m

	Q1–2/2023	Q1–2/2024	Change
Fuel expenses	145.5	121.8	–16.3%
Other revenue-dependent expenses	19.3	29.4	52.7%
Emission allowances acquired in exchange for consideration	10.6	14.1	32.7%
Windfall tax expenses	172.1	1.0	–99.4%
Other usage-dependent expenses	2.5	1.2	–53.1%
Fuel expenses and other usage-/revenue-dependent expenses	350.1	**167.5**	–52.2%

(4) Personnel expenses

Personnel expenses

€m

	Q1–2/2023	Q1–2/2024	Change
Wages and salaries	188.7	224.9	19.2%
Social security contributions as required by law as well as income-based charges and compulsory contributions	42.0	49.5	17.9%
Other social expenses	3.8	4.1	8.4%
Subtotal	234.5	**278.5**	18.8%
Expenses for pensions and similar obligations	7.9	7.8	–0.9%
Expenses for termination benefits	2.4	4.0	66.8%
Personnel expenses	244.8	**290.3**	18.6%

(5) Measurement and recognition of energy derivatives

Measurement and recognition of energy derivatives

€m

	Q1–2/2023	Q1–2/2024	Change
Realisation of futures	–719.4	**–78.2**	89.1%
of which positive	858.7	412.9	–51.9%
of which negative	–1,578.1	–491.1	68.9%
Measurement	302.5	**279.9**	–7.5%
of which positive	2,349.7	360.2	–84.7%
of which negative	–2,047.2	–80.3	96.1%
Measurement and recognition of energy derivatives	–416.9	**201.7**	n/a

Depreciation and amortisation

(6) Depreciation and amortisation

€m	Q1–2/2023	Q1–2/2024	Change
Depreciation of property, plant and equipment	236.4	266.0	12.5%
Amortisation of intangible assets	9.5	12.1	26.9%
Depreciation of right-of-use assets	5.8	7.4	26.6%
Depreciation and amortisation	251.7	**285.4**	13.4%

Impairment losses[1]

(7) Impairment losses

€m	Q1–2/2023	Q1–2/2024	Change
Mellach combined cycle gas turbine power plant	–15.8	–25.6	–61.7%
Change in deferred grants for the Mellach combined cycle gas turbine power plant	0.4	0.7	58.3%
Gas Connect Austria GmbH	0.0	–169.7	n/a
Impairment losses	–15.4	**–194.7**	n/a

[1] Further details on impairment losses are presented in the tables below.

Impairment testing of Gas Connect Austria GmbH, including Austrian Gas Grid Management AG

	31/12/2023	30/6/2024
Cash-generating unit	GCA's transmission system and distribution network, including AGGM	GCA's transmission system and distribution network, including AGGM
Indications of impairment	Significant changes in the energy industry and regulatory environment	Significant changes in the energy industry and regulatory environment
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	GCA budgets (based primarily on market data)	GCA budgets (based primarily on market data)
Volume	Capacity bookings	Capacity bookings
Price	Regulatory tariffs published by the regulator	Regulatory tariffs published by the regulator
Planning period	Detailed planning phase: 6 years; rough planning phase: 21 years plus Regulatory Asset Base (RAB) as exit value	Detailed planning phase: 6 years; rough planning phase: 21 years plus Regulatory Asset Base (RAB) as exit value
Key valuation assumptions	Regulatory interest rate of the RAB	Regulatory interest rate of the RAB
After-tax discount rate	Determination of discount rate taking into account regulatory framework conditions	Determination of discount rate taking into account regulatory framework conditions
Recoverable amount	€444.4m	€337.4m
Impairment losses during the period	€–56.9m	€–169.7m

Impairment testing of the Mellach combined cycle gas turbine power plant

	31/12/2023	**30/6/2024**
Cash-generating unit	Combined cycle gas turbine power plant (installed electrical capacity: 838 MW)	Combined cycle gas turbine power plant (installed electrical capacity: 838 MW)
Indications of impairment	Updated electricity and/or gas price forecasts	Updated electricity and/or gas price forecasts
Basis for recoverable amount	Fair value (level 3) less costs of disposal	Fair value (level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND Thermal Power GmbH & Co KG budgets (based primarily on market data)	VERBUND Thermal Power GmbH & Co KG budgets (based primarily on market data)
Volume	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)
Price	Internal and external price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch and market use, including heat extraction in the winter for one line (Q4/2023 to Q1/2024); estimate of operating, maintenance and downtime costs by the responsible managers	Internal and external price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch and market use; estimate of operating, maintenance and downtime costs by the responsible managers
Planning period	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (dependent on earlier entry)	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (dependent on earlier entry)
Key valuation assumptions	Discount rate, expected revenue from the grid reserve, congestion management and redispatch, development of clean spark spreads	Discount rate, expected revenue from the grid reserve, congestion management and redispatch, development of clean spark spreads
After-tax discount rate	WACC: 6.25%	WACC: 6.00%
Recoverable amount	€161.3m	€134.6m
Changes in value during the period[1]	€–63.0m	€–25.0m

[1] The impairment loss as at 30 June 2024 was reduced by the €0.7m change in deferred government grants (31 December 2023: €–1.7m).

(8)
Result from interests accounted for using the equity method

Result from interests accounted for using the equity method €m

	Q1–2/2023	Q1–2/2024	Change
Domestic	43.9	53.4	21.6%
Foreign	–0.4	–0.7	–67.7%
Income or expenses	43.5	**52.7**	21.1%

(9)
Interest income

Interest income €m

	Q1–2/2023	Q1–2/2024	Change
Interest from money market transactions	8.0	21.6	170.4%
Interest from investments under closed items on the balance sheet	16.0	16.6	3.6%
Interest from clearing banks	4.0	3.1	–21.9%
Other interest and similar income	5.0	2.6	–48.8%
Interest income	33.0	**43.8**	32.8%

(10)
Interest expenses

Interest expenses €m

	Q1–2/2023	Q1–2/2024	Change
Interest on financial liabilities under closed items on the balance sheet	16.0	16.6	3.5%
Net interest expense on personnel-related liabilities	9.1	9.4	3.0%
Interest on bonds	7.8	7.5	–2.9%
Interest on the cost of procuring credit	4.8	7.1	49.0%
Interest on bank loans	21.1	5.9	–71.8%
Interest on other liabilities from electricity supply commitments	5.9	5.3	–10.9%
Interest on a share redemption obligation	3.6	3.8	5.0%
Interest on money market transactions	7.1	2.6	–63.7%
Interest on leases	1.1	1.9	78.6%
Interest on other non-current provisions	2.0	1.7	–17.3%
Borrowing costs capitalised in accordance with IAS 23	–3.8	–4.4	–16.1%
Other interest and similar expenses	4.0	4.6	14.9%
Interest expenses	78.8	**62.1**	–21.2%

(11)
Other financial result

Other financial result €m

	Q1–2/2023	**Q1–2/2024**	Change
Measurement of non-derivative financial instruments	3.5	**3.6**	1.6%
Income from securities and loans	0.9	**1.1**	12.9%
Change in a profit participation right with respect to material assets	0.9	**0.0**	n/a
Change in derivative financial instruments in the finance area	0.3	**0.0**	n/a
Change in an obligation to return an interest[1]	0.0	**–16.7**	n/a
Other	–0.1	**–0.9**	n/a
Other financial result	5.6	**–13.0**	n/a

[1] The obligation to transfer the 50% interest in Donaukraftwerk Jochenstein AG to the Free State of Bavaria without exchange of consideration is measured at amortised cost. The expected fair value of the interest at the transfer date (31 December 2050) is calculated for the respective period and discounted based on the original effective interest rate (corresponding to the weighted average cost of capital at the acquisition date). Changes in the expected fair value of the interest are recognised in the other financial result.

Notes to the statement of comprehensive income

(12)
Remeasurement 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 2024. The discount rate used was 3.50% (obligations similar to pensions as at 31 December 2023: 3.75%), 3.50% (pension obligations as at 31 December 2023: 3.75%) and 3.50% (severance payment obligations as at 31 December 2023: 3.75%). Future salary increases were taken into account at 2.75% to 4.50% (31 December 2023: 2.75% to 7.25%) and future pension increases at 2.50% to 4.25% (31 December 2023: 2.00% to 6.75%).

Notes to the balance sheet

(13) Inventories

Inventories

€m

	31/12/2023	30/6/2024	Change
Inventories of primary energy sources held for generation[1]	35.4	**49.0**	38.5%
Emission allowances held for trading	16.6	67.6	n/a
Changes in emission allowances held for trading	–0.1	1.9	n/a
Fair value of emission allowances held for trading	16.5	**69.5**	n/a
Proof of origin and green electricity certificates	8.0	**4.4**	–44.1%
Additives and consumables	14.9	**15.7**	5.3%
Other	6.0	**10.2**	68.9%
Inventories	80.8	**148.8**	84.3%

[1] In quarters 1–2/2024, a write-down of gas inventories of around €2.5m (31 December 2023: €22.7m) was recognised as an expense in the income statement.

The measurement benchmark for inventories of natural gas and emission allowances held for trading by VERBUND is the fair value less costs to sell in accordance with the exemption provided for raw materials and commodity broker-traders (brokerage exemption). The market price for front-month gas forwards on the Central European Gas Hub (CEGH) is the relevant price for inventories of natural gas held for trading. The fair value of emission allowances held for trading corresponds to the market price on the European Energy Exchange (EEX). The fair values are thus based on Level 1 measurements.

(14) Additional information regarding financial instruments

Carrying amounts and fair values by measurement category 30/6/2024

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	14.8	14.8
Interests in unconsolidated subsidiaries	FVOCI	AC	4.2	4.2
Interests in unconsolidated subsidiaries	FVPL	3	10.4	10.4
Other equity interests	FVOCI	1	23.2	23.2
Other equity interests	FVOCI	2	157.9	157.9
Other equity interests	FVOCI	AC	19.8	19.8
Other equity interests and unconsolidated subsidiaries			**230.2**	
Derivatives in the energy area	FVPL	2	221.5	221.5
Derivatives in the energy area	FVPL	3	13.6	13.6
Derivatives in the finance area	FVPL	2	29.2	29.2
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	7.0	7.0
Receivables from derivative financial instruments			**271.3**	
Securities	FVPL	1	162.0	162.0
Securities	FVOCI	3	8.1	8.1
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	72.9	73.4
Loans – closed items on the balance sheet	AC	2	252.3	258.2
Loans	AC	2	62.7	62.4
Other	AC	–	174.3	–
Other	–	–	28.5	–
Other investments and non-current other receivables			**762.2**	
Derivatives in the energy area	FVPL	1	0.4	0.4
Derivatives in the energy area	FVPL	2	774.9	774.9
Derivatives in the finance area	FVPL	2	3.8	3.8
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	1.3	1.3
Receivables from derivative financial instruments			**780.4**	
Trade receivables	AC	–	749.9	–
Receivables from investees	AC	–	49.7	–
Loans to investees	AC	2	4.0	3.8
Loans – closed items on the balance sheet	AC	2	88.6	88.0
Securities	FVPL	1	4.4	4.3
Money market transactions	AC	2	196.0	196.7
Emission allowances	–	–	23.8	–
Other	AC	–	145.4	–
Other	–	–	126.6	–

Carrying amounts and fair values by measurement category 30/6/2024 €m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Trade receivables, other receivables and securities			1,388.4	
Cash and cash equivalents	AC	–	469.1	–
Aggregated by measurement category				
Financial assets at amortised cost	AC		2,264.9	
Financial assets at fair value through profit or loss	FVPL		1,228.5	
Financial assets at fair value through other comprehensive income	FVOCI		229.2	

Carrying amounts and fair values by measurement category 30/6/2024

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	1,634.1	1,464.2
Financial liabilities to banks and to others	AC	2	702.7	656.0
Financial liabilities to banks – closed items on the balance sheet	AC	2	128.9	135.4
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	293.4	293.4
Capital shares attributable to limited partners	–	–	10.5	–
Non-current and current financial liabilities			**2,769.6**	
Derivatives in the energy area	FVPL	2	109.1	109.1
Liabilities from derivative financial instruments			**109.1**	
Electricity supply commitment	–	–	89.8	–
Obligation to return an interest	AC	3	143.0	126.0
Trade payables	AC	–	3.8	–
Lease liabilities	–	–	157.4	–
Other	AC	–	454.3	–
Non-current other liabilities			**848.2**	
Derivatives in the energy area	FVPL	2	130.3	130.3
Derivatives in the energy area	FVPL	3	1.2	1.2
Liabilities from derivative financial instruments			**131.5**	
Trade payables	AC	–	317.5	–
Lease liabilities	–	–	13.5	–
Other	AC	–	426.8	–
Other	–	–	162.8	–
Trade payables and current other liabilities			**920.7**	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		3,811.1	
Financial liabilities at fair value through profit or loss	FVPL		240.6	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		293.4	

Carrying amounts and fair values by measurement category 31/12/2023

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	14.8	14.8
Interests in unconsolidated subsidiaries	FVOCI	AC	5.3	5.3
Interests in unconsolidated subsidiaries	FVPL	3	10.3	10.3
Other equity interests	FVOCI	1	23.2	23.2
Other equity interests	FVOCI	2	157.9	157.9
Other equity interests	FVOCI	AC	16.0	16.0
Other equity interests and unconsolidated subsidiaries			**227.5**	
Derivatives in the energy area	FVPL	2	349.9	349.9
Derivatives in the energy area	FVPL	3	6.3	6.3
Derivatives in the finance area	FVPL	2	25.8	25.8
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	19.2	19.2
Receivables from derivative financial instruments			**401.1**	
Securities	FVPL	1	158.4	158.4
Securities	FVOCI	3	8.1	8.1
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	71.9	72.2
Loans – closed items on the balance sheet	AC	2	329.5	333.0
Loans	AC	2	52.0	49.2
Other	FVPL	3	28.7	28.7
Other	AC	–	143.4	–
Other	–	–	26.0	–
Investments and other receivables			**819.2**	
Derivatives in the energy area	FVPL	2	1,207.2	1,207.2
Derivatives in the finance area	FVPL	2	4.4	4.4
Receivables from derivative financial instruments			**1,211.6**	
Trade receivables	AC	–	972.0	–
Receivables from investees	AC	–	56.8	–
Loans to investees	AC	2	22.5	22.4
Securities	FVPL	1	4.4	4.4
Emission allowances	–	–	45.4	–
Other	AC	–	142.2	–
Other	–	–	90.5	–
Trade receivables, other receivables and securities			**1,333.8**	
Cash and cash equivalents	**AC**	**–**	**964.0**	**–**

Carrying amounts and fair values by measurement category 31/12/2023 €m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Aggregated by measurement category				
Financial assets at amortised cost	AC		2,754.4	
Financial assets at fair value through profit or loss	FVPL		1,814.4	
Financial assets at fair value through other comprehensive income	FVOCI		226.6	

Carrying amounts and fair values by measurement category 31/12/2023

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	1,142.7	983.0
Financial liabilities to banks and to others	AC	2	836.4	804.7
Financial liabilities to banks – closed items on the balance sheet	AC	2	125.3	135.1
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	295.3	295.3
Capital shares attributable to limited partners	–	–	8.3	–
Non-current and current financial liabilities			**2,408.0**	
Derivatives in the energy area	FVPL	2	60.9	60.9
Liabilities from derivative financial instruments			**60.9**	
Electricity supply commitment	–	–	97.9	–
Obligation to return an interest	AC	3	122.5	122.5
Trade payables	AC	–	2.3	–
Lease liabilities	–	–	147.8	
Other	AC	–	402.2	–
Non-current other liabilities			**772.8**	
Derivatives in the energy area	FVPL	1	4.7	4.7
Derivatives in the energy area	FVPL	2	293.3	293.3
Derivatives in the energy area	FVPL	3	4.3	4.3
Liabilities from derivative financial instruments			**302.4**	
Trade payables	AC	–	327.4	–
Lease liabilities	–	–	12.6	
Other	AC	–	783.0	–
Other	–	–	152.4	–
Trade payables and current other liabilities			**1,275.4**	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		3,741.8	
Financial liabilities at fair value through profit or loss	FVPL		363.2	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		295.3	

Of the derivative financial instruments in the energy area classified as FVPL in the above tables, positive fair values of €834.4m (31 December 2023: €1,092.7m) and negative fair values of €325.0m (31 December 2023: €408.4m) 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	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
3	Other non-current receivables (profit participation right with respect to material assets)	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 2024 for financial year 2023[1]	1,441.8	347,415,686	4.15
Dividend paid in 2023 for financial year 2022	1,250.7	347,415,686	3.60

[1] of which a special dividend of €0.75 per share (Q1–2/2023: €1.16 per share)

Purchase commitments

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

	30/6/2024	of which due in 2024	of which due in 2025–2029
Total commitment	**1,688.7**	737.5	951.2

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

	30/6/2023	of which due in 2023	of which due in 2024–2028
Total commitment	1,221.4	735.3	486.1

Court proceedings pending

The substantive validity of the price increase for electricity implemented in 2022 based on a price adjustment clause in the General Terms and Conditions was disputed in a class action lawsuit brought against VERBUND AG. The Commercial Court of Vienna, as the court of first instance, upheld the action. Following an appeal filed within the prescribed time period, the ruling of the Higher Regional Court of Vienna was upheld in the second instance. VERBUND AG has now appealed the decision to the Austrian Supreme Court within the prescribed period. The Austrian Supreme Court is expected to issue a legally binding decision during calendar year 2024. A corresponding provision has been recognised in the balance sheet for this matter.

Recognition by the tax authorities of the amortisation of an electricity purchase right amounting to approximately €2.3m per year in connection with the acquisition of equity interests in a German power plant company in 2012 is disputed. An objection to the notices issued by the tax authorities concerning the years 2013–2021 was filed within the prescribed time period.

There were no significant developments compared with the status described in the consolidated financial statements as at 31 December 2023 in relation to the claims for damages asserted in the wake of the flooding of the Drau River in 2012.

No information is provided on any contingent liabilities or provisions for the above-mentioned proceedings, as it is to be expected that such disclosures in the notes to the financial statements will seriously affect the position of the Group companies sued in these proceedings.

In connection with the Group's tax claim concerning the amortisation of goodwill from the equity interest in VERBUND Innkraftwerke GmbH for the years from 2014 to 2023, the appeals against the 2014–2021 notices of assessment for the tax 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

	Q1–2/2023	**Q1–2/2024**	Change
Income statement			
Electricity revenue	90.0	**53.1**	–41.0%
Grid revenue	31.2	**19.8**	–36.6%
Other revenue	4.2	**9.9**	132.8%
Other operating income	1.2	**6.7**	n/a
Expenses for electricity, grid, gas and certificates purchases	–136.7	**–58.3**	57.4%
Fuel expenses and other usage-/ revenue-dependent expenses	–0.3	**–0.3**	7.6%
Other operating expenses	–19.8	**–8.4**	57.5%
Interest income	1.2	**1.2**	–1.9%
Interest expenses	–0.2	**–0.4**	–169.4%
Other financial result	1.2	**0.3**	–76.0%

Transactions with investees accounted for using the equity method €m

	31/12/2023	**30/6/2024**	Change
Balance sheet			
Investments and other receivables	36.6	**64.1**	75.2%
Trade receivables, other receivables and securities	26.1	**20.0**	–23.5%
Contributions to building costs and grants	265.6	**265.1**	–0.2%
Current financial liabilities	0.0	**0.3**	n/a
Trade payables and other current liabilities	24.2	**21.5**	–11.0%

Electricity revenue with investees accounted for using the equity method of accounting was generated mainly with KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (Q1–2/2024: €45.7m; previous year: €89.8m) and OeMAG Abwicklungsstelle für Ökostrom AG (Q1–2/2024: €7.5m; previous year: €0.2m). The electricity revenue was offset by electricity purchases primarily from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft in the amount of €53.3m (previous year: €130.9m). Grid revenue with investees accounted for using the equity method of accounting was generated mainly with KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (Q1–2/2024: €15.5m; previous year: €27.8m).

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria amounted to a total of €115.4m (previous year: €150.8m). Electricity was purchased by ÖBB, Bundesbeschaffung GmbH, Telekom Austria and OMV. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria totalled €30.1m (previous year: €131.3m). 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 €15.6m reported under other revenue or gas purchases, respectively (previous year: expense of €27.4m).

VERBUND's expenses for monitoring by E-Control amounted to €12.1m (previous year: €7.9m).

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 2024 and authorisation for issue on 23 July 2024.

Vienna, 23 July 2024

The Executive Board

Michael Strugl
Chairman of the Executive Board of VERBUND AG

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

Achim Kaspar
Member of the Executive Board of VERBUND AG

S. Zapreva

Susanna Zapreva-Hennerbichler
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 June 2024, 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 2024 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, 23 July 2024

The Executive Board

Michael Strugl
Chairman of the Executive Board of VERBUND AG

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

Achim Kaspar
Member of the Executive Board of VERBUND AG

S. Zapreva

Susanna Zapreva-Hennerbichler
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 GmbH, 28.4%) and Wiener Stadtwerke GmbH (the sole shareholder is the City of Vienna)
– TIWAG–Tiroler Wasserkraft AG (> 5.0%; the sole shareholder is the Austrian state 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 at the Annual General Meeting are restricted to 5% of the share capital.

Regulatory body/trade associations:
E-Control GmbH/E-Control Commission
Wirtschaftskammer Österreich (Austrian Economic Chambers)
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 (Vice-Chairman),
Achim Kaspar,
Susanna Zapreva-Hennerbichler

Supervisory Board:
Martin Ohneberg (Chairman), Edith Hlawati (1st Vice-Chairwoman), Eva Eberhartinger (2nd Vice-Chairwoman), Ingrid Hengster, Jürgen Roth, Eckhardt Rümmler, Christa Schlager, Robert Stajic, Stefan Szyszkowitz, Peter Weinelt, Isabella Hönlinger, Kurt Christof, Wolfgang Liebscher, Veronika Neugeboren, Hans-Peter Schweighofer

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.


V
Responsibility for
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Verbund