TIWAG

Annual Report 2020

TIWAG looks back on a successful fiscal year 2020.

Posting stable profits before tax in the amount of EUR 93.5 million, TIWAG remains a sustainably profitable company in spite of difficult general conditions and is well prepared for the challenges that lie ahead.

Dipl.-Ing. Thomas Gasser, MBA

Mag. Dr. Erich Entstrasser

Dipl.-Ing. Johann Herdina

Report of the 97th fiscal year of TIWAG-Tiroler Wasserkraft AG

from January 1 to December 31, 2020

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Year-on-year comparison

TIWAG-Tiroler Wasserkraft AG	2015	2016	2017	2018	2019	2020
Electricity sales (in GWh)	17,456.9	16,534.6	18,874.5	16,743.9	18,771.9	15,560.0
Sales revenue (in EUR m)	948.0	806.7	808.5	931.4	972.0	853.1
Cash flow (in EUR m)	204.4	101.4	152.3	150.1	132.1	149.3
Profit before taxes (in EUR m)	124.3	75.0	75.8	78.4	86.5	93.5
Additions tangible assets (in EUR m)	123.6	91.0	87.8	96.9	133.2	160.8

Group						
Sales revenue (in EUR m)	1,282.5	1,071.3	1,099.1	1,238.7	1,286.2	1,130.4
Cash flow (in EUR m)	245.6	151.7	226.4	190.0	192.4	184.5
Consolidated profit before taxes (in EUR m)	126.8	69.3	92.4	86.8	111.9	78.8
Additions tangible assets (in EUR m)	236.1	205.0	256.3	215.0	219.5	237.2

Company boards

Supervisory Board
Dr. lic.oec. Reinhard Schretter (Chair)
Patrizia Zoller-Frischauf (1st Deputy Chair), Member of the Provincial Government
Mag. Manfred Pletzer (2nd Deputy Chair)
Mag. Hartwig Röck
Univ.-Prov.in (em.) Dr.in Hannelore Weck-Hannemann
Mag.a Julia Lang

Appointed by the Works Council:
Friedrich Vogt, Chairman of the Central Works Council (since June 16, 2020)
Ing. Stefan Mark, Chairman of the Central Works Council (until June 16, 2020)
Bernhard Paßler (until November 9, 2020)
Ing. Marbod Trinkl (from November 25, 2020)

Management Board
Mag. Dr. Erich Entstrasser (Chair)
Dipl.-Ing. Thomas Gasser, MBA
Dipl.-Ing. Johann Herdina

Foreword by the Management Board

2020 and the Corona pandemic presented societies and economies all over the globe with unprecedented challenges. And yet TIWAG has, with the help of its committed employees, managed to achieve a highly positive result, with net profit at EUR 93.5 million, once more underscoring its position as a highly profitable regional government-owned company. Group-wide sales revenue increased to EUR 1,130.4 million and net operating profit to EUR 130.7 million, confirming that our group has both an efficient structure and a clear strategic focus.

It is this strategic focus that we revised in the past year in light of the European and national legal frameworks, aligning it more closely to our mission statement. Changes in the market for heat services or the use of distributed energy systems and new technologies alongside sector coupling are just a few of the many challenges TIWAG group will have to face in the coming years.

Our key task as a regional energy supply company remains to ensure the secure, sustainable and integrated supply of Tyrol's people and businesses with electricity, gas and heat. At the same time, customer benefit is on the top of our agenda – we strive to offer high-quality energy products from our core business offer at competitive prices. An increased use of sector coupling and the ramping up of PV-based electricity generation will come to supplement the group's portfolio going forward.

However, in fulfilling all of these tasks, our primary concern is for our actions to be sustainable, socially fair and having as little impact as possible on the environment. By doing so, we are making a substantial contribution towards ensuring supply security, prosperity, and a high quality of living in Tyrol.

For years, one of the key issues we have been addressing in Europe is the energy transition, the transformation of the energy industry from fossil or nuclear power sources towards what is called renewables, i.e. ecological, regenerative and carbon-free types of energy, such as hydropower, solar, wind or biomass. The disruptions in the wake of this transformation, volatile electricity prices and strong competition due to a growing number of market participants have resulted in lower contribution margins overall both within the group and at TIWAG itself. Major reasons for this development include customers being more discriminating in what they expect from energy suppliers, the energy sector becoming increasingly distributed and digitalized, and the splitting of the Austro-German electricity pricing zone in 2018. Last, but not least, the Corona pandemic also had direct and strong impacts on our business. However, relying on efficient in-house processes and a firm positioning, TIWAG group was able to adequately respond to any situations as and when needed.

In spite of these difficult conditions, we were able to not only stabilize consolidated profit in 2020, but to even strengthen our position on the market. The cornerstones of our success are a flexible portfolio of power stations and electricity, gas and heat networks that ensure the secure supply of Tyrol's people and businesses with energy. In the year under report, TIWAG group invested some EUR 195.4 million in existing power stations, in expanding hydropower capacities, in information technology and in other areas. We spent more than EUR 73 million on grid infrastructure upgrading and maintenance. Our subsidiary TIGAS also made lasting contributions to consolidating supply by investing EUR 33 million in ramping up gas and heat networks. Stable business operations, a high equity ratio and a well-balanced financing structure enable us, in spite of more challenging conditions, to go ahead with our investment program – EUR 1.5 billion by 2025 – and to continue providing an important stimulus for economic activities in Tyrol also in the years to come.

We owe a major part of our success to our about 1,400 employees, to whom we would like to express our deepest gratitude at this point. They excel in commitment, professional competence and, not least, unrivaled customer service orientation. It is, in particular, the willingness of our employees to continuously adapt to new challenges and to keep evolving that needs to be highlighted. The Corona crisis also demanded a lot of our employees in terms of flexibility, understanding and solidarity, be it shifting, at least in part, to working remotely, strictly complying with the distancing and hygiene rules or taking regular PCR tests, which were made available for free by the company.

To ensure that our employees are well prepared for constantly changing requirements and able to welcome such challenges with confidence in their own capabilities, we place great store by comprehensive education and training specifically tailored to talent and function. TIWAG group offers attractive and secure jobs in a motivating environment which encourages personal strengths and appreciates respectful cooperation.

Expanding hydropower capacities will have a key role to play in the transition towards a sustainable energy future. The year under report saw us reaching key milestones along this path, especially in our currently largest project, the expansion of the Kühtai power station, in which we plan to invest EUR 1 billion. Following approval proceedings that took eleven years to complete, 2020 finally came with the green light for the project. The preparatory work, such as extensive ecological balancing and safety measures, was for the most part completed still in the fall of 2020 so that the main part of the work was started according to schedule in the spring of 2021. Work on the underground tunnel systems at the new Kühtai reservoir began in April 2021, and the whole project is scheduled to be completed by the end of 2026. This is a project that will help us make an essential contribution to increasing regional independence and supporting the necessary transformation of the European energy system.
Work on the restoration and expansion of the Kirchbichl power station on the Inn river, the oldest large-scale run-of-river station in Tyrol, was likewise completed in the fall of 2020, after about three years, in keeping with time and cost schedules. Investing some EUR 110 million, we

TIWAG's management team: Chair Erich Entstrasser (center),Thomas Gasser (left) and Johann Herdina (right).

added a turbine and a water catchment plant to the power station and undertook ecological restoration work on the Inn river loop near Kirchbichl.
In the Tyrolean uplands, more specifically in the Oberes Gericht area, we have been working together with Engadiner Kraftwerke since 2014 to build the joint Inn river power station, which is scheduled to go live next year. This diversion-type power station will generate much needed baseload electricity and further increase supply security.

However, expanding hydropower capacities and stepping up output will not be enough to reach the declared goal of the energy transition – energy efficiency will have a major part to play as well. In the year under report, TIWAG once again came up with a EUR 7 million energy efficiency package which not only provides funding for heat pumps and e-mobility in a range of EUR 1.6 million, but also a new initiative, the TIWAG Solar Fund, where photovoltaic systems for private households are planned and delivered turn-key, in combination with attractive funding packages.

The Power-to-X project in Kufstein, on the other hand, is a cutting-edge hydrogen center designed to harness the advantages of efficient and high-performance electricity generation from hydropower to produce heat, cold and hydrogen and supply charging systems. Alongside its project partners, TIWAG is going to take on a leading role in sector coupling in Tyrol.

The world has been profoundly changed by the Corona pandemic. We are nowhere near being able to assess its actual impact on our economies and societies. One thing is certain, though – the next few years will remain challenging in economic terms also for TIWAG group.

However, we firmly believe that we can keep our company profitable and maintain its value by concentrating on our core business: We strive for sustainable growth and a positive contribution to value generation, leveraging group-wide synergy effects, implementing strict cost management and efficient structures and continually improving our control and risk tools and management systems.

Turbulent times call for steering a steady course. This is a mission we feel committed to – for the benefit of our customers for whom we will remain a reliable and trustworthy local partner, ensuring the secure and ecological supply of energy for all Tyroleans.

TIWAG – we contribute to protecting the climate.

Innsbruck, June 2021

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Johann Herdina

Corporate Governance Report 2020 of TIWAG-Tiroler Wasserkraft AG

1. INTRODUCTION

The information below is governed by the current requirements set out in the Corporate Governance Guidelines for Investees of the Province of Tyrol. The cut-off date for the information thus published is the situation prevailing as at December 31, 2020, along with the changes in such situation during fiscal 2020. Unless otherwise stated, the report pertains to said date. Any significant changes having occurred between this date and the publication of the report will be presented separately.

The Corporate Governance Guidelines for Investees of the Province of Tyrol, which are modeled on the Federal Public Corporate Governance Code 2017 (B-PCGK 2017), provide a regulatory framework for businesses owned by the province and set out principles for good and transparent governance.

2. COMMITMENT TO COMPLIANCE WITH THE GUIDELINES AND DISCLOSURE OF ANY NON-COMPLIANCE

The provincial government of Tyrol approved the Corporate Governance Guidelines for Investees of the Province of Tyrol on April 2, 2019. TIWAG-Tiroler Wasserkraft AG is committed to complying with the Corporate Governance Guidelines for Investees of the Province of Tyrol to the extent they are applicable to TIWAG. The Management Board and the Supervisory Board declare having applied these guidelines in fiscal 2020 in the exercise of their functions and subject to the explanatory notes provided in this report.

For fiscal 2020, TIWAG reports the following comments as well as deviations, in form or content, from these guidelines:

Article	Description	Comment
6.4.	Transactions between the company and the Management Board or Supervisory Board	There were no transactions requiring approval in 2020. A formal procedure for approving such transactions still remains to be enshrined in the rules of procedure of both the Management Board and the Supervisory Board.
12.1.	Supervisory Board approval for consulting and other services by the auditor	At its meeting of December 11, 2019, the Supervisory Board approved a budget of EUR 75,000 for consulting services by KPMG Austria GmbH. No separate budget was approved for 2020 for consulting services to be provided by Deloitte Audit Wirtschaftsprüfungs GmbH, the newly appointed auditor in fiscal 2020. In this context, an amount of EUR 3,337.50 was incurred group-wide in 2020 for COVID-19 certifications. The total amount appropriated was not exceeded.

3. COMPOSITION OF BOARDS AND COMMITTEES, INFORMATION ABOUT THEIR FUNCTIONING, AND BOARD MEMBER REMUNERATION

3.1 MEMBERS OF THE MANAGEMENT BOARD

In the reporting year, the Management Board had the following three members.

Management Board Chair
Erich Entstrasser
- Born in: 1960
- Member since January 1, 2013
- Management Board Chair since January 1, 2016
- Start of current term: January 1, 2018
- End of current term: December 31, 2022

In the reporting year, he sat on the supervisory boards of TINETZ-Tiroler Netze GmbH, Energie AG Oberösterreich, Innsbrucker Kommunalbetriebe Aktiengesellschaft, Austrian Power Grid AG and OeMAG Abwicklungsstelle für Ökostrom AG.

Director
Thomas Gasser
- Born in: 1969
- Member since January 1, 2016
- Start of current term: January 1, 2016
- End of current term: December 31, 2020
- Start of subsequent term: January 1, 2021
- End of subsequent term: December 31, 2025

In the reporting year, he sat on the supervisory board of Tiroler Flughafenbetriebsgesellschaft m.b.H.
In the year under report, Thomas Gasser was a director of Innsbrucker Kommunalbetriebe Aktiengesellschaft.

Following public advertising of the vacancy on May 6, 2020, Mr. Gasser was reappointed as director in charge of energy business and power station management for the period January 1, 2021 to December 31, 2025.

Director
Johann Herdina
- Born in: 1957
- Member since January 1, 2013
- Start of current term: January 1, 2018
- End of current term: December 31, 2022

In the year under report, he sat on the supervisory boards of Innsbrucker Kommunalbetriebe Aktiengesellschaft and TINETZ-Tiroler Netze GmbH.
In the year under report, Johann Herdina was managing director of Gemeinschaftskraftwerk Inn GmbH.

3.2 FUNCTIONING AND ALLOCATION OF RESPONSIBILITIES

The Management Board conducts the business of the company in compliance with the applicable laws, the articles of association and the rules of procedure. Insofar as responsibilities are not already allocated under the binding rules of the Austrian Stock Corporation Act, the rules of procedure for the Management Board of TIWAG-Tiroler Wasserkraft AG, as amended by a Supervisory Board resolution of December 19, 2018, govern the allocation of responsibilities and the way the Management Board collaborates internally and with the Supervisory Board. In addition to the provisions of stock corporation law, the rules of procedure also govern the transactions and actions which require the consent of the Supervisory Board or of a Supervisory Board committee set up and authorized for such purpose.

The allocation of responsibilities as set out in the rules of procedure is as follows:

Erich Entstrasser	Finance and accounting, controlling and treasury, investments, contract and energy data management, corporate development and organization, human resources, public relations, legal and real estate/ surveying (including administrative procedures), information technology, telecommunications.
Thomas Gasser	Power generation, energy industry, energy trading, energy sales, heat, energy strategy and energy efficiency.
Johann Herdina	Hydropower engineering, mechanical engineering, construction, power station programming, central procurement, technical facility management, control system and new technologies.

Jointly, the members of the Management Board are responsible for strategy, internal audit, and safety and security of water-retaining structures.

3.3 MANAGEMENT BOARD REMUNERATION

Vacancies on the Management Board are always publicly advertised, in accordance with the Transparency of Board Appointments in Entities Subject to Court of Audit Control Act *(Stellenbesetzungsgesetz)*, Federal Law Gazette I no. 26/1998 as amended from time to time. Appointments are preceded by a selection process carried out by the plenary meeting of the Supervisory Board. The guidelines on management employment contracts adopted by the provincial government of Tyrol on June 12, 2012 and amended on June 14, 2016 were also taken into account in assessing whether the overall remuneration of the Management Board members is commensurate with their tasks. As for justified deviations from the guidelines of the province of Tyrol, we make reference to what is stated in the report issued by the Austrian Court of Audit, “Reihe Tirol 2021/2”, paragraphs 25.1 et seq. In fiscal 2020, the remuneration of the Management Board amounted to a total of EUR 1,195,773.89.

3.4 D&O INSURANCE

TIWAG-Tiroler Wasserkraft AG has had D&O insurance for its directors and officers since 2002. The insurance also covers the management of subsidiaries. The cost of insurance is borne by the company.

3.5 MEMBERS OF THE SUPERVISORY BOARD

Under the provisions of the Austrian Stock Corporation Act (AktG) and the Labor Relations Act (ArbVG), the Supervisory Board consists, as at December 31, 2020, of six members elected by the Annual General Meeting and of three employee representatives appointed by the Works Council. From amongst its members, the Supervisory Board elects a chairperson as well as a first and second deputy chair, each for the duration of their terms of office.

Reinhard Schretter
Chair

- Born in: 1955
- Member since 2001
- Supervisory Board Chair since March 29, 2016
- Appointed for current term: May 6, 2019
- End of current term: Annual General Meeting 2022

Patrizia Zoller-Frischauf,
Member of the Provincial Government
1st Deputy Chair
- Born in: 1959
- Member since 2012
- Appointed for current term: May 6, 2019
- End of current term: Annual General Meeting 2022

Manfred Pletzer
2nd Deputy Chair
- Born in: 1972
- Member since 2015
- Appointed for current term: May 6, 2019
- End of current term: Annual General Meeting 2022

Hartwig Röck
Member
- Born in: 1963
- Member since 2014
- Appointed for current term: May 11, 2020
- End of current term: Annual General Meeting 2023

Hannelore Weck-Hannemann
Member
- Born in: 1954
- Member since 2015
- Appointed for current term: May 6, 2019
- End of current term: Annual General Meeting 2022

Julia Lang
Member
- Born in: 1974
- Member since 2017
- Appointed for current term: May 11, 2020
- End of current term: Annual General Meeting 2023

Stefan Mark
Member (appointed by the Works Council)
- Born in: 1970
- On the Works Council since 2008
- On the Supervisory Board since 2009
- Most recent appointment: March 2017

Friedrich Vogt
Member (appointed by the Works Council)
- Born in: 1960
- On the Works Council since 2004
- On the Supervisory Board since 2017
- Most recent appointment: March 2017

Bernhard Paßler
Member (appointed by the Works Council)
- Born in: 1959
- On the Works Council since 1986
- On the Supervisory Board from 2000 to 2004 and from 2008 to November 9, 2020
- Most recent appointment: March 2017

Marbod Trinkl
Member (appointed by the Works Council)
- Born in: 1968
- On the Works Council since 2004
- On the Supervisory Board since November 25, 2020
- Most recent appointment: November 25, 2020

3.6 DIVERSITY IN THE SUPERVISORY FUNCTION

TIWAG-Tiroler Wasserkraft AG is pro-actively pursuing a policy of equal opportunities regardless of gender, color of skin, nationality, political views or sexual orientation. The company takes active and long-lasting action to provide a non-discriminatory, equality-oriented workplace and a culture of mutual recognition and appreciation.

The authority to select members of the Supervisory Board is vested solely in the Annual General Meeting and/or depends on the appointment policy of the employee representatives. With Patrizia Zoller-Frischauf, Hannelore Weck-Hannemann and Julia Lang, TIWAG has three women on its Supervisory Board. The total of six Supervisory Board members elected by the Annual General Meeting is thus composed of an equal number of men and women.

3.7 MEETINGS OF THE SUPERVISORY BOARD

In the year under report, the Supervisory Board held 4 plenary meetings. All members of the Supervisory Board attended all of its meetings in 2020. In addition to the meetings of the Supervisory Board and its committees, the Chair of the Supervisory Board met regularly with the Chair of the Management Board. Minutes are kept at all meetings of the Supervisory Board.

3.8 COMPOSITION AND FUNCTIONING OF THE COMMITTEES

On December 13, 2016, the Supervisory Board adopted rules of procedure for the Supervisory Board of TIWAG-Tiroler Wasserkraft AG, which entered into force on the same day. The Supervisory Board may, from among its members, appoint one or more committees and lay down their tasks and rights. The rules of procedure provide for an Executive Committee, a Committee for Management Board Matters, and an Audit Committee.

Executive Committee

The Executive Committee acts as a working committee, coordinating both the work of the Supervisory Board and the collaboration of the Supervisory Board with the Management Board. This committee is in regular contact with the Management Board and provides advice as and when needed.

Members of the Executive Committee:

Name	Function
Reinhard Schretter	Chair
Patrizia Zoller-Frischauf, Member of the Provincial Government	1st Deputy Chair
Manfred Pletzer	2nd Deputy Chair
Stefan Mark	Works Council representative

All resolutions are passed unanimously by way of circulation. If no unanimous decision can be reached, the resolution will be presented to the plenary meeting for adoption or rejection.

Committee for Management Board Matters

The Committee for Management Board Matters prepares the Supervisory Board's personnel decisions. It proposes candidates for vacancies on the Management Board to the plenary meeting of the Supervisory Board and generally deals with all issues regarding the appointment of members of the Management Board.

Members of the Committee for Management Board Matters:

Name	Function
Reinhard Schretter	Chair
Patrizia Zoller-Frischauf, Member of the Provincial Government	1st Deputy Chair
Manfred Pletzer	2nd Deputy Chair
Stefan Mark	Works Council representative

In the year under report, the committee, relying on support from a personnel consultant, prepared the resolution for the appointment of the member of the Management Board in charge of energy industry and power station management.

Audit Committee

The Audit Committee is tasked with monitoring the financial accounting, the internal control system and the risk management system of TIWAG-Tiroler Wasserkraft AG. In addition, it provides quality assurance for the audit of the (consolidated) financial statements and verifies the auditor's independence, in particular in view of the additional services provided to the auditee and the grounds for exclusion or bias defined by law. The Audit Committee presents a report on the outcome of the audit of the

financial statements to the Supervisory Board and explains how the audit of the financial statements has contributed to the reliability of financial reporting and what role the Audit Committee played in this. Within the scope of auditing the accounting information, the committee also verifies whether the annual financial statements, the profit distribution proposal and the management report meet legal requirements and are factually correct.

Under the rules of procedure of the Supervisory Board, the Audit Committee consists of three or four of the Supervisory Board members elected by the Annual General Meeting and at least one of the employee representatives appointed by the Works Council. In 2020, the Audit Committee was composed as follows:

Members of the Audit Committee:

Name	Function
Reinhard Schretter	Chair
Patrizia Zoller-Frischauf, Member of the Provincial Government	1st Deputy Chair
Manfred Pletzer	2nd Deputy Chair
Stefan Mark	Works Council representative
Bernhard Paßler	Works Council representative (until November 9, 2020)
Marbod Trinkl	Works Council representative (from November 25, 2020)

In the year under report, the Audit Committee met twice, with minutes having been drawn up of such meetings. In addition, the Audit Committee conducted the procedure for selecting an auditor with due consideration of the commensurateness of such auditor's fees and presented a recommendation for the appointment of the auditor to the Supervisory Board.

3.9 REMUNERATION FOR SUPERVISORY BOARD MEMBERS

The remunerations granted to Supervisory Board members in 2020 came to EUR 38,000. Apart from getting cash expenses refunded and being paid an attendance fee for each meeting attended, each member of the Supervisory Board is entitled to an annual allowance; not all members of the Supervisory Board claim it, however. The remuneration scheme was determined at the Annual General Meeting of December 9, 2014.

3.10 ANNUAL GENERAL MEETING

As at December 31, 2020, the share capital of TIWAG-Tiroler Wasserkraft AG as registered in the commercial register of the Innsbruck Regional Court under commercial register number 44133b amounts to EUR 300,000,000.00, divided into 300,000 shares with a par value of EUR 1,000 each. The shares are registered shares and are held exclusively by the province of Tyrol.

As sole shareholder, the province of Tyrol, represented by the provincial governor, exercises its shareholder rights at the Annual General Meeting. All decisions made by the shareholder are documented in minutes certified by a notary. In the year under report, the Annual General Meeting was held on May 11, 2020. The resolutions passed concerned the appropriation of net retained profit, the ratification of the actions of the Management Board and the Supervisory Board, the appointment of the auditor, and the appointments to the Supervisory Board.

4. EXTERNAL EVALUATION

Compliance by TIWAG-Tiroler Wasserkraft AG with the aforementioned guidelines is subject to evaluation at least every five years. The last such evaluation, which was carried out by Deloitte Audit Wirtschaftsprüfungs GmbH in 2020, did not give rise to any objections with respect to the declaration by the legal representatives on compliance with the Corporate Governance Guidelines for Investees of the Province of Tyrol.

Innsbruck, May 6, 2021

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Johann Herdina

Innsbruck, May 10, 2021

The Chair of the Supervisory Board

Dr. Reinhard Schretter

MANAGEMENT REPORT FOR THE COMPANY AND THE GROUP

As an integrated energy supply company, we cover the entire energy market value chain and are the market leaders when it comes to electricity, gas and heat supply in Tyrol.

The fiscal year 2020

I. THE CORNERSTONES OF TIWAG'S BUSINESS

1. GROUP SET-UP

Legal set-up

A stock corporation under Austrian law, TIWAG-Tiroler Wasserkraft AG is registered in the commercial register of the Innsbruck regional court under number 44133 b and has its registered address in Innsbruck. The company's share capital amounts to EUR 300 million, divided into 30,000 no-par value bearer shares held exclusively by the Province of Tyrol. TIWAG is the parent company of TIWAG group.

Organizational set-up

The Management Board of TIWAG-Tiroler Wasserkraft AG has three members. Management Board chair Erich Entstrasser is in charge of commercial operations, which comprises various corporate functions as well as the management of equity investments.
In charge of energy industry issues and power station management, Management Board member Thomas Gasser's responsibilities include energy efficiency, power generation, energy trading and energy industry as well as group sales and electricity sales. All construction and engineering-related issues, such as hydropower engineering, mechanical engineering, construction, technical facility management and central procurement, are in the hands of Management Board member Johann Herdina. The second top-management tier – the managing directors of the major group companies as well as heads of divisions and some departments – is responsible for earnings in their respective fields of business and works hand in hand with the Management Board. In addition, various specialized departments provide support and assistance to the Management Board.

TIWAG group is broken down into four segments, which are subject to separate reporting. The group is subdivided into three operational business areas – Electricity (Non-Regulated), Electricity (Regulated), and Gas and Heat, while other activities are shown under Investments and Miscellaneous.

The segment definitions applicable within TIWAG group are based on internal reporting structures which inform management decisions. Segments are formed based on products – electricity, gas and heat – and regulatory aspects, such as regulated and non-regulated. Currently, we have four reporting segments.

Segments	Electricity Non-Regulated	Electricity Regulated	Gas and Heat Non-Regulated and Regulated	Equity Investments and Miscellaneous
Legal entities	TIWAG-Tiroler Wasserkraft AG	TINETZ-Tiroler Netze GmbH	TIGAS-Erdgas Tirol GmbH	
▪ Reporting entities	▪ Power Station Construction ▪ Power Generation ▪ Energy Industry and Trading ▪ Group and Electricity Sales	▪ Electricity Distribution System	▪ Natural Gas System ▪ Natural Gas Trading ▪ Remote Heat ▪ CNG Filling Stations ▪ Energy Facility Management ▪ Biogas	▪ Equity Investments ▪ Service and Cross-Cutting Matters

The Electricity Non-Regulated segment comprises the subsegments Power Station Construction, Power Generation, Energy Industry and Trading, and Group and Electricity Sales. In Construction, we plan our power stations and manage construction projects up to the point where the facilities are taken into operation. With the help of our technical departments, we not only build new plants, but also keep existing ones operational and up to the latest state of the art.
In Power Generation, our focus is on efficiently and cost-effectively producing electricity, all while respecting environmental requirements. Our pool of power stations provides us with an extensive power generation portfolio, which we continue to expand and optimize. In the reporting period, we invested EUR 128.5 million in our existing power generation plants (including pro-rata share of electricity procurement rights).
Energy Trading and Energy Industry is tasked with steering and optimizing energy procurement and delivery and with managing the power generation portfolio, while also safeguarding generation and sales positions over the long term.
Group Sales, which covers all types of energy, and Electricity Sales handle the selling of energy to our customers. Our Sales units develop innovative products and solutions in an effort to meet customer demand as best possible.

In the Electricity Regulated segment, our subsidiary TINETZ-Tiroler Netze GmbH is in charge of regulated electricity business operations. The functions – technical customer management, grid system management, secondary technology, grid facility management, project planning/construction and installation/servicing – are organized along similar tasks, in a bid to optimize division of labor and specialization. The company's management is in charge of coordinating the functions with a view to overarching corporate goals. Specialized staff units – Administration/Coordination, Security, and Environmental Protection – assist the management in preparing and reviewing decisions. Our reliable, state-of-the art electricity grid, in the upgrading and expansion of which we invested EUR 73.1 million in the reporting period, covers a total of 12,003 km.

The core business units in our Gas and Heat Regulated and Non-Regulated segment are Natural Gas System and Remote Heat, areas where TIGAS-Erdgas Tirol GmbH makes major investments. In the reporting period, our subsidiary invested a total of EUR 33.2 million in upgrading and expanding our gas network, which covers a total of 3,849 km, as well as our remote heat networks, with a focus on ramping up the infrastructure in line with growing demand.

The Equity Investments and Miscellaneous segment accounts for our shared services. As the group parent, TIWAG-Tiroler Wasserkraft AG not only manages the group, but also provides group-wide services, such as financing, treasury, IT, energy data management, group management accounting and controlling, legal, taxes, internal audit, business development and HR management.
This segment also takes care of our equity investment portfolio, which includes shares held in VERBUND AG, Energie AG Oberösterreich, and Innsbrucker Kommunalbetriebe AG, among others.

Locations

Geographically, our main presence is in the Austrian federal province of Tyrol, which offers the special locational features needed for hydropower-based power generation. Given the relevant hydrological and topographic requirements, our key power station sites include Kaunertal, Imst, Silz, Kühtai, Achensee, Kirchbichl, Langkampfen, Amlach, and Kalserbach.

2. BUSINESS MODEL

We are a vertically and horizontally integrated energy supply company covering the entire energy industry value chain across different sectors. We are Tyrol's leading electricity, gas and remote heat provider, with operations in other Austrian provinces as well as in Germany and South Tyrol.

Business models in the non-regulated energy sector

We ensure the secure, high-quality, clean and sustainable supply with electricity, gas and heat for all of our customers. Customer group segmentation is based on our being present at all levels of the value chain and our ability to flexibly generate electricity from hydropower sources. On the end-customer market, we segment our customers by volume sold, consumption structure, load profiles and metering technology on the one hand, and by geographical location on the other hand – customers in Tyrol (our core market) and customers outside Tyrol. In the retail customer segment, we supply our products to household customers, where billing is standardized on an annual basis; in the monthly consumption segment, we deliver certified zero-emission electricity to industrial and commercial customers as well as to multi-site customers. Key account customers are broken down into specific groups based on customer structure, purchasing history, and volumes sold. In the distributors segment, we deliver electricity to regional utility companies in Tyrol to enable them to supply their own customers.

We are also present as a reliable trading partner on the electricity and gas wholesale markets and engage in trading on national and international energy exchanges, both in spot and futures markets. Trading, which is subject to strict rules and regulations, provides us with fundamental data that are crucial for decision-making. Our energy generation portfolio enables us to offer flexible capacities and to supply our transmission system customers with different types of control or balancing energy.

Our customers use energy in a multitude of ways, from heating homes to generating high temperatures in production processes, from ensuring mobility to powering electric engines, from using IT to providing lighting. Our value propositions comprise classic electricity, gas and heat supply to our customers, along with add-on products and innovative services. What our customers expect from us is competitive pricing, innovative green electricity solutions, bespoke contracts, and transparent billing. More and more customers are keen to benefit from more efficient ways to use energy as well as from the opportunities afforded by digital transformation. We offer our retail customers electricity, gas and heat at competitive prices, alongside professional customer service and easy-to-understand tariff plans. We provide added value for business and commercial customers that are forever on the lookout for streamlining and savings potentials by offering secure and high-quality one-stop-shop solutions. Key accounts can benefit not only from certified electricity from hydropower sources, but also from related services, extreme flexibility, and attractive product combinations which include different energy sources.

These various customer segments have different needs and requirements. Favorable pricing, flexible contract terms, supply security, energy quality, and expert technical advice are factors we combine specifically to meet customer needs. These varying criteria determine which sales, distribution and communication channels will be used, regardless of whether it is existing customers or new customers in new markets that we are dealing with. In line with reach, scope of product range, and level of customer advisory service, we differentiate between

traditional and innovative marketing channels, breaking down activities further by key account management, regional retail and commercial customer support, service center, and internet. In operating our marketing channels, we cooperate with partner companies in a bid to simplify processes and pool demand. Entry barriers to trading on energy wholesale markets and energy exchanges or participating in control energy market auctions are high. The relevant distribution and communication channels are highly standardized and structured.

With competition becoming heavier and customer expectations on the rise, it is extremely important for us to ensure customer satisfaction and customer loyalty. Both result mainly from personal contact and from the fact that TIWAG has a strong regional base and generates value for Tyrol. We use a well-known market research institute to survey customer satisfaction and customers' perception of TIWAG at regular intervals.

In the reporting period, revenue from electricity sales came to EUR 900.0 million, which corresponds to a 79.6% share of total sales revenue. In the non-regulated electricity segment, revenue is driven mainly by the amount of electricity we generate from renewables and by electricity market prices. A geographical breakdown shows that revenue is generated primarily in our core market, Tyrol, but the out-of-area share keeps growing as well. Gas revenue obtained in Austria, Italy and Germany amounts to 17.2% of group-wide sales revenue. Key revenue drivers in the non-regulated gas segment include temperatures measured in heating degree days and price trends on international gas markets.

To be able to make our value propositions to customers in the various customer segments, we need to have appropriate resources at our disposal. Relying on our power stations, we are able to generate electricity from hydropower in a sustainable manner. Financial resources are key for companies with a vast range of plant and equipment. TIWAG group's funding relies at roughly 50% each on existing equity and borrowed capital with appropriate maturity dates. As hydropower capacities in Tyrol are being expanded and digitalization is on our doorstep, funding and ways to raise the required amounts of capital are becoming more and more important. As a technology company that operates on national and international markets, we depend to a large extent on having key human resources at our disposal – without expertly trained and highly motivated staff, we are unable to deliver on the promises we make to our customers.

With value-chain levels having become unbundled, new interlinked markets have come into existence that require a flexible approach. Coordinating these markets calls for professional trading, which is ensured by our Energy Trading and Energy Industry unit. We have our own trading capacities, which we use as a sales channel for our own output, and as a purchasing channel to cover supply obligations, optimize our own energy generation operations and make profits on margin trading. While current market challenges come with great opportunities, they also require powerful management systems for profitability, risk and incentive control. Another key activity apart from trading and trading-related portfolio and risk management is focusing on attractive customer segments. Under our market strategy, we not only develop our products, but also suitable communication concepts for selling them.

We source different resources from business partners outside the organization and are active in a variety of fields. The primary concern here is to balance the interests of various groups, such as shareholder, customers, employees, politicians, NGOs, local residents, the media, public institutions, cooperation and business partners, and suppliers. Our business model is contingent on the help of a network of suppliers and strategic partners. To build, expand and maintain our power stations, we need a large number of specialized suppliers over long periods of time.

Implementing our business model gives rise to costs. As an integrated energy company, we build power stations, generate energy, and transport energy, both self-generated and procured, to our customers. Secure energy supply is possible only with skilled staff, the use of generation and distribution facilities, and risk-optimized energy procurement. Given the tasks we have to perform, our major cost items include energy procurement and personnel. The large amount of plant and equipment we operate also entails a substantial amount of fixed costs.

Business models in the regulated energy sector

Based on our regulated energy distribution systems, we offer our grid customers non-discriminatory access, secure supply and a high quality of service. What they expect from us is supply security and grid stability. The growing trend for digitalization and the upgrading of our grid infrastructure call for novel and innovative energy solutions with added benefits. Our digital services include various online offers for household customers, a broad range of e-mobility charging solutions with uniform and transparent pricing, smart metering, sophisticated integration of prosumers' photovoltaic systems in our distribution grid, and a bidirectional link-up of additional distributed entities to our centralized energy supply control system.

Electricity, gas and heat are distributed via grid-bound energy systems. Our electricity distribution network is 12,003 km long, while our gas network comes to 3,849 km. Vertically, electricity and gas systems are structured into transmission and distribution networks. What is more, they are subject to government regulation, with access, charges, and the provision of system services being regulated by law and revenue being determined by public authorities under the existing regulatory framework.

Capital-intensive tangible assets and key human resources are of crucial importance to integrated energy suppliers that offer grid-bound energy (electricity, gas and heat). Relying on electricity, gas and heat distribution systems, we offer our customers both free access to our networks and a secure supply of energy. Partnerships with suppliers and IT providers are pivotal for operation planning, system expansion and congestion management in new distribution networks.

We use our networks to transport the energy produced and procured in the unregulated segment to our customers. High-performance state-of-the-art networks require a high level of plant and equipment, with correspondingly high fixed costs. In light of the tasks imposed on us by law, the main cost items in the regulated segment are operating costs (OPEX), as reviewed and approved by administrative decisions, and capital costs (CAPEX).

3. GROUP STRATEGY AND MISSION STATEMENT

Our group strategy charts the course for us to reach our corporate objectives. In light of upcoming changes in European and national frameworks, we have thoroughly revised our strategy and have had it subjected to critical scrutiny by an external expert. Using current energy strategies for Europe, Austria and Tyrol as a benchmark, we identified and developed several realistic scenarios for our core business context. Taking these as a starting point, we defined where they line up with our core business fields and our existing group strategy, and then conducted a SWOT analysis for the TIWAG group. Senior management and the external expert were involved in coming up with strategic questions based on this analysis. Discussions focused on whether changes in the flexibility and storage capacity markets will impact our power station portfolio and in how far the upheaval on the heat market due to the anticipated substitution of oil-fired heating systems and the growing share of electricity in the heat market will have effects on our business model. In a bid to make the most of sector coupling, we

will develop new business models in the context of distributed energy systems and new technologies (such as hydrogen) and seize the opportunities offered by digitalization. What is more, the challenges of the energy transition have massive repercussions on network operators and require constant strategy adjustments.

The outcome of discussing these strategic questions were major changes to the existing group strategy, in the following points:

- Customer relations and customer benefit were combined to form a separate issue and defined in more detail, with market opportunities for flexible power station capacities arising from the increase in PV and wind power generation in neighboring regions as an added point of interest.
- A special focus was placed on supply security, as well as on the sector coupling of electricity, heat and mobility, and increased PV capacities.
- Using digitalization to streamline cost management was added as a new item to the agenda.

The Supervisory Board approved the revised group strategy. In preparation for the upcoming implementation of the strategy in our operational units, we defined the relevant reference points for the respective implementation programs.

The revision of our group strategy also entailed an adjustment of our mission statement, which describes our fundamental principles and how we perceive our role and position:

- TIWAG group stands for secure, sustainable and integrated electricity, gas and heat supply in Tyrol.
- TIWAG group puts customer benefit first and offers customers in its defined target markets innovative, high-quality energy products and services related to its core business at competitive prices.
- TIWAG group supports European and national energy goals and is a driving force behind ecological change in Tyrol's electricity, gas and heat supply.
- TIWAG group is commercially successful, an attractive employer, and a reliable and trustworthy local business partner.

4. MANAGEMENT ACCOUNTING AND CONTROLLING SYSTEM

Value growth is pivotal for our company. We use a planning and controlling system that provides detailed and timely insights into the current and expected development of our financial position, cash flows and profit or loss. On the basis of the targets set by the Management Board and the forecasts for business development, we prepare annual medium-term plans, budgets for the upcoming fiscal year, and target figures for subsequent years. The Management Board then submits the plans to the Supervisory Board for approval. Over the course of the year, the forecasts are updated based on interim financial statements.

The key ratios we use in controlling our operating business include earnings before taxes, earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA), both at company and group level.

Financial performance indicators	Separate financial statements		Consolidated financial statements	
	2020 EUR '000	2019 EUR '000	2020 EUR '000	2019 EUR '000
EBIT	89,100.4	87,398.8	130,650.1	123,849.8
EBITDA	159,932.6	151,692.4	225,967.3	211,666.5
Earnings before taxes	93,459.2	86,546.5	78,791.9	111,853.5

Other important indicators are capital structure on the one hand, measured based on shareholders' equity ratio and net debt to EBITDA, and, on the other hand, financial strength, determined based on cash flows, available liquid funds, as well as amount and structure of debt financing.

These financial indicators are part of our balanced scorecard, a strategic controlling instrument. Apart from financial indicators, this instrument provides the Management Board with measures for processes, markets and employees which serve to translate our corporate strategy into clearly measurable targets. Our balanced scorecard features four perspectives overall, as the financial perspective alone does not provide a comprehensive enough view.

The market perspective presents the markets and market segments where the companies operate. Performance indicators in this area are market prices, interest rates, market shares and energy efficiency savings potentials. The process perspective covers critical internal processes which are of key importance for the companies. Major indicators here include the number of customer contacts, registrations at the customer portal, the number of charging systems and charging operations, as well as the utilization of investment and maintenance projects. The employee perspective includes factors such as number of employees and HR cost per head being reported to decision-makers.

5. RESEARCH AND DEVELOPMENT

We conduct numerous research and development projects to explore ways to operate our power stations as environmentally friendly and cost-efficiently as possible in a bid to meet the requirements of the energy transition. We work on solutions for integrating distributed technologies plus digitalization into our supply systems, and we develop products and services that help our customers increase energy use efficiency, thus further improving quality of life and/or adding value. In our innovation efforts, we also partner up with research institutions and universities to complement our in-house work. In keeping with our tradition of innovation, the reporting year saw us once again participate in, and implement, selected research and development projects, some of which we initiated ourselves.

In our research activities, we focused on the integration of renewable energy into the supply systems; system flexibilization; stability and supply security; sector coupling; sediment research and management; water-level fluctuations; limnological monitoring programs; fish protection and fish migration; as well as monitoring programs for potential damage analysis in tunnel structures.

In our development activities, we apply both the outcomes of completed research projects and the results of targeted ongoing studies to address current challenges (climate change, integration of renewables, flexibilization of the energy system, sector coupling, and integration). This helps us optimize plant usage, identify the resources available to us and develop new products and services, as demonstrated by the following examples:

- Reservoir sedimentation will become more and more of a problem the longer a reservoir system has been in operation. We conducted a project to develop a concept for sediment management in TIWAG reservoirs to identify ways for economical and sustainable reservoir sediment management. We prepared cost-benefit analyses of the various options for each impoundment, identifying effective measures for each facility.
- The exploitation of renewable energy sources, in combination with modern distributed systems, leads to an increase in the share of distributed systems and controllable loads in energy generation. We plan to turn several pilot projects into a viable overall project for integrating renewables into our supply system.

II. ECONOMIC SITUATION

1. FRAMEWORK CONDITIONS

Macroeconomic conditions

Throughout Europe, the Covid-19 pandemic resulted in a marked downturn of economic activity. It is not yet possible to say how long the effects of the crisis will make themselves felt in different sectors and how lasting they will be. The measures imposed in Austria and its neighboring countries had adverse effects on macroeconomic conditions throughout 2020 and will certainly continue to do so in the first half of 2021.

The Covid-19 pandemic, which originated late in 2019 in mainland China, reached Europe by the end of February 2020. The measures taken, from May 2020, to curb the pandemic, above all physical distancing and restrictions on public life and economic activity, contributed to slowing down the spread of the disease, keeping health systems running, and saving lives. The fall of the reporting year saw a further wave of infections, which entailed a second strict lockdown in Austria from mid-November.

The measures initiated at the start of the reporting year to fight the pandemic resulted in a dramatic decline in value generation, consumption and employment. While the economic downturn in the spring was massive in scale, the upswing starting in May was stronger than expected. However, the second wave put another major damper on the recovery.
Economic output in the euro area dropped by some 7.5% for the whole of 2020, and the measures taken to combat the waves of infections will likely also put a strain on

the economy in 2021. In the euro area, inflation dropped steeply in 2020, coming to 0.2%. For 2021 as a whole, annual inflation is expected to reach 1%.

Monetary easing and fiscal packages will constitute the cornerstones of growth in the years after the pandemic. At several Governing Council meetings, the European Central Bank adopted monetary policy measures and increased the envelope of the pandemic emergency purchase program (PEPP) to EUR 1,850 billion in 2020 in a bid to keep borrowing in the euro area affordable and ensure the supply of liquidity. Fiscal policy measures include one-off support for particularly hard-hit sectors and population groups, funding for short-time work, temporary tax cuts, deferrals of taxes and charges as well as of loan repayments.

In Austria, the Central Bank (OeNB) estimates that the decline in GDP in real terms will amount to slightly more than 7.0% for 2020, while forecasting a recovery with 3.6% growth for the coming years.
Even though inflation in Austria was volatile and came to a moderate 1.3% in 2020, it is still quite far removed from the euro area rate.
Discretionary fiscal policy measures include extensive short-time work regulations and payroll subsidies to cushion the effects of the downturn on employment and workers' incomes.
Nevertheless, the Covid-19 pandemic and the measures taken to curb its spread have had particularly dramatic effects on the labor market. Austria's unemployment rate rose to 9.9%, and the additional fiscal measures taken by the federal government to curb the downturn have resulted in the sovereign deficit increasing to 9.2% of GDP.

Energy and environmental policy framework

In mid-2019, the EU adopted the Clean Energy Package (CEP). Based on the Paris Agreement (COP21), its primary aims include a gradual transition to a carbon-neutral economy in the EU by 2050, a strengthening of both the economy and energy consumer rights, and the further integration of energy markets alongside sector coupling. This comprehensive legal framework consists of eight legislative acts, including follow-up provisions, which must be implemented in national law by 2021. An increase in the share of renewables to 32% of gross final energy consumption and an improvement in energy efficiency by at least 32.5% from 2005 levels have been set as binding targets for EU member states to meet by 2030. Key elements in these efforts are efficiency improvements and the decarbonization of HVAC, industry and transport. The transition towards decentralization is to be accelerated by the definition of new market participants, such as prosumers, local energy communities, and aggregators. A total of four dossiers on electricity market design was adopted to adapt the regulatory framework so it will be better able to accommodate future flexibility requirements and the accelerated market integration of renewables. The gas package prepared in 2020, which is to regulate the Greening the Gas theme, among others, is scheduled to be finalized in the fall of 2021. At the same time, the reporting year saw the adoption of the European hydrogen strategy.

While implementation in Austrian law had been planned for 2020, a government reshuffle caused delays. The introduction of the Renewable Energy Expansion Act *(Erneuerbaren Ausbaugesetz (EAG))*, the amendments to the Energy Efficiency Act *(Energie Effizienzgesetz)*, the Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz (ElWOG))*, the Natural Gas Industry Act *(Gaswirtschaftsgesetz)* and other regulatory instruments have been announced for 2021. Early in 2020, Austria submitted its National Energy and Climate Plan (NECP) to the EU. It encompasses a number of flagship projects and measures the implementation of which was started already in 2020. Topics of special relevance for us include the e-mobility plan, the thermal renovation of buildings, renewable heating, Greening the Gas cum sector coupling, green hydrogen for the fuel station infrastructure, the photovoltaics capacity expansion program, as well as decentralization and digitalization. The new group strategy directly takes all of these trends into account.

A set of regulatory measures for risk preparedness in the electricity sector was adopted in response to the large-scale reduction in thermal generation combined with the increase in highly volatile, unsecured electricity generation from wind power and solar PV. From a technology perspective, ENTSO-E, the European Network of Transmission System Operators for Electricity, underlines, in the scenario framework for the ten-year network development plan (TYNDP) 2020, the need to expand the European interconnected grid system, linking up markets, integrating renewable energy sources on an industrial scale and developing hydropower storage capacities in the Alps and in Scandinavia in a bid to ensure grid stability and security of supply. The near-miss blackout of January 8, 2021, where a part of the European power grid was cut off and large hydropower stations contributed substantially to maintaining a stable power supply, shows that such a risk exists and that appropriate preventive measures need to be taken.

After the Clean Energy Package, the reporting year saw the adoption by the EU of the European Green Deal, whose objective is to make the EU climate-neutral by 2050 (net-zero greenhouse gas emissions). A reduction of GHG by at least 55% compared to 1990 levels by 2030 is an ambitious interim target set by the Commission, which also proposed an EU Climate Law to regulate the efforts taken to reach this target. The Green Deal encompasses a number of measures in areas such as financial market regulation, energy supply, transport, trade, industry, agriculture and forestry, with a major focus on the biodiversity strategy, which are anticipated to impact projects in the industrial production, tourism and energy sectors. Implementing the Green Deal will require major adaptations to legal frameworks, among them the one for the energy industry, such adaptations being scheduled for 2023 – 2025. Stakeholder consultations have been under way in preparation for this process since the second half of 2020.

It is to be expected that with the implementation of the Green Deal, over the long term, a large part of Austria's energy supply will be based on electricity, and that ambient heat, biogas and biomass will provide important supplements. Step-by-step, energy demand will be covered by community-level electricity applications, sector coupling (hydrogen and synthetic methane via power-to-gas), preferably via the existing gas infrastructure, and sector integration (power-to-heat including remote heat, electromobility including fuel cell technology).

The accelerated development of local renewable energy sources – hydropower, solar PV and wind – in the equivalent of, initially, 27 extra TWh by 2030 is Austria's contribution to greening Europe's energy supply. Ramping up local hydropower storage and pumped storage capacities will contribute substantially to maintaining system stability and supply security. The relevance of sector coupling is highlighted, inter alia, by the Austrian government's hydrogen strategy, which is mirrored in the Tyrolian hydrogen strategy adopted in January 2020. This strategy is an integral part of Tyrol's hydrogen engagement within the scope of EUREGIO. TIWAG's hydrogen pilot projects in Kufstein and Jenbach, where pioneering applications for sector coupling and sector integration are subjected to stringent practical-use testing, are designed to boost the success of this cross-border initiative.

Once the first wave of the Covid-19 pandemic had abated, the Austrian federal government resumed work on the Renewable Energy Expansion Act, the adoption of which had already been announced several times. The aim of the government is to put the requirements set out in the national energy strategy – covering 100% of Austria's balanced energy consumption from renewable sources by 2030 – into law. Inter alia, the proposed legislation provides for a new support and funding system with a volume of about EUR 1 billion per year for driving the expansion of renewables. Within ten years, this is supposed to ensure growth in PV generation by 11 TWh, wind generation by 10 TWh, hydropower generation by 5 TWh, biomass generation by 1 TWh, as well as generation of Green Gas in an amount of approximately 5 TWh, subject to strict ecological and environmental compatibility criteria. Alongside such financial support

schemes, another systemic innovation is the introduction of preferred-status local energy communities, a measure designed to strengthen distributed power generation and regional supply schemes relying on not-for-profit entities. As such communities would be operating in the generation, consumption, storage and selling of renewable energy, their activities would interfere with the operations of existing suppliers. From a system operation perspective, the envisaged measures come with a risk of increasing uncertainty and discrimination in the electricity system.

A consultation paper published in August 2020 on potential elements of a biodiversity strategy for 2030 is to serve as the basis for developing a national biodiversity strategy in Austria.

Energy price trends

The Corona pandemic had a substantial impact on wholesale price trends. As well as the travel restrictions and stay-at-home orders, the high level of uncertainty about how the pandemic would develop led to a slump in economic activity in March. Subsequently, prices on the commodity and energy markets took a nosedive as well. First signs of a recovery on the energy markets came with the first successes in combating the virus and the resulting easing of restrictions, as well as state aid and support programs. However, rising infections rates in September and renewed restrictions of public life in October had energy prices back on a downward trajectory time and again. Positive news about vaccines being effective and vaccination schedules on a large scale being announced for the first quarter of 2021 resulted in prices for the front year 2021 baseload first stabilizing in November and then soaring, ending the year at slightly above EUR 50/MWh. The Austrian peak product for 2021 developed similarly to baseload, with the absolute price difference remaining between 8 and 10 EUR/MWh throughout the year.

The pandemic did not leave the spot markets unscathed either. In the lockdown months – March and April – there was hardly any difference being recorded anymore between base and peak prices, as the reduction in energy consumption due to Corona concerned mainly peak hours. In April, the peak load month price in Germany was even lower at EUR 14.51/MWh than the base load month price at EUR 17.09/MWh. Spot prices went back to normal over the summer. The spot price on the EPEX SPOT SE (EPEX) for next-day delivery (day-ahead) for the market area Austria was quoted at an annual average of about EUR 33/MWh in 2020, thus 17% below the prior-year level. At EUR 44/MWh, futures market prices for 2020 were markedly higher. In 2020, the mark-ups on the Austrian day-ahead market as compared to Germany amounted to an annual average of EUR 2.67/MWh.

Gas prices, too, saw significant mark-downs from mid-March. The impact of the Corona pandemic was moderate, as gas prices on the futures market had been close to their historic lows already before the pandemic, due to the mild winter of 2019/2020 and high levels of reserves. Before the summer, spot prices fell markedly, reaching their lowest level at the end of May, at about EUR 3/MWh on the TTF spot market. Since then, gas prices have experienced a strong recovery and are back at pre-pandemic levels. As of December of the reporting year, the gas market, too, saw a steep increase in prices until year-end, with the TTF front-month product hitting its annual high at EUR 19/MWh on the last day of trading.

Prices on the hard coal market stabilized in the summer after a long decline that had started in 2019. The annual average price for hard coal in 2020 for the European API#2 front-month amounted to EUR 45/t, which is 20% less than in the previous year. The price trend for coal is similar to that of natural gas. By May of the reporting year, the price had fallen to EUR 37/t, after which it rose again to reach EUR 57/t by year-end.

Strong sales activity on the financial markets made the European carbon price drop to EUR 15/t in March 2020. This steep decline was followed by a recovery, with prices hitting previous highs once more at about EUR 30/t in early July. The emissions market thus turned out to be a major support for electricity prices in the summer.

In October, prices dropped again amid renewed Covid restrictions being imposed, but saw a massive recovery towards the end of the year at levels above EUR 33/t.

2. DEVELOPMENT OF BUSINESS

Given the Covid-19 pandemic, fiscal 2020 was a highly challenging, but also successful year in terms of TIWAG's business operations.

Significant events in the fiscal year 2020

(1) The Corona pandemic resulted in numerous restrictions and new rules being imposed in 2020. Our approach to meeting this challenge was governed by prudence and responsibility for our staff, our customers, suppliers and partners. As a critical infrastructure company responsible for supplying energy, we took prompt action to ensure the continuity of our operations.

(2) Thomas Gasser was confirmed in his function as board member in charge of energy industry matters and power station management for another term lasting from January 1, 2021 to December 31, 2025.

(3) At its meeting of April 23, 2020, the Audit Committee recommended to the Supervisory Board, on the basis of a ranking established after a comprehensive assessment of all candidates, to propose to the Annual General Meeting to appoint Deloitte Audit Wirtschaftsprüfungs GmbH as auditors of TIWAG-Tiroler Wasserkraft AG (and the group) for the fiscal year 2020. This appointment was approved by the Annual General Meeting on May 11, 2020.

(4) On April 13, 2020, the general meeting of shareholders of Ötztaler Wasserkraft GmbH, in which TIWAG holds a 25% share, adopted a decision to start construction work, following a review of the status of the relevant administrative decisions.

(5) Keeping the recommendations made by an external consultant in mind, the Management Board proposed, with a view to risk-optimized and transparent investing, to issue a new call for bids for asset management mandates, setting out a clear investment strategy and reducing the number of funds to two, one actively and one passively managed. The shortlisted bidders were subjected to an extensive evaluation procedure to find the best bidders. The Supervisory Board approved the allocation of investment segments, the negotiating of the asset management contracts with the best bidders, and the reallocation of existing fund assets. Implementation at operational level followed still in fiscal 2020.

(6) The Investment Premium Act *(Investitionsprämien-Gesetz)*, which entered into force on July 25, 2020, has provided incentives for businesses to invest in fixed assets during and after the Covid-19 crisis. In the year under report, we applied for funding for all investments that met the funding criteria, up to the maximum amount provided for under the Act.

(7) As part of our group streamlining efforts, we had been preparing the pooling of sales activities for electricity, gas and heat within the group with the help of an external consultant. Work on the implementation concept and roadmap was completed early in 2020, with implementation being launched soon after. The new sales organization structure came into effect as of January 1, 2021.

(8) After three years, construction work for the refurbishment and capacity expansion of the Kirchbichl power station was completed. The new additional machine set went live in October of the reporting year. The capacity expansion resulted not only in increased electricity output, but also in major improvements in the plant's environmental impact and in flood protection.

(9) In its judgment of August 2019, the Austrian Supreme Court declared it inadmissible that a clause which provided for the possibility of unlimited price adjustments was included in the terms of delivery of an Austrian regional energy supply company. Based on this Supreme Court judgment, we concluded a settlement agreement in 2020 with VKI, the Austrian association for consumer information, under which affected customers received either vouchers from one of our voucher partners or a cash refund.

(10) The management audit of TIWAG-Tiroler Wasserkraft AG and Gemeinschaftskraftwerk Inn GmbH by the Federal Court of Audit, which had started in June 2019, was completed at the end of 2020, with the corresponding report published early in 2021. Audit findings concerned dividend policies, the internal organization of the Supervisory Board, contracts with members of the Management Board, and the compliance system.

(11) In the period from December 4 to 9, East Tyrol and the Ötztal region experienced massive snowfall. Our staff's untiring efforts and commendable commitment enabled us to eliminate disruptions and restore power supply.

2.1 Electricity segment (non-regulated)

Electricity generation and procurement

Our pumped storage power stations can either promptly generate electricity (by channeling water through turbines) or consume electricity (by pumping water) and store it, as needed.

Electricity generation and procurement encompasses power generated in our own (pumped) storage, run-of-river and pondage power stations, bartering, and electricity purchased from other suppliers. We are the largest hydropower-based electricity producer in Tyrol. In fiscal 2020, we generated 3,094 GWh of electricity in our own plants, which is down 446 GWh from the prior year. Storage power stations accounted for 1,453 GWh (prior year: 2,101 GWh) and run-of-river and pondage power stations for 1,641 GWh (prior year: 1,439 GWh). The total volume of electricity generated and procured in the fiscal year 2020 came to 15,560 GWh (prior year: 18,772 GWh). The cause of the reduction in self-generation are longer plant standstills due to revision work and shifts in storage levels between 2019 and 2020.

Our run-of-river and pondage power stations, along with our flexible storage and pumped storage power stations, make for an optimal power generation structure. Our power stations, which in total have a nominal output of 1,544 MW, enable us to optimally adapt to energy market conditions. The ability to adjust the output of our storage and pumped storage power stations at short notice makes it possible to create flexibility products and provide system services. In the event of a blackout, the blackstart capabilities of our power stations ensure they can supply the power that is needed to resume grid operation and restore regular power supply.

The majority of the electricity purchased from other suppliers comes via Austrian and foreign electricity exchanges as well as OTC markets, with due consideration of optimized procurement structures.

Electricity use

Long-standing business relationships as well as new customers won by our sales teams mainly outside Tyrol have helped us maintain our market position.
By gaining new customers, we managed to compensate the loss in sales volume from customers switching to competitors.

Electricity sales, which include all trading, distribution and barter activities, were lower than in the preceding year. In the reporting year, electricity consumption totaled 15,560 GWh (prior year: 18,772 GWh).

The changes on the energy markets raise the stakes and require flexible and short-term marketing and optimized power station management. We operate on national and international futures markets and on spot markets, engaging in day-ahead and intraday trading. In the reporting year, we further optimized our marketing activities and further developed our diversified sales strategy.

Electricity sales continue to be faced with a challenging competitive environment. In our core market, Tyrol, electricity sales in 2020 came to 3,977 GWh, which is 6.7% or 205 GWh less than in the prior-year period. 32 GWh of this decrease are attributable to household customers and small businesses. A major cause of the relevant decline in sales volume was the Covid-19 pandemic. The market environment is highly competitive also in the industrial and business customers segment, with the requirements imposed by the Energy Efficiency Act making matters even more difficult. In the commercial customers segment, acquisition activities are doorstep-based, via intermediaries, while online marketing is the tool of choice for the retail segment.

Under the electricity labeling scheme imposed by the Electricity Industry and Organization Act 2010 (ElWOG), the electricity we supply comes solely from renewable energy sources; in addition, our subsidiary Ökoenergie Tirol offers our highly ecologically minded customers green electricity generated at a 100% from Tyrolean hydropower. The relevant electricity labeling can be found on customers' bills.

Investments and maintenance

We invest in the expansion of renewable energy sources and, consequently, also in the ecological transformation of the energy system. In the year under report, we remained committed to our projects, investing a total of EUR 195.4 million in existing power stations, in expanding hydropower capacities in Tyrol, in the distribution grid, in information technology, and other areas. Our high equity ratio and well-balanced financing structure enable us to keep up this level of investments also going forward.

An extensive revitalization program will bring the Kühtai power station up to the latest state of the art. Work on this project progressed smoothly in 2020, but a machine was damaged and had to be taken out of operation on September 30, 2020; its going back live is anticipated for early 2021. Other projects we completed in the reporting year included securing water catchment at the Horntalbach water intake by building an armored concrete barrier, and replacing the electrical equipment in the power house of the Kaunertal power station. In addition, we exchanged the 400V station supply system of the Imst underground power station.

Expanding hydropower capacities in Tyrol

The construction of new hydropower stations involves major financial risks. Initial investment is massive in scale and can be recouped only because of the extremely long operating lives of the relevant facilities.

The joint power station being built along the Upper Inn river on the border between Austria and Switzerland is a new run-of-river power station. Once completed, the power station project, which has undergone in-depth reviews both in Austria and Switzerland, will generate more than 447 GWh of electricity from local hydropower sources per year. Of this total, some 384 GWh per year will contribute to TIWAG's generation volume, boosting self-generation from ROR and pondage hydropower by more than 28%.

Construction work started in spring 2014. The "Prutz power house" construction stage has meanwhile been completed, and the "Headrace" stage is being finalized. The "Ovella weir" construction stage turned out to be particularly challenging, given the geological and topographical situation. Geological problems also forced us to adjust construction costs, raising the initially

budgeted investment costs to EUR 604.9 million. Investments in the reporting year came to EUR 42.4 million, with completion scheduled for the fall of 2022.

The Kühtai storage power station project supplements the existing Sellrain-Silz group of power stations. The new Kühtai 2 pumped storage power station and the new Kühtai reservoir ensure flexibility in terms of when renewable energy is generated, while also providing interim storage for electricity generated from other renewable sources.
The project was approved by the provincial government of Tyrol by way of an EIA decision issued in June 2016. Several stakeholders appealed this decision. One year later, the Federal Administrative Court dismissed the appeal, imposed additional requirements, and thus confirmed the EIA decision. Further complaints and appeals against this decision were then lodged with the Constitutional Court and with the Supreme Administrative Court. The Constitutional Court rejected being seized with the complaint; the Supreme Administrative Court repealed the Federal Administrative Court's decision, referring the proceedings back to this court. Subsequently, the Federal Administrative Court reconfirmed the EIA approval, the Constitutional Court once again rejected being seized, and the Supreme Administrative Court finally denied the appeals lodged by the opposing parties in June 2020. The EIA approval for the project has thus been confirmed by all supreme courts in Austria. Construction work on a tailwater reservoir at the Silz power station, on an intake and discharge structure at the Finstertal reservoir, and on substitute spawning waters in the Längental valley started already in September 2019. Since April 2020, extensive preparatory work has been under way in the Längental valley, with the main construction work scheduled to start early in 2021.

The project for the expansion of the Kaunertal power station provides for the current power station to be turned into a group of power stations, by adding an upper stage on the Gepatsch reservoir, a second lower stage in Prutz, and an addition to the existing power station in Imst. In 2016/17, the power station project underwent a sustainability assessment by the International Hydropower Association (IHA) in terms of the social, environmental and economic impact of the changes entailed by the planned construction work and performed well on this score. The application for approval under the EIA Act was filed on July 4, 2012. As proceedings are pending on conflicting project applications concerning the Gurgler Ache river, the project was adapted in the summer of 2017 with respect to water catchment at the Gurgler Ache river. The revised documentation was submitted to the public authority by the end of 2017. In May 2020, the authority finally provided full instructions for a revision of the project with respect to appeal 2. In the second proceedings on conflicting project applications, which concern the Venter Ache river, the hearing has been postponed to early 2021 because of the Covid-19 pandemic.

The expansion of the existing Kirchbichl power station takes account of the legal requirements for ensuring that fish can pass the facility and that habitats remain interconnected, while contemplating construction of a new additional power house and a water catchment plant immediately below the existing weir. Construction work started following the coming into final legal effect of the EIA decision in May 2017. The fish pass was completed on time in December 2018, and the water catchment plant took up operations in February 2019. The shutdown of operations from November 2019 to April 2020 provided an opportunity to do structural work on the headrace and finalize construction work on the power house area. After three years, the refurbishment and capacity expansion of the Kirchbichl power station has now been completed. The new additional machine set was taken into operation on October 23, 2020. This capacity increase helped us not only to boost power generation, but also came with major improvements in surge restriction, fish migration, and flood control.

The Tauernbach-Gruben power station has been planned as a diversion-type power station with water intake and powerhouse. The project was submitted for environmental impact assessment in January 2013. In May 2019, a positive EIA decision was issued for the project. Five complaints were filed against this decision. While evidence-taking was completed at the hearing on September 22 and 23, 2020, no decision has been issued yet.

In the Tyrolean uplands, construction of a diversion-type power station is planned at Imst-Haiming which will re-use the water already used by the Prutz-Imst power station. The project was submitted for environmental impact assessment with the Office of the Provincial Government of Tyrol in 2015. Following additional exploration measures, the project was modified, and the documents for two revisions were re-submitted to the authority. Currently, the instructions for revision as provided are being processed.

The first development stage of the existing power station at Schwarzach was planned with a bottleneck capacity of 9.9 MW. Now, all the approvals needed for the expansion of this power station have been obtained. The planned addition to the power house is designed to boost annual power generation and provide more supply for self-consumption to the district of Lienz. The project is aligned with the national strategy for the expansion of hydropower through improving and optimizing existing facilities. First preparatory construction work will start in January 2021.

Financing

In addition to internal financing capabilities and own resources, TIWAG can rely on bonds and loans to cover overall financing needs. Given the continued high volume of investments, we topped up long-term bank loans by EUR 74 million in fiscal 2020. We drew down the fourth tranche of the Tyrolean syndicated loan in the amount of EUR 30 million, and the second tranche of the export promotion loan in the amount of EUR 24 million, while also entering into another EUR 20 million loan agreement. As at December 31, 2020, we have bonds in the amount of EUR 110 million, long-term insurance loans in the amount of EUR 80 million, and long-term bank loans in the amount of EUR 414 million outstanding. The cash advance facilities existing at the beginning of the year have been repaid in their entirety.

As we need to have access, at any given time, to a variety of sources of funding on different markets to ensure liquidity in the face of our large-scale investments, we observe and evaluate the developments on the money and capital markets on an ongoing basis. Interest levels and refinancing costs have a major impact on our financial position, cash flows and profit or loss.

Strong cash flow from operating activities, unused lines of credit, excellent credit standing, and group-wide cash pooling are the mainstays of our liquidity support.

Cash flow from operating activities amounted to EUR 185 million as at December 31, 2020.

We use rolling liquidity planning to determine how much cash is needed at any given time, and short-term flexible financing instruments, such as cash advance facilities, to cover such demand.

With risk mitigation in mind, we rely on broadly diversified financial instruments to cover the high levels of funding we need for our investments. In line without our risk-mitigating financing strategy and with due consideration of current interest rate and capital market trends, we currently rely on public investment financing instruments, long-term financing with regional banks, capital market financing, and short-term bank financing to cover peak demand. The group parent handles external financing for the whole group, passing on funding within the group as needed. This approach strengthens our negotiating position vis-à-vis banks and business partners and enables us to centrally control and monitor financial risks from group headquarters.

2.2 Electricity segment (regulated)

General information

The regulated distribution grid, which is vital for a reliable electricity supply, constitutes a stable basis for TIWAG group's development. Acting as independent system operator (ISO) within the group, TINETZ-Tiroler Netze GmbH is in charge of the distribution grid in Tyrol, using the grid facilities made available by the parent company and other resources on a lease basis. In addition to the lease agreement, TINETZ also has a personnel secondment agreement and a profit and loss transfer agreement with the parent company. As the system infrastructure remains the property of the parent company, all relevant investments are recorded in TIWAG's annual financial statements, with depreciation being reflected in the lease payments charged to the subsidiary TINETZ.

Due to the Covid-19 pandemic, output from the electricity grid in the reporting year came to 4,664 GWh (prior year: 4,943 GWh), down 5.6% on the prior-year figure.
The system utilization charge for transporting this volume of electricity came to EUR 129 million, as in the previous year. Including all surcharges and taxes, sales revenue in the regulated electricity segment amounted to EUR 214 million (prior year: EUR 214 million). System charges were based on the 2020 Amendment to the System Charges Ordinance 2018 Amendment 2020 *(Systemnutzungstarife-Verordnung 2018 – Novelle 2020)*, which in turn is based on the rules for determining the allowed cost for system charges for the 4th regulatory period (2019 – 2023). Given the higher allowed cost, higher costs for work on the grid and for upstream networks, system utilization charges (electricity) rose by 4.89% at network level 7 in the reporting year.

Regulatory framework

To ensure that the grid infrastructure is working smoothly, all investments and expenses are compensated for via network tariffs set by E-Control.
The key parameters in determining these network tariffs are the regulatory asset base, the weighted average cost of capital, the cost reduction targets, and adjustments for inflation. The cost reduction targets and the weighted average cost of capital have been set by E-Control for the duration of the entire regulatory period. The most recent regulatory period for the electricity distribution grid started on January 1, 2019 and will last five years from this date.
Given the generally low interest rates, the weighted average cost of capital rate was lowered already in the previous year. However, in a bid to provide incentives for further investment and improvements in efficiency, the weighted average cost of capital rates were broken down by efficiency, existing facilities, and new facilities.

In March 2020, E-Control launched the procedure for setting the costs, targets and the volume framework. In October 2020, once the relevant documents and the comments by the involved parties had been submitted, an administrative decision was issued setting out the costs for system construction, expansion, maintenance and operation for 2021, which form the basis for the system charges.

Investments

The expansion of renewable energy capacities raises the demands our electricity distribution grid has to meet, requiring sizable investment in regulated grid areas.
As demand for grid performance is growing, the capacities of the distribution grid have been ramped up. More specifically, it was necessary to build, expand and renovate existing substations to meet customer demand.
Moreover, we exchanged existing lines, poles and cables and proceeded with line construction work once approvals with final legal effect and agreements under private law had become available. Investments in system infrastructure, which came to EUR 73 million in the reporting year, were made by the parent company in its role as lessor.
Following an extension by 58 km, total line length now comes to 11,431 km (prior year: 11,373 km), while total system length is 12,003 km (prior year: 11,945 km).

This increase led to cabling density rising to 70.7% in the medium-voltage grid, and 86.8% in the low-voltage grid. On the consumer side, we linked up a total of 1,443 customer systems with a connected load of 35,367 kW to the distribution grid in 2020. Additionally, the capacity of existing systems was expanded by 23,212 kW, raising the load demand to be covered by our distribution network by 58,579 kW.

In the reporting year, 790 generation facilities with a bottleneck output of 13,143 kW were connected to our distribution grid.

Supply security

In spite of the far-reaching consequences of the Covid-19 pandemic, we were able to handle all grid-related processes, especially also critical processes, without any relevant restrictions in the year under report.

On the first weekend in December 2020, heavy snowfall caused several trees to fall on the 110-kV lines in East Tyrol.
In North and East Tyrol, 109 transformer stations in 16 communities were undersupplied on December 7, 2020, and some 35,000 households, especially in East Tyrol and in the inner Ötztal region, were affected by power outages. The cabling drive undertaken beforehand as well as extensive clearing work along the line routes helped to prevent longer outages, and the disruptions that did occur were swiftly eliminated by 220 field service technicians sent out to deal with them.
As roads had been closed off by the authorities and there was an increased risk of avalanches, it was difficult for our staff to get to the relevant sites. For this reason, army helicopters were used in some cases to fly field service technicians into the affected valleys.
In spite of this disruption of supply due to natural causes, power supply availability came to almost 100% in the reporting year.

In the reporting year, average non-availability due to unscheduled events amounted to 101.2 minutes per end-consumer, with 84.2 minutes due to weather-related events in December.

As far as the introduction of smart metering in our supply area is concerned, the relevant implementation program was started already in January 2014. The so-called Co-operation West initiative, which comprises network operators from Austria's western provinces, has awarded the contract for the supply of smart meters to a consortium. Procurement for the extensive telecommunications services needed to link up the smart meters as well as the installation service provider were completed as well. The central systems procured jointly in cooperation with a regional network operator are currently being implemented. Rollout started once the overall system had undergone final acceptance testing and a pilot phase, with the first smart meters being installed at customers' locations in the reporting year.
The swift progress of digital transformation comes with risks and opportunities in information technology. The relevant legal framework is provided by the Network and Information Security Act *(Netz- und Informationssicherheitsgesetz)*, which sets high information security standards for network operators. It is in this context that we underwent recertification in accordance with ISO 27001, the international standard for information security, and first-time certification in accordance with ISO 27019, a standard focusing on the existing information security and management system.

2.3. Gas and heat (non-regulated and regulated)

General information

Gas is a key bridging technology on the pathway towards a new renewable energy system. Our gas business is subject to many influencing factors – competition, which has intensified further in the reporting year as new suppliers entered the market, and temperature-dependent

high volatility in prices and sales volumes are key drivers in this area.
In spite of this situation, our gas operations performed very well in fiscal 2020, not least thanks to our prudent positioning on the market. To compensate for the negative effects of declining sales, we did not resort to raising prices, but adapted our procurement strategy instead.

As compared with other regional gas suppliers in Austria, TIGAS still is among those offering the most favorable prices.

Natural gas and heat generation and procurement

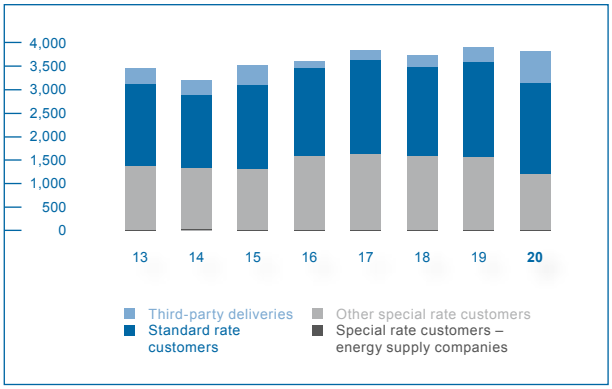
Our repositioning in procurement enables us to successfully offer natural gas in Tyrol and in the other market areas in Austria (Vorarlberg and East) as well as in Germany (NCG and Gaspool) at competitive terms and conditions. Procurement markets were highly volatile in fiscal 2020, with price levels below those registered in the previous year.

The completion of the remote heat transport link between Wattens and Innsbruck enabled us to leverage previously unused industrial waste heat potential. To achieve this, we entered into several cooperation agreements with business partners.

Natural gas and heat sales

Amid exceptional circumstances overall, the Covid-19 pandemic impacted operations in all TIGAS business segments. Even though Natural Gas System and Natural Gas Trading recorded declining sales, we were able to compensate for this fact through substantially lower procurement costs.

So far, we had been supplying customers in Austria and Germany, but from April 2020 we started supplying natural gas across the Brenner border to Italy as well. The reporting year saw sales volumes of natural gas and biogas below prior-year levels, due mainly to temperatures, but also to the pandemic. Temperatures measured in heating degree days were 11.3% above the long-term average.



Natural gas sales (network) – by customer groups (in GWh)

Totaling all markets, natural gas and biogas sales came to an aggregate of 5,403 GWh (prior year: 5,826 GWh), while sales of natural gas and biogas to customers in Tyrol amounted to 3,506 GWh, 12.0% less than in the previous year. Gas sales in Austria outside Tyrol stood at 1,055 GWh (prior year: 1,087 GWh), at 841 GWh in Germany (prior year: 755 GWh) and at 1 GWh (prior year: 0 GWh) for first-time supply to Italy.
In fiscal 2020, the number of gas supply contracts with household and commercial customers in Tyrol grew by 1,262.

The number of metering points supplied rose by 1,190. At year-end 2020, TIGAS was thus supplying a total of 54,076 standard-rate customers. By offering a variety of funding programs for new customers, we support the efforts undertaken to improve energy efficiency and cut emissions, including of particulate matter and carbon, which is indispensable in economic as well as energy and environmental policy terms.

In 2019, we reviewed a group sales approach for restructuring the electricity, gas and heat segments and subsequently launched a project for this purpose.
Once this project has been completed, sales activities will be pooled starting from 2021 based on a management agreement with the parent company. This means that the parent company will take over the management of sales activities, also being granted various authorizations required for this purpose, such as for entering into and terminating contracts, setting prices, drawing up marketing strategies, handling product management and market communications.

Unlike in the gas business, new acquisitions led to TIGAS recording an increase in remote heat sales to 148 GWh, which is about 3.8% up from the previous year.

Natural gas and heat systems

The past and future expansion of the gas system in Tyrol for the transport of gaseous and, in future, regenerative energy carriers, is both expedient and sustainable.
In the year under report, we consolidated existing systems in line with demand, making substantial investments in capacity expansion. Overall, TIGAS laid some 77 km of regional supply lines, 22 km of which were last mile connections. Taking into account regional branch lines, the gas system grew by 100 km to approx. 3,849 km in total. At year-end 2020, TIGAS was supplying some 120,000 households, commercial and industrial enterprises in about 175 communities in Tyrol.

Even though gas system operation was restricted in some instances during lockdown, the virtually total standstill in international city tourism prompted us to launch a large-scale project to replace the existing infrastructure in Innsbruck's historical center. Concentrated for the most part on 2020 and the first half of 2021, the project involved the renewal of the entire gas system.

As for the legal framework for the gas industry, the Natural Gas Industry Act *(Gaswirtschaftsgesetz)*, along with the balancing group model, regulate non-discriminatory system access based on system charges imposed by the competent public authority.
What is important in this context is the fact that the rate of the weighted average cost of capital (WACC) was significantly reduced at the start of the 3rd regulatory period in 2018. The regulatory scheme provides for different WACC rates to be applied, depending on when the regulatory asset base increased.
What is more, the annually accumulating efficiency target imposed by E-Control will impact more and more strongly on the level of operating costs included in recognized system costs the longer the incentive regulations apply.
While inflation is being compensated for under the incentive regime, it is not covered completely, in particular with respect to personnel costs, which showed a tendency to rise faster than inflation and were thus only partly taken into account. Depreciation and amortization as well as interest on the regulatory asset base are not contingent on the efficiency target, but are compensated in full.

The primary aim, and core activity, in the remote heat segment was to complete the remote heat transport link in Tyrol's central residential area, from Wattens to Innsbruck.
More specifically, we proceeded with the construction work for expanding the remote heat distribution system in Innsbruck as well as in the communities of Rum and Volders.

Investments

Investment activities in the Gas System and Remote Heat segments were subject to restrictions, given the lockdown imposed in the spring of 2020 and the safety rules introduced to protect staff members.

Even after the first lockdown, construction projects were fraught with delays, part of which we were able to make up for over the summer through more flexible and increased efforts in system capacity expansion.
With the basic structure of the natural gas supply system for Tyrol's central residential and industrial areas being largely completed, our construction activities now focus on further consolidating the natural gas systems in line with demand and ramping up capacities as needed. In the year under report, we invested EUR 33 million in gas and remote heat infrastructure.

2.4. Equity investments and miscellaneous

At the Annual General Meeting of Verbund held on June 16, 2020, a resolution was passed to distribute a dividend of EUR 0.69 per no-par value share for the fiscal year 2019. The dividend received thus amounted to EUR 19.7 million, a substantial increase compared to the prior-year amount of EUR 12.0 million. The Verbund share performed well from January to December 2020. At the beginning of the year, shares were traded for EUR 44.74 per share, peaking at EUR 69.85 per share at the end of the year.

At the Annual General Meeting of Innsbrucker Kommunalbetriebe AG held on July 2, 2020, a resolution was passed to distribute EUR 23.2 million from net retained profit, with a dividend of EUR 11.2 million being paid to TIWAG.

At the Annual General Meeting of Energie AG Oberösterreich held on December 16, 2020, a resolution was passed to distribute a dividend of EUR 0.60 per no-par value share for the fiscal year 2019/2020. EUR 4.4 million were allocated to TIWAG.

3. FINANCIAL POSITION, CASH FLOWS AND PROFIT OR LOSS (SEPARATE FINANCIAL STATEMENTS)

Profit/loss (separate financial statements)

The Covid pandemic has had substantial adverse effects in both social and economic terms. While circumstances were challenging in general, the measures taken and restrictions imposed due to Covid in the fiscal year under review made the situation even more difficult. In spite of this, we generated sales revenue in the amount of EUR 853.1 million, boosting our net operating income by EUR 1.8 million to EUR 89.1 million. We were also able to surpass our targets for earnings before taxes in the reporting year. The trend in operating results confirms that we are strategically well positioned, that our business model is working and that our corporate strategy is pointing us in the right direction.

Sales revenue presents as follows:

	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Electricity sales	716.6	84.0	836.7	86.1	-120.1	-14.4
Lease revenue	111.4	13.1	108.1	11.1	3.3	3.1
Other sales revenue	25.1	2.9	27.2	2.8	-2.1	-7.7
TOTAL Sales revenue	**853.1**	**100.0**	**972.0**	**100.0**	**-118.9**	**-12.2**

In the year under report, sales revenue from trading was down substantially from the previous year. This is due not only to the reduction of the limits for trading on own account, but also to the generation output of the Kaunertal power station now being fully integrated in our trading portfolio. Other reasons for the lower sales revenue include prior-year shifts in storage levels, and the large-scale overhaul projects conducted in the reporting year in our Sellrain-Silz group of power stations and in the Kirchbichl power station. What is more, control energy revenue was higher in the previous year. Overall, 59.8% of the sales revenue in the reporting year was attributable to Austria, while the remaining 40.2% was generated abroad.

Operating expenses developed as follows:

	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Expenses for electricity procurement	521.5	65.0	651.6	70.6	-130.1	-20.0
Personnel expenses	138.4	17.3	143.7	15.6	-5.3	-3.7
Depreciation, amortization and impairments	70.9	8.8	64.3	7.0	6.6	10.3
Other operating expenses	71.5	8.9	62.7	6.8	8.8	14.0
TOTAL Operating expenses	**802.3**	**100.0**	**922.3**	**100.0**	**-120.0**	**-13.0**

The cost of electricity procurement declined by EUR 130.1 million to EUR 521.5 million. This decline mirrors the trend in sales revenue. Gross margin, the ratio between sales revenue and cost of goods sold, even recorded an improvement year-on-year. Specifically, sales revenue fell by EUR 120.1 million, while the cost of electricity procurement was reduced by EUR 130.1 million.

At EUR 138.4 million, personnel expenses were down EUR 5.3 million year-on-year. Given the 2.6% raise in wages and salaries in the reporting year, expenses for wages and salaries increased by EUR 1.8 million in absolute terms even though the headcount remained nearly the same. Changes in applicable parameters, in particular the reduction of the retirement age for men under the so-called corridor scheme for early retirement, resulted in additional expenses of EUR 6.7 million for pension contributions. On the other hand, the provisions for retirement benefit obligations on the balance sheet decreased by EUR 6.3 million year-on-year, while expenses for severance payments had been EUR 15.4 million higher in the previous year because of a change in assessment methodology for severance payment provisions.

In the reporting period, depreciation, amortization and impairments increased by EUR 6.6 million to EUR 70.9 million. In the reporting year, this position included not only impairments in the amount of EUR 3.9 million, but also an increase in depreciation and amortization due to the finalization of the Kirchbichl power station expansion project. Given our ambitious investment program and the fact that the power stations under construction will be taken live on an ongoing basis, depreciation and amortization is expected to increase in the years to come.

The major overhauls carried out in the reporting year were the main drivers of other operating expenses increasing by EUR 8.8 million to EUR 71.5 million.

Net finance income breaks down as follows:

	2020 EUR m	2019 EUR m	Change year-on-year EUR m	Change year-on-year in %
Income from investments	50.4	40.6	9.8	24.1
Other investment and interest income	48.6	44.3	4.3	9.7
Expenses related to financial assets	-6.0	-0.2	-5.8	>100
Interest expenses	-88.6	-85.6	-3.0	3.5
TOTAL Net finance income	**4.4**	**-0.8**	**5.3**	**>100**

Income from investments increased by EUR 9.8 million to EUR 50.4 million, mainly because VERBUND AG raised its dividend for 2020 by EUR 7.8 million to EUR 19.7 million. Other finance income in the reporting year comprises reversals of impairment losses for three equity investments, in the amount of EUR 43.5 million. In the previous year, this position comprised not only the reversal of impairment losses of an equity investment in the amount of EUR 9.7 million, but also EUR 8.3 million of income due to the early termination of a CBL transaction and gains from the disposal of non-current securities in the amount of EUR 12.4 million.

The item Expenses related to financial assets includes the impairment of an investment in the amount of EUR 4.4 million, which became necessary in fiscal 2020.

The actuarial interest applying to the company's social capital, which is determined on the basis of the yields of senior fixed-income corporate bonds, dropped once again in the year under report. The interest rate used in calculating outsourced pension obligations fell from 0.97% to 0.41%. Low interest rates on the capital markets, which are highly distorted due to monetary policy measures, are the main reason why interest expense includes an interest element for social capital in the amount of EUR 75.7 million. Year-on-year, this item recorded an increase by EUR 1.8 million.

Key profit/loss items:

	2020 EUR m	2019 EUR m	Change year-on-year EUR m	Change year-on-year in %
Net operating income	89.1	87.4	1.7	1.9
Net finance income	4.4	-0.9	5.3	>100
Profit before taxes	93.5	86.5	7.0	8.1
Net income for the year	88.9	87.2	1.7	1.9

In spite of the challenging situation facing the energy industry and the slowdown of macro-economic growth, our net operating income recorded an increase. While net finance income also saw an increase overall, it was hard hit by distortions on the capital markets giving rise to the interest element included in social capital valuation and shown in net finance income. After taxes on income, fiscal 2020 generated a substantial net income for the year.

Asset and capital structure (separate financial statements)

The asset and capital structure developed as follows in the year under report:

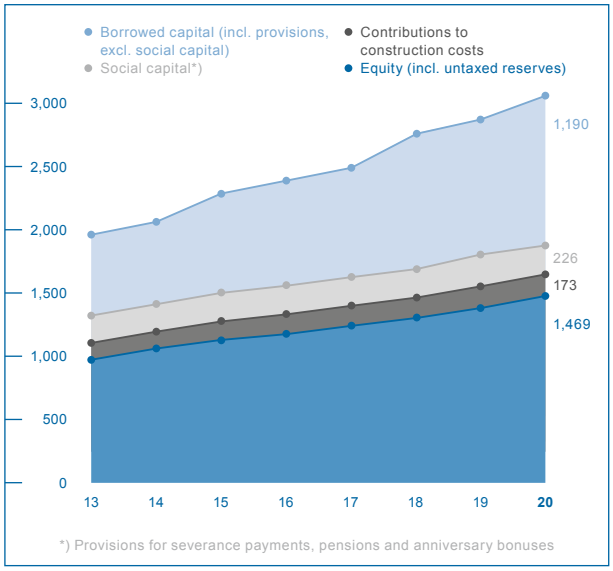
Asset structure (separate financial statements)	2020 EUR m	2020 in %	2019 EUR m	2019 in %	Change year-on-year EUR m	Change year-on-year in %
Non-current assets						
Fixed assets	2,735.1	89.5	2,583.2	90.1	151.9	5.9
Non-current receivables and assets	101.2	3.3	109.6	3.8	-8.4	-7.7
Deferred tax assets	19.2	0.6	23.4	0.8	-4.2	-17.9
Current assets						
Inventories	3.4	0.1	3.2	0.1	0.2	6.2
Current receivables and assets	165.6	5.4	128.4	4.5	37.2	29.0
Cash and cash equivalents	32.9	1.1	20.8	0.7	12.1	58.2
TOTAL Assets	**3,057.4**	**100.0**	**2,868.6**	**100.0**	**188.8**	**6.6**

As at the balance sheet date, total assets amounted to EUR 3,057.4 million, up EUR 188.8 million from the value recorded as at December 31, 2019.
Fixed assets rose by EUR 151.9 million to EUR 2,735.1 million due to our ambitious investment program. The advance payments for the electricity procurement right for the joint Inn river power station increased by EUR 30.6 million year-on-year, while tangible assets saw a total increase by EUR 94.6 million. The growth in tangible assets is due mainly to the investments made to expand hydropower capacities in Tyrol. Fiscal 2020 saw investments of EUR 195.4 million in intangible and tangible fixed assets. Of this amount, EUR 90.5 million is attributable to ongoing investments, comprising, inter alia, additions of EUR 23.5 million in generation and of EUR 61.9 million in the grid system. A total of EUR 71.0 million was invested in power station projects under construction. The reporting year saw the completion of the Kirchbichl power station expansion project, with the cost of production for construction in progress being reposted to the corresponding tangible fixed assets.

Current assets increased year-on-year by EUR 49.5 million to EUR 201.9 million. On the one hand, receivables due from our standard rate customers rose by EUR 18.5 million due to a switch in the underlying valuation model, on the other hand, receivables due from the tax office increased by EUR 9.1 million in the wake of stimulus programs set up at short notice in the context of the Covid-19 pandemic and the option of accelerated depreciation/amortization under tax law. As at the balance sheet date, cash and cash equivalents amounted to EUR 32.9 million, an increase of EUR 12.1 million over the previous year. As a result of the aforesaid, current assets grew in relation to non-current assets. More specifically, 93.4% of assets are non-current, while the remaining 6.6% comprises current assets.

The capital structure provides information about capital origin and components as well as capital nature and maturity. TIWAG's capital structure presents as follows:

Capital structure (separate financial statements)	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Non-current funding						
Shareholders' equity	1,468.6	48.0	1,384.7	48.3	83.9	6.1
Investment grants and contributions to construction costs	182.2	6.0	180.6	6.3	1.7	0.9
Non-current provisions	244.7	8.1	259.2	9.0	-14.5	-5.6
Non-current liabilities	664.9	21.7	599.2	20.9	65.7	11.0
Current funding						
Current provisions	328.2	10.7	247.7	8.6	80.5	32.5
Current liabilities and deferrals and accruals	168.8	5.5	197.3	6.9	-28.5	-14.4
TOTAL Equity and liabilities	**3,057.4**	**100.0**	**2,868.6**	**100.0**	**188.8**	**6.6**



Capital performance (in EUR m)

As at the balance sheet date, shareholders' equity amounted to EUR 1,486.6 million, up EUR 83.9 million from the previous year. This increase in equity is attributable to the positive earnings situation in fiscal 2020. EUR 88.9 million of our net income for the year remains undistributed, while the remaining EUR 35.3 million were recorded as net retained profit available for distribution. The EUR 5 million dividend distributed in 2020 had the opposite effect. Given the steep rise, caused by our investments, in total equity and liabilities to EUR 3,057.4 million, the equity ratio decreased by 0.3% year-on-year, coming to 48.0% as at the balance sheet date.

Non-current debt increased by EUR 52.9 million, with non-current liabilities – for the most part long-term debt financing – growing by EUR 65.7 million, while non-current provisions declined by EUR 14.5 million. In the reporting year, we took out EUR 74.0 million in long-term bank loans to fund our investments and repaid EUR 20 million in short-term cash advance facilities.

Overall, non-current debt rose by EUR 52 million, which is attributable above all to the low actuarial interest rate applicable in valuing the provisions for defined benefit pension plans outsourced to a pension fund.

Cash flows (separate financial statements)

Cash flows and cash and cash equivalents developed as follows in the reporting year:

		2020 EUR m	2019 EUR m
Net cash flow from operating activities			
Profit before taxes		93.5	87.2
+/-	Depreciation, amortization, write-downs/write-ups	31.7	46.1
-/+	Gains/losses on the disposal of assets	0.3	-14.1
+/-	Contributions to construction costs, investment grants	1.6	5.9
-/+	Income from investments, interest income, interest expense	-26.2	-19.0
+/-	Sundry non-cash items	-3.2	11.5
	Net cash flow from net operating income	**97.7**	**117.7**
-/+	Inventories/receivables, other assets	-16.5	0.0
+/-	Provisions	66.0	22.9
+/-	Payables, other liabilities	12.1	-5.5
	Net cash flow from operating activities before taxes	**159.4**	**135.2**
-/+	Income taxes paid	-10.1	-3.1
Net cash flow from operating activities		**149.3**	**132.1**
Net cash flow from investing activities			
+	Proceeds from the disposal of fixed tangible assets	0.6	3.0
+	Proceeds from the disposal of financial assets	74.0	103.4
-	Payments for additions to assets	-195.4	-182.0
-	Payments for additions to financial assets	-63.0	-95.2
+	Proceeds from income from investments/interest income	38.0	30.6
Net cash flow from investing activities		**-145.9**	**-140.1**
Net cash flow from financing activities			
+	Proceeds from the addition of equity	0.0	0.5
-	Dividends paid	-5.0	-4.0
+	Proceeds from bonds, loans	74.0	112.1
-	Redemption of loans, bonds	-22.0	-119.7
+/-	Other proceeds and payments	-23.7	21.2
-	Payments for interest	-12.9	-11.6
Net cash flow from financing activities		**10.3**	**-1.5**
Net change in cash and cash equivalents		**13.6**	**-9.5**
Cash and cash equivalents at the end of the period		20.8	31.6
TOTAL Cash and cash equivalents at the end of the period		**34.4**	**22.1**
of which cash pooling		*1.5*	*1.3*
of which cash in hand and cash at bank		*32.9*	*20.8*

Operating activities generated a higher amount of cash and cash equivalents than in the previous year. This was attributable to higher net income for the year before taxes than in the previous year, which resulted in a EUR 17.2 million increase in cash flow from operating activities after adjustment for cash income and expenses, changes in working capital and taxes. Key non-cash items recorded in profit or loss in fiscal 2020 included the increase in working capital, in particular the rise in provisions and payables.

Net cash flow from investing activities reached high levels again in the reporting year. Year-on-year, cash paid increased by EUR 5.8 million or 4.1% to EUR 145.9 million. This increase is attributable mainly to the substantial growth of investments in tangible fixed assets, above all in connection with the expansion of hydropower capacities in Tyrol. Not only were higher cash outflows for investments in fixed and financial assets higher than in the previous year, cash inflows from the disposal of financial assets were lower, resulting in cash flow from investing activities being reported at EUR 145.9 million in fiscal 2020.

Net cash flow from financing activities in the amount of EUR 10.3 million mainly encompasses dividend distribution in the amount of EUR 5 million and changes in funding structure, which include the taking out of non-current financial liabilities of EUR 74 million and repayments of current financial liabilities of EUR -22.0 million. Cash flow for financing activities thus rose by EUR 11.8 million year-on-year, mainly because net borrowing was lower than in the previous year.

Economic net debt breaks down as follows:

	2020 EUR m	2019 EUR m	Change year-on-year EUR m	Change year-on-year in %
Cash and cash equivalents	32.9	20.8	12.1	58.2
Non-current securities	50.2	64.8	-14.6	-22.8
Subtotal	**83.1**	**85.6**	**-2.7**	**-2.9**
Liabilities to banks	-415.7	-363.4	-52.3	14.4
Private placements	-110.1	-110.1	0.0	0.0
Other financial liabilities	-80.0	-80.0	0.0	0.0
Financial liabilities	**-605.8**	**-553.5**	**-52.3**	**9.4**
Net financial position	**-522.7**	**-467.9**	**-54.5**	**11.7**
Pension provisions	-140.5	-154.8	14.3	-9.2
Depreciation, amortization and impairments	70.8	64.3	6.5	10.1
Economic net debt	**-592.4**	**-558.4**	**-34.0**	**6.1**
Net operating income	89.1	87.4	1.7	1.9
TOTAL Debt service coverage ratio	**6.6**	**6.4**		

As we have easy access to the capital markets, we have no problems in covering our liquidity needs in spite of our ambitious investment program. This is above all due to our business model, which generates profitable long-term growth, and to our excellent credit standing. The parent company, TIWAG-Tiroler Wasserkraft AG, is managing a cash pool for the group, procuring and securing short-term liquidity for ourselves and our subsidiaries. The long-term financing needs of our subsidiaries are met within the group by way of shareholder loans.

4. FINANCIAL POSITION, CASH FLOWS AND PROFIT OR LOSS (CONSOLIDATED FINANCIAL STATEMENTS)

Profit/loss (consolidated financial statements)

The consolidated sales revenue breaks down as follows:

	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Revenue from electricity sales	900.0	79.6	1,017.9	79.1	-117.9	-11.6
Revenue from gas sales	194.3	17.2	230.0	17.9	-35.7	-15.5
Revenue from heat sales	16.2	1.4	16.6	1.3	-0.4	-2.4
Other sales revenue	19.9	1.8	21.7	1.7	-1.8	-8.3
TOTAL Sales revenue	**1,130.4**	**100.0**	**1,286.2**	**100.0**	**-155.8**	**-12.1**

In fiscal 2020, electricity sales revenue stood at EUR 900.0 million, down 11.6% year-on-year. The main reasons for this development are the significant decline in sales revenue from trading, the full integration of the output generated by the Kaunertal power station into our trading portfolio, shifts in storage levels, higher prior-year control energy proceeds, as well as the major overhauls carried out in the reporting year, which resulted in shorter operating times in our Sellrain-Silz group of power stations and Kirchbichl power station.

Revenue from gas sales went down by 15.5% to EUR 194.3 million in the reporting year. While revenue from non-metered customers increased by EUR 2.6 million, revenue from metered customers fell by EUR 18.7 million. The decline in sales to this group of customers is attributable to a drop in consumption due to weather and Corona. Moreover, in the previous year, revenue obtained in third-party networks in the amount of EUR 16.2 million had still been included in both sales revenue and expenses for materials, while in this fiscal year it was set off for the first time at EUR 17.6 million.
At EUR 16.2 million, revenue from heat sales was similar to prior-year levels.

The consolidated operating expenses present as follows:

	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Expenses for materials	680.6	65.2	856.9	71.1	-176.3	-20.6
Personnel expenses	147.7	14.2	154.5	12.8	-6.8	-4.4
Depreciation, amortization and impairments	95.3	9.1	87.8	7.3	7.5	8.5
Other operating expenses	120.5	11.5	106.3	8.8	14.2	13.4
TOTAL Operating expenses	**1,044.1**	**100.0**	**1,205.5**	**100.0**	**-161.4**	**-13.4**

Expenses for materials dropped by EUR 176.3 million to EUR 680.6 million, mainly because of lower sales revenue from energy transactions. Gross margin, the ratio between sales revenue and cost of goods sold, recorded an improvement in the reporting year: While sales revenue from energy transactions declined by EUR 154.0 million, expenses for materials were reduced by EUR 176.3 million, i.e. by EUR 22.3 million more than the decline in sales revenue.
At EUR 147.7 million, personnel expenses were down EUR 6.8 million year-on-year. While current expenses for wages and salaries grew by EUR 1.7 million or 1.6% year-on-year, expenses for severance payments declined by EUR 15.0 million in the reporting year, while, by contrast, expenses for pensions increased by EUR 6.7

million. The main reason why expenses for severance payments had been higher in the previous year is that the valuation method was changed, while changes in the valuation parameters for the relevant balance sheet item had the opposite effect on expenses for pensions.
In the reporting period, depreciation, amortization and impairments increased by EUR 7.5 million to EUR 95.3 million. This item includes impairments of fixed tangible assets in the amount of EUR 3.9 million and the Kirchbichl power station expansion was taken into operation as well.

Other operating expenses grew by EUR 14.2 million year-on-year, mainly because of higher maintenance expenses – EUR 9.7 million – caused by major overhauls in the electricity segment and higher green electricity allowances of EUR 5.4 million.

Net finance income breaks down as follows:

	2020 EUR m	2019 EUR m	Change year-on-year EUR m	Change year-on-year in %
Net income from associated companies	17.9	16.4	1.5	9.1
Other net income from investments	26.3	17.1	9.2	53.8
Other income from securities	0.3	0.1	0.2	>100
Interest and similar income	4.8	41.7	-36.9	-88.5
Interest and similar expenses	-89.6	-87.1	-2.5	2.9
Expenses related to financial assets	-11.5	-0.2	-11.3	>100
TOTAL Net finance income	**-51.8**	**-12.0**	**-39.8**	**>100**

As compared to the previous year, the income from our associated companies Innsbrucker Kommunalbetriebe AG and Südtirolgas AG increased by 9.1% to EUR 17.9 million. The remainder of net income from associated companies consists mainly of the dividends paid by VERBUND AG, which rose by EUR 7.8 million to EUR 19.7 million in the reporting year, and the profit distribution by Energie AG Oberösterreich in the amount of EUR 4.4 million.

Year-on-year, interest and similar income decreased by EUR 36.9 million to EUR 4.8 million. In the previous year, this item had included additional income in the amount of EUR 8.3 million due to the early termination of a CBL transaction, a EUR 9.7 million reversal of impairment losses on an investment, and gains from the disposal of non-current securities in the amount of EUR 12.4 million. At EUR 89.6 million, interest and similar expenses are more or less at prior-year levels. This item includes a social capital interest element in the amount of EUR 76.7 million.
Expenses related to financial assets increased by EUR 11.5 million in fiscal 2020. This item includes impairments of two equity investments in the amount of EUR 10.4 million.

Key profit/loss items for the group:

	2020 EUR m	2019 EUR m	Change year-on-year EUR m	Change year-on-year in %
Net operating income	130.7	123.8	6.9	5.6
Net finance income	-51.9	-12.0	-39.9	>100
Consolidated profit before taxes	78.8	111.8	-33.0	-29.5
Consolidated net income for the year	63.7	102.2	-38.5	-37.7

Our operating business performed very well in the year under report – at EUR 130.7 million, our consolidated net operating income was up 5.6% from the previous year. Net finance income was impacted by a number of factors: On the one hand, the capital market environment proved to be highly challenging once again, which, like in the previous year, is reflected in high interest expenses on social capital, on the other hand, the previous year had seen extraordinary items included in income, such as the one-off dissolution of CBL transaction and the disposal of securities. In addition, two investments required impairments in the amount of EUR 10.4 million in fiscal 2020. As a result of these effects in consolidated net finance income, consolidated net income before taxes and consolidated net income for the year were substantially lower than in the previous year.

Asset and capital structure (consolidated financial statements)

The asset structure developed as follows in the year under report:

Asset structure (consolidated financial statements)	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Non-current assets						
Fixed assets	2,919.4	89.4	2,783.8	89.9	135.6	4.9
Non-current receivables and assets	101.1	3.1	109.6	3.5	-8.6	-7.8
Deferred tax assets	19.5	0.6	22.4	0.7	-2.9	-12.9
Current assets						
Inventories	6.6	0.2	5.9	0.2	0.7	11.9
Current receivables and assets and deferrals and accruals	183.6	5.6	150.3	4.9	33.4	22.2
Cash and cash equivalents	36.5	1.1	25.8	0.8	10.7	41.5
TOTAL Assets	**3,266.7**	**100.0**	**3,097.8**	**100.0**	**168.9**	**5.5**

In 2020, non-current fixed assets grew by 4.9% to EUR 2,919.4 million. The main reason for this increase are major investments, which amounted to EUR 301.4 million in 2020. Tangible fixed assets accounted for EUR 237.2 million of recorded additions, up EUR 17.7 million from the previous year, while financial assets accounted for EUR 63.1 million. The increase in the value of fixed assets is the main driver for the growth in total assets, which has reached a historic high at EUR 3,266.7 million.

Current assets rose by EUR 44.8 million to EUR 226.7 million, with current receivables increasing by EUR 33.4 million. The main reasons for this increase are higher receivables from our standard rate customers and higher receivables from the tax office. As at December 31, 2020, cash and cash equivalents had increased by EUR 10.7 million to EUR 36.5 million.

A comparison of non-current and current assets shows a slight increase in the latter. More specifically, 93.1% of assets are non-current, while the remaining 6.9% comprises current assets.

The capital structure developed as follows in the year under report:

Capital structure (consolidated financial statements)	2020		2019		Change year-on-year	
	EUR m	in %	EUR m	in %	EUR m	in %
Non-current funding						
Consolidated equity	1,498.2	45.9	1,437.6	46.4	60.6	4.2
Investment grants and contributions to construction costs	310.2	9.5	301.7	9.7	8.5	2.8
Non-current provisions	249.1	7.6	263.6	8.6	-14.5	-5.5
Non-current liabilities and deferrals and accruals	664.9	20.4	599.2	19.3	65.7	11.0
Current funding						
Current provisions	357.2	10.9	281.6	9.1	75.6	26.8
Current liabilities and deferrals and accruals	187.1	5.7	214.1	6.9	-27.0	-12.6
TOTAL Equity and liabilities	**3,266.7**	**100.0**	**3,097.8**	**100.0**	**168.9**	**5.5**

As at the balance sheet date, the group's shareholders' equity, including non-controlling interests, amounted to EUR 1,498.2 million, up EUR 60.6 million from the previous year. Dividing shareholders' equity by total assets, which had experienced a steep rise to EUR 3,266.7 million, results in an equity ratio of 45.9%, down 0.5% from the previous year. This increase in equity in absolute terms is attributable to the positive earnings situation in fiscal 2020. Consolidated net income for the year 2020 amounted to EUR 63.7 million, and intra-group distributions came to EUR 6.7 million.

Non-current debt increased by EUR 59.7 million year-on-year, with non-current liabilities – for the most part debt funding – growing by EUR 65.7 million, while non-current provisions declined by EUR 14.5 million. In fiscal 2020, we took out EUR 74.0 million in long-term bank loans to fund our investments and repaid EUR 20.0 million in short-term cash advance facilities.
Overall, non-current debt rose by EUR 48.6 million to EUR 544.3 million, which is attributable above all to the low actuarial interest rate applicable in valuing the provisions for defined benefit pension plans outsourced to a pension fund.

Cash flows (consolidated financial statements)

	2020 EUR m	2019 EUR m	Change year-on-year EUR m	 in %
Cash flow from operating activities	184.5	192.4	-7.9	-4.1
Cash flow from investing activities	-207.0	-190.1	-16.9	8.9
Cash flow from financing activities	33.1	-13.3	46.4	>100
Cash and cash equivalents as at the balance sheet date	36.5	25.8	10.7	41.5

The group's operating activities performed well again, generating a net cash flow of EUR 184.5 million, slightly down from the previous year. Key non-cash effects impacting net cash flow from operating activities included high depreciation on tangible assets and reversals of impairment losses on financial assets. The structure of receivables in working capital and higher payments for income taxes developed in the opposite direction.
Net cash flow from investing activities for the group was characterized mainly by massive investments in tangible assets. In 2020, we moved ahead with our investment projects for ramping up power station capacities, and we

also took the expansion of the Kirchbichl power station into operation in the same year. More specifically, payments for additions to tangible assets grew by EUR 17.0 million to EUR 238.4 million, while proceeds from the disposal of financial assets and other financial investments declined by EUR 9.6 million. Overall, net cash flow from investing activities changed by 8.9%, coming to EUR 207.0 million in the fiscal year under review.
Net cash flow from financing activities in the amount of EUR 33.1 million mainly encompasses intra-group distributions in the amount of EUR 6.7 million, proceeds from long-term bank loans in the amount of EUR 74.0 million, and repayments of current cash advance facilities in the amount of EUR 22.0 million.

The consolidated net debt of TIWAG group breaks down as follows:

	2020 EUR m	2019 EUR m
Financial liabilities	608.4	556.1
- Cash and cash equivalents	-36.5	-25.8
Consolidated net debt	**571.9**	**530.3**
Net income for the year	67.3	105.7
Taxes	11.5	6.1
Interest and similar expenses	87.9	76.3
Depreciation, amortization and impairments	95.3	87.8
Consolidated EBITDA	**262.0**	**275.9**
Consolidated net debt / consolidated EBITDA	**2.18**	**1.92**

5. FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators (separate financial statements)

	2020	2019
Profit and loss	**EUR m**	**EUR m**
Revenue from electricity sales	716.6	836.7
Network lease revenue	111.4	108.1
Other sales revenue	25.1	27.2
Total sales revenue	**853.1**	**972.0**
Net operating income	89.1	87.4
Net finance income	4.4	-0.9
Profit before taxes	**93.5**	**86.5**
Return on sales (ROS) in %	10.4	9.0
EBITDA margin in %	18.7	15.6
Return on capital employed (ROCE) in %	5.1	5.4
Assets		
Equity ratio in %	48.0	48.3
Return on equity (after taxes) in %	6.2	6.4
Financial position		
Net cash flow from operating activities	149.3	132.1
Net cash flow from investing activities	-145.9	-140.1
Net cash flow from financing activities	10.3	-1.5
Energy industry		
Electricity sales in GWh	15,560	18,772
Self-generation in GWh	3,094	3,540
System length in km (electricity)	12,003	11,945

Financial performance indicators (consolidated financial statements)

	2020	2019
Profit and loss	**EUR m**	**EUR m**
Revenue from electricity sales	900.0	1,017.9
Revenue from gas sales	194.3	230.0
Revenue from heat sales	16.2	16.6
Other sales revenue	19.9	21.7
Total sales revenue	**1,130.4**	**1,286.2**
Consolidated net operating income	130.7	123.8
Consolidated net finance income	-51.9	-12.0
Consolidated profit before taxes	**78.8**	**111.8**
Return on sales (ROS) in %	11.6	9.6
EBITDA margin in %	20.0	16.5
Return on capital employed (ROCE) in %	6.7	6.7
Assets		
Equity ratio in % (consolidated)	45.9	46.4
Return on equity (after taxes) in %	4.6	7.6
Financial position		
Net cash flow from operating activities	184.5	192.4
Net cash flow from investing activities	-207.0	-190.1
Net cash flow from financing activities	33.1	-13.3
Energy industry		
Electricity sales in GWh	15,560	18,772
Self-generation in GWh (electricity)	3,094	3,540
Gas sales (in GWh)	5,403	5,826
System length in km (electricity)	12,003	11,945
System length in km (gas)	3,849	3,749

6. NON-FINANCIAL PERFORMANCE INDICATORS

Employees

We are one of the largest employers in Tyrol. We are committed to ensuring a secure and sustainable energy supply, to generating electricity in a way that is compatible with both climate and environment, to achieving stable and profitable growth in all segments and to maintaining good relations with our customers and business partners alike.

In the reporting year, TIWAG-Tiroler Wasserkraft AG employed 1,295 persons on average, which corresponds to a full-time equivalent of 1,249. The average age of employees was 44.3 years, and their average of service years working for the company were 20.5 years. Female employees accounted for about 14.6% of the total. A major reason for the small percentage of women working in the energy industry is the low level of interest shown by them in STEM (science, technology, engineering and mathematics) careers. In spite of this fact, we strive to raise the share of women working in our company. Collaboration in a spirit of partnership has a long-standing tradition and is part of our corporate culture.

A central works council and several regional works councils represent the interests of our employees, with special representation and participation rights for under-age apprentices. The total of six Supervisory Board members elected by the Annual General Meeting is composed of an equal number of men and women. The Supervisory Board includes a further three members appointed to represent employee interests.

A competitive work environment also comes with attractive remuneration and benefits. What our employees earn depends on the position they fill and is based on the collective bargaining agreement, the work they perform, and the qualifications they have, regardless of gender.

Following the annual negotiations on the collective bargaining agreement, wages and salaries were raised by 2.6% with effect from February 1, 2020. In addition to wages and salaries, the benefits under the company pension plan are a key part of total remuneration and have always been considered highly important. The pension plan is a major cornerstone of retirement provisions and helps strengthen loyalty to the company. Employees with open-ended employment contracts can opt to join a private pension plan in addition to the statutory pension system. Voluntary contributions top up the contributions paid by the employer.

Our HR work puts a strong focus on personnel development, in preparation for the challenges of the future. We offer numerous in-house and external continued professional development options in a bid to establish a shared knowledge base. Personnel development meetings help us to assess each employee's skills and need for further development, with tailored programs being developed as needed. The information thus gained feeds into our long-term development and succession planning.

Top-notch apprenticeship training is on the top of our agenda. Having won both the Great place to work for apprentices in Tyrol label for excellence and the federal award for being a company providing excellent apprenticeship training multiple times over is an incentive for us to carry on with our successful approach.

Health and safety at work have top priority for us; we do everything we can to prevent accidents. Our safety and security center and our safety and security officers contribute their expertise in helping us meet these requirements. A comprehensive set of rules has been developed to describe safety and security risks, with the safety and security officers providing advice to staff and monitoring compliance with guidelines. We also have e-learning offers that cover all matters relevant for health and safety.

As occupational health is very important to us, we provide in-house health services. Occupational health physicians provide competent advice on all health-at-work issues and offer support to employees within the scope of worker protection rules. Measures offered include health checkups, vaccinations, eye and hearing tests, as well as healthy eating plans. The company also sponsors a broad range of in-house sports and fitness programs within the works sports club.

Sustainability

Sustainable energy generation has a long-standing tradition at our company. As a key element of TIWAG's strategy, the concept of sustainability is an integral part of our mission statement. Taking account of the three dimensions of sustainability (environmental, social, governance) in what we do, we foster support and acceptance for the operation of our facilities.

We rely on our environmental management system, which is ISO 14001-certified by an external body, to identify and classify environmental effects according to seven environmental aspects: impact on water resources; regional aspects; impact on the biological system; energy relevance; materials and supplies; waste management; and impact on the atmosphere. Responsibility for the effectiveness of the environmental management system lies with the Management Board, which is in charge of both laying down our mission statement and determining our environmental policy. Relying on the environmental management officer and further specifically appointed functions, the Management Board ensures that these requirements are enshrined in all business processes. We analyze and evaluate all aspects on a process-oriented basis and take measures to control identified environmental impacts. The core environment team takes care of environmental aspects that are amenable to direct influence, while requirements in terms of planning, procurement and operations are used to control environmental aspects which cannot be influenced directly.

Special teams evaluate environmental aspects and environmental effects in the company at short intervals, using an ABC analysis that takes account of past, current and planned activities for each location. Following the evaluation of these environmental aspects, an annual environmental program is prepared and submitted to the management for approval. The program sets out the measures to take and indicates who is responsible for target attainment. The core environment team, internal audits, and management assessment jointly ensure that target attainment is monitored. Using software support, legal and regulatory requirements are recorded and processed in a special environmental legislation register, which is being updated on an ongoing basis.

TIWAG group is a driving force behind ecological change in Tyrol's electricity, gas and heat supply. We contribute to reaching this goal by supplying sustainable electricity generated in hydropower stations which are built to, and operated in compliance with, stringent specifications imposed by the competent authorities. What is more, our extensive investments in sustainable renewables equally support the region's energy strategy.

In the year under report, our efforts to support the energy transition as laid down in the Tyrolean energy strategy focused on issues that are closely related to our core business. We designed and carried out projects aimed at improving the trade-off between growth and ecology – the 2020 energy efficiency package, projects on sector coupling, and the creation of sustainable mobility solutions.

Energy efficiency

Improving energy efficiency is not only a necessity for society as much as for the economy and the climate but will also give rise to competitive advantages through cost reductions. By reducing both the demand for primary energy and the dependence on imports, it is a key prerequisite for improving supply security and climate protection. From the perspective of Tyrol's businesses,

energy efficiency measures help cut energy costs and create new sales opportunities for innovative products. With our annual energy efficiency packages, we not only spend significant amounts to specifically focus efforts on improving energy efficiency, but also make a genuine contribution towards efficient and sustainable energy use in Tyrol. As this initiative has proven successful in the past, it will be continued. The annual package is broken down into four segments: energy efficiency; mobility & charging infrastructure; distributed energy systems; and awareness raising.

The *energy efficiency* segment includes not only grants for heat pumps, efforts for establishing and promoting a Tyrolean heat pump network, and support for studies and projects for boosting energy efficiency, but also counseling services for private individuals, enterprises and local authorities, both on site and via telephone through our service center. In addition, we sponsor Energie Tirol, an association founded to promote environmentally friendly energy use. Our heat pump grant scheme covers the installation of electrically operated heat pumps in single- or multi-family homes, large-scale residential housing projects and non-residential buildings, thus promoting the use of ambient heat, which is energy-efficient and makes ecological sense.

The *mobility and charging infrastructure* scheme encompasses both the conversion of our vehicle fleet from conventional to electric and the expansion of charging infrastructure throughout Tyrol.

Distributed energy systems is the heading under which we offer a one-off investment grant for PV facilities with a maximum output of 5 kWp. Partners reap extra benefits from being able to use the solar power they generate for their own purposes and sell any surplus volumes to us at market prices. Smart building is another key theme where we are funding projects. In the year under report, we launched a hire-purchase demo project for small-scale PV systems as a basis for future-proof sales products.

Our *awareness raising* activities encompass energy saving tips being broadcast on Austrian national TV, and support for the DoppelPlus project, an initiative promoting energy efficiency and climate protection in low-income households throughout Tyrol. In addition, we fund workshops to raise energy awareness at schools throughout Tyrol.

Overall, TIWAG group met all the requirements set out in sections 9 and 10 of the Energy Efficiency Act in due time during the reporting period.

Sector coupling

Traditionally, sectors such as HVAC, mobility, production, lighting, and communications have mostly been regarded separately from one another, even though a holistic view across all sectors would without doubt result in a more cost-optimized overall system. Sector coupling makes it possible to use surplus electricity available in the grid system from volatile wind and solar generation to heat homes, store heat in remote heating systems, charge the batteries of electric vehicles or generate green gases (such as hydrogen).

In the electricity sector, transport and long-term storage of surplus energy are not easy to achieve, given sluggish grid expansion and a lack of seasonal storage systems. Using technologies such as power-to-gas, power-to-heat, power-to-mobility and CHP, it is possible to put the surplus electricity to good use in other sectors.

In the year under report, we either launched new infrastructure projects on sector coupling or continued our commitment to existing ones. Our Power2X facility at Kufstein is a prime example of forward-looking sector coupling. In the year under report, we presented the project to the major stakeholders, completed the design plans, submitted the documents for a rezoning of the land with the competent authorities, made preparations for obtaining a commercial operating license, and applied for funding. Moreover, we did the groundwork for a

feasibility study for another sector coupling facility with a similar configuration to that of Power2X Kufstein, which consisted in examining the new project from an economic viability perspective in terms of availability of land zoned for construction, energy and water supply, use of ambient heat, transport links, and the possibility to feed hydrogen into the natural gas network. In a joint project with a partner, we prepared a technical concept for the production and supply of hydrogen, which provides for an electrolysis plant, a hydrogen storage facility, a filling station for trailers, and a direct hydrogen line to our partner's operating premises.

Apart from hydrogen projects, we keep building and consolidating our highly efficient remote heat segment, improving our carbon footprint through the use of renewable fuels.

E-mobility

Interest in e-mobility remains very high among the general public, our customers and within the industry, and demand for the construction of charging systems is increasing. Our charging points make us not only one of Tyrol's largest charging network operators, we also take the lead in Austria when it comes to the mobility services we provide, such as the TIWAG mobility app, e-roaming, radio frequency identification cards, and charging infrastructure models.

In the year under report, we made swift progress in setting up charging systems in the Ötztal region, carrying out civil engineering work at several locations and making preparations for the next implementation steps. By the end of 2020, we had taken live 26 AC and 4 DC charging points. In Lienz, most of the charging systems – a total of 30 additional charging points, 2 of which for DC operation – are already up and running. A charging infrastructure potential analysis has given rise to plans for establishing or expanding further charging systems at strategic power station and third-party locations. The relevant contracts are currently being finalized, with implementation expected to be launched early in 2021.

PV systems

The expansion of PV capacities has given rise to three potential approaches to establishing and operating large-scale installations – the leasing model, the builder model, and community energy generation facilities. Under the leasing model, several facilities are either under construction or have already been completed and taken into operation. The end of 2020 saw the first community generation facility completed, a project carried out in cooperation with a partner. With an output of 50 kWp, this facility is able to supply 34 potential authorized participants with energy. In the year under report, we completed and started operating high-output PV installations at several power station sites under the builder model. We are currently planning and working on further projects with different cooperation partners.

Flood control

As our power stations and dams increase water retention in power generation areas, they also serve flood control purposes and play a major role in preventing flood damage. Up-to-date water level data and water passage measurements at gauges provide valuable insights to inform improved flood control in Tyrol.

With the water intake structures and dams of our power stations retaining water in the catchment areas, we are making a significant contribution to flood control.

Branch establishments

TIWAG-Tiroler Wasserkraft AG does not have any branch establishments.

III. FORECAST, RISKS AND OPPORTUNITIES

1. FORECAST

The decarbonization of the energy system is scheduled to be completed by 2050 on the European level, and by 2040 in Austria. Key elements of the required reorientation include sector coupling, sector integration and the establishment of new market participants in the decentralized segment. Given our business model, which relies on local hydropower for base load generation, the shifting of generation surpluses, and the provision of control energy to ensure supply security, TIWAG group basically stands to benefit from the transformation of the European energy industry towards a more sustainable, lower-carbon and increasingly decentralized system, but the uncoordinated expansion of wind and solar capacities along with massive structural interventions in the electricity market, above all in Germany, continue to adversely affect the system as a whole. We capitalize on decentralization and higher customer expectations by providing innovative products for local energy applications.

In the coming year, we will continue making major investments in the growth, modernization and maintenance of our power stations and transmission and distribution systems. This will go hand in hand with meeting the requirements under the Water Framework Directive and with adapting the technical infrastructure overall to accommodate the anticipated consequences of climate change. The natural gas network is undergoing gradual adjustment to ensure better hydrogen compatibility, which is a necessary prerequisite for an efficient and affordable decarbonization of the heat market.

2. RISKS AND OPPORTUNITIES

Opportunities

We are called upon to identify and seize opportunities early on and recognize and adequately counteract risks. Being present at all stages of the value chain (from generation to transport and distribution, trading and sales) not only in the electricity segment, but also in the gas and heat segments, is one of our key strengths and will remain a cornerstone of our profitability in the future, helping us to preserve the value of our company.

Relying on adaptable power stations that allow reducing or ramping up output and providing load management and energy storage facilities are the measures we can use to cover the demand for increased flexibility and storage capacities needed to integrate distributed generation from photovoltaics facilities and wind power plants. Pumped storage remains the only electricity storage technology already being used on a large scale today that is economically viable.

Risk management system

We have a risk management system as well as an internal control system in place which are subject to ongoing further development and monitoring. The group's internal audit function subjects these systems to regular reviews.

From an organizational point of view, it is the Management Board that sets the risk strategy, with the Supervisory Board being informed about the company's risk situation at regular intervals. Various risk committees manage the risks in the group's key business segments, process and edit relevant information as needed and report to the competent decision-makers. In addition, they develop suitable risk strategies and provide support and assistance to those in charge of financial results and organizational matters.

The main objective of the system is to identify, analyze and assess opportunities, and recognize risks early on, assess them and propose measures that help ensure the company's future success on all levels.

The key element of our risk management process, which is based on the COSO model, is a standardized software-assisted process that guarantees transparency and verifiability of information. At least every quarter, the various organizational units identify individual risks, record

them locally and submit them for centralized statistical consolidation. Different methods and tools are used in risk assessment to determine key risk management indicators, the fluctuation range of earnings before tax or EBITDA.

Internal control system (ICS)

The purpose of the internal control system is to mitigate manageable risk in order to obtain reasonable assurance that operational reporting and compliance objectives can be met.

In relation to financial reporting, the ICS ensures compliance with statutory requirements, which include the generally accepted accounting principles, the provisions of the Austrian Business Code and of the Austrian Stock Companies Act, as well as regulatory requirements.

The ICS relies on the analysis and documentation of the risks that business processes are exposed to. Identified risks are first located in terms of where in the operational structures they occur and then minimized as best possible through separation of functions and adequate controls.

The ongoing work of the group's internal audit function includes performing random checks of the ICS' effectiveness and issuing the respective attestations.

Strategic and business risks

Power stations and grid systems may be subject to unforeseeable interruptions of operation due to disruptions, damage and consequential damage, which might negatively affect the company's financial position, cash flows and profit or loss. The planning and building of new capital-intensive facilities is likewise fraught with risk. We rely on high security standards, contractual safeguards, regular servicing, quality and maintenance inspections, as well as adequate insurance to address these business risks.

Strategic risks result mainly from a misjudgment of future market developments. To counteract such risks, we continuously monitor both markets and competitors.

Market, quantity and price risks

The market environment depends on general economic activity and, in the short term, on energy, environmental and consumer protection policy decisions. New market participants in the gas and electricity sectors step up competition and increase competitive pressure. Other key market factors include the increasing number of additional renewables generation plants operating on wind and solar PV power and, consequently, a strongly growing impact of weather conditions on both the demand and the supply side.

Water availability has a direct impact on how much electricity is being generated (quantity risk). In dry years, that quantity will be lower than in wet years. Temperatures are also relevant in influencing power consumption (quantity risk). Wind speeds and hours of sunshine impact generation from renewables, with major knock-on effects on spot market electricity prices (price risk). Optimized marketing, based on current price expectations for future periods and on continuous load and generation forecasts, relies on transparent performance and risks measuring and on risk management within the respective book structure.

We are faced with continuous competition on prices. In order to minimize this risk, we rely on the electricity generated by our own power stations as well as on forwards and futures with physical delivery and/or financial settlement. The hedges concluded serve the purpose of ensuring price stability, system optimization, and balancing load and inflow/generation. The risk committee, which also includes the member of the Management Board competent for this subject matter, manages the risk based on the relevant guidelines provided by the company's management. The operational risk manage-

ment team monitors applicable limits. OTC trades are concluded according to applicable best practice regulations and based on framework agreements as published by the European Federation of Energy Traders (EFET).

Personnel risks

We need highly qualified experts and managers. Where staff is not available in sufficient numbers and cannot be enticed to commit to the company for the long term, this may cause major disadvantages to the group, in particular due to the loss of expertise. As some of the holders of key management positions are set to retire in the course of the next few years, we will have to fill the resulting vacancies. We mitigate these risks through appropriate measures in hiring, personnel development and performance-based pay and incentives. In-house healthcare offer also contribute to reducing such risks.

Financial risks

Fluctuations in interest rates, exchange rates and stock prices have a major impact on earnings. These risks are monitored and managed by central Group Treasury. Appropriate instruments are used wherever necessary to hedge both currency and interest rate risks. In the reporting period, the existing cross-border leasing transaction was managed as per the relevant contracts.

Risks and opportunities related to equity investments include fluctuating investment income and shareholdings, insufficient proceeds from disposal in the case of disinvestments, and potential liabilities following a transfer of assets. Professional management of investments makes it possible to identify potential threats early on, which reduces any risks that may be involved.

Business relations with customers and suppliers may give rise to supplier defaults and quality problems. Hedging instruments include appropriate contract design and a tight system of claims management which defines limits and adjusts them in a timely manner. Where required, cash collateral or bank guarantees are demanded. When it comes to finance and energy trading, TIWAG concludes credit transactions almost exclusively with banks and trading partners with high credit ratings.

We have assumed a contractual obligation to make supplementary contributions to the pension fund for defined benefit retirement plans. The risk of such payments having to be made may become effective when, on the balance sheet date, the capital necessary to provide coverage – calculated based on actuarial principles – is not matched by corresponding assets. Such a shortfall may be caused, for instance, by changes in biometric calculation principles, changes in legal provisions, changes to the actuarial interest rate, or by a lower-than-expected performance of asset management in the pension fund.

External audits by the financial authorities may give rise to additional claims based on different views of the facts.

Liquidity risk arises when cash and cash equivalents are insufficient to meet the company's financial obligations in a timely manner. In order to remain solvent, TIWAG relies on appropriate liquidity planning, a strong cash flow from operating activities, and contractually guaranteed unused lines of credit.

Legal and regulatory risks

The implementation of the European Water Framework Directive (WFD) has given rise to a risk for storage power stations which remains difficult to quantify – it relates in particular to residual water flow requirements at elevated water intake structures and dams (generation losses) and the envisaged measures to mitigate surge.

Congestion management was introduced at the German-Austrian border as of October 1, 2018. Since then, Austria has formed a separate price zone. The design of price zones strongly influences electricity prices and thus our electricity sales. Given the small size of Austria

as a market area, the splitting of the former joint German-Austrian pricing zone resulted in significant restrictions in terms of liquidity, making it much more difficult to enter into hedging transactions for self-generation activities as well as procurement activities for customers.

Any future changes to pricing zones, such as splitting Germany into several zones or having more than one market area in Austria, are therefore a regulatory risk which may, however, also come with some opportunities.

IT security
Risk in this context relates to the non-availability of the complex systems and to existing data being falsified, destroyed or accessed without authorization. Risk mitigation measures include investments in adequate hardware and software, unified security standards, and strict enforcement of access authorizations and access controls.

3. OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

Compared with the previous year, TIWAG group's risks and opportunities changed mainly because of the development of interest rates in 2020, which also affected the actuarial interest rate used for measuring the contractual obligation to make supplementary contributions to defined benefit retirement plans. We see our opportunities based above all on the almost exclusive focus on sustainable and renewable hydropower generation with high- and highest-quality products from (pumped) storage power stations. Risk-mitigating effects also include the sound development of operating activities, the stable liquidity situation, and the positive performance of key equity investments.

The political, economic and legal framework conditions under which the national and international energy industry operates entail considerable uncertainties as well as risks to earnings. The legal situation concerning approvals for the construction of new large-scale power stations and the operation of existing power stations exposes TIWAG to risks. Taking appropriate steps, we were able to successfully counter most of the risks associated with the global recession.

The Covid-19 pandemic had only moderate effects on the group parent TIWAG-Tiroler Wasserkraft AG and the majority of TIWAG group. Group companies operating in tourism, such as Achenseeschiffahrt-GesmbH, were hard hit, however.

From the Management Board's point of view, there are no indications that there was a going concern risk in the period under review or that there could be such a risk going forward.

IV. OUTLOOK

Given the far-reaching repercussions of the Covid-19 pandemic, we do not anticipate real growth until the second half of 2021 or a return to a 'normal' growth path before 2022. Sluggish economic growth is thus yet another difficulty on top of the challenging overall conditions in the energy industry that TIWAG group is facing – such as extremely intense competition, volatile energy prices, growing regulatory pressure, the effects of the Renewable Energy Expansion Act, and the high level of investment required. Overall, we expect the profound changes in the energy industry to continue and framework conditions to remain unstable.

In the fiscal years to come, our focus will remain on driving the energy transition as set out in Tyrol's energy strategy. Our reliable run-of-river power stations, our flexible storage power stations and the stable electricity, gas and heat systems are pivotal for safeguarding a

stable energy supply infrastructure in Tyrol. Relying on local hydropower and stable network system business while driving growth in promising areas such as sector coupling, PV, remote heat, and hydrogen, we are well-positioned to address the upcoming transformations.

Net operating income in the past fiscal year as well as earnings planned in the 2021 budget and the 2021 – 2025 business plan show that our business model is proving its worth and we are well prepared to face the challenges of a dynamic business environment.

Looking ahead to 2021 with confidence, we will keep a close eye on all relevant developments and make sure that our opportunities/risks profile remains well balanced.

Innsbruck, April 9, 2021

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Johann Herdina

FURTHER INFORMATION ON THE FISCAL YEAR

The activities of TIWAG group generate substantial regional value that benefits both the businesses and the people of Tyrol.

Our customers

Sustainable electricity generated at a 100% from renewable sources – this is what Tyrol's regional energy supply company has been reliably providing to its customers for decades. In a year characterized by challenging circumstances, being a reliable local partner not only became more important, but also met with more appreciation.

Customer retention and customer service

At the end of January 2020, TIWAG presented the TIWAG Solar Fund, an initiative where photovoltaic systems for private households are planned and delivered turnkey, in combination with attractive funding packages offered by TIWAG.

There were three packages to choose from, with output ranging from three to five kWp (kilowatt peak). Given average electricity consumption of 4,000 kWh per year for a 4-person household, a 4 kWp facility is capable of generating the amount needed to fill this demand over a year based on solar energy. Total costs of such facilities vary between EUR 6,000 and 9,000, with repayment on a monthly instalment plan. TIWAG gave one-off grants of EUR 400 for each such newly established facility.

The interest shown in this product surpassed all expectations, as became abundantly clear at the TIWAG stand at the Tyrol home & energy fair held from January 31 to February 2, 2020. After only a few hours, the requests and registrations exceeded the number of new facilities scheduled for 2020 – 65 in total – by far.

As a result of the Corona pandemic, which has been ongoing since mid-March, but particularly because of its special economic and social repercussions in Tyrol, TIWAG decided not to hold any customer or other public events in 2020, which meant the business talk in Achensee, which had been scheduled for May 2020, had to be cancelled as well.

At times, the Corona measures also made it impossible to provide personal consultations at the TIWAG customer center or at customers' homes. However, customer service agents and Service Center staff were always available for customer inquiries via telephone or e-mail, as before. Newsletter subscribers were proactively supplied with information. Work on the optimization and expansion of the customer portal, which had already been under way, was continued, with the portal providing 24h service options even in special circumstances. A print-media advertising campaign in a local paper in the fall helped to raise both the visibility of this platform and interest in using it.

TIWAG – a world of benefits

True to its motto "100% Tyrol", TIWAG is pooling exclusive regional benefits for its customers in cooperation with local business partners. Since November 2020, the platform has been offering attractive discounts for a variety of fields and interests, which can be redeemed at vorteilswelt.tiwag.at.

Network Heat Pump Tyrol

Heat pumps, a technology that has been tried and tested for decades and is undergoing continuous further development, remains key in attaining the energy transition – this is why TIWAG is promoting its use. On the internet platform www.nwwp.tirol , home builders and renovators can find a comprehensive overview of key information available on this topic. Hands-on tools such as a heating cost calculator and the online funding database deserve special mention in this context. The latter provides viewers with details on which kinds of funding are currently relevant for them in Tyrol. The new noise calculator makes it easy to check already at the planning stage for an air-source heat pump whether the applicable legal provisions will be complied with.

Traditional Christmas donation

This year's Christmas donation went to Verein Psychosozialer Pflegedienst Tirol (PSP). PSP is a non-profit organization operating in the social and healthcare sector with the aim of enabling persons with mental impairments to live as independently as possible within society. The EUR 10,000 donation will help to build an online shop, which is much needed as the Corona pandemic curtailed existing selling channels for self-made products such as herbal teas, herbal salts, and cordials.

Management Board member Thomas Gasser (right), alongside Philipp Hiltpolt (head of Group Sales, left), handed over a cheque for EUR 10,000 to Silvia Schüller-Galambos and Karl-Heinz Alber (managing director and association president of Psychosozialer Pflegedienst Tirol).

Our employees

The difficult situation on the energy market both in Austria and internationally, the uncertainty of overall conditions in the industry, as well as the growing competitive and regulatory pressure call, more than ever, for flexibility in personnel matters.

To attain sustainable success for our company in such a difficult environment, not least on account of COVID-19, we need dedicated employees who show an entrepreneurial mindset and who fully support the necessary improvements in efficiency. An absolute prerequisite for jointly attaining our ambitious strategic goals is professional cooperation of management on all levels.

The number of persons employed decreased slightly against the previous year.

Persons employed **TIWAG staff and employees hired out to TINETZ-Tiroler Netze GmbH**	**2020**		**2019**		**2018**	
	Headcount	**FTEs***	**Headcount**	**FTEs***	**Headcount**	**FTEs***
As at: December 31 (excluding Management Board members)						
Salaried employees	1,123	1,080.7	1,135	1,096	1,123	1,088.8
Wage earners	150	144.6	142	135.1	141	134.5
Wage earners – apprentices	20	20	22	22	24	24
Salaried employees – apprentices	6	6	4	4	5	5
	1,299	1,251.3	1,303	1,257.1	1,293	1,252.3
Men	1,109	1,100.1	1,115	1,108.2	1,117	1,111.4
Women	190	151.2	188	148.9	176	140.9
	1,299	1,251.3	1,303	1,257.1	1,293	1,252.3
Average age** (in years)	44.8		45.5		45.8	
Average time with the company** (in years)	20.9		22		22.6	

* Part-time employees converted to full-time equivalents
** Excluding apprentices

PERSONNEL DEVELOPMENT

Employees with excellent technical training are the basis that allows us to meet the challenges of the market, of a constantly changing environment and of the resulting adjustments in our organization. Investments in personnel development are crucial in the face of growing competition, as they provide a sustainable contribution towards a promising long-term development of the company and thus enable TIWAG group to reach its strategic goals in the long run.

In the reporting period, TIWAG invested some EUR 560,000 in training and further education offered to its staff members by external service providers. Additionally, TIWAG's employees benefited from approximately 23,450 training hours.

Starting in March 2020, education and training was strongly impacted by the effects of the Covid pandemic. While it was possible in the first quarter of 2020 to go ahead as planned with some of the CPD measures agreed in performance appraisal interviews, many in-person training events had to be postponed to the summer or canceled entirely. In some cases, such as in the field of project management, it was possible to switch to online training. We also managed to find trainers with an excellent track record in digital training and to develop new and interesting formats, such as micro-training events, for the future. At any rate, the pandemic has provided a major impetus for digitalization in education and training.

Numerous training events for increased safety at work and health protection, subject-matter CPD, project management and leadership were held, in strict adherence to the protective measures prescribed by the Group Crisis Management team.

Professional further education and training courses aimed at improving health and safety at work

The selected indicators shown below illustrate the CPD measures successfully implemented in-house in 2020:

- More than 600 employees participated in approx. 120 training courses on safety and health at work.
- Some 500 employees completed more than 150 professional CPD events.
- Approximately 150 IT training events were organized for some 200 participants.
- On average, all TIGAS employees attended at least one training event.
- Some 100 employees received training in project and process management.
- More than 13,000 e-learning modules were successfully completed.

Focus on management tasks and team building

In the fall of 2019, TINETZ launched a series of workshops under the heading 'Interlinked Leadership' designed to foster a shared understanding of leadership responsibilities and tasks. Held in three 2-day blocks and addressing three management levels (managing directors/heads of departments, team leaders, and master craftspersons), the series was successfully continued in 2020. While the first two workshop units were attended separately by each management level, the last unit united all three, providing an opportunity to mix and share. Focal themes included different leadership approaches, the core principles of management by objectives, the systematic analysis of one's own role, and many other key aspects of leadership.

Both the workshops and the two intervision events were characterized by peer-to-peer advice and best-practice sharing among the 33 participants, as well as by learning based on case studies from day-to-day practice. The principle of respectful confrontation was part and parcel of all the steps and tasks involved.

Digital development program for high potentials

Key positions of strategic and operational importance will have to be filled at TIWAG, TINETZ and TIGAS in the next few years. In this context, it should be ensured that talented and committed group staff members are identified, fostered and ultimately enabled to fill these key positions.

A total of 18 high potentials nominated by management and selected by the Management Board participate in the digital development program supervised by external consultants. From November 2020 to September 2021, participants will undergo three training modules on key themes – TIWAG, Team, and Leadership –, a 270° feedback round, and a multiple-day corporate management simulation.

A special focus will be placed on developing a shared understanding of leadership and strategy and on strengthening common values and principles. Another key success factor of this program for the whole group is the personal contacts being established between the participants.

"TIWAG in brief: Introducing the group to new employees"

26 of the new hires of 2020 attended the two-day seminar "TIWAG in brief: Introducing the Group to new employees" held in January. Managers from various value-creation segments provided the new group employees with concise information on the most important aspects of their relevant areas of responsibility. The participants were also provided with background and context information about the company, its organization, and the core competencies of the group companies. Visits to power stations and operational facilities of TIWAG and TINETZ complemented the program. Unfortunately, the next TIWAG in brief event scheduled for the fall of 2020 had to be canceled because of COVID-19. An online alternative is currently being developed.

APPRENTICES AND TRAINEES

Having received the "Ausgezeichneter Tiroler Lehrbetrieb (2011–2022)" (Great place to work for apprentices in Tyrol) award and a federal award as a company providing excellent apprenticeship training, TIWAG offers apprenticeship training for various trades at an in-depth and high-quality level. In 2020, TIWAG trained a total of 39 apprentices. In order to recruit the best young talent, TIWAG places particular emphasis on a professional selection procedure. The WIFI Institute for Economic Promotion supports us in conducting a standardized potential analysis with the young people applying for an apprenticeship. Once selected, apprentices at TIWAG are provided with sound vocational training in future-oriented professions, such as electrical engineering, metalworking, information technology, electronics, design, structural and technical drafting.

The high quality of the apprenticeship training provided by TIWAG has been impressively demonstrated in various competitions in which apprentices repeatedly took part in recent years. The excellent training provided to these young people is a forward-looking investment which will allow TIWAG to cover its future demand for technical experts. 21 out of a total of 39 apprentices passed their vocational school final exams with excellent results, five with good results. In competitions at regional level, two apprentices won a silver performance award. In 2020, five apprentices completed their final apprenticeship exams with excellent, three with good results.

Unfortunately, the annual competitions, in-house training for social skills, the Apprentice Day, and the information event for new apprentices all had to be canceled due to COVID-19 restrictions.

The practical workshop training in electrical engineering within the scope of our joint voluntary training partnership took place as scheduled at Innsbrucker Kommunalbetriebe AG.

Currently, five apprentices are taking part in the new "Lehre mit Matura" program (apprenticeship with university-entrance secondary education diploma). In addition to better career and promotion perspectives, this training model allows young people to move on to a university or a university of applied sciences after they have completed their training with TIWAG.

Traineeships

In the reporting year, TIWAG also gave about 25 "would-be" apprentices an opportunity to gain first-time experience with the apprenticeships offered by TIWAG in the course of special taster days.
In 2020, 28 adolescents were given the opportunity to gain hands-on insights into day-to-day work within the scope of school-imposed traineeship programs. In total, TIWAG offered 56 traineeships and vacation work placements.

SOCIAL WELFARE MEASURES

Day care services

TIWAG, together with three partner companies, offers childcare for employees' children in a day care service center, thus closing the childcare gap between the end of parental leave and the child's enrollment in nursery school – a way to help employees strike a better life-work balance. What is more, TIWAG grants employees a day care allowance. This family-friendly, voluntary social benefit specifically aims to reduce the financial burden of young families and makes it easier for employees to re-enter the workforce when returning from parental leave after the birth of a child.

Medical care and safety

For many years already, TIWAG has been cooperating with Wellcon Ges.m.b.H., a company specializing in prevention and occupational medicine. Apart from carrying out preventive medical examinations and checkups, job-specific pre-employment medical examinations and relevant training courses, Wellcon also contributes to safeguarding the overall quality of workplace safety measures. In addition, TIWAG group offers a broad range of safety training courses with a view to accident prevention.

Retired staff

As at the balance sheet date, pension benefits were being paid out to 1,451 former staff members and their surviving dependents.

OUTLOOK

TIWAG will firmly pursue its chosen course of professional recruitment and personnel development. Given growing cost and efficiency pressure, the company's management is focusing on a competitive personnel cost structure.

Operation and maintenance of power stations

In 2020, TIWAG's power stations generated some 3,094 GWh, a volume 2.09% or 66 GWh below that of an average water year.

MAJOR PROJECTS AND MEASURES

Kühtai power station – upgrading program 2017–2021

The Kühtai upgrading program reported continuous progress, in spite of the restrictions imposed by the COVID-19 pandemic. Until mid-March, work proceeded without restrictions, with the project on schedule both in terms of costs and deadlines. The water level of the Finstertal reservoir was lowered as much as needed to deinstall the shut-off valves in the valve chamber. The level of the Längental reservoir was also lowered continually, and work on sediment removal was started.

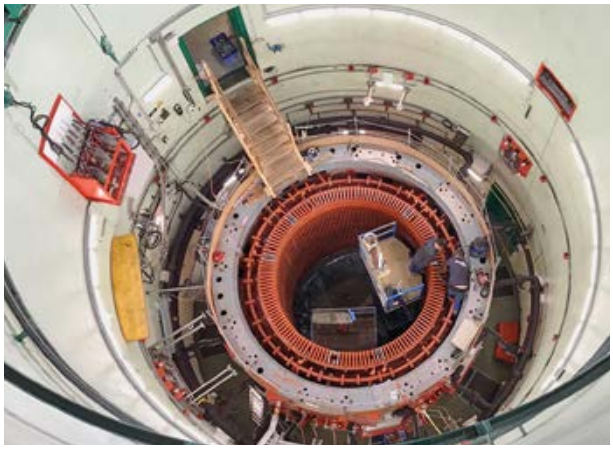
Electromechanical work in the power station shaft went according to plan. All the switchgear that was up for renewal was deinstalled, for instance, and refurbishment work on the generator, the turbine and the spherical valve was started. A case of suspected COVID infection and tighter traffic restrictions in Tyrol brought work on the shaft power plant more or less to a halt, with just local firms being allowed to continue provided they complied with statutory rules and regulations.

Cleared Längental reservoir with new tarmac sealing

In spite of these adverse conditions, the new tarmac sealing at the Längental reservoir was applied as scheduled in mid-April, allowing the Silz power station to take up operations in June, somewhat earlier than originally planned. Work on the Kühtai power station, however, suffered about a month's delay due to the work having to be discontinued in part and stricter regulations having to be complied with because of the pandemic. Starting early in the summer, the upgrading program was fully back on track again after this temporary setback. The time was used to remove all sediment from the Längental reservoir and transport it from the intermediary storage location directly at the reservoir to its final destination beneath the Finstertal reservoir.

At the Finstertal reservoir, the refurbished shut-down valves of the power descent were put back in place, and the gates at the reservoir bottom outlet were renewed. The new water intake/outlet works for the Kühtai expansion project were completed as well.

Finstertal reservoir: Headrace channel for the Kühtai 2 power station shown in the background



Repair work on the KMA1 generator

New SF6 indoor switchgear at Kühtai

The Kühtai shaft power plant saw work on both main and ancillary equipment. Completion of the gas-insulated SF6 high-voltage switchgear was a precondition for the KMA1 machine to be taken back into operation, which happened at the end of August. However, a problem occurring at the end of September (short circuit in the generator) meant it had to be taken out of operation again. The repairs took until spring 2021. The taking into operation phase of the KMA2 machine started in December and lasted more than six months.
The Kühtai upgrading program is scheduled to be completed in 2021.

Imst power station: General inspection and overhaul of machine set 2 turbine and generator

The turbine of machine set 2 was last subject to a general inspection and overhaul in 2009. After ten years of operation, the mechanical engineering parts such as runner, guide blades, bearings, protective walls of the turbine, etc. showed sign of substantial wear and tear. These parts were refurbished during the overhaul in early 2020 and partly replaced with available spare parts.
Experience so far has shown that an inspection and overhaul interval of about ten years makes sense both in technical and economic terms. Where intervals are longer, there will be substantially more damage, which would make refurbishment more difficult and more expensive, as individual components would have to be replaced with costly new acquisitions. The machine downtime caused by the turbine overhaul was used to also inspect the generator, resulting in the rotor, which had undergone nearly 70,000 hours of operation already by the end of 2019, being extracted for the necessary upgrading work.
After the inspection of all three machine sets has been completed in 2021/2022, the disassembled wear parts will be repaired and partly newly manufactured at TIWAG's workshop at Imst.

Disassembly of the turbine shaft

Fieberbrunn power station: Replacement of both machine sets with a new one

The Fieberbrunn power station featured two machine sets, which had been in operation for a long time already. Maintaining power generation operations over the next few years would have required extensive renewal and refurbishment. An analysis showed that merely up-

New machine set in the equally refurbished machine hall

grading the existing equipment would not guarantee sustainable and profitable operation. The new machine set features a Francis turbine with guide vane and shut-off valve, a synchronous generator and the associated secondary components as well as link-up to the 0.4 kV grid. The new equipment will not only minimize future maintenance effort but is also expected to generate more power as a result of increased efficiency.

Brennerwerk power station: Reissuing of water use license

The application for a reissuing of the water use license for the operation of this power station was filed with the Office of the Provincial Government of Tyrol already back in 2014. As a requirement for this was to ensure the facility complied with the latest state of the art, it was subjected to a complete overhaul from August 2015 to April 2016. The decision on reissuing the license came into final legal effect in 2020, granting the water use right for another 90 years, until 2110. What is new is a mandatory replenishment discharge as a basis for attaining the “good ecological potential” target required by the authorities. As there are natural obstacles to fish migration, there is no need to establish a fish pass at the weir system.

Brennerwerk power station

Kirchdorf power station: Sold to the municipality of Kirchdorf

TIWAG used to own the Kirchdorf power station along with the associated land. The annual energy output was about 0.7 GWh, and the water license for the facility was set to expire in 2027. Given growing sedimentation of the reservoir pond, TIWAG no longer saw potential for continued profitable operation.

The power house at the Kirchdorf power station

Storage pond at the Kirchdorf power station

The municipality of Kirchdorf has now taken over the facility along with the water license and the land, including all associated rights and obligations. The municipality of Kirchdorf is not only interested in preserving the facility’s reservoir pond for flood protection purposes and as a local recreation area, but also plans to continue operating the power station.

Pandemic-related measures in the Generation division

The primary task of the Generation division is to operate TIWAG's power stations at the highest possible level of availability while ensuring that operations are safe and secure and compliant with legal requirements. For this purpose, it is necessary to have the corresponding key personnel available to keep crucial processes up and running. However, what is needed to guarantee safe and secure power station operations is not only the generation control center at Silz, but to also have sufficiently qualified staff available, especially on site at the power stations.

During the critical stages at the start of the pandemic, TIWAG had to proceed on the assumption that a significant part of the population would contract an infection and thus become contagious. For this reason, TIWAG took all possible precautions to prevent staff members getting infected, so that, if there was a suspected case or a staff member actually tested positive, the number of other staff members who would have to quarantine or isolate at home could be reduced to a reasonably acceptable minimum. Staff members with pre-existing conditions that would increase the risk of particularly severe COVID-19 worked from home or, where this was not possible, were sent on furlough leave.

From March 2020, the company took specific steps to ensure power station operations could be maintained even if staff were to fall ill and become subject to quarantine accordingly. The division's management team was split up in two parts that alternated working on site or from home on a weekly basis. Office staff worked from home wherever possible, while on-site staff were split up into groups working at different times and in different locations, with a ban on mutual contact. Staff working at the generation control center were distributed over several sites, making use of an emergency control center at a different location. Contingency plans for emergency situations where control center staff would have to isolate if worst came to the worst encompassed overnight accommodation, food and drink, work schedules, etc.

Already started maintenance projects had to be continued where necessary to ensure operations remaining safe and secure and compliant with legal requirements or where an interruption of operations was likely to cause substantial financial loss. All ongoing projects were brought to a safe and secure status. Upon exiting building sites, operations had to be left in a status warranting that third parties or key components of the facility would not come to harm. Labor capacities freed up due to projects having to be postponed were balanced by staff consuming annual leave or flexitime credits.

The easing of restrictions in the summer was followed by rising infection rates in the fall of 2020, but, drawing on the lessons learned in the meantime, the company decided not to distribute the generation control center staff over several sites and split up on-site staff members into groups again and also waived the shift-work scheme for the management, all the while ensuring that generally applicable safety and precautionary measures introduced by Group Crisis Management were strictly adhered to. Special safety schemes were developed for the large-scale upgrading work on the Kühtai power station. Overall, the Generation division managed to keep all business processes up and running.

TINETZ-Tiroler Netze GmbH – system management and operation of the distribution grid

General information

The distribution grid operated by TINETZ-Tiroler Netze GmbH (TINETZ) currently features 12,000 km of lines, 47 electrical substations, some 4,100 transformer stations and some 242,000 metering points.

Network load

Energy supplied through the grid operated by TINETZ amounted to around 4,664 GWh, down by about 5.6% year-on-year. In accordance with continuingly high capacity requirements, it is necessary to further expand the medium- and low-voltage grid as well as the maximum- and high-voltage grid as the backbone of a reliable power supply for Tyrol, i.e. both for the population of Tyrol and its businesses.

Supply disruptions

In 2020, the distribution grid operated by TINETZ throughout Tyrol was significantly affected by one major disruption. The incident was caused by intensive snow and rainfall combined with gale-force winds in East and North Tyrol on the first weekend of December and affected a total of about 50,000 households in 86 communities. The TINETZ emergency teams were working full out under extremely adverse conditions to fix the problems.

The district of East Tyrol and the valleys south of the Inn river, especially around the Brenner mountain range, the Sellraintal valley and the Ötztal valley were particularly hard hit. The massive snow load caused several trees to fall onto the 110 kV lines in the Iseltal and Ötztal areas. Because of the increased risk of avalanches and roads being blocked for prolonged periods, it took several days to complete the repair work. The cabling drive undertaken in the past few years as well as extensive clearing work along the major line routes helped prevent more outages in spite of the exceptional weather conditions.

In total, about 250 staff members were busy troubleshooting problems in East and North Tyrol.

Partner companies and service technicians from network operators in Vorarlberg, Salzburg and Upper Austria came to provide additional assistance to TINETZ. Weather permitting, helicopters were sent out to reconnoiter problem spots, fly service technicians to locations that were difficult to access, and downwash snow from the lines.

The professional and successful handling of this incident was once again helped by close coordination among crisis management teams and excellent communications between public authorities, mayors, property owners, emergency and rescue services and TINETZ.

Like it does after all major incidents, TINETZ will perform an evaluation and cooperate with the partners in the region to come up with measures for improving the supply situation in the grid, which it will then design and implement over the next few years.

In spite of this major incident in December of the reporting year, grid availability came to 99.9%, a value that puts TINETZ into the top segment among Austrian network operators.

New customers

In the reporting year, TINETZ connected 1,443 customer systems with a connected load of 35,367 kW to the distribution grid. Additionally, the capacity of existing systems was expanded by 23,212 kW, raising the load demand to be covered by the TINETZ distribution grid by 58,579 kW. In the reporting year, 790 generation facilities with a bottleneck output of 13,143 kW were connected to the TINETZ distribution grid. This corresponds to a rise of about 11% in the number of facilities, but only of about 0.7% in feed-in capacity, as these were mainly PV systems. In total, 6,800 photovoltaic stations with an overall bottleneck capacity of 87,913 kW were connected to the distribution grid by the end of 2020.

Roll-out of smart meters in the TINETZ supply area

Within the scope of the EU's Third Energy Package, the EU Internal Market in Electricity Directive calls for the introduction of intelligent metering systems. The Austrian parliament and the competent administrative authorities have issued a number of legal provisions on this subject. The Electricity Industry and Organization Act 2010 defined the legal basis for the introduction of smart meters in Austria.

The new metering devices will make it possible to record the energy consumption of all customers in real-time in the future. Customers will then be able to directly observe their energy consumption and to take better account of energy efficiency and environmental aspects in their consumer behavior. Meter readings on site will no longer be necessary for customers, and registration and deregistration when moving house will also become easier. In this context, TINETZ launched a large-scale project in 2014. In 2015, a cooperation for the joint procurement of metering devices was entered into with Vorarlberger Energienetze GmbH (VNE), Innsbrucker Kommunalbetriebe AG (IKB AG) and Salzburg Netz GmbH, in order to pool expertise and strengthen our position on the market. In addition to electricity, the smart metering system has been designed to include further segments (natural gas, water, remote heat) as and when the need arises.

The key points in the project program include the successful implementation of all centralized IT systems and the necessary telecommunications solution, from the meters to the transformer stations and the central IT systems, the procurement of the metering devices, and the development of operational processes for roll-out and regular operation. A special focus was placed on the interoperability of devices and sub-systems from different solution providers and manufacturers, to keep the smart metering system open, and thus cost-efficient, in terms operation, maintenance and further development. This approach allows security and privacy by design to be implemented for our customers as a key principle of solution design in this vital segment of the energy industry.
As all manufacturers are designing these complex systems with all the various specifications from scratch, extensive testing will be required at laboratories and factories and, once installation has started, also at network operators, before mass roll-out can be envisaged. In this way, network operators make sure, even before actual deployment in the field, that the meters, systems and processes will meet high quality standards.

In the reporting year, the Cooperation West initiative (Salzburg Netz, Vorarlberg Netz, IKB AG, TINETZ) successfully completed the approval and acceptance processes for most makes of metering devices as well as communications technology. As a quality assurance measure, the cooperation partners also conducted on-site audits at the suppliers'. As an additional measure, external security experts checked all the IT systems installed at TINETZ, while TINETZ recorded and evaluated all of these systems in a proprietary smart meter risk model. In the meantime, this model has become the basis for other smart meter implementation drives throughout Austria. The program team members subjected all business processes to extensive tests, developing, conducting, documenting and monitoring close to 2,500 test cases for this purpose.

2020 saw the completion of most of the efforts that have gone into implementing the central IT systems since 2015. An external consultant was brought in to help with defining the required business organization. Staff members were trained in using the various systems.

June 2020 saw the launch of the second pilot project (field testing under real-life conditions prior to actual mass roll-out). Approximately 1,300 smart meters were installed as from July 20, with priority being given to smart meters using wireless communication. Service technicians from the external service provider were also involved in the installation process. All installation and logistics processes have now been digitalized, being handled through SAP and the Workforce system. Roll-out for a first make of smart meter was started as well.
By mid-October 2020, TINETZ had successfully completed more than 22,000 business cases using the new Workforce system. Orders were managed by specially trained staff from both TINETZ and the external service provider. To ensure a professional presence, all service technicians underwent extra training, including videos produced for that purpose (which also provided instructions on proper COVID-19 hygiene protocols). Before starting installation activities, the TINETZ management provided extensive information about smart meters to the mayors of the selected communities.
The roll-out will continue in the coming year, being gradually ramped up to full capacity, with completion scheduled for year-end 2024. The aim is to have all meters in the TINETZ grid replaced with a new electronic one by this deadline. All customers will be personally informed ahead of time when their equipment is up for replacement. The TINETZ website provides up-to-date information on how the roll-out is progressing. Customers can find all information about smart meters on the TINETZ customer portal, where they can also simply and conveniently report meter readings and make appointments online.

Increase in supply security – line refurbishments and construction

Key projects aimed at increasing supply security in Tyrol include the Lowlands Grid concept, the Wipptal Valley – 110 kV Line Steinach-Wilten group of projects, and the Fiss Substation project.
Under the Lowlands Grid concept, the existing 110 kV line between the substations Kramsach and Kirchbichl, which was built in 1938, will undergo a total make-over, with new structures being built to replace the old ones. The purpose of this project is to continue the line upgrading already completed in 2009 on the section between the Jenbach and Kramsach substations within the scope of the 110 kV Zillertal Valley Line project.
Apart from the priority objective of ensuring long-term secure and reliable grid operation in the region, the line upgrade also aims to find the best possible solution in terms of land-use compatibility. The new power line is intended to trace the track of the existing 220 kV line from Kirchbichl to Strass as far away from settlements as possible and relying on already existing and developed structures.
The project breaks down into three stages subject to approval and four construction stages. All construction stages require extensive approvals from public authorities as well as agreements with the relevant landowners. The first stage subject to approval (construction stage Kirchbichl to Angerberg) was put into operation in June 2019.
All decisions relating to the second stage subject to approval have come into legal effect now. 2020 saw the preparatory work needed for construction in 2021 completed, and clearing work started still in November.
To obtain maximum legal certainty as to the clearing of power line paths in this context, declaratory proceedings under the EIA Act as amended on January 1, 2019 were instituted in the third stage subject to approval (primarily on the municipal territory of Kramsach). As the declaratory decision is still outstanding, further submissions for

the third stage are delayed, with the approval procedures scheduled for 2021–2022. Subsequently, construction work will be carried out from 2022 to 2023.
From today's perspective, the existing line segments will be dismantled in 2024.

The Wipptal Valley group of projects involves a renewal of the existing, some 21 km long 110 kV line between the Wilten and Steinach substations (Brenner line). The majority of the Brenner line's 80 power poles were built in 1945 and are in need of restoration and renewal. Due to technical requirements, the height of some of the existing poles needs to be increased. Preparations for the required construction work started already in 2016, most of the refurbishment of the poles between the Vill and Steinach substations was completed in 2019.

The 110-kV line across the Brenner pass is to be taken into operation in the first half of 2021. Several months of trial operations will see remaining poles and conductors being exchanged on the Austrian side, with the Wipptal region being partly supplied from Italy during this time. Regular market operations of the line across the Brenner pass will not start until the work has been completed. On the Italian side, construction work on a substation on the Brenner pass required for this purpose is going ahead.

The substations at Vill and Steinach am Brenner were also expanded and/or converted to meet the latest state of the art, the aim being not only to ensure continued reliable supply in the Wipptal region for the next decades, but also to provide the power needed for the Brenner base tunnel construction site and traction drive.

Improved supply security – distribution facilities – new builds

In addition to functioning cables and wires, grid supply security is also dependent on distribution facilities being equipped to meet actual demand. The task of distribution facilities consists mainly in transforming higher voltage to lower voltage.

The Fiss substation will help improve and secure supply security in the Serfaus-Fiss-Ladis area going forward, in line with growing demand. The project encompasses a 110 kV line link-up from the existing overhead line near Prutz to Fiss (approx. 2 km) and a substation near Fiss. The substation will consist of a building housing the switchgear as well as of further technical equipment and the transformer boxes. The project volume amounts to approximately EUR 12 million.
Project runtime had to be extended as the approval procedure was delayed. As a consequence of an objection, raised in the municipality of Ried im Oberinntal, against the approval decision under nature conservation law, TINETZ worked out a new route variant and submitted it for approval, in the interest of consensus and rapid progress in consultation with the local municipalities. Also, obtaining permission from local agricultural associations for the use of a forest road for the line construction work took longer than expected. In spite of the difficult circumstances caused by the COVID-19 pandemic, the substation, including all electrical equipment, was more or less completed by mid-December 2020.
Some remaining and supplementary work will be carried out around the substation in the spring of 2021. Mid-July 2021 will mark the start of construction work on the 110 kV

line link-up, which is scheduled to be completed by the end of October 2021. The second transformer will be supplied in September 2021, making the Fiss substation ready for trial operations as from November 2021. Full-scale operation is scheduled to start before Christmas 2021.

In the medium-voltage range, a total of 64 transformer stations were successfully completed and put into operation in the TINETZ grid in 2020.

COVID-19: Impacts on TINETZ operations

TINETZ, too, was impacted by the COVID-19 pandemic. While supply security in general and thus the supply of Tyrol's population with electricity was guaranteed without limitations, many in-house processes and procedures had to be adapted to the new situation. Customer contacts or construction site operations, for instance, were subject to stricter hygiene and prevention standards, a lot of administrative work was handled by staff working from home, and in-house communications were largely switched from personal contacts towards digital media (video conferencing).

Top priority was accorded to safeguarding the processes needed to secure and maintain grid operations. As TINETZ had been already highly digitized before and staff members were very supportive, these adjustments went ahead rapidly and largely without problems. While personal contact with customers had to be limited especially in lockdown phases, staff were always available for customer inquiries via telephone or digital media. What is more, all troubleshooting work during the year under report was handled without a single case of COVID infection.

Electricity trading

On the electricity market, too, developments in 2020 were dominated by the Corona pandemic, with price trends for electricity and energy feedstock experiencing what can only be described as a roller-coaster ride. Prices, which at the start of the year had seen similar levels as in the year before, plummeted dramatically and remained low around the time of the first lockdown. The summer witnessed a slight recovery, which was followed by a steep rise to historical highs by year-end. While in the first half of the year carbon prices had matched the declining trend, they regained prior-year levels already in the summer, only to reach a new high by the end of the year.

From an electricity generation perspective, the year under report was characterized by mild weather, good water availability, growing shares of wind and solar facilities in generation, and a decline in the use of coal for power generation in favor of natural gas. The economic disruptions caused by the pandemic did not fully translate into the supply-driven energy sector.

The separation of the German and Austrian markets, which was introduced in 2018, continues to adversely affect liquidity on the Austrian market, with the effect that both self-generation and procurement for distribution customers can no longer be hedged based on futures transactions on the Austrian market. The Financial Transmission Rights (FTRs) introduced as a kind of hedging instrument between Germany and Austria fulfill this purpose only to a limited extent and provide no adequate compensation in the form in which they are currently implemented.

The shutdown of thermal power stations is progressing in line with climate-protection efforts in Europe, with a more and more noticeable effect on the composition of power station portfolios. As a hydropower country, Austria is not a representative example in this context, but renewables meanwhile account for nearly half of the electricity generated in Germany. However, as power generation from renewable energy sources is fluctuating, it is necessary, in order to ensure supply security, to supplement it more and more with electricity from flexible generation, consumption and/or storage facilities. While digitalization makes it possible to integrate smaller and distributed facilities in a variety of ways, high-performance conventional power stations and, above all, storage power stations remain indispensable when a blackout is imminent, or an actual blackout requires a black start. The expansion of the Sellrain-Silz group of power stations, which is currently under construction, will not only make a major contribution towards supply security in this context, but will also help secure TIWAG's future.

PRIMARY ENERGY SOURCES

Despite the increasing share of renewables in electricity generation, European wholesale electricity prices continue to be dominated by the specific generation costs of thermal power stations. These are, in turn, largely dependent on carbon prices as well as on world market prices for coal and natural gas.

Natural gas

The European gas market prices saw a significant decrease in the year under review; the annual average price for the TTF front-month product stood at EUR 10/MWh, lower by a third than the prior-year figure. At EUR 13/MWh, the front-year product for delivery in 2021 remained about 25% below the prior-year average, but had, by the end of the year, regained the level seen at the beginning of the year.

The global gas market is characterized by a strong growth in LNG infrastructure capacities. Basically, the situation on the global market is characterized by excess supply and declining price levels as well as by a growing convergence of gas prices. Continental markets, which used to be quite separate in the past, are now subject to strong international competition. The year under review was not only dominated by the Corona pandemic, but was also one of the warmest on record, with demand for gas remaining below average on account of the short heating period alone. Natural gas features the lowest specific carbon dioxide emissions of all fossil fuels. Climate policy efforts to limit greenhouse gas emissions hold out the hope for natural gas producers that gas will replace coal, at least as a bridging technology, during the transition to a renewable energy supply.

In Europe, the long-term outlook for natural gas is unclear. Analysts predict continuously growing demand and corresponding investments. The proposals for ecological

change presented by the EU Commission (the so-called Green Deal) rely on a fast transition to zero-emission technologies; a European carbon import tax, as is currently being discussed, would substantially impact natural gas imports, among others. To make the use of natural gas climate-friendly would at any rate require carbon capture and storage, which is still in its infancy and not available on an industrial scale.

While the European market is becoming more and more dependent on imports, it also has powerful distribution systems with high storage capacities. In the year under report, supply in southeastern Europe benefited from new pipelines from Russia and Azerbaijan. The Nord Stream 2 pipeline is still awaiting completion, while it is now certain that the Groningen gas field in the Netherlands will be shut down next year because of safety concerns (earthquakes). Numerous LNG import terminals have come to supplement the landbound gas infrastructure, already providing capacities to handle more than half of Europe's gas consumption. More facilities are currently under construction or at the planning stage.

Natural gas procurement in Europe is dominated by pipeline gas coming from Norway and Russia. Given the expense of transportation, LNG suffers cost disadvantages. So far, its main market has been in Asia, primarily in Japan and China, where raw materials are scarce, and prices are high. However, the ramping up of export and transport infrastructures in the gas producing countries has apparently resulted in economies of scale and marketable costs, so that 2019 saw the beginning of substantial quantities now also being delivered to Europe. The European market has been characterized by structural excess supply and predatory competition ever since, with suppliers having to accept prices that did not cover their costs, especially in the year under report.

Figure 1 shows the European TTF gas price quotation for month-ahead and year-ahead (2021) in EUR/MWh.

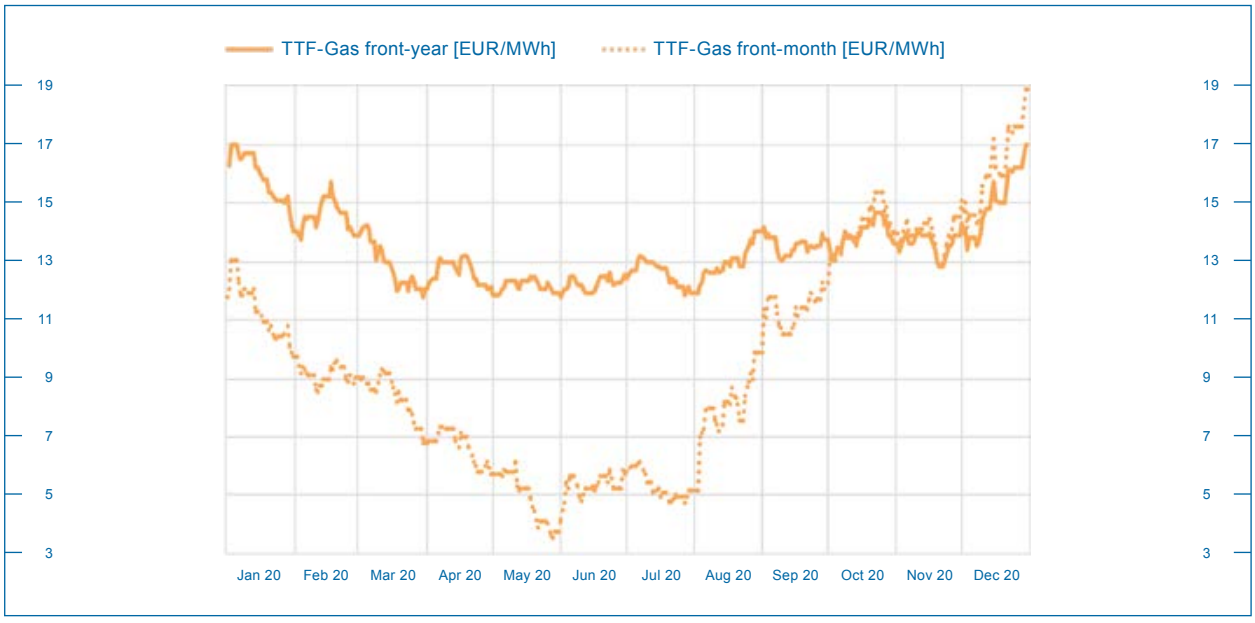


Figure 1: European TTF gas price quotation (front-month and front-year)

The European TTF gas price for front-month delivery started out the year under report at the same level as in the previous year, at EUR 12/MWh, only to plunge to EUR 9/MWh already by the second half of January. The Corona outbreak in China caused shortfalls in demand, with LNG carriers being redirected to Europe, where they were faced with supply being already sufficient. Prices remained stable at this level until mid-March and then kept declining again until the end of May when they hit bottom at a historic low of under EUR 4/MWh. The Coronavirus had meanwhile spread over the entire globe, causing so-called lockdowns in many countries, which resulted in a generalized decline in demand, including for energy feedstock.
However, gas suppliers regarded the mild winter weather, with less demand for heating, as an even more important cause for this development. Ultimately, at any rate, gas storage levels came to be atypically high. In spite of this, European LNG imports exceeded prior-year quantities by about 30% over the first six months of the year, after LNG quantities had already doubled in Europe in 2019. Traditional European suppliers also kept production levels high, fueling predatory competition, even though the low prices recorded in May most likely caused losses for most suppliers. A slight price recovery in June rang in the changes, with a literal stampede following in August which had the bulls raging without stopping before the end of October, after the TTF (front month) price had tripled from EUR 5 to more than EUR 15/MWh. The trend reversal in Europe was based on rapidly rising prices in Asia as well as in the USA. The decisive factor seems to have been reduced availability of US LNG after extraction had become uneconomical in many instances while the prices were so low. In Europe, demand was more stable as the pandemic eased over the summer, and there were other specific factors such as reduced availability of French nuclear power stations, less wind power feed-in and strikes in the Norwegian oil and gas industry. In November, prices saw little change, but then rallied strongly from December until year-end, with the TTF front-month product hitting its annual high at EUR 19/MWh on the last day of trading. Positive market sentiment due to the announcement that various Corona vaccines would become available, but in particular cold winter weather in East Asia with a strong surge in demand in China had Asian spot prices soaring, with LNG carriers moving away from Europe and anticipated supply becoming tighter.

The TTF price for the front-year 2021 remained relatively stable at a low level, presenting a bathtub curve looking back over the year, with EUR 17/MWh at both the start and the end of the year, with a trough at about EUR 12/MWh in the summer quarters. The last quarter witnessed prices converging with those of month and year contracts, with the bullish market lifting up both forward contracts.

GREENHOUSE GAS EMISSIONS

In addition to coal and gas prices, the prices of European allowances for carbon emissions (EU-ETS, emission allowances, emission certificates, EUAs) are a key input variable for the electricity generation costs of thermal power stations and thus for electricity prices as such. As of January 1, 2021, the emission allowances are in their fourth trading period, which lasts from 2021 to the end of 2030. As prices had risen further and gas prices were relatively favorable, carbon pricing was well able to provide the desired steering effect towards low-carbon technologies in 2020.
In principle, the carbon price makes generation in thermal power stations more expensive, even more so for those with higher specific carbon emissions (above all lignite-fired, but also hard coal-fired power stations). All other factors being equal, the following applies: the higher the carbon price, the higher the generation costs of

coal-fired power stations as compared to gas-fired power stations, but also by comparison with hydropower stations and other renewables. Higher carbon prices result in higher electricity prices, making especially renewable energies more competitive. The carbon price thus plays a pivotal role in the future course of the energy transition.

Over the past few years since 2017, European carbon prices grew significantly from about EUR 5/t to about EUR 25/t in 2019. Prices remained at the same level until the outbreak of the Corona pandemic in early March 2020. Initially, carbon prices took a plunge along with the general slump experienced on financial and commodity markets, falling to as little as EUR 15/t. However, they took only a few weeks to recover. This is due to several supporting effects: First of all, the so-called Market Stability Reserve (MSR) had a crucial impact. The MSR automatically reduces the surplus of emission allowances in the carbon market to restore the balance between supply and demand. Scientific studies showed that the decrease in emissions caused by the pandemic might even have been over-compensated by the MSR. The general recovery on the financial and commodity markets, as well as more ambitious targets for climate change, such as a 55% reduction by 2030 in the EU, also supported carbon prices.

By the end of June/start of July, carbon prices had clearly exceeded EUR 25/t, with several attempts at hitting the EUR 30/t mark following suit. In October, prices fell again in the face of a rekindling of the pandemic all over Europe, before setting off on a renewed rally amid positive news of Corona vaccines and the victory of Joe Biden in the US elections.

Figure 2 shows the EEX spot market prices of emission allowances (EUAs) for the fourth trading period in 2020, expressed in EUR/t.

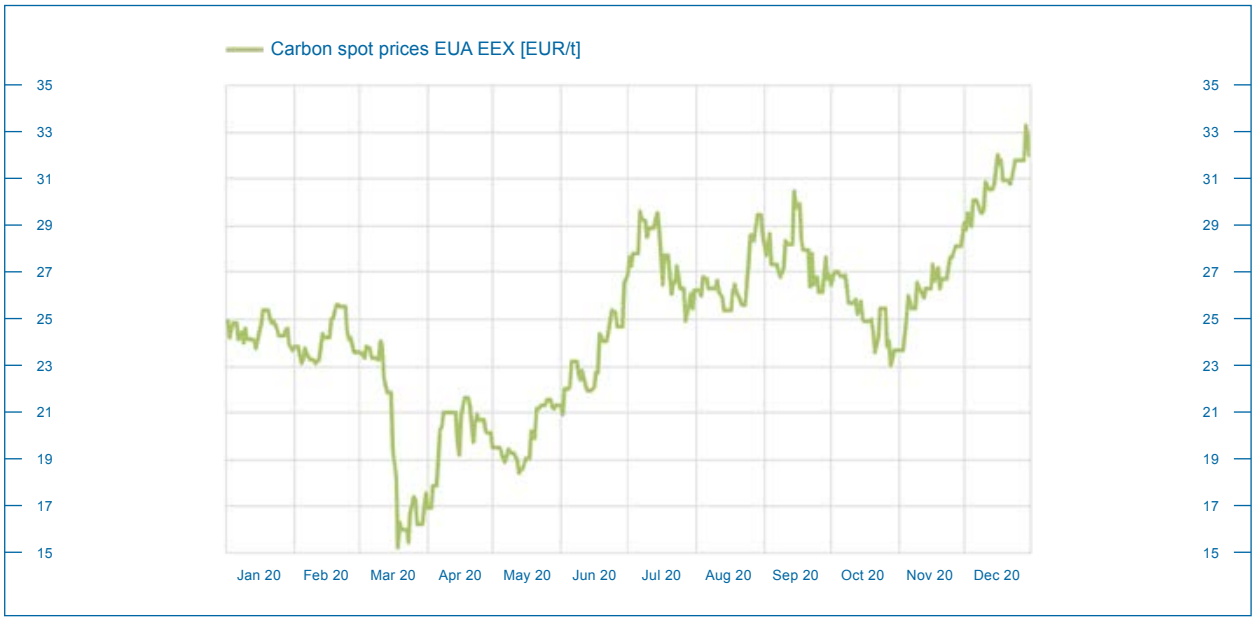


Figure 2: Spot market prices of emission allowances for the third trading period for the year 2020

DAY-AHEAD AND INTRADAY MARKETS

The spot price for day-ahead delivery in the market area Austria within the scope of Flow-Based Market Coupling (FBMC) was quoted at an annual average of some EUR 33/MWh in 2020, thus 17% below the prior-year level of about EUR 40/MWh. The corresponding futures market price for 2020, i.e., the price expected at year-end 2019 for the annual baseload for 2020, was significantly higher at EUR 44/MWh.
The main cause for the lower spot price level in 2020 is apparently the Corona pandemic, which pushed down electricity prices in several ways. First of all, the pandemic resulted in lower electricity demand in Europe, with a year-on-year decline of between 4% and more than 6% over an annual perspective. What is more, the pandemic caused commodity prices to decline as well. Another factor was the exceptionally mild winter of 2019/2020, which, on the one hand prevented a rise in electricity prices as typically occurs during cold spells, and on the other hand sent gas prices plummeting in the spring and summer. Moreover, 2020 was a windy year in Central Europe, particularly in the first quarter.

Figure 3 shows the price development at the EPEX energy exchange within the scope of the FBMC for the market area Austria in the year 2020, as average daily price on the spot market (Phelix AT base) and average monthly price in EUR/MWh.

As per October 1, 2018, the previously joint German-Austrian electricity pricing zone was split up and different electricity price levels have been applying in the two countries since then. In 2020, the mark-ups vis-à-vis Germany on the Austrian day-ahead market amounted to an annual average of EUR 2.67/MWh. The differences in prices are often due to the fact that the transmission capacity actually available between Germany and Austria is usually lower than the agreed value of 4,900 MW announced to the market participants within the scope of flow-based market coupling.
Single days with very low price levels in 2020 highlight the impact the fluctuating generation from renewable sources has on prices. When power consumption is low (usually on Sundays and bank holidays), while wind and/or solar generation is high, electricity prices tend to fall or even turn negative. In March and April, the lockdowns in many European countries exacerbated the situation even more, with an increase in low and negative hourly prices. Overall, the day-ahead market in Austria witnessed 111 hours in 2020 where electricity prices were negative. For Austria, this means more negative electricity prices again year-on-year, which in some cases may be due to the pandemic. With 298 hours, Germany likewise saw more negative prices in 2020 than in the previous year. On April 24, 2020, the daily average price in Austria hit a significant low at EUR -22.75/MWh. Mild weather, the Corona pandemic and low gas prices were the reasons why no days with high electricity prices were recorded in the first half of the year. This changed in the second half, where hourly prices above EUR 100/MWh were seen more frequently. At EUR 75.29/MWh, December 9, 2020 recorded the highest daily average price.

INTRADAY MARKET

Intraday trading covers the delivery period between day-ahead and balancing energy deliveries with one-hour and 15-minute products and has expanded owing to the increasing use of unreliable forms of production from renewable resources. The split-up of the German-Austrian market, however, meant a significant setback for intraday trading in Austria, while trading volumes on the German intraday market continued to develop satisfactorily. In a small market area like Austria, a liquid market is not available for every time unit.

The price fluctuations on the intraday market mainly reflect intraday surplus or shortage situations. At EUR 6,873/MWh, the year's highest price for a one-hour product on the Austrian intraday market was obtained on January 20, 2020; this was most likely an erroneous trade (due for instance to an input error). The next highest price – 500/MWh – was obtained on October 2, 2020, the lowest – EUR -194/MWh – on November 11, 2020. The price band between hourly maximum and minimum prices per day (intraday minimum/maximum of hourly prices) amounted to EUR 66/MWh on average, more than twice the day-ahead spot price level, which underlines the value potential of this market segment. The price band is on a similar level as in 2019, but it has clearly narrowed since the market was split up.
Intraday products are traded on the energy exchanges 24/7, all year round. The intraday market offers especially traders with fluctuating generation capacity an opportunity to clear their balance group on the one hand, while opening up additional market opportunities to traders with flexible generation capacities. TIWAG, with its array of reservoir and pumped storage power stations, is virtually predestined for this market segment.

Figure 4 shows the price development on the EPEX in the year 2020 as minimum and maximum daily values on the intraday (hour) market for Austria, expressed in EUR/MWh.

CONTROL OR BALANCING ENERGY

To safeguard the stability of the electricity grid, generation and consumption (injection and withdrawal) must be at the same level at all times because, even though it is possible to store limited volumes in (pumped) storage power stations or comparatively minor volumes in batteries, no electricity can be stored in the grid itself.

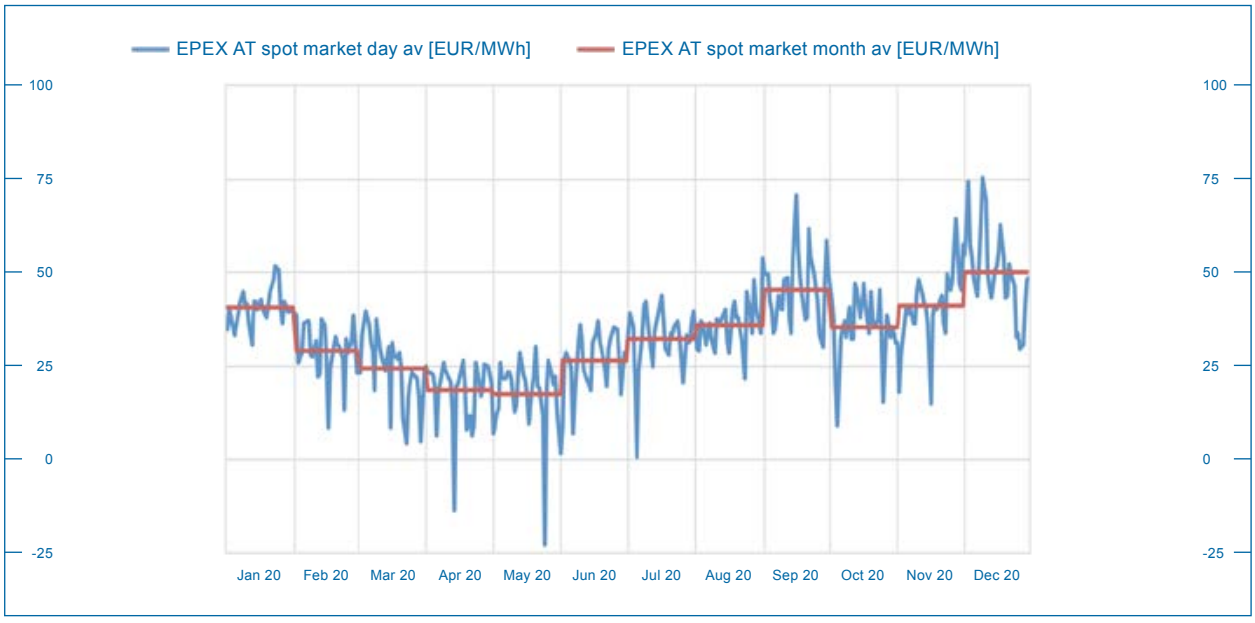


Figure 3: Price development at the EPEX energy exchange for the market area Austria in the year 2020

Unpredictable variations in injection and withdrawal are offset by the operators of the transmission system by using contractually regulated balancing capacity (the so-called control reserve). Balancing services can be provided only by flexible injection and withdrawal facilities and must be contracted by the transmission system operators based on market economy principles. As its high-performance power stations enable TIWAG to provide balancing services at short notice, we have for many years been a reliable partner of transmission system operators and successfully been doing business on various electricity balancing markets. Apart from using own power stations to make this major contribution to system stability, TIWAG also enables its partners to make their power station capacities available on the electricity balancing market through TIWAG's balancing services pool.

In a bid to further increase competition and open up the market for facilities with a short-term planning horizon (renewables), Germany and Austria switched from weekly tenders to business-day tenders in July 2019, and to calendar-day tenders featuring six 4-hour blocks in July 2020, for primary control reserve. The fourth quarter of 2020 saw the introduction of balancing energy markets for balancing energy qualities such as secondary and tertiary control and the minute reserve. Regardless of any previous participation in the market for balancing capacity, all pre-qualified participants can now also participate in six intraday auctions for balancing energy. The balancing energy market thus makes it possible to market flexible capacity at short notice within the scope of capacity / frequency control. As this has resulted in a separation of the markets for balancing capacity and balancing energy, the balancing capacity market now has a different function: the contracts awarded there serve as a kind of insurance product for transmission system operators. They ensure that sufficient balancing services are available if the balancing energy market, which is

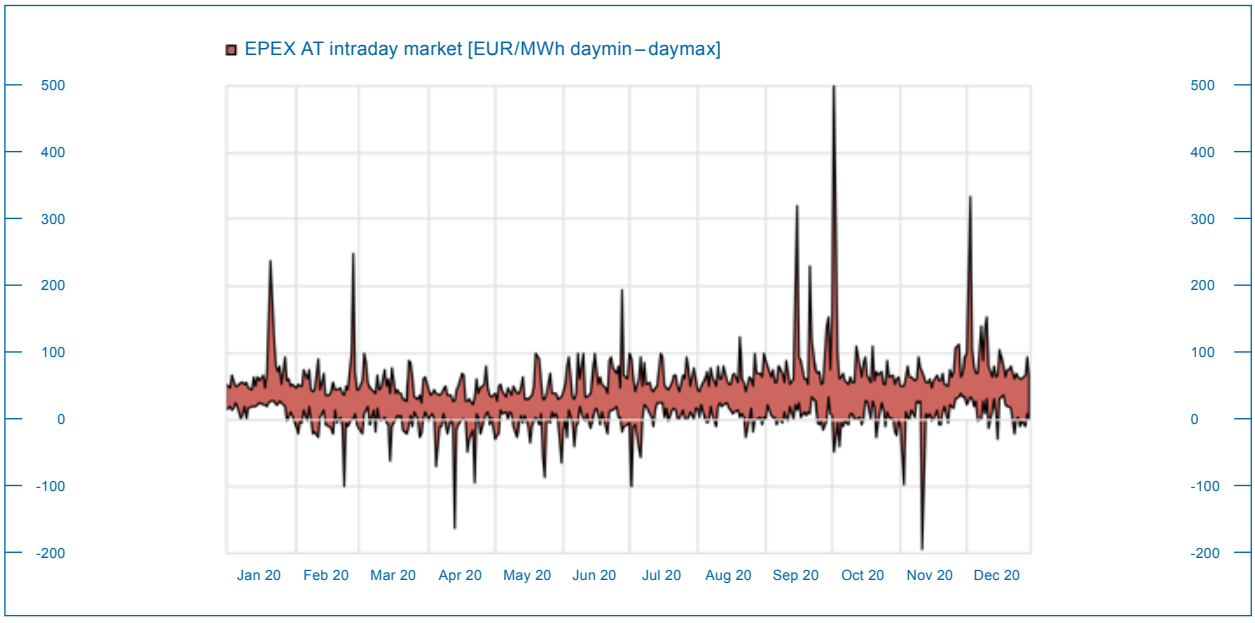


Figure 4: Price development on the intraday (hour) market at the EPEX in the year 2020

processed later, happened not to be available. As it was introduced late in 2020, the effects of the balancing energy market on general pricing on the market cannot yet be reliably assessed, but it can be expected that prices will remain under pressure due to increasing competition.

FUTURES TRADING

Wholesale energy trading with futures products, i.e. relating to months, quarters and years in the future, is subject to the pricing mechanisms of spot trading as well as to other factors. Futures trading attracts a larger circle of traders, including those who do not have production facilities of their own, and pricing in futures trading is not only influenced by objective fundamentals (e.g. futures prices of commodities or emission allowances) but also by the opinions and expectations, often driven by pure speculation, of market participants.

In the first weeks of the year, annual front-year 2021 base delivery initially lost in value because of the decline in gas prices. Upon the outbreak of the pandemic, the price plummeted by about EUR 5/MWh within a few days in mid-March, only to recover by the beginning of April. The price level prevailing at the beginning of the year was reached again over the summer.

The price movements of electricity products were once again determined by the rapid price changes on the carbon market. Starting from November, the electricity front year also saw a literal price rally, with the front year 2021 base finishing the year at slightly above EUR 50/MWh. At year-end 2020, the price was thus higher by more than EUR 6/MWh than in the previous year, in spite of the Corona pandemic. The Austrian peak product for 2021 developed similarly to baseload, with the absolute price difference remaining nearly constant in a range between EUR 8 and 10 per MWh throughout the year.

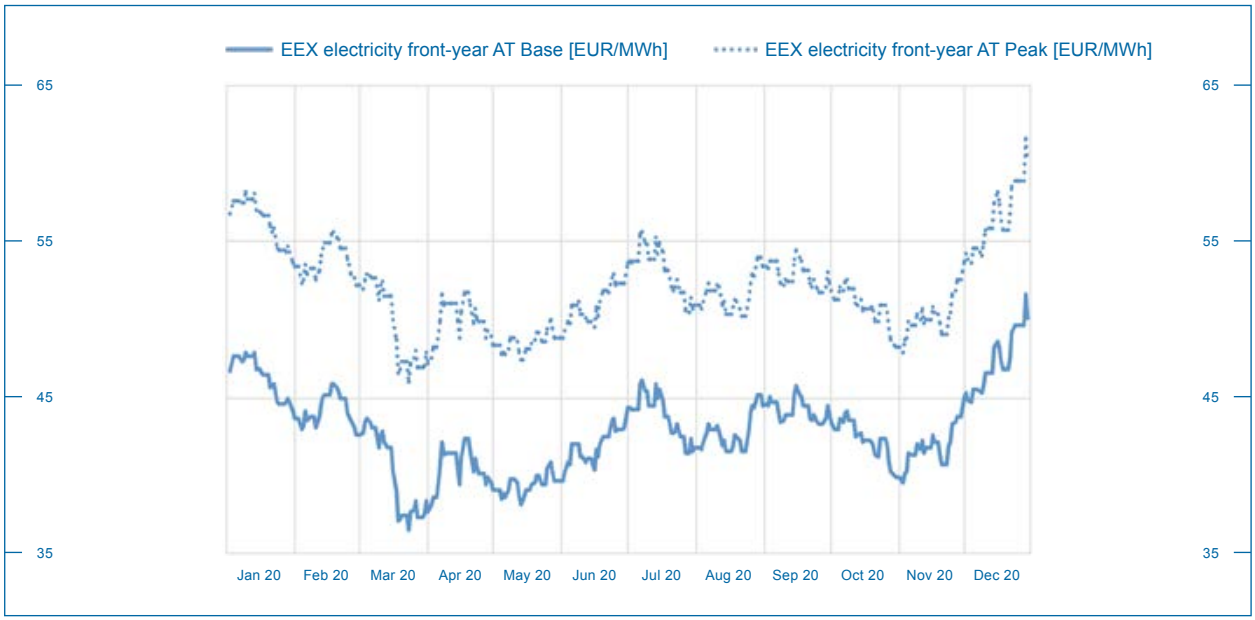


Figure 5: Electricity trading prices (futures) for the delivery 2020 base and peak for the market area Austria in the trading year 2020

However, given the lack of liquidity on the wholesale market, price quotations for Austria – as opposed to those for Germany and for the joint market area of Germany and Austria existing until October 1, 2018 – are in most cases indicative and not tradable, both on the EEX and on the OTC market. The generally very low trade volume is further limited to front products not so distant in time (month +1, quarter +1, year +1), while products lying further in the future mostly do not show any kind of trading activity.

Figure 5 shows the electricity trading prices (futures), expressed in EUR/MWh, as published by European Energy Exchange AG (EEX), for delivery 2021 base and peak for the market area Austria in the trading year 2020.

FINANCIAL TRANSMISSION RIGHTS

Along with market separation, a new product to hedge against market price differences between Germany and Austria was introduced by the Joint Allocation Office (JAO) – Financial Transmission Rights (FTRs). Physical transmission rights are not available between Germany and Austria. FTRs are acquired at auctions and are limited to base products for the front-year and one front-month. Thus, the variety of products and hedging options available in this context is far smaller than for electricity forwards. Moreover, FTRs can be bought only once and for a particular point in time. There is generally no secondary (trading) market where transmission rights could be resold if there is a change in demand. Great uncertainty still exists with regard to what price differences between Austria and Germany are to be expected in the future, not least because such differences are strongly dependent on weather conditions and transmission capacities made available at a given time. As a consequence, these uncertainties are significantly greater at the year auction than at month auctions as the latter are held about ten days before the start of delivery, when both the weather situation and the commodities prices for the respective month ahead are easier to assess. The price difference at the JAO for the whole of 2020 amounted to EUR 2,57/MWh while the balanced price difference in the month auctions amounted to EUR 1,92/MWh on average and the day-ahead market to EUR 2,68/MWh on average. The year auction for the delivery in 2021 saw lower expectations for price differences so that on balance they came to EUR 2,14/MWh.

ELECTRICITY TRADING BY TIWAG-TIROLER WASSERKRAFT AG

TIWAG's electricity trading activities cover a variety of areas: On the one hand, TIWAG engages in portfolio trading in order to ensure the price and risk-optimized coverage of its customers' needs through a mix of self-generation, long-term barter agreements, as well as supply from electricity traders. On the other hand, TIWAG is also active in position trading and margin trading.

In this field of activity, we are, among other things, exposed to financial risks, which we counteract with a risk management structure modeled on the banking system. TIWAG's risk committee, which includes the member of the Management Board competent for this area, is responsible for ensuring compliance with the risk-relevant standards specified by the management. Continuous monitoring of the limits with respect to counterparty risks (e.g. payment default, replacement and sales risks) and market price risks is carried out on an ongoing basis by the operational risk management team in charge of trading and, after that, by group-wide risk management.

In the reporting year, TIWAG undertook further efforts to integrate third-party facilities in the control energy pool. Another focus was on optimizing the use of our flexi-

ble-capacity power stations in short-term and intraday trading.
As mentioned before, the year 2020 was characterized by above-average temperatures as well as, in its first half, by an early thaw and high inflows to our run-of-river and, above all, storage power stations. The rest of the year saw above-average precipitation and inflows, above all in East Tyrol. With a 60% increase in precipitation, October 2020 was the wettest since 2003. Overall, water availability variation was positive at a rate of about 9%.

REGULATORY ENVIRONMENT

Having presented the Green Deal in December 2019, the European Commission, in January 2020, published an Investment Plan for the funding of the planned transition towards a climate-neutral economy. Apart from public investment, the Plan also counts on mobilizing private investments to make Europe the first climate-neutral economic bloc in the world by 2050. May 2020 saw the proposal for a European Climate law which is to write the goals set out in the Green Deal into law. The Green Deal also encompasses the 2030 Climate Target Plan, which initially provided for a reduction in greenhouse gas emissions by 40% below 1990 levels. In September 2020, the European Commission proposed raising this target to at least 55%. Legislative proposals detailing the measures that need to be taken in all sectors are to be prepared by June 2021.
On December 24, 2020, the European Union and the United Kingdom concluded a Trade and Cooperation Agreement to ensure the United Kingdom's smooth exit from the EU internal market and the customs union by year-end. This marked the final chapter in the so-called Brexit, which was decided on in the referendum held on June 23, 2016. It took ceaseless efforts throughout the year to adapt legal provisions that would have been made obsolete by Great Britain leaving the EU. The Capital Markets Recovery Package, along with the necessary amendments, was adopted in time in December.
Under the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT, Regulation (EU) No 1227/2011), the EU Agency for the Cooperation of Energy Regulators (ACER) must monitor energy wholesale markets to provide efficient supervision in close cooperation with national regulatory and other authorities. As ACER had right from the start been complaining about being underfunded, the European Commission, in a decision made in December, set the fees to be paid by the market participants under ACER's supervision which are to cover the Agency's cost for its tasks.
In September 2020, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) made the draft of the so-called Renewable Energy Expansion legislation package available for public comments. The drafts for the introduction of the Renewable Energy Expansion Act (EAG) as well as, inter alia, the amendments to the Green Energy Act 2012 (ÖSG 2012) and the Electricity Industry and Organization Act 2010 (ElWOG 2010) are designed to implement the European rules as set out in the Renewable Energy Directive (RED II, Directive (EU) 2018/2001) and parts of the Internal Market in Electricity Directive (Directive (EU) 2019/944) in national law pertaining to the electricity market.
One of the key issues addressed in the legislation is the funding scheme for expanding electricity generation from renewable energy sources – a shift is to take place away from fixed feed-in tariffs determined by administrative authorities towards a variable and competitive market premium determined by way of bids and tenders. The approach proposed for this purpose is technology based, with different criteria and expansion plans for primary energy resources such as water, wind, solar and biomass. Funding is to continue to be based on flat rates at metering points and surcharges on system utilization charges.

What has also been introduced are the new market roles proposed by the EU, namely renewable energy communities and citizens energy communities. The aim here is to ensure the participation of consumers in the energy transition. While the proposed implementation in Austria is highly ambitious in both geographical and output terms, it includes no adequate counterparts for key elements of the existing market model with its balancing groups, such as responsibility for balancing energy and information and data sharing. Electricity labeling, which is well established in Austria and highly developed by European standards, is to be revised and expanded – alongside positive developments, this also comes with critical issues such as the compulsory disclosure of jointly traded guarantees of origin. What is important for the Austrian electricity market and supply security in the country is the introduction of what is referred to as the grid reserve. Transmission system operators can use this reserve to contract out capacities of power stations that would otherwise have to be shut down (because of no longer being profitable from a business point of view) via bid procedures outside the electricity market and use them for supporting measures such as redispatching and countertrading.

In December 2020, the Austrian parliament adopted parts of the renewables legislation, such as the grid reserve, within the scope of amendments to the ÖSG 2012 and ElWOG 2010. The remaining legislative proposals are either still being prepared by the Ministry or are undergoing political consultation processes and will not become law until 2021.

Other activities

PROJECTS FOR EXPANDING LOCAL HYDROPOWER CAPACITIES

Construction of the Tauernbach-Gruben power station (TG)

On January 9, 2013, TIWAG submitted its Tauernbach-Gruben project to the relevant authority for environmental impact assessment. At the beginning of 2017, the authority declared that the documentation filed was complete. The EIA hearing took place in May 2018; a decision by the first-instance authority was published by decree on May 17, 2019. Five complaints against this decision were directed to the federal administrative court *(Bundesverwaltungsgericht, BVwG)*. The second-instance hearing at the federal administrative court took place in September 2020. The court's decision is expected for mid-2021.

The Tauernbach-Gruben power station is designed as a diversion-type power station with a water intake in the area of the Schildalm alpine homesteads and a powerhouse directly below the transalpine oil pipeline (TAL). The water intake will be built below the Schildalm alpine homesteads shortly before the steep section. The headrace channel will consist of two sections: a pressure tunnel in the upper section (approx. 2 km) and a buried penstock from the end of the tunnel to the powerhouse (approx. 6 km). The headrace channel will need to cross under the transalpine oil pipeline and the Tauernbach river. After completion, the power station is envisaged to supply the region with an average of 85 GWh of electricity per year.

Construction of the Imst-Haiming power station (IH)

On June 1, 2015 the project was filed with the EIA authority along with an application for an environmental impact assessment. After reviewing the documents filed, the authority set the deadline for the submission of supplementary documents at December 31, 2018. In order for the authority to be able to continue with the approval procedure, the corrected documentation to be submitted (first revision) was transmitted before the official deadline, namely on October 9, 2018. After another review, a further instruction to revise the project was issued in March 2019 with a deadline until the end of March 2020, which was complied with in due time. In June 2020, the

The new powerhouse will be built directly below the pumping station of the transalpine oil pipeline. After completion, two turbines will produce an average of 85 GWh of electricity per year, enough energy to supply 20,000 households.

authority issued a new instruction to revise the project, with processing scheduled to be completed by the end of March 2021.

Construction of the Kühtai storage power station (SKW)

With EIA approval having become final, preparatory work was started in 2019 to establish a basis for obtaining the decision to commence construction work in mid-2020 as envisaged and for subsequently commencing the main part of the work in Kühtai in 2021. The preparatory work was completed in due time in the fall of 2020.

The reporting year saw the start of construction work on the tailwater reservoir in Stams, with work progressing as scheduled.

During the shutdown of the Sellrain-Silz group of power stations, construction work for the connection with the Finstertal reservoir started as from October 2019, earlier than originally scheduled: the intake and outlet structure, including a blind tunnel, was completed on schedule in the fall of 2020.

In December 2020, an Austrian consortium won the award for the main construction work under an alliance agreement; the contracts for the two main machines were awarded early in 2021. The preparatory work at Kühtai already involved a great number of ecological compensatory measures (relocation of amphibians and anthills, alpine pasture improvement measures, relocation of wetland and fen areas outside the building site, etc.) as well as key work on site infrastructure and site safety (rockfall protection netting, avalanche blasting masts). For more information and an up-to-date overview of project progress, please refer to www.erneuerbareplus.at.

Concrete pouring and related work was completed already in April (f.l.): Hans-Peter Anderwald, head of operations Othmar Obrist, project manager Martin Pfennig, and Management Board member Johann Herdina (2nd f.r.).

The refurbished Kirchbichl power station was taken into operation in October 2020 in the presence of provincial governor and owner representative Günther Platter, TIWAG Supervisory Board Chair Reinhard Schretter (r.) and TIWAG Management Board Chair Erich Entstrasser (l.).

Ecological refurbishment and capacity expansion of the Kirchbichl power station (KE)

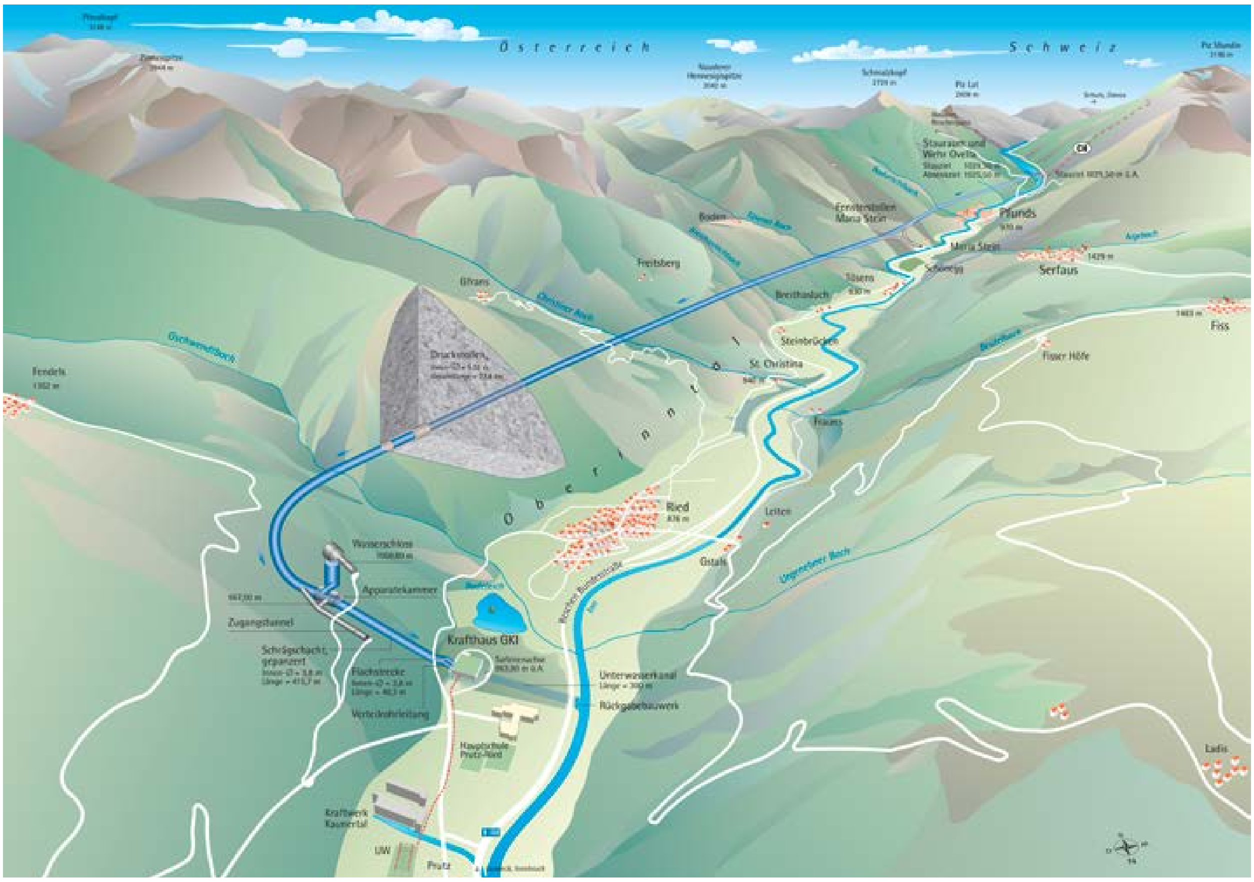
Construction work was carried out and completed in 2020 as scheduled. The water catchment plant was taken into operation already in 2019.

With regard to the new powerhouse, both the excavation work and the construction of the powerhouse itself were completed. In the fall of 2019, the intake from the upper part of the river was taken out of operation, with the refurbishment of the surface being completed on time in the spring of 2020. Installation of the operating equipment began in December 2019, permitting the machine to be taken into operation in due time in October 2020.

Progress of construction work on the joint power station on the Inn river (GKI)

The joint power station on the Inn river (GKI) on the Swiss-Austrian border is currently the largest run-of-river power station being built in the Alps. After its completion, the power station – having an installed capacity of 89 MW – will be producing some 400 GWh of clean electricity from hydropower per year. The investment volume in the amount of EUR 604.6 million related to the joint power station is one of the largest investments the Tyrolean uplands have seen in decades.

Excavation of construction pit for water catchment plant



Overview of the joint power station project on the Inn river (GKI)

Reinforcement base plate water catchment plant (first block)

Maria Stein storage area

Work on the power station construction site, which had begun in 2014, has been completed in some areas, with work in the remaining areas continuing at speed. Work on and around the reservoir in the border area near Martina, for instance, on reinforcing the embankment and elevating approximately 350 m of the cantonal road, has likewise been completed already.
Work on the construction pit perimeter and the deep foundation of the water catchment plant, which was resumed in the fall of 2019, was finalized in the summer of 2020. Work on the excavation of the construction pit for the water catchment plant, the intake structure and the fish pass has likewise been completed. Concrete work has been ongoing in this area since the end of November 2020.

Excavation work on the 23.2 km long headrace channel was completed in the reporting year. The northbound tunnel boring machine (TBM) had its breakthrough in April 2019, the southbound TBM reached its final destination in July 2019.
Once the two TBMs had been removed, extensive injection work took place to consolidate and seal the rock-face – it was completed in December 2020. Currently, the finishing work is taking place inside the Maria Stein assembly cavern.

In the area of the Prutz/Ried powerhouse, the main construction work on the under- and overground structures and the installation of machinery were completed by fall 2018, while the remaining completion work was finished in 2019. Recultivation measures have been taken around the powerhouse, the main part of which is located underground, and along the covered downstream channel. The green areas were planted, among other things, with old varieties of fruit trees.

View of Prutz/Ried powerhouse

Given the delays at the weir building site in Ovella, it is currently estimated that the joint power station on the Inn river will be taken into operation in 2022.

ÖKOENERGIE TIROL GMBH

Ökoenergie Tirol GmbH is a 100% subsidiary of TIWAG. Since its foundation in 2010, it has been an important member of TIWAG group and a highly appreciated Tyrolean partner in the region.
Even after ten years, the key objective and concern of the company has steadfastly remained making a valuable contribution to climate protection. It supplies 100% green electricity from Tyrolean small-scale hydropower stations to private and corporate customers that value top-notch quality electricity, regional sourcing, sustainability and transparency. Given the very special challenges everybody was faced with in 2020, these values have become more important than ever and will remain on the top of the agenda at Ökoenergie Tirol, also beyond this anniversary year.
The TÜV Austria Certificate “100% green electricity from Austria”, which has been regularly awarded to the company since 2017, was renewed in the reporting year. This certificate confirms, once again, that only renewable primary energy resources guaranteed to originate at a 100% from Tyrolean small-scale hydropower stations were used to produce the electricity Ökoenergie Tirol GmbH supplies to its end customers.

With Johannes Steinlechner having taken retirement in September 2020, the new managing director in charge of Ökoenergie Tirol GmbH is Daniel Hupfauf.

2020 ENERGY EFFICIENCY PACKAGE

TIWAG once again presented an attractive energy efficiency package to its customers in the reporting year. Based on a total volume of some EUR 7 million, financial support in the amount of EUR 300 per unit was provided, for instance, for the first-time purchase of heat pumps. Another EUR 1.6 million was invested in e-mobility, in particular in setting up additional charging points throughout Tyrol.

TIWAG Management Board member Thomas Gasser (r.) presents the new support package for 2020 together with deputy provincial governors Josef Geisler and Ingrid Felipe.

SMART BUILDING PILOT PROJECT IN VÖLS

A 1970s residential complex at Wolkensteinstraße in Völs was refurbished by non-profit housing development company Alpenländische Wohnbaugesellschaft to passive house standard and equipped with a number of smart hot water storage systems and electric storage heaters developed in a cooperation between TIWAG and several other Austrian companies (among them World Direct, Elektrotechnik Santeler). Relying on cutting-edge integrated smart control, measuring and communications technology, the devices installed in this residential building are now linked up to TIWAG’s energy control and billing system and thus available to provide flexible capacities and control energy. TIWAG is thus the first energy company in Austria to use household appliances to stabilize the power grid. Plans are under way to continue and expand the pilot project with other residential units.

GROUP CRISIS MANAGEMENT TEAM FACING UP TO COVID-19

As the COVID virus spread dramatically after having first been identified in Tyrol in February 2020, a first warning was issued and, on March 16, 2020, the Group Crisis Management (CCM) team was alerted. The appointed crisis team under the alternating lead of Management Board members Johann Herdina and Thomas Gasser sought expert assistance as needed in the given circumstances. In line with the development of the pandemic, the CCM met – and still meets in 2021 – at varying intervals, at least twice a week, giving at least once-a-week briefings to those organizational units that run critical or vital processes. The CCM team develops measures, orders them to be implemented and subjects them to ongoing evaluation.
The employees of TIWAG group are informed about current measures and rules of conduct at periodic intervals or as the need arises, via a number of internal information channels (blog entries on the intranet, infoservice mails, etc.). An in-house call center has been set up to deal with personal COVID-specific concerns.

The company managed to keep all processes running without disruptions. All construction projects and other work, also those activities that involved external staff, were for the most part completed on time. No significant delays occurred in the supply chains because essential materials, plant parts and other services are all being sourced regionally or within the EU. Apart from drawing on water as a local energy resource, this is another noteworthy advantage afforded by hydropower.

Protecting our employees takes highest priority. In addition to commonly used hygiene precautions, such as mouth-nose covers (FFP2 standard), disinfectant, etc., employees have access to voluntary in-house, free-of-charge PCR tests at regular intervals, in line with current infection rates. The in-house “TIWAG sewing for TIWAG” drive helped to balance the general supply shortage for mouth-nose masks in the spring of 2020 – within a month, numerous employees and their family members produced some 2,400 masks at home which were delivered to all organizational units until the end of April 2020 to provide a first level of protection for employees and their relatives. A professionally designed in-house data platform and streamlined operational structures ensure contact tracing within the company. Furthermore, effective measures to minimize in-house transmission included home office solutions, offices being limited to one-person occupancy, and contactless work handover.

Since having been convened, the CCM has proved its worth as a flexible and effective leadership instrument in the given circumstances, having coped well with the pandemic and its effects so far. Tyrol’s basic supply with electricity, gas and heat has been ensured at any given time since the outbreak of the pandemic, and the measures implemented at TIWAG group helped prevent in-house transmission to the greatest extent possible.

FINANCIAL STATEMENTS FOR THE COMPANY AND FOR THE GROUP

Energy from renewable hydropower –
this has been TIWAG's motto ever since its inception in 1924.

BALANCE SHEET AS AT DECEMBER 31, 2020

Assets	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
A. Fixed assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and advantages as well as licenses derived therefrom	5,660,697.15	6,510.9
2. Goodwill	944,301.19	1,154.1
3. Advance payments made	454,923,371.37	424,316.9
	461,528,369.71	**431,981.9**
II. Tangible assets		
1. Land, rights equivalent to land and buildings, including buildings on third-party land	545,980,396.52	499,888.2
2. Machinery and electrical plants	236,466,186.71	173,202.3
3. Line systems	230,187,259.53	218,600.5
4. Other fixtures, fittings, tools and office equipment	9,920,534.92	10,066.6
5. Advance payments made and construction in progress	222,266,185.43	248,465.0
	1,244,820,563.11	**1,150,222.6**
III. Financial assets		
1. Investments in affiliates	198,229,331.54	195,138.3
2. Loans to affiliates	170,783,333.30	180,416.7
3. Equity investments	590,761,453.02	554,623.5
4. Non-current securities (book-entry securities)	50,217,853.53	64,787.8
5. Other loans	18,760,188.32	5,990.5
	1,028,752,159.71	**1,000,956.8**
Fixed assets	**2,735,101,092.53**	**2,583,161.3**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	2,940,400.39	2,878.3
2. Finished goods and merchandise	110,954.21	111.5
3. Services not yet chargeable	299,515.85	247.3
	3,350,870.45	**3,237.1**
II. Receivables and other assets		
1. Trade receivables *with a remaining term of more than 1 year*	84,598,448.01 *5,709,646.09*	65,992.4 *6,277.0*
2. Receivables from affiliates *with a remaining term of more than 1 year*	151,666,363.35 *95,408,507.17*	154,261.8 *103,359.2*
3. Receivables from other long-term investees and investors	4,710,807.22	5,179.8
4. Other receivables and assets	22,365,292.63	8,579.8
	263,340,911.21	**234,013.8**
III. Cash in hand and at bank, checks	**32,936,002.89**	**20,794.6**
Current assets	**299,627,784.55**	**258,045.5**
C. Deferred expenses	**3,429,763.59**	**3,976.1**
D. Deferred tax assets	**19,206,049.58**	**23,433.2**
TOTAL Assets	**3,057,364,690.25**	**2,868,616.1**

Equity and liabilities	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
A. Equity		
I. Share capital	**300,000,000.00**	**300,000.0**
II. Capital reserves	**500,000.00**	**500.0**
III. Retained earnings		
1. Statutory reserve	30,000,000.00	30,000.0
2. Other reserves (uncommitted reserves)	1,102,812,937.00	1,048,813.0
	1,132,812,937.00	**1,078,813.0**
IV. Net retained profit	**35,280,418.35**	**5,414.6**
thereof carried forward	*414,604.63*	*187.2*
Equity	**1,468,593,355.35**	**1,384,727.6**
B. Investment grants	**8,941,861.05**	**8,801.6**
C. Contributions to construction costs	**173,314,068.89**	**171,775.7**
D. Provisions		
1. Provisions for severance payments	70,051,162.73	72,365.4
2. Provisions for pensions	140,458,211.95	154,816.3
3. Tax provisions	0.00	0.0
4. Other provisions	362,401,555.62	279,702.1
	572,910,930.30	**506,883.8**
E. Liabilities		
1. Bonds	110,121,244.44	110,121.2
with a remaining term of up to 1 year	*121,244.44*	*121.2*
with a remaining term of more than 1 year	*110,000,000.00*	*110,000.0*
2. Liabilities to banks	415,722,683.03	363,405.4
with a remaining term of up to 1 year	*6,737,328.52*	*23,166.2*
with a remaining term of more than 1 year	*408,985,354.51*	*340,239.2*
3. Advance payments received for orders	0.18	0.0
with a remaining term of up to 1 year	*0.18*	*0.0*
4. Trade payables	44,569,121.45	51,086.4
with a remaining term of up to 1 year	*44,040,101.45*	*50,557.4*
with a remaining term of more than 1 year	*529,020.00*	*529.0*
5. Liabilities to affiliates	42,221,934.28	59,826.9
with a remaining term of up to 1 year	*42,221,934.28*	*59,826.9*
6. Liabilities to other long-term investees and investors	620,188.70	653.1
with a remaining term of up to 1 year	*620,188.70*	*653.1*
7. Other liabilities	170,910,925.72	158,670.8
with a remaining term of up to 1 year	*73,689,476.62*	*61,580.0*
with a remaining term of more than 1 year	*97,221,449.10*	*97,090.8*
of which taxes	*30,307,267.23*	*28,262.7*
of which social security	*2,393,827.80*	*2,424.7*
	784,166,097.80	**743,763.8**
F. Deferred income	**49,438,376.86**	**52,663.6**
TOTAL Equity and liabilities	**3,057,364,690.25**	**2,868,616.1**

INCOME STATEMENT

1.	Sales revenue
2.	Increase or decrease in inventories of finished goods and work in progress and of services not yet chargeable
3.	Other own work capitalized
4.	Other operating income a) Income from the disposal of and write-ups to fixed assets excluding financial assets b) Income from reversal of provisions c) Sundry
5.	Cost of materials and other purchased manufacturing services a) Expenses for materials b) Cost of purchased services
6.	Personnel expenses a) Wages Salaries
	b) Expenses for social benefits *of which expenses for pensions* aa) Expenses for severance payments and payments for employee provision funds bb) Expenses for statutory social security and payroll-related contributions
7.	Depreciation, amortization and impairments a) of intangible fixed assets and of tangible fixed assets *of which impairment of fixed assets*
8.	Other operating expenses a) Taxes not included in item 18 b) Sundry
9.	**Subtotal items 1 to 8 (net operating income)**
10.	Income from investments *thereof from affiliates*
11.	Income from other securities and loans *thereof from affiliates*
12.	Other interest and similar income *thereof from affiliates*
13.	Income from disposals of and write-ups to financial assets and current securities
14.	Expenses related to financial assets and current securities *of which amortization and impairments* *of which expenses related to affiliates*
15.	Interest and similar expensesn *of which interest portion social capital*
16.	**Subtotal items 10 to 15 (net finance income)**
17.	**Profit before taxes**
18.	Income taxes
19.	**Profit after taxes = net income for the year**
20.	Allocation to retained earnings
21.	Profit carried forward from previous year
22.	**TOTAL Net retained profit**

	2020 EUR	2019 EUR '000
	853,148,940.45	**972,029.0**
	52,200.59	**-794.7**
	25,802,950.29	**23,897.6**
	2,397,791.81	3,643.2
	7,560,830.59	7,239.5
	2,290,042.93	3,713.9
	12,248,665.33	**14,596.6**
	-521,052,350.04	-649,406.9
	-409,830.34	-2,217.6
	-521,462,180.38	**-651,624.5**
	-7,260,182.20	-6,282.7
	-93,324,451.61	-92,536.5
	-100,584,633.81	-98,819.2
	-37,770,008.99	-44,847.7
	-12,530,121.88	*-4,553.1*
	-1,104,914.69	-16,065.4
	-23,255,406.01	-23,194.5
	-138,354,642.80	**-143,666.9**
	-70,832,190.48	**-64,293.7**
	-3,928,405.63	*-561.7*
	-682,673.31	-1,022.9
	-70,820,697.21	-61,721.7
	-71,503,370.52	**-62,744.6**
	89,100,372.48	**87,398.8**
	50,353,735.12	40,581.0
	13,991,473.74	*12,822.0*
	2,712,341.66	2,662.9
	2,448,070.82	*2,616.8*
	1,727,879.10	10,808.1
	17,844.09	*23.7*
	44,216,999.26	30,899.4
	-6,006,817.32	-249.7
	-4,406,000.00	*0.0*
	-536,716.58	*-249.7*
	-88,645,323.49	-85,554.0
	-75,708,406.29	*-73,915.9*
	4,358,814.33	**-852.3**
	93,459,186.81	**86,546.5**
	-4,593,373.09	680.9
	88,865,813.72	**87,227.4**
	-54,000,000.00	-82,000.0
	414,604.63	187.2
	35,280,418.35	**5,414.6**

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2020

Consolidated assets	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
A. Fixed assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and advantages as well as licenses derived therefrom	6,873,489.68	7,808.3
2. Goodwill	2,256,953.89	2,685.6
3. Advance payments made	1,929,574.42	1,791.7
	11,060,017.99	**12,285.6**
II. Tangible assets		
1. Land, rights equivalent to land and buildings, including buildings on third-party land	590,385,509.44	546,471.1
2. Machinery and electrical plants	259,703,794.05	198,498.3
3. Line systems	703,828,863.52	677,134.0
4. Other fixtures, fittings, tools and office equipment	10,784,598.55	11,044.0
5. Advance payments made and construction in progress	749,391,085.08	740,080.7
	2,314,093,850.64	**2,173,228.1**
III. Financial assets		
1. Investments in affiliates	1,339,719.20	1,339.7
2. Investments in associated companies	129,090,065.02	123,440.8
3. Equity investments	394,162,694.36	402,021.7
4. Non-current securities (book-entry securities)	50,900,139.80	65,471.0
5. Other loans	18,760,188.32	5,993.0
	594,252,806.70	**598,266.2**
Consolidated fixed assets	**2,919,406,675.33**	**2,783,779.9**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	3,034,476.06	3,033.4
2. Finished goods and merchandise	2,714,566.28	2,634.9
3. Services not yet chargeable	827,515.85	247.3
	6,576,558.19	**5,915.6**
II. Receivables and other assets		
1. Trade receivables *with a remaining term of more than 1 year*	130,428,625.60 *5,709,646.09*	121,984.4 *6,277.0*
2. Receivables from affiliates	270,374.97	12.7
3. Receivables from other long-term investees and investors	8,442,717.60	5,182.6
4. Other receivables and assets *with a remaining term of more than 1 year*	141,299,463.67 *95,408,507.23*	128,331.7 *103,359.2*
	280,441,181.84	**255,511.4**
III. Cash in hand and at bank, checks	**36,505,495.49**	**25,788.9**
Consolidated current assets	**323,523,235.52**	**287,215.9**
C. Deferred expenses	**4,303,205.85**	**4,410.1**
D. Deferred tax assets	**19,455,971.12**	**22,421.6**
TOTAL Consolidated assets	**3,266,689,087.82**	**3,097,827.5**

Consolidated equity and liabilities	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
A. Equity		
I. Share capital	**300,000,000.00**	**300,000.0**
II. Capital reserves	**500,000.00**	**500.0**
III. Retained earnings	**1,087,824,247.78**	**990,645.1**
IV. Consolidated net income for the year	**63,745,194.99**	**102,179.1**
V. Minority interests	**46,082,501.51**	**44,247.7**
Consolidated equity	**1,498,151,944.28**	**1,437,571.9**
B. Investment grants from public funds	**22,889,583.11**	**21,287.1**
C. Contributions to construction costs and grants	**287,278,311.24**	**280,394.3**
D. Provisions		
1. Provisions for severance payments	71,754,075.81	74,133.2
2. Provisions for pensions	142,507,664.68	156,870.0
3. Tax provisions	143,950.00	0.0
4. Other provisions	391,906,543.90	314,192.0
	606,312,234.39	**545,195.2**
E. Liabilities		
1. Bonds	110,121,244.44	110,121.2
with a remaining term of up to 1 year	*121,244.44*	*121.2*
with a remaining term of more than 1 year	*110,000,000.00*	*110,000.0*
2. Liabilities to banks	415,723,203.71	363,406.8
with a remaining term of up to 1 year	*6,737,849.20*	*23,167.6*
with a remaining term of more than 1 year	*408,985,354.51*	*340,239.2*
3. Advance payments received for orders	4,603,740.76	2,486.7
with a remaining term of up to 1 year	*4,603,740.76*	*2,486.7*
4. Trade payables	85,690,642.69	100,384.6
with a remaining term of up to 1 year	*85,161,622.69*	*99,855.6*
with a remaining term of more than 1 year	*529,020.00*	*529.0*
5. Liabilities to affiliates	781,874.56	322.2
with a remaining term of up to 1 year	*781,874.56*	*322.2*
6. Liabilities to other long-term investees and investors	1,376,460.55	7,179.3
with a remaining term of up to 1 year	*1,376,460.55*	*7,179.3*
7. Other liabilities	182,710,991.78	173,729.7
with a remaining term of up to 1 year	*85,489,542.68*	*76,638.9*
with a remaining term of more than 1 year	*97,221,449.10*	*97,090.8*
of which taxes	*33,009,947.76*	*30,054.9*
of which social security	*2,594,409.12*	*2,684.4*
	801,008,158.49	**757,630.5**
F. Deferred income	**51,048,856.31**	**55,748.5**
TOTAL Consolidated equity and liabilities	**3,266,689,087.82**	**3,097,827.5**

CONSOLIDATED INCOME STATEMENT

1.	Sales revenue
2.	Increase or decrease in inventories of finished goods and work in progress and of services not yet chargeable
3.	Other own work capitalized
4.	Other operating income a) Income from the disposal of and write-ups to fixed assets excluding financial assets b) Income from reversal of provisions c) Sundry
5.	Cost of materials and other purchased manufacturing services
6.	Personnel expenses a) Wages b) Salaries
	c) Expenses for social benefits *of which expenses for pensions* aa) Expenses for severance payments and payments for employee provision funds bb) Expenses for statutory social security and payroll-related contributions
7.	Depreciation, amortization and impairments a) of intangible fixed assets and of tangible fixed assets *of which impairment of fixed assets*
8.	Other operating expenses a) Taxes not included in item 19 b) Sundry
9.	**Subtotal items 1 to 8 (consolidated net operating income)**
10.	Income from investments *thereof from affiliates*
11.	Income from other securities and loans
12.	Other interest and similar income
13.	Income from disposals of and write-ups to financial assets and current securities
14.	Expenses related to financial assets and current securities *of which amortization and impairments* *of which expenses related to affiliates*
15.	Net income from associated companies
16.	Interest and similar expenses
17.	**Subtotal items 10 to 16 (consolidated net finance income)**
18.	**Consolidated profit before taxes**
19.	Income taxes
20.	**Consolidated profit after taxes = net income for the year**
21.	Other shareholders' shares in the income for the year
22.	**TOTAL Consolidated net income for the year**

	2020 EUR	2019 EUR '000
	1,130,428,262.95	**1,286,182.2**
	57,035.35	**-790.1**
	27,637,151.79	**25,697.1**
	2,415,335.81	3,688.4
	10,143,482.02	8,936.2
	4,093,142.84	5,768.7
	16,651,960.67	**18,393.3**
	-680,641,486.80	**-856,944.8**
	-9,202,561.96	-8,492.2
	-99,206,026.09	-98,242.4
	-108,408,588.05	-106,734.6
	-39,272,369.98	-47,815.1
	-11,833,737.53	*-5,112.0*
	-1,252,507.73	-16,341.9
	-25,218,003.40	-25,173.0
	-147,680,958.03	**-154,549.7**
	-95,317,195.53	**-87,816.7**
	-3,928,405.63	*-561.7*
	-1,507,155.96	-1,881.4
	-118,977,482.49	-104,440.1
	-120,484,638.45	**-106,321.5**
	130,650,131.95	**123,849.8**
	26,250,134.67	17,087.9
	261,240.77	*0.0*
	264,407.91	47.9
	1,727,452.96	10,830.0
	3,126,340.75	30,899.4
	-11,470,100.74	-176.7
	-10,406,000.00	*0.0*
	0.00	*-176.7*
	17,878,171.83	16,409.4
	-89,634,688.61	-87,094.2
	-51,858,281.23	**-11,996.3**
	78,791,850.72	**111,853.5**
	-11,517,947.68	-6,141.6
	67,273,903.04	**105,711.9**
	-3,528,708.05	-3,532.8
	63,745,194.99	**102,179.1**

DEVELOPMENT OF CONSOLIDATED EQUITY AS AT DEC. 31, 2020

	Share capital EUR '000	Capital reserves EUR '000	Retained reserves EUR '000	Consolidated net income for the year EUR '000	Minority interests EUR '000	Totals EUR '000
As at Jan. 1, 2019	**300,000.0**	**0.0**	**915,927.9**	**78,717.3**	**42,298.6**	**1,336,943.7**
Group's share in net income for the year	0.0	0.0	0.0	102,179.1	3,532.8	105,711.9
Dividend distribution	0.0	0.0	-4,000.0	0.0	-1,583.7	-5,583.7
Allocation to retained earnings	0.0	0.0	78,717.3	-78,717.3	0.0	0.0
Allocation to capital reserves	0.0	500.0	0.0	0.0	0.0	500.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
As at Dec. 31, 2019 = as at Jan. 1, 2020	**300,000.0**	**500.0**	**990,645.1**	**102,179.1**	**44,247.7**	**1,437,571.9**
Group's share in net income for the year	0.0	0.0	0.0	63,745.2	3,528.7	67,273.9
Dividend distribution	0.0	0.0	-5,000.0	0.0	-1,693.9	-6,693.9
Allocation to retained earnings	0.0	0.0	102,179.1	-102,179.1	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
As at Dec. 31, 2020	**300,000.0**	**500.0**	**1,087,824.2**	**63,745.2**	**46,082.5**	**1,498,151.9**

CONSOLIDATED CASH FLOW STATEMENT

		2020 EUR '000	2019 EUR '000
Net cash flow from operating activities			
Profit before taxes		78,791.9	105,711.9
+/-	Depreciation, amortization, write-downs/write-ups of assets from investing activities	103,268.1	78,116.7
-/+	Gains/losses on the disposal of assets from investing activities	311.9	-14,092.4
+/-	Reversal of contributions to construction costs, construction cost grants and investment grants	8,486.4	17,665.2
-/+	Income from investments, income from other securities and loans, as well as sundry interest and similar income/interest and similar expenses	-13,668.9	-7,783.6
+/-	Sundry non-cash expenses/income	-8,827.7	-14,200.8
	Net cash flow from net operating income	**168,361.6**	**165,417.0**
-/+	Increase/decrease in inventories, trade receivables and other assets	-17,102.7	8,208.7
+/-	Increase/decrease in provisions	60,973.1	40,278.5
+/-	Increase/decrease in trade payables and other liabilities	-10,892.9	-10,225.0
	Net cash flow from operating activities before taxes	**201,339.1**	**203,679.2**
-/+	Payments/credits for income taxes	-16,789.4	-11,248.2
Net cash flow from operating activities		**184,549.6**	**192,431.0**
Net cash flow from investing activities			
+	Proceeds from the disposal of assets (excluding financial assets)	3,482.0	2,094.3
+	Proceeds from the disposal of financial assets and other financial investments	64,369.5	74,012.8
-	Payments for additions to assets (excluding financial assets)	-238,358.4	-221,408.0
-	Payments for additions to financial assets and other financial investments	-63,050.6	-64,625.4
+	Proceeds from income from investments, interest and securities	26,594.9	19,798.7
Net cash flow from investing activities		**-206,962.7**	**-190,127.6**
Net cash flow from financing activities			
+	Proceeds from the addition of equity	0.0	500.0
-	Dividends paid	-6,693.9	-5,583.7
+	Proceeds from the issuance of bonds and the taking out of financial loans	74,000.0	111,965.4
-	Payments for redeeming bonds and financial loans	-22,026.4	-107,715.2
+/-	Other proceeds/payments relevant for financing	775.8	-539.3
-	Payments for interest and similar expenses	-12,925.9	-11,911.5
Net cash flow from financing activities		**33,129.6**	**-13,284.3**
Net change in cash and cash equivalents		**10,716.6**	**-10,980.9**
+	Cash and cash equivalents at the beginning of the period	25,788.9	36,769.8
TOTAL **Cash and cash equivalents at the end of the period**		**36,505.5**	**25,788.9**

NOTES

Environmentally friendly, clean and carbon-free electricity generation contribute to Tyrol's high quality of living – for generations to come.

I. GENERAL EXPLANATORY NOTES

The separate and consolidated financial statements for the fiscal year ended on December 31, 2020 were drawn up in conformity with generally accepted accounting standards as well as in accordance with the accounting rule of providing a true and fair view of the financial position, cash flows and profit or loss of the company, in conformity with the provisions of the Austrian Business Code *(Unternehmensgesetzbuch, UGB)*, the supplementary provisions of the Austrian Stock Corporation Act *(Aktiengesetz, AktG)* and the special statutory provisions of the Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG)*, as amended from time to time. TIWAG-Tiroler Wasserkraft AG qualifies as a large corporation within the meaning of section 221 (3) UGB and as a five-times large company within the meaning of section 271a (1) UGB.

In an effort to avoid duplication of both texts and figures, the notes to the consolidated financial statements were merged with the notes to the separate financial statements.

The previously used form of presentation was continued in preparing the separate and consolidated financial statements, and the income statement was structured as a single-column statement based on the nature of expense method. Balance sheet items have been added for better understanding. The reporting currency is the Euro; all prior-year figures are given in thousands of euros (EUR ‘000 or EUR thousand).

The summation of rounded amounts and percentages may result in rounding differences due to the use of automatic calculation aids.

II. ACCOUNTING PRINCIPLES

General principles

The separate and consolidated financial statements were drawn up in conformity with generally accepted accounting standards as well as in accordance with the accounting rule of providing a true and fair view of the financial position, cash flows and profit or loss of the company.

The items of the separate and consolidated financial statements were recognized with due consideration of the economic substance of the relevant transactions or arrangements and the principle of materiality in terms of recognition, valuation, consolidation, presentation and disclosure. The separate and consolidated financial statements were prepared in compliance with the principle of completeness and non-offsetting.

Balance sheet items were measured on a going-concern basis, and assets and liabilities were valued on an item-by-item basis as at the balance sheet date. The principle of prudence was taken into account in particular by recording only profits and gains realized as at the balance sheet date and by taking account of all discernible risks and impending losses as well as impairments. Likewise, the principle of continuity in accounting was adhered to. Where values could not be determined other than by estimation, the principle of reliable estimates was complied with.

The accounting principles applied to the previous separate and consolidated financial statements were continuously retained. Information on adjustments is contained both in Receivables and other assets and Other provisions. Trade receivables comprise accrued energy supply and network services not yet metered at the balance sheet date. Accrued income from customers billed annually (electricity) was adapted in the year under report.

Intangible assets

Intangible fixed assets that were acquired for a consideration are measured at cost and – provided they are amortizable – factoring in amortization. Amortization is linear; a period of 10 to 20 years is set as the basis for the estimated useful life of electricity purchase rights, rights of shared use of radio relay and transmission systems and easements. A period of 3 to 5 years applies to IT programs and patents. Goodwill the useful life of which cannot be reliably estimated is amortized on a straight-line basis over a ten-year period. Where an asset is expected to be impaired on a lasting basis, its value will be written down to the lower fair value as at the balance sheet date. In the reporting year, the separate financial statements included write-downs in the amount of EUR 3,197,811.48 (prior year, EUR 0.0 thousand).

Tangible assets

Tangible assets which are designated to serve business operation purposes on a lasting basis and the useful life of which is limited are measured at cost less depreciation. Cost comprises both direct cost and overhead or indirect cost; there was no need for eliminating excessive indirect cost due to obvious unabsorbed overhead. Expenses for voluntary social contributions, for occupational pensions and severance payments were included in cost, and no directly attributable interest on borrowed capital was recorded.

Tangible assets are depreciated on a linear basis over a period of 4 to 66.7 years from the date of taking into operation. The balance sheet for tax purposes reflects the fact that the company availed itself of the temporarily available opportunity of accelerated depreciation (diminishing balance method) (section 7 (1a) and section 8 (1a) Income Tax Act), with the respective differences being recorded as deferred taxes. Additions made in the first six months of the year are subject to full-year depreciation, additions made in the second six months to half-year depreciation. No residual value is recognized in calculating depreciation.

The span of estimated useful life in the individual asset categories is as follows:

Buildings:	10 (huts) to 66.7 years
Hydraulic structures:	$33\,^{1}/_{3}$ to 50 years
Mechanical and electrical equipment:	10 to 35 years
Line systems:	10 to 40 years
Other fixtures, fittings, tools and office equipment:	4 to 10 years
Low-value assets:	4 to 5 years

The periods of estimated useful life are based on the unified depreciation rates for the electricity industry approved by a decree of the Federal Ministry of Finance. Low-value fixed assets in a negligible amount were recognized and fully depreciated in the year of acquisition (section 204 (1a) UGB). The option of immediate depreciation is exercised only if it does not run counter to the general principle of presenting fairly, in all material respects, the company's net assets, financial position, and the results of its operations. Where a fixed asset is expected to be impaired on a lasting basis, its value will be written down to its lower fair value as at the balance sheet date.

In the reporting year, the separate financial statements included write-downs in the amount of EUR 730,594.15 (prior year: EUR 561.7 thousand) and the consolidated financial statements in the amount of EUR 3,928,405.63 (prior year: EUR 561.7 thousand). Where the reasons for write-downs due to impairments no longer apply, the amount of such write-down will be written up in the extent in which the value of the asset has increased, with due consideration of any depreciation that would have been necessary in the meantime, with depreciated cost of acquisition or production forming the upper limit.

Financial assets

Investments in affiliates and investments which serve business operation purposes on a lasting basis and the useful life of which is not limited are recognized at the lower of cost or fair value (section 189 a (3) UGB). Impairments that are merely temporary are not recognized. If it turns out that the reasons for a write-down due to impairment no longer apply, the write-down will be reversed in the extent in which the value has increased. In the reporting year, the separate financial statements included write-ups in the amount of EUR 43,635,000.00 (prior year: EUR 9,700.0 thousand) and the consolidated financial statements in the amount of EUR 2,544,000.00 (prior year: EUR 9,700.0 thousand).

Non-current securities and book-entry securities which serve business operation purposes on a lasting basis are recognized at cost.

At the balance sheet date, the lower fair value is recognized. Impairments that are merely temporary are not recognized. Listed stocks are impaired if their fair value is less than the weighted average price. Receivables from the provision of capital to third parties with a remaining term of more than one year are recognized as loans under financial assets and measured at their nominal amount. Loans bearing low interest or no interest at all are discounted and recognized at their present value.

Inventories

Raw materials and supplies as well as finished goods and merchandise which are not designated as serving business operation purposes on a lasting basis are measured at cost, applying the lower-of-cost-or-market principle. Similar inventory items are grouped together and recognized based on the average value method.

If, as at the balance sheet date, the value derived from the stock market price or market price is lower, they will be written down to that value. Inventory risk arising from length of storage or obsolescence are taken account of in the form of appropriate reductions in value.

Services not yet chargeable are recorded at cost. Part of the voluntary social security contributions is included in the calculation of cost. Directly attributable interest on borrowed capital is not recognized. In the case of contracts that will take longer than twelve months to complete, no commensurate parts of the respective administration and distribution costs are recognized in the current fiscal year. If, from an economic point of view, a contracted activity has been completed for the customer, the amount will be recognized as a receivable.

Receivables and other assets

Receivables and other assets are recognized at cost (nominal amount) as at the time of unilateral acceptance of contractual obligation. Trade receivables comprise accrued energy supply and network services not yet metered at the balance sheet date. The presentation of accrued income was adapted in the year under report. Estimated consumption, distribution of quantities (seasonality) and current pricing information provide the basis for calculating and recognizing accruals and deferrals for each customer at single-day granularity.

On the balance sheet date, the fair value is determined, i.e. the amount that can be reasonably expected – based on an entrepreneurial assessment – to be obtained, and, if specific risks can be identified, an impairment loss (write-down) will be recognized.
Receivables in foreign currencies are measured at the lower of the exchange rate prevailing upon acquisition or the bid price as at the balance sheet date.

Cash in hand and at bank, checks

Along with liquid funds in the narrowest sense, i.e. checks, cash in hand and at bank, cash also includes short-term investments that can be converted into cash amounts at any time. Cash is recognized at nominal value. Foreign currencies holdings are measured at the lower of the exchange rate prevailing upon acquisition or the bid price as at the balance sheet date.

Deferred expenses

Deferred expenses include expenditure incurred before the balance sheet date to the extent it represents expense attributable to a specific period after said date.

Current and deferred income taxes

The subsidiaries TIGAS-Erdgas Tirol GmbH, TINETZ-Tiroler Netze GmbH, Achenseeschiffahrt-GesmbH, Stadtwärme Lienz Produktions- und Vertriebs-GmbH and Ökoenergie Tirol GmbH were included in group taxation with TIWAG-Tiroler Wasserkraft AG as the tax group parent. In addition, Bioenergie Kufstein GmbH was included in group taxation via a shareholding consortium. The profit or loss of the group members under tax law is attributed to the group parent which, subsequently, pays group-wide corporate income tax to the tax authority. With regard to tax allocation, profit and loss transfer agreements have been concluded with TINETZ-Tiroler Netze GmbH, Achenseeschiffahrt-GesmbH, Stadtwärme Lienz Produktions- und Vertriebs-GmbH, Ökoenergie Tirol GmbH, and TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH; in the case of the remaining companies, taxes are allocated in accordance with the stand-alone method.

Deferred taxes are accounted for using the temporary difference approach. In the event of a future tax burden, the differences between the valuations of assets, provisions, liabilities and deferrals and accruals under corporate and tax law are recognized as deferred tax liabilities and, in the event of a future tax relief, as deferred tax assets. Deferred tax assets resulting from tax loss carryforwards are not recognized. Upon initial recognition of goodwill, no deferred taxes will be taken into account.

The differences are measured based on expected tax burdens and reliefs for subsequent fiscal years determined with reasonable assurance and a corporate income tax rate of 25%. As tax liabilities or tax assets are with one and the same tax authority, deferred tax assets and liabilities are offset. Difference amounts are not discounted. Movements in recognized deferred taxes are shown separately in the income statement under Income taxes. The provisions of section 198 (9), (10) UGB as amended by RÄG 2014 had to be applied for the first time to fiscal years starting after December 31, 2015. The difference between the amount resulting from first-time application at the beginning of the fiscal year and the amount shown in the preceding financial statements amounted to EUR 34,866,894.39. This amount is distributed over a five-year period under the transition provisions set out in section 906 (34) UGB. As at December 31, 2020, this difference has become fully depleted (prior year: EUR 6,973.4 thousand). The differences between measures of assets, liabilities and accruals and deferrals under company law and tax law give rise to a tax relief of EUR 19,206,049.58 (prior year: EUR 23,433.2 thousand) in the reporting year.

Investment grants

Non-refundable investment grants received from public coffers are shown in a special line item on the Equity and Liabilities side of the balance sheet and are measured at fair value. This item is reversed starting from the date the relevant assets are taken into operation, based on the useful life in accounting terms of the assets for which the grant was given. The grants claimed under the COVID-19 investment premium scheme are treated as non-refundable grants received from public coffers and are recorded as a special deferred income item on the Equity and Liabilities side of the balance sheet. For all assets for which funding had been firmly committed by December 31, 2020 and which had already been acquired or produced, we recognized an investment premium on the Equity and Liabilities side and a receivable from the grant provider in the same amount on the Assets side.

Contributions to construction costs

This separate line item on the Equity and Liabilities side shows the connection charges levied and construction cost contributions and grants received, which are reversed in line with the contract duration or period of use of the assets for which they were paid. Contributions to construction costs made by subscribers from the fiscal year 2000 onwards are reversed over a period of 20 years. As of the fiscal year 2007, the contributions to construction costs collected by TINETZ-Tiroler Netze GmbH have been passed on to TIWAG as the group parent company, since TIWAG is obligated to make the investments under the existing lease contract. The amounts reversed are shown in sales revenue.

Provisions

Provisions for severance payments were calculated based on actuarial principles, using the Projected Unit Credit Method and applying the principles for the calculation of pension insurance *(AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung)*. Entitlement to severance payments is based on the collective bargaining agreement for energy supply companies in Austria. Calculations are made in conformity with the statutory transition provisions as set out in the Budget Implementation Act 2011 *(Budgetbegleitgesetz)* and the Federal Constitutional Law on Age Limits *(BVG-Altersgrenzen, Federal Law Gazette 832/1992)*. A 2% adjustment for inflation and an actuarial interest rate based on the yields of senior fixed-income corporate bonds of -0.01% p.a. as at the balance sheet date (prior year: 0.39%) were applied in measuring severance payment obligations. The earlier of actuarial pension age and 25th year of service was applied as the end of the financing obligation. No discount for staff turnover was recognized. The average remaining term of existing arrangements (duration) was estimated at 8.35 years.

Movements in severance payment provisions are recognized in Personnel expenses under Expenses for severance payments, and in Interest expense.

For all employment relationships starting after December 31, 2002, the employer pays, on a monthly basis, 1.53% of the wage or salary into an employee provision fund which invests the relevant amounts on an account for each employee.

Existing guidelines and employer/works council agreements provide for an obligation, under certain circumstances, to make payments to employees or their survivors under company pension or survivors benefits plans. The amounts recognized as pension provisions were calculated in accordance with actuarial principles and applying the principles for the calculation of pension insurance. With direct obligations, the overall pension obligation for current pensions is calculated as the present value of future pension payments, and for vested claims the amount is determined using the Projected Unit Credit Method. A pension trend value between 1.5% and 2.5%, depending on the bylaws, was used in calculating expected pension payments; no discount for staff turnover was recognized. The determined amount was discounted using an actuarial interest rate based on the yields of senior fixed-income corporate bonds (-0.01% p.a. as at the balance sheet date; prior year: 0.39%). The average remaining terms (durations) were estimated at 6.34 years. Movements were recognized in Personnel expenses under Expenses for pensions, and in Interest expense.

In respect of outsourced pension obligations, provisions are recognized insofar as such outsourcing does not comprise all risk components. Assets held by the pension fund, the amounts of which are derived from the provision recognized by the pension fund for such obligation, are deducted from the overall pension obligation. If the overall pension obligation exceeds the provision recognized for such obligation by the pension fund, a provision is recognized in the amount of such difference. A pension trend value of 1.5% or 2.5%, depending on the bylaws, was used in calculating expected pension payments; no discount for staff turnover was recognized. The determined amount was discounted using an actuarial interest rate based on the yields of senior fixed-income corporate bonds (0.41% p.a. as at the balance sheet date; prior year: 0.97%). With regard to outsourced pension obligations, the average remaining terms (durations) were estimated at 14.55 years. Movements are recognized in Personnel expenses under Expenses for pensions, and in Interest expense.

Provisions for anniversary bonuses are recognized for employees who, until the estimated end of term of their employment, will have accumulated the years of service necessary to claim such bonuses. The amount of the bonus is set out in the collective bargaining agreements. Provisions for anniversary bonuses are determined based on actuarial principles. Calculations are based on the statutory transition provisions as set out in the Budget Implementation Act 2011 and the Federal Constitutional Law on Age Limits (Federal Law Gazette 832/1992). A 2% adjustment for inflation and an actuarial interest rate based on the yields of senior fixed-income corporate bonds (0.07% p.a. as at the balance sheet date; prior year: 0.47%) were applied in measuring anniversary bonuses. The average remaining term of existing arrangements (duration) was estimated at 9.28 years.

Movements in the provision for anniversary bonuses were recognized in Personnel expenses under Expenses for wages and salaries, and in Interest expense.

Provisions for payments of benefits in kind are calculated based on actuarial principles and using the principles for the calculation of pension insurance. An actuarial interest rate based on the yields of senior fixed-income corporate bonds (0.46% p.a. as at the balance sheet date; prior year: 0.97%) was applied in discounting. No discount for staff turnover is recognized. The average remaining term of existing arrangements (duration) was estimated at 16.18 years. Movements in the provision were recognized in Expenses for pensions and in Interest expense.

As for the measurement of other provisions, all identifiable risks were taken into account and assessed at a settlement value based on the best possible estimate taking into account expected future increases in prices and costs. Provisions with a remaining term of more than one year are discounted using an adequate interest rate. The remaining term is the period between the balance sheet date and the time such provision is expected to be used. The effects resulting from a change in discount rate or estimated remaining term are shown in Net finance income.

Liabilities

Liabilities are recognized with their agreed settlement amount, i.e. the amount that has to be made available to redeem a liability. If the settlement amount is higher on the balance sheet date, this amount will be recognized under the higher of cost or market principle. Pension obligations are recognized at the present value of future payments.
If the settlement amount for a liability is higher, at the time of its recognition, than the amount actually paid out, the difference is added to deferred expense on a mandatory basis and reported separately. This amount will be distributed over the facility's term and recognized on an accrual basis under interest expense. Foreign currency liabilities are measured at the higher of cost upon first recognition or exchange rate at the balance sheet date. Major foreign currency exposures are hedged through corresponding hedging transactions. Where currency, maturity and amount match and the hedge is deemed effective, the hedging relationship is accounted for in a combined unit of measurement.

Deferred income

Deferred income shows income received before the balance sheet date to the extent it represents income attributable to a specific period after said date. This item also includes amounts relating to impairment loss reversal reserves under tax law which were recognized after December 31, 2015.

Cross border leasing

In the fiscal years 2001, 2002 and 2003, several cross-border leasing transactions were concluded; those for a part of the Sellrain-Silz group of power stations continue to apply.

Under these leasing transactions, rights of use regarding certain assets (power stations) are granted to US trusts, while these assets are simultaneously leased back. The trusts are set up for the benefit of institutional investors resident in the US. Legal ownership of the assets remains unchanged under Austrian law.
The total net present value benefit of the still existing transactions hereunder amounted to EUR 46.1 million (prior year: EUR 46.1 million). The inflow resulting therefrom has been recorded on the balance sheet as deferred income. It will be reversed over the term of the underlying lease contracts.

As the closing date payment received was used to make payments under the payment undertaking agreements and provides sufficient funds to pay all scheduled obligations under the lease, the transaction does not give rise to either assets or liabilities on the part of TIWAG-Tiroler Wasserkraft AG if one applies a substance over form approach. Consequently, there is no interest income or interest expense attributable to TIWAG-Tiroler Wasserkraft AG either. Upon conclusion of these cross-border leasing transactions, payment undertaking agreements and agreements on hedging instruments had been concluded with financial institutions with excellent credit ratings.

Derivative financial instruments

TIWAG-Tiroler Wasserkraft AG uses derivative financial instruments for hedging purposes, combining each of them with the hedged underlying transaction to form a single unit of measurement, provided the relevant requirements are met. More specifically, derivative financial instruments (commodity forwards) are used in the energy sector to market the energy to be produced from hydropower and to cover the gap between own physical hydropower generation and customers' electricity demand. A book structure is used to differentiate between different types of commodity forwards.

Under this system, derivative financial instruments are recognized as such when the forwards are allocated to the "business on own account" book. "Business on own account" is considered a separate portfolio, which includes arbitrage transactions and transactions concluded for speculative purposes. As at the balance sheet date, the "business on own account" book is measured at fair value. The valuation amount resulting from the offsetting of negative and positive changes in value is measured based on the imparity principle. If the result is negative, a provision for contingent losses is reported. Commodity derivatives which serve the purpose of structured procurement and marketing are allocated to the "own use" book. In this case, the definition of derivative financial instruments does not apply; such transactions are recognized, measured and reported based on the general accounting principles for executory contracts.

Where the balance of all the fair values of the underlying and hedging transactions of the respective unit of measurement is positive, it will not be reported.

Short-term contracts concluded on the spot markets (over the counter/OTC or electricity exchanges) to avoid differences between planned electricity supply and existing energy quantities are not counted as derivative financial instruments, as they lack the characteristics of futures contracts.

III. CONSOLIDATED GROUP

The consolidated financial statements of TIWAG-Tiroler Wasserkraft AG for the fiscal year ending on December 31, 2020 were prepared in compliance with sections 244 – 267 of the Austrian Business Code (UGB) as amended and effective at the balance sheet date.

The consolidated group was determined based on the provisions of sections 247 and 249 UGB. As at December 31, 2020, seven Austrian and two foreign subsidiaries, including TIWAG-Tiroler Wasserkraft AG as parent company (prior year: seven Austrian and two foreign subsidiaries), were included in the consolidated financial statements as fully consolidated companies. Two subsidiaries (prior year: 2) were not included in the consolidated financial statements for lack of materiality and were shown under Investments in affiliates.

The following subsidiaries are included in the consolidated financial statements by way of full consolidation:

- TINETZ-Tiroler Netze GmbH
- TIGAS-Erdgas Tirol GmbH
- Achenseeschiffahrt-GesmbH
- Gemeinschaftskraftwerk Inn GmbH
- Ökoenergie Tirol GmbH
- Stadtwärme Lienz Produktions- und Vertriebs-GmbH
- TIWAG-Italia GmbH (in liquidation), and
- SELGAS GmbH

Four associated companies are included based on the equity method (prior year: 4). TIWAG's equity investment in Innsbrucker Kommunalbetriebe Aktiengesellschaft (IKB AG) as well as TIGAS's equity investment in Südtirolgas AG are included as associated companies pursuant to section 263 (1) UGB. Two (prior year: 2) companies have not been included as associated companies for lack of materiality pursuant to section 263 (2) UGB.

The companies not fully consolidated pursuant to section 249 (2) UGB and not measured using the equity method pursuant to section 263 (2) UGB present the following ratios:

	Not fully consolidated (section 249 (2) UGB) compared to the group (in %)	Not measured using the equity method (section 263 (2) UGB) compared to the group (in %)
Fixed assets	0.05	0.16
Current assets	0.37	0.38
Shareholders' equity	0.13	0.13
Debts	0.06	0.23
Sales revenue	0.25	0.48
Net profit/loss	0.39	0.70

IV. CONSOLIDATION PRINCIPLES

The consolidated financial statements and the financial statements of the companies included in the consolidated financial statements were prepared as at December 31, 2020.

Fully consolidated subsidiaries

The separate financial statements of the subsidiaries included in the consolidated financial statements of TIWAG-Tiroler Wasserkraft AG were prepared in accordance with the applicable laws and regulations and applicable accounting and measurement standards. Reconciliations (balance sheet adjusted for consolidation purposes) were made as far as necessary.

The pooling-of-interests method of accounting was used for the first-time consolidation of those subsidiaries that were included in the consolidated financial statements before January 1, 2016 (section 906 (35) UGB). Subsidiaries that were included in the consolidated financial statements after January 1, 2016 were measured based on their fair value. The capital of subsidiaries was offset as at the time of acquisition of the shares or the time of first-time inclusion in consolidation.

A balancing item for the shares of the other companies is reported separately under consolidated equity, in minority interests.

Associated companies

Material investments in associated companies are shown separately in the consolidated balance sheet. Upon initial recognition, the shares in associated companies are recognized at their carrying amounts.
The effective date for the inclusion of Innsbrucker Kommunalbetriebe AG (IKB) based on the pooling-of-interests method of accounting was December 31, 2002, for the share purchased in 2002, and December 31, 2006, for the share purchased in 2006. Because of the contractual situation, the separate financial statements of the associated company are used as a basis for using the equity method.

The amounts determined upon first-time consolidation will be increased or decreased accordingly in subsequent years by the amount of proportional changes in equity. The profit distributions attributable to each investment are deducted.

Consolidation of debt is effected by offsetting mutual receivables, loans, provisions and payables as well as mutual contingent liabilities. In line with the principle of materiality, no intra-group profits/losses had to be eliminated between the companies included in the consolidated financial statements. In the course of the consolidation of expenses and income, intra-group expenses and income were eliminated in accordance with the principle of materiality.

V. NOTES TO THE BALANCE SHEET (SEPARATE FINANCIAL STATEMENTS)

Intangible assets

Intangible assets in the amount of EUR 461,528,369.71 (prior year, EUR 431,982.0 thousand) mainly include electricity procurement rights, IT programs, goodwill and similar rights. Goodwill accounted for EUR 944,301.19 (prior year: 1,154.1 thousand). Amortization in the reporting period amounted to EUR 5,148,773.53 (prior year, EUR 1,761.2 thousand), of which EUR 3,197,811.48 (prior year: EUR 0.0 thousand) are attributable to the impairment of an advance payment. The increase in this balance sheet item is attributable mainly to amortization of advance payments made for the share in the electricity procurement rights in the joint Inn river power station.

Tangible assets

Of the additions to tangible assets, EUR 94,864,872.45 (prior year: EUR 61,349.9 thousand) can be attributed to generation, EUR 54,367,239.67 (prior year: EUR 68,087.1) to transformation and distribution, EUR 7,215,063.65 (prior year: EUR 1,153.8 thousand) to smart counters and meters, and EUR 4,307,443.87 (prior year: EUR 3,778.9 thousand) to administration and other items. Losses through disposal of tangible assets amount to EUR 215,612.66 (prior year: EUR 129.5 thousand), of which EUR 39,069.49 (prior year: EUR 31.0 thousand) come from sales. Profit from the sale of tangible assets amounts to EUR 535,449.54 (prior year: EUR 1,780.8 thousand). The item Land, rights equivalent to land and buildings, including buildings on third-party land includes land valued at EUR 54,176,824.94 (prior year: 53,377.9 thousand).

As at the balance sheet date, no major obligations existed from the use of tangible assets not shown in the balance sheet under lease and hire-purchase agreements.

For a detailed breakdown of fixed assets and movements in fixed assets in the course of the reporting period, refer to the statement of fixed assets.

Financial assets

Year-on-year, the carrying amount of financial assets increased by a total of EUR 27,795,409.87 to EUR 1,028,752,159.71 (prior year: EUR 1,000,956.7 thousand). The statement of equity investments provides an overview of shares held, equity and profit/loss of the last fiscal year for which financial statements are available; a detailed breakdown of financial assets including reversals of impairment losses in the reporting year is provided in item III. of the statement of fixed assets.

Loans totaling EUR 437,173.11 (prior year: EUR 444.6 thousand) will become due within one year. Non-current securities with a carrying amount of EUR 50,000,000.00 (prior year: EUR 64,569.9 thousand) are being used to cover pension provisions.

EQUITY INVESTMENTS AS DEFINED BY SECTION 238 (1) (4) OF THE AUSTRIAN BUSINESS CODE (UGB) (STATEMENT OF EQUITY INVESTMENTS)

Company	Commercial register number	Nominal capital as at Dec. 31, 2020	
Shares held in affiliates			
1. TIGAS-Erdgas Tirol GmbH, Innsbruck [3) 8)]	FN 33547 i	EUR	65,915,000.00
2. Achenseeschiffahrt-GesmbH, Eben [3) 4) 8)]	FN 40405 w	EUR	37,000.00
3. Ökoenergie Tirol GmbH, Innsbruck [3) 7) 8)]	FN 45176 k	EUR	38,000.00
4. TINETZ-Tiroler Netze GmbH, Innsbruck [3) 4) 8)]	FN 216507 v	EUR	500,000.00
5. TIWAG-Italia GmbH in liquidation, Bolzano [3) 10)]	02359610215	EUR	90,000.00
6. TIWAG Beteiligungs GmbH, Innsbruck	FN 238803 g	EUR	100,000.00
7. TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Haiming [7)]	FN 236070 m	EUR	500,000.00
8. Stadtwärme Lienz Produktions- und Vertriebs-GmbH, Lienz [3) 7) 8)]	FN 195282 f	EUR	4,545,000.00
9. Gemeinschaftskraftwerk Inn GmbH, Innsbruck [3)]	FN 277806 p	EUR	200,000.00
10. SELGAS GmbH, Bolzano [3) 6)]	02319210213	EUR	245,000.00
Equity investments			
1. Energie AG Oberösterreich, Linz	FN 76532 y	EUR	88,653,782.00
2. Bioenergie Kufstein GmbH, Kufstein [8)]	FN 226474 a	EUR	2,350,000.00
3. VERBUND AG, Vienna	FN 76023 z	EUR	347,415,686.00
4. Innsbrucker Kommunalbetriebe AG, Innsbruck [5)]	FN 90981 x	EUR	10,000,000.00
5. VERBUND Hydro Power GmbH, Vienna	FN 84438 z	EUR	139,791,918.00
6. Südtirolgas AG, Bolzano [5) 6)]	08284030155	EUR	16,400,000.00
7. Bayerngas GmbH, Munich [6)]	HRB 5551	EUR	90,695,150.00
8. AGGM Austrian Gas Grid Management AG, Vienna [6)]	FN 212990 x	EUR	500,000.00
9. Bioenergie Schlitters GmbH, Schlitters [6)]	FN 281941 w	EUR	41,000.00
10. APCS Power Clearing and Settlement AG, Vienna [9)]	FN 196976 x	EUR	2,200,000.00
11. CISMO Clearing Integrated Services and Market Operations GmbH, Vienna [9)]	FN 197614 i	EUR	400,000.00
12. OeMAG Abwicklungsstelle für Ökostrom AG, Vienna [9)]	FN 280453 g	EUR	100,000.00
13. EDA Energiewirtschaftlicher Datenaustausch GmbH, Vienna [9)]	FN 541768 v	EUR	45,000.00
14. Ötztaler Wasserkraft GmbH, Umhausen [11)]	FN 353576 s	EUR	100,000.00

[1)] Shareholders' equity as defined by section 224 (3)(A) of the Austrian Business Code
[2)] Net income (+)/loss (-) for the year
[3)] Full consolidation as defined by sections 254 – 261 of the Austrian Business Code
[4)] A profit and loss transfer agreement was concluded with the company.
[5)] Associated company
[6)] Shares held by TIGAS-Erdgas Tirol GmbH.
[7)] A profit and loss transfer agreement was entered into for the reporting year.
[8)] Included in group taxation.
[9)] Interest is held by TINETZ-Tiroler Netze GmbH.
[10)] In liquidation; opening balance sheet for liquidation as at June 9, 2010
[11)] Interest is held by TIWAG Beteiligungs GmbH.
[12)] As the company was only founded in 2020, there are no annual financial statements available at the time of preparation of this statement of equity investments.

Share of Nominal capital in %		Share of Nominal capital	Last financial statements		Share capital in last fiscal year [1]		Profit/loss of last fiscal year [2]
86.000	EUR	56,686,900.00	2020	EUR	344,946,837.60	EUR	24,364,035.08
100.000	EUR	37,000.00	2020	EUR	746,734.77	EUR	-536,716.58
100.000	EUR	38,000.00	2020	EUR	516,225.20	EUR	48,632.80
100.000	EUR	500,000.00	2020	EUR	5,991,514.00	EUR	3,425,671.64
100.000	EUR	90,000.00	2019	EUR	-491,699.00	EUR	-33,096.00
100.000	EUR	100,000.00	2020	EUR	284,316.84	EUR	-969.96
100.000	EUR	500,000.00	2020	EUR	1,704,731.85	EUR	261,240.77
100.000	EUR	4,545,000.00	2020	EUR	8,375,775.05	EUR	1,372,485.74
86.000	EUR	172,000.00	2020	EUR	278,112.02	EUR	5,859.80
81.633	EUR	200,000.00	2019	EUR	2,388,620.00	EUR	1,632,950.00
8.284	EUR	7,343,855.70	2019/2020	EUR	833,265,505.95	EUR	77,802,529.31
50.000	EUR	1,175,000.00	2019	EUR	3,584,718.07	EUR	1,061,199.71
8.218	EUR	28,549,755.00	2019	EUR '000	3,088,108.80	EUR '000	619,537.00
49.999	EUR	4,999,900.00	2019	EUR	370,637,968.04	EUR	32,563,160.22
0.221	EUR	308,460.00	2019	EUR '000	1,744,929.50	EUR '000	331,798.00
49.000	EUR	8,036,000.00	2019	EUR	46,921,843.00	EUR	3,259,015.00
10.000	EUR	9,069,550.00	2019	EUR	243,105,638.22	EUR	25,448,008.17
2.000	EUR	10,000.00	2019	EUR	2,369,331.05	EUR	1,130,967.05
48.780	EUR	20,000.00	2019	EUR	211,714.67	EUR	63,861.90
5.000	EUR	110,000.00	2019	EUR	3,430,475.42	EUR	361,475.42
2.500	EUR	9,999.40	2019	EUR	3,131,144.13	EUR	2,331,144.13
12.600	EUR	12,600.00	2019	EUR	5,975,373.45	EUR	380,561.68
6.667	EUR	3,000.00	NA [12]	EUR	NA [12]	EUR	NA [12]
25.000	EUR	25,000.00	2020	EUR	-15,829.05	EUR	-209,068.20

MOVEMENTS IN FIXED ASSETS (STATEMENT OF FIXED ASSETS)

Balance sheet item
I. Intangible assets
1. Electricity procurement rights
2. Other rights
3. IT programs
4. Goodwill
5. Advance payments made
TOTAL I. Intangible assets
II. Tangible assets
1. Land, rights equivalent to land and buildings, including buildings on third-party land
2. Machinery and electrical plants
3. Line systems
4. Other fixtures, fittings, tools and office equipment
5. Advance payments made and construction in progress
TOTAL II. Tangible assets
III. Financial assets
1. Investments in affiliates
2. Loans to affiliates
3. Equity investments
4. Non-current securities (book-entry securities)
5. Other loans
TOTAL III. Financial assets
TOTAL **fixed assets**

	Cost of acquisition and/or production				
	As at January 1, 2020 EUR	Additions EUR	Disposals EUR	Transfers EUR	As at Dec. 31, 2020 EUR
	41,166.60	0.00	0.00	0.00	41,166.60
	18,625,358.65	7,345.28	-9,602.00	0.00	18,623,101.93
	23,877,979.09	695,313.23	-77,829.83	101,688.51	24,597,151.00
	52,561,826.54	0.00	0.00	0.00	52,561,826.54
	428,056,200.30	33,955,279.41	-62,108.87	0.00	461,949,370.84
	523,162,531.18	**34,657,937.92**	**-149,540.70**	**101,688.51**	**557,772,616.91**
	1,330,946,988.34	17,364,622.67	-274,737.07	48,047,683.48	1,396,084,557.42
	993,216,405.19	27,843,642.06	-6,726,292.18	54,917,377.99	1,069,251,133.06
	859,497,397.46	12,226,136.72	-18,970.00	21,811,558.36	893,516,122.54
	54,386,039.03	3,596,035.05	-4,533,876.88	289,147.70	53,737,344.90
	257,754,184.40	99,724,183.04	-24,893.11	-125,167,456.04	232,286,018.29
	3,495,801,014.42	**160,754,619.54**	**-11,578,769.24**	**-101,688.51**	**3,644,875,176.21**
	262,930,714.88	0.00	0.00	0.00	262,930,714.88
	180,416,666.64	0.00	-9,633,333.34	0.00	170,783,333.30
	635,867,714.63	0.00	0.00	0.00	635,867,714.63
	64,860,426.29	50,000,000.00	-64,569,900.00	0.00	50,290,526.29
	5,990,545.11	13,047,614.50	-277,971.29	0.00	18,760,188.32
	1,150,066,067.55	**63,047,614.50**	**-74,481,204.63**	**0.00**	**1,138,632,477.42**
	5,169,029,613.15	**258,460,171.96**	**-86,209,514.57**	**0.00**	**5,341,280,270.54**

MOVEMENTS IN FIXED ASSETS (STATEMENT OF FIXED ASSETS)

Balance sheet item	Accumulated depreciation/amortization		
	As at Jan. 1, 2020 EUR	Write-ups EUR	Additions EUR
I. Intangible assets			
1. Electricity procurement rights	19,554.13	0.00	2,058.34
2. Other rights	15,464,183.04	0.00	444,528.80
3. IT programs	20,549,823.63	0.00	1,205,654.27
4. Goodwill	51,407,680.64	0.00	209,844.71
5. Advance payments made	3,739,312.06	0.00	3,286,687.41
TOTAL I. Intangible assets	**91,180,553.50**	**0.00**	**5,148,773.53**
II. Tangible assets			
1. Land, rights equivalent to land and buildings, including buildings on third-party land	831,058,799.78	0.00	19,315,445.42
2. Machinery and electrical plants	820,014,107.99	0.00	19,344,984.09
3. Line systems	640,896,870.69	0.00	22,450,962.32
4. Other fixtures, fittings, tools and office equipment	44,319,418.34	0.00	3,930,306.90
5. Advance payments made and construction in progress	9,289,238.71	0.00	730,594.15
TOTAL II. Tangible assets	**2,345,578,435.51**	**0.00**	**65,772,292.88**
III. Financial assets			
1. Investments in affiliates	67,792,383.34	-3,091,000.00	0.00
2. Loans to affiliates	0.00	0.00	0.00
3. Equity investments	81,244,261.61	-40,544,000.00	4,406,000.00
4. Non-current securities (book-entry securities)	72,672.76	0.00	0.00
5. Other loans	0.00	0.00	0.00
TOTAL III. Financial assets	**149,109,317.71**	**-43,635,000.00**	**4,406,000.00**
TOTAL **fixed assets**	**2,585,868,306.72**	**-43,635,000.00**	**75,327,066.41**

			Carrying amounts	
Disposals EUR	Transfers EUR	As at Dec. 31, 2020 EUR	Carrying amount as at Jan. 1, 2020 EUR	Carrying amount as at Dec. 31, 2020 EUR
0.00	0.00	21,612.47	21,612.47	19,554.13
-9,602.00	0.00	15,899,109.84	3,161,175.61	2,723,992.09
-75,477.83	0.00	21,680,000.07	3,328,155.46	2,917,150.93
0.00	0.00	51,617,525.35	1,154,145.90	944,301.19
0.00	0.00	7,025,999.47	424,316,888.24	454,923,371.37
-85,079.83	**0.00**	**96,244,247.20**	**431,981,977.68**	**461,528,369.71**
-270,084.30	0.00	850,104,160.90	499,888,188.56	545,980,396.52
-6,574,145.73	0.00	832,784,946.35	173,202,297.20	236,466,186.71
-18,970.00	0.00	663,328,863.01	218,600,526.77	230,187,259.53
-4,432,915.26	0.00	43,816,809.98	10,066,620.69	9,920,534.92
0.00	0.00	10,019,832.86	248,464,945.69	222,266,185.43
-11,296,115.29	**0.00**	**2,400,054,613.10**	**1,150,222,578.91**	**1,244,820,563.11**
0.00	0.00	64,701,383.34	195,138,331.54	198,229,331.54
0.00	0.00	0.00	180,416,666.64	170,783,333.30
0.00	0.00	45,106,261.61	554,623,453.02	590,761,453.02
0.00	0.00	72,672.76	64,787,753.53	50,217,853.53
0.00	0.00	0.00	5,990,545.11	18,760,188.32
0.00	**0.00**	**109,880,317.71**	**1,000,956,749.84**	**1,028,752,159.71**
-11,381,195.12	**0.00**	**2,606,179,178.01**	**2,583,161,306.43**	**2,735,101,092.53**

Inventories

	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
Stock material	2,566,762.24	2,600.8
Biomass inventories	373,638.15	277.5
1. Raw materials and supplies	2,940,400.39	2,878.3
Installation materials	87,507.10	91.0
Troubleshooting materials	21,669.17	18.3
Other merchandise	1,777.94	2.2
2. Finished goods and merchandise	110,954.21	111.5
3. Services not yet chargeable	299,515.85	247.3
TOTAL **Inventories**	**3,350,870.45**	**3,237.1**

Receivables and other assets

	Dec. 31, 2020 EUR	Stating separately those with a remaining term of more than 1 year EUR	Dec. 31, 2019 EUR '000
1. Trade receivables	84,598,448.01	5,709,646.09	65,992.4
2. Receivables from affiliates	151,666,363.35	95,408,507.14	154,261.8
3. Receivables from other long-term investees and investors	4,710,807.22	0.00	5,179.8
4. Other receivables and assets	22,365,292.63	0.00	8,579.8
TOTAL **Receivables and other assets**	**263,340,911.21**	**101,118,153.23**	**234,013.8**

Under Trade receivables, deductions amounting to EUR 667,604.00 (prior year: EUR 617.1 thousand) were made for bad debts. Trade receivables comprise accrued energy supplies and network services not yet metered at the balance sheet date in the amount of EUR 18,507,337.63 (prior year: EUR 0.0 thousand). Payments on account received from customers in the reporting period amounted to EUR 73,435,051.42 (prior year, EUR 69,136.8 thousand). Of these payments on account, the part comprising transitory items for taxes and contributions, in the amount of EUR 15,876,485.61 (prior year: EUR 0.0 thousand) was recognized for the first time as liabilities payable to customers under Other liabilities; the remaining payments on account received from customers in the amount of EUR 57,558,565.82 were deducted from Trade receivables.

The receivables due from affiliates relate to TIGAS-Erdgas Tirol GmbH, TINETZ-Tiroler Netze GmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Gemeinschaftskraftwerk Inn GmbH, Ökoenergie Tirol GmbH, Stadtwärme Lienz Produktions- und Vertriebs-GmbH and TIWAG-Italia GmbH in liquidation and derive, inter alia, from the balance of ongoing charges for services and the accounting of charges within the group, as well as from profit and loss transfer in the case of companies included in group taxation and having a profit and loss transfer agreement.

Receivables included internal transfers in the amount of EUR 30,532,196.41 (prior year: EUR 27,829.8 thousand), cash pooling receivables in the amount of EUR 2,829,831.69 (prior year: EUR 1,331.0 thousand), accrued interest in the amount of EUR 953,645.41 (prior year: EUR 1,042.1 thousand), a simultaneous dividend payment in the amount of EUR 8,600,000.00 (prior year: EUR 8,600.0 thousand), profit transferred by subsidiaries in the amount of EUR 5,391,473.74 (prior year: EUR 4.149.0 thousand) and other receivables in the amount of EUR 103,359,216.10 (prior year: EUR 111,309.9 thousand).

The impairment charge for this item was EUR 187,327.39 (prior year: EUR 181.9 thousand).

The receivables from other long-term investees and investors relate mainly to goods and services provided. The impairment charge for this item was EUR 179,705.01 (prior year: EUR 294.3 thousand).

As at December 31, 2020, there were receivables in the amount of EUR 5,709,646.09 (prior year: EUR 6,277.0 thousand) with a remaining term of more than one year.

Cash in hand and at bank, checks

Cash in hand and at bank amounted to EUR 32,936,002.89 (prior year: EUR 20,794.6 thousand), consisting of cash at bank in the amount of EUR 32,906,962.92 (prior year: EUR 20,754.0 thousand) and cash in hand in the amount of EUR 29,075.97 (prior year: EUR 40.7 thousand).

Deferred expenses

Deferred expenses decreased by EUR 546,366.33 to EUR 3,429,763.59 (prior year: 3,976.1 thousand).

Deferred tax assets

Deferred tax assets in the amount of EUR 19,206,049.58 (prior year: EUR 23,433.2 thousand) were recorded in the year under review. The key differences between the amounts under company law and under tax law result from different useful lives for tangible assets, from write-downs to going concern value being distributed over a seven-year period for financial assets, and for social capital provisions mostly from interest rate differences. The differences determined were measured at a tax rate of 25%.

The movements in deferred taxes throughout the course of the fiscal year were due to additional tax depreciation/amortization/write-downs, the reporting of seventh-part amounts, adjustments in social capital provisions and the continuation of untaxed reserves recorded off the balance sheet.

Share capital

The share capital in the amount of EUR 300,000,000.00 (prior year, EUR 300,000.0 thousand) consists of 300,000 shares at a par value of EUR 1,000 each. The sole shareholder is the Province of Tyrol.

Retained earnings

Retained earnings, which consist mainly of profits accumulated, include the statutory reserve of EUR 30,000,000.00 (prior year: EUR 30,000.0 thousand) and uncommitted reserves of EUR 1,102,812,937.00 (prior year: EUR 1,048,812.9 thousand).

Net retained profit

The Annual General Meeting of May 11, 2020, decided to pay a dividend of EUR 5,000,000.00, with the remainder in the amount of EUR 414,604.63 being carried forward to new account.

Net retained profit for the fiscal year, which has not been approved yet, comes to EUR 35,280,418.35 (prior year: EUR 5,414.6 thousand).

The Management Board proposes to distribute EUR 35,000,000.00 of the net retained profit for fiscal 2020. The Supervisory Board will resolve on this proposal in May 2021, and the Annual General Meeting will pass a decision on May 18, 2021.

Investment grants

	As at Jan. 1, 2020 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec. 31, 2020 EUR
Investment grants	8,801,566.32	695,229.30	0.00	-554,934.57	8,941,861.05
TOTAL **Investment grants**	**8,801,566.32**	**695,229.30**	**0.00**	**-554,934.57**	**8,941,861.05**

In the reporting year, additions for the first time include investment grants of EUR 643,574.00 (prior year: EUR 0.0 thousand) under the Investment Premium Act, which was introduced because of the COVID-19 crisis.

Contributions to construction costs

	As at Jan. 1, 2020 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec. 31, 2020 EUR
1. Grid	164,728,040.96	16,947,831.31	-77,064.73	-15,130,210.25	166,468,597.29
2. Remote heat	747,412.76	70,898.55	0.00	-83,525.38	734,785.93
3. Other	6,300,288.39	313,346.77	0.00	-502,949.49	6,110,685.67
TOTAL **Contributions to construction costs**	**171,775,742.11**	**17,332,076.63**	**-77,064.73**	**-15,716,685.12**	**173,314,068.89**

Provisions

	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
1. Provisions for severance payments (subject to tax: EUR 36,979,075.86; prior year: EUR 37,316.1 thousand)	70,051,162.73	72,365.4
2. Provisions for pensions (subject to tax: EUR 56,692,203.69; prior year: EUR 61,681.5 thousand)	140,458,211.95	154,816.3
3. Tax provisions	0.00	0.0
4. Other provisions (subject to tax: EUR 7,367,689.80; prior year: EUR 6,562.5 thousand)	362,401,555.62	279,702.1
TOTAL **Provisions**	**572,910,930.30**	**506,883.8**

As in the previous year, tax provisions amounted to EUR 0.0.

With regard to outsourced pension obligations which are shown under Other provisions, EUR 72,773,528.49 (prior year: EUR 46,445.4 thousand) were recognized in the reporting period and EUR 2,312,376.32 (prior year: EUR 30,884.7 thousand) were used, resulting in EUR 252,984,134.98 (prior year: EUR 182,523.0 thousand) being recognized as at December 31, 2020. The greater part of the allocation is due to interest rate adjustments.

Apart from outsourced pension obligations, Other provisions comprises the discounted provisions for waste water disposal measures in connection with the Strassen-Amlach power station on the Drau river in the amount of EUR 989,992.00 (prior year: EUR 1,224.3 thousand) and the Mid Lower Inn River Valley waste water board in the amount of EUR 2,866,259.19 (prior year: EUR 0.0 thousand). Other provisions also include the provision for anniversary bonuses (EUR 15,436,586.96 (prior year: EUR 14,440.3 thousand)), for annual leave entitlements not used (EUR 8,061,388.89 (prior year: EUR 6,426.6 thousand)), for accrued flexible working hours of employees (EUR 1,417,100.00 (prior year: EUR 1,490.5 thousand)) and provisions under an energy barter agreement (EUR 18,679,447.40 (prior year: EUR 23,660.6 thousand). With respect to provisions for annual leave entitlements not used, a leave division factor of 18 (prior year: 21.67) was used in the reporting year to compute personnel expenses per day of leave.

Moreover, this item also includes provisions for pension-like obligations relating to electricity allowance-in-kind commitments in the amount of EUR 18,805,517.25 (prior year: EUR 17,581.8 thousand).

Liabilities

Liabilities as at Dec. 31, 2020	Carrying amounts Dec. 31, 2020 EUR	Stating separately those due within one year EUR	Stating separately those with a remaining term between 1 and 5 years EUR	Stating separately those with a remaining term of more than 5 years EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Liabilities to banks	415,722,683.03	6,737,328.52	117,532,960.43	291,452,394.08
3. Advance payments received	0.18	0.18	0.00	0.00
4. Trade payables	44,569,121.45	44,040,101.45	0.00	529,020.00
5. Liabilities to affiliates	42,221,934.28	42,221,934.28	0.00	0.00
6. Liabilities to other long-term investees and investors	620,188.70	620,188.70	0.00	0.00
7. Other liabilities	170,910,925.72	73,689,476.62	80,053,506.15	17,167,942.95
of which taxes	*30,307,267.23*	*30,307,267.23*	*0.00*	*0.00*
of which social security	*2,393,827.80*	*2,393,827.80*	*0.00*	*0.00*
of which loans from insurance companies	*82,448,000.00*	*2,448,000.00*	*80,000,000.00*	*0.00*
TOTAL **Liabilities**	**784,166,097.80**	**167,430,274.19**	**197,586,466.58**	**419,149,357.03**

Liabilities as at Dec. 31, 2019	Carrying amounts Dec. 31, 2019 EUR	Stating separately those due within one year EUR	Stating separately those with a remaining term between 1 and 5 years EUR	Stating separately those with a remaining term of more than 5 years EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Liabilities to banks	363,405,338.46	23,166,096.32	83,143,583.76	257,095,658.38
3. Advance payments received	0.18	0.18	0.00	0.00
4. Trade payables	51,086,426.61	50,557,406.61	0.00	529,020.00
5. Liabilities to affiliates	59,826,879.78	59,826,879.78	0.00	0.00
6. Liabilities to other long-term investees and investors	653,105.18	653,105.18	0.00	0.00
7. Other liabilities	158,670,849.67	61,580,024.69	80,063,659.51	17,027,165.47
of which taxes	*28,262,740.85*	*28,262,740.85*	*0.00*	*0.00*
of which social security	*2,424,747.75*	*2,424,747.75*	*0.00*	*0.00*
of which loans from insurance companies	*82,448,000.00*	*2,448,000.00*	*80,000,000.00*	*0.00*
TOTAL Liabilities	**743,763,844.32**	**195,904,757.20**	**163,207,243.27**	**384,651,843.85**

As at the balance sheet date, the carrying amount of the euro bonds stood at EUR 110,121,244.44 (prior year: EUR 110,121.2 thousand). Liabilities to banks in the amount of EUR 415,722,683.03 (prior year: EUR 363,405.3 thousand) are due mainly to bank loans with a remaining term of more than five years, which amount to EUR 414,235,185.45 (prior year: EUR 342,261.6 thousand).

Liabilities to affiliates, which consist of trade payables in the amount of EUR 15,403,975.06 (prior year: EUR 8,668.9 thousand) and financial liabilities in the amount of EUR 26,817,959.22 (prior year: EUR 51,158.0 thousand), relate to the subsidiaries TINETZ-Tiroler Netze GmbH, TIGAS-Erdgas Tirol GmbH, Achenseeschiffahrt-GesmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Ökoenergie Tirol GmbH, TIWAG-Beteiligungs GmbH and Gemeinschaftskraftwerk Inn GmbH.

The liabilities to other long-term investees and investors include trade payables. Other liabilities primarily include loans in the amount of EUR 80,000,000.00 (prior year: EUR 80.0 million), liabilities arising from compensation or purchase contracts, and free power commitments in the amount of EUR 17,509,775.47 (prior year: EUR 17,343.6 thousand). The interest rate used for measu-

ring the liabilities arising from free power commitments was 2%, as in the previous year. Liabilities payable to customers increased to EUR 28,041,963.74 (prior year: EUR 17,253.1 thousand), comprising, inter alia, the first-time recognition of payments on account received from customers for transitory items for taxes and contributions in the amount of EUR 15,876,485.61 (prior year: EUR 0.0 thousand) and liabilities from accrued income in the amount of EUR 9,078,963.74 (prior year: EUR 13,618.4 thousand). Other liabilities in the amount of EUR 101,205.70 (prior year: EUR 127,952.31 thousand) are secured by mortgages.

Deferred income

Deferred income includes, among other things, the total net present value benefit resulting from all CBL transactions currently still in place, which is deferred and recognized in income over the term of the underlying lease transaction. As at the balance sheet date, deferred income from the remaining financial transactions amounted to EUR 21,057,996.69 (prior year: EUR 22,374.1 thousand).

Reserves for the reversal of impairment losses of fixed and financial assets prior to January 1, 2016 have been recognized and are shown separately on the balance sheet under deferred income and will be reversed in line with the applicable tax law provisions.

Deferred income	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR
Accruals and deferrals (section 906 (32) UGB)	27,877,417.11	29,739,759.38
Net present value benefits from CBL	21,057,996.69	22,374,121.49
Other accruals and deferrals	502,963.06	549,741.73
TOTAL	**49,438,376.86**	**52,663,622.60**

VI. NOTES TO THE INCOME STATEMENT (SEPARATE FINANCIAL STATEMENTS)

Sales revenue

Sales revenue by segments of activity	2020 EUR	2019 EUR '000
1. Revenue from electricity sales	716,639,448.67	836,773.4
2. Revenue from heat sales	1,723,256.36	2,147.9
3. Revenue from gas sales	127,144.33	57.9
4. Lease revenue	117,585,807.08	114,384.5
5. Other sales revenue	17,073,284.01	18,665.3
TOTAL **Sales revenue**	**853,148,940.45**	**972,029.0**

Sales revenue by regions	2020 EUR	2019 EUR '000
1. Austria	510,269,894.76	499,624.6
2. Abroad	342,879,045.69	472,404.4
TOTAL **Sales revenue**	**853,148,940.45**	**972,029.0**

Lease revenue and other sales revenue includes the revenue from lease accounting for distribution system operations in the amount of EUR 111,441,061.67 (prior year: EUR 108,113.2 thousand).

Other operating income

Other operating income includes, among other things, income from disposal of assets in the amount of EUR 535,449.54 (prior year: EUR 1,780.8 thousand), income from the reversal of impairment losses of fixed assets in the amount of EUR 1,862,342.27 (prior year: 1,862.3 thousand), income from the reversal of provisions in the amount of EUR 7,560,830.59 (prior year: EUR 7,239.5 thousand) and from sundry other operating income in the amount of EUR 2,290,042.93 (prior year: EUR 3,713.9 thousand).

Cost of materials and other purchased manufacturing services

	2020 EUR	2019 EUR '000
1. Cost of materials (electricity purchased from other suppliers, swapped energy, and similar)	521,052,350.04	649,406.9
2. Cost of purchased services	409,830.34	2,217.6
TOTAL **Cost of materials and purchased manufacturing services**	**521,462,180.38**	**651,624.6**

Personnel expenses

Expenses for severance payments and payments for employee provision funds comprise deferred contributions to employee provision funds in the amount of EUR 513,079.81 (prior year: EUR 451.8 thousand).

EUR 1,122,208.71 (prior year: EUR 16,038.8 thousand) of expenses for severance payments and EUR 12,590,575.74 (prior year: EUR 4,428.5 thousand) of expenses for pensions are attributable to employees.

The item Expenses for pensions includes, among other things, ongoing pension payments, the changes in pension provisions and pension-like obligations, except for interest rate changes, as well as current pension fund contributions. In the reporting period, this item showed a decrease in personnel expenses related to pension obligations recognized on the balance sheet by EUR 18,985,397.76 (prior year: EUR 12,669.7 thousand), while the outsourced pension obligations increased by EUR 6,669,975.32 thousand in the year under report (prior year: EUR -8,110.9 thousand). The actuarial interest included in the change in provisions for social capital, which consists mainly of changes in actuarial interest rates, and which amounted to a total of EUR 75,708,406.29 (prior year: EUR 73,915.9 thousand) in the reporting period, is not shown under Personnel expenses, but under Interest and similar expenses.

Depreciation, amortization and impairments

Impairments of fixed assets amounted to EUR 3,928,405.63 (prior year: EUR 561.7 thousand).

Other operating expenses

The taxes reported under Other operating expenses in the amount of EUR 682,673.31 (prior year: EUR 1,022.9 thousand) mainly refer to property taxes and motor vehicle taxes.
Sundry other operating expenses amount to EUR 70,820,697.21 (prior year: EUR 61,721.7 thousand).

	2020 EUR	2019 EUR '000
1. External services	32,941,237.01	23,281.4
2. Consultation expenses, fees	2,431,816.30	2,422.6
3. Rents and leases	4,885,534.25	4,568.4
4. Compensations, contribution payments	6,723,252.12	6,336.7
5. Travel expenses	2,287,967.02	2,779.7
6. Sundry other operating expenses	21,550,890.51	22,332.9
TOTAL **Other operating expenses**	**70,820,697.21**	**61,721.7**

Income from investments

Income from investments includes, among other things, profit distributions by VERBUND AG in the amount of EUR 19,699,330.95 (prior year: EUR 11,990.9 thousand) and by Innsbrucker Kommunalbetriebe AG in the amount of EUR 11,248,559.10 (prior year: EUR 10,809.0 thousand). Based on the decisions taken, the distribution of profits of subsidiary TIGAS-Erdgas Tirol GmbH in the amount of EUR 8,600,000.00 (prior year: EUR 8,600.0 thousand) is reported simultaneously as income from investments.

Other interest and similar income

This item includes proportional income from cross-border leasing transactions amounting to EUR 1,545,310.38 (prior year: EUR 10,105.1 thousand). The year-on-year decrease in amount is due to the early termination of the remaining portion of the CBL transactions concerning the Langkampfen, Brennerwerk, Leiersbach, Urgbach, Schmirnbach, Sidan and Leibnitzbach power stations.

Income from disposals of and write-ups to financial assets

The income recognized in the year under review consists of a reversal of impairment losses in the amount of EUR 43,635,000.00 (prior year: EUR 9,700.0 thousand) and the proceeds from the sale of securities in the amount of EUR 581,999.26 (prior year: EUR 16,846.4 thousand).

Expenses related to financial assets and current securities

Expenses related to financial assets amounted to EUR 6,006,817.32 (prior year: EUR 249.7 thousand). This item includes transfers of losses in the amount EUR 536,716.58 (prior year: EUR 249.7 thousand), the impairment of an equity investment in the amount of EUR 4,406,000.00 (prior year: EUR 0.0 thousand) and the loss incurred from the disposal of securities in the amount of EUR 1,064,100.74 (prior year: EUR 0.0 thousand).

Interest and similar expenses

Under the item Interest and similar expenses, the main points to note are interest payments for loans and bank loans in the amount of EUR 10,039,027.11 (prior year: EUR 8,570.5 thousand), and the interest element of social capital provisions in the amount of EUR 75,708,406.29 (prior year: EUR 73,915.9 thousand).

Income taxes

Income from taxes breaks down as follows:

	2020 EUR	2019 EUR '000
1. Corporate income tax	8,017,268.00	23,914.8
2. Tax allocation	-7,651,035.14	-7,432.4
3. Deferred taxes	4,227,140.23	-17,163.4
TOTAL **Income taxes**	**4,593,373.09**	**-680.9**

Net retained profit

Profit before taxes amounts to EUR 93,459,186.81 (prior year: EUR 86,546.5 thousand). Taking into account income taxes, the resulting net income for the year comes to EUR 88,865,813.72 (prior year: EUR 87,227.4 thousand).

Taking into account the adjustments to the reserves – in particular the allocation made to reserves from retained earnings in the amount of EUR 54,000,000.00 (prior year: EUR 82,000.0 thousand) and the profit carried forward from the prior year amounting to EUR 414,604.63 (prior year: EUR 187.2 thousand) – net retained profit comes to EUR 35,280,418.35 (prior year: EUR 5,414.6 thousand).

VII. NOTES TO THE BALANCE SHEET (CONSOLIDATED FINANCIAL STATEMENTS)

Tangible assets

The development of consolidated fixed assets and the breakdown of annual depreciation and amortization are shown in the consolidated statement of fixed assets.

Additions to tangible assets amounted to EUR 237.2 million (prior year: EUR 219.5 million), of which EUR 33.2 million (prior year: EUR 29.7 million) came from the gas sector.

The item Land, rights equivalent to land and buildings, including buildings on third-party land includes land valued at EUR 59,922,764.63 (prior year: 59,123.9 thousand).

Financial assets

Loans totaling EUR 437,173.11 (prior year: EUR 444.6 thousand) will become due within one year.

Inventories

	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
1. Raw materials and supplies	2,940,400.39	2,878.3
2. Installation materials and goods purchased for resale	112,026.50	110.9
3. Gas	94,075.67	155.1
4. Other inventories	2,602,539.78	2,523.9
5. Services not yet chargeable	827,515.85	247.3
TOTAL **Inventories**	**6,576,558.19**	**5,915.6**

Receivables and other assets

	As at Dec. 31, 2020 EUR	Stating separately those with a remaining term of more than 1 year EUR	As at Dec. 31, 2019 EUR '000
1. Trade receivables	130,428,625.60	5,709,646.09	121,984.4
2. Receivables from affiliates	270,374.97	0.00	12.7
3. Receivables from other long-term investees and investors	8,442,717.60	0.00	5,182.6
4. Other receivables and assets	141,299,463.67	95,408,507.23	128,331.7
TOTAL **Receivables and other assets**	**280,441,181.84**	**101,118,153.32**	**255,511.4**

Under Trade receivables, deductions amounting to EUR 1,135,708.24 (prior year: EUR 1,070.1 thousand) were made for bad debts.

The receivables from other long-term investees and investors mainly relate to goods and services provided. With regard to this item, deductions amounting to EUR 304,907.53 (prior year: EUR 294.3 thousand) were made as provisions for bad debts in the year under review.

Deferred tax assets

Deferred tax assets in the amount of EUR 19,455,971.12 (prior year: EUR 22,421.6 thousand) were recorded in the year under review.

The differences between the amounts under company law and under tax law result from different useful lives for tangible assets, from write-downs to going concern value being distributed over a seven-year period for financial assets, and from interest rate differences for social capital provisions. The differences determined were measured at a tax rate of 25%.

Shareholders' equity (consolidated)

The group's share capital is EUR 300,000,000.00 (prior year: EUR 300,000.0 thousand).
The capital reserves amount to EUR 500,000.00 (prior year: EUR 500.0 thousand) and the reserves from retained earnings comprising the statutory reserve and uncommitted reserves amount to EUR 1,087,819,247.78 (prior year: EUR 990,645.1 thousand). This item also includes positive and negative goodwill resulting from first and subsequent consolidations. The consolidated net income for the reporting year without minority interests amounts to EUR 63,745,194.99 (prior year: EUR 102,179.1 thousand), with the minority interests accounting for EUR 46,082,501.51 (prior year: EUR 44,247.7 thousand).

Contributions to construction costs and construction cost grants

Of the contributions to construction costs reported as at the balance sheet date, EUR 170,325,627.37 (prior year: EUR 169,304.2 thousand) can be attributed to the construction cost contributions of those entitled to purchase electricity, EUR 73,743,176.25 (prior year: EUR 68,262.6 thousand) to construction cost grants, EUR 29,943,442.52 (prior year: EUR 29,761.6 thousand) to the construction cost contributions of those entitled to purchase gas, and EUR 13,266,065.10 (prior year: EUR 13,065.8 thousand) to other contributions to construction costs. The consumption of contributions to construction costs amounting to EUR 19,700,982.13 (prior year: EUR 19,426.9 thousand) is included in sales revenue.

Provisions

	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR '000
1. Provisions for severance payments (subject to tax: EUR 37,845,595.55; prior year: EUR 38,226.4 thousand)	71,754,078.81	74,133.2
2. Provisions for pensions (subject to tax: EUR 57,736,808.28; prior year: EUR 62,714.5 thousand)	142,507,664.68	156,870.0
3. Tax provisions	143,950.00	0.0
4. Other provisions (subject to tax: EUR 7,606,699.05; prior year: EUR 6,768.6 thousand)	391,911,543.90	314,192.0
TOTAL **Provisions**	**606,312,234.39**	**545,195.2**

This item includes the provisions for outsourced pension obligations (EUR 255,951,274.75 (prior year: EUR 185,580.6 thousand)), for anniversary bonuses (EUR 16,029,744.90 (prior year: EUR 15,034.7 thousand)), for annual leave entitlements not used (EUR 8,754,403.78 (prior year: EUR 7,177.2 thousand)), for accrued flexible working hours of employees (EUR 1,578,620.22 (prior

year: EUR 1,687.3 thousand)) and provisions under an energy barter agreement (EUR 18,679,447.40 (prior year: EUR 23,660.6 thousand)). Moreover, this item also includes provisions for pension-like obligations relating to electricity allowance-in-kind commitments in the amount of EUR 18,805,517.25 (prior year: EUR 17,581.8 thousand).

Liabilities

Liabilities as at Dec. 31, 2020	Balance sheet value Dec. 31, 2020 EUR	Stating separately those due within one year EUR	Stating separately those with a remaining term between 1 and 5 years EUR	Stating separately those with a remaining term of more than 5 years EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Liabilities to banks	415,723,203.71	6,737,849.18	117,532,960.45	291,452,394.08
3. Advance payments received	4,603,740.76	4,603,740.76	0.00	0.00
4. Trade payables	85,690,642.69	85,161,622.69	0.00	529,020.00
5. Liabilities to affiliates	781,874.56	781,874.56	0.00	0.00
6. Liabilities to other long-term investees and investors	1,376,460.55	1,376,460.55	0.00	0.00
7. Other liabilities	182,710,991.78	85,489,542.68	80,053,506.15	17,167,942.95
of which taxes	*33,009,947.76*	*33,009,947.76*	*0.00*	*0.00*
of which social security	*2,594,409.12*	*2,594,409.12*	*0.00*	*0.00*
of which loans from insurance companies	*82,448,000.00*	*2,448,000.00*	*80,000,000.00*	*0.00*
TOTAL Liabilities	**801,008,158.49**	**184,272,334.86**	**197,586,466.60**	**419,149,357.03**

Liabilities as at Dec. 31, 2019	Balance sheet value Dec. 31, 2019 EUR	Stating separately those due within one year EUR	Stating separately those with a remaining term between 1 and 5 years EUR	Stating separately those with a remaining term of more than 5 years EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Liabilities to banks	363,406,755.06	23,167,512.92	83,143,583.76	257,095,658.38
3. Advance payments received	2,486,746.36	2,486,746.36	0.00	0.00
4. Trade payables	100,384,565.39	99,855,545.39	0.00	529,020.00
5. Liabilities to affiliates	322,180.31	322,180.31	0.00	0.00
6. Liabilities to other long-term investees and investors	7,179,337.37	7,179,337.37	0.00	0.00
7. Other liabilities	173,729,624.07	76,638,799.09	80,063,659.51	17,027,165.47
of which taxes	*30,054,892.11*	*30,054,892.11*	*0.00*	*0.00*
of which social security	*2,684,377.84*	*2,684,377.84*	*0.00*	*0.00*
of which loans from insurance companies	*82,448,000.00*	*2,448,000.00*	*80,000,000.00*	*0.00*
TOTAL Liabilities	**757,630,453.00**	**209,771,365.88**	**163,207,243.27**	**384,651,843.85**

The liabilities to other long-term investees and investors consist of trade payables.
In addition to current tax liabilities, other liabilities primarily include a loan in the amount of EUR 80,000,000.00 (prior year: EUR 80,000.0 thousand), liabilities arising from compensation or purchase contracts and free power commitments in the amount of EUR 17,509,775.47 (prior year: EUR 17,343.6 thousand), and liabilities to customers in the amount of EUR 30,572,510.66 (prior year: EUR 20,624.3 thousand). Other liabilities in the amount of EUR 101,205.70 (prior year: EUR 128.0 thousand) are secured by mortgages.

Deferred income

Reserves for the reversal of impairment losses of fixed assets have been recognized and are shown separately on the balance sheet under deferred income and will be reversed in line with the provisions of section 124 b (270) EStG (Einkommensteuergesetz, EStG) (pursuant to section 906 (32) UGB).

VIII. NOTES TO THE INCOME STATEMENT (CONSOLIDATED FINANCIAL STATEMENTS)

Sales revenue

Sales revenue by segments	2020 EUR	2019 EUR '000
1. Revenue from electricity sales	900,618,044.57	1,017,900.7
2. Revenue from gas sales	194,295,662.14	230,031.8
3. Revenue from heat sales	16,224,058.74	16,578.0
4. Other sales revenue	19,865,209.26	21,671.8
TOTAL **Sales revenue**	**1,130,428,262.95**	**1,286,182.2**

Cost of materials and other purchased manufacturing services

The item Cost of materials and other purchased services primarily includes expenses for purchases of electricity, natural gas and remote heat. The relevant value decreased by EUR 176,303,313.20 to EUR 680,641,486.80 (prior year: EUR 856,944.8 thousand) in fiscal 2020. The decrease is also attributable to the decline in revenue from energy business.

Personnel expenses

Expenses for severance payments for employees amounted to EUR 1,269,801.75 (prior year: EUR 16,315.3 thousand) and for the Management Board to EUR -17,294.02 (prior year: EUR 26.6 thousand). Contributions to employee provision funds came to EUR 602,992.20 (prior year: EUR 537.4 thousand).
Expenses for pensions for employees amounted to EUR 11,894,119.39 (prior year: EUR 4,987.5 thousand) and those for the Management Board to EUR -60,453.86 (prior year: EUR 124.6 thousand).

Depreciation, amortization and impairments

Depreciation, amortization and impairments amounted to EUR 95,317,195.53 (prior year: EUR 87,816.7 thousand). Moreover, this item also includes an impairment of tangible assets in the amount of EUR 3,928,405.63 (prior year: EUR 561.8 thousand).

Income from investments

Income from investments includes, among other things, profit distributions by VERBUND AG in the amount of EUR 19,699,330.95 (prior year: EUR 11,990.9 thousand) and by Energie AG Oberösterreich in the amount of EUR 4,406,000.00 (prior year: EUR 4,406.0 thousand).

Income from disposals of and write-ups to financial assets

The income recognized in the year under review consists of a reversal of impairment losses for an investment in the amount of EUR 2,544,000.00 (prior year: EUR 9,700.0 thousand).

Expenses related to financial assets and current securities

This item includes impairments of two investments in the total amount of EUR 10,406,000.00 (prior year: EUR 0.0 thousand).

Income from associated companies

The reported EUR 17,878,171.83 (prior year: EUR 16,409.4 thousand) result from the inclusion of associated companies.

Interest and similar expenses

This item includes the interest element of social capital provisions in the amount of EUR 76,708,751.44 (prior year: EUR 75,079.1 thousand). The actuarial interest included in the change in provisions is not shown under Personnel expenses but under Interest and similar expenses.

Income taxes

The item Income taxes comprises corporate income tax expenses in the amount of EUR 8,552,330.24 (prior year: EUR 24,656.0 thousand) and deferred taxes in the amount of EUR 2,965,617.45 (prior year: EUR -18,514.4 thousand).

Consolidated net income for the year

The consolidated net income for the year including minority interests amounts to EUR 67,273,903.03 (prior year: EUR 105,711.9 thousand). Adjusted for the share of other shareholders in the income for the year in the amount of EUR -3,528,708.05 (prior year: EUR -3,532.8 thousand), the remaining amount is EUR 63,745,194.99 (prior year: EUR 102,179.1 thousand).

MOVEMENTS IN CONSOLIDATED FIXED ASSETS (CONSOLIDATED STATEMENT OF FIXED ASSETS)

Balance sheet item
I. Intangible assets
1. Electricity procurement rights
2. Other rights
3. IT programs
4. Goodwill
5. Advance payments made
TOTAL I. Intangible assets
II. Tangible assets
1. Land, rights equivalent to land and buildings, including buildings on third-party land
2. Machinery and electrical plants
3. Line systems
4. Other fixtures, fittings, tools and office equipment
5. Advance payments made and construction in progress
TOTAL II. Tangible assets
III. Financial assets
1. Investments in affiliates
2. Investments in associated companies
3. Other equity investments
4. Non-current securities (book-entry securities)
5. Other loans
TOTAL III. Financial assets
TOTAL **fixed assets**

	Cost of acquisition and/or production				
	As at January 1, 2020 EUR	Additions EUR	Disposals EUR	Transfers EUR	As at Dec. 31, 2020 EUR
	867,657.58	43,610.70	0.00	0.00	911,268.28
	21,218,883.33	111,037.35	-9,602.00	0.00	21,320,318.68
	24,482,510.40	710,313.23	-77,829.83	101,688.51	25,216,682.31
	57,961,581.04	0.00	0.00	0.00	57,961,581.04
	5,419,882.87	288,875.93	3,135,702.61	0.00	8,844,461.41
	109,950,515.22	**1,153,837.21**	**3,048,270.78**	**101,688.51**	**114,254,311.72**
	1,393,874,931.50	19,951,430.70	-3,472,548.55	47,765,385.36	1,458,119,199.01
	1,070,708,113.94	29,223,676.21	-6,818,116.59	54,672,779.85	1,147,786,453.41
	1,617,338,208.11	42,073,910.29	-399,125.89	26,352,384.25	1,685,365,376.76
	73,740,574.91	3,810,440.42	-4,792,430.50	273,226.50	73,031,811.33
	749,369,904.71	142,145,143.60	-2,938,665.77	-129,165,464.60	759,410,917.94
	4,905,031,733.17	**237,204,601.22**	**-18,420,887.30**	**-101,688.64**	**5,123,713,758.45**
	2,262,919.20	0.00	0.00	0.00	2,262,919.20
	269,851,668.77	0.00	0.00	0.00	269,851,668.77
	434,765,955.97	3,000.00	0.00	0.00	434,768,955.97
	65,543,686.66	50,000,000.00	-64,570,874.10	0.00	50,972,812.56
	5,992,971.51	13,047,614.50	-280,397.69	0.00	18,760,188.32
	778,417,202.11	**63,050,614.50**	**-64,851,271.79**	**0.00**	**776,616,544.82**
	5,793,399,450.50	**301,409,052.93**	**-80,223,888.31**	**-0.13**	**6,014,584,614.99**

MOVEMENTS IN CONSOLIDATED FIXED ASSETS (CONSOLIDATED STATEMENT OF FIXED ASSETS)

Balance sheet item	Accumulated depreciation/amortization	
	As at Jan. 1, 2020 EUR	Additions EUR
I. Intangible assets		
1. Electricity procurement rights	683,011.63	35,717.41
2. Other rights	16,967,122.43	643,442.64
3. IT programs	21,110,590.60	1,219,974.71
4. Goodwill	55,276,006.99	428,620.16
5. Advance payments made	3,628,199.58	3,286,687.41
TOTAL I. Intangible assets	**97,664,931.23**	**5,614,442.33**
II. Tangible assets		
1. Land, rights equivalent to land and buildings, including buildings on third-party land	847,403,846.57	20,599,927.30
2. Machinery and electrical plants	872,209,838.00	22,522,907.17
3. Line systems	940,204,184.12	41,698,857.01
4. Other fixtures, fittings, tools and office equipment	62,696,607.49	4,239,343.50
5. Advance payments made and construction in progress	9,289,238.71	730,594.15
TOTAL II. Tangible assets	**2,731,803,714.89**	**89,791,629.13**
III. Financial assets		
1. Investments in affiliates	923,200.00	0.00
2. Investments in associated companies	146,410,824.48	0.00
3. Other equity investments	32,744,261.61	10,406,000.00
4. Non-current securities (book-entry securities)	72,672.76	0.00
5. Other loans	0.00	0.00
TOTAL III. Financial assets	**180,150,958.85**	**10,406,000.00**
TOTAL **fixed assets**	**3,009,619,604.97**	**105,812,071.46**

			Carrying amounts	
Disposals EUR	Transfers EUR	As at Dec. 31, 2020 EUR	Carrying amount as at Jan. 1, 2020 EUR	Carrying amount as at Dec. 31, 2020 EUR
0.00	0.00	718,729.04	184,645.95	192,539.24
-9,602.00	0.00	17,600,963.07	4,251,760.90	3,719,355.61
-75,477.83	0.00	22,255,087.48	3,371,919.80	2,961,594.83
0.00	0.00	55,704,627.15	2,685,574.05	2,256,953.89
0.00	0.00	6,914,886.99	1,791,683.29	1,929,574.42
-85,079.83	**0.00**	**103,194,293.73**	**12,285,583.99**	**11,060,017.99**
-270,084.30	0.00	867,733,689.57	546,471,084.93	590,385,509.44
-6,650,085.81	0.00	888,082,659.36	198,498,275.94	259,703,794.05
-366,527.89	0.00	981,536,513.24	677,134,023.99	703,828,863.52
-4,688,738.21	0.00	62,247,212.78	11,043,967.42	10,784,598.55
0.00	0.00	10,019,832.86	740,080,666.00	749,391,085.08
-11,975,436.21	**0.00**	**2,809,619,907.81**	**2,173,228,018.28**	**2,314,093,850.64**
0.00	0.00	923,200.00	1,339,719.20	1,339,719.20
-5,649,220.73	0.00	140,761,603.75	123,440,844.29	129,090,065.02
-2,544,000.00	0.00	40,606,261.61	402,021,694.36	394,162,694.36
0.00	0.00	72,672.76	65,471,013.90	50,900,139.80
0.00	0.00	0.00	5,992,971.51	18,760,188.32
-8,193,220.73	**0.00**	**182,363,738.12**	**598,266,243.26**	**594,252,806.70**
-20,253,736.77	**0.00**	**3,095,177,939.66**	**2,783,779,845.53**	**2,919,406,675.33**

IX. OTHER DISCLOSURES

Derivative financial instruments

Where commodities are concerned, TIWAG-Tiroler Wasserkraft AG uses derivative financial instruments which are composed of (electricity) forward contracts requiring fulfillment by either physical delivery or payment. Trade transactions are shown in the “business on own account” book; all transactions concerning procurement and distribution for system optimization are shown in the “own use” book. Transactions allocated to the “business on own account” book are considered to be derivate instruments.
Business on own account is carried out within narrow limits only, so the associated risk can be classified as negligible.

The derivative financial instruments (electricity futures and forwards) under electricity business (“business on own account”) break down as follows:

Contracts and fair value as at Dec. 31, 2020	Nominal values			Current values		
in EUR million	Purchases	Sales	Net	Positive	Negative	Net
Forwards	119.4	99.6	19.8	14.0	-16.3	-2.2
Futures	48.5	68.2	-19.7	5.9	-3.7	2.1
Total before netting	**167.9**	**167.9**	**0.1**	**19.9**	**-20.0**	**-0.1**
Adjusted for netting contracts	-102.6	-102.6	0.0	-11.2	11.2	0.0
Total after netting	**65.4**	**65.3**	**0.1**	**8.7**	**-8.8**	**-0.1**

The nominal values shown represent the sums of the non-netted individual positions in the respective derivative financial instruments. Current values show the sum of the differences between current market prices as at the balance sheet date and the nominal values of the instruments. In the reporting year, no provision had to be recognized for the derivative financial instruments (prior year: EUR 117.0 thousand).

Contingent liabilities

As at December 31, 2020, the separate financial statements show off-balance-sheet contingent liabilities consisting mainly in letters of comfort, guarantees and long-term contracts granting rights of use to third parties in the amount of EUR 23,664,375.12 (prior year: EUR 23,749.0 thousand).

The off-balance-sheet contingent liabilities shown in the consolidated financial statements, which consist mainly in guarantees and long-term contracts granting rights of use to third parties, amount to EUR 39,629,455.56 (prior year: EUR 39,368.0 thousand).

The total of Other financial obligations connected with open-ended investments and the general overhaul of various facilities will amount to approximately EUR 193.5 million (prior year: EUR 149.7 million) in the separate financial statements and to approximately EUR 233.3 million (prior year: EUR 199.1 million) in the consolidated financial statements in the next fiscal year (2021).

Business relationships with related parties

Cash pooling agreements have been concluded at arm's length with the affiliates of TIWAG-Tiroler Wasserkraft AG. Within the scope of this group-wide cash pooling system, required liquid funds are passed on as needed within the group.

Employees

In fiscal 2020, TIWAG-Tiroler Wasserkraft AG employed 1,249 persons on average, thereof 1,086 salaried employees, 144 wage earners and 19 apprentices (prior year: 1,251 persons employed, thereof 1,099 salaried employees, 126 wage earners and 26 apprentices). Under the employee leasing contract dated November 18, 2005, an annual average of 83 wage earners, 369 salaried employees and 12 apprentices (prior year: 67 wage earners, 384 salaried employees, 17 apprentices) were hired out to TINETZ-Tiroler Netze GmbH. The group employed an average of 1,385 (prior year: 1,394) persons, thereof 1,172 (prior year: 1,181) salaried employees, 192 (prior year: 184) wage earners and 21 (prior year: 29) apprentices.

Auditing expenses

In the year under review, auditing expenses amounted to EUR 227,737.50 overall (prior year: EUR 304.3 thousand), of which EUR 200,300.00 (prior year: EUR 185.6 thousand) were accounted for by the audit of the financial statements, EUR 24,100.00 (prior year: EUR 30.6 thousand) by other assurances, reviews and reports, and EUR 3,337.50 (prior year: EUR 87.8 thousand) for other services.

Remuneration for the Management Board and the Supervisory Board

In fiscal 2020, the total remuneration granted to the Management Board amounted to EUR 1,195,773.89 (prior year: EUR 1,130.2 thousand), payments to former members of the Management Board of TIWAG-Tiroler Wasserkraft AG and their surviving dependents amounted to EUR 231,669.85 (prior year: EUR 228.4 thousand), and remuneration for the Supervisory Board came to EUR 38,000.00 (prior year: EUR 39.2 thousand).

Allocation of profit

The Management Board proposes to the Annual General Meeting to distribute an amount of EUR 35,000,000.00 from net retained profit and to carry forward to new account the remaining amount of EUR 280,418.35.

Material events after the balance sheet date

No events of special importance occurred after the end of the fiscal year 2020.

Company boards

The following persons were members of the Management Board:

- Erich Entstrasser (Chair)
- Thomas Gasser
- Johann Herdina

In the fiscal year 2020, the following persons were members of the Supervisory Board:

- Reinhard Schretter (Chair)
- Patrizia Zoller-Frischauf (1st Deputy Chair), Member of the Provincial Government
- Manfred Pletzer (2nd Deputy Chair)
- Hartwig Röck
- Hannelore Weck-Hannemann
- Julia Lang

Appointed by the Works Council:

- Friedrich Vogt, Chairman of the Central Works Council (since June 16, 2020)
- Stefan Mark, Chairman of the Central Works Council (until June 16, 2020)
- Bernhard Paßler (until November 9, 2020)
- Marbod Trinkl (from November 25, 2020)

X. FINANCIAL STATEMENTS PURSUANT TO SECTION 8 OF THE AUSTRIAN ELECTRICITY INDUSTRY AND ORGANIZATION ACT (EIWOG)

This section of the notes contains the information required pursuant to section 8 of the Austrian Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG)*.
In order to effect the unbundling compulsory under corporate law, TIWAG-Tiroler Wasserkraft AG (TIWAG) had formed (former) TIWAG-Netz AG as a combined grid operator and transferred the operation of the distribution grid to TIWAG-Netz AG in the form of a lease as per the agreement dated November 18, 2005.

Under the employee leasing contract dated November 18, 2005, TIWAG-Tiroler Wasserkraft AG hired out those employees who had previously been working in the grid sector to (former) TIWAG-Netz AG. By order of the provincial government of Tyrol, dated January 1, 2006, the government, as the electricity authority, granted (former) TIWAG-Netz AG the license to operate the distribution grid of TIWAG-Tiroler Wasserkraft AG. TINETZ-Tiroler Netze GmbH (new company name) took on the responsibilities of operator of the distribution grid of TIWAG-Tiroler Wasserkraft AG as of January 1, 2006, and has been responsible for the operation, maintenance and development of these systems since that date.

1. BALANCE SHEET AS AT DECEMBER 31, 2020 (IN EUR)

Assets	
A. Fixed assets	
I. Intangible assets	
II. Tangible assets	
III. Financial assets	
B. Current assets	
I. Inventories	
II. Receivables and other assets	
III. Cash in hand and at bank, checks	
C. Deferred expense	
D. Deferred tax assets	
TOTAL **Assets**	
Equity and liabilities	
A. Shareholder's equity	
B. Special item for investment grants	
C. Contributions to construction costs	
D. Provisions	
E. Liabilities	
F. Deferred income	
TOTAL **Equity and liabilities**	

	Generation, energy trading, supply	Distribution	Other	Total
	1,328,131,943.69	**529,992,929.47**	**876,976,219.37**	**2,735,101,092.53**
	457,197,808.40	2,300,491.60	2,030,069.71	461,528,369.71
	718,808,193.17	480,045,981.44	45,966,388.50	1,244,820,563.11
	152,125,942.12	47,646,456.43	828,979,761.16	1,028,752,159.71
	101,749,791.68	**146,529,426.78**	**51,348,566.09**	**299,627,784.55**
	525,125.83	128,888.18	2,696,856.44	3,350,870.45
	82,207,417.85	133,700,415.60	47,433,077.76	263,340,911.21
	19,017,248.00	12,700,123.00	1,218,631.89	32,936,002.89
	1,426,671.00	**619,414.89**	**1,383,677.70**	**3,429,763.59**
	0.00	**0.00**	**19,206,049.58**	**19,206,049.58**
	1,431,308,406.37	**677,141,771.14**	**948,914,512.74**	**3,057,364,690.25**
	1,096,613,426.20	**274,982,211.32**	**96,997,717.83**	**1,468,593,355.35**
	7,987,152.20	**111,557.97**	**843,150.88**	**8,941,861.05**
	734,785.93	**166,468,597.29**	**6,110,685.67**	**173,314,068.89**
	187,711,020.68	**201,932,270.57**	**183,267,639.05**	**572,910,930.30**
	110,384,604.25	**33,647,133.99**	**640,134,359.56**	**784,166,097.80**
	27,877,417.11	**0.00**	**21,560,959.75**	**49,438,376.86**
	1,431,308,406.37	**677,141,771.14**	**948,914,512.74**	**3,057,364,690.25**

2. STATEMENT OF EARNINGS 2020 (IN EUR)

1.	Sales revenue
2.	Increase or decrease in inventory of services not yet chargeable
3.	Other own work capitalized
4.	Other operating income
5.	Cost of materials and purchased services
6.	Personnel expenses
7.	Amortization of intangible fixed assets and depreciation of tangible fixed assets
8.	Other operating expenses
9.	**Subtotal items 1 to 8**
10.	Income from investments
11.	Other net finance income
12.	**Subtotal items 10 to 11**
12a.	Set-off of activities
13.	**Profit before taxes**
14.	Income taxes
15.	TOTAL **Net income for the year**

Explanatory notes pursuant to section 8 of the Austrian Electricity Industry and Organization Act (ElWOG)

As a rule, balance sheet items and items of the income statement are allocated directly. Only in cases involving a merely indirect relation to the subject matter or unjustifiably high expenditure for direct allocation are items allocated indirectly on the basis of appropriate reference values. Allocations are determined by means of largely process-oriented allocation formulas. Segment-specific calculation rates form the basis for cost allocation.

Commercial transactions within the meaning of section 8 (3) of the Austrian Electricity Industry and Organization Act 2010 have been carried out with TINETZ-Tiroler Netze GmbH (lease relationship with regard to grid operation, cash pooling).

Innsbruck, April 9, 2021

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Johann Herdina

Generation, energy trading, supply	Distribution	Other	Total
707,706,887.58	135,065,229.11	10,376,823.76	853,148,940.45
0.00	0.00	52,200.59	52,200.59
-8,698,024.71	1,890,075.23	32,610,899.77	25,802,950.29
9,224,816.20	1,023,063.60	2,000,785.53	12,248,665.33
-514,691,030.41	-5,031,772.75	-1,739,377.22	-521,462,180.38
-33,363,607.49	-42,929,439.53	-62,061,595.78	-138,354,642.80
-28,710,916.82	-36,976,421.28	-5,144,852.38	-70,832,190.48
-47,834,742.85	-31,202,710.06	7,534,082.39	-71,503,370.52
83,633,381.50	**21,838,024.32**	**-16,371,033.34**	**89,100,372.48**
3,655,196.93	697,577.18	46,000,961.01	50,353,735.12
-30,087,071.12	-33,105,715.86	17,197,866.19	-45,994,920.79
-26,431,874.19	**-32,408,138.68**	**63,198,827.20**	**4,358,814.33**
-13,179,426.15	-16,165,115.80	29,344,541.95	0.00
44,022,081.16	**-26,735,230.16**	**76,172,335.81**	**93,459,186.81**
-3,776,373.78	2,293,445.01	-3,110,444.32	-4,593,373.09
40,245,707.38	**-24,441,785.15**	**73,061,891.49**	**88,865,813.72**

AUDIT OPINION

REPORT ON THE FINANCIAL STATEMENTS

Audit opinion

We have audited the annual financial statements of

TIWAG-Tiroler Wasserkraft AG, Innsbruck,

which comprise the balance sheet as at December 31, 2020, the income statement for the year then ended, and the notes.

In our opinion, the enclosed annual financial statements correspond to statutory requirements and present fairly, in all material respects, the company's financial position as at December, 31 2020, as well as the performance for the year then ended, in accordance with the relevant provisions of Austrian company law and the 2010 Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz 2010)*.

Basis for opinion

We conducted our audit in accordance with the auditing standards generally accepted in Austria, which require the application of the International Standards on Auditing (ISA). Our responsibilities under these provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the relevant provisions of Austrian company law and the code of ethics for professional accountants and have fulfilled our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of this audit opinion is sufficient and appropriate to provide a basis for our audit opinion as at this date.

Emphasis of matter – prior-year financial statements

The company's annual financial statements as at December 31, 2019 were audited by a different auditor, who issued an unqualified audit opinion on these annual financial statements on April 7, 2020.

Responsibilities of management and of the audit committee for the financial statements

The company's management is responsible for the preparation, in accordance with the applicable provisions under Austrian company law and the 2010 Electricity Industry and Organization Act, of financial statements which present fairly, in all material respects, the company's net assets, financial position, and the results of its operations. Moreover, the company's management is responsible for internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Austria), the auditor exercises professional judgment and maintains professional skepticism throughout the audit.

We also:

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

We communicate with the audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

REPORT ON THE MANAGEMENT REPORT

Based on Austrian provisions under company law, the management report is to be audited as to whether it is consistent with the annual financial statements and has been prepared in accordance with the applicable legal requirements.

The company's management is responsible for the preparation of the management report in accordance with the applicable provisions under Austrian company law and the 2010 Electricity Industry and Organization Act.

We conducted our audit in accordance with the ethical principles applicable to the auditing of management reports.

Opinion

In our opinion, the enclosed management report has been prepared in accordance with the applicable statutory and legal requirements and is consistent with the annual financial statements.

Basis for opinion

Based on the findings of our audit of the financial statements and the knowledge gained of the company and its environment, we did not find any material misstatements in the management report.

Vienna, April 9, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer Auditor	Mag. Christof Wolf Auditor

AUDIT OPINION

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit opinion

We have audited the consolidated financial statements of

TIWAG-Tiroler Wasserkraft AG, Innsbruck,

and its subsidiaries (the "group") which comprise the consolidated balance sheet as at December 31, 2020, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flow statement and the development of the group's equity capital for the year then ended, and the consolidated notes.

In our opinion, the enclosed consolidated financial statements correspond to statutory requirements and present fairly, in all material respects, the group's financial position as at December 31, 2020, as well as the group's performance and cash flows for the year then ended, in accordance with the relevant provisions of Austrian company law and the 2010 Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz 2010)*.

Basis for opinion

We conducted our audit in accordance with the auditing standards generally accepted in Austria, which require the application of the International Standards on Auditing (ISA). Our responsibilities under these provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the group in accordance with the relevant provisions of Austrian company law and the code of ethics for professional accountants and have fulfilled our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of this audit opinion is sufficient and appropriate to provide a basis for our audit opinion as at this date.

Emphasis of matter – prior-year consolidated financial statements

The group's consolidated financial statements as at December 31, 2020 were audited by a different auditor who issued an unqualified audit opinion on these consolidated financial statements on April 7, 2020.

Responsibilities of management and of the audit committee for the consolidated financial statements

The group's management is responsible for the preparation, in accordance with the applicable provisions under Austrian company law and the 2010 Electricity Industry and Organization Act, of consolidated financial statements which present fairly, in all material respects, the group's net assets, financial position, and the results of its operations. Moreover, the group's management is responsible for internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs (Austria), the auditor exercises professional judgment and maintains professional skepticism throughout the audit.

We also:

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

We communicate with the audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

REPORT ON THE CONSOLIDATED MANAGEMENT REPORT

Based on Austrian provisions under company law, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

The group's management is responsible for the preparation of the management report in accordance with the applicable provisions under Austrian company law and the 2010 Electricity Industry and Organization Act.

We conducted our audit in accordance with the ethical principles applicable to the auditing of consolidated management reports.

Opinion

In our opinion, the enclosed consolidated management report has been prepared in accordance with the applicable statutory and legal requirements and is consistent with the consolidated financial statements.

Basis for opinion

Based on the findings of our audit of the consolidated financial statements and the knowledge gained of the group and its environment, we did not find any material misstatements in the consolidated management report.

Vienna, April 9, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer	Mag. Christof Wolf
Auditor	Auditor

PROPOSAL FOR THE APPROPRIATION OF PROFITS

It is proposed that a dividend in the amount of EUR 35,000,000.00 be paid out of the net retained profit of fiscal 2020 in the amount of EUR 35,280,418.35 and that the remaining amount of EUR 280,418.35 be carried forward to new account.

Innsbruck, April 9, 2021

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Johann Herdina

REPORT OF THE SUPERVISORY BOARD

To keep abreast of the business policy, business operations and general situation of the company, the Supervisory Board held four plenary meetings and several committee meetings in fiscal 2020 and received regular reports from the Management Board, both orally and in writing. The Supervisory Board reviewed and supported the Management Board's executive decisions. Its supervisory activities did not give rise to any objections.

Corporate governance report

TIWAG-Tiroler Wasserkraft AG is committed to complying with the Corporate Governance Guidelines for Investees of the Province of Tyrol to the extent they are applicable to TIWAG.
DELOITTE Audit Wirtschaftsprüfungs GmbH, Vienna, audited the corporate governance report in accordance with Clause 13.2 of the guidelines and submitted an audit report to the Management Board and the Supervisory Board. The audit did not give rise to any objections.

Separate and consolidated financial statements

The separate and consolidated financial statements for fiscal 2020 drawn up in accordance with Austrian accounting standards, along with the management reports for both the company and the group, have been audited by DELOITTE Audit Wirtschaftsprüfungs GmbH, Vienna. The auditor has drawn up a written report outlining the results and has confirmed that the Management Board provided the required information and supporting documents and that the accounting records as well as the financial statements for both the company and the group are in compliance with statutory provisions and present a true and fair view of the income, asset and financial status of the company under generally accepted accounting standards. The auditor has also confirmed that the management report for the company and the group is in accordance with the separate and consolidated financial statements. The auditor has issued an unqualified opinion on the separate financial statements and the consolidated financial statements.

The Supervisory Board received and reviewed the auditor's reports. The Audit Committee of the Supervisory Board has reported to the Supervisory Board on the outcome of the audits and the additional reporting carried out by the auditor pursuant to Article 11 of Regulation (EU) No 537/2014.

After in-depth review and deliberation by the Audit Committee, the Supervisory Board approved the separate and consolidated financial statements as at December 31, 2020, including the management reports for both the company and the group as well as the corporate governance report and the proposal for the appropriation of profits, hereby adopting the financial statements as at December 31, 2020 in accordance with section 96 (4) of the Stock Corporation Act. The consolidated financial statements, the management reports for both the company and the group, and the corporate governance report are hereby duly acknowledged. The Supervisory Board's review did not give rise to any objections.

Based on the recommendation issued by the Audit Committee, the Supervisory Board recommends to the Annual General Meeting that DELOITTE Audit Wirtschaftsprüfungs GmbH, having its business address in Vienna, be appointed auditor of the separate and consolidated financial statements of TIWAG-Tiroler Wasserkraft AG for fiscal 2021.

We should like to express our thanks to the Management Board and to all our employees for their commitment and dedication in the past fiscal year.

Innsbruck, May 10, 2021

For the Supervisory Board

Dr. Reinhard Schretter
Chair of the Supervisory Board

ELECTRICITY LABELING PURSUANT TO SECTION 78 (1) AND (2) OF THE 2010 ELECTRICITY INDUSTRY AND ORGANIZATION ACT AS AMENDED FROM TIME TO TIME (TIWAG-TIROLER WASSERKRAFT AG)

Power source identification:	kWh	Share in %
Hydropower	3,584,542,692	84.90
Wind power	437,697,940	10.37
Biomass (solid, liquid and waste with a high biogenic share)	85,347,958	2.02
Biogas	44,346,792	1.05
Landfill and sewage gas	785,569	0.02
Photovoltaics	69,156,730	1.64
Geothermal energy	5,515	0.00
TOTAL electricity quantities delivered	**4,221,883,196**	**100.00**

Countries of origin:	Share in %
Austria	79.77
Norway	20.23
TOTAL countries of origin	**100.00**

Environmental impact of electricity generation:	
CO_2 emissions (g/kWh)	0.0
Radioactive waste (mg/kWh)	0.0

AUDIT FINDINGS AND CONFIRMATION

The company supplied a total of 4,221,883,196 kWh of electricity to end customers in the fiscal year 2020. Adequate evidence was provided for the total quantities.
Based on our statutory audit of the documentation concerning the origin of the quantities of electricity supplied to end customers by TIWAG-Tiroler Wasserkraft AG, Innsbruck, in the fiscal year ended December 31, 2020, we can issue the following confirmation:
“The documentation, prepared pursuant to sections 78 and 79 of the Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG)* and in accordance with the provisions of the statutory regulation on electricity labelling *(Stromkennzeichnungsverordnung)*, on the quantities of electricity supplied to end customers broken down by primary energy sources and on the respective environmental impact is conclusive and clear. The guarantees of origin required under section 79 (5) to (7) ElWOG were provided.”

Vienna, April 23, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

Mag. Christof Wolf
Auditor

ELECTRICITY LABELING PURSUANT TO SECTION 78 (1) AND (2) OF THE 2010 ELECTRICITY INDUSTRY AND ORGANIZATION ACT AS AMENDED FROM TIME TO TIME (ÖKOENERGIE TIROL GMBH)

Power source identification:	kWh	Share in %
Hydropower	109,153,353	100.00
Wind power	0	0.00
Biomass (solid, liquid and waste with a high biogenic share)	0	0.00
Biogas	0	0.00
Landfill and sewage gas	0	0.00
Photovoltaics	0	0.00
Geothermal energy	0	0.00
TOTAL electricity quantities delivered	**109,153,353**	**100.00**

Countries of origin:	Share in %
Austria	100.00
Norway	0.00
TOTAL countries of origin	**100.00**

Environmental impact of electricity generation:	
CO_2 emissions (g/kWh)	0.0
Radioactive waste (mg/kWh)	0.0

AUDIT FINDINGS AND CONFIRMATION

The company supplied a total of 109,153,353 kWh of electricity to end customers in the fiscal year 2020. Adequate evidence was provided for the total quantities.
Based on our statutory audit of the documentation concerning the origin of the quantities of electricity supplied to end customers by Ökoenergie Tirol GmbH, Innsbruck, in the fiscal year ended December 31, 2020, we can issue the following confirmation:
"The documentation, prepared pursuant to sections 78 and 79 of the Electricity Industry and Organization Act *(Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG)* and in accordance with the provisions of the statutory regulation on electricity labelling *(Stromkennzeichnungsverordnung)*, on the quantities of electricity supplied to end customers broken down by primary energy sources and on the respective environmental impact is conclusive and clear. The guarantees of origin required under section 79 (5) to (7) ElWOG were provided."

Vienna, April 23, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

Mag. Christof Wolf
Auditor

IMPRINT

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Dr. Alessandra Sarti, Martin Vandory

The English translation of the TIWAG-Tiroler Wasserkraft AG Annual Report
is for convenience. Only the German text is binding.

This Annual Report contains forecasts that involve risks and uncertainties. These forecasts are usually accompanied by words such as “expect”, “predict”, “plan”, “believe”, “intend”, “estimate”, “aim”, “anticipate”, “target” etc. Actual results may differ from those anticipated in these forecasts as a result of a number of factors. Forecasts involve inherent risks and uncertainties.
TIWAG-Tiroler Wasserkraft AG cautions that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forecasts.

TIWAG-
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