TIWAG

Annual Report 2022

TIWAG-Tiroler Wasserkraft AG looks back on an eventful and successful fiscal year 2022.

The operating profit of EUR 124.4 million, which was achieved despite a difficult economic environment, confirms TIWAG's position as a productive and profitable company that is well prepared for the challenges that lie ahead.

Dipl.-Ing. Thomas Gasser, MBA

Mag. Dr. Erich Entstrasser

Dipl.-Ing. Alexander Speckle

Report of the 99th fiscal year of TIWAG-Tiroler Wasserkraft AG

from January 1 to December 31, 2022


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Year-on-year comparison

TIWAG-Tiroler Wasserkraft AG	2017	2018	2019	2020	2021	2022
Electricity sales (in GWh)	18,875	16,744	18,772	15,560	14,584	14,322
Sales revenue (in mEUR)	808.5	931.4	972.0	853.1	1,192.8	2,456.1
Cash flow from operating activities (in mEUR)	152.3	150.1	132.1	149.3	130.5	88.0
Profit before taxes (in mEUR)	75.8	78.4	86.5	93.5	174.7	204.1
Additions to property, plant and equipment (in mEUR)	87.8	96.9	133.2	160.8	256.3	267.5

Group						
Sales revenue (in mEUR)	1,099.1	1,238.7	1,286.2	1,130.4	1,586.7	3,003.7
Cash flow (in mEUR)	226.4	190.0	192.4	184.5	158.4	182.8
Consolidated profit before taxes (in mEUR)	92.4	86.8	111.9	78.8	182.8	212.1
Additions to property, plant and equipment (in mEUR)	256.3	215.0	219.5	237.2	326.0	329.5

Company boards

Supervisory Board
Dr. lic.oec. Reinhard Schretter (Chair until June 20, 2022)
Governor Anton Mattle (Chair from June 20, 2022 to November 28, 2022)
MMag. Dr. Eduard Wallnöfer (Chair since December 20, 2022) (on the Supervisory Board since December 14, 2022)
Florian Tursky, MSc MBA (1st Deputy until May 11, 2022)
Mag. Manfred Pletzer (1st Deputy since June 20, 2022 / 2nd Deputy until June 20, 2022)
Mag.a Michaela Hysek-Unterweger (2nd Deputy since June 20, 2022)
Mag. Hartwig Röck
Univ.-Prof.in (em.) Dr.in Hannelore Weck-Hannemann
Mag.a Julia Lang

Appointed by the Works Council:
Harald Würfl, Chairman of the Central Works Council
Franz Eckhart
Dr. Andreas Walder

Management Board
Mag. Dr. Erich Entstrasser (Chair)
Dipl.-Ing. Thomas Gasser, MBA
Dipl.-Ing. Johann Herdina (until December 31, 2022)
Dipl.-Ing. Alexander Speckle (since January 1, 2023)

Foreword by the Management Board

After some difficult years, which were impacted by the covid-19 pandemic from the beginning of 2020, TIWAG-Tiroler Wasserkraft AG looks back on an eventful and economically challenging fiscal year 2022. Thanks to earnings before interest and tax (EBIT) of EUR 124.4 million, TIWAG's business model provided proof of its quality and robustness despite the critical developments. The consolidated operating result was also positive and showed a slight increase to EUR 127.8 million, thus achieving a return of approx. 5.2% on the capital invested. In this way, we are able to further strengthen our position as a productive and profitable business owned by the State of Tyrol, which is the only way to cope with the massive capital expenditure our Group has to face in connection with the energy transition. In the next few years, the TIWAG Group will invest about EUR 2.1 billion in the implementation of the energy transition.

The foundation of our business success was laid in the past by our clear strategic goals which we constantly develop and adapt to new situations and requirements: the core features are clearly defined target markets, and innovative, high-quality energy products at competitive prices; we cover the entire value chain of the energy industry across different sectors for the direct benefit of our customers.

In fiscal 2022, however, our business had to face new challenges, which surprised us by the form and intensity in which they materialized, and which required a high degree of flexibility. Following the economic and social upheavals that resulted from the covid-19 pandemic, which still had a considerable impact on 2022, Russia's war of aggression against Ukraine, which started on February 24, 2022, not only rocked the international community and Europe's security policy. This geopolitical caesura also marked a deep change in the order and structure of Europe's and Austria's energy industry. The TIWAG Group was not spared from those fundamental changes, which primarily materialized in the form of massive price increases in the wholesale energy markets, and natural gas supply shortages.

As a regional energy supplier, we focus on secure, sustainable and integrated supply of Tyrol's people and businesses with electricity, gas and heat. Our primary concern is for our actions to be sustainable and socially fair in all areas, and to have as little impact as possible on the environment. By doing so, we make a substantial contribution toward ensuring supply security, prosperity, and a high quality of living in Tyrol.
At the same time, compliance with statutory requirements and the framework conditions under competition law must be a top priority for us. International pricing mechanisms arising from market liberalization and allowing low electricity prices for many years cannot simply be abolished in times of unfavorable developments, quasi 'on call'. In the interest of consumers and in line with our supply mandate, tighter laws and regulations at a national and a European level will be required, and structures will have to be established for the energy industry that will allow energy supply companies to continue to operate in a free market in the interest of their customers also in the future.

It is a fact that in recent years the challenges for the energy sector have multiplied in general. The energy transition, i.e. the transformation of the entire energy industry from fossil or nuclear power sources toward so-called renewables (ecological, regenerative and carbon-free types of energy, such as hydropower, solar, wind, or biomass), is forging ahead but often seems to want to "outpace" physical conditions, for example, where the massive expansion of (due to weather factors) highly volatile forms of energy generation, such as wind power or photovoltaics, is supposed to take place without providing sufficient baseload supply, necessary balancing energy (primarily from storage power stations), or concurrent expansion of the grid infrastructure.
Additional factors are intensive competition and sustainable transformation processes due to an increasing decentralization and digitalization of the energy sector, and the implementation of innovative technologies, such as sector coupling in existing energy systems. Established value chains gradually dissolve, and new sub-markets

that present corresponding challenges and growth potentials are created. On the part of our customers and other stakeholders throughout the value chain the expectations of energy supply companies have apparently changed as well: electricity supply must be cheap and reliable, as well as green and generated from sustainable sources at the same time. A high degree of innovation, individual and flexible contract models, and maximum transparency, in particular of the billing processes, are considered a matter of course today.

The only way to address all those challenges is with a high degree of flexibility and a constant focus on the long-term strategic goals of our core business. In this way, we will still be able to offer our customers high-quality energy products at competitive prices in the most different market segments, and to stand up to increasingly tougher competition. For this purpose, we need key resources as a fundamental prerequisite.

Two of our most important key resources are a flexible portfolio of power stations and powerful electricity, gas and heat grids that secure energy supply of Tyrol's people and businesses of Tyrol. In the reporting year, the TIWAG Group invested some EUR 329.5 million in existing power stations, in expanding hydropower capacities, in information technology and other areas. Via TINETZ, more than EUR 90.4 million were spent on grid

The TIWAG Management Board: Management Board Chair Erich Entstrasser (center), Thomas Gasser (left) and Alexander Speckle (right).

infrastructure upgrading and maintenance. Our subsidiary TIGAS also made sustainable contributions to consolidating supply by investing EUR 23 million in ramping up gas and heat grids; approx. EUR 10 million thereof were spent on district heating.
Thanks to a well-balanced financing structure, a high equity ratio, and generally stable operations we are able to adhere to our investment program of some EUR 2.1 billion until 2027 and will thus provide an important stimulus for economic activity in Tyrol also in the years to come.
In 2022, apart from substantial investments in the expansion of infrastructure, we acquired an additional storage slice of 500 GWh in an Austrian gas storage facility to increase supply security in the heat sector.

We owe a major part of our success to our approx. 1,400 employees, to whom we would like to express our deepest gratitude at this point. During the covid-19 pandemic, they showed a high level of solidarity, commitment and flexibility, which was commendable in every respect, be it when shifting to working remotely or strictly complying with distancing and hygiene rules. Both allowed us to maintain supply security even in such an extraordinary situation of crisis.
It is this ability to adapt that stands out as an essential quality feature of our employees even after the pandemic. Combined with their expertise and, of course, their customer service orientation, our employees put us in a very good starting position to meet new challenges in HR optimally in the years to come. Due to demographic developments, labor market changes and, last but not least, shifts in society's perception of working times, flexibility, etc., recruiting qualified staff has become more and more difficult.
Whereas employees in many occupational fields increasingly question the meaning and amount of their work, TIWAG can boast a very special advantage: working for TIWAG means being able to directly participate in the energy transition and to personally contribute to our country's sustainable energy future. In the future, we will particularly strive to communicate these aspects to the younger generation, our potential future employees. Even today, the TIWAG Group offers attractive and secure jobs in a motivating environment which enhances personal strengths and appreciates respectful cooperation. In order to be well prepared for future tasks, comprehensive education and training specifically tailored to talent and responsibilities have top priority in our company.

On our path into a sustainable energy future, expanding renewable energies such as hydropower and photovoltaics will naturally be of utmost importance. In the reporting year, we surpassed important milestones in this area, in particular in our largest project at the moment, the Kühtai power station expansion. The capital expenditure on that project, which constitutes an essential contribution to regional energy independence, as well as to the necessary restructuring of the European energy industry, will amount to approx. EUR 1.0 billion. The cavern in which the Kühtai 2 power station will finally be situated has already been fully excavated, and the excavation work in Kühtai is almost completed; in the diversion tunnel, the tunnel boring machine has advanced over a length of about 5 km toward the Stubaital valley. The whole project is scheduled to be completed by the end of 2026.
We are particularly pleased about the fact that the Inn river joint-venture power station (GKI) was put into operation in the Oberes Gericht area last fall. After a construction period of around eight years, this very important power station project was completed and largely contributes to the security of supply by generating baseload electricity. Also minor projects, such as expanding the Schwarzach power station in East Tyrol, on which we are spending approx. EUR 17.0 million, will enhance our power station portfolio's flexibility. In the reporting year, the project was mainly finalized, with the Schwarzach power station being put into operation in 2023.

With regard to photovoltaics, TIWAG was able to realize and put into operation one of the largest photovoltaic stations of Western Austria in the area of the Achensee power station. This makes TIWAG one of Tyrol's largest operators of photovoltaic stations already today, and solar power generation is intended to be expanded to a capacity of 23,000 kWp by 2026. In order to address future challenges we will have to face with respect to photovoltaics and in other areas of new technologies, such as sector coupling, we are optimally positioned thanks to our subsidiary TINEXT-Next Energy Solutions GmbH, which was founded in 2021.

Nonetheless, we must realize that the ambitious goals of the energy transition at regional, national and European level cannot be achieved by an expansion of renewable energies alone. To that end, a significant increase in energy efficiency is required as well. TIWAG therefore came up with a comprehensive EUR 20.0 million climate-protection package to particularly support end customers with extensive consultancy and services when they change to renewable energy technologies. A special focus of the package was on photovoltaics and heat pumps. In addition, in response to potential energy shortages, TIWAG was the first energy supply company to start an information campaign in August 2022, providing people with a list of tips on how to save energy in their households. Concurrently, TIWAG took a number of internal measures to significantly reduce energy consumption in its operations.

The past few years under the impact of the covid-19 pandemic and the war in Ukraine have brought considerable political, social and economic changes in Europe. Our business was and is strongly affected by those changes, and the next few years will remain challenging for the 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 positive economic value added by leveraging group-wide synergy effects, implementing strict cost management and efficient structures, and continually improving our control and risk tools, and management systems.

In the interest and to the benefit of our customers we will continue on the successful path we have chosen to warrant secure, affordable and ecological energy supply of all people in Tyrol. We will remain the reliable partner our business has been for decades, justifying the great trust of Tyrol's people and businesses in every respect.

TIWAG – We warrant secure, affordable and sustainable energy supply for Tyrol.

Innsbruck, June 2023

The Chair

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

Corporate Governance Report 2022 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 State of Tyrol. The cut-off date for the information thus published is the situation prevailing as at December 31, 2022, along with the changes in such situation during fiscal 2022. Unless otherwise stated, the report pertains to the said date. Any significant changes having occurred between that date and publication of the report will be presented separately.

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

Corporate Governance of TIWAG-Tiroler Wasserkraft AG is subject to the regulations of the Austrian law on stock corporations, the Austrian Business Code *[Unternehmensgesetzbuch/UGB]*, the regulations on employee co-determination, the Articles of Association, the internal rules of procedure for the Supervisory Board, the internal rules of procedure for the Management Board, and the Corporate Governance Guidelines for Investees of the State of Tyrol.

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

The Government of the State of Tyrol approved the Corporate Governance Guidelines for Investees of the State of Tyrol on April 2, 2019. TIWAG-Tiroler Wasserkraft AG is committed to complying with the Corporate Governance Guidelines for Investees of the State of Tyrol to the extent they are applicable to TIWAG. The Management Board and the Supervisory Board declare having applied these guidelines in fiscal 2022 in the exercise of their functions and subject to the explanatory notes provided in this report.

The guidelines were complied with in fiscal 2022. No comments are required; no deviations from the guidelines in terms of form or content were identified.

3. ESTABLISHMENT OF THE GUIDELINES

Application of the guidelines is embodied in the internal rules of procedure for the Supervisory Board and those for the Management Board. The annual Corporate Governance Report is adopted by resolution of the entire Management Board in agreement with the entire Supervisory Board.

4. SHAREHOLDERS' MEETING

As at December 31, 2022, the share capital of TIWAG-Tiroler Wasserkraft AG as registered in the Business Register *[Firmenbuch]* of Innsbruck Regional Court *[Landesgericht Innsbruck]* under FN [Business Register Number] 44133b amounts to EUR 300,000,000.00, divided into 300,000 shares of a par value of EUR 1,000 each. The shares are registered shares and are held exclusively by the State of Tyrol.

As the sole shareholder, the State of Tyrol, represented by the governor, exercises its shareholder and voting rights at Shareholders' Meetings. All decisions made by the shareholder are documented in minutes certified by a notary. In the reporting year, the ordinary

Shareholders' Meeting was held on June 20, 2022. The resolutions passed concerned the appropriation of the net profit for the year, the approval of the actions of the Management Board and the Supervisory Board, and the appointment of the auditor.

At the extraordinary Shareholders' Meeting of December 14, 2022, Mr. Eduard Wallnöfer was elected Supervisory Board member with immediate effect who replaced governor Anton Mattle, who had resigned from his office effective November 28, 2022, midnight.

5. COLLABORATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

The Supervisory Board and the Management Board collaborate closely in the interest of the corporation. Their collaboration is based on mutual trust, which is established by complying with the transparency, disclosure, and confidentiality duties to be observed, and lived in an atmosphere of open discussion. The Management Board regularly reports to the Supervisory Board comprehensively and in a timely manner, and the chair of the Supervisory Board is in regular contact with the Management Board.

A basic prerequisite for open discussions between the Management Board and the Supervisory Board is the comprehensive safeguarding of confidentiality vis-à-vis third parties. The principle of confidentiality is regulated in the rules of procedure for the Supervisory Board and those for the Management Board. If experts or informants are called in to attend meetings of the Supervisory Board regarding specific items, equivalent safeguards are taken and evidenced unless those persons are subject to a professional obligation to maintain secrecy due to their capacity anyhow. Employees of the corporation, experts, and informants may be called in for consultation on specific matters, where necessary. In such a case the relevant persons will be informed about the confidentiality principles, and compliance with the non-disclosure obligations, which are equivalent to those of a Management Board member, is demonstrably confirmed by them.

Since 2002 TIWAG-Tiroler Wasserkraft AG has maintained Directors & Officers insurance, which covers the activities of its officers and executive employees. The insurance also covers the management of subsidiaries. The cost of insurance is borne by the corporation.

Due to provisions of stock corporation law the Supervisory Board must approve of the conclusion of contracts with members of the Supervisory Board by which they undertake to render services for the corporation for remuneration that is not merely insubstantial in addition to their work on the Supervisory Board. The Supervisory Board also represents the corporation in legal transactions with the Management Board. Contracts with enterprises in which a Supervisory Board or Management Board member holds a substantial beneficial interest are also subject to approval. In order to ensure compliance with the guidelines, the members of the Supervisory Board and of the Management Board were asked about the business relations and transactions concluded in the reporting year. Except for approved contracts, the members reported no relevant transactions.

6. MANAGEMENT BOARD

6.1 COMPOSITION OF THE MANAGEMENT BOARD

The Management Board, which manages the business and the corporation on its own responsibility, represents TIWAG in transactions with third parties and is composed of up to four persons, had the following three members in the reporting year 2022:

Chair of the Management Board
Erich Entstrasser
- Born in: 1960
- Member since January 1, 2013
- Management Board chair since January 1, 2016

At its meeting of October 12, 2021, the Supervisory Board renewed Erich Entstrasser's term, which would regularly have ended on December 31, 2022, until December 31, 2025.
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.

Management Board Member
Thomas Gasser
- Born in: 1969
- Member since January 1, 2016
- Start of current term of office: January 1, 2021
- End of current term of office: 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 member of the management board of Innsbrucker Kommunalbetriebe Aktiengesellschaft.

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

Mr. Johann Herdina retired as of December 31, 2022 at his own request.
In the reporting year, 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.

6.2 FUNCTIONING AND SCHEDULE OF RESPONSIBILITIES OF THE MANAGEMENT BOARD

The Management Board conducts the business of the corporation in compliance with the applicable laws, the Articles of Association, the internal rules of procedure for the Supervisory Board and the internal rules of procedure for the Management Board. Unless responsibilities are allocated under the mandatory provisions of the Austrian Stock Corporations Act *[Aktiengesetz/AktG]* anyhow, the internal rules of procedure for the Management Board of TIWAG-Tiroler Wasserkraft AG as amended by Supervisory Board resolution of October 1, 2021 govern the allocation of responsibilities, the decision-making and the way in which the Management Board collaborates internally and with the Supervisory Board. In addition to the provisions of stock corporation law, the internal rules of procedure govern the transactions and actions which require approval from the Supervisory Board or of a Supervisory Board committee established and authorized for such purpose.

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

Erich Entstrasser	Finance and accounting, controlling and investments, contract and energy data management, corporate development and organization, human resources, public relations, legal and real estate (including administrative proceedings), 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. Fundamental decisions, including specifying the corporation's goals and defining the business strategy in agreement with the Supervisory Board, must in any case be made by the entire Management Board.

6.3 APPOINTMENT AND REMUNERATION OF THE MANAGEMENT BOARD

As a matter of principle, vacancies on the Management Board are publicly advertised in accordance with the Austrian Transparency of Board Appointments in Entities Subject to Court of Audit Control Act *[Stellenbesetzungsgesetz] BGBl.* [Federal Law Gazette] I No. 26/1998 as amended. Appointments are preceded by a selection process carried out by the plenary meeting of the Supervisory Board.

The Supervisory Board undertook, in good time, the preparations for finding a successor to Mr. Herdina. Following public advertising of the vacancy, at the Supervisory Board meeting of March 25, 2022, Mr. Alexander Speckle was appointed board member in charge of TIWAG's construction engineering matters for a term of five years as of January 1, 2023. His employment relationship (not as a board member) commenced on October 1, 2022.

The guidelines on management employment contracts adopted by the Government of the State of Tyrol on June 12, 2012 and amended by government decision on June 14, 2016 are 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 State of Tyrol, reference is made to what is stated in the report issued by the Austrian Court of Audit, *"Reihe Tirol 2021/2",* marginal no. 25.1 et seq. In fiscal 2022, the remuneration of the Management Board amounted to a total of EUR 1,247,677.36.

7. SUPERVISORY BOARD

7.1 RESPONSIBILITIES

The allocation of responsibilities of the Supervisory Board is regulated by law in the Austrian Stock Corporations Act, the Business Code, and the Labor Code *[Arbeitsverfassungsgesetz/ArbVG]* and internally in the Articles of Association and the internal rules of pro-

cedure for the Supervisory Board and those for the Management Board. Apart from regular supervision of the management, the Supervisory Board's responsibilities include, without limitation, the authority to give the Management Board directives, preselect and actually instruct the auditor, co-decide based on the law, the Articles of Association or directly on a resolution (internal rules of procedure), and finally to advise the Management Board in matters of principle, projects and decisions, including with regard to strategic planning.
The Supervisory Board is informed by the Management Board of the course of business and the expected business development, the financial position and financial performance, the business plan, implementation of the business strategy, and entrepreneurial opportunities and risks by way of the annual report, the forecast, the quarterly reports, as well as special and requested reports on a case-by-case basis.

According to the Articles of Association and the internal rules of procedure, the Supervisory Board must hold at least one ordinary meeting every calendar quarter. Meetings of the Supervisory Board and its committees are convened by the chair, and the Supervisory Board makes its decisions by resolutions passed by the majority of the Supervisory Board members participating in the vote. In the case of a tie the chair has the casting vote. In compliance with the quarter rule, four Supervisory Board meetings and two constituent plenary meetings of the Supervisory Board were held in the reporting year. The attendance ratio of all Supervisory Board members was 94.3%. In addition to the meetings of the Supervisory Board and its committees, the chair of the Supervisory Board regularly met with the chair of the Management Board. Minutes of Supervisory Board meetings were kept, which are signed by the member chairing the meeting and the person keeping the minutes.

On December 13, 2016, the Supervisory Board amended the internal rules of procedure for the Supervisory Board of TIWAG-Tiroler Wasserkraft AG, which regulate the internal procedures and functioning of the Supervisory Board and its committees. The existing internal rules were amended and revised in the fiscal year 2021 and adopted by the Supervisory Board meeting of October 1, 2021. Amendments and specifications concerned transactions subject to approval, circumstances considered lack of impartiality and conflicts of interest, the competences and functioning of committees, approval of transactions with corporate bodies/officers, and the framework conditions for discussing topics of strategic development and for aligning the principles of business policy between the Management Board and the Supervisory Board. The internal rules of procedure are regularly evaluated and adapted if and when necessary.

7.2 COMPOSITION OF THE SUPERVISORY BOARD

The authority to select members of the Supervisory Board is vested solely in the Shareholders' Meeting and/or depends on the delegation policy of the employee representatives. On the basis of the provisions of the Stock Corporations Act and the Labor Code, the Supervisory Board was comprised of nine members in fiscal 2022. Six members were elected by the shareholder at the Shareholders' Meeting, three members were delegated and appointed by the Central Works Council as employee representatives.

From amongst its members, the Supervisory Board elects a chairperson as well as a first and second deputy, each for the duration of their terms of office. The total of six Supervisory Board members elected by the Shareholders' Meeting is composed of an equal number of men and women. In the reporting period and presently, no former members of the Management Board belong to the Supervisory Board.

In the reporting period, the Supervisory Board addressed the issue of potential conflicts of interest. The Supervisory Board members reported no conflicts of interest. Moreover, all six Supervisory Board members elected by the Shareholders' Meeting issued a written statement of their independence and professional reliability. The maximum of eight offices that may be held in supervisory bodies as prescribed by the Corporate Governance Guidelines for Investees of the State of Tyrol was not exceeded by any of the Supervisory Board members.

In fiscal 2022, the Supervisory Board was comprised of the following persons:

Reinhard Schretter
Chair
- Born in: 1955
- Supervisory Board member since 2001
- Supervisory Board chair since March 29, 2016
- Appointed on: May 6, 2019

End of the term on account of the lapse of time upon the end of the ordinary Shareholders' Meeting of June 20, 2022

Governor Anton Mattle
Chair
- Born in: 1963
- Member of the Supervisory Board from June 20, 2022 to November 28, 2022
- Chair of the Supervisory Board: from June 20, 2022 to November 28, 2022
- Appointed on: June 20, 2022
- Term of office: from June 20, 2022 to November 28, 2022

Anton Mattle, was elected member of the Supervisory Board in the ordinary Shareholders' Meeting of June 20, 2022 and chair of the Supervisory Board at the constituent meeting of the Supervisory Board of June 20, 2022. On October 25, 2022, Anton Mattle was elected governor by the State Parliament; he resigned from his position on the Supervisory Board on November 28, 2022.

Eduard Wallnöfer
Chair
- Born in: 1978
- Substitute member for Governor Anton Mattle since December 20, 2022
- Appointed on: December 14, 2022
- End of current term of office: ordinary Shareholders' Meeting 2025

At the constituent meeting of the Supervisory Board of December 20, 2022, Eduard Wallnöfer was elected chair of the Supervisory Board.

Florian Tursky
1st Deputy
- Born in: 1988
- Substitute member since August 5, 2021
- End of term of office: resignation from office on May 11, 2022

When he was appointed state secretary in the Federal Ministry of Finance, Florian Tursky resigned from his position on the Supervisory Board on May 11, 2022.

Manfred Pletzer
1st Deputy
- Born in: 1972
- Supervisory Board member since 2015
- Appointed for the current term of office on: June 20, 2022
- End of current term of office: ordinary Shareholders' Meeting 2025

At the constituent meeting of the Supervisory Board of June 20, 2022, Manfred Pletzer was elected 1st deputy of the chair of the Supervisory Board. Up until that meeting of the Supervisory Board, Manfred Pletzer had been the 2nd deputy of the chair of the Supervisory Board.

Michaela Hysek-Unterweger
2nd Deputy
- Born in: 1980
- Supervisory Board member since 2022
- Appointed for the current term of office on: June 20, 2022
- End of current term of office: ordinary Shareholders' Meeting 2025

At the constituent meeting of the Supervisory Board of June 20, 2022, Michaela Hysek-Unterweger was elected 2nd deputy of the chair of the Supervisory Board.

Hartwig Röck
Member
- Born in: 1963
- Supervisory Board member since 2014
- Appointed for the current term of office on: May 11, 2020
- End of current term of office: ordinary Shareholders' Meeting 2023

Hannelore Weck-Hannemann
Member
- Born in: 1954
- Supervisory Board member since 2015
- Appointed for the current term of office on: June 20, 2022
- End of current term of office: ordinary Shareholders' Meeting 2025

Julia Lang
Member
- Born in: 1974
- Supervisory Board member since 2017
- Appointed for the current term of office on: May 11, 2020
- End of current term of office: ordinary Shareholders' Meeting 2023

Employee representatives

Harald Würfl, Chairman of the Central Works Council
Member (delegated by the Works Council)
- Born in: 1963
- Delegated from November 3, 2021

Franz Eckhart
Member (delegated by the Works Council)
- Born in: 1967
- Delegated from November 3, 2021

Andreas Walder
Member (delegated by the Works Council)
- Born in: 1958
- Delegated from November 3, 2021

The principle of strictly personal fulfilment of one's tasks applies. In a specific case any Supervisory Board member may have him/herself represented by another Supervisory Board member by written proxy issued for a specific meeting, with any Supervisory Board member being entitled to represent only one other member from time to time. The right to chair a meeting is non-transferable.

The Supervisory Board elects a chairperson as well as a 1st and 2nd deputy from amongst its members, each for the duration of their terms of office. The Supervisory Board was chaired by Reinhard Schretter until June 20, 2022, Governor Anton Mattle from June 20, 2022 to November 28, 2022, and has been chaired by Eduard Wallnöfer since December 20, 2022.

7.3 RESPONSIBILITIES OF THE CHAIR OF THE SUPERVISORY BOARD

The chair has discharged and discharges his tasks in accordance with the Articles of Association, the internal rules of procedure, and the recommendations of the Corporate Governance Guidelines for Investees of the State of Tyrol. The Supervisory Board is quorate if all members have been duly invited and if at least one half of the members elected by the Shareholders' Meeting are present. Resolutions are passed by a majority of votes; in the case of a tie the chair shall have the casting vote. Documents of the Supervisory Board shall be signed by the chair or one of his deputies in the elected order. The chair is a member of the Committee for Management Board Matters. The Management Board must fulfil the reporting duties under stock corporation law vis-à-vis the Supervisory Board and, in addition, regularly inform the same about all important events and developments which are of material significance for the assessment of the situation and development of the corporation's business and that of its affiliates. Since the chair of the Supervisory Board is in regular contact with the Management Board, he will definitely be immediately informed in advance in urgent cases. The Management

Board coordinates the corporation's business strategy with the Supervisory Board, and they discuss the status of strategic implementation at regular intervals. Supervisory Board meetings are convened by the chair. Apart from the cases provided for by law, the chair of the Supervisory Board will also convene meetings at the request of any Management Board or Supervisory Board member.

7.4 COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board may, from among its members, appoint one or more committees and lay down their tasks and rights. The internal rules of procedure provide for an Executive Committee, a Committee for Management Board Matters, and an Audit Committee.

Executive Committee

The Executive Committee, which is comprised of the chair of the Supervisory Board, his deputies and a Supervisory Board member delegated pursuant to Section 110 *ArbVG*, acts as a working committee. The committee coordinates the work of the Supervisory Board and its collaboration with the Management Board. The Executive Committee is in regular contact with the Management Board, in particular with the chair of the Management Board, and advises the same without limiting the powers of the entire Supervisory Board. Meetings are held if and when required. Resolutions are passed unanimously by all attending members. If no unanimous decision can be reached, the resolution will be presented to the entire Supervisory Board for adoption or rejection.

Members of the Executive Committee:

Name	Position
Reinhard Schretter	Chair (until June 20, 2022)
Governor Anton Mattle	Chair (from June 20, 2022 to November 28, 2022)
Eduard Wallnöfer	Chair (since December 20, 2022) (on the Supervisory Board since December 14, 2022)
Florian Tursky	1st Deputy (until May 11, 2022)
Manfred Pletzer	1st Deputy (since June 20, 2022) 2nd Deputy (until June 20, 2022)
Michaela Hysek-Unterweger	2nd Deputy (since June 20, 2022)
Harald Würfl	Works Council delegate

For the sake of efficient and quick decision-making, the Executive Committee decides instead of the entire Supervisory Board in the matters assigned to it for decision-making by the internal rules of procedure. Motions to the Executive Committee are approved at meetings or, in urgent cases, in writing by way of circulation. In the reporting year, the Executive Committee held seven meetings. Supervisory Board members who are not on the Executive Committee are provided with the minutes of the meetings and detailed documentation on the motions of the Management Board for them to be able to check the decisions as to their plausibility.

Committee for Management Board Matters

The Committee for Management Board Matters, which in any case includes the chair of the Supervisory Board and his deputies, prepares the Supervisory Board's HR decisions. It proposes candidates for vacancies on the Management Board to the entire Supervisory Board and generally deals with all issues regarding the appointment of members of the Management Board, defines principles for adequate remuneration of Management Board members and concludes target agreements with Management Board members for one fiscal year in advance. In addition, the Committee for Management Board Matters concludes legal transactions between the corporation and specific members of the Management Board, in which cases a special standard of due care must be observed to avoid conflicts of interest.

Members of the Committee for Management Board Matters:

Name	Position
Reinhard Schretter	Chair (until June 20, 2022)
Governor Anton Mattle	Chair (from June 20, 2022 to November 28, 2022)
Eduard Wallnöfer	Chair (since December 20, 2022) (on the Supervisory Board since December 14, 2022)
Florian Tursky	1st Deputy (until May 11, 2022)
Manfred Pletzer	1st Deputy (since June 20, 2022) 2nd Deputy (until June 20, 2022)
Michaela Hysek-Unterweger	2nd Deputy (since June 20, 2022)
Franz Eckhart	Works Council delegate

Meetings of the Committee for Management Board Matters are held if and when required. No meetings were held during the year under report.

Audit Committee

The Audit Committee is tasked with monitoring the financial accounting process and the internal control and risk management systems of TIWAG-Tiroler Wasserkraft AG. In addition, it provides quality assurance for the audit of the (consolidated) financial statements, verifies and monitors the independence of the auditor of the (consolidated) financial statements, 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 to the Supervisory Board and explains how the audit has contributed to the reliability of financial reporting and what role the Audit Committee played in this. In the course of auditing the accounting information, the committee also verifies whether the annual financial statements, consolidated financial statements, the profit distribution proposal, the management report, and the Corporate Governance Report meet statutory requirements and are factually correct. In addition, it prepares the discussions and resolutions of the Supervisory Board for examination and, if necessary, adoption of the annual financial statements and reports to the Shareholders' Meeting, for the Management Board's profit appropriation proposal and for the Supervisory Board's election on the selection of the auditor of the (consolidated) financial statements, who may be appointed for a maximum of five consecutive fiscal years.

Pursuant to the Supervisory Board's internal rules of procedure, the Audit Committee consists of three or four of the Supervisory Board members elected by the Shareholders' Meeting and of at least one of the employee representatives delegated by the Works Council. The chair of the Supervisory Board and his deputies are in any case members of the Audit Committee. In 2022, the Audit Committee was composed as follows:

Members of the Audit Committee:

Name	Position
Reinhard Schretter	Chair (until June 20, 2022)
Governor Anton Mattle	Chair (from June 20, 2022 to November 28, 2022)
Eduard Wallnöfer	Chair (since December 20, 2022) (on the Supervisory Board since December 14, 2022)
Florian Tursky	1st Deputy (until May 11, 2022)
Manfred Pletzer	1st Deputy (since June 20, 2022) 2nd Deputy (until June 20, 2022)
Michaela Hysek-Unterweger	2nd Deputy (since June 20, 2022)
Harald Würfl	Works Council delegate
Franz Eckhart	Works Council delegate

In the year under report, the Audit Committee met twice, with minutes having been drawn up of such meetings. The focus of work was on preparing the resolution on the 2022 consolidated financial statements and annual financial statements of TIWAG-Tiroler Wasserkraft AG including profit appropriation, the proposal for the election of the auditor of the (consolidated) financial statements, the audit procedure and the audit focuses for 2022, the accounting process, risk management, and acknowledging the audit program and audit reports of Internal Audit.

7.5 REMUNERATION OF SUPERVISORY BOARD MEMBERS

The Articles of Association provide that every shareholder representative on the Supervisory Board be paid an annual expense allowance in addition to reimbursement of their expenses and an attendance fee for every meeting. The employee representatives on the Supervisory Board work in a voluntary capacity and are entitled to reimbursement of reasonable expenses.

The relevant remuneration scheme for attendance fees and expense allowances was adopted at the Shareholders' Meeting of December 9, 2014 with effect from January 1, 2015. Due to the requirements of the chair, the remuneration of the Supervisory Board differs according to responsibilities between chairperson, deputy, and simple membership.
The remuneration granted to Supervisory Board members in 2022 amounted to EUR 43,463.15 in total.

The guideline adopted by the Government of the State of Tyrol on July 13, 2021 for qualifications and remuneration for work on supervisory boards of investees of the State of Tyrol applies with respect to the regulations on qualifications and with respect to the special regulations for employees of the State of Tyrol. The rules regarding the amount of attendance fees and allowances do not apply to commercial enterprises, to which TIWAG-Tiroler Wasserkraft AG belongs. Until May 11, 2022, one employee of the State of Tyrol was appointed Supervisory Board member.

7.6 CONFLICTS OF INTEREST OF SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board are committed to the objective of the corporation, and when making decisions they must not pursue their own interests or interests of related parties which are in conflict with the interests of the corporation or with business opportunities to which the corporation is entitled. If conflicts of interest arise, Supervisory Board members must immediately disclose them to the chair of the Supervisory Board in any case. If the chair is in a conflict of interests, he must immediately disclose the same to his deputies. Serious or persistent conflicts of interest must be disclosed to the entire Supervisory Board. The Supervisory Board member affected by the conflict of interests must refrain from attending the meeting when it comes to the relevant item on the agenda and thus both abstain from the discussion about and from the vote on that item. If the Supervisory Board deals with transactions of the corporation concerning enterprises in which a member of the Supervisory Board holds a significant beneficial interest ("indirect contracts"), the relevant Supervisory Board member must disclose that fact to the entire Supervisory Board for them to check whether such a transaction is at arm's length. Moreover, the corporation is neither allowed to conclude contracts for work or services with members of the Supervisory Board nor to provide services for them on more favorable terms unless those terms are

also available to other customers. The power to decide on the approval of transactions with corporate bodies/officers was transferred from the Executive Committee to the entire Supervisory Board by means of the internal rules of procedure which entered into force upon the Supervisory Board's resolution of October 1, 2021.

8. TRANSPARENCY

Business information is publicly accessible on the website: www.tiwag.at. The Corporate Governance Report, the separate financial statements and the consolidated financial statements of TIWAG-Tiroler Wasserkraft AG including (group) management report are published in the download area of the TIWAG website.

9. INTERNAL AUDIT

As an administrative unit, Internal Audit directly reports and is only accountable to the Group Management. During audit procedures at affiliates, Group Internal Audit also acts on behalf of the Group Management, with the latter ensuring that the audit contract will be implemented appropriately in terms of corporate law. TINETZ-Tiroler Netze GmbH, where Group Internal Audit acts on behalf of the management, constitutes an exception. Group Internal Audit bases its work on the "Standards for the Professional Practice of Internal Auditing" of the Institute of Internal Auditors (IIA).

10. ACCOUNTING AND AUDIT

The annual financial statements plus management report and the consolidated financial statements plus group management report of TIWAG-Tiroler Wasserkraft AG, which present a true and fair view of the financial position and financial performance of the corporation, were prepared by the Management Board according to the financial reporting requirements applying to the fiscal year ended on December 31, 2022.

On the basis of the election proposal of the Supervisory Board made at the Shareholders' Meeting of June 20, 2022, the State of Tyrol as the sole shareholder of TIWAG-Tiroler Wasserkraft AG elected Deloitte Audit Wirtschaftsprüfungs GmbH (group) auditor for fiscal 2022. The election proposal of the Supervisory Board was prepared by the Audit Committee. In preparation for giving the recommendation, the Audit Committee verified that the auditor is independent and unbiased and that no reasons for exclusion or bias exist. For that purpose, the Audit Committee requested a statement broken down according to service categories for the payments received from the corporation for the previous fiscal year and a report on the inclusion of the system of external quality assurance established by the Austrian Auditor Supervision Act *[Abschlussprüfer-Aufsichtsgesetz/APAG]* (*BGBl.* I No. 43/2016 as amended) and valid registration with the same. The relevant information was provided to the Audit Committee by the auditor of the (consolidated) financial statements in writing. All additional consultancy and other service contracts which are not directly related to the audit of the annual financial statements were concluded upon approval from the Supervisory Board.

After the auditor's election, the Supervisory Board immediately concluded an audit contract with the elected auditor.

Deloitte Audit Wirtschaftsprüfungs GmbH, which was elected by the Shareholders' Meeting for the third time in a row, has audited the separate financial statements and consolidated financial statements including the (group) management report for fiscal 2022 and the bookkeeping, and issued an unqualified opinion on both.

11. CORPORATE GOVERNANCE REPORT

Compliance by TIWAG-Tiroler Wasserkraft AG with the aforementioned guidelines is subject to external evaluation at least every five years. The last evaluation for the year 2020 was conducted by Deloitte Audit Wirtschaftsprüfungs GmbH. The audit did not give rise to any objections.

Innsbruck, April 12, 2023

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

The audit reports of the auditor were sent to every Supervisory Board member in due time. The auditor attended the audit meeting of the Audit Committee on April 28, 2023 and reported on the course and outcome of his audit.

The Audit Committee examined the separate financial statements and the consolidated financial statements including (group) management report at its meeting of April 28, 2023, taking the audit reports into account, and discussed the same with the auditor. The chair of the Audit Committee reported on the outcome of that preliminary examination.

The auditor attended the annual financial statements meeting of the Supervisory Board on May 12, 2023 and reported on the course and outcome of his audit. Based on the recommendations of the Audit Committee, the Supervisory Board approved the annual financial statements 2022 and agreed to the proposal made by the Management Board to the Shareholders' Meeting that a dividend of EUR 30 million be distributed. The Supervisory Board approved of the management report, the Corporate Governance Report, the consolidated financial statements and the group management report, and acknowledged and agreed to the report on the outcome of the audit of the annual financial statements, the consolidated financial statements, and the (group) management report.

Innsbruck, May 12, 2023

The Chair of the Supervisory Board

MMag. Dr. Eduard Wallnöfer

MANAGEMENT REPORT FOR THE COMPANY AND THE GROUP

By providing secure and sustainable supply of electricity, gas and heat, the TIWAG Group is committed to contributing to a good quality of life for the people of Tyrol and to promoting Tyrol as a business location in the best possible way.

The fiscal year 2022

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 Business Register of Innsbruck Regional Court *[Landesgericht Innsbruck]* under FN [Business Register Number] 44133 b and has its registered address in Innsbruck. The share capital amounts to EUR 300 million, divided into 30,000 no-par value bearer shares held exclusively by the State of Tyrol. TIWAG is the parent company of the TIWAG Group.

Organizational set-up

The Management Board of TIWAG-Tiroler Wasserkraft AG has three members. Management Board chair Erich Entstrasser, whose term was extended early until December 31, 2025 by the Supervisory Board, is in charge of commercial operations, which comprise various central 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 strategy and energy efficiency, power generation, energy trading and energy industry, as well as energy sales. All construction and engineering-related issues, such as hydropower engineering, mechanical engineering, construction, technical facility management, and central procurement, were in the hands of Management Board member Johann Herdina, who retired as of December 31, 2022 at his own request. On January 1, 2023, Alexander Speckle was appointed Management Board Construction for a term of five years. The second top-management level comprising the managing directors of the major group companies, as well as heads of divisions and of 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.

The 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), as well as Heat and Gas, while the remaining activities are shown under Equity 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, heat and gas) and regulatory aspects, i.e. the regulated grid business and the non-regulated energy business. Currently, we have the following four reporting segments.

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

The *Electricity (Non-Regulated)* segment comprises the subsegments Power Station Construction, Power Generation, Energy Industry and Trading, and Energy Sales. In Power Station 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 engineering departments we not only build new plants but also keep existing ones operational and up to the state of the art.
In Power Generation, our focus is on efficiently, sustainably and cost-effectively producing electricity. Our pool of power stations provides us with an extensive power generation portfolio, which we constantly expand and optimize. In the reporting period, we invested EUR 199.1 million (prior year: EUR 209.8 million) in our existing power generation plants (including a pro-rata share of electricity procurement rights). In 2022, the joint-venture power station along the Inn river, in which we hold 86%, and a diversion-type power station along the Ötztaler Ache, in which we hold 25%, went into operation.
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.
Energy Sales, which covers all types of energy, handles the selling of energy to our customers. This organizational unit develops innovative products and solutions in an effort to meet customer needs as best possible.

In the *Electricity (Regulated)* segment, our subsidiary TINETZ-Tiroler Netze GmbH is in charge of regulated electricity business operations. The functions of technical customer management, grid system management, secondary technology, grid facility management, project planning/design 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, the Security Center, and Environmental Management, assist the management in preparing and reviewing decisions. Our reliable, state-of-the art electricity grid, in which we invested EUR 90.4 million in the reporting period (prior year: EUR 68.2 million), covers a total of 12,179 km (prior year: 12,090 km).

The core business units in our *Gas and Heat (Non-Regulated and Regulated)* segment are District Heat and Natural Gas Grid, areas where the subsidiaries TIWAG-Next Energy Solutions GmbH and TIGAS-Erdgas Tirol GmbH make major investments. In the reporting period, our subsidiaries invested a total of EUR 29.5 million (prior year: EUR 33.7 million) in upgrading and expanding our district heat and gas grid, 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 steers 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, public relations, 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 State of Tyrol, which offers the special locational features needed for hydropower-based power generation. Using the relevant hydrological and topographic requirements, our key power station sites include Kaunertal, Prutz, Imst, Silz, Kühtai, Achensee, Kirchbichl, Langkampfen, Amlach, and Kalserbach.

2. BUSINESS MODELS

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 district heat provider, with operations in other Austrian states as well as in Germany and in South Tyrol (Italy).

Business models in the non-regulated energy sector

We ensure the secure, sustainable and integrated supply of electricity, heat, and gas to all of our customers. Customer group segmentation is based on our being present at all levels of the energy industry value chain and our ability to flexibly generate electricity from hydropower sources. In 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, i.e. 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, heat, and gas 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 behaviour, 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 is 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 balancing energy.

Our customers use energy in a multitude of ways, from heating homes to generating high and low temperatures in production processes, from ensuring mobility to powering electric engines, from using IT to providing lighting. Our value propositions comprise classic electricity, environmentally friendly district heat and gas supply to our customers, along with add-on products and innovative services that meet ecological requirements. What our customers expect from us is sustainable energy generation, 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 the digital transformation. We offer our retail customers energy at competitive prices. We provide added value for business and commercial customers who are always 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. Supply security, favorable pricing, flexible contract terms, energy quality, and expert technical advice are factors we combine individually 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, product range, and level of customer advisory service, we distinguish between traditional and

innovative marketing channels, breaking down activities further by key account management, regional retail and commercial customer support, service center and internet support. 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, participating in balancing energy market auctions and auctioning off cross-border transmission capacity rights are high. The relevant distribution and communication channels are highly standardized and structured.

With the volatile environment in the energy industry and customer expectations it is extremely important for us to secure 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 2,473.1 million (prior year: EUR 1,272.7 million), which corresponds to an 82.3% (prior year: 80.2%) share of total sales revenue. The massive increase is, above all, attributable to the sharp rise in energy prices seen on the international gas and electricity markets. In the non-regulated electricity segment, revenue is driven mainly by the electricity market prices and the volume of electricity produced by our power stations. A geographical breakdown shows that revenue is generated primarily in our home market. Gas revenue, which is gained primarily in Austria, amounts to 16.1% (prior year: 17.2%) of group-wide sales revenues. Especially in the fiscal year 2022, key revenue drivers in the non-regulated gas segment include price trends on international gas markets and temperatures measured in heating degree days.

To be able to make our value propositions to customers in the various customer segments, we need to have appropriate key 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 relying on a vast range of plant and equipment to operate. TIWAG Group's funding relies on existing equity and borrowed capital with appropriate maturity dates. As hydropower capacities in Tyrol are being expanded and energy system digitalization is ongoing, raising the required amount of capital is a crucial issue. 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 would be unable to deliver on the promises we make to our customers.

With value-chain levels having become unbundled, new interlinked markets have developed that require a flexible approach. Coordinating these markets calls for professional trading, which is ensured by our Energy Trading and Energy Industry unit. In this unit, we pool energy procurement, trading in energy products, and the marketing of our green electricity generated from hydropower. While 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 directing our focus toward 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 a long period of time.

Implementing our business model gives rise to costs. As an integrated energy supply company, we build power stations, generate energy, and transport energy, both self-generated and procured, to our customers. Secure energy supply can only be ensured through skilled staff, the use of generation and distribution facilities, and risk-optimized energy procurement. Given the specific tasks we have to perform, our major cost items are 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

High-performance grids are a *sine qua non* for a reliable energy supply and for the implementation of the energy transition. Our core products electricity, heat, and gas are distributed via grid-bound energy systems. Our electricity distribution grid is 12,179 km long (prior year: 12,090 km), while our gas grid comes to 3,960 km (prior year: 3,926 km). Vertically, electricity and gas grids are structured into transmission and distribution grids, both of which are subject to government regulation under the distribution grid monopoly. Acting in the interests of customers, the government agency E-Control monitors whether energy distribution is secure and prices are reasonable.

Based on our regulated energy distribution grids, we offer our grid customers non-discriminatory access, secure supply, and a high quality of service at different levels of voltage and pressure. We are called upon to ensure secure supply, stable and reliable grids, as well as the economic and ecological transportation of energy to all customers within our grid area, guaranteeing that energy suppliers can feed in the energy they generate and that end customers can rely on the secure and uninterrupted transportation of energy to their doorsteps. The growing trend toward 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 at uniform and transparent pricing, smart metering systems, sophisticated integration of prosumers' photovoltaic systems into our distribution grid, and a bidirectional link-up of additional distributed entities to our centralized energy supply control system.

Enabling first-time grid access, entering into grid access contracts, carrying out meter readings and necessary maintenance and repair work make for long-term customer relationships and local contacts. Our key activities include grid planning, building and funding grid facilities, regulatory management, and managing relations and cooperation with our market partners.

The key source of our income is the system charges paid by end customers. These charges are fixed by the relevant public authority in a two-stage process. First, the regulatory authority issues an administrative decision setting out the allowed costs, targets, and volume situation, then E-Control issues a regulation detailing the system charges derived from the allowed costs as determined beforehand.

Income is also affected by equalization payments designed to balance out the different cost structures of grid operators, by cost cascading designed to balance the costs of different grid levels, and by changes in the regulatory account, which records differences between revenue actually earned and revenue planned to be earned.

Capital-intensive property, plant and equipment, human resources, IT services, data management, as well as cooperation with upstream and downstream grid operators are of crucial importance to integrated energy suppliers that offer grid-bound energy (electricity, heat, and gas). Partnerships with suppliers and IT providers are pivotal to grid operation planning, grid expansion, and congestion management in new distribution grids.

High-performance, state-of-the-art grids give rise to large capital requirements, with correspondingly high fixed costs. In addition to depreciation, amortization and write-downs, as applicable, planning, construction, and operating costs also include cost of material and cost of personnel, as well as external services. In light of the tasks imposed on us by law, the main cost items in the regulated segment are operating expenditure (OPEX), as reviewed and approved by administrative decision, and capital expenditure (CAPEX). Incentive regulation is a government scheme designed to induce grid operators to raise efficiency and cut costs, so that grid customers will be able to benefit from declining rates. More specifically, grid operators that outperform the efficiency targets will be able to generate higher returns for any given period.

New business models

Even though electricity generation from our hydropower facilities is a *sine qua non* for maintaining supply security in Tyrol, the new renewable energies (photovoltaics and wind) are gaining in importance in combination with new ways of storing energy. Customer expectations have developed accordingly, with customers no longer simply being at the receiving end of energy supplies, but also questioning where their energy comes from and whether or not it is sustainable. Both energy policy framework conditions and climate considerations of the State of Tyrol in combination with the Renewables Expansion Act *[Erneuerbaren-Ausbau-Gesetz/EAG],* which has already been promulgated, are moving toward renewable and decentralized energy generation. The energy and climate policy developments result in traditional value chains becoming more and more outdated, with new submarkets emerging that come with independent growth potentials. New energy solutions (heat, renewable gases, photovoltaics (PV), charging and filling infrastructure, innovative energy systems) differ from traditional integrated energy supply business models in terms of value drivers, competitors, processes, risks, capital cost, skills and success factors. We are facing the described environment by combining established environmentally friendly district heat and photovoltaics activities including decentralized battery storage, e-mobility, and renewable gases, as well as innovative activities in an independent entity. In the reporting year, we transferred the Längenfeld district heating plant to the new legal entity TIWAG-Next Energy Solutions GmbH in a first step, and in the fiscal year to come, we will combine the Photovoltaics and E-Mobility business units in that subsidiary.

3. GROUP STRATEGY AND MISSION STATEMENT

It is the task of the Management Board to make the decisions that are necessary to ensure the company's long-term viability. Key tasks include setting long-term corporate goals and deciding on the strategic orientation that forms the basis of business operations, the implementation of which is monitored by the Supervisory Board. The difficult environment in 2022 required the Supervisory Board and the Management Board to constantly deal with strategic issues.

In a strategy workshop at the beginning of the year, the entire Management Board, together with the Supervisory Board and an external expert, dealt in detail with the strategic challenges the Group is facing and stated that the fundamental strategic orientation in the Electricity segment still appears plausible and that an in-depth evaluation of the strategy in the Gas and Heat segment is considered necessary due to the regulatory framework. The Supervisory Board then instructed the Management Board to evaluate the group strategy and present the result to the Supervisory Board.

The strategy itself was addressed in two sub-projects, the so-called work blocks; the environment was analyzed and evaluated, a SWOT analysis was conducted, and the strategy was revised in three project phases on that basis. The two work blocks, consisting of the Electricity segment including new business areas to be attributed, on the one hand, and the Gas and Heat segment plus photovoltaics, on the other hand, were subsequently combined into a final group strategy and submitted to the Supervisory Board for consideration as a proposal for a revised group strategy. In continuation of the previously chosen methods, the “Electricity segment” work block was developed by a working group made up of managers from the key segments affected, with all managers of the first reporting line being involved. Further development of the strategy for the work block “Gas and Heat segment, photovoltaics” was carried out by a second working group with the support of the external consultant.
Despite the massive changes in the environment analysis and the SWOT analysis, there were no significant changes to the group strategy in the electricity segment, however, specifications were made. With respect to supply security, the political and economic situation was taken into account and the special focus on the coverage gap in the supply of Tyrol in winter was highlighted. As for supporting the energy transition, previous strategic core messages were supplemented by the expansion of infrastructure to connect decentralized generation facilities, alternative energy systems, and charging systems for e-mobility, as well as the expansion of heat grids and heat generation plants.

From the results of the evaluation of the group strategy, overarching strategic goals were derived as a starting point for more work in the various value-chain segments, which will be quantified and assigned milestones in a next step. The key goals are

- continuing the expansion of local hydropower capacities and accelerated expansion of photovoltaics in Tyrol;
- ensuring functional reliability of the electricity distribution grid in the context of energy transition (accelerated expansion of photovoltaics, electrification of heat supply and mobility);
- continuing and concluding the transformation of the activities in the area of new technologies with the aim of forming an efficient and independent business unit within the Group with the help of group synergies;
- expanding the regenerative district heat supply in metropolitan areas in Tyrol; and
- controlled reduction in the competitive gas segment.

Due to the after-effects of the war in Ukraine, the related critical developments in the energy market, and the unfinished regulatory framework, no reliable long-term group strategy can currently be developed. For this reason, the Supervisory Board took note of the revised group strategy and furthermore decided to re-evaluate the same in the second half of 2023. Work on the key points of the different business field strategies was started promptly. The formulated goals will be quantified with regard to investments triggered by such work to create a basis for additional considerations. In a next

step, the divisions and departments concerned will prepare in-depth elaborations on the functional strategies. The assessment of the required resources and the order of the implementation programs resulting from the functional strategies will play an essential role in giving the Supervisory Board an overview of which packages of measures can realistically be implemented. With regard to the planned photovoltaics expansion, the available grid capacities are decisive for whether goals can be achieved. The focus is therefore on a massive, intelligent expansion of the grid infrastructure, which will take some time and tie up financial resources due to the lengthy procedures, among other reasons.

Our mainstays for future success of the TIWAG Group are as follows:

(1) The TIWAG Group stands for secure, sustainable and integrated electricity, gas, and heat supply in Tyrol.
(2) The 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.
(3) The TIWAG Group supports European and national energy goals and is a driving force behind ecological change in Tyrol's electricity, gas, and heat supply.
(4) The TIWAG Group is commercially successful, an attractive employer, and a reliable and trustworthy local business partner.

4. MANAGEMENT ACCOUNTING AND CONTROLLING SYSTEM

The Management Board is responsible for managing the company in line with the objects of its business, acting for the benefit of the company with due consideration of the interests of both the shareholder and the employees, as well as paying tribute to public interests. To translate these principles into practice and flesh them out in real life, management needs a proprietary management accounting and controlling system.

We rely on a planning and controlling system which, using the actual data as set out in the annual financial statements as a basis, provides detailed and timely insights into the expected future development of our financial position, cash flows and profit or loss. On the basis of the market and regulatory environment, 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 entire 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 operations 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	
	2022 kEUR	2021 kEUR	2022 kEUR	2021 kEUR
EBIT	124,406.0	100,114.0	127,757.0	119,467.2
EBITDA	207,120.4	172,195.0	237,506.6	216,914.2
Profit before taxes	204,149.4	174,728.8	212,133.9	182,829.6

Other important indicators apart from sales revenue and investments in intangible assets and property, plant and equipment are capital structure, on the one hand, measured based on shareholder's equity ratio and consolidated net debt to EBITDA, and, on the other hand, financial strength, quantified based on cash flows, available cash and cash equivalents, as well as amount and structure of borrowings. In addition, the market values of our equity investments and the performance of our pension fund investments are material to our value-centered management.

These financial indicators are part of our balanced scorecard, which also features other aspects measured under different perspectives. Overall, apart from Finances, our balanced scorecard includes the three fields Employees, Processes, and Market.

The Market perspective presents the markets and market segments where the parent company and the subsidiaries operate. Performance indicators in this area are prices on the various spot and futures markets, interest rates and market shares in the core market and the markets in Austria and Germany. The Process perspective covers critical internal processes which are of key importance to our company. Major indicators here include the number of customer contacts, registrations with the customer portal, the number of charging systems and charging operations, as well as the utilization of investment and maintenance projects both in the regulated and non-regulated sectors. The Employees perspective measures aspects such as headcount, overtime ratios, positive flextime balances, and personnel cost per head.

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, and cooperate with the public sector to complement our in-house work. The reporting year saw us once again participate in, and implement, selected research and development projects, some of which we initiated ourselves.

As in the previous year, we focused on the following topics in the reporting year:

- Pro-active flood management requires models that provide the best possible mapping of future flood incidents, spring runoffs, and inflows. Based on this toolset, we can then proceed to optimize sediment management, improve flushing operations, and respond more flexibly to deviations from simulations. We are currently working on improving our existing forecasting system (HOPI) by adapting the existing hydrological model and establishing a new one for the Inn river catchment area. Introducing the new hydrological model for the whole Inn river will take our existing partial models up to the state of the art.
- Together with several partners we are working on a sediment research and management project. Apart from improving our basic knowledge and understanding of processes, the ultimate goal of the project is to reduce the cost of, and thus improve, sediment management in both alpine and industrial river landscapes while meeting all technical and ecological requirements.
- In a cooperative project with a partner, we are testing the feasibility, usefulness, and economic efficiency of an alternative method for automated sediment removal in a power station reservoir.
- The high amount of sediment in the process water puts a major strain on a power station's turbines. Within the scope of a project we have been conducting together with a partner for several years, we are examining the parameters that will help improve runner wheel wear and tear. The goal of the project is to find measures to provide for additional optimization to reduce the need for future overhauls.

- In another partnership project, we are working on providing the basic methodology and concepts to identify positive ecological potential in sections subject to surges and residual flow in high mountain regions. The aim is to design a concept and, based on it, develop an ecological monitoring program.
- Limnological monitoring has been a permanent feature in our existing facilities for many years as a means of collecting specific data to inform arguments in respect of impending changes in environmental law. The long-term data obtained in this way not only helps improve fundamental research and forms the basis for our participation in various working groups and research projects but is also being used in model studies and concrete case studies.

II. ECONOMIC SITUATION

1. FRAMEWORK CONDITIONS

Macroeconomic conditions

After the difficult years of the pandemic, the fiscal year 2022 started on a hopeful note, but this development ended abruptly on February 24, 2022. Since the Russian invasion of Ukraine, war has been raging in the middle of Europe. The Russian war of aggression, which brings threats and uncertainties, changes the geopolitical situation and heralds a turning point in European security and defense policy.

Under the said circumstances, the global economic upswing came to a halt in the second half of the year and affected the Austrian and European economies. In the course of the fiscal year, economic forecasts have been revised downward quarter on quarter. Austrian economic growth declined from +1.9% in the second quarter to +0.2% in the third quarter. This economic slowdown is accompanied by the negative sentiment indicators of private households and the expectations of the business sector.

A major cause of the decline in overall economic performance is the price increases, which led to a surge in consumer price inflation at rates of up to 11.5% in 2022. The first surge still was an after-effect of the pandemic, amplified by supply chain disruptions. Demand revived quickly after the business sector reopened and was met with relatively inelastic supply. By the end of 2021, demand-driven inflation was already well above the 2% expected in the medium term. Russia's war of aggression against Ukraine led to an additional supply-driven price surge, especially via the energy and food prices. The massive price increases have gradually spread to the entire consumer basket, causing core inflation to rise sharply, and quickly affecting exchange rates, wage bargaining and pricing. Furthermore, the short intervals between offer and demand shocks increased the risk of second-round effects. In total, consumer prices increased by 8.5% in 2022 and are estimated to increase by 6.5% in 2023, assuming lower energy prices and higher wage growth.

In response to this complex environment, the European Central Bank (ECB) raised interest rates four times in 2022 and will in all likelihood continue to do so until inflation returns to the medium-term target of 2%. These interest rate increases will dampen the economy and increase financing costs.

The negative factors of economic development are slowed down by the strong labor market, fiscal policy, and the savings accumulated during the pandemic. Currently, the labor markets are characterized by high labor demand as well as low unemployment, which amounted to 6.3% of employed persons in the current fiscal year. There is nothing to suggest that waves of layoffs are imminent, which could intensify recessionary developments. Debt-financed relief programs acted as another economic stabilizer to contain crisis-related cost increases, resulting in a government net lending/net borrowing of -3.3% according to the Maastricht definition in 2022.

Taking into account the positive and negative factors described, economic output in Austria grew by 4.7% in the current fiscal year despite the stagnation at the turn of the year.

A downturn is forecast for 2023, with GDP expected to stagnate at +0.3%. A gradual easing on the energy markets would also reduce inflation and lead to improved sentiment and a pickup in economic activity. Based on these assumptions, WIFO forecasts growth of 1.8% in Austria in 2024.

Energy and environmental policy framework

In view of the difficult geopolitical situation, the European Commission presented measures in its "REPowerEU" plan on March 8, 2022, which aim at reducing Europe's demand for Russian gas by two-thirds before the end of 2022 and make it independent well before 2030. The plan rests on two mainstays: diversifying gas supply and accelerating reductions in fossil-based fuel use in residential and commercial buildings, the industrial sector and energy systems by increasing energy efficiency, expanding renewables, and addressing infrastructure bottlenecks. According to the new rules, up to an additional EUR 300 billion is to be invested in energy infrastructure and the transition to renewable energies. Interventions in the EU's electricity market design were also announced in order to reduce Europe's dependence on Russian gas.

On June 27, 2022, the European Council adopted Regulation (EU) 2022/1032 (Gas Storage Regulation). It stipulates that in the territory of the Member States, underground gas storage facilities must be filled to at least 80% by November 1, 2022 and to at least 90% by the beginning of the subsequent winter. The requirements to fill storage capacities will expire on December 31, 2025. On August 5, 2022, the European Council adopted a regulation on a voluntary reduction in natural gas demand by 15%. To secure energy supply, EU Member States have agreed to voluntarily reduce their gas consumption by at least 15% in the period from August 1, 2022 to March 31, 2023 compared with average gas consumption over the past five years. In principle, Member States are free to choose the appropriate measures; in the event of severe gas shortages or exceptionally high gas demand, the reduction may be made mandatory by means of an implementing decision of the Council.

On July 6, 2022, the European Parliament did not reject the delegated act on the Taxonomy Regulation (EU) 2020/852 promulgated by the Commission at the beginning of February 2022. Accordingly, gas-fired and nuclear power plants can be temporarily classified as sustainable within the meaning of Regulation (EU) 2020/852 under certain conditions. The delegated act will enter into force on January 1, 2023.

At the end of September, the European Commission and the Council of Ministers agreed on the key points of a special levy for electricity generators with low marginal costs, thus creating the framework for national measures. The EU model provides for a cap of EUR 180/MWh on the electricity price, which is the benchmark for skimming off surplus profits. The Member States are supposed to use that additional income to provide financial support to households and companies suffering from high energy costs. In addition to the special levy, the temporary Regulation on an emergency intervention regulates both a solidarity levy for businesses engaged in the crude petroleum, natural gas, coal and refinery sectors, and binding and voluntary targets for reducing electricity consumption between December 1, 2022 and March 31, 2023.

On December 19, 2022, EU energy ministers agreed on a uniform position after several rounds of negotiations about a market correction mechanism, the so-called gas price cap. In addition, a position was adopted on joint gas purchases and on accelerating the planning

and permit-granting process for renewables. The price cap will apply from February 15, 2023, initially for one year. Furthermore, the price cap will take effect only if the price at the most important trading point in the Netherlands, the TTF (Title Transfer Facility), is above EUR 180/MWh for three working days and the gas price is EUR 35 above the world market price for liquefied natural gas (LNG) on the same days. After the price cap is activated, it is to apply for at least 20 working days.

On December 29, 2022, the Regulation enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders and, at the same time, the Regulation laying down a framework to accelerate the deployment of renewable energy were published in the Official Journal of the European Union. By the second Regulation, the EU has regulated the permit-granting process for photovoltaic systems, wind power stations, heat pumps and the expansion of existing plants (repowering) for the first time. The said Regulation, which overrides national law and will initially apply for 18 months, provides for process acceleration and facilitation of the permit-granting process for all newly initiated permit processes. Planning, construction and operation of renewable energy power plants and their grids are considered projects of overriding public interest.

Austria consumes about 90 TWh of natural gas per year, of which about 80% was purchased from Russia before the war of aggression. After Russia had announced that gas deliveries would have to be paid for exclusively in rubles in the future, the emergency cabinet of the Austrian federal government, together with E-Control, issued an early warning in the three-stage emergency plan for gas supply on March 30, 2022. This first warning stage provides for stricter monitoring of the gas market, while energy steering measures, which also provide for allocation of volumes by the authorities, are only taken in the event of a drastic deterioration in the supply situation.

On April 8, 2022, in order to maintain security of supply for Austrian end customers, the national legislator decided, within the framework of an amendment to the Natural Gas Act *[Gaswirtschaftsgesetz/GWG]* to purchase a strategic gas reserve, which is supposed to be available for the first time from November 1, 2022. The procurement and availability of the strategic gas reserve was financed out of federal funds and handled by a subsidiary of the distribution area manager. On June 30, 2022, the strategic gas reserve was increased to a total of 20 TWh, which is roughly equal to the total gas consumption in two winter months. The strategic gas reserve was procured by way of two calls for tenders, and the total cost was EUR 3.95 billion.

E-Control has changed the duty to provide proof of compliance with the gas supply standard for protected customers. According to Article 6(1)(c) of Regulation (EU) 2017/1938, the so-called “Gas SoS Regulation”, measures must be taken by the competent authority to ensure the supply of protected customers with gas for a period of 30 days in the case of breakdown of the largest single gas infrastructure in average winter conditions. Instead of the previous proof by means of OTC contracts, storage contracts and futures transactions on the stock exchange, only proof of adequate volumes stored is required for the first time since the 2022 survey. Accordingly, the supplier or the supplier’s upstream supplier must report the storage levels to E-Control on the first day of each month during the period under review, October 1, 2022 to April 1, 2023, in order to fulfill the obligations laid down in Article 6(1)(c) of Regulation (EU) 2017/1938. The consumption volumes to be kept available per metering point of protected customers supplied, i.e. household customers connected to a natural gas distribution grid, were communicated to the suppliers of the protected customers in May.

To additionally secure natural gas supply, the Energy Steering Act 2012 *[Energielenkungsgesetz/EnLG 2012]*

was amended on June 8, 2022 as well. Now, the amendment provides that gas volumes stored by final customers in storage facilities after April 27, 2022 are generally not subject to volume-based steering measures up to a share of 50% of their consumption in the previous calendar year. In the event of an official seizure, the purchase price of the protected gas volumes including storage costs and grid usage charges must be refunded. In addition, a provision on compensation for pecuniary losses suffered due to steering measures was included in the Act.

Another amendment to the Natural Gas Act, which was promulgated on June 30, 2022, embodied the so-called "use it or lose it" principle, the statutory provision enabling the Austrian energy regulator E-Control to allocate storage capacities not used by a storage user to another company by means of an administrative decision. On this legal basis, filling of the empty Gazprom natural gas storage facility in Haidach was commenced by the technical operator of the storage facility, RAG Austria AG, on August 1, 2022. To that end, the regulator transferred to the operator the rights of a storage facilities operator for around 14 TWh of working gas, which corresponds to approximately two thirds of the storage capacity of Gazprom's natural gas storage facility in Haidach. The total capacity of all Austrian storage facilities amounts to 95.5 GWh. The said amendment also provides that all storage facilities in the territory of Austria must be connected to the respective market area.

On July 12, 2022, the German Federal Minister for Economic Affairs and Climate Action and the Austrian Federal Minister for Climate Action signed a joint declaration on bilateral cooperation regarding the guarantee of gas supply security. The key points of the agreement concern securing transportation rights in the event of a gas shortage, filling natural gas storage facilities directly connected to the German grid, and diversifying energy supply. In particular, securing transportation rights is key to guaranteeing the supply of the market areas of Tyrol and Vorarlberg with natural gas, which is done via the German grid.

The extreme price increases on the energy markets and the related high inflation require social cushioning by politics. The Austrian federal government has responded to this difficult environment by putting together several relief packages for private households and companies. As early as effective January 1, 2022, the renewables subsidy contribution was not collected and the renewables subsidy flat rate was set to zero by an amendment to the relevant statutory bases. The Energy Cost Compensation Act 2022 *[Energiekostenausgleichsgesetz 2022],* which was published on April 8, 2022, granted one-off financial relief to households in the form of a one-off grant of EUR 150 for households. By Federal Law Gazette *[BGBl]* I 63/2022 of May 13, 2022, natural gas tax and electricity tax were reduced by approx. 90% in the period from April 30, 2022 to July 1, 2023. Specifically, the tax rate for natural gas was reduced from EUR 0.066/m³ to EUR 0.01196/m³ and the rate for electricity from EUR 0.015/kWh to EUR 0.001/kWh.

On February 14, 2022, the Eco-Social Tax Reform Act *[Ökosoziales Steuerreformgesetz/ÖkoStRefG]* was promulgated, which, in addition to reducing the linear corporate income tax rate from 25% to 24% for the calendar year 2023 and to 23% starting from calendar year 2024, also provides for national emissions trading. The National Emissions Trading Act 2022 *[Nationales Emissionszertifikatehandelsgesetz/NEHG 2022]* regulates gradual carbon pricing including compensation. Specifically, energy-related greenhouse gas emissions from the non-ETS (European Emissions Trading System) sector that result from the use of coal, natural gas and crude petroleum products are linked to the issuance of emission allowances. In a first step, national emissions trading will be linked to the existing system for collecting energy tax in an introduction phase that will last until December 31,

2023. In a second step, the so-called transition phase, which will last from January 1, 2024 to December 31, 2025, the organizational conditions for a trading system will be created. Until the end of 2025, emission allowances will be fixed annually, in compliance with a price stability mechanism, at fixed prices ranging from EUR 30 to EUR 55 per allowance. From 2026 onwards, pricing is intended to be determined on the basis of the introduced market system by means of offer and demand. In the fixed-price phase, the additional costs for natural gas in 2022 amount to 6.12 ct/m³, with a statutory emission factor of 2.04 kg/m³. By the end of 2025, they will rise to 11.22 ct/m³. As part of the inflation relief package of June 30, 2022, the start of the introduction phase was postponed from July 1, 2022 to October 1, 2022.

In September 2022, the government announced an electricity price cap to support household customers in Austria, and on October 24, 2022, the Federal Act on a Temporary Introduction of an Electricity Cost Subsidy for Household Customers *[Stromkostenzuschussgesetz/SKZG]* was published in the Federal Law Gazette. Specifically, the Act stipulates that from December 1, 2022 to June 30, 2024, a basic quota of 2,900 kWh per household will be subsidized. The 2,900 kWh are equal to about 80% of the annual consumption of an average household in Austria. The subsidy will be automatically deducted by the electricity supplier if the electricity price exceeds the lower threshold of 10 cents/kWh. The share of the price that exceeds 10 cents/kWh will be subsidized up to the upper threshold of 40 cents/kWh. The higher market price will be applied to each kilowatt-hour consumed in excess of the basic quota. Furthermore, low-income households will receive a grid cost subsidy of 75% in addition to the electricity cost subsidy.

In Regulation (EU) 2022/1854 of October 6, 2022, emergency measures were adopted by the European Council in response to high energy prices. Measures related to the electricity market include reducing the gross electricity consumption by 10%, reducing the gross electricity consumption during peak hours by at least 5% per hour, and introducing a cap on market revenues and distributing the surplus revenues to electricity customers. The measures relating to final customers allow Member States to introduce regulated prices for small and medium-sized enterprises (SMEs) and also to set regulated prices below cost. As a third block of measures, the Regulation stipulates that surplus revenues of companies in the crude petroleum, natural gas, coal and refinery sectors will be subject to a temporary mandatory solidarity contribution. Such contribution will be calculated on the basis of national tax regulations and amounts to 33% of those taxable profits that exceed the average profit of the previous four years by more than 20%. The first package of measures of Regulation (EU) 2022/1854 was implemented at national level by means of the Electricity Consumption Reduction Act *[SVRG],* and the second and third packages of measures by means of the Federal Act on the Energy Crisis Contribution – Electricity *[Energiekrisenbeitrag-Strom-Gesetz/EKBSG]* and the Federal Act on the Energy Crisis Contribution – Fossil Fuels *[Bundesgesetz über den Energiekrisenbeitrag-fossile Energieträger/EKBFG]*. The *EKBSG* stipulates, among other things, that 90% of the difference between market revenues and the cap of EUR 140 per MWh of electricity generated from the sale of electricity generated in Austria from hydropower and other inframarginal generation facilities in the period between December 1, 2022 and December 31, 2023 must be paid to the government. In order to support investments in renewable energies and energy efficiency, the legislator has provided for a deductible for preferential investments amounting to a maximum of EUR 36 per MWh of electricity.

Although renewable electricity cannot compensate for gas supply shortages in the medium term, the expansion of renewable energy and energy efficiency is indispensable. A corresponding expansion of hydropower and the expansion and conversion of the grid infrastructure requires suitable framework conditions. Specifically, the regulations regarding the Renewables Expansion Act *[EAG]* are still pending and acceleration of environmental impact assessments is essential. On the basis of Regulation (EU) 2022/2577, a bill amending the Austrian Environmental Impact Assessment Act *[Umweltverträglichkeitsprüfungsgesetz/UVP-G]* was dealt with at the government meeting on January 11, 2023. The objective of the amendment is to simplify and accelerate the permit-granting process without limiting the quality of

the assessment or restricting public participation. Furthermore, the Renewables Expansion Acceleration Act *[Erneuerbaren-Ausbau-Beschleunigungsgesetz/EABG]* is intended to simplify and accelerate the permit-granting processes for renewables projects that are below the EIA threshold.

At the end of the year, the government submitted a legislative package, the Energy Efficiency Reform Act 2023 *[Energieeffizienz-Reformgesetz/EEff-RefG 2023],* for review, thus meeting the EU's demands to transpose the revised Directive 2012/27/EU into national law. Compared to the Energy Efficiency Act *[Bundes-Energieeffizienzgesetz/EEffG]* 2014, there are no specific savings obligations for households, businesses or public corporations; instead, the new bill defines energy efficiency targets for society as a whole. Furthermore, the existing energy efficiency system will be made better and more effective and energy saving will be financially supported until 2030.

By decision of the Council of Ministers of January 3, 2023, a government bill on the Renewable Heat Act *[Erneuerbare-Wärme-Gesetz/EWG]* was sent to parliament. The bill includes regulations for changing from fossil fuel-based heating to climate-friendly alternatives. According to the bill, no gas heating systems may be installed in new buildings from January 1, 2023, no more oil heating systems may be replaced by 2035, and all heating systems in Austria are to be replaced by renewable energies by 2040.

The transformation is planned to be supported by a subsidy program. A two-thirds majority is required for passing the bill.

After 2009 and 2015, the third National Water Resources Management Plan (NGP 2021), which updates the management objectives and set of measures for the planning period 2022 to 2027, was promulgated in April 2022.

At state level, the first set of measures for the Tyrolean sustainability and climate strategy, which covers the period from 2022 to 2024, was published by the Government of the State of Tyrol on April 26, 2022. The set of measures comprises more than 180 measures in seven areas, ranging from energy to mobility, from buildings to closed-loop economy, from agriculture to environmental protection. In the area of energy supply, the move away from fossil fuels is central to achieving climate targets, and thus the expansion of local hydropower will, apart from avoiding and/or reducing energy consumption and increasing energy efficiency, be a key element in transforming the energy system.

Early state elections were held in Tyrol on September 25, 2022. One month later, on the basis of the election outcome, Governor Anton Mattle and the other members of the government were elected and sworn in at the constituent meeting of the Government of the State of Tyrol. In the "Government Program for Tyrol 2022–2027", it was agreed in the area of energy, among other things, that in order to support the energy transition and ensure supply security, it is imperative to provide sufficient storage capacities for grid stabilization and to overcome dark doldrums for seasonal compensation. In addition, it was determined that the expansion of the (pumped) storage power stations planned in the framework plan for the Tyrolean uplands is absolutely necessary. The electricity grid is planned to be expanded massively and rapidly to ensure the secure feed-in of renewable energy sources. The additional expansion of five million square meters of photovoltaic areas has been set as another goal to be achieved by the end of the legislative period. In the expansion and further development of renewable energy sources in Tyrol, our subsidiary, TIWAG-Next Energy Solutions GmbH, was named to drive this transformation.

Energy price trends

The war in Ukraine has led to a severe energy crisis in Europe. Oil and gas imports from Russia have decreased sharply or have, at times, been suspended altogether, driving up commodity prices that were very high before and triggering anxiety over supply security.
Because of those geopolitical upheavals, prices for gas, electricity and other energy sources have been exorbitant in the current fiscal year. New all-time highs were reached and exceeded again and again.

Even before the war started, the gas price level was very high at almost EUR 80/MWh due to the increased global demand following the easing of covid-19 measures. Due to the gradual escalation in Ukraine, on February 22, 2022, the German government stopped the approval process for the Nord Stream 2 Baltic Sea pipeline, which had been completed in September 2021. As a result of the onset of the war on February 24, 2022, gas prices on European exchanges rose to EUR 250/MWh, and with the shortage of gas supplied, Russia exerted even more pressure on Europe. European countries were looking for new suppliers and Austria decided, for the first time, to purchase a strategic gas reserve in an amount of 20 TWh. The minimum storage levels planned to be achieved by EU Member States and the high demand for liquefied gas supplies led to another soaring of prices on the energy exchanges by the fall of 2022. THE Cal 2023 gas price started at EUR 15.45/MWh, and August saw record levels of more than EUR 310/MWh. In those first eight months of the fiscal year, the gas price thus increased by 1,935%. Prices have gradually recovered due to high storage levels, household and business savings, the development of new suppliers to replace Russia, and warm temperatures. The attacks on the Nord Stream 1 pipeline and the Nord Stream 2 pipeline on September 26, 2022 had no significant impact on gas prices either. By the end of October, the gas price had fallen to below EUR 20/MWh due to the warm weather. As temperatures fell, the gas price increased and rose to nearly EUR 150/MWh in early December, whereas warm temperatures from the second half of December reduced wholesale gas prices to their pre-war level of EUR 77/MWh.

Due to the European pricing model for fixing energy prices, the gas price also drives electricity prices, even though a significant part of generation is fueled by energy sources other than gas. Massive increases in electricity prices have also sparked discussions about changing the market model, with decisions to be expected in the fiscal year 2023. Due to the high primary energy prices, the existing market model, and the very limited availability of French nuclear power plants in the summer of 2022 due to ongoing inspections and checks, the EEX Phelix-Base Future AT Cal 2023 rose from EUR 53.50/MWh at the beginning of the year to over EUR 1,000/MWh in August of the reporting year. Prices are thus more than fourteen times higher than the comparable figure of the previous year and have been nineteen times higher since the beginning of the year. Starting in August, the electricity price fell significantly, and at the end of December, the annual baseload price reached the EUR 200/MWh threshold.

2. DEVELOPMENT OF BUSINESS

The rise in energy prices and their volatility, which began as a result of the upswing of the global economy, which itself came faster than expected, continued to accelerate significantly due to the sanctions imposed by the EU against Russia and the resulting reduction in natural gas supplies from Russia to Europe. The high energy prices on wholesale markets, which are among the main drivers of inflation, must be passed on to end customers in the short to medium term, depending on the price adjustment model. The margins required by stock exchanges to secure exchange transactions have risen massively in line with the developments of energy prices and are placing a heavy burden on the liquidity of energy companies. We, too, buy and sell energy on the stock exchanges to secure supplies for our customers, and are therefore affected by the severe fluctuations in the collateral to be deposited with the clearing bank. Due to foresighted financial planning and risk spreading between transactions on the stock exchange and direct transactions with trading partners (“OTC”), the clearing receivables have at no time resulted in a threat to the Group’s liquidity despite extremely unfavorable general conditions. In response to this environment, we further limited the exchange volume and shifted to over-the-counter trading with direct trading partners, accepting an increase in counterparty risk. In addition, we have discontinued sales activities outside Tyrol until further notice in order to avoid generating additional sales volumes that have to be purchased at expensive market prices.

Despite the challenging general conditions, there were no shortages in the supply of electricity and natural gas to our customers in the fiscal year 2022. In order to secure the supply of natural gas in Tyrol in the winter of 2022/2023, we created a gas storage facility with a volume of 500 GWh to supplement the strategic gas reserve of the Republic of Austria. In addition to procuring energy for the winter, energy saving is the second key measure for reducing energy consumption and thus making efficient use of the limited energy resources available. For this reason, we have launched a public campaign that calls on people to save energy and provides simple and practical energy-saving tips.

In the fiscal year 2022, water availability was below average. Electricity generation at our power stations was below plan and had to be balanced by replacements at high market prices, while revenue remained largely unchanged. To mitigate the risk, we procured the energy volume required to cover our own standard electricity products up to 18 months in advance and were thus able to pass on the favorable purchase prices to our customers. In the event of additional supply of a significant number of new customers, we have to procure such volume on the electricity exchange at high market prices and pass them on to the new customers. We have responded to that situation by publishing a new customer price plan for electricity and gas based on the current contribution margin.

Due to the economic environment, interest rates have also risen significantly, making funds on the capital market more expensive. As a result of the uncertainty in the financial markets and the imminent skimming off of surplus revenues, share prices on the European stock exchanges also fell significantly compared to the previous year. The development of the stock markets had a negative impact on the investments of the pension fund assets and thus also on the obligations to make supplementary contributions.

TIWAG Group

Even though the energy business and the political environment remained challenging and energy prices saw steep increases, with parallel volatility on energy sales markets and energy procurement markets, we look back on a successful fiscal year 2022. Consolidated sales revenue, which consists mainly of electricity and gas sales revenue, grew by 89.3% in the reporting year to EUR 3,003.7 million (prior year: EUR 1,586.7 million) due to massive price increases. The consolidated operating result came to EUR 127.8 million (prior year: EUR 119.5 million), up EUR 8.3 million from the previous year. The price development in the electricity markets for the marketing of electricity we generated ourselves had a positive effect on consolidated profit before taxes, whereas we suffered production losses due to low water flow, which we had to cover at high prices on the electricity procurement markets. In addition, we procured gas reserves at high gas prices to ensure supply security. As with the operating result, also with the Group's financial result, market developments, particularly in the international financial markets, had an opposing effect on the Group's business development. While interest rate increases in the discounting of provisions for employee benefits increased the profit, the interest on borrowed capital we have to pay had the contrary effect of reducing the profit. Due to the upheavals on the international capital markets, insufficient performance was achieved on the investment side, which subsequently led to an obligation to make high contributions to our outsourced defined benefit pension obligations. In total, consolidated profit before taxes rose from EUR 182.8 million to EUR 212.1 million in 2022.

In 2022, we also managed to further step up our long-term investment program, which is a key driver of our sustainable growth in the future. In the reporting year, we invested EUR 329.5 million (prior year: EUR 326.0 million) in property, plant and equipment. Consolidated cash flow from operating activities, which came

to EUR 183.8 million in the reporting year (prior year: EUR 158.4 million) was not quite sufficient to provide full funding for this high level of capital expenditure, so we relied on long-term loans to make up for the difference. Our ambitious and sustainable investments in support of climate change measures are the main reason why our net debt is, unsurprisingly, growing during the time such investments are made. More specifically, in 2022, net debt, which is understood as the difference between non-current and current financial liabilities and cash and cash equivalents, increased by EUR 164.6 million to EUR 945.5 million (prior year: EUR 780.9 million), and the ratio of net debt to consolidated EBITDA rose from 2.86 to 2.88.

TIWAG-Tiroler Wasserkraft AG

As already mentioned, TIWAG-Tiroler Wasserkraft AG is the parent company of the TIWAG Group and operates in the non-regulated electricity segment. Due to the sharp rise in electricity prices, sales revenue as per the separate financial statements increased by EUR 1,263.4 million to EUR 2,456.1 million (prior year: EUR 1,192.8 million), and the operating result by EUR 24.3 million to EUR 124.4 million (prior year: EUR 100.1 million). In the reporting year, investment in intangible assets and in property, plant and equipment amounted to EUR 296.5 million, 4.2% up from the prior-year figure of EUR 284.5 million.

Significant events in the fiscal year 2022

(1) On February 24, 2022, the war in Ukraine began with the invasion by Russia. Upon the onset of the war, primary energy prices and, because of the existing pricing mechanism, European wholesale electricity prices rose sharply once again. Geopolitical circumstances led Europe to sharply reduce energy imports from Russia in the reporting year.

(2) Developments in connection with the war in Ukraine and the resulting additional challenges necessitated an ongoing revision of the group strategy. We have also realigned our strategy in the Gas and Heat segment with a focus on risk-adequate optimization of the contribution margin, including realignment of the procurement strategy and clarification of the interfaces between sales and procurement. Due to the unstable environment, the revised group strategy will not be adopted by the Supervisory Board until the fiscal year 2023.

(3) On March 25, 2022, the TIWAG Supervisory Board appointed Alexander Speckle the new Management Board Member Construction. As of January 1, 2023, he succeeded Johann Herdina, TIWAG's Management Board Member Construction who had retired at the end of 2022.

(4) Following public advertising of the vacancy, an assessment of suitable candidates for the positions of managing directors of our subsidiary, TINETZ-Tiroler Netze GmbH, was carried out with the assistance of an internationally operating consulting firm, and a ranking proposal was drawn up according to suitability. That process produced the two current managing directors, Thomas Trattler, MBA, and Thomas Rieder, MBA, as the candidates who had been ranked first. After the hearings had been held, the two were reappointed by resolution of the shareholders' meeting as the competent corporate body until December 31, 2027.

(5) Standard electricity prices were adjusted as of June 1, 2022, and standard gas prices were adjusted as of July 1, 2022, for the first time based on a changed price mechanism that had been regulated in a binding manner on the basis of the case law of the Austrian Supreme Court *[OGH]* in the General Terms and Conditions of Delivery. Specifically, the energy charges for electricity are adjusted on the basis of the change in the weighted Austrian Electricity Price Index *[ÖSPI]* between the base value and the benchmark over a monitoring period of fourteen months, and the base electricity charges are indexed on the basis of consumer prices (CPI 2015). The energy charges for gas are adjusted depending on the development of the prices on the natural gas stock exchange (EEX, VHP-THE) over a monitoring period of twelve months. Due to the long-term procurement strategy, we were able to

keep energy prices for households in Tyrol stable for a year in the fiscal year 2022. The price guarantee for electricity and for gas will expire on June 1, 2023 and on July 1, 2023, respectively.

(6) To ensure supply security in the winter of 2022/2023, we rented a gas storage facility with a maximum storage capacity of 500 GWh at the end of May 2022, filled it up completely from June 2022 onwards, and managed it on an ongoing basis.

(7) At the constituent meeting of the Supervisory Board of June 20, 2022, Anton Mattle was appointed the new chair of the Supervisory Board as the successor to the long-term Supervisory Board Chair Reinhard Schretter. Manfred Pletzer filled the position of 1st deputy, and Michaela Hysek-Unterweger completes the Board as the new Supervisory Board member and 2nd deputy, replacing Florian Tursky.

(8) Exploding electricity prices caused liquidity problems for Austria's largest energy supplier on August 26, 2022. High collateral, the so-called margin payments, had to be deposited for open futures transactions in order to prevent exclusion from exchange trading. The company concerned asked the City of Vienna and the Republic of Austria to help out with collateral. Subsequently, electricity prices fell and, in the end, no real payment difficulties arose. Irrespective thereof, more massive price fluctuations may occur in the future, which is why government provision in the form of a protective shield would be of advantage. Given such framework conditions, we set up our own protective shield with a consortium of banks by taking out a binding, revolving credit facility in the amount of EUR 300 million.

(9) Saturday, September 10, 2022, saw the opening of the new diversion-type power station Tumpen-Habichen of Ötztaler Wasserkraft GmbH, in which we hold 25%, after almost two and a half years. By an annual generating capacity of 64 GWh, around 16,000 households can be supplied with clean electricity. The overall capital expenditure less public grants amounted to EUR 53 million.

(10) The committed ramping up of our power station capacities requires large amounts of funds. In view of this circumstance, we underwent a rating process in the fiscal year 2022, and on October 3, 2022, S&P Global assigned us a credit rating of "A+/Stable". That rating confirms our financial strength and thus ensures appropriate access to the capital market.

(11) On Friday, November 4, 2022, the Austrian-Swiss Inn river joint-venture power station, in which we currently hold 86%, was put into operation in the Oberes Gericht area near Prutz. Construction took eight years. By means of an installed capacity of 91 MW, some 447 GWh of electricity can be generated annually from renewable, local hydropower, supplying around 90,000 households.

(12) On October 25, 2022, Anton Mattle was elected Governor by the State Parliament; he resigned from his position on the Supervisory Board on November 28, 2022. On December 14, 2022, Eduard Wallnöfer was appointed substitute member for Governor Anton Mattle and elected chair of the Supervisory Board at the constituent meeting of the Supervisory Board of December 20, 2022.

(13) On December 29, 2022, the Federal Act on the Energy Crisis Contribution – Electricity *[EKBSG]* (*BGBl* I 220/2022) was enacted on the basis of Council Regulation (EU) 2022/1854 on an emergency intervention to address high energy prices. The Act provides for the skimming off of 90% of surplus revenues from the sale of electricity made by electricity generators with low marginal costs in the period from December 1, 2022 to December 31, 2023. The cap on market revenues is EUR 140/MWh, and an additional deduction of a maximum of EUR 36/MWh has been provided for preferential investments in renewable energies and energy efficiency.

2.1. Electricity segment (non-regulated)

Electricity generation and procurement

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 the fiscal year 2022, we generated 2,993 GWh (prior year: 3,067 GWh) of electricity in our own plants, which is down 74 GWh from the prior year. Storage power stations accounted for 1,693 GWh (prior year: 1,589 GWh) and run-of-river and pondage power stations for 1,300 GWh (prior year: 1,478 GWh). The overall reduction is mainly attributable to the fact that the inflow to the hydropower stations was below average due to lower precipitation in the reporting period. Exceptions are the earlier spring runoff in May due to high temperatures and large amounts of rain in the first half of June and in October. The total volume of electricity generated and procured in the fiscal year 2022 came to 14,322 GWh (prior year: 14,584 GWh).

Our run-of-river and pondage power stations, along with our flexible storage and pumped storage power stations, which are able to quickly generate electricity (turbine operation) or withdraw electricity from the grid (pumping operation) and store it, make for an optimal power generation structure.

Our power stations, which in total have a nominal output of 1,642 MW (prior year: 1,561 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 allows us to create flexibility products and provide system services. In the event of a blackout, the blackstart capabilities of our power stations ensure that 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. Procurement prices saw an above-average rise in the reporting year due to the difficult environment.

Electricity use

Based on our long-standing business relationships and the development of competition, we were able to expand our market position in the fiscal year 2022.

The changes in energy markets and the significant price increases observed in the reporting year raised the stakes and required flexible and short-term marketing as well as optimized power station management. We operate on national and international futures markets and on spot markets, engaging in day-ahead and intraday trading.

Electricity sales continue to be faced with a challenging competitive environment. In our core market, Tyrol, electricity sales in 2022 came to 4,167 GWh (prior year: 4,001 GWh), which is 4.2% or 166 GWh more than in the prior-year period. This increase is attributable to increased sales volumes with special rate customers and downstream distributors.

Electricity sales, which include all trading, distribution and barter activities, were lower than in the previous year. More specifically, electricity sales in the reporting year totaled 14,322 GWh (prior year: 14,584 GWh). This decline in volume of electricity use is due to the lower volumes traded in the fiscal year 2022.

Under the electricity labeling scheme imposed by the Electricity Act 2010 *[Elektrizitätswirtschafts- und -organisationsgesetz/ElWOG 2010],* we supply electricity that comes solely from renewable energy sources. In addition, our subsidiary Ökoenergie Tirol offers our ecologically minded customers green electricity generated mainly from Tyrolean hydropower. The relevant electricity labeling can be found on the customers' bills.

Investments

We invest in the expansion of renewable energy sources and, consequently, in the ecological transformation of the energy system. In the year under report, we remained committed to our projects, investing a total of EUR 296.5 million (prior year: EUR 284.5 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 capital expenditure also going forward.

Our substantial investments in climate friendly hydropower help implement Tyrol's energy strategy and boost economic activity in Tyrol. They come under the headings of new construction, expansion and replacement activities.

Investments in the construction of new hydropower facilities involve financial risk, as the dramatically high initial expenditure pays off only over extremely long operating periods.

The Inn river joint-venture power station, of which 86% are held by us and 14% are held by Engadiner Kraftwerke AG, was built along the Upper Inn river on the border between Austria and Switzerland and is a new run-of-river power station. The construction work on the different sections proved to be complex and challenging in the past few years. The meteorological and geological conditions at the weir construction site in Ovella caused delays, and the quality of the rock also slowed the excavation of the headrace tunnel by the two tunnel boring machines. Thanks to the commendable commitment of all stakeholders, the work was nevertheless completed efficiently and safely. On August 22, 2022, the water was held back for the first time and the power station was put into 'wet operation', and on November 4, 2022, after almost eight years of construction, the festive inauguration ceremony took place. The completed power station is an important contribution to the enhancement of energy autonomy and supply security in Tyrol.

As far as the characteristics of the power station are concerned, it needs to be noted that the reservoir extends from the weir in Ovella for 2.5 kilometers to the border bridge in Martina. The useful volume in the dam area with the 15-meter-high weir wall comprises about 500,000 m³, and up to 75 m³/sec can be diverted to the powerhouse in Ried/Prutz via the 23-km-long headrace tunnel. The power station, which is located in Austria and Switzerland, has an installed capacity of 91 MW and generates some 447 GWh of electricity per year from local hydropower, covering the electricity demand of around 90,000 households. We account for 86% of the total volume of electricity generated each year. Our previously self-generated electricity from run-of-river and pondage hydropower thus increased by more than 28%.

During the entire design and implementation of the power station, we also focused on a close-to-nature design of the overall facility. A dynamic residual flow model at the weir guarantees natural run off of the Inn river. This significantly improves the ecological situation in the Inn river, and the hydropeaking impacts coming from Switzerland can be completely mitigated. A fish pass will also allow fish and other river creatures to pass through the station. After completion of the construction work, all areas affected by the construction work have been and will be greened, planted, or reforested. An extensive biotope with new habitats for fish and small animals is being created on the former construction site facilities area in Maria Stein. The surrounding area will also be renatured, creating a diverse floodplain landscape.

In the first half of 2022, the new diversion-type power station Tumpen-Habichen of Ötztaler Wasserkraft GmbH, in which we hold 25%, went into operation after a construction period of less than two and a half years. The water intake of the power station is located in Tumpen, and from there an 820-meter-long headrace tunnel leads to the powerhouse in Habichen. In this section, the head of the Ötztaler Ache river is 77 meters, the reservoir has a capacity of 5,000 m³, and the maximum design capacity in the main power station is 22 m³/sec.

The power station has a capacity of 14.9 MW and an annual generating capacity of 64 GWh p.a. The new facility, the capital expenditure on which minus public grants amounted to approx. EUR 53 million, can supply up to 16,000 households with clean electricity.

The Kühtai pumped storage power station project, which constitutes a major contribution toward the energy transition, 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 the point of time when renewable energy is generated, while also providing interim storage for electricity generated from other renewable sources. In the future, water from the Stubaital and Ötztal valleys will be absorbed in ecologically reasonable quantities via a total of six water intakes and transported through a 25 km tunnel to the Kühtai reservoir, which will be able to hold about 31 million m³. The additional water intake will enable an increase in electricity generation of roughly 216 million kWh per year. The necessary diversion tunnel will feature a diameter of 4.2 m, and building it will require a tunnel boring machine.

The project was approved by the Government of the State of Tyrol by way of an EIA decision issued as early as in June 2016. It took lengthy proceedings involving several stages of appeal until the EIA approval was confirmed by all relevant highest-instance courts in June 2020. As soon as we had obtained legal certainty, we decided to start building, and work commenced on April 6, 2021. Construction work in Kühtai is running at full speed; we welcomed some 6,000 visitors to the open construction site day in June 2022. Now the Kühtai expansion project can also be explored digitally by means of the new “TIWAG erneuerbare+” app.
In the fiscal year 2022, we started filling the impermeable core for the future dam. The total bulk volume of the entire dam is 6.9 million m³, of which we have filled approx. 0.7 million m³ so far. The entire material for the dam will be extracted locally in the Längental valley, processed, and filled and compacted layer by layer. We have also made good progress in underground excavation for the 25 km long diversion tunnel with five water intakes. Work is done 24/7 in three shifts and will take about four years to complete. The future Kühtai 2 power station will also be built completely underground in a rock cavern that will be 40 meters deep. A large part of the excavation work in the machine cavern has already been completed and the pouring of concrete for the footing beams of the machine cranes and the arch has been completed. Installation of the two 190 MW pump turbines is expected to begin in 2023. Furthermore, the planned revitalization and compensatory measures, the renaturation of areas and the expansion of the Ötztaler Ache river near Sautens and Unterried have been implemented since the start of construction. Taking into account the index-related effects, we currently expect capital expenditure of approx. EUR 1.1 billion. The facility is expected to be completed and put into operation in 2026.

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 resulting from 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 at the end of 2017. In May 2020, the authority finally provided full instructions for an improvement of the project with respect to revision no. 2. On June 30, 2022, the Supreme Administrative Court *[VwGH]* dismissed the appeal of the municipality of Sölden as unfounded. Based on this ruling, the Gurgler Ache power station project cannot be implemented in the version submitted.

In the second proceedings under the Water Act, relating to the Venter Ache river, the first-instance ruling was in our favor. The municipality of Sölden filed an appeal against this decision with the Constitutional Court *[VfGH]* and the Supreme Administrative Court; the decision of the lower court was upheld by the Supreme Administrative Court in November 2022, thus also dismissing that appeal. The highest-instance court confirmed the reasons given by the Tyrolean Regional Administrative Court *[LVwG]* with reference to better compliance of our project with the specifications of the water management framework plan for the Tyrolean uplands, the significantly higher volumes of energy that can be generated, and the contribution to reducing the flood risk in the inner Ötztal region. After completion of the power station, around 787 GWh per year will be additionally generated from natural inflow, thus saving some 300,000 tons of CO_2 per year.

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 appeals were filed against this decision. Evidence-taking was completed at the hearings on September 22 and 23, 2020. In March 2022, the Federal Administrative Court *[BVwG]* ruled in our favor, and the appeal filed against the decision was rejected as inadmissible by the Constitutional Court one month later. By this decision of the highest-instance court all proceedings for the Tauernbach-Gruben project have finally been closed positively.

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 and generate some 252 GWh of baseload electricity per year.
The project was submitted for environmental impact assessment to the Office of the Government of the State of Tyrol in 2015. Following additional exploration measures, the project was modified, and documents for two changes were re-submitted to the authority. The third revised version was filed with the authority on March 31, 2021. The environmental impact statement was made available for public inspection in the relevant municipalities and at the authority in March and April 2022, and the expert opinion on the environmental impact assessment in May and June 2022. An oral hearing took place in the period from June 21 to June 23, 2022, and the decision was issued by the Government of the State of Tyrol in February 2023. Construction work can realistically be expected to start in 2025 at the earliest.

The first development stage of the existing power station at Schwarzach was planned for a bottleneck capacity of 9.9 MW. The Schwarzach expansion project is aligned with the national strategy for the expansion of hydropower through improving and optimizing existing plants. Once all final approvals and permits had been obtained, we pushed ahead construction work in 2022. Construction work on the powerhouse has been completed, and the electromechanical work is on schedule apart from integration of the generator components. With the putting into operation of the second machine set, which will take place at the beginning of fiscal 2023, the output of the power station will increase from 9.9 MW to 16.9 MW, and the standard-year working capacity will increase from currently 61 GWh to 83 GWh.

Financing

Group finance management pools, and centrally controls, the use of financial instruments as well as activities to control and secure liquidity and optimize the capital structure.

With risk mitigation in mind, we rely on a financing portfolio that is broadly diversified in terms of instruments, maturities, and lenders to cover our funding requirements. In line with 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 loans from banks, capital market financing, and short-term bank loans to cover peak demand.

The group parent handles external financing for the whole Group to benefit from a stronger negotiating position vis-à-vis business partners, passing on funding within the Group as needed. At the group subsidiaries, long-term funding needs for investments are met through shareholder loans.

Expanding local hydropower capacities, procuring smart meters for grid operation as mandated by applicable law, and our intensive investment program in all material fields require intensified funding measures. In addition to strong internal financing power and our own resources, TIWAG can rely on the financing instruments mentioned above to cover its exceptionally high and largely long-term funding needs. We underwent a rating process in the fiscal year 2022. On October 3, 2022, the independent rating agency S&P Global assigned us a credit rating of "A+/Stable" for the first time. With this credit rating, we should be able to place long-term debt financing with institutional investors also in the future.

Cash flow from operating activities, as an expression of our internal financing capability, amounted to EUR 183.8 million as at December 31, 2022 (prior year: EUR 158.4 million). As at the same date, cash and cash equivalents of different forms totaled EUR 185.1 million (prior year: EUR 58.3 million). Financial liabilities as at December 31 came to EUR 1,131 million (prior year: EUR 834 million). Given the continued high volume of investments, we topped up long-term bank loans by EUR 175 million (prior year: EUR 70 million) in the fiscal year 2022. Those new borrowings comprise the drawing of further tranches of existing loans as well as the extending and taking out of new bank loans. As at December 31, 2022, we had bonds in the amount of EUR 110 million (prior year: EUR 110 million) and medium-term and long-term bank loans and overdrafts in the amount of EUR 625 million (prior year: EUR 421 million). Cash advance facilities as at December 31, 2022 amounted to EUR 375 million (prior year: EUR 160 million).

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 in the money and capital markets on an ongoing basis. Strong cash flow from operating activities, unused lines of credit, good access to money and capital markets, and group-wide cash pooling are the mainstays of our liquidity support. 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. Turbulent developments in the energy markets significantly increased the number and amount of short-term peak liquidity needs in the fiscal year 2022. In response to the difficult environment in the energy industry, we took out a binding revolving credit facility in the amount of EUR 300 million with a consortium of banks at the end of the year. That facility allows short-term financing at any time.

A key prerequisite for the implementation of our financing measures is to maintain the Group's excellent credit standing. The Group's indebtedness is measured by the ratio of net debt to consolidated EBITDA. In fiscal 2022, the factor is 2.88 (prior year: 2.86).

2.2. Electricity segment (regulated)

General information

The regulated distribution grid, which is vital for reliable electricity supply, constitutes a robust basis for the Group's development. Due to ongoing programs to boost efficiency and the resulting low-cost structure, the regulated distribution grid generates stable income.

Acting as independent system operator (ISO) within the TIWAG 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 has also concluded 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 in the grid are recorded in TIWAG's annual financial statements, with depreciation being reflected in the lease payments charged to the subsidiary TINETZ.

Withdrawal from the electricity grid rose by 4.5% or 213 GWh to 4,940 GWh (prior year: 4,727 GWh) in the fiscal year 2022.
The system charges for transporting this volume of electricity came to EUR 155 million (prior year: 134 million). System charges were based on the 2022 Amendment to the System Charges Regulation 2018 *[Systemnutzungsentgelte-Verordnung/SNE-VO 2018 – Novelle 2022],* which in turn is based on the rules for determining the allowed cost for system charges for the fourth regulatory period (2019 – 2023). Including all surcharges and taxes, as well as the system-induced change in the regulatory account, sales revenue in the regulated electricity segment amounted to EUR 189 million (prior year: EUR 210 million). The upheavals in the energy industry in the fiscal year 2022 also impacted the regulated electricity business. The very high electricity prices in the international energy markets have also caused the purchase of energy to cover grid losses for the use of the upstream system to increase drastically.

Regulatory framework

To ensure that the grid infrastructure works smoothly, all investments and expenses were refunded via system charges set by E-Control.

The key parameters used in determining these system charges are the regulatory asset base, the weighted average cost of capital, the cost reduction targets, and adjustments for inflation.

The basis for determining the allowed costs for 2022 was the costs that are within the company's control, as determined by E-Control, for 2016. Then the operating expenditure (OPEX) within the company's control was reconciled with the target, and the capital expenditure (CAPEX) within the company's control was calculated based on an efficiency-related interest rate. The calculated costs were adjusted in line with parameters which are redefined every year under the applicable regulatory formula. In the reporting year, the parameters used included the operating cost factor, the cost items not within the company's control, the regulatory account, and the system time lag. Finally, the various system charges were set off against the system costs to arrive at the remaining costs for determining the system charge.

Given the generally low interest rates, the weighted average cost of capital rate was lowered already at the start of the last regulatory period. However, in a bid to provide incentives for further investment and increases in efficiency, the weighted average cost of capital rates were broken down by efficiency, existing facilities, and new facilities. The cost reduction targets and the weighted average cost of capital rate 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, lasting five years from that date.

For the 2023 system charges, Energie-Control Austria (ECA) launched the procedure for setting the costs, targets and the volume structure in February 2022. In October 2022, 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 2023, which form the basis for the charges. The system charges were determined by way of a regulation issued on December 16, 2022 (Federal Law Gazette II 466/2022). Taking into account the costs of the upstream grids and, in particular, the procurement of grid losses, this has resulted in a drastic increase in system charges at grid level 7 of approx 46%.

In the previous year, the link-up between the North Tyrol and South Tyrol grid areas, which reconnects the electricity grids of the two regions after a 60-year separation, was a major milestone in cross-border cooperation. In the reporting year, we took further measures to obtain approval for cross-border supplies. For example, we founded Tiroler Übertragungsnetz GmbH, the sole shareholder of which is our subsidiary TINETZ-Tiroler Netze GmbH. Furthermore, we submitted a corresponding application to the regulatory authority for certification as a demerged transmission system operator. The certification procedure has not been completed yet.

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 went ahead with retrofitting and expanding existing lines, poles and cables and proceeded with line construction work. Investments in grid infrastructure, which came to EUR 90.4 million in the reporting year (prior year: EUR 68 million), were made by the parent company in its role as lessor.
Following an extension by 79 km, total line length was 11,597 km (prior year: 11,518 km), while the total system length was 12,179 km (prior year: 12,090 km). In the medium-voltage grid, cabling density amounted to about 73% (prior year: 72%), in the low-voltage grid to about 89% (prior year: 88%). On the customer side, we linked up a total of 1,093 customer systems (prior year: 1,493) with a connected load of 36,263 kW (prior year: 42,282 kW) to the distribution grid in 2022. Additionally, the capacity of existing systems was expanded by 42,623 kW (prior year: 20,708 kW), raising the output demand to be covered by our distribution grid by 78,886 kW (prior year: 62,990 kW).

Due to the challenging economic and legal framework conditions, the demand for grid connections of photovoltaic systems has increased massively. Only to meet the objectives of the Renewables Expansion Act *[EAG],* there would have to be a fivefold increase in the annual connected load compared to the previous year. By means of an adequate capacity concept and by optimizing and digitalizing the processes at interfaces, we have responded to the upcoming challenges and done everything in our power to accelerate the preparing of offers as best as possible. On November 2, 2022, we introduced a new digital customer portal. In a first stage, photovoltaic feed-in requests of up to 20 kW can be processed automatically. For those standard cases, an automated offer for grid access is prepared, and the customer receives their offer within a few days after complete data transmission. For large photovoltaic systems, technically detailed and more complex grid assessments and grid expansion planning including a project for grid reinforcement are mandatory before putting them into operation. Due to the new photovoltaic systems and the foreseeable need for grid expansion, the operating requirements are increasing at an above-average rate. In the reporting year, 2,413 feed-in parties (prior year: 1,386) with a bottleneck output of 186,612 kW (prior year: 24,436 kW) were connected to our distribution grid, with another 6,273 kW (prior year: 4,726 kW) added by capacity expansions in existing facilities, most of them photovoltaic systems. In total, 10,600 (prior year: 8,200) photovoltaic stations with an overall bottleneck capacity of 150,000 kW (prior year: 112,268 kW) were connected to the distribution grid by the end of 2022.

Supply security

In the reporting year, we were able to handle all grid-related processes, in particular critical processes, without any relevant restrictions. No major incidents were recorded in 2022 with respect to the operation of our distribution grid.

Power supply availability came to almost 100% in the reporting year.
Average non-availability due to unscheduled events amounted to 13.98 minutes per final customer (prior year: 14.97).

As far as the introduction of smart metering in our supply area is concerned, the relevant implementation program was started as early as in January 2014. In the year under report, the Federal Ministry for Climate Protection drew up an amendment to the Smart Meters Regulation *[Intelligente Messgeräte-Einführungsverordnung/IME-VO],* which was promulgated in the Federal Law Gazette *[BGBl II 9/2002]* on January 13, 2022. The amendment provided for the installation of 95% of smart meters by the end of 2024, with a milestone target of 40% by 2022. Under the Cooperation West initiative, TIWAG awarded the contract for the supply of those smart meters to a consortium and completed all key procurement activities. The first pilot trial of meter installation in customer systems started as early as in December 2019. In the fiscal year 2022, we installed some 135,000 smart meters, achieving a roll-out rate of approx 45%. We reached the target for 2022 of 40% imposed on us by law as early as on October 13, 2022.

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 Systems Security Act *[Netz- und Informationssystemsicherheitsgesetz/NISG],* which entered into force in 2018 and sets high information security standards for grid operators. Among other things, the Act provides for the establishment of sector-specific Computer Security Incident Response Teams (CSIRTs) and audits of technical and organizational security measures by a qualified body. We underwent a surveillance audit in the fiscal year. We are certified in accordance with ISO 27001, the international standard for information security, and ISO 27019, a standard focusing on the existing information security and management system.

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

General information

Because of the geopolitical upheavals, the major challenge for us in 2022 was to secure gas supply and thus heat supply in Tyrol. We fulfilled our obligation to ensure supply security. There were no disruptions in supply in the reporting year and, in addition, we built up a gas reserve of 500 GWh for the first time to secure the supply. The political situation was also a major reason why there were massive disruptions on the energy markets. The sharp rise in gas prices impacted both gas procurement and our sales revenue. Due to our strategic orientation and the different contractual relationships on the procurement side and sales side, market prices take effect over different periods. In particular on the sales side, we were able to pass on the high gas prices directly to customers only to a limited extent in the reporting year. In addition, the market upheavals led to increased sales volumes for us, as competitors massively increased their prices and proposed a change of supplier to their customers or terminated supply contracts. The resulting additional procurement at high prices was another reason why profits in the gas segment came under pressure. In addition to the geopolitical challenges and the challenges in the energy industry, the legal framework tightened in the fiscal year 2022, and political pressure regarding the move away from fossil fuels increased significantly. On October 1, 2022, national emissions trading for greenhouse gas emissions was introduced for the first time. Bills of the Renewable Heat Act *[EWG]* and the Renewable Gas Act *[Erneuerbares-Gas-Gesetz/EGG],* which will have a significant impact on the gas supply in Tyrol and our future business development in the gas and heat sector, have been submitted.

Supply security and gas storage management

Our primary task in the heat sector was to secure the heat supply for Tyrol in the winter of 2022/2023. A prolonged disruption of the gas supply, especially in the winter half-year, would not only have an impact on the heat supply in Tyrol, but also on the electricity supply and the industrial and business location. For this reason, we purchased additional storage capacities in addition to the government's natural gas supply in order to store gas for the winter. As we are connected to the area supplied by Germany and due to our broadly diversified procurement portfolio, we did not experience any constraints in natural gas supply in the fiscal year 2022. The mild temperatures in December also had a positive effect, resulting in a sharp reduction in natural gas consumption compared to the previous year. Due to full stocks and mild temperatures, prices on the commodity markets have fallen. By the end of the year, the gas price was only slightly above the pre-war price level of January 2022.

Due to the newly created regulatory framework, which includes an amendment to the strategic gas reserve and, for the first time, encourages suppliers and large-scale customers to store natural gas in storage facilities by means of an amendment to the Energy Steering Act, we have secured storage capacity of a volume of 500 GWh. We completely filled up the gas storage facility, which has a connection to the German natural gas grid and thus enables direct transport to Tyrol, in the fiscal year 2022. Management of the gas storage facility was designed in such a way that volumes were reserved for supplying protected customers and earmarked for stockpiling by companies, and in addition we used the remaining storage volume to optimize our gas procurement.

Gas and heat generation and procurement

Given the extreme price situation in 2022, which led to unprecedented volatility and highs in gas trading prices, gas procurement was very challenging, taking into account the overarching aim of securing Tyrol's supply with heat. To make matters worse, the gas price developments on the stock exchange and the procurement strategy chosen by some competitors forced them to recommend that their gas customers switch to us or to terminate their customers' supply contracts. As a result of that approach of competitors there were many customers on the market who were willing to switch suppliers, and taking over those customers at the applicable rates would have caused us financial damage due to the unexpected procurement at high prices. In order to avoid such damage, which was caused by the competitors' approach, we were forced to publish a new price plan for new customers that would cover the costs. Faced with wildly fluctuating prices and an above-average rise in consumption as compared to anticipated volumes, we had to procure additional gas throughout the year for several contracts. In the 'trading' business area our result was negative.

As a result of the special challenges of procurement and risk management in the reporting year, even closer cooperation, coordination and agreement between sales, procurement and portfolio management, as well as the streamlining of cost-intensive interfaces was crucial. With regard to natural gas procurement, we have added a supplementary agreement to the existing management agreement between the group parent and the group subsidiary, to extend it to cover procurement, portfolio management, and risk management.

Due to the dependency on Russian natural gas and the ban on the use of natural gas for the generation of space heating and hot water announced in the bill of the Renewable Heat Act *[EWG],* demand for district heat has risen sharply. The district heat transportation 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. The heat, which comes from a range of different sources, is fed into existing heating systems along this long-distance transportation link and from there into the heating system in Volders, which is being gradually expanded. For our other heat supplies in agglomerations such as Lienz, Längenfeld,

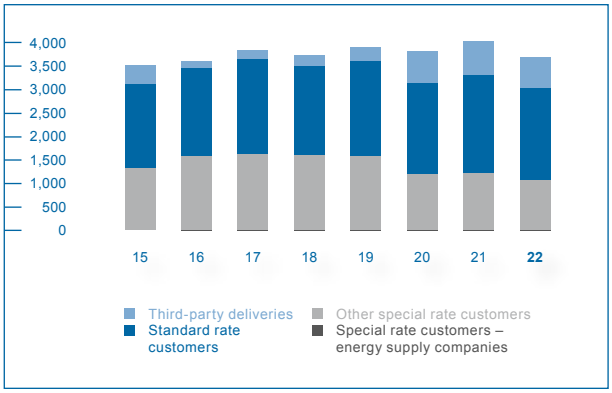
and Kufstein, we purchase wood, which as a renewable natural raw material far surpasses fossil fuels in terms of ecological impact. In order to meet the increased demand for district heat in the future, the expansion of biomass CHP plants will be indispensable. The regulatory framework, i.e. market-driven or public energy steering, is still subject to change as well.

Gas and heat sales

The reporting year saw sales volumes of natural gas and biogas far above prior-year levels due to prices and volumes. Temperatures measured in heating degree days were 15.3% (prior year: 4.5%) above the long-term average. Due to the existing contractual relationships, the sharp rise in wholesale gas prices for the procurement of natural gas was passed on to industrial and commercial customers almost simultaneously. For existing household customers we were able to draw on gas volumes procured in advance at favorable prices that had prevailed prior to the energy crisis during the reporting year, making us the gas supplier offering the lowest prices throughout Austria. We granted existing customers a price guarantee, while we have passed on the higher market prices that have prevailed since fall 2022 by way of a price increase to 26.3 ct/kWh to new customers outside basic supply, for which we had to procure additional natural gas. For existing household customers the rates will be adjusted from July 1, 2023 on the basis of the existing price plan once the price guarantee expires.

In the reporting year, we took into account the national emission allowances in the amount of EUR 30 per ton of CO_2 in the prices passed on for the first time starting on October 1, 2022.

As far as the volume component of natural gas sales is concerned, sales volumes in the reporting year across all markets fell to 5,546 GWh (prior year: 6,194 GWh). Sales of natural gas and biogas to customers in Tyrol amounted to 3,314 GWh (prior year: 3,713 GWh), which is down 10.8% from the preceding year. Gas sales in



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

Austria outside Tyrol stood at 1,290 GWh (prior year: 1,381 GWh) and at 942 GWh (prior year: 1,099 GWh) in Germany in the reporting year.
In the fiscal year 2022, the number of gas supply contracts with household and commercial customers in Tyrol decreased by 485 (prior year: increase by 936).

The number of metering points supplied decreased by 332 (prior year: 980). At year-end 2022, TIGAS was thus supplying a total of 54,724 standard-rate customers (prior year: 55,056).

Given the developments of gas prices on the stock exchanges, upstream suppliers of Selgas GmbH, a South Tyrolean energy supplier in which we held 81.63%, started to demand collateral for supplying gas, which led to high liquidity needs of Selgas. In view of that risk, we decided to withdraw from the competitive natural gas business in Italy and sold our interest to a third party.

Sales activities will be managed based on a management agreement with the parent company. The agreement covers the management of sales activities, which includes powers for entering into and terminating contracts, setting prices, drawing up marketing strategies, handling product management and market communications.

Given the growing importance of the district heat business area, we continued to ramp up our activities in this field. The core element of this business segment is the district heat transportation link in Tyrol's central residential area, from Wattens to Innsbruck, which was completed in 2018. Heat sales came to 142,442 MWh (prior year: 157,850 MWh) in the reporting year, down 9.7% year on year due to the temperature despite an increase in the number of customers.

Natural gas grids

In the reporting year, the severely restricted construction work in the area of the natural gas grid was significantly below plan. Specifically, in 2022, we invested EUR 9.2 million in the natural gas regional supply grid, and EUR 3.1 million in the natural gas branch lines. Overall, TIGAS laid some 32 km (prior year: 67 km) of regional supply lines, 5 km (prior year: 17 km) of which were last mile connections. Taking into account regional branch lines, the regulated gas grid grew by 34 km (prior year: 84 km) to approx. 3,960 km (prior year: 3,926 km) in total. At the end of the reporting year, TIGAS was supplying some 120,000 households, commercial and industrial enterprises in about 175 municipalities of Tyrol.

As for the legal framework for the gas sector, the Natural Gas Act *[GWG],* along with the balance group model, regulates non-discriminatory grid access based on system charges imposed by the competent public authority. The fact that the rate of the weighted average cost of capital (WACC) was significantly reduced at the start of the third regulatory period in 2018 is crucial for determining the system charges. The regulatory scheme provides for different WACC rates to be applied, depending on the time at which the regulatory asset base increased.
Moreover, 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 taken into account only partly. Depreciation and amortization as well as interest on the regulatory asset base are not contingent on the efficiency target but are compensated for in full.

Some aspects of the regulatory scheme for gas distribution grid operators for the fourth regulatory period, which runs from January 1, 2023 to December 31, 2027, were adjusted compared with the third regulatory period. Among other things, the regulatory write-off period for new investments was shortened, the general productivity target was reduced, and the capitalization rate (WACC) was updated. A separate capitalization rate was introduced for new investments due to rapidly changing interest rates in order to allow for appropriate and necessary infrastructure investments for secure gas supply. Taking into account those factors, the so-called base rate will be reduced starting from 2023.

As far as the system charges for gas are concerned, Tyrol is the only state in Austria where those charges will decrease compared to 2022. The reduction in those charges, which are regulated in the Gas System Charges Regulation 2013 *[Gas-Systemnutzungsentgelte-Verordnung/GSNE-VO 2013]* as amended in 2023 (*BGBl* II No. 465/2022 of December 16, 2022), is due to the fact that lower upstream system costs were incurred and that we have a relatively young gas system to which numerous customers are connected.

Faced with higher demand for district heat, we significantly ramped up investment in this field. In addition to the district heating systems connected to the district heat transportation link which already exist or are under construction or being expanded, we built more district heat distribution facilities along the transportation link in 2022.

Investments

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 only on consolidating the natural gas grids and ramping up capacities as needed. In the reporting year, we invested EUR 23 million (prior year: EUR 34 million) in gas and district heat infrastructure, EUR 10 million (prior year: EUR 8 million) of which are attributable to 'district heat' business area.

2.4. Equity investments and miscellaneous

At VERBUND AG's 75th ordinary shareholders' meeting of April 25, 2022, a resolution was passed to distribute a dividend of EUR 1.05 per no-par value share (prior year: EUR 0.75 per no-par value share) for the fiscal year 2021. The dividend received thus amounted to EUR 30.0 million and was therefore above the prior-year figure of EUR 21.4 million. The VERBUND share was highly volatile in the period from January to December 2022. After a peak of the share on February 28, 2022 and the subsequent correction due to a European discussion about possible market interventions as a result of the sharp rise in commodity prices on the international procurement markets, a volatile sideways trend followed until the end of the first quarter of 2022. Following another price increase at the beginning of the second quarter, there was another significant price decline at the beginning of May. This was caused by public political statements on the skimming off of surplus profits of companies with state holdings. Subsequently, the price of the VERBUND share recovered, in particular following the decision of the VERBUND Board of Directors to propose a special dividend of EUR 400 million for the fiscal year 2022. After an all-time peak of the share at EUR 113.6 as at August 24, 2022, the price was corrected massively on August 29, 2022 due to the sharp drop in wholesale electricity prices. At the end of the year, the price stood at EUR 78.65 per share.

At the ordinary shareholders' meeting of Innsbrucker Kommunalbetriebe AG held in the summer of 2022, a resolution was passed to distribute EUR 22.2 million from net profit for 2021 (prior year: EUR 22.7 million). TIWAG received a dividend of EUR 11.1 million (prior year: EUR 11.1 million).

At shareholders' meeting of Energie AG Oberösterreich held in December 2022, a resolution was passed to distribute a dividend of EUR 0.60 per no-par value share for the fiscal year 2021/2022 (prior year: EUR 0.75 per no-par value share). EUR 4.4 million (prior year: EUR 5.5) million were received by TIWAG.

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

Profit/loss (separate financial statements)

Given the difficult legal and regulatory framework and the crisis-related soaring energy prices, our fiscal year was very challenging.

In the reporting period, sales revenue more than doubled due to the enormous price increases and now amounts to EUR 2,456.1 million (prior year: EUR 1,192.8 million). The operating result rose by EUR 24.3 million to EUR 124.4 million (prior year: EUR 100.1 million).

Sales revenue presents as follows:

	2022		2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Electricity sales	2,270.6	92.4	1,049.9	88.0	1,220.8	>100
Gas sales	35.9	1.5	2.2	0.2	33.6	>100
Lease revenue	117.2	4.8	113.4	9.5	3.8	3.4
Other sales revenue	32.4	1.3	27.3	2.3	5.2	18.8
TOTAL sales revenue	**2,456.1**	**100.0**	**1,192.8**	**100.0**	**1,263.4**	**105.9**

Revenue from electricity sales rose by 116.3% to EUR 2,270.6 million (prior year: EUR 1,049.9 million). Such increase in revenue was mainly due to the crisis-related price increases for electricity and gas. Overall, 60.6% of the sales revenue in the reporting year (prior year: 58.3%) was attributable to Austria, while the remaining 39.4% (prior year: 41.7%) was generated abroad. Other operating income rose from EUR 18.1 million to EUR 25.3 million in 2022, mainly due to increased gains from the sale of fixed assets and a credit note under an annual cost contract.

Operating expenses developed as follows:

	2022		2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Expenses for electricity procurement	2,006.0	84.2	852.2	74.9	1,153.9	>100
Personnel expenses	199.8	8.4	148.0	13.0	51.8	35.0
Depreciation, amortization and write-downs	99.1	4.2	72.1	6.3	27.0	37.5
Other operating expenses	78.7	3.3	65.3	5.8	13.3	20.4
TOTAL operating expenses	**2,383.6**	**100.0**	**1,137.6**	**100.0**	**1,246.0**	**109.5**

Expenses for electricity procurement rose by EUR 1,153.9 million to EUR 2,006.0 million (prior year: EUR 852.2 million). This increase is mainly a reflection of price effects in the electricity sector.
At EUR 199.8 million, personnel expenses were up EUR 51.8 million year on year (prior year: EUR 148.0 million). Wages and salaries were raised between 3.5% and 3.9% (prior year: 1.5%) in 2022 based on the applicable collective bargaining agreement. The rise in expenses for severance pay and old-age pensions is mainly due to the change in provisions for severance pay and old-age pensions, which results from the balance of future adjustments for inflation (severance pay and pension trend) and the higher actuarial interest rate. Expenses for old-age pensions also include the changes in provisions for outsourced pension obligations, which were recognized in personnel expenses at EUR 36.6 million in the reporting year.

In the reporting period, depreciation, amortization and write-downs increased by EUR 27.0 million to EUR 99.1 million (prior year: EUR 72.1 million). Along with a write-down in the amount of EUR 0.1 million (prior year: EUR 0.8 million), this item includes impairment losses recorded for current assets (gas held in inventory) in the amount of EUR 16.4 million for the first time. Given our ambitious investment program and the fact that the power stations will be taken live as a result, depreciation of property, plant and equipment is expected to increase in the years to come.

Other operating expenses came to EUR 78.7 million (prior year: EUR 65.3 million), which is 20.4% more than in the preceding year. The main reasons for such increase were the increase in external services of EUR 4.0 million and the increase in allowances for receivables of EUR 4.5 million (prior year: EUR 0.1 million) due to the bankruptcy of an electricity trader in March.

The financial result breaks down as follows:

	2022 mEUR	2021 mEUR	Change year on year mEUR	Change year on year in %
Income from investments	47.4	43.0	4.5	10.4
Other finance income	57.8	48.7	9.1	18.8
Expenses related to financial assets	-4.7	-0.6	-4.1	>100
Interest expenses	-20.8	-16.4	-4.3	26.3
TOTAL financial result	**79.7**	**74.7**	**5.0**	**6.7**

Income from investments increased by EUR 4.5 million to EUR 47.4 million (prior year: EUR 43.0 million). The main reason for the increase in that item is that VERBUND AG distributed a profit that was up EUR 8.6 million in the fiscal year 2022 (prior year: EUR 21.4 million). In the reporting year, other finance income comprised the reversal of impairment losses on an equity investment in the amount of EUR 6.3 million (prior year: EUR 22.8 million), interest income based on changes in actuarial interest, as well as changes in the interest rates for present value discounting of provisions for employee benefits in the amount of EUR 45.0 million (prior year: EUR 21.4 million).

Expenses related to financial assets came to EUR 4.7 million (prior year: EUR 0.6 million). This item includes the write-down of non-current securities in the amount of EUR 4.7 million (prior year: EUR 0.00 million) in the reporting year. Interest expenses came to EUR 20.8 million in the reporting year (prior year: EUR 16.4 million).

Key profit/loss items:

	2022 mEUR	2021 mEUR	Change year on year mEUR	Change year on year in %
Operating result	124.4	100.1	24.3	24.3
Financial result	79.7	74.6	5.1	6.9
Profit before taxes	204.1	174.7	29.4	16.8
Profit for the year	181.3	142.5	38.8	27.3

In the fiscal year 2022, the robust operating result increased from EUR 100.1 million to EUR 124.4 million, while the financial result grew by EUR 5.1 million in total to EUR 79.7 million (prior year: EUR 74.6 million). After taxes on income, the fiscal year 2022 generated a profit for the year of EUR 181.3 million (prior year: EUR 142.5 million).

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)	2022		2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current assets						
Fixed assets	3,244.8	82.8	2,985.9	88.3	258.9	8.7
Non-current receivables and assets	85.4	2.2	93.4	2.8	-7.9	-8.5
Deferred tax assets	0.0	0.0	10.2	0.3	-10.2	-100.0
Current assets						
Inventories	70.9	1.8	4.1	0.1	66.8	>100
Current receivables and assets	335.1	8.5	229.4	6.8	105.7	46.1
Cash and cash equivalents	184.1	4.7	57.1	1.7	127.0	>100
TOTAL assets	**3,920.3**	**100.0**	**3,380.1**	**100.0**	**540.3**	**16.0**

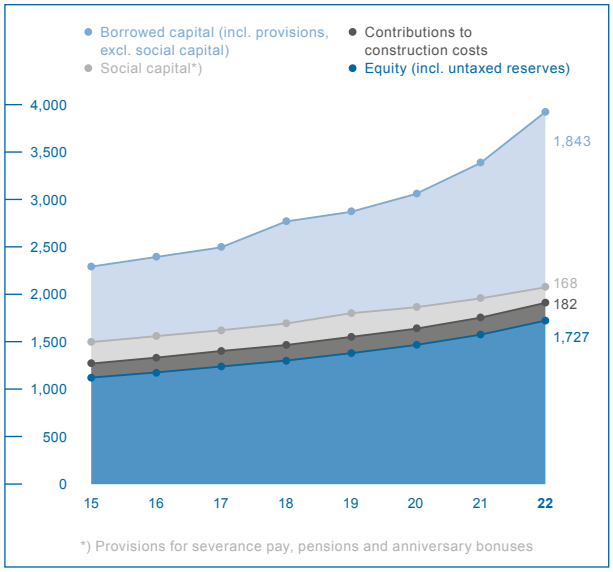
As at the balance sheet date, total assets amounted to EUR 3,920.3 million, up EUR 540.3 million from EUR 3,380.1 million recorded as at December 31, 2021. On the asset side, fixed assets rose by EUR 258.9 million to EUR 3,244.8 million (prior year: EUR 2,985.9 million) due to our ambitious investment program. In the reporting year, EUR 474.2 million were recognized as an electricity procurement right when the Inn river joint-venture power station was taken into operation, and property, plant and equipment increased by a total of EUR 186.3 million (prior year: EUR 185.5 million). As in the previous year, the increase in property, plant and equipment is due mainly to the investments made to expand hydropower capacities in Tyrol. The fiscal year 2022 saw capital expenditure of EUR 296.6 million (prior year: EUR 284.5 million) on intangible assets and property, plant and equipment.

Of this amount, EUR 171.7 million (prior year: EUR 182.3 million) are attributable to additions in the area of generation, and EUR 90.4 million (prior year: EUR 68.2 million) to additions in the grid business area. In the reporting year, advances made and construction in progress amounted to EUR 198.8 million (prior year: EUR 205.3 million).

Current assets increased year on year by EUR 299.5 million to EUR 590.1 million (prior year: EUR 290.6 million). As at the balance sheet date, cash and cash equivalents stood at EUR 184.0 million (prior year: EUR 57.0 million), an increase of EUR 127.0 million year on year. The rise in current assets is mainly due to the first-time acquisition of a gas reserve to ensure supply security, high electricity prices and higher collateral. As a result, current assets grew in relation to non-current assets. More specifically, 84.9% (prior year: 91.4%) of assets were non-current, while the remaining 15.1% (prior year: 8.6%) comprised current assets.

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

Capital structure (separate financial statements)	2022		2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current funding						
Shareholders' equity	1,727.3	44.1	1,576.0	46.6	151.3	9.6
Investment grants and contributions to construction costs	191.8	4.9	184.9	5.5	6.9	3.7
Non-current provisions	189.4	4.8	226.1	6.7	-36.7	-16.2
Non-current liabilities	795.6	20.3	593.7	17.6	201.8	34.0
Current funding						
Current provisions	355.1	9.1	306.6	9.1	48.5	15.8
Current liabilities, accruals and deferred income	661.1	16.9	492.8	14.6	168.4	34.2
TOTAL equity and liabilities	**3,920.3**	**100.0**	**3,380.1**	**100.0**	**540.3**	**16.0**



Capital performance (in mEUR)

As at the balance sheet date, shareholder's equity amounted to EUR 1,727.3 million (prior year: EUR 1,576.0 million), up EUR 151.3 million year on year. EUR 152.0 million (prior year: EUR 111.4 million) of our profit for the year of EUR 181.3 million (prior year: EUR 142.5 million) remained undistributed, while the remaining EUR 30.6 million (prior year: EUR 31.3 million) were recorded as net profit available for distribution. The EUR 30.0 million (prior year: EUR 35.0 million) dividend distributed in 2022 had the opposite effect. Total equity and liabilities increased to EUR 3,920.3 million due to the high level of investments and the measures taken to ensure supply security. The equity ratio decreased year on year, coming to 44.1% (prior year: 46.6%) as at the balance sheet date.

Non-current debt increased by EUR 172.0 million. The increase was mainly due to the taking out of long-term borrowings for our investments. In addition, current liabilities increased in 2022 by EUR 216.9 million, one of the reasons being the taking out of cash advance facilities.

Cash flows (separate financial statements)

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

		2022 mEUR	2021 mEUR
Net cash flow from operating activities			
Profit before taxes		204.2	174.7
+/-	Write-downs / write-ups	81.1	49.4
-/+	Gains / losses on disposal of assets	-3.2	-1.2
+/-	Contributions to construction costs, investment grants	6.8	2.6
-/+	Income from investments, interest income, interest expense	-33.5	-27.7
+/-	Other non-cash items	13.2	-3.2
	Net cash flow from the operating result	**268.6**	**194.8**
-/+	Inventories / receivables, other assets	-185.1	-63.2
+/-	Provisions	2.1	-40.2
+/-	Payables, other liabilities	20.2	50.3
	Net cash flow from operating activities before taxes	**105.9**	**141.6**
-/+	Income taxes paid	-17.9	-11.2
Net cash flow from operating activities		**88.0**	**130.5**
Net cash flow from investing activities			
+	Cash receipts from disposal of property, plant and equipment	7.5	1.7
+	Cash receipts from disposal of financial assets	20.8	9.9
-	Payments for additions to assets	-296.5	-284.5
-	Payments for additions to financial assets	-68.7	-26.1
+	Cash receipts from income from investments / interest income	53.4	51.7
Net cash flow from investing activities		**-283.4**	**-247.3**
Net cash flow from financing activities			
-	Dividends paid	-30.0	-35.0
+	Cash receipts from bonds, loans	390.0	230.0
-	Redemption of bonds, loans	-93.2	-5.3
+/-	Other cash receipts / payments	55.7	-21.1
-	Interest payments	-16.8	-14.0
Net cash flow from financing activities		**305.8**	**154.7**
Cash change in cash and cash equivalents		**110.5**	**37.8**
Cash and cash equivalents at the beginning of the period		73.5	35.7
TOTAL cash and cash equivalents at the end of the period		**184.0**	**73.5**

Net cash flow from net operating income rose in 2022 given the profit before taxes, while working capital showed the opposite effect, above all because of building up of a gas reserve for reasons of supply security and soaring energy prices seen in both sales and procurement. Overall, net cash flow from operating activities decreased by EUR 42.5 million to EUR 88.0 million.

Net cash flow from investing activities saw a significant rise in the reporting year. Year on year, cash paid increased by EUR 36.1 million or 14.6% to EUR 283.4 million. This increase is attributable mainly to the substantial growth of investments in property, plant and equipment, above all in connection with the expansion of hydropower capacities in Tyrol and in the regulated grid area. Higher outflows for investments in property, plant and equipment and financial assets naturally required higher inflows from financing activities. Net cash flow from financing activities in the amount of EUR 305.8 million mainly encompassed the dividend distribution of EUR 30 million, long-term borrowings in the amount of EUR 175.0 million, repayment of long-term financial liabilities in the amount of EUR -93.2 million, and current cash advance facilities in the amount of EUR 215.0 million. Cash flow from financing activities rose by EUR 151.1 million year on year.

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 due in particular to both our business model, which generates sustainable and profitable growth, and our good credit rating, confirmed by S&P Global's first-time A+/Stable rating. 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:

	2022		2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Revenue from electricity sales	2,473.1	82.3	1,272.7	80.2	1,200.4	94.3
Revenue from gas sales	482.7	16.1	273.3	17.2	208.5	76.6
Revenue from heat sales	18.4	0.6	17.8	1.1	0.6	3.1
Other sales revenue	29.5	1.0	22.9	1.5	6.6	28.8
TOTAL sales revenue	**3,003.7**	**100.0**	**1,586.7**	**100.0**	**1,416.9**	**89.3**

In the fiscal year 2022, electricity sales revenue stood at EUR 2,473.1 million (prior year: EUR 1,272.7 million) due to the extreme upheavals in the energy markets, up 94.3% (prior year: 41.4%) year on year. The main reason for this development was the marked rise in electricity prices, which, apart from the household customers sector, were reflected in higher revenue from special rate customers, distributors, and trading.
Revenue from gas sales also rose in the reporting year, by 76.6% to EUR 482.7 million (prior year: EUR 273.3 million) across all customer segments, the rise being fueled by the extreme price situation in the gas markets. Temperatures measured in heating degree days were 15.3% (prior year: 4.5%) above the long-term average.
At EUR 18.4 million, revenue from heat sales was EUR 0.6 million or 3.1% above the level of the preceding year (EUR 17.8 million).

The consolidated operating expenses present as follows:

	2022		2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Cost of materials	2,493.4	85.1	1,143.3	75.3	1,350.1	>100
Personnel expenses	212.1	7.2	159.0	10.5	53.1	33.4
Depreciation, amortization and write-downs	143.2	4.9	97.4	6.4	45.7	46.9
Other operating expenses	79.6	2.8	118.9	7.8	-39.3	-33.1
TOTAL operating expenses	**2,928.3**	**100.0**	**1,518.7**	**100.0**	**1,409.6**	**92.8**

In line with sales revenue, cost of materials rose by EUR 1,350.1 million to EUR 2,493.4 million (prior year: EUR 1,143.3 million), such rise also being attributable to the sharp increase in energy prices seen in the procurement markets. While sales revenues, which were based mainly on energy transactions, increased by EUR 1,416.9 million (prior-year increase: EUR 456.3 million), cost of materials grew by EUR 1,350.1 million (prior-year increase: EUR 462.7 million).

At EUR 212.1 million, personnel expenses were up EUR 53.1 million year on year (prior year: EUR 159.0 million). Current expenses for wages and salaries increased by EUR 2.6 million or 2.4% year on year; expenses for severance payments rose by EUR 3.2 million in the reporting year. Group-wide expenses for old-age pensions amounted to EUR 65.1 million, an increase of EUR 45.8 million year on year.
In the reporting period, depreciation, amortization and write-downs rose by EUR 45.7 million to EUR 143.2 million (prior year: EUR 97.4 million). Along with write-downs of property, plant and equipment in the amount of EUR 0.1 million (prior year: EUR 0.8 million), this item includes an impairment loss of EUR 33.4 million (prior year: EUR 0.0 million) recorded for the first time for gas held in inventory.

Other operating expenses declined by EUR 39.3 million year on year, mainly because of the reduced share of external services in the electricity sector and discontinued payment of the renewables subsidies and the renewables subsidy flat rates in the fiscal year 2022.

The financial result breaks down as follows:

	2022 mEUR	2021 mEUR	Change year on year mEUR	Change year on year in %
Profit or loss from associated companies	18.3	14.8	3.5	23.8
Other net income from investments	35.9	28.4	7.5	26.5
Other income from securities	1.0	0.4	0.6	>100
Interest and similar income	56.0	46.4	9.6	20.8
Interest and similar expenses	-22.1	-16.5	-5.6	34.1
Expenses related to financial assets	-4.7	-10.1	5.3	-53.0
TOTAL financial result	**84.4**	**63.4**	**21.0**	**33.2**

As compared to the previous year, the income from our associated companies Innsbrucker Kommunalbetriebe AG, Südtirolgas AG, and Ötztaler Wasserkraft GmbH (for the first time) increased by EUR 3.5 million to EUR 18.3 million. The remainder of net income from associated companies consists mainly of the dividends paid by

VERBUND AG, which rose by EUR 8.6 million to EUR 30.0 million in the reporting year, and the profit distribution by Energie AG Oberösterreich in the amount of EUR 4.4 million (prior year: EUR 5.5 million).
Year on year, interest and similar income increased by EUR 9.6 million to EUR 56.0 million. In the reporting year, this item included income in the amount of EUR 6.3 million for the reversal of impairment losses on an equity investment, and the interest effect for provisions for employee benefits in the amount of EUR 46.8 million. Interest and similar expenses increased by EUR 5.6 million to EUR 22.1 million (prior year: EUR 16.5 million). Expenses related to financial assets amounted to EUR 4.7 million (prior year: EUR 10.1 million). In the previous year, this item included the write-down of an equity investment in the amount of EUR 10.0 million.

Key profit/loss items for the Group:

	2022 mEUR	2021 mEUR	Change year on year mEUR	Change year on year in %
Operating result	127.8	119.5	8.3	6.9
Financial result	84.4	63.4	21.0	33.2
Consolidated profit before taxes	212.1	182.8	29.3	16.0
Consolidated profit for the year	172.8	146.4	26.4	18.1

Operating business performance in the reporting year was satisfactory. The consolidated operating result amounted to EUR 127.8 million (prior year: EUR 119.5 million). The financial result increased year on year by EUR 21.0 million to EUR 84.4 million (prior year: EUR 63.4 million). Finance income in the fiscal year 2022 saw a reversal of impairment losses in the amount of EUR 6.3 million, the majority of the positive development being due to changes in provisions for employee benefits recorded in the financial result.

In the reporting year, interest and similar income contained an interest element of EUR 46.8 million (prior year: EUR 21.6 million) and interest and similar expenses contained an interest element of EUR -4.6 million (prior year: EUR -0.8 million). As a result of these effects, both the consolidated profit before taxes and the consolidated net profit for the year increased.

Asset and capital structure (consolidated financial statements)

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

Asset structure (consolidated financial statements)	Dec 31, 2022		Dec 31, 2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current assets						
Fixed assets	3,418.2	82.4	3,188.2	87.0	229.9	7.2
Non-current receivables and assets	85.4	2.1	93.4	2.5	-7.9	-8.5
Deferred tax assets	0.0	0.0	10.0	0.3	-10.0	-100.0
Current assets						
Inventories	58.1	1.4	7.2	0.2	50.9	>100
Current receivables and assets, prepayments and accrued income	401.5	9.7	309.6	8.4	91.9	29.7
Cash and cash equivalents	185.0	4.4	58.3	1.6	126.8	>100
TOTAL assets	**4,148.2**	**100.0**	**3,666.7**	**100.0**	**481.5**	**13.1**

In 2022, fixed assets grew by 7.2% to EUR 3,418.2 million. The main reason for this increase was major capital expenditure, which amounted to EUR 341.5 million (prior year: EUR 353.1 million). Property, plant and equipment accounted for EUR 329.5 million (prior year: EUR 326.0 million) of recorded additions, while financial assets accounted for EUR 10.2 million (prior year: EUR 26.1 million). The increase in the value of fixed assets is the main driver for the growth in total assets, which once again reached a historic high at EUR 4,148.2 million.

Current assets rose by EUR 269.6 million to EUR 644.6 million (prior year: EUR 375.1 million). The sharp increase in energy prices was the main reason why current receivables increased by EUR 91.9 million to EUR 401.5 million (prior year: EUR 309.6 million). As at December

31, 2022, cash and cash equivalents had increased by EUR 126.8 million to EUR 185.1 million. A comparison of non-current and current assets shows an increase in the latter.

More specifically, 84.5% (prior year: 89.8%) of assets were non-current, while the remaining 15.5% (prior year: 10.2%) comprised current assets.

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

Capital structure (consolidated financial statements)	Dec 31, 2022		Dec 31, 2021		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current funding						
Consolidated shareholders' equity	1,752.0	42.2	1,608.3	43.9	143.6	8.9
Investment grants and contributions to construction costs	331.0	8.0	320.1	8.7	10.9	3.4
Non-current provisions	204.3	4.9	230.1	6.3	-25.9	-11.2
Non-current liabilities, accruals and deferred income	795.6	19.2	593.8	16.2	201.8	34.0
Current funding						
Current provisions	389.3	9.4	336.7	9.2	52.7	15.6
Current liabilities, accruals and deferred income	676.0	16.3	577.7	15.7	98.3	17.0
TOTAL equity and liabilities	**4,148.2**	**100.0**	**3,666.7**	**100.0**	**481.5**	**13.1**

As at the balance sheet date, the Group's shareholders' equity, including non-controlling interests, amounted to EUR 1,752.0 million, up EUR 143.6 million from the previous year. Dividing shareholders' equity by total assets, which had experienced a steep rise to EUR 4,148.2 million because of investments, leads to an equity ratio of 42.2%, down 8.7% from the previous year. This increase

in equity in absolute terms is attributable to the profits generated in the fiscal year 2022. Consolidated profit for the year 2022 amounted to EUR 172.8 million (prior year: EUR 146.4 million), and intra-group distributions came to EUR 30.2 million (prior year: EUR 36.7 million). Non-current debt increased by EUR 186.9 million year on year, with non-current provisions decreasing by EUR 25.9 million, and non-current liabilities (for the most part borrowings which changed by EUR 204.9 million in the reporting year) increasing by EUR 201.8 million.
Overall, current liabilities rose by EUR 151.0 million to EUR 1,065.3 million, largely due to the taking out of current cash advance facilities in the amount of EUR 215.0 million and the repayment of insurance loans in the amount of EUR 80.0 million. In the reporting year, trade payables were EUR 15.2 million less than in the previous year (prior year: EUR 162.3 million).

Cash flows (consolidated financial statements)

	2022 mEUR	2021 mEUR	Change year on year mEUR	Change year on year in %
Cash flow from operating activities	182.8	158.4	25.4	16.0
Cash flow from investing activities	-286.7	-321.3	-31.2	-9.7
Cash flow from financing activities	230.9	184.6	48.3	26.2

The Group's operating activities performed well, generating a net cash flow of EUR 182.8 million, which is above the previous year's level. Key non-cash effects impacting net cash flow from operating activities included the high profit before tax and the higher volume of depreciation. Counter-effects included the reversal of an impairment loss from an equity investment in the amount of EUR 6.3 million and the slight reduction in working capital. In the reporting year, a gas reserve was purchased for the first time to ensure supply security; the change in inventories in the reporting year amounted to EUR -50.9 million.

Net cash flow from investing activities for the Group was characterized mainly by massive capital expenditure on property, plant and equipment. In 2022, we moved ahead with our investment projects for ramping up power station capacities, investing EUR 129.2 million in the expansion of the Kühtai power station alone. More specifically, payments for additions to property, plant and equipment grew by EUR 5.7 million to EUR 331.3 million, while proceeds from the disposal of assets increased by EUR 7.1 million. Overall, net cash flow from investing activities decreased. More specifically, net cash flow from investing activities came to EUR -286.7 million (prior year: EUR -321.3 million). Net cash flow from financing activities in the amount of EUR 230.9 million (prior year: EUR 184.6 million) mainly encompassed intra-group distributions in the amount of EUR 30.2 million, inflows from long-term bank loans in the amount of EUR 175.0 million, settlement of financial liabilities in the amount of EUR 93.2 million, and current cash advance facilities in the amount of EUR 215.0 million.
The consolidated net debt of TIWAG Group breaks down as follows:

	Dec 31, 2022 mEUR	Dec 31, 2021 mEUR
Financial liabilities	1,130.6	839.2
- Cash and cash equivalents	-185.1	-58.3
Consolidated net debt	**945.5**	**780.9**
Profit for the year	174.5	146.9
Taxes	37.6	35.9
Interest and similar income / expenses	-27.6	-7.1
Depreciation, amortization and write-downs	143.2	97.4
Consolidated EBITDA	**327.8**	**273.2**
Consolidated net debt / consolidated EBITDA	**2.88**	**2.86**

5. FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators (separate financial statements)

	2022	2021
Profit or loss	**mEUR**	**mEUR**
Revenue from electricity sales	2,270.6	1,049.9
Revenue from gas sales	35.9	2.2
Grid lease revenue	117.2	113.4
Other sales revenue	32.4	27.3
Total sales revenue	**2,456.1**	**1,192.8**
Operating result	124.4	100.1
Financial result	79.7	74.6
Profit before taxes	**204.1**	**174.7**
Return on sales (ROS) in %	5.1	8.4
EBITDA margin in %	8.4	14.4
Return on capital employed (ROCE) in %	5.6	5.1
Assets		
Equity ratio in %	44.1	46.6
Return on equity (after taxes) in %	11.0	9.4
Cash flows		
Net cash flow from operating activities	88.0	130.5
Net cash flow from investing activities	-283.4	-247.3
Net cash flow from financing activities	305.9	154.6
Energy industry		
Electricity sales in GWh	14,322	14,584
Self-generation in GWh	2,993	3,067
System length in km (electricity)	12,179	12,090

Financial performance indicators (consolidated financial statements)

	2022	2021
Profit or loss	**mEUR**	**mEUR**
Revenue from electricity sales	2,473.1	1,272.7
Revenue from gas sales	482.7	273.3
Revenue from heat sales	18.4	17.8
Other sales revenue	29.5	22.9
Total sales revenue	**3,003.7**	**1,586.7**
Consolidated operating result	127.7	119.5
Consolidated financial result	84.4	63.4
Consolidated profit before taxes	**212.1**	**182.9**
Return on sales (ROS) in %	4.3	7.5
EBITDA margin in %	7.9	13.7
Return on capital employed (ROCE) in %	5.2	5.6
Assets		
Equity ratio in % (consolidated)	42.2	43.9
Return on equity (after taxes) in %	10.4	9.5
Cash flows		
Net cash flow from operating activities	182.8	158.4
Net cash flow from investing activities	-286.7	-321.3
Net cash flow from financing activities	230.9	184.6
Energy industry		
Electricity sales in GWh	14,322	14,584
Self-generation in GWh (electricity)	2,993	3,067
Gas sales (in GWh)	5,546	6,194
System length in km (electricity)	12,179	12,090
System length in km (gas)	3,960	3,926

III. NON-FINANCIAL REPORT

Sustainable energy generation has a long-standing tradition at TIWAG. Sustainability is an integral part of how we see ourselves, as well as a driver of growth and value, and therefore a cornerstone of our corporate strategy. We are aware that our business operations impact the environment as well as society, which is why we take into consideration not only economic, but also ecological and social impacts along our value chain in our activities.

ENVIRONMENTAL MATTERS

Environmental management system

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 drawing up our mission statement and defining our environmental policy. Relying on the environmental management officer and other officers holding specific responsibilities, the Management Board ensures that these requirements are enshrined in our 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 can only be influenced indirectly.

Special teams evaluate environmental aspects and environmental effects in the company at short intervals, using an ABC analysis that takes account of past, present 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 be taken 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.

Climate change

The task of the energy industry, which makes a key contribution toward achieving climate neutrality, is cutting direct and indirect emissions back to zero. The only way to do so directly is to completely eliminate the generation of energy from fossil fuels, with both upstream suppliers and final customers playing their indirect part in goal achievement.

As for direct net emissions from our own energy generating activities, it needs to be noted that 99% of our electricity is generated from hydropower, photovoltaics, biomass and biogas sources. Expanding local hydropower capacities therefore remains a major factor in ensuring that scope 1 emissions under the Greenhouse Gas Protocol will be kept at a very low level. Indirect or scope 2 emissions result mainly from energy we use to cover system losses in our own grids and to power our own facilities, especially for pumping and rolling operations in our pumped storage power stations. We use only electricity certified to come at 100% from renewable energy sources to operate our pumped storage power stations. Indirect scope 3 emissions of CO_2 include greenhouse gases generated in upstream and downstream stages of the value chain. In upstream stages of the value chain, indirect emissions result from the transport of fuels and from staff travel, while downstream value chain stages contain indirect emissions resulting from end customers burning the natural gas sold to them.

We use different measures to mitigate direct and indirect greenhouse gas emissions, and significantly contribute to protecting both the environment and the climate, to drive ecological change in Tyrol's electricity, gas and heat supply, and support Tyrol's energy strategy.

We contribute to maintaining a low level of direct emissions by supplying sustainable electricity generated in hydropower stations which are built to, and operated in compliance with, stringent requirements imposed by the competent authorities. Expanding the share of renewable energy sources, which is reflected in our ambitious investment program, helps to further reduce direct emissions and to decarbonize indirect emissions.

In the fiscal year 2022, we once again went ahead with measures closely linked to our core business activities in a bid to reduce indirect greenhouse gas emissions (scopes 2 and 3). We designed and carried out projects aimed at improving the trade-off between growth and ecology: the 2022 climate protection package, projects for sector coupling, and the creation of sustainable mobility solutions.

As an engine of ecological change in Tyrol's energy industry, we deliberately place focuses through our 2022 climate protection package, thus also supporting the regional government's Energy Autonomy for Tyrol by 2050 strategy.

Energy counselling and awareness raising

Our expert customer service agents are present at trade fairs, provide advice by phone and visit our customers in person at home. We assess their individual energy-saving potential and recommend appropriate measures. General energy-saving tips are available in our newsletter, on the radio and on TV. In addition to our own studies and projects, we support state-wide initiatives for more energy awareness in Tyrol.

Photovoltaics

Apart from hydropower, photovoltaics is the only renewable energy source in Tyrol that can be expanded to a relevant extent. For this reason, our subsidiary, TIWAG-Next Energy Solutions GmbH, builds and operates photovoltaic systems according to the approach of a lease model or a community generation facility, taking into account a high self-consumption share of the electricity generated by photovoltaics in the building. Furthermore, we build photovoltaic systems in the capacity range of five to twenty kWp as part of the *"TIWAG-Sonnenfonds"* project. We and our cooperation partners discharge all the tasks involved. In the photovoltaic sector, we also support our private and business customers in the construction of photovoltaic systems with a maximum output of ten kWp. A subsidy is paid in the form of an investment grant per kWp or part thereof. In addition to the subsidy, customers benefit both from the use of their own energy generation and from remuneration for surplus feed-in at the applicable market price published by the regulatory authority.

Mobility and charging infrastructure

In order to further promote e-mobility, we focus on the expansion of a modern charging infrastructure in Tyrol for the public and private sectors that is fit for the future. Depending on site and customer requirements, we offer charging infrastructure solutions out of a broad product portfolio and take care of billing and energy data management. Installation and operation is carried out by our subsidiary, TIWAG-Next Energy-Solutions GmbH. The free-of-charge TIWAG E-Mobility app enables convenient activation of charging processes, including availability checks for the charging systems, as well as charging at over 50,000 provider-independent charging stations in Austria and abroad. Registered mobility customers also benefit from low-cost billing based on charged energy instead of time consumed, at all publicly and privately accessible TIWAG charging systems. In order to promote the federal government's e-mobility plan, we also support our customers by granting them a one-off discount when they purchase an e-moped.

Heat pump

Heating by means of a heat pump is environmentally friendly and contributes to achieving the energy and climate targets of Tyrol 2050. In order to further propagate heat pump technology, we, as a co-initiator, coordinate cooperation, information exchange and marketing activities of the "Heat Pump Tyrol Network". We also pay subsidies for newly installed heat pumps in new and existing residential and non-residential buildings in Tyrol.

District heating and biogas

Another major focus is on developing a comprehensive low-carbon heat supply along the Inn valley. For this purpose, apart from expanding the current Wattens-Völs district heating system, we plan to set up additional peripheral heat networks, primarily near urban centers and by utilizing available industrial waste heat and heat from existing heat supply stations and biomass thermal power stations. As district heat sales further increase as a result of the gradual move away from fossil fuels, TIWAG-Next Energy Solutions GmbH will build additional heat supply stations. By mobilizing the existing biogas potentials, the share of renewable gases in Tyrol's gas grid is to be increased. The capacities for processing biogenic materials are to be expanded so that biogas can be used in Tyrol as well.

Sector coupling

Traditionally, sectors such as HVAC, mobility, production, lighting, and communications have mostly been considered separate from one another, even though a holistic view across all areas would allow a more cost-optimized overall system.

Sector coupling allows the use of surplus electricity available in the grid system from volatile wind and photovoltaics to heat homes, store heat in district 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 facilities. Using technologies such as power-to-gas, power-to-heat, power-to-mobility, and CHP allows putting the surplus electricity to good use in other sectors.

For the Power2X facility in Kufstein, which consists of four sub-projects, the regional planning and development procedure was concluded on March 24, 2022 by decision of the Government of the State of Tyrol; in mid-April, the lease agreement for use of the respective plots of land was finalized. All final documents were sent to the competent authorities, and offers covering more than 70% of the capital expenditure are available. Thus, all prerequisites for a construction decision for this project would be met by the beginning of 2023. As there are considerable uncertainties at the end of the fiscal year with regard to EU legislation, which could have a significant impact on the circumstances relating to the project, the project will not be submitted for the purpose of obtaining a construction decision for the time being and will only be pursued once all approvals and permits have been obtained and the energy and regulatory requirements have been clarified.

In the reporting year we concluded a cooperation agreement for another sector coupling facility. On the basis of that agreement, our subsidiary TIWAG-Next Energy Solutions GmbH will take on the overall project management and, subsequently, the operational management of the facility. According to the current project schedule, the facility is scheduled to be taken into operation at the end of 2024.

Hydromorphology and biodiversity

Hydropower stations impact our habitats, and human intervention changes the appearance, the run-off characteristics, and the volume of sediments transported by our watercourses. Transverse structures and hydropower facilities result in watercourses becoming impassible for animals. We contribute to conserving and promoting biodiversity by taking various ecological balancing measures to renature water bodies, by purposefully

designing the areas surrounding our power stations, and by building close-to-nature types of fish passes.

Environmental protection

Measures to protect the environment are closely aligned with statutory requirements, both at a national and a local level. The applicable statutory provisions, and the approvals and permissions having to be obtained from the competent authorities in this context strongly impact not only the way we build new infrastructures and upgrade existing ones, but also the way we operate our facilities on a day-to-day basis. We rely on our in-house expertise and our environmental management system for managing and implementing environmental protection measures.

THE PEOPLE WHO WORK FOR US

Strategy

The people who work for us are key when it comes to translating our corporate strategy into reality and helping our company to succeed. For TIWAG to be able to offer secure and attractive jobs to committed people, we need to take a pro-active approach to recruit and retain people who have the qualifications and skills we need. Similarly, we need to offer our employees adequate ongoing training in, and a focus on, their core competencies, along with providing job security, health programs and motivation for the tasks assigned to them.

Number and structure of employees

As a regionally based energy-industry company, we employed on average 1,332 (prior year: 1,307) persons at TIWAG AG in 2022, which corresponds to an FTE of 1,283 (prior year: 1,259). The corresponding numbers at group level were 1,426 (prior year: 1,404) persons employed. The average age of employees was 44.01 years (prior year: 44.35 years), and their average service years working for the company were 19.36 years (prior year: 20.12 years). Female employees accounted for about 16.57% (prior year: 15.55%) of the total. TIWAG AG spent EUR 199.8 million (prior year: EUR 148.0 million) on wages, salaries, social security contributions and pension-scheme expenses; for the Group the same items amounted to EUR 212.1 million (prior year: EUR 159.0 million).

Commitment and dedication

With a future characterized by an ever-faster pace of change and increasing digitalization at the workplace, TIWAG and the people who work for us have high standards to meet, which requires each and every one to show commitment, enthusiasm, dedication, and loyalty to the company. In the period from March 21 to April 10, 2022, our employees had an opportunity to give their opinion digitally on the topics of prevailing mood, the working environment, group crisis management, colleagues, management, the company and the employee survey itself. The analysis of the results has shown that our employees remain highly motivated and are proud to work for TIWAG. TIWAG's handling of the covid-19 pandemic was also rated as very professional by most, and the comprehensive and timely information on current covid-19 issues was praised. Apart from positive aspects, however, the survey results also revealed critical topics, such as career development prospects within the Group, appreciation and remuneration, information flow between employees and managers, and interfaces between organizational units. We have analyzed the critical topics in detail and drawn up specific implementation measures together with employees and managers in all organizational units. All in all, the survey reveals a very encouraging picture of the mood within the company.

Personnel development, advancement and recruiting

To cope with the challenges ahead of us, we need a working environment that is based on mutual respect, trust and appreciation, life-long learning, and individualized career development.

The cornerstones of our human resources work are staff development and support for our managers. Career development meetings, which are part of annual performance appraisal meetings, help us to assess each employee's skills and need for further development, with tailored programs being developed as needed in consultation with managers.

We offer a number of in-house and external options for continued professional development, both for facilitating initial steps and for ensuring personal development as well as leadership training.

Top-notch apprenticeship training has been on the top of our agenda for many years. 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. Our apprentices demonstrate the skills they have acquired at the annual apprentice competitions held at the vocational schools and organized by the Economic Chamber. Once again, our apprentices achieved commendable scores.

Being perceived as an attractive employer on the labor markets is crucial for finding and retaining the best talent. In addition to pro-active recruiting on the market, we also rely on digital platforms as a means of getting in touch with potential candidates. And last, but not least, we identify, support and develop in-house trainees and new entrants for leadership positions.

Work-life balance

We aim to help our staff achieve an adequate work-life balance. Key tools in this effort include flextime and part-time work options, as well as more and more mobile work. A shift towards more mobile work can be very helpful, which is why we began to institutionalize the relevant framework conditions and requirements for work from home already in the previous year.

We also assisted our staff by providing childcare for babies and small children in a day nursery together with three partners.

Remuneration and benefits

A competitive working 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, actual wages and salaries were raised by between 3.5% and 3.9% with effect from February 1, 2022, depending on the occupational group, and various allowances, expense allowances, and apprentice income were adjusted.

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 to complement the statutory pension scheme. Voluntary contributions top up the contributions paid by the employer.

Health and safety at work

Health and safety at work are a top priority for us. Our safety and security center and our safety and security officers are key in promoting awareness of, and personal responsibility for, both quality and safety at work among our staff. 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 to health and safety.

As occupational health is very important to us, we provide in-house health services. Occupational health specialists provide competent advice on all health-at-work issues and offer support to employees in this regard. Measures offered include regular 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.

Staff representation

Collaboration in a spirit of partnership has a long-standing tradition at TIWAG and is a prerequisite for striking a balance between the interests of the company and those of the staff, including in challenging situations. A central works council and several regional works councils represent the interests of our employees, with special elected representation of, and participation rights for, under-age apprentices. In addition, three staff representatives sit on the Supervisory Board.

SOCIAL MATTERS

Supply security

In line with our corporate strategy, we stand for secure, sustainable, and integrated electricity, gas and heat supply in Tyrol.

As an energy company and grid operator, we ensure the secure and reliable supply of energy to our customers, which is a task of great importance to society. In maintaining supply security, we depend on our highly flexible hydropower stations, which not only generate, but also store electricity, and on our energy grids and systems, which ensure secure and uninterrupted supply.

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.

BRANCHES

In the fiscal year 2022, TIWAG-Next Energy Solutions GmbH (Business Register no. FN 195282f) had a branch in Lienz.

IV. RISKS AND OPPORTUNITIES

The main objective of our risk management system is to identify, analyze, and assess opportunities early on, while at the same time limiting risks, so that we can ensure the company's future success at all levels. We understand opportunities to mean potentials for positive deviations from the EBITDA (earnings before interest, taxes, depreciation and amortization) extrapolated for the current, or planned for the subsequent, fiscal year. Conversely, risks are potentials for negative deviations from planned financial targets.

We use separate figures and whole scenarios to quantify opportunities and risks in terms of probability of occurrence and financial effect. The Risk Focal Points assess

specific risks and map them in our risk management software (R2C). Risk Management then aggregates and models these opportunities and risks and calculates the probability distribution with respect to the variability of the figure for profit before taxes and EBITDA extrapolated for the current, or planned for the subsequent, fiscal year.

OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

There have been no principal changes in the TIWAG Group's risks and opportunities. We see our opportunities based above all on the almost exclusive reliance 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 favorable performance of key equity investments.

The energy industry has been undergoing change for years, most recently exacerbated by national and international climate protection targets and geopolitical crises. The legal situation concerning permits for the construction of new large-scale power stations and the operation of existing power stations exposes TIWAG to risks.

With the outbreak of war in Ukraine, making a forecast for 2023 is difficult, and the effects that the war will continue to have on national economies and some companies can only be estimated to a limited extent. So far, the effects of the geopolitical upheavals have been on a manageable scale for the TIWAG Group. In addition to the overall economic development, the future course of business will also be determined in the long term by the regulatory and competitive framework at a European and a national level, and will also be influenced by short-term legislative measures to further deal with the consequences of the war of aggression in Ukraine.

In spite of such profound changes seen in the energy industry and the overall instability, the Management Board did not see any significant indications of a going concern risk in the period under review or that there could be such a going concern risk.

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. Our risk management process, which is modelled on the international COSO risk management standard, is a standardized software-assisted process that guarantees transparency and verifiability of information.

Organization and responsibilities

- From an organizational perspective, responsibility for risk management in terms of both earnings and organization lies with the Management Board. It lays down the risk strategy and informs the Supervisory Board about the company's risk situation at regular intervals.
- The Management Board is assisted by the managing directors of the subsidiaries and various organizational units, while reporting responsibility lies mainly with Controlling and Treasury. Opportunity and risk management is part and parcel of our strategy and planning processes.
- The Compliance Officer regularly reports to the Management Board and, once a year, informs the Supervisory Board's Audit Committee about the status of compliance and group-wide internal audit activities.

- The risk management system is subject to ongoing monitoring by the Group's internal audit team.
- Separate Risk Committees (RCs) were established for grids and systems, for energy transactions, for finances, for electricity trading, for the natural gas segment, and for programs and projects, with the aim to not only provide targeted risk control for the Group's key value chains, but also to process and edit relevant control information as needed and make it available to the relevant decision-makers. The members of these Risk Committees are the members of the Management Board, the managing directors of TINETZ, TIGAS and TINEXT, as well as the responsible heads of divisions and departments.
- The Risk Committees develop suitable risk strategies and provide support to the persons responsible for earnings and organizational responsibility.

Instruments

- The Risk Management policy underpins all risk management activities.
- The organizational units and subsidiaries identify new risks and update risk information every three months, documenting the results of their analyses by means of the R2C risk management software.
- At group level, these different risks are aggregated and condensed to what is known as primary risks. We use adequate assessment and reporting tools to identify and assess the risks we are exposed to. For risk aggregation, we rely on the Monte Carlo simulation method.
- Based on the risks thus modelled, we calculate an aggregated probability distribution with respect to the variability of the figure for profit before taxes and EBITDA extrapolated for the current, or planned for the subsequent, fiscal year.
- We use scenarios to determine how a particular risk develops, coming up with a best-case and a worst-case scenario based on expected values.
- Every quarter, Controlling and Treasury presents TIWAG's overall risk position, detailing the major risks and their variances, and reports it to the Management Board. Once a year, the TIWAG and TINETZ Audit Committees are informed about the goals and tasks of risk management and provided with an overview of the outcomes of the Risk Committee meetings.

INTERNAL CONTROL SYSTEM (ICS) WITH RESPECT TO FINANCIAL ACCOUNTING

It is the Management Board's responsibility to ensure that a financial accounting and internal control system is in place that meets the company's requirements, and it is the Audit Committee's responsibility to monitor the accounting process and the effectiveness of the internal control system. 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 *[Unternehmensgesetzbuch/UGB]* and of the Austrian Stock Corporations Act *[Aktiengesetz/AktG],* as well as regulatory requirements.

Finance and Accounting is in charge of preparing the annual financial statements. This process is governed by the applicable accounting rules, with responsibilities and time schedules being defined on a group-wide basis. Bookkeeping transactions are mapped using an ERP software system (SAP, FI module), with a strict separation of functions and consistent application of the dual-control principle. Specialized services providers are contracted to provide actuarial expert options.

The ICS for financial accounting is subject to regular audits by Group Internal Audit, with the audit results being reported to the Management Board and the Audit Committee.

RISKS AND OPPORTUNITIES

Compared to the previous year, the risks in our business have increased. In particular, crisis-related market price, financing and legal risks have increased.

Market and competition

The market environment depends on general economic activity and is also affected by energy, environmental and consumer protection policy decisions. The developments in sales and procurement markets, in combination with our self-generated energy production, lead to risks and opportunities in terms of contribution margins. Self-generation depends to a large extent on water availability, which has a direct impact on the amount of electricity generated. In dry years, that quantity will be lower than in wet years. Key drivers of demand for electricity, natural gas and heat include economic developments and prevailing temperatures, while energy prices are influenced largely by the geopolitical situation, natural resources and conditions, regulatory frameworks, and the prices of various primary energy sources. Wind speeds and hours of sunshine will, for instance, impact generation from renewables, with major knock-on effects on spot market electricity prices. A procurement strategy aligned with the market environment, optimized marketing based on current price expectations for future periods, ongoing continuous load and generation forecasts, transparent performance and risk measuring, and risk management within the respective book structure are suitable ways to counteract any emerging risks.

Competitive pressure remains high. We are continuously improving our processes and try to stay competitive by offering products and services which are subject to constant development. If customers switch to generating their own energy, we will support them by innovative and competitive products and services.

We are faced with continuous price competition. 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 hedging transactions concluded serve the purpose of ensuring price stability, system optimization, and balancing load and inflow/generation. The responsible Risk Committee, which also includes the member of the Management Board in charge of this matter, manages the risk based on the relevant guidelines provided by the company's management. The operational risk management 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).

Energy procurement prices have risen sharply in the fiscal year 2022 due to the war of aggression in Ukraine. Such price changes could cause economic difficulties for some market participants and lead to a need for unplanned replacements by us. It is no longer possible to secure supplies for customers previously supplied by other suppliers, which in turn leads to a margin risk for us. There is currently also increased uncertainty as to whether the sharp rise in procurement costs can be fully included in our price calculations. Here, the energy industry is dependent on a specific legal basis in response to the exceptional market situation.

Strategy and sustainability

Strategic risks may result from a misjudgment of how the market and competition will develop in the future. Continuously observing the market and competition while keeping our portfolio in mind, we try to seize opportunities and avoid risks in a targeted manner. The decisions we make with respect to type, volume and location of our investment projects are based on assumptions regarding long-term developments of markets, margins

and costs. Again, opportunities and risks will arise from how real-life developments may deviate from what we assumed them to be. Key measures taken to counteract the resulting risks are based on informed appraisals of economic efficiency, ongoing monitoring, and regular updating of underlying parameters.

Society's requirements in terms of sustainability keep growing, impacting technologies and changing customer needs and demands. This is why we analyze the use of, and implement, digital technologies along the entire value chain. To counteract major sustainability risks as they may arise in relation to safety and security, environmental protection, health protection, compliance, supplier relations, as well as labor and social standards, we comply with local statutory requirements while also putting in place appropriate in-house policies and guidelines and monitoring compliance with them. Climate-related risks result from regulatory requirements concerning carbon pricing. In this context, too, our response consists in complying with statutory requirements and employing in-house process management and ICS tools.

Operations

Power stations and grids may be subject to unforeseeable interruptions of operation caused by disruptions, damage or consequential damage, which may negatively affect the company's financial position, cash flows and profit or loss. Planning and building new, capital-intensive facilities is likewise fraught with risk. We rely on high security standards, the expansion of grid capacities, contractual safeguards, ongoing servicing, regular quality and maintenance inspections, as well as adequate insurance to address these business risks. We are paying particular attention to the impact of the war in Ukraine on supply chains and upstream suppliers as well as on material prices in our construction projects. We counter those risks by engaging suppliers with experience in the relevant industry.

IT security

In our activities, we rely on a large number of IT systems. The IT security risk relates to the non-availability of our complex systems and to existing data being falsified, destroyed or spied out. Loss of, or tampering with, data may impact system availability and give rise to competitive disadvantages, legal liability and/or loss of reputation. Risk mitigation measures include investments in, and technical maintenance of, robust and redundant IT systems plus backup systems, codified security standards, crisis exercises, and strict enforcement of access authorizations and access controls. The systems we use are subject to permanent monitoring and ongoing updates. In addition, we have policies and guidelines in place and provide regular information and data protection training to our staff.

Staff

We need highly qualified experts and managers. Where staff is not available in sufficient numbers and cannot be retained by 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 incentive schemes. In-house health services as well as an attractive work environment also contribute to reducing such risk.

Financial risks and opportunities

We have detailed rules in place for how to deal with financial risks. Risks are being continuously monitored within the scope of risk management, with regular reporting to the Management Board, the Audit Committee and the Supervisory Board. The Finance Risk Committee draws up reports about current risks and actions in financial management, long-term financing, performance of investments, working capital management, and approval of finance limits and proposes potential risk control measures.

Given the potential for fluctuations in exchange rates, market interest rates and share prices, we are exposed to foreign exchange, interest and share price risks. Group Treasury centrally manages and controls the currency and interest rate risks and, where necessary, uses suitable derivative instruments for hedging. In the reporting period, the existing CBL transaction was managed in compliance with the relevant contract. Apart from market interest rates, it is also credit risk premiums that impact our funding costs, which are for the most part the result of the need to fund our long-term investment projects. Credit risk premiums largely depend on our credit rating and market conditions at the requisite time. We rely on centrally controlled financial planning with a long-term coordinated perspective to counteract the risk of not being able to obtain funding at expected terms and conditions when needed. We have already taken into account the expected impact of rising interest rates on refinancing in our business plan.

Risks and opportunities related to equity investments include fluctuating investment income and shareholdings, insufficient proceeds from disposals in the case of disinvestments, and potential liability following a transfer of assets. Professional management of equity investments, including representation on the boards of the respective investees, allows early identification of potential threats and reduces any risks that may be involved. The risk of assets losing value increases along with assumed interest rates rising and expected cash flows declining. Given the current situation on the capital markets and the sharp rise in energy prices, the risk of equity investments and property, plant and equipment losing value was generally insignificant in 2022.

Financial losses may arise from defaults in business relations with customers and suppliers. Currently, the short-term and intensive energy price increases are giving rise to an increased risk that some contractual partners may get into financial difficulties and thus jeopardize the fulfillment of contracts with us. To limit such default risks, hedging instruments include appropriate contract design, business partner diversification, and a tight system of claims management which defines limits and adapts them in a timely manner. Where required, cash collateral or bank guarantees will be demanded. When it comes to finance and energy trading, TIWAG conducts credit transactions only with banks and trading partners enjoying good credit ratings, with such credit ratings and limits being subject to ongoing review.

We have assumed a contractual obligation to make supplementary contributions to the pension fund for defined benefit retirement plans. The risk of such contributions having to be made may occur when, at the balance sheet date, the capital necessary to provide coverage, which is calculated based on actuarial principles, is not matched by appropriate assets. Such a shortfall may be

caused, for instance, by changes in biometric calculation principles, changes in statutory provisions, changes to the actuarial interest rate, or by a lower-than-expected performance of the pension fund. We rely on investment strategies which are optimized in terms of risk and return and aligned specifically with the structure of the retirement plan obligation to counteract risks of a shortfall in coverage being caused by market fluctuations in the value of assets.

External audits by the tax authorities may give rise to additional claims due to differing views of the facts.

Liquidity risks arise where cash and cash equivalents are insufficient to meet the company's financial obligations in a timely manner. In order to remain solvent, it is crucial to identify cash flow fluctuations. To do so, we rely on appropriate liquidity planning, a strong cash flow from operating activities, a well-balanced profile of maturity dates for financial debt, as well as contractually guaranteed and unused lines of credit. Due to the volatile market prices on the energy trading markets, we looked at liquidity management even more intensively in the reporting year than in previous years to take into account possible future developments and influences at an early stage. In this context, we pay particular attention to liquidity-related collateral from wholesale trading. In order to have sufficient cash available even in the event of major fluctuations, we keep available appropriate cash funds and have also fixed our own financing options by contract.

Legal and regulatory risks

Pending and threatened legal disputes are subject to continuous monitoring, with regular reporting to both the Management Board and the Supervisory Board. To counteract these risks, we conduct internal and external analyses and assessments of the relevant facts and recognize adequate provisions for potential claims being made. The purpose of our compliance management system is to avoid any violation of the law. Currently, energy and climate policy decisions, such as the regulations on the expansion of renewable energy and the requirements for achieving climate protection targets, are having a significant impact on the way we do business.

Changes in political, legal and regulatory frameworks may give rise to opportunities as well as risks. We counteract such risks by working together with stakeholder groups and associations at various levels and by maintaining a constructive dialogue with public authorities and political decision-makers. Where necessary, we adapt our processes and business models, and we develop products and services to benefit from any opportunities that arise.

As a result of the war in Ukraine, the likelihood of regulatory intervention in energy markets and electricity generation has increased significantly. Furthermore, there is uncertainty as to how the significant increase in energy procurement costs can be translated into our sales prices. Here, the energy industry is dependent on a specific legal basis created by the legislator in response to the exceptional market and energy supply situation. The implementation of the Water Framework Directive (2000/60/EC) has exposed storage power stations to a risk that 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. Any future changes to pricing zones, such as splitting Germany into several zones, or having more than one market area in Austria, also present a regulatory risk, which may, however, also come with opportunities.

V. OUTLOOK

Derived from the objectives of the shareholder and the group strategy, we will continue to guarantee secure, high-quality and sustainable electricity and heat supply in Tyrol, and consistently promote the expansion of local hydropower and the development of new business areas in intensive dialogue with all relevant stakeholders. We will take the necessary measures in all areas to secure and strengthen our profitability in the long term. Synergy potentials will be increased and the Group's strategic capacity to act will be strengthened by consistently streamlining and standardizing all processes and structures within the Group. New business areas are being developed with a focus on core business and in strict compliance with revenue and risk targets.

In the Group's core business, local, renewable, cost-stable, and carbon-free hydropower from the existing power stations and the newly added stations, as well as their optimal marketing, will also make a vital value contribution to the consolidated result. The regulated electricity and gas grid business and the expanding heat business support the Group's profit through reasonable and stable growth in contributions to value generation.

From a financial point of view, our aim is to manage the planned investments from our own resources without capital increase measures, and thus to secure the Group's financial independence. To this end, it is important to stabilize the Group's debt ratio at a level which preserves the Group's excellent credit rating. Reasonable dividend payments to the sole shareholder, based on the approved dividend policy, play a key role in this.

The dramatic developments in recent years have impressively demonstrated that we can cope with severe fluctuations in the overall economic and energy situation and achieve our business plan even under difficult circumstances. However, any further significant deterioration in the energy policy and regulatory framework could jeopardize the achievement of our targets.

Innsbruck, April 12, 2023

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

FURTHER INFORMATION ON THE FISCAL YEAR

As a driving force behind ecological change in Tyrol's supply with energy, TIWAG uses local hydropower responsibly, thus supporting the energy transition and promoting climate protection.

Our customers

Market upheavals presented major challenges for all stakeholders. To counter the general uncertainty with high-level customer support and proximity, our committed and flexible employees are in close contact with our customers.

Advice on how to reduce energy consumption is currently gaining new importance: while in times of low energy prices, reducing electricity consumption was rather driven by environmental concerns, economical aspects have increasingly become a priority now. TIWAG is and will continue to be a reliable partner, even in a difficult environment.

Customer retention and customer service

The product range in the segment of private customers and small enterprises was streamlined. Due to the high photovoltaics feed-in tariffs at market prices (up to 10 kWp), the demand for photovoltaics products like the *"TIWAG-Sonnenfonds"* rose to an unforeseeable extent. The need for energy consulting in general has led to an explosion of customer enquiries. Therefore, waiting times in the service center and for energy consulting appointments cannot be avoided in the medium run. Fortunately, providing personal advice at fairs and roadshows was possible again in the reporting year. Our booths at the big public trade fairs, such as the Home Building & Energy Fair or the Innsbruck Spring and Fall fairs attracted large numbers of visitors.

On a positive note, the TIWAG Business Talk at Lake Achensee was organized again. Many customers accepted the invitation with pleasure to exchange views in an informal and relaxed setting.

The demand for e-mobility solutions, which increased as well, was taken account of by new funding options and, from fall 2022, by means of an online shop bill. The TIWAG newsletter has proved to be an effective information channel and was expanded further.

Heat Pump Tyrol Network

The annual get-together of members of the Heat Pump Tyrol Network was held online in a tried and tested manner. The thoroughly revised website provides answers to frequently asked questions of partners and those interested, gives an overview of the numerous funding options and addresses concerns about overpricing.

TIWAG – a world of benefits

In the reporting year, the platform was continuously expanded by new offers, features, and prize draws. At year-end, many users were happy about our Advent calendar offering the opportunity to win attractive prizes every day.

Christmas donation

Our Christmas donation, which is a long-standing tradition, amounted to EUR 10,000 and went to the association *"Vinzenzgemeinschaft St. Vinzenz – VINZIBus"* in 2022, which provides homeless and other people in need with a free hot meal every day.

TIWAG's Christmas donation went to VINZIBus (from the left): Management Board Member Thomas Gasser, Management Board Chair Erich Entstrasser, VINZIBus Chair Markus Bachor, and Deputy Chair Reiner Bachor, as well as Management Board Member Johann Herdina.

Our employees

Excellently trained employees constitute the basis that allows us to meet the challenges of the energy market, constantly changing framework conditions, and the related adjustments to our internal processes. Investments in the development of human resources are crucial in the face of growing competition for talent.

The defined goals of successful human resources management are to stand up to tougher competition for qualified staff, to provide a sustainable contribution toward promising long-term development of the company, so that the TIWAG Group will be able to reach its strategic goals in the long term.

HUMAN RESOURCES DEVELOPMENT

In 2022, the company invested approx. EUR 780,000 in initial and continuing training of staff through external services. In addition, our employees spent some 28,000 hours on initial and continuing training.

However, in the reporting year, initial and continuing training was impacted by the aftereffects of the covid-19 pandemic. A large number of the programs of initial and continuing vocational development which had been planned as in-person courses have been caught up on. Nonetheless, the digitalization trend in this area will continue beyond the covid-19 pandemic. Digital expert lectures (on topics such as, e.g., new technologies, information on new legislation, etc.) were organized at short notice for a large number of attendees.

Digitalization of HR processes also made swift progress in the reporting year. Among other things, the application workflow for conclusion of working-from-

Human resources **TIWAG staff, and employees assigned to TINETZ**	**2022**		**2021**		**2020**	
	Headcount	**FTEs***	**Headcount**	**FTEs***	**Headcount**	**FTEs***
As at: December 31 (excluding Management Board members)						
Salaried employees	1,147	1,100.7	1,130	1,086.4	1,123	1,080.7
Workers	166	161	156	150.9	150	144.6
Workers – apprentices	29	29	26	26	20	20
Salaried employees – apprentices	8	8	7	7	6	6
Total	1,350	1,298.7	1,319	1,270.3	1,299	1,251.3
Men	1,128	1,119.3	1,116	1,108.5	1,109	1,100.1
Women	222	179.4	203	161.8	190	151.2
Total	1,350	1,298.7	1,319	1,270.3	1,299	1,251.3
Average age (in years)**	44		44.3		44.8	
Average years of service in the company**	19.4		20.1		20.9	

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

home agreements, the staff requisition form (including for summer interns), and the relocation application were fully digitalized. As a consequence, interfaces are no longer required, the administrative workload has been eased, and process quality has increased.

Vocational development and training to increase health and safety at work

In the reporting year, numerous training measures to increase health and safety at work, for continuing vocational development, as well as on project management and leadership were carried out. For example, refresher courses for first aiders were offered and completed by more than 180 employees.

We would like to give a brief overview of the initial and continuing vocational training measures successfully implemented in 2022:

- approx. 480 different in-person courses were organized for 2,850 attendees
- about 660 employees completed training on health and safety at work and on environmental protection
- some 650 employees completed continuing vocational training
- in May and June, intensive classes were held for TIGAS staff in charge of grid operation
- in the second quarter, executives of the TIWAG Group refreshed and upgraded their knowledge of labor and employment law
- more than 100 employees were trained in project and process management
- approx. 15,400 e-learning modules were successfully completed

Employee survey 2022

For the TIWAG Group, employee surveys have been part and parcel of corporate communication and corporate management and controlling for many years. Surveys have been carried out at regular intervals since 2006.
Between March 21, and April 10, 2022, another employee survey was carried out for TIWAG, TINETZ and TIGAS, for the second time exclusively online. The average participation rate of all three companies was 79%. The goal was to enable a high-quality comparison of the data from the previous employee survey with the results from the reporting year. Accordingly, only minor adaptations to new developments and questions were made to the questionnaire.
The first few results were presented on the occasion of the Employee Day at Congress Innsbruck at the end of June 2022. Starting immediately from July 2022, executives and employees began to analyze results and develop improvement measures.

“TIWAG in brief: presenting the Group to our new employees”

In the months of May, June and October, two-day seminars entitled “TIWAG in brief: presenting the Group to our new employees” were organized for the new colleagues who joined us in the reporting year. Executives from various value-chain segments provided information in a nutshell on the most important aspects of their areas of responsibility. The participants were also provided with background and context information about the company, its structure, and the core competencies of the group companies. Visits to TIWAG power stations and operational facilities of TINETZ complemented the program.

Implementation of a new learning platform

In 2022, the initial and continuing training database, which has been used by the TIWAG Group since 2012, was replaced by a software solution that is common in the market. All e-learning and other courses have been managed exclusively via the new learning platform since 2022.

APPRENTICES AND INTERNS

Having been awarded the *"Ausgezeichneter Tiroler Lehrbetrieb (2011 – 2025)"* (Excellent Tyrolean Apprenticeship Company) certificate and the federal certificate for being a company providing excellent apprenticeship, TIWAG puts great emphasis on well-founded and high-quality apprenticeship training in different skilled trades. In 2022, a total of 42 apprentices were being trained by the TIWAG Group.
In order to attract young talent, TIWAG attaches great importance to a professional recruiting process. WIFI Tyrol supports us in carrying out a standardized potential analysis with the candidates for an apprenticeship for us to identify the skills of future apprentices. Apprentices who have been chosen on that basis will undergo vocational training in future-oriented trades, such as electrical engineering, metalworking, information technology, design or structural and technical drafting.

In 2022, the TIWAG Group had its own booth at BeSt³, Austria's Job, Training and Education Fair, and took the opportunity to present vocational options to interested young people.

For years, the high quality of apprenticeship training provided by TIWAG has been impressively demonstrated by apprentices taking part in various competitions. For 2022 we can boast two winners of the Tyrol apprenticeship award, one second and one third place, six golden and two silver performance awards, and two invitations to take part in the national competition. In addition, all five candidates who took their apprenticeship exam in 2022 passed the same with distinction.

Internships

In the reporting year, TIWAG gave some 25 "would-be" apprentices an insight into the apprenticeships offered by TIWAG as part of their work experience days.

OUTLOOK

TIWAG will firmly pursue its chosen course of digitalization as well as professional recruitment and human resources development. In 2023, the Human Resources department will give fresh impetus and initiate projects for a forward-looking advancement of digitalization and modernization of human resources work.

Operation and maintenance of power stations

In 2022, TIWAG's power stations generated some 2,993 GWh, a volume of 2.41% or 74 GWh below that of the previous year.

IMPORTANT PROJECTS AND MEASURES IMPLEMENTED

Achensee power station: discharge of a minimum instream flow at Bächental dam

Since the end of December 2021, a minimum instream flow has been discharged into the Dürrach river at the Bächental dam in compliance with the requirements of the National Water Resources Management Plan II. The relevant application to the Federal Ministry of Agriculture, Regions and Tourism was allowed by decision in June 2021. After the official water-law decision had become final, construction work for the plant was commenced. TIWAG was responsible for project management, whereas external firms were commissioned to implement the project.

Despite supply shortages of the necessary metal pipes and the high workload of all contractors, construction work was completed earlier than planned. On December 1, 2021, the discharge facility was put into operation in due time. This environmental protection measure will reduce generation by approx. 4 million kWh per year. However, due to its implementation, residual flows were constantly discharged in 2022 for the sake of sustainable water ecology.

Kirchbichl power station: refurbishment of electrical safety systems at machines no. 1 to 3

At Kirchbichl power station the electrical safety systems of machines no. 1 to 3 had been equipped with "first-generation" digital protection devices some 28 years ago,

New electrical safety cabinets at Kirchbichl power station

which had reached the end of their technical life. The risk of failure had increased and replacement devices or parts for the old equipment were no longer available. Therefore, the protection devices had to be refurbished to meet the state of the art.

After the additional machine no. 4 had been put into operation in 2020, the control system, turbine controllers, and electrical protection devices were refurbished to the standard of machine no. 4, which will also lead to advantages for operations and spare parts management in the future. Refurbishment of all three machines was completed in the reporting year.

Amlach power station: general overhaul of the Tassenbach weir

Maintenance and adaptation measures that were necessary to comply with the National Water Resources Management Plan II (NGP 2) were carried out between September 2021 and April 2022.

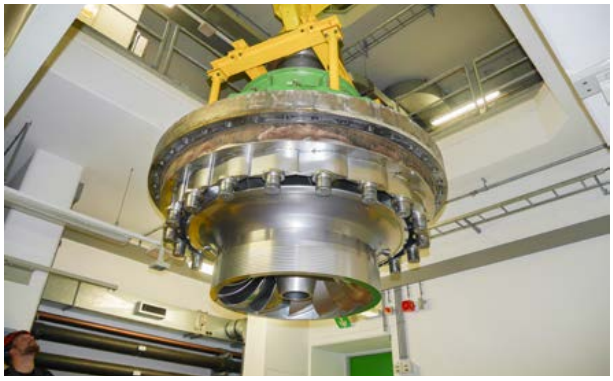
In order to meet the requirements of the national water resources management program to ensure free fish passage through the Drau river in the area of the weir, a compact slit-form fish pass was built along the left bank of the weir. For secure operation of the fish pass, a constant water level must be warranted at the Drau reservoir by means of a water level regulator. For that purpose a baffle plate plus intake rake and weir cleaning system was installed. In this way the bedload of the Tassenbach reservoir will be reduced and, in future, the reservoir level no longer needs to be lowered in the case of desedimentation. Operation of the power station will be continued by means of the available reservoir water and the inflow from the Gailbach water intake structure.

The baffle plate was put into operation in February 2022 and the fish pass was put into operation in July 2022. In the course of such work, the existing weir locks were generally overhauled as well.

The generally overhauled Tassenbach weir

Amlach power station: general inspection and overhaul of machine no. 2

The last general inspection and overhaul of turbine no. 2 took place in 2008/09. In the winter season 2021/22, the compact part of the turbine had to be disassembled again for refurbishment and replacement of the worn turbine components. Due to the higher sediment levels in the process water during the past few years, leaks occurred which caused some serious operational problems. Therefore, the general inspection and overhaul included structural improvements envisaging that due to the planned development project for “sustainable sediment management at Tassenbach reservoir”, according to which desedimentation of the reservoir will be achieved by systematically adding sediment to the process water, the turbines could bear a significantly higher load in the next few years.



Lifting out the compact part of the turbine at Amlach power station

Thanks to special coatings and other construction measures, economically reasonable inspection and overhaul intervals should be feasible even with a higher erosion load. Downtime of machine no. 2 was used to refurbish the generator at the same time. After a successful restart of machine set no. 2, it has been re-connected to the grid since mid-April 2022. In the winter season 2022/23, machine set no. 1 will be comprehensively refurbished as well.

Imst power station: refurbishment of weir element no. 1 at the Runserau weir

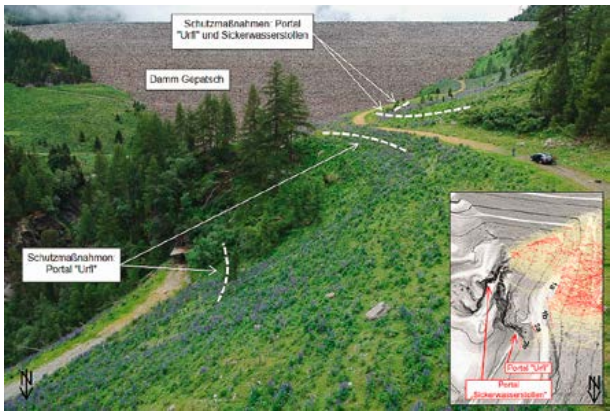
The weir elements were most recently refurbished in 1994. Due to advanced wear and tear, and damage to the anticorrosive coating, weir element no. 1 along the left bank was refurbished in the winter season 2021/22 to ensure reliable and safe operation. The work included refurbishment of anticorrosive coating, replacement of all sealings, and refurbishment of worn and/or damaged mechanical components. In October 2021, the 13 meters wide weir element was taken out of operation, sealed against headwater and tailwater, and provided with air-conditioned housing for applying anticorrosive coating. Work progressed swiftly, and at the end of April 2022, the refurbished weir element no. 1 was put into operation again.

Sealing of the weir against tailwater

Scaffolding and housing

Kaunertal power station, Gepatsch reservoir: rockfall hazard protective measures at Kreuzjoch mountain

Access to the “Urfl” portal and the “leachate tunnel” portal is located north of the Gepatsch dam of Kaunertal power station in a gorge area. Due to the increased rockfall activity caused by mass wasting at “Kreuzkopf” mountain, access to the tunnel portals which lead to the underground operating facilities required very elaborate safety precautions.



Overview of rockfall hazard safety measures

Between June and August 2022, based on the results of rockfall simulations, a total of four large 4 to 5 meters high rockfall safety nets covering a length of 200 m were installed above the portal areas to warrant permanent and safe access to the portals.

Rockfall safety nets

Dredger at Langkampfen power station

Langkampfen power station: power connection for suction dredger

In the backwater area of Langkampfen power station, in the so-called “Thaler gravel trap”, regular desedimentation is necessary. Since spring 2022, a suitable power connection has been available for operation of the suction dredger, which replaces the diesel power generators used previously. Clearing, which is usually done once a year, required approx. 80,000 l of diesel. This amount of fuel can now be saved, and the ensuing emissions of pollutants can be avoided.

New power connection helps avoiding pollutant emissions

TINETZ – System management and operation of the distribution grid

The distribution grid operated by TINETZ-Tiroler Netze GmbH (TINETZ) currently features about 12,179 km of lines, 51 electrical substations, some 4,240 transformer stations, and 248,599 metering points.

Grid utilization

In 2022, the electricity volume supplied by the grid operated by TINETZ amounted to a total of 4,940 GWh (2021: 4,727 GWh). Due to the importance of electricity in our daily life, the requirements of electricity supply are constantly increasing. Electricity is the basis for sustainable economic development and supports the implementation of requirements in connection with the energy, mobility, and heat transition. Essential drivers of grid infrastructure in this connection are the secure integration of e-mobility, heat pumps, and generation from photovoltaics and small-scale hydropower stations.

Due to the said requirements, it is necessary to massively expand the medium- and low-voltage grid as well as the maximum- and high-voltage grid as the backbone of a reliable power supply in Tyrol, i.e. both for the population of Tyrol and its businesses at all voltage levels in the years to come.

Supply disruptions

In 2022, despite a demanding topology, no major incidents were recorded with respect to operation of the distribution grid operated by TINETZ allover Tyrol. One exception was a major failure in the adjoining grid of IKB AG in August 2022, which was, however, quickly repaired in the area supplied by TINETZ. This had basically no impact on the System Average Interruption Duration Index (SAIDI) of unscheduled events, i.e. unplanned supply disruptions, which for 2022 amounted to only 13.98 minutes (2021: 14.97 minutes).

Accordingly, grid availability of more than 99.9% continues to be markedly high, a value that puts TINETZ into the top segment among Austrian grid operators.

New customers

In the reporting year, TINETZ connected 1,093 customer systems with a connected load of 36,263 kW to the distribution grid. Additionally, the capacity of existing systems was expanded by 42,623 kW. The demand to be covered by the TINETZ distribution grid has thus risen by 78,886 kW.

In the reporting year, 2,413 producers feeding in electricity with a bottleneck output of 186,612 kW were connected to the TINETZ distribution grid, with another 6,273 kW added by capacity expansions in existing facilities, most of them photovoltaic stations. However, with the Inn river joint-venture power station (GKI) and the Tumpen/Habichen power station also a large-scale and a medium-sized hydropower station were connected to the grid. In total, some 10,600 photovoltaic generation facilities with a contractually agreed feed-in capacity of approx. 150,000 kW in the aggregate were connected to the distribution grid by the end of 2022.

Rollout of smart meters in the TINETZ supply area

As part of the EU's Third Energy Package, the EU Internal Market in Electricity Directive calls for the introduction of smart metering systems. The Austrian legislator and the competent administrative authorities have issued a number of statutory regulations in this regard. The Electricity Act 2010 defined the statutory basis for the introduction of smart meters in Austria.

The key points of the Smart Meters Regulation *[Intelligente Messgeräte-Einführungsverordnung/IME-VO]* were adapted in 2021 and provide for a rollout rate of 40% by 2022, and 95% by 2024. TINETZ has aligned its program schedule with these targets.

The new metering devices will allow recording of energy consumption by customers in real-time in the future. Customers will be able to select the configuration of their metering device themselves, monitor their energy consumption directly with either of the two smart meter options (IMS – standard, IME – enhanced functionalities), and take better account of energy efficiency and environmental aspects in their consumption behavior. Meter readings on site will no longer be necessary for customers, and registration and de-registration when moving house will become easier as well. With the “digital standard meter (DSZ)” configuration all smart meter functions are disabled and consumption will be metered in total as before.

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, Innsbrucker Kommunalbetriebe AG, and Salzburg Netz GmbH in order to pool expertise and strengthen our position on the market.

The key points of the project program were successful implementation of all centralized IT systems and the necessary telecommunications solution, from the meters to transformer stations and central IT systems, the procurement of the metering devices, and the development of operational processes for rollout and regular operation. A special focus was placed on the interoperability of devices and subsystems from different solution providers and manufacturers, to keep the smart metering system open, and thus cost-efficient, in terms of 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 designed those complex systems (metering device, communications technology from

meter to control center, IT systems for data management and processing, up to the accounting systems) based on the required specifications from scratch, extensive testing at laboratories and factories, including at the network operators after installation, were necessary before field installation in 2020. In this way, grid operators will ensure that the meters, systems, and processes will meet high quality standards.

After their successful launch in June 2020, TINETZ installed approx. 59,000 smart meters in its supply territory by the end of 2021. In October 2022, the important milestone of a rollout rate of 40% in accordance with the Smart Meters Regulation was reached and by the end of 2022, 135,000 installed smart meters accounted for a rollout rate of 45%. Replacement by smart meters is done by an external installation service provider and staff of TINETZ. We will have to install about 300,000 smart meters at TINETZ customers by the end of 2024.

Periodical surveys of customer satisfaction and information requirements are accomplished via customer contacts and customer feedback. An analysis of those surveys and key performance indicators allows the conclusion that TINETZ managed to meet the requirements and need for information to our customers' satisfaction throughout the reporting period. The number of logins to the customer portal, which allows customers to monitor their daily consumption, is constantly increasing and, due to the upheavals in the energy markets, it increases disproportionately in relation to the number of smart meters installed.

The number of customers who opted out of installing a smart meter as well as the number of customers who agreed to recording of energy consumption at 15-minute increments (15-minute load profile) remains at a constant low. The majority of customers opted for installing the smart meter with standard configuration.

For data communication TINETZ uses public mobile communications and data transfers via the power grid (power line communication – PLC). The two technologies complement each other very well both in urban and rural areas and ensure smooth communication with the smart meter.

Securing smart meter deliveries constituted a special challenge because due to the covid-19 pandemic and the war in Ukraine electronic components were not available as usual. To mitigate that situation, TINETZ had planned ahead and ordered a large number of smart meters early, so that the rollout was not compromised. Also for 2023 TINETZ has taken precautions together with the Central Purchasing department of TIWAG-Tiroler Wasserkraft AG, thus ensuring a smooth rollout of the planned unit numbers.

Enhancing supply security: line refurbishments and construction

Important projects to increase supply security in Tyrol are the "lowlands grid concept" and the "Wipptal Valley group of projects – 110 kV line between Steinach and Wilten".

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.

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 in reliance on existing developed structures. The project breaks down into three approval stages and four construction sections.

Commissioning of three of a total of four construction sections took place between 2019 and 2021 (construction sections Kirchbichl to Breitenbach and Kundl), including dismantling of the old line.
In the final approval stage (mainly concerning the municipality of Kramsach) the permit-granting procedures are expected to be concluded in the first quarter of 2023, upon which construction work will commence and continue until 2024.
From today's perspective, the existing line sections will be dismantled by the end of 2024.

In the course of the "Wipptal Valley group of projects" the existing some 21 km long 110 kV line between the Wilten and Steinach substations ("Brenner line") will be upgraded. The majority of the Brenner line's approx. 80 power poles were built in 1945 and are thus in need of refurbishment or replacement. Due to technical framework conditions on the Brenner line, the height of some of the existing poles needs to be increased.
Most preparatory work for the required construction work started already in 2016. Refurbishment of the poles between the substations Vill and Steinach was completed in 2021. The project was completed in fall 2022 upon replacement of the conducting cables and fittings.

Enhancing supply security: distribution facilities – new-builds

In addition to operable lines and cables of a grid, supply security also depends on distribution facilities being equipped to meet actual requirements. The task of distribution facilities consists mainly in transforming higher voltage to lower voltage.

The Habichen substation will improve and secure supply security in the Ötztal valley for the future, in line with growing demand on the part of customers and generators. The project includes connection to the existing 110 kV line and the substation in the area of Ötz-Habichen. The substation consists of a building housing the switchgear and other technical equipment and separate transformer boxes.
The 110 kV station was realized and put into operation in 2022 as scheduled. The station including 25(30) kV elements was completed in 2023.
In the medium-voltage range, a total of 75 new transformer stations were built and put into operation in the TINETZ grid in 2022.

Massive increase in connection requests in recent years

The initial major driver of connection requests and their marked increase between 2015 and 2020 was the construction boom; since 2021 they are mainly attributable to the Austrian Renewables Expansion Act *[Erneuerbaren-Ausbau-Gesetz/EAG 2020]* and the fact that our customers are able to actively participate in the energy market. Promoting electricity generation from renewable energy sources (water, solar energy, wind, etc.) and decarbonizing the heat and transport sector require a target-oriented expansion of the distribution grid and secure technical integration of such decentralized feed-in of electricity into the grid, as well as heating and charging systems into the energy distribution system. With respect to implementation, the unprecedented, rapid and overall concurrent expansion requirement constitutes a major challenge for grid operators.

Due to massive funding mechanisms of the federal government and the regional government, our customers are ready and expect to set up private photovoltaic (PV) systems. This dynamic development is further aggravated by crises (the pandemic, the war in Ukraine, global warming). Therefore, apart from the market participants in the energy system, also producers, suppliers and installers of systems (decentralized generation facilities, electric charging stations, heating systems), and administrative agencies (funding agencies, official permit-granting processes) are unable to keep pace with customer demand and market developments.
In the past, TINETZ had to process some 5,000 to 6,000 connection requests per year, 700 to 1,000 of which concerned feed-in systems (mainly photovoltaics). 2021 saw an increase in connection requests to 8,700 (2,000 thereof concerning feed-in systems).

Especially in 2022, TINETZ, like all other distribution grid operators in Austria, had to face a massive enquiry boom for PV systems due to funding measures and, above all, due to the development in the energy markets as a consequence of the Ukraine crisis. The number of requests for grid access of PV systems has increased by a factor of ten compared to the previous years' average and brought the processes of TINETZ and its systems (and those of funding agencies, public authorities, system suppliers, and installation technicians) to their limits. It can also be expected that such interest in grid access will in any case continue or even increase further in the next few years.
Since early November 2022, applications for photovoltaic systems may be submitted quickly and easily via the new TINETZ customer portal, which means a significant acceleration of processing. To that end, processing workflows for applications were reorganized and digitalized. Connection requests made online via the TINETZ website are directly forwarded automatically. Accordingly, a major part of the applications received has been processed and our customers have been sent a relevant offer.
For photovoltaic systems of more than 20 kWp, systems the total output of which is fed into the grid, or systems outside of built-up areas, technically detailed and more complex grid assessments and, where necessary, even grid expansion planning will be required also in the future. TINETZ promises to use its best efforts to guarantee quick processing in this segment as well.

TINETZ welcomes and supports the measures taken by the federal government and the regional government to promote renewable energies. The more electricity is fed in by decentralized generation facilities of private households and businesses, the better will the climate and energy targets set by the federal government and by the State of Tyrol be supported. The majority of PV systems

is presently installed by private households and businesses, which shows that the current funding measures effectively support energy policy goals. Moreover, in the future, many applications used to cover heat demand and hot water demand (heat pumps), or for transport (e-mobility) will require additional electricity from renewables to drive decarbonization of the energy system in the interest of climate protection.
At present, requests for grid access of private electric charging stations at home or for heat pump connection play a secondary role. For other distribution grid operators, however, they are a strong driver for the necessary grid expansion similar to PV connections.

Necessary grid expansion during the next decade

Since grid loads and feed-in capacities of renewables are not identical at all times, it is understandable that the grids must be expanded to ensure that they can safely handle the double load; on the one hand, the total of all grid loads, e.g. on a cold and cloudy winter day with no sun or wind and only scarce water supply, and, on the other hand, (almost separately) the total of all volumes fed into the grid, e.g. on a Sunday or public holiday in the summer with a lot of sun, wind, water supply, and low loads.

Apart from additional grid expansion, the stability of grid operation in the distribution and transmission system will be another challenge, because “stable” power stations running on fossil fuels, such as nuclear, coal-fired or gas-fired power stations, will gradually be taken from the grid and replaced by “volatile” generation from wind power and photovoltaics. An additional challenge will be to maintain voltage levels in the distribution grids of rural supply networks. For that purpose, comprehensive and timely grid expansion will be required to ensure grid operation with the supply security to which our customers are accustomed.

In view of the enormous requirements in connection with the energy transition, grids must be fortified and expanded in the years to come. Concrete plans in this regard are currently being developed.
Capital expenditure on grid infrastructure all over Austria and, thus, also by TINETZ is about to be doubled by 2030, and by 2040 it must even increase by a factor of four compared to today to achieve the goals set by the federal government and by the regional government. The energy transition requires a massive and wide expansion of grid infrastructure at all voltage levels, which must also be reflected by grid rates.

Electricity trading

In 2022, the electricity market was impacted by the gas shortage caused by limited supply from Russia as a consequence of its war of aggression against Ukraine. The shortage of gas led to an unprecedented price increase in the energy markets.

Russia tried to play on the EU's support of Ukraine through the European Union's commodity dependence and to build up massive pressure by cutting down on its gas supplies to Europe. EU Member States had to compensate this critical shortage of gas by making additional purchases from other pipeline suppliers and LNG providers, literally at any price. In 2023, the average market price for the annual delivery in the futures market tripled compared to the previous year.

The mean Austrian electricity market price for deliveries throughout 2023 in the futures market increased by the factor of 3.4 to EUR 316/MWh compared to the previous year and even peaked at EUR 1,015/MWh for a short period. With the war at European doorsteps, markets were highly nervous, and prices were extremely volatile, which was clearly shown by intraday ranges of EUR 164/MWh on average in the spot market (previous day's trading) and EUR 419/MWh in the intraday market.

In the reporting year, the balancing energy market was further split up in smaller parcels due to the introduction of PICASSO (Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation) to better integrate renewables and small generators into this stable-value market segment.

The annual average market price for European emission allowances increased to EUR 81/t compared to EUR 53/t in the previous year. In an environment of market developments, unfavorable weather conditions, and large-area failures of power stations in France, emission-intensive traditional generation was increasingly used, whereas the efforts to lower the EU emission targets under the "Fit for 55" package favored the quite volatile price development between EUR 58/t and EUR 98/t for emission allowances.

The separation of the German and Austrian markets, which was introduced in 2018, continues to adversely affect liquidity of the Austrian market, with the effect that both self-generation and procurement for distribution customers can no longer be hedged by futures transactions in the Austrian market. The Financial Transmission Rights, which had been planned as a hedging instrument, reflect the products of the electricity market only to a limited extent and thus provide no adequate balancing effect. The mean electricity price difference between Germany and Austria rose to EUR 26/MWh compared to EUR 10/MWh in the previous year, mainly due to the higher market price.

In Germany, the extraordinary events during the reporting year led to re-activation instead of deactivation of coal-fired power stations to cover the load in the case of emergency. Among other things, Germany's last three nuclear power plants were not shut down by the end of the year, but their operation was extended until mid-April 2023.

With respect to new regulatory developments, reference must be made to Council Regulation (EU) 2022/1854 on an "emergency intervention to address high energy prices", which provides for a demand reduction of electricity, a cap on market revenues, and distribution of surplus revenues to final electricity customers, as well as a solidarity contribution for the fossil fuel sector. In Austria, the Regulation was implemented by means of the Electricity Consumption Reduction Act *[Stromverbrauchsreduktionsgesetz/SVRG]* and the Federal Act on the Energy Crisis Contribution – Electricity *[Energiekrisenbeitrag-Strom-Gesetz/EKBSG]*. The gas shortage led to an amendment to the Austrian Energy Steering Act 2012 *[Energielenkungsgesetz/EnLG 2012],* and at a European level an agreement on a Regulation on mandatory filling of gas storage facilities and a reduction of natural gas demand was reached.

Due to the heavy increases in electricity prices, there were growing calls for an adaptation of the competitive market system both at a European and a national level. The EU Commission asked the European regulator ACER (Agency for the Cooperation of Energy Regulators) to carry out a study, which came to the conclusion that the merit-order principle would lead to lower retail

prices and provide a greater incentive for the expansion of renewable energy sources. According to ACER, the electricity price increase was not due to the market design but a consequence of the extraordinary gas price increase. However, the political debate on market design continues.

PRIMARY ENERGY SOURCES

Pricing in the competitive electricity market depends on the variable cost of sales of all power stations necessary to cover demand (as compared to the merit-order principle described above) so that very often the fuel costs of the gas-fired power stations were decisive for the prices in the reporting year, which led to an exorbitant rise in electricity market prices. Even though the market price for hard coal increased extremely, the variable costs of hard coal-fired power stations remained below those of gas-fired plants.

Natural gas

The gas crisis was the dominant European issue of energy supply in the reporting year. The reduction of Russian gas deliveries to Europe resulted in unprecedented peak prices in the gas market. The TTF front-month product reached EUR 133/MWh on an annual average, which means that it almost tripled compared to the previous year's price of EUR 48/MWh, while in 2020 the same gas market product had been traded for the fraction of about EUR 10/MWh. At EUR 114/MWh the front-year product for delivery in 2023 in the futures market was more than three times higher than the previous year's price of EUR 34/MWh as well.

The European Union as an international community accounts for about ten per cent of global gas consumption, but due to its low self-production volume it depends on natural gas imports for about ninety per cent of its consumption and has the world's biggest natural gas demand. Previously, about one half of all gas imports into the EU came from Russia, and the major part of Russian gas deliveries were transported to Europe via transit pipelines, so that the bordering countries of Eastern Europe and their neighbors, including Germany and Austria, account for the largest shares of Russian deliveries. Due to geographical conditions, the rest of Europe is diversified more broadly and, apart from pipeline connections to Norway, the UK, Algeria or Tunisia, they also possess a well-developed LNG (Liquified Natural Gas) infrastructure.

Apart from restrictions on the transfer of goods, money and services, the EU policy of sanctions against Russia's aggression also considered a commodity embargo, for which no majority was reached, as there were no other alternatives to natural gas for most states. Russia, however, took advantage of Europe's high dependence and tried to lever out Ukraine's support by the West by curtailing gas deliveries. Thus, in the reporting year, the volumes imported from Russia were reduced by half to about one fourth of the EU's annual import volume, whereas LNG deliveries, mostly from the US, Algeria, and Qatar, increased by the factor of 2.5 to one third of EU imports. Furthermore, pipeline deliveries from the UK, Norway, and Algeria considerably increased and covered almost one half of the import demand.

For lack of comparable pipeline capacities to China and former Soviet states and due to insufficient LNG capacities, the gas volumes which Russia did not deliver to Europe were in fact not available to the global market to a large extent, which led to a temporary gas shortage situation and price explosion.
The global import demand for natural gas mainly spreads over the Member States of the European Union and Asia (above all China, Japan, and South Korea); given the significant increase in flexible LNG volumes, the two market

regions have converged closely by now. In the reporting year, the Japan Korea Marker, which is similar to the European TTF quotation, remained about 15% below the TTF front-month price, which led to a concentration of readily available LNG volumes in Europe. The weaker economic development in China, which is attributable to the country's strict coronavirus policy, probably came to the aid of ensuring supplies for Europe.

Russia's restrictions on deliveries required a quick reorientation in the gas business, which had previously been market-based, toward demand-based supply with gas, since in the case of shortages massive restrictions had to be expected in all areas of life. Financing of substitute procurement often shifted to the government, as substitute deliveries for the lacking gas volumes had to be procured from the global market "at any cost" while business criteria had to be put behind. Energy suppliers were not only granted loans and financial assistance, but ownership was even transferred to the government in some cases. Gazprom Germania, the German subsidiary of the Gazprom Group, which had operated all stages of the value chain after production, from gas transport via gas storage up to gas trading and distribution, can be stated as an example. In April of the reporting year, the Russian parent group wanted to arrange for the liquidation of Gazprom Germania via a dubious legal structure. However, since Gazprom Germania must be considered an operator of critical infrastructure which is pivotal to the system, the German Ministry for Economic Affairs instituted summary proceedings to put the group of companies under fiduciary management of the Federal Grid Agency. Subsequently, Gazprom Germania was reorganized by means of government funds, changed its name to Securing Energy for Europe (SEFE), and was taken over by the federal government after an amendment to the German Energy Security Law *[Energiesicherheitsgesetz]* in November 2022.
Apart from the rising costs, which threatened their existence, many energy companies were also impacted by such liquidity shortage, after confidence in reciprocal delivery capability and solvency had been lost and trading had shifted to the energy exchange EEX. Performance security of an exchange is guaranteed by the traders' obligation to finance daily changes in the value of their position in advance, so that even in the case of default of traders performance by the exchange is secured. If, for example, gas deliveries for 2023 were traded for EUR 50/MWh in January 2022 and for a peak price of EUR 312/MWh in August, (in addition to other collateral) a trader had to cover the value difference of EUR 2.3 million (= EUR 262 (312 – 50)/MWh x 8,760 h) as the so-called variation margin for an annual delivery of one megawatt. While trading positions of several hundreds of megawatts are quite usual for large enterprises, the collateral required here amounted to billions of euros, which often busted the traders' liquidity reserves, so that the government had to step in as guarantor.
Apart from providing funding, governments adopted a number of regulations, which are described in the chapter "Regulatory environment". At this point, however, the price caps on gas should be mentioned, as this regulation seems to indicate a political change of mind toward the hard-fought liberalization of the energy sector.

Figure 1 shows the European TTF quotation in the futures market for the relevant month ahead and the year ahead (2023) in EUR/MWh.

The “forced ride” of natural gas market prices started as early as in 2021, when it became apparent that Gazprom would not fill its considerable storage capacities in Europe, which was interpreted as a lever in the conflict about the outstanding approval of the Nord Stream 2 pipeline at that time. Moreover, in the absence of lucrative summer-winter price differences, also other traders stored less gas, so that the heating period 2021/2022 started with atypically low storage levels. In Central Europe, however, gas storage is the backbone of continuous supply in winter, which means that in the case of a hard winter, supply shortages could not be excluded. On the onset of cold weather in December, these worries culminated in a new historical peak price of EUR 180/MWh (TTF product; month-ahead delivery) after Gazprom had curbed its deliveries via the Jamal pipeline earlier and almost stopped them in December 2021. The Jamal pipeline is connected to the German gas grid via Belarus and Poland and had been an essential European transport artery until then. During the Christmas holidays the market situation calmed down and 2022 started with a volatile price range between EUR 80 and EUR 100/MWh after unusually mild weather had kept the demand for heating at a low level.

Initially, the outbreak of the war in Ukraine on February 24, 2022 caused only a short fluctuation, but in the subsequent week the cold weather led to a steep price front, which peaked at an all-time high of EUR 218/MWh for month-ahead delivery at the beginning of March but quickly declined to EUR 100/MWh again thanks to constant import volumes from Russia. Until the end of the below-average heating period in April, prices developed at consistent levels and, in May, they even dropped to approx. EUR 80/MWh for the front-month product, which was attributable to the constant gas flow, the rather low industry demand in response to prices and the economic climate, and the smooth filling of storage facilities.

Against all odds, Ukraine showed great capability to defend itself, so that instead of a quick annexation, a long war had to be expected. This experience and the fact that the West had closed ranks to support Ukraine caused Russia to curb its gas deliveries once more.

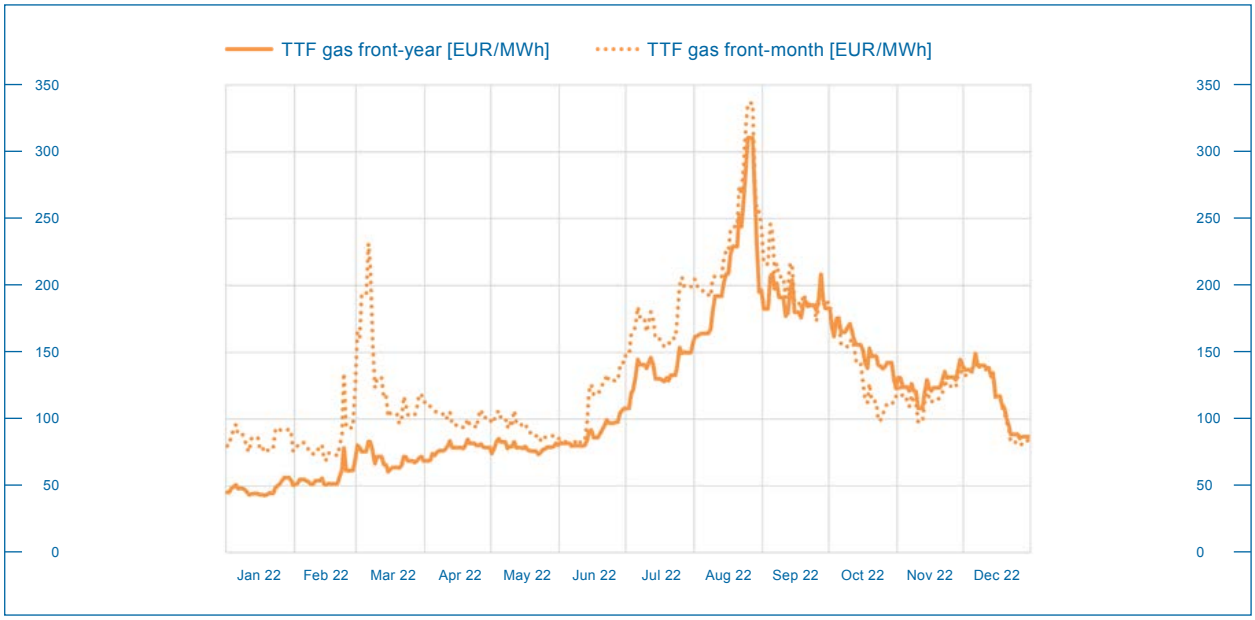


Figure 1: European TTF gas price quotation (front-month and front-year)

In any case, Europe's fear of further restrictions on Russian gas deliveries became reality in mid-June, when Gazprom limited the transmission capacity of the Nord Stream 1 pipeline to 40% because "maintenance of Nord Stream pump turbines had been made impossible by sanctions". In recent years, the Nord Stream pipeline, which ends on the German Baltic coast, had become the most important transport route in Europe. The market immediately responded to that restriction, with the TTF market price for the month ahead more than doubling and rising from EUR 83/MWh to EUR 184/MWh in the first week of July but quite surprisingly declining again to approx. EUR 150/MWh shortly after.

Some days later, the next escalation level reached Europe, when Gazprom announced another turbine failure, cut the gas flow via the Nord Stream pipeline to 20%, which caused the gas market price to rocket to a near-record high of EUR 200/MWh. In August, the demand for gas grew surprisingly strong when, in a hot and dry summer, wind power generation remained clearly below average, low river levels limited generation in run-of-river, coal-fired and nuclear power stations and the downtime of French nuclear power plants had to be balanced out as well. Gas-fired power stations filled the production gap but competed with the demand for filling gas storage facilities and with industrial demand in an illiquid market. When, in mid-August, Gazprom announced that Nord Stream 1 had to be shut down again for maintenance, the market overheated and the TTF gas price "exploded" on August 26 to EUR 337/MWh for month-ahead delivery. The situation peaked in an incredible all-time high, which, however, also marked the end of an unprecedented rally. After a few days, the market calmed down and the TTF front-month price fell back to its very volatile price level of approx. EUR 200/MWh.

In September, Gazprom reported oil leakage at another turbine and shut down operation of the Nord Stream 1 pipeline completely. Apparently, the market had anticipated that this would happen and factored it in, because the price level remained the same. Even when, at the end of September, it became known that both legs of Nord Stream 1 and one leg of Nord Stream 2 have underwater leaks and can no longer be used as a result of acts of sabotage, the market price hardly responded and declined steadily until it stopped at about EUR 100/MWh at the end of October. The market attributed that price development to sufficient alternative gas supplies, completely filled storage facilities, a high production of renewable energies, and an economy that was subdued by the war. By mid-December, a seasonal price increase to EUR 150/MWh was recorded during a short cold spell, which was replaced by a period of warm weather around Christmas and led to a reduction in the market price to EUR 83/MWh at year end because of lower consumption during the holidays.

In the last quarter of the year, Russia still delivered one fifth of the previous year's volume to Europe via the Transgas and Turkstream pipelines. The Transgas pipeline, which crosses Ukraine, Slovakia and the Czech Republic into Germany and Austria, would have the largest transport capacity from a technical point of view. The Turkstream pipeline was put into operation only in 2020 and also supplies Romania and Hungary via Turkey and Bulgaria.

The TTF front-year 2023 quotation followed the one-month contract in a similar way, however, without fully factoring in the short-time supply situation and peak price phases. Only as late as in December 2022 could a typical alignment that took place until the end of year be noticed.

CO_2 EMISSIONS

In addition to hard coal and gas prices, the prices of European allowances for carbon emissions (EU allowances (EUA)) are a key input variable for electricity generation costs of thermal power stations and thus for electricity prices as such. Since early 2021, emission allowances are in their fourth trading period, which will last until the end of 2030. In principle, the carbon price makes generation in thermal power stations more expensive, even more so for those with higher specific CO_2 emissions, above all lignite-fired power stations, followed by 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, and, of course, also by comparison with hydropower stations and other generation from renewable energies. 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. Due to the market upheavals in the reporting year, some EU Member States have demanded that emissions trading be temporarily suspended to ease the pressure on electricity market prices, but the request was not supported by the EU plenary. Since 2017, European carbon prices rose from EUR 5/t to EUR 32/t by the end of 2020, and to EUR 80/t by the end of 2021.
While, supported by increasing gas prices in 2021, the spot price for emission allowances experienced a steady rise, it was characterized by high volatility and a development that was often contrary to that of fossil fuel prices. The price of carbon emission allowances started into 2022 at EUR 84/t (see Figure 2).

In early February, EUA prices reached a preliminary peak of approx. EUR 96/t and, until the end of February 2022, the emission market turned out to be a major support for rising electricity prices. While the prices for fossil fuels rapidly rose at the beginning of March, the price of emission allowances fell. Economic uncertainties following the sanctions imposed by the EU on Russia, and potential quick liquidations by Russian holders and financial market participants let EUA prices drop on March 7 by about 30% to EUR 58/t within one trading week and thus marked the lowest carbon price level of the year. During March and April, the carbon price recovered. From April until the end of June, it moved within a broad range of between EUR 77/t and EUR 91/t.
Starting from mid-July, carbon prices slumped again. Within one trading week, prices fell by more than 10%, triggered by EU plans to reduce gas consumption by 15% in winter 2022/2023 (“Gas Emergency Plan”) to prevent gas shortage. Large-scale industrial customers were affected by a demand reduction as well, which limited their production and thus their demand for emission allowances.
In the summer, Europe was increasingly supplied with electricity generated by coal-fired power stations, as French nuclear power stations ran on low capacities, hydropower generation in Europe declined due to heat waves and dry periods, Russia’s gas deliveries were scarce, and wind power generation was lower. During the combustion of coal for electricity generation about twice as much CO_2 is emitted compared to the combustion of natural gas, which results in a higher demand for emission allowances. Against the backdrop of those developments, the CO_2 price reached a new all-time high of about EUR 98/t on August 20, 2022. During the days that followed, large-scale industrial customers presuma-

bly liquidated their positions, because of the concurrent extreme rise in gas and electricity prices, which led to a second remarkable slump of EUA prices in 2022. In early September, the CO_2 price dropped to a level of about EUR 66/t. In view of the falling gas prices in October, some industrial enterprises expanded their production again, and the demand for emission allowances increased, so that the CO_2 price again climbed to EUR 80/t by the end of October.

In the last two months of the reporting year, the CO_2 price was primarily defined by political signals with a view to a revision of the CO_2 market design, worries about an economic downturn, and by weather conditions. In early November, the European Parliament and the Council agreed that, by 2030, greenhouse gas emissions should be reduced in the EU by 40% compared to 1990 (previous target: 30%). In addition, for the first time, all EU Member States must now cut their emissions. Also, trading in emission allowances must become more transparent and regulated more strictly. In the course of the trilogue talks between the European Commission, the European Parliament, and the European Council mid-December, potential reforms of the EU-ETS market were discussed. On December 13, an initial agreement on the Carbon Border Adjustment Mechanism was reached, which is intended to restrict the transfer of carbon emissions to non-EU countries as part of the “Fit for 55” package, which was adopted in July 2021. On December 18, the trilogue negotiations on the “Fit for 55” package were concluded with an agreement moving toward more ambitious EU emissions trading.

In December, the spot price remained within a range of EUR 80/t to EUR 90/t. The price for emission allowances closed the reporting year at around EUR 81/t. In 2022, the average carbon price per ton was EUR 81, i.e. more than 50% above the previous year’s figure.

Figure 2 shows the spot market prices of emission allowances (EUAs) for the fourth trading period in 2022, expressed in EUR/t, as quoted by European Energy Exchange AG (EEX).

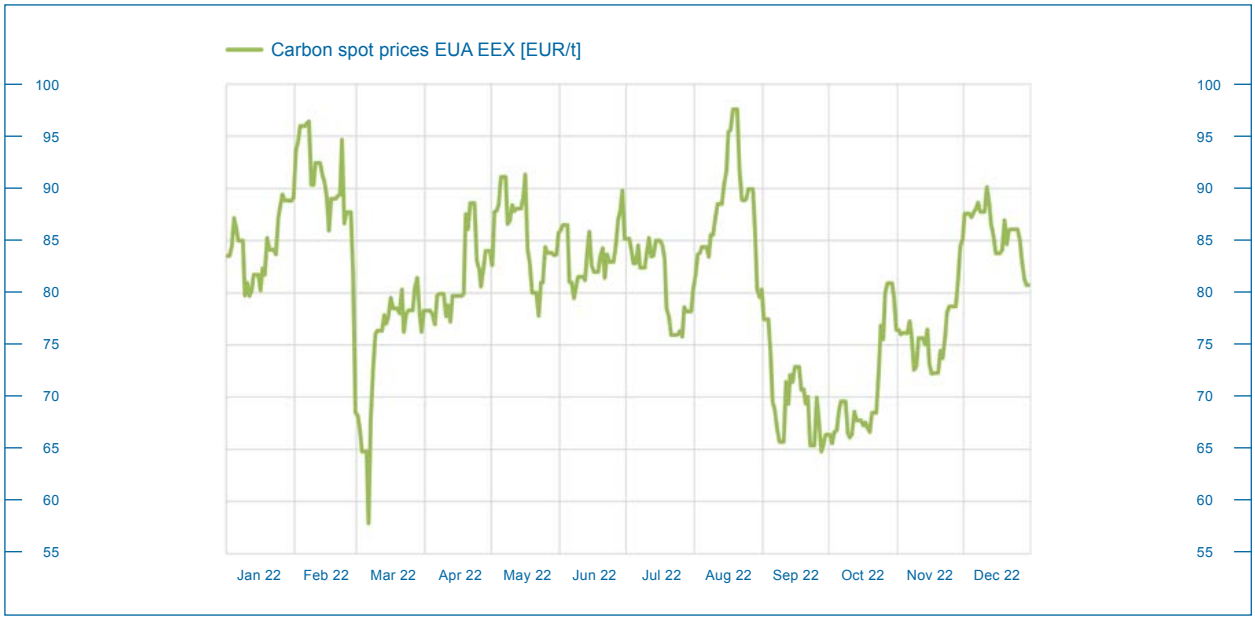


Figure 2: Spot market prices of emission allowances for the fourth trading period in 2022

DAY-AHEAD AND INTRADAY MARKETS

The annual average spot price in 2022 on the EPEX SPOT SE (EPEX) energy exchange for next-day delivery (day-ahead) for the market territory of Austria more than doubled and amounted to approx. EUR 261/MWh compared to the previous year (approx. EUR 107/MWh) thus exceeding the level of 2020 (approx. EUR 33/MWh) by more than seven times.
The corresponding futures market price for 2022, i.e. the price expected at year-end 2021 for the annual delivery in 2022, was a little bit lower at approx. EUR 226/MWh.

As early as in the last quarter of 2021, the electricity price rally gained momentum and was particularly driven by the price developments in the gas market. In 2022, the rally continued even more strongly. Upon the invasion of Ukraine by Russian forces on February 24, and due to the sanctions imposed on Russia by the EU, gas and electricity prices rose rapidly in March. On March 8, the average daily price of the daily baseload on EPEX for day-ahead delivery amounted to some EUR 555/MWh for the market territory of Austria. This preliminary price explosion was attributable to an envisaged gas embargo of the EU against Russia, and supply fears. Mild temperatures, stable gas flows, more LNG deliveries, and the EU policy's departure from a general energy embargo against Russia let the prices go down significantly again during March and April. At approx. EUR 186/MWh the baseload monthly average for April was lower than the previous month's average by almost EUR 97/MWh.
Starting in June, high temperatures and lack of precipitation caused a continuous reduction in river levels in Europe. As a consequence, thermal power stations had to throttle their capacity because of cooling problems, and difficulties arose in transporting coal to German power stations; in addition, (run-of-river) hydropower generation was markedly lower.
Moreover, on July 27, the capacity of the Nord Stream 1 gas pipeline was reduced to a mere 20% at first, and, after announcing planned maintenance work on the gas

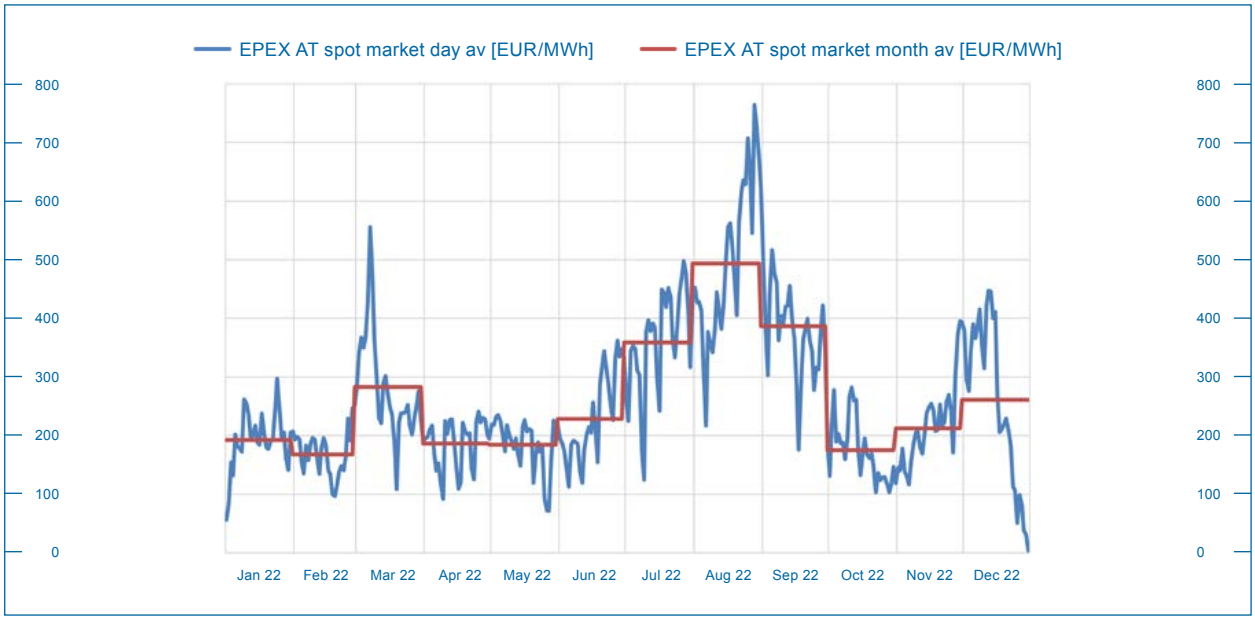


Figure 3: Price development of the market-coupling price on the EPEX/EXAA energy exchanges for the market territory of Austria in the year 2022

pipeline at the end of August, Russia finally stopped the gas flows via Nord Stream 1 completely. On August 29, the average daily price of the daily baseload peaked at EUR 764/MWh in the market territory of Austria and broke all records. The subsequent decline in carbon, gas and coal prices in September and October directly affected electricity generation costs and market prices as well. Continuing mild temperatures, constantly high gas deliveries from Norway, record volumes of LNG deliveries, and high filling levels at European gas storage facilities led to a slump in the day-ahead prices by the end of October. In October, the monthly baseload average in the market territory of Austria was approx. EUR 175/MWh compared to approx. EUR 494/MWh in August. Starting from November, temporarily chillier weather, lesser gas deliveries from Norway, and below-average wind power generation caused prices to rise again.
Some days of low price levels clearly show the impact fluctuating generation from renewable sources has on prices. When power consumption is low, usually on Sundays and public holidays, and wind and/or PV generation is high at the same time, electricity prices tend to plummet or even become negative. In 2022, however, due to the extremely high price levels not a single hour of negative electricity prices could be seen in the day-ahead market in Austria (the previous year had still recorded 64 hours). Also in Germany, negative prices were clearly less frequent in 2022 compared to 2021 (139 hours). The lowest average daily price in Austria was reached at approx. EUR 4/MWh on December 31, a Sunday with high wind power generation in Austria.

Figure 3 shows the price development of the market-coupling price on the EPEX/EXAA energy exchanges for the market territory of Austria in the year 2022, illustrated by the average daily price on the spot market (Phelix AT base) and the average monthly price in EUR/MWh.

In 2018, the previously joint German-Austrian electricity pricing zone was split up, resulting in different electricity wholesale price levels in the two countries. In 2022, the mark-ups in the Austrian day-ahead market compared to Germany amounted to an annual average of approx. EUR 26/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 figure of 4,900 MW announced to market participants within the scope of the so-called flow-based market coupling.

INTRADAY MARKET

Intraday trading covers the delivery period between day-ahead and balancing energy deliveries of one-hour and 15-minute products and has considerably expanded owing to the increasing unreliable generation from renewable sources, in particular in Germany. The split-up of the German-Austrian market, however, meant a significant setback for intraday trading in Austria, while trading volumes in 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 in the intraday market mainly reflect intraday surplus or shortage situations. On August 23, the highest price of a one-hour product in the Austrian intraday market was recorded at EUR 4,442/MWh,

and on October 4, the lowest level was marked at minus EUR 700/MWh. The price band between daily maximum and minimum prices in the intraday market amounted to EUR 419/MWh on a 2022 average, which means that it tripled and at the same time increased by a factor of more than 2.5 of the average day-ahead price band of EUR 164/MWh in 2022, which underlines the value potential of that market segment once more.
Intraday products are traded on the energy exchanges 24/7, all year round. The intraday market offers opportunities especially to traders with flexible means of production, enabling them to generate revenue even at times when market and economic conditions are unfavorable. 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 intraday (hour) market for Austria in 2022 as minimum and maximum daily figures, expressed in EUR/MWh.

BALANCING ENERGY

To safeguard the stability of the electricity grid, generation and consumption must be at the same level at all times because, even though limited volumes can be stored in (pumped) storage power stations, or comparatively minor volumes in batteries, no electricity can be stored in the grid itself. Unplanned fluctuations in generation or consumption are balanced by the operators of the transmission system by so-called balancing services. Balancing services can be provided by flexible generation and consumption facilities and must be contracted by 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 the transmission system operators and have successfully been doing business on various electricity balancing markets. Apart from using our own power stations to make this contribution to system stability, TIWAG also enables its partners to make their power

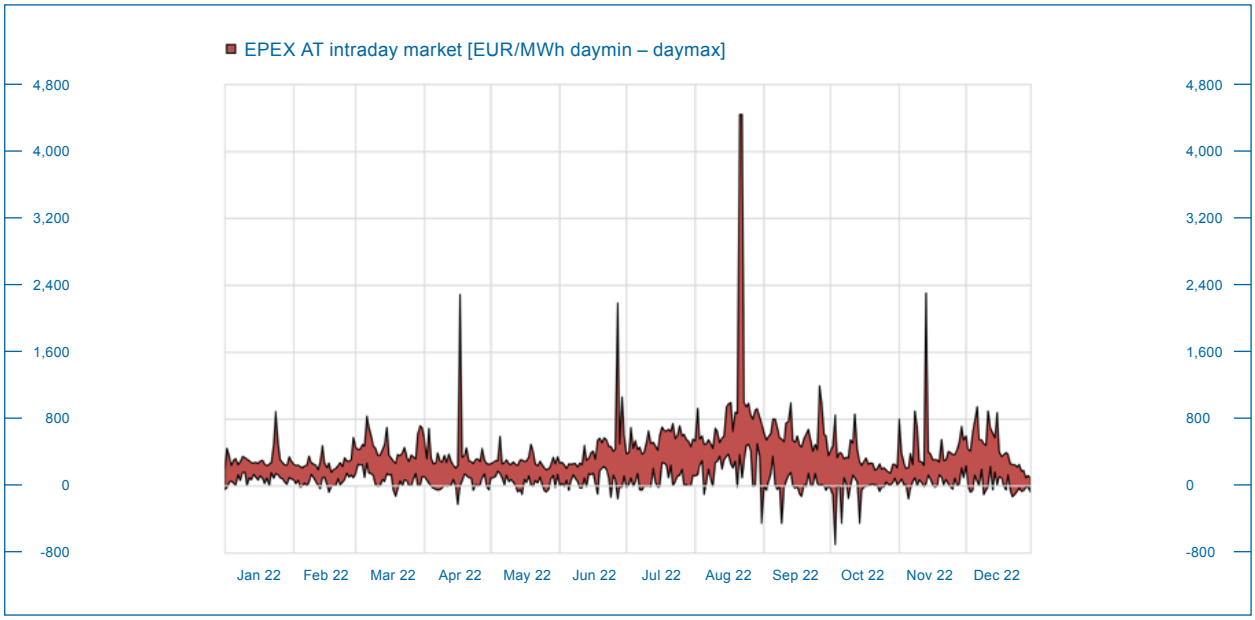


Figure 4: Price development on the EPEX in the intraday (hour) market for Austria in 2022

station capacities available on the electricity balancing market through the balancing services pool.
Aiming to further intensify competition and open up the market for renewables producers with a more difficult planning horizon, Germany and Austria switched from weekly calls to business-day calls, and then to calendar-day calls featuring six 4-hour blocks for primary balancing capacity. By the end of 2020, so-called balancing energy markets for balancing energy qualities such as secondary and tertiary balancing capacity were introduced. Regardless of any previous participation in the market for balancing capacity (= availability), provision of balancing energy (= delivery) may also be offered in six intraday auctions and thus allows to market flexible capacity at short notice. Due to such splitting, balancing capacity can now be considered an "insurance product", as balancing services will be available even if and when the balancing energy market, which is processed later, is not available.
The reporting year saw some major changes in the area of secondary balancing capacity and energy due to the introduction of PICASSO (Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation). PICASSO harmonizes the rules for most countries in Europe and has led to new developments such as the quarter-hour balancing energy market (BEM), new accounting modalities, and smaller bid sizes (starting from 1 MW). Its launch was postponed several times and finally took place on June 22, 2022, but saw some technical difficulties, so that the balancing energy market was actually available for use in Austria as of the end of 2022. By introducing PICASSO, balancing energy was further split up in smaller parcels, which will enhance bidding options, on the one hand, but also require more efforts to make and adapt bids and make the process more complex in general, on the other hand, which means that it will become more difficult especially for small-scale providers to equally participate in this market.
For 2023, more regulatory enhancements are planned, in particular MARI (Manually Activated Reserves Initiative), PICASSO's equivalent for tertiary balancing capacity and energy, by means of which the quarter-hour balancing energy market will be introduced to this segment as well.

FUTURES TRADING

Wholesale electricity trading with futures products, i.e. relating to months, quarters and years ahead, is subject to the pricing mechanisms of spot trading and other influencing factors. Futures trading attracts a larger circle of traders, including those who do not have generation facilities of their own, and pricing in futures trading is not only influenced by objective fundamental criteria, such as futures prices of commodities or emission allowances, but also by the speculative opinions and individual expectations of market participants.
In the trading year 2022, as in 2021 before, electricity trading prices mostly mirrored the price developments in the market for gas and coal (cf. Figure 1 and Figure 5). As early as in fall 2021, the situation in the gas market exacerbated due to Russia's saber-rattling and the growing political tensions between Russia and Europe, combined with uncertainties regarding Russian gas deliveries.
After Russia's attack on Ukraine in February 2022, all hopes of a peaceful settlement of the Russia-Ukraine conflict died abruptly. Early in April, the EU Member States agreed on an import ban on Russian coal, which became effective on August 10. Subsequently, substantial price increases were experienced, especially at the long end. While in April, electricity trading prices for annual 2023 base delivery increased by 18% on average compared to March, the prices for annual 2024 base delivery rose by 29% and those for annual 2025 base delivery rose by 33%. Apparently, market participants

started to take the higher electricity generation costs into account in their pricing on a permanent basis. Electricity prices grew significantly again in May. The lasting and exacerbating conflict between the EU and Russia, and reduced gas deliveries to the EU led to another increase in the gas price, followed by an increase in the electricity price in summer 2022. Fears of a full delivery stop on the part of Russia and scarcity of gas in winter motivated buyers to pay the constantly increasing prices. Upon the full stop of deliveries via the Nord Stream 1 pipeline, extreme price increases were recorded in August. The cost of the long-term electricity contract for calendar year 2023 increased by 55% on a monthly average compared to July. On August 26, the annual 2023 base delivery peaked at an all-time high of EUR 1,015/MWh in the market territory of Austria (see Figure 5). Electricity prices were additionally pushed by non-availability and cooling problems of nuclear power stations in France, by coal transport difficulties due to low river levels all over Europe, and by significantly reduced hydropower generation.

In view of the extreme price increases, changes of the European policy in the field of the EU pricing mechanism, and quick interventions were being discussed, such as, e.g. skimming off of profits, gas price caps, electricity price caps, in particular for inframarginal technologies, such as hydropower stations, wind and photovoltaics power stations, as well as nuclear energy. Furthermore, industrial large-scale customers (e.g. producers of aluminum, copper, or fertilizers) were reported to discontinue production for the time being. This may have been associated with the disposal of previously purchased gas and electricity volumes as a consequence of reduced production planning. In addition, filling of gas storage facilities in Europe made good progress, and in combination with large volumes of LNG deliveries and unusually mild temperatures they led to price corrections in the futures market for electricity products from the fall onwards.

Given the lack of liquidity in the wholesale market, price quotations for Austria – as opposed to those for the market territory of Germany and for the joint market of Germany and Austria, which existed until 2018 – are in most cases indicative and mostly not tradable. The generally very low actual trading volume is further limited to front products not so distant in time (month +1, quarter +1, year +1), while products which are more distant in time mostly do not show any kind of trading activity. Usually, generators and suppliers may only hedge Austrian supply obligations via electricity trading in the more liquid German market and, to a very limited extent, by Financial Transmission Rights.

Figure 5 shows the electricity trading prices (futures), expressed in EUR/MWh, as quoted on the EEX, for deliveries in 2023 of base and peak products for the market territory of Austria in the trading year 2022. At EUR 316/MWh, the average market price of this front-year product exceeded the previous year's price of EUR 92/MWh approximately by the factor of 3.4.

FINANCIAL TRANSMISSION RIGHTS

Along with the market separation in 2018, a new financial product to hedge against market price differences between Germany and Austria was introduced by the Joint Allocation Office (JAO), namely the so-called Financial Transmission Rights (FTR). Physical transmission rights are not available between Germany and Austria. FTR are acquired at auctions and are limited to so-called

base products for the front-year and front-months from time to time. Thus, the variety of products is far smaller compared to electricity products on the energy exchanges and/or the electricity forwards market, which means that fewer hedging options are available. Moreover, FTR can, in principle, be bought only once and at a fixed date. There is no secondary market where transmission rights could be resold. Great uncertainties still exist in terms of estimating future price differences between Austria and Germany. They strongly depend on weather conditions and transmission capacity made available from day to day. Consequently, the uncertainties are significantly greater at year auctions than at month auctions, as the latter are held about ten days before the start of delivery, when both the meteorological conditions and commodities prices for the month ahead are easier to assess.
The price difference at the JAO year auction for the delivery year 2022 amounted to approx. EUR 5/MWh, while the balanced price difference from the month auctions amounted to about EUR 23/MWh on average, and the day-ahead market to approx. EUR 26/MWh on average.

Due to the steep absolute electricity price increases and fluctuating electricity generation at PV and wind power stations in Germany, the electricity price differences between the German and the Austrian market territory again rose sharply year on year.

ELECTRICITY TRADING BY TIWAG-TIROLER WASSERKRAFT AG

TIWAG's electricity trading activities primarily serve the purpose of covering demand to ensure optimized supply of our customers in Tyrol in terms of price and risk through long-term barter agreements and deliveries from electricity traders, and to ensure optimum use of self-generated electricity.

In this field of activity, TIWAG is also exposed to financial risks, which we counter with a risk management structure modeled on that of the banking system. TIWAG's Risk Committee, which includes the member of the

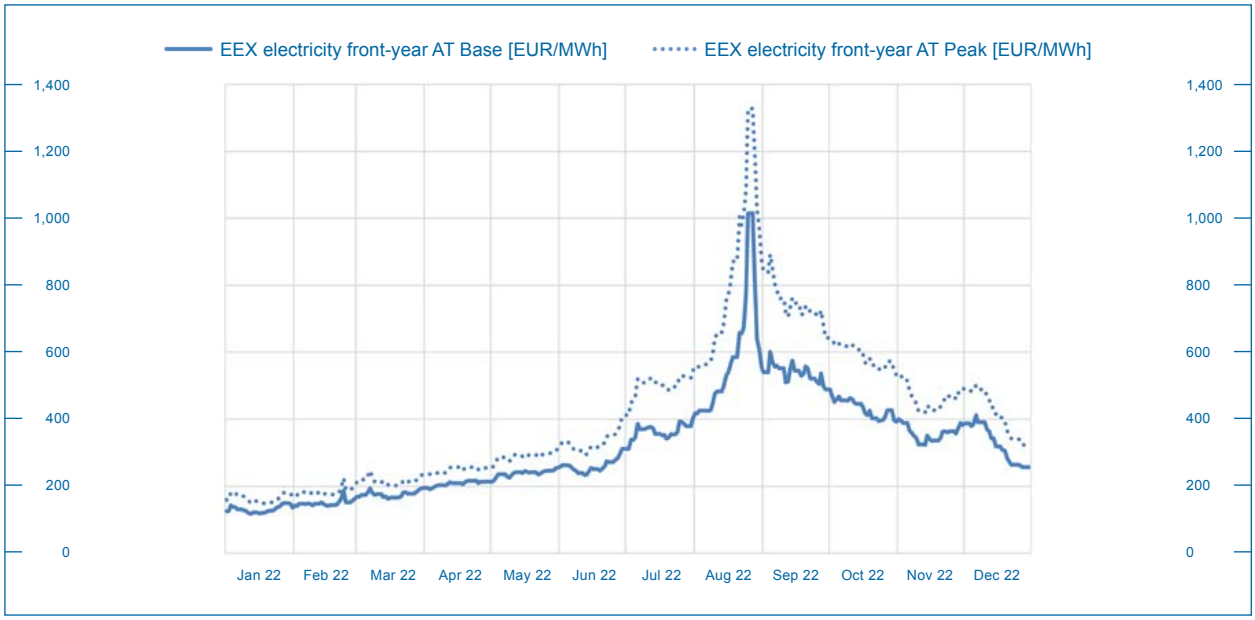


Figure 5: Electricity trading prices (futures) for deliveries in 2023 of base and peak products in the trading year 2022 on the EEX

Management Board in charge of 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/or resale) and market price risks is carried out on an ongoing basis by the operational risk management team in charge of trading and, beyond that, by group-wide risk management.

In the reporting year, TIWAG undertook further efforts to integrate third-party facilities into the balancing energy pool. Another focus was on optimizing the use of our flexible-capacity power stations in the balancing energy market, in short-term and intraday trading.

In 2022, precipitation was in general clearly below average. Even though due to the early snowmelt the first half of the year was slightly above average in terms of hydraulic conditions, the prolonged drought of the year caused inflows to remain below average and a below-average water year on the whole.

REGULATORY ENVIRONMENT

The sharp rise in energy prices since fall 2021, the market upheavals caused by Russia's war of aggression against Ukraine, and the resulting decline in gas supplies have triggered an intense political debate over potential responses at a European and a national level. As a consequence, many adjustments of the regulatory framework occurred. In view of the variety of measures taken, we only present those which are most relevant to the wholesale market.

In March 2022, the European Commission published the draft plan "REPowerEU", which envisages a fundamental reorientation of European energy policies. The aim is to make Europe independent of fossil fuels from Russia, initially from gas, well before 2030. This goal is intended to be achieved by diversification of gas supply by importing larger volumes of natural gas from non-Russian suppliers in the form of LNG or via pipelines, as well as to increase production and imports of biomethane and hydrogen from renewable sources. An accelerated reduction in fossil-based fuel use by increasing energy efficiency, expanding renewable energies, and tackling infrastructure bottlenecks is also intended to help achieve this goal.

In May 2022, the initiative was further specified in more detail. The share of generation from renewable sources should account for at least 45% of the total energy mix in 2030. Energy consumption should be reduced by at least 13% by that time. To provide an incentive for the expansion of plants using renewable energy sources, the European Commission has also suggested accelerating the permit-granting process by introducing "go-to areas" to be defined by the Member States. Revision of Directive (EU) 2018/2001 on energy from renewable sources (RED), Directive (EU) 2018/2002 on energy efficiency (EED), and of the Energy Performance of Buildings Directive (EPBD) has already commenced.

In August of the reporting year, an agreement on a Regulation on mandatory filling of gas storage facilities and a reduction of natural gas demand was reached at the European level. The aim was, *inter alia,* to fill storage facilities up to a level of at least 80% for the winter period and up to at least 90% for subsequent winter periods. On the basis of that Regulation gas consumption is planned to be reduced by 15% on a voluntary basis, with reduction intended to be made mandatory in the case of gas shortage in the winter.

In October of the reporting year, the European Union adopted a Regulation on "emergency intervention to address high energy prices" (Regulation (EU) 2022/1854 of 6 October 2022) following a proposal by the European Commission and coordinated efforts of the Member States. Extraordinary measures for a limited period of time were introduced to ensure affordable energy supply of households and businesses. The three key points of the Regulation are "reducing electricity

demand", introducing a "cap on market revenues, and distribution of surplus revenues and surplus congestion income revenues to final electricity customers" as well as the "measure relating to the petroleum, gas, coal and refinery sectors".
Each of the Member States is supposed to reach a voluntary 10% monthly reduction target in gross electricity consumption and a mandatory 5% reduction target in electricity consumption during peak hours. In doing so, Member States have a certain amount of leeway, *inter alia* in choosing which measures they adopt.
Market revenues of inframarginal electricity generators (as defined by the Regulation those are generators of electricity from wind, solar energy, geothermal energy, hydropower, biomass, waste, nuclear energy, lignite, crude petroleum products, or peat) are capped at EUR 180/MWh. The cap does not apply to biomethane, hydropower with reservoirs, gas and demonstration projects, with Member States having the option of including reservoirs. This measure will remain in force until June 30, 2023.
The solidarity contribution for the fossil fuel sector applies to profits of businesses in the petroleum, natural gas, coal and refinery sectors and will be calculated on the basis of taxable profits determined in accordance with national tax regulations for the budget year starting in 2022 and/or 2023 and exceed the average annual taxable profits since 2018 by more than 20%. The solidarity contribution must be levied in addition to usual applicable taxes and charges. This measure will remain in force until December 31, 2023.

In December 2022, the Austrian federal government adopted the Electricity Consumption Reduction Act *[SVRG],* and the Federal Act on the Energy Crisis Contribution – Electricity *[EKBSG]* on the basis of the EU Regulation. A reduction in electricity demand is intended to be achieved by means of a new product determined by competition through bids and tenders. The product is primarily addressed to customers from trade and industry which are not directly integrated into the wholesale market yet, with participation being voluntary. Austrian Power Grid AG has been instructed to identify the relevant peak hours and to operate the product.

Pursuant to the *EKBSG*, market revenues of inframarginal electricity generators are capped at EUR 140/MWh starting from a bottleneck capacity of 1 MW, including generation from Austrian storage power stations. The Act entered into force on December 1, 2022 and provides for mandatory contributions for generation outputs until the end of December 2023. For specific application of the Act, such as, e.g., hedging and repurchase transactions, or deductibility of investments in renewable energies and energy efficiency, regulations will be issued.

The so-called Green Deal of the European Union, by means of which the mandatory climate target is to be reached by 2050, was continued. The challenging interim target is to reduce greenhouse gas emissions by 55% in relation to the reference year 1990 by 2030. In addition, revision of the regulatory framework for climate, energy, and transport was commenced under the working title "Fit for 55" to achieve those goals.

In the reporting year, the European Commission presented proposals for significant adaptations of the emissions trading system. By 2030, total emissions in the relevant sectors should be reduced by 61% in relation to the reference year. This is intended to be achieved by tightening applicable provisions and extending the area of application of the legislation. The legislative process at European level is on its way.

Due to the scarcity in the gas market, the Austrian legislator has taken several measures. The Energy Steering

Act was amended, and in July 2022, the First Natural Gas Steering Measures Regulation *[1. Erdgas-Lenkungsmaßnahmen-Verordnung/ELM-Verordnung]* was drafted, which facilitates precautions to secure gas supply, such as substitution of gas by other energy sources for large-scale gas customers (including electricity and heat generators, and district heat generators starting from 50 MW or 300 GWh a year), if and when needed.
In addition, the strategic gas reserve for Austria was agreed at a volume of 20 TWh and with mandatory filling levels at certain times, which will apply until the end of September 2025. In addition, the option of storage ordered by the government, mandatory connection of all gas storage facilities in the federal territory to the public grid in Austria, as well as the admission of other market participants was stipulated for that purpose.
Under the Group's responsibility, TIWAG procured a physical gas storage facility of 500 GWh, which is intended to secure supply of TIGAS customers even beyond the statutory order.

Those measures are intended to ensure Austria's supply with gas, and warrant government intervention for stabilization as well as secure supply (in particular of households) in a situation of crisis, i.e. if and when emergency intervention measures are announced.

Apart from emergency measures, other regulatory framework conditions were adapted in Austria:
The Renewables Expansion Act *[EAG],* which had been adopted in 2021 to promote the expansion of generation from renewable energies, was adapted in 2022 on the basis of feedback from the European Commission in connection with the notification for approval under State aid rules. Furthermore, the regulations on funding in the form of investment grants and market premiums, which are necessary for implementation, were enacted in the reporting year.

In 2022, also a number of Austrian laws and regulations were amended, e.g. the Federal Act Providing New Rules for the Organization of the Electricity Sector (Electricity Act 2010 – *ElWOG* 2010), the Natural Gas Act 2011 (*GWG* 2011), the Electricity Energy Steering Data Regulation 2017 (*E-EnLD-VO* 2017), and the Natural Gas Energy Steering Data Regulation 2017 (*G-EnLD-VO* 2017).

Due to the steep increases in electricity prices, there were growing calls for an adaptation of the electricity market design both at a European and a national level. Due to the extremely higher gas prices, the current pricing system according to the merit-order principle caused electricity price fluctuations both in the spot market and in the futures market. As early as in October 2021, the European Commission instructed the European regulator, "Agency for the Cooperation of Energy Regulators" (ACER), to assess the advantages and disadvantages of the current organization of the electricity market. In November 2021, ACER clarified that the increase in electricity wholesale prices was not attributable to the electricity market design but to rising gas prices. The final study report was issued by ACER in April 2022 and confirmed this assessment.
Due to the new price increase caused by Russia's war of aggression against Ukraine, public and political pressure on the market design intensified. In addition to criticism from the European Commission, some Member States presented their ideas to depart from joint, technology-neutral, and market-based pricing. The debate lasted throughout the reporting year and is expected to continue.

TINEXT – Activities in fiscal year 2022

TINEXT-Next Energy Solutions GmbH is a wholly-owned subsidiary of TIWAG-Tiroler Wasserkraft AG; its activities support the energy policy goals of the State of Tyrol by providing innovative and sustainable energy solutions.

PHOTOVOLTAICS

Contract awarded by the State of Tyrol

In the reporting year 2022, TINEXT was awarded the contract under the Europe-wide call for tenders of the State of Tyrol for the installation and lease of photovoltaic (PV) systems. A total of four different PV projects of a total system capacity of 652.8 kWp have been tendered in connection with the EAG Call. More projects are in the planning phase.

Installation of an open-field photovoltaic station at the Achensee power station

In Jenbach, one of the biggest photovoltaic stations in Western Austria was installed in a construction time of about three months. For this TINEXT project, a total of 4,338 PV modules covering a module area of approx. 8,000 m² were installed. The plot of land itself had been used as a storage area for the Achensee power station before. Insofar, this new station is a prime example of how photovoltaics can be intelligently and sustainably integrated into existing facilities without using new property or land resources. The new large-scale station in Jenbach can generate some 1.7 GWh of electricity from solar energy and supply about 500 households.

Federal Chancellor Karl Nehammer (center) and Anton Mattle, Governor of the State of Tyrol (right) along with TIWAG's Management Board Chair Erich Entstrasser (left), and the two TINEXT Managing Directors Stephan Hilber (second from left) and Andreas Burger (second from right) during an on-site inspection.

At a capacity of 1.7 MWp, the solar power station in Jenbach is one of the biggest PV stations in Western Austria.

At an installed capacity of more than 3.3 MWp, the TIWAG Group is thus one of the biggest solar power producers in Tyrol. In addition, more than 5,000 private photovoltaic systems were subsidized. Follow-up projects are already being planned, as electricity generation from solar energy within the Group is intended to be expanded to about 100 MWp by 2040 to achieve energy targets.

Cooperation with residential property developers

TINEXT managed to enter into cooperation agreements with private and non-profit residential property developers to install a total of 21 community energy generation facilities, which are going to be installed in 2023.

HYDROGEN

Power2X Jenbach: cooperation with INNIO

By providing alternative supply technologies, TINEXT wishes to support and accompany industrial customers in their exit from fossil energy sources. INNIO and TINEXT plan to supply INNIO's main establishment in Jenbach with green hydrogen (H_2) by 2025 under a cooperation agreement. At the same time, they intend to feed surplus electricity and heat volumes into the local electricity grid and district heating system. Once sufficient volumes of green hydrogen are available, additional applications are planned, such as supplying an INNIO on-site filling station or fueling vehicles of local logistics companies. The cooperation agreement was signed by the contracting parties on September 19, 2022, and its implementation is planned to start in 2023.

TIWAG Management Board Member Thomas Gasser (second from left) and TINEXT Managing Director Andreas Burger (right) with Olaf Berlien (President and CEO of Innio) and Martin Mühlbacher (Vice President and Innio Site Manager in Jenbach, left) signing the cooperation agreement.

Under the joint project, INNIO is going to set up an electrolysis plant, which converts electricity from renewable energy into green hydrogen on the premises of TIWAG's Achensee power station. TINEXT will install the compressor and storage terminals. The hydrogen so generated, which plays a crucial part in the energy transition, will be transported via a pipeline from TINEXT to INNIO's main establishment in Jenbach and there will be used, in particular, for test runs of hydrogen engines and to supply an INNIO on-site filling station or to fuel vehicles of local logistics companies.
Supply with green hydrogen is an important prerequisite of sustainable, profitable and timely implementation of INNIO's hydrogen product strategy. As early as from 2022, the company has been offering every new Jenbacher engine with a "Ready for H_2" option.

E-MOBILITY

Installation of charging systems for electric busses in cooperation with VVT and Postbus

Together with the regional transport association Verkehrsverbund Tirol (VVT) and Postbus, TINEXT was awarded a grant under the FFG-EBIN Call for the installation of two charging infrastructures with two charging points each in Serfaus and Zams, and for the acquisition of three electric busses. The system is expected to become operational in the fourth quarter of 2023.

VirtuRail project at the Kühtai storage power station

A fully electric construction site train (VirtuRail) is used for tunnel excavation work on the TIWAG construction site at the Kühtai storage power station (SKW). The VirtuRail is charged in the tunnel several times a day by means of five DC charging systems, which were put into service by TINEXT in cooperation with partner companies in 2022.

A fully electric construction site train, the VirtuRail, is used for excavation of the diversion tunnel in the Kühtai expansion project.

Other activities

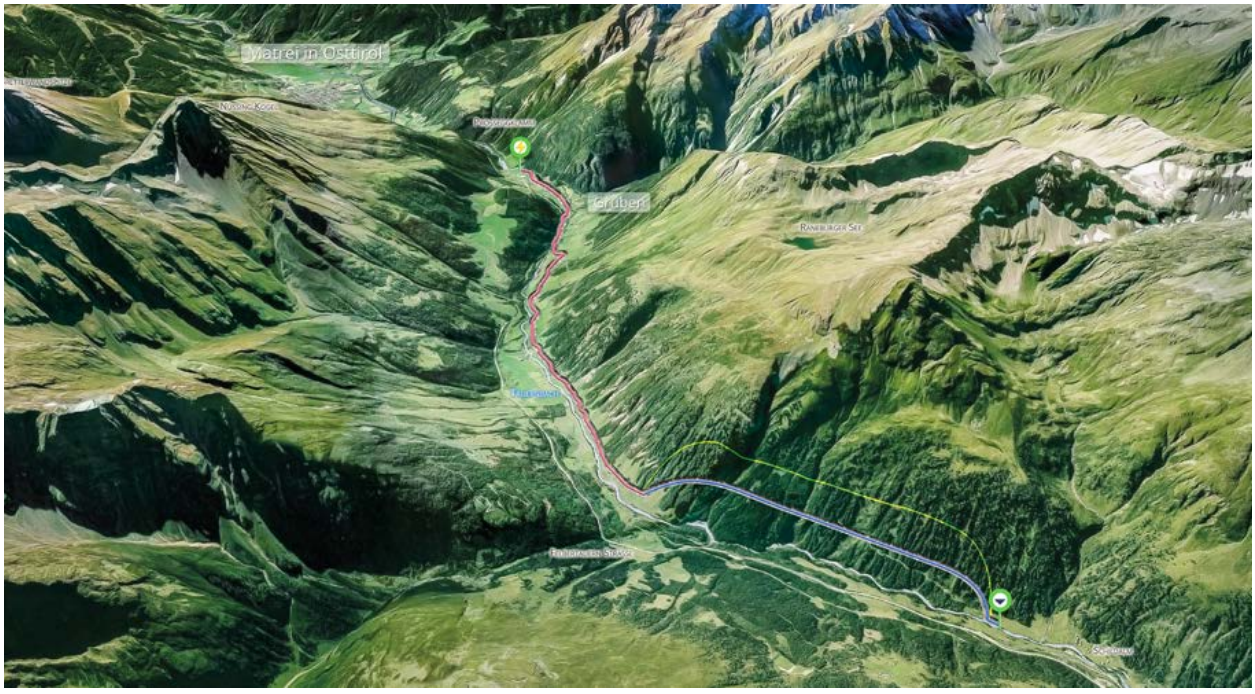
PROJECTS FOR EXPANDING LOCAL HYDROPOWER CAPACITIES

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 appeals against this decision were lodged with the Austrian Federal Administrative Court *[Bundesverwaltungsgericht/BVwG]*. The second-instance hearing before the Federal Administrative Court took place in September 2020. On March 18, 2022, the Federal Administrative Court's decision affirming the decision of the first-instance authority was served. No appeal was lodged against that decision, which means that the positive EIA decision has become final and non-appealable.

The Tauernbach-Gruben power station has been designed as a diversion-type power station with a water intake in the area of the Schildalm alpine homesteads and a power house directly below the transalpine oil pipeline (TAL). The water intake is situated below the Schildalm alpine homesteads shortly before the steep section. The headrace channel consists 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 power house (approx. 6 km). The headrace channel needs 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 gigawatt hours (GWh) of electricity per year.

A call for tenders on the construction work for this project was issued and the contract awarded to the firm of BERNARD engineers. Planning for tenders started in summer 2022. Implementation of the project is envisaged to start in 2023.



Overview of the Tauernbach-Gruben project

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 submission of supplementary documents at December 31, 2018. For the authority to be able to continue with the approval procedure, the improved documentation (first revision) was transmitted before the official deadline, namely on October 9, 2018. After another review by the authority, another order to revise the project was issued in March 2019 with a deadline at the end of March 2020, which was complied with in due time (second revision). In June 2020, the authority issued a new order to revise the project, with processing scheduled to be completed by the end of March 2021(third revision). Due to the decision to include in the project discharge of water for rafting, a fourth revision was drawn up. The fourth revision was submitted in mid-February 2022. Completeness of the documents filed was confirmed by the EIA authority, and the EIA hearing took place in mid-June 2022. The first-instance authority's EIA decision was issued on February 14, 2023. Since an appeal has been lodged with the Federal Administrative Court for a decision in the second instance, the first-instance decision has not become final yet.

Expansion of the Schwarzach power station

At the beginning of 2021, all approvals required for expanding the small-scale Schwarzach power station in East Tyrol were in place. The addition to the power house in Huben is designed to expand annual power generation and increase supply for the district's own use. The project is also aligned with the national strategy for the expansion of hydropower through improving and optimizing existing facilities. It was designed to allow adding another machine set in the power house without the need for structural measures on the water intake or penstock. Annual power generation will thereby increase from 61 to 83 GWh.

The power house of Schwarzach power station in Huben, East Tyrol upon completion

Capital expenditure will amount to approx. EUR 17 million. Preparatory construction work was started in January 2021. Even though structural expansion of the power house was completed in 2022, the generator was not delivered as planned due to delays in deliveries. Therefore, commissioning of the second machine will have to be postponed to 2023.

Construction of the Kühtai storage power station (SKW)

With EIA approval having become final and non-appealable, preparatory work was started in 2019 to establish a basis for obtaining the official construction decision by mid-2020 as envisaged and to subsequently start with the main part of the work. Preparations were completed in time in fall 2020, and in April 2021, main construction work at Kühtai was commenced as planned. In 2022, work progressed according to schedule, including the creation of a quarry in the Längental valley, drilling the cavern, and preparing the embankment.

Excavation work for the diversion tunnel to the Stubaital valley was started as well. Tunnel boring machine "Alesja" started to work at the beginning of April. The melodious name is an acronym formed of the initials of the women actively involved on the construction site in different positions: **A**ida Osmic, **L**isi Lesgi, **E**lisa Gredler, **S**abine Gurgisser, **J**aqueline Abfalterer, and **A**nna Edlmair. Initial problems with the tunnel boring machine were solved.

The machine “godmothers” (from left) Aida Osmic, Lisi Lesgi, Elisa Gredler, Sabine Gurgisser, Jaqueline Abfalterer, Anna Edlmair with TIWAG Management Board Members Thomas Gasser (center) and Johann Herdina (right), project manager Klaus Feistmantl (second from right), Johannes Pircher (left), and Christian Schlatter (head of construction management).

The first “open construction site day” was held at Kühtai at the end of June 2022 and some 6,000 visitors used the opportunity to find out more about the power station project. Finally, in December 2022, the Feast of St. Barbara was celebrated in the power station cavern.

Open construction site day in June 2022: some 6,000 visitors came to look at the Kühtai construction site.

Stams-Rietz renaturation measure

In the reporting year, construction of the tailwater reservoir in Stams was continued as scheduled. On the Inn river, the first construction stage of the Stams-Rietz renaturation measure was completed.

For more information and an up-to-date overview of the entire expansion project, and the numerous compensatory measures please refer to www.erneuerbareplus.at.

Start-up of the Inn river joint-venture power station (GKI)

In the past few years, the joint-venture power station on the Inn river (GKI) at the Swiss-Austrian border was built as the largest run-of-river power station in the Alps at present. The power station, having an installed capacity of 89 MW, is able to produce some additional 400 GWh of clean electricity from hydropower per year. The capital expenditure of EUR 620.0 million for the joint-venture power station is one of the largest investments the Tyrolean uplands have seen in decades.

Work on the power station construction site, which had commenced in 2014, was completed in the reporting year, except for the reserved flow power plant, which is planned to take up operation in spring 2023. The official opening ceremony to start up the Inn river joint-venture power station took place in fall 2022.

The GKI power house in Prutz upon completion.

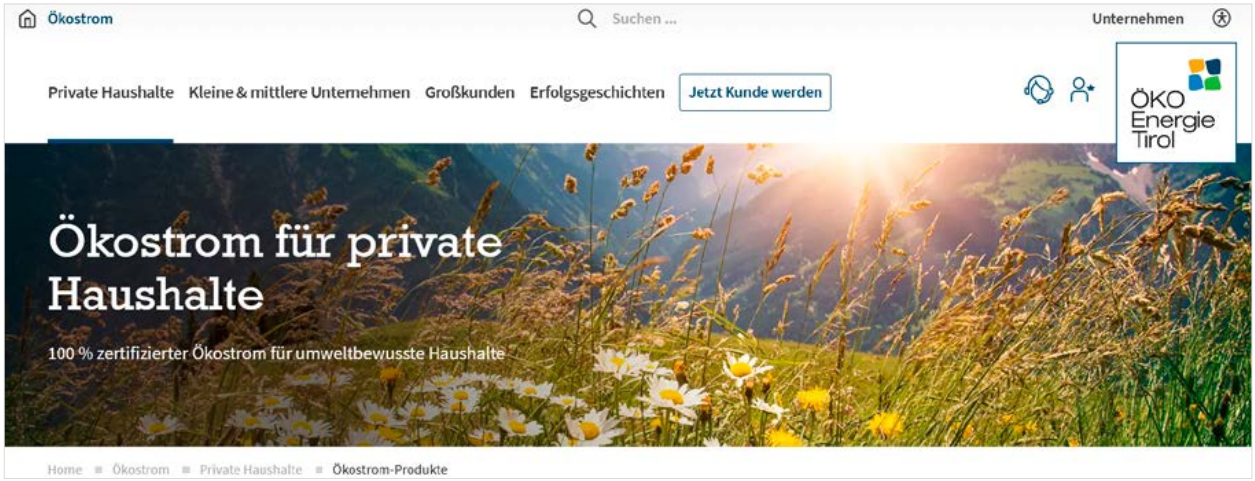
Machine hall with two machine units.

Traditional reception before the official GKI opening ceremony.

The machine hall was transformed into a joyful banquet hall.

Anton Mattle, Governor of the State of Tyrol, along with Management Board Member Johann Herdina and Management Board Chair Erich Entstrasser.

Official machine start-up at the new Inn river joint-venture power station with (from left) TIWAG Management Board Chair Erich Entstrasser; Anton Mattle, Governor of the State of Tyrol; Martin Schmid (President of the Governing Board of Engadiner Kraftwerke/EKW), and the Swiss Regional Councilor Mario Cavigelli.



Ökoenergie Tirol's new website is well-structured and user-friendly.

ÖKOENERGIE TIROL GMBH

In 2010, Ökoenergie Tirol GmbH was founded as a 100% subsidiary of TIWAG to supply sustainability-focused businesses and eco-conscious private customers with 100% green electricity of top quality. The vision of that time turned into a mission which has been followed consistently ever since. This contribution to active climate protection has gained importance and relevance again, especially in the reporting year 2022, because other topics had come to the fore and overshadowed general eco-consciousness.

By buying products such as "green electricity comfort+", "green electricity night+" and "green electricity comfort+ business", people in Tyrol have taken on a pioneering role in personally contributing to climate protection and an ecologically compatible future. They buy top-quality green electricity certified by the Austrian Ecolabel *"UZ 46 Grüner Strom"*.

The company's website, which was fundamentally revised and redesigned in the reporting year, provides a quick overview of products and services both for customers and those interested.

OTHER ACTIVITIES

New Management Board Member Construction appointed

At year-end 2022, Johann Herdina, who had been Management Board Member Construction, went into well-deserved retirement. The TIWAG Supervisory Board had decided to appoint Alexander Speckle the new Management Board Member Construction as early as in March 2022. Speckle, Managing Director Austria of

Alexander Speckle (second from left) is the new Management Board Member Construction – in this picture along with Management Board Chair Erich Entstrasser, Günther Platter, Governor of the State of Tyrol and owner's representative (right), and TIWAG Supervisory Board Chair Reinhard Schretter (left).

the international engineering firm ILF and an experienced construction manager, satisfied those who conducted the hearing by his expertise. “In the past 20 years, I have worked in different positions all over the world and now I am very proud to make a sustainable contribution to my home country and the next generations by developing Austria’s energy resources,” confirmed Speckle during his presentation. The father of three children, who was born in the Tyrolean uplands and is an avid sportsman, took over his new position on January 1, 2023.

Climate Protection Package helps people in Tyrol with the energy transition

Strengthening supply capacities for Austria and becoming more and more independent of energy imports is not only an important goal of the Government of the State of Tyrol, but also TIWAG as the regional energy supplier consolidated and intensified its funding activities in 2022. For the reporting year, the regional energy supplier put aside some EUR 20 million under the Climate Protection Package to reach energy autonomy by 2050.

TIWAG noticed high demand for installation of heat pumps, both in existing and new builds. Accordingly, the designated funding budget was increased once more: installations in detached houses comprising one or two residential units were funded by a lump sum of EUR 300, whereas funding for apartment buildings, residential complexes, or office buildings was linked to heat output. Additional regional and national funding was available as well.

For the first time, acquisition of at-home charging infrastructure was funded by EUR 200, and buying an electric moped was funded by EUR 300 per vehicle under the Climate Protection Package as a special incentive for young people. After the forced pause due to the covid-19 pandemic, TIWAG resumed and promoted its interactive workshop series at Tyrolean schools to raise energy awareness among the young generation.

A major focus was on photovoltaics installations on Tyrol’s rooftops, which were funded by EUR 3.2 million. A one-off investment grant was paid for systems ranging up to 10 kWp (kilowatt peak). TIWAG provided a *“Rund-um-sorglos-Paket”* [carefree package] for newcomers. Based on an economical hire-purchase model, photovoltaic systems of 5 kWp, 6 kWp, 7 kWp, and 10 kWp were installed ‘ready to use’ with an additional bonus of EUR 400 on top. In 2022, numerous roadshows explaining the above and all other energy topics were held in municipalities throughout Tyrol. Those info meetings always attracted a large audience.

In the field of solar energy TIWAG planned an interesting pilot project with the municipality of Trins: Tyrol’s first renewable energy community was realized there in the course of the year. Electricity, which is jointly produced by community generation facilities, businesses, or on rooftops of private homes, can be exchanged and consumed locally. For that purpose, TIWAG developed its own intelligent software platform, which secures regular operations and billing among the participants.

TIWAG Management Board Member Thomas Gasser (left) and Deputy Governor Josef Geisler presenting TIWAG’s funding package for Tyrolean households together with Engelbert Spiß, *Prokurist* (authorized officer) of NEUE HEIMAT TIROL, (right) at the energy-self-sufficient *PassivhausPlus* residential complex in Rum.

The residential complex *PassivhausPlus* in the municipality of Rum, which was built by the property developer NEUE HEIMAT TIROL, is considered a forward-looking model in terms of energy efficiency and self-sufficiency. The energy concept was developed jointly with TIWAG experts. Those residential houses produce at least as much energy as is consumed by the residents of a total of 132 apartments. Heating is provided via a connection to the waste heat grid of Tirol Kliniken GmbH, and several heat pumps. Electricity is supplied by 440 photovoltaic modules of a total size of 740 m² mounted on rooftops.

TIWAG initiated an information campaign and took energy-saving measures

In view of the tight energy markets in the first few months of 2022, the TIWAG Group took comprehensive measures to warrant security of supply with electricity, gas and heat during the coming fall and winter season. As early as from August 2022, TIWAG was the first energy supplier in Austria to provide people with valuable and, more importantly, easy-to-follow advice on efficient energy saving, and took a number of steps to ensure non-wasteful and efficient use of energy within the company as well.

By reducing energy consumption and making moderate use of energy resources in this way, saving energy not only contributes to ensuring security of supply but also helps private households save money. There is considerable potential for saving energy in your own home, which often requires merely a few simple steps and no technical know-how or conversion work. The tips collected during the campaign were especially aimed at measures that are easy to implement and lead to a considerable reduction in energy consumption, which is obviously also reflected in the electricity bill.

Immediate measures included a reduction in outdoor lighting of operating facilities and buildings of the TIWAG Group to the minimum necessary (to ensure safety and security). In summer, office rooms were no longer cooled down below 25 degrees Celsius. In winter, room temperature was lowered to 19 degrees Celsius. In addition, in-house information channels were used to motivate our staff to think about and take other, seemingly small, steps to save energy even more.

Extensive Water Resources Protection Package for the Ötztal valley

In the course of the power station expansion at Kühtai, TIWAG is also implementing a number of renaturation measures in the Ötztal valley, which were defined in the course of the environmental impact assessment procedure in compensation for the large-scale project. A total of some EUR 6 million will be invested in a Water Resources Protection Package, which will constitute a substantial contribution to improving water ecology in the entire Ötztal valley. The municipality of Längenfeld alone has planned three projects.

The largest project is about redesigning the drainage system in the Längenfeld basin. In this way the confluences of the creeks Unterrieder Bach, Lehnbach, Hauerbach, and Klammlasbach into the Ötztaler Ache river will facilitate fish passage in the future. The new fish passes will connect the drainage system with the Ötztaler Ache river. Thus, the two habitats will be interconnected and a new, valuable environment for fish will be created. Work will extend over two construction seasons during low-water periods from October to May.
Another measure will be the expansion of the Ötztaler Ache river between the hamlets of Espan and Dorf. For that purpose, the stream bed will be broadened with an

Start of the comprehensive water restoration measures with TIWAG project manager Klaus Feistmantl (right), Richard Grüner, the Mayor of Längenfeld, and Management Board Member Johann Herdina.

indented bankline over a length of about 200 meters, and the adjacent land will be lowered. In this way close-to-nature embankments will be created as well as areas that can be flooded in the case of higher water levels. Vegetation typical of floodplains will develop and the current alluvial forest will be expanded. Flood safety of adjacent areas will not be affected. The walking route along the river will be maintained by creating a new path. Another expansion is planned near Sautens on the municipal border to Ötz and Haiming, where a historical side arm will be restored. The construction budget is approx. EUR 0.8 million. Already in 2021, an extensive restoration measure was carried out in this area at Brunau weir and created new and high-quality habitats for fish and other aquatic creatures. Both measures on the Ötztaler Ache river will be completed in 2023.

For the low-water period 2023/24, another restoration project is planned on the Fischbach river above Gries. In this area the creek will be expanded over a length of about 500 meters and a new side arm including an island will be created, which will serve as a retention basin for bedload during floods. Apart from ecological advantages, this measure is also considered an effective contribution to flood control in Gries. Moreover, the Tieflehnbach creek in Gries will be ecologically improved and a fish pass will be built at the point where it joins the Fischbach river.

New websites of the TIWAG Group launched

For more than a year a cross-departmental working group had developed, designed, and tested, and March 1 was the big day: the new websites of TIWAG, TINETZ, and TIGAS went online. The extensive redesign was not limited to a new visual image. Above all, the technical and content structures of the websites were significantly improved. The new design prioritized user-friendliness and usability, in particular with a view to displaying content on mobile devices, which is why the areas of service and product presentation were thoroughly revised. The content in all areas was enhanced as well, and all three web designs were harmonized to display a group-wide corporate identity.

Changes on the TIWAG Supervisory Board

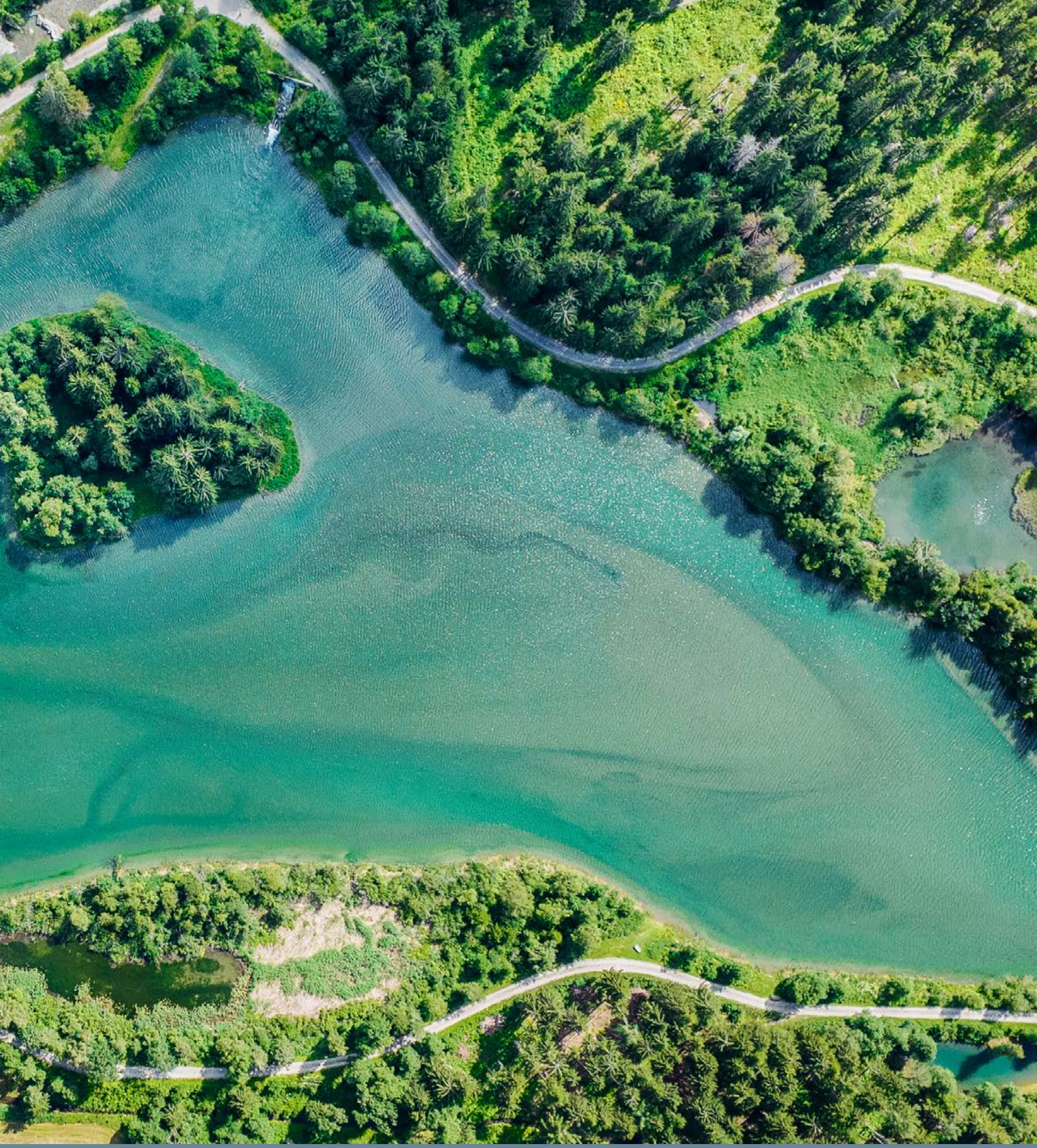
In June 2022, our long-time Supervisory Board Chair Reinhard Schretter and Supervisory Board Member Florian Tursky left the board, and the entrepreneur Michaela Hysek-Unterweger from East Tyrol was appointed in the latter's stead (and as the second deputy chair). Manfred Pletzer became the first deputy.
At first, Anton Mattle, Member of the State Government of Tyrol, was appointed as the new Supervisory Board Chair in June 2022. After he was elected Governor of the State of Tyrol, Eduard Wallnöfer, an attorney from Innsbruck, was elected new Supervisory Board Chair.

TIWAG rated A+ by Standard & Poor's with a stable outlook

The TIWAG Group supports the energy transition by pro-actively expanding renewable energy sources. Such expansions require enormous funds, which must be raised from investors in Austria and abroad.
To secure the best interest rates for such borrowings, TIWAG has obtained a credit rating from the internationally recognized rating agency Standard & Poor's. Standard & Poor's provides the credit rating for the State of Tyrol as well.

In October 2022, after an assessment by Standard & Poor's, which extended over several months, TIWAG was assigned a rating of A+ with a stable outlook. At that time, this was the best rating ever given to an Austrian energy supplier by Standard & Poor's. Among the reasons given for the rating, Standard & Poor's emphasized the particularly positive aspects of sustainable and cost-efficient hydropower generation, and TIWAG's close and trusting cooperation with the State of Tyrol.
This excellent rating will be of great help when it comes to implementing TIWAG's ambitious investment projects.

FINANCIAL STATEMENTS FOR THE COMPANY AND FOR THE GROUP



TIWAG – Clean and sustainable energy since 1924.

BALANCE SHEET AS AT DECEMBER 31, 2022

Assets	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
A. Non-current assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and benefits including licenses derived therefrom	476,565,361.96	4,808.4
2. Goodwill	524,611.77	734.5
3. Advances made	33,935,297.33	482,369.0
	511,025,271.06	**487,911.9**
II. Property, plant and equipment		
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	525,071,902.87	534,216.4
2. Machinery and electrical plants	290,211,366.64	257,017.5
3. Line systems	278,244,596.98	258,839.8
4. Other plant, furniture and fixtures	10,550,909.42	10,127.7
5. Advances made and construction in progress	512,570,851.49	370,143.3
	1,616,649,627.40	**1,430,344.7**
III. Financial assets		
1. Shares in affiliates	198,279,330.47	198,279.3
2. Loans to affiliates	204,516,666.62	161,150.0
3. Investments	619,867,453.02	613,561.5
4. Investment securities (book-entry securities)	45,441,878.53	50,156.9
5. Other loans	49,050,403.17	44,544.6
	1,117,155,731.81	**1,067,692.3**
Non-current assets	**3,244,830,630.27**	**2,985,948.9**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	7,731,193.60	3,677.2
2. Finished goods and products	62,741,390.78	110.9
3. Services not yet chargeable	429,307.03	345.3
	70,901,891.41	**4,133.4**
II. Receivables and other assets		
1. Trade receivables *thereof due after more than one year*	152,954,345.00 *5,928,699.04*	128,003.6 *5,921.2*
2. Receivables from affiliates *thereof due after more than one year*	165,382,538.65 *79,507,089.25*	155,158.9 *87,457.8*
3. Receivables from undertakings with which the company is linked by virtue of participating interests	10,891,308.34	5,869.3
4. Other receivables and assets	85,884,083.01	30,794.0
	415,112,275.00	**319,825.8**
III. Cash in hand and at bank, checks	**184,043,077.39**	**57,039.5**
Current assets	**670,057,243.80**	**380,998.7**
C. Prepayments and accrued income	**5,451,193.81**	**2,939.7**
D. Deferred tax assets	**0.00**	**10,197.2**
TOTAL assets	**3,920,339,067.88**	**3,380,084.5**

Equity and liabilities	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
A. Shareholders' 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 (free reserves)	1,366,212,937.00	1,214,212.9
	1,396,212,937.00	**1,244,212.9**
IV. Net profit for the year	**30,636,728.50**	**31,336.8**
thereof profit carried forward	*1,336,792.87*	*280.4*
Shareholders' equity	**1,727,349,665.50**	**1,576,049.7**
B. Investment grants	**10,182,162.19**	**8,964.3**
C. Contributions to construction costs	**181,634,371.69**	**175,977.9**
D. Provisions		
1. Provisions for severance pay	55,493,968.15	66,436.8
2. Provisions for pensions	100,967,292.67	126,979.3
3. Tax provisions	9,697,539.10	0.0
4. Other provisions	378,328,467.33	339,237.6
	544,487,267.25	**532,653.7**
E. Liabilities		
1. Bonds	110,121,244.44	110,121.2
thereof due within one year	*121,244.44*	*121.2*
thereof due after more than one year	*110,000,000.00*	*110,000.0*
2. Bank borrowings	1,020,418,000.51	641,153.9
thereof due within one year	*395,027,569.18*	*220,664.7*
thereof due after more than one year	*625,390,431.33*	*420,489.2*
3. Advances received on orders	43,381.00	21.8
thereof due within one year	*43,381.00*	*21.8*
4. Trade payables	91,660,769.62	90,733.0
thereof due within one year	*90,184,439.95*	*90,204.0*
thereof due after more than one year	*1,476,329.67*	*529.0*
5. Payables to affiliates	83,902,029.52	13,017.3
thereof due within one year	*83,902,029.52*	*13,017.3*
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,872,119.22	1,053.6
thereof due within one year	*1,872,119.22*	*1,053.6*
7. Other liabilities	105,570,853.84	183,810.2
thereof due within one year	*88,165,491.43*	*165,545.5*
thereof due after more than one year	*17,405,362.41*	*18,264.7*
thereof taxes	*29,620,517.03*	*39,803.6*
thereof for social security	*2,532,031.96*	*2,470.9*
	1,413,588,398.15	**1,039,911.0**
F. Accruals and deferred income	**43,097,203.10**	**46,527.9**
TOTAL equity and liabilities	**3,920,339,067.88**	**3,380,084.5**

INCOME STATEMENT 2022

1.	Sales revenue
2.	Change in finished products and work in progress and in services rendered, not yet chargeable
3.	Other own work capitalized
4.	Other operating income (a) Income from disposal and write-up of non-current assets, except for financial assets (b) Income from reversal of provisions (c) Sundry
5.	Cost of materials and other services purchased (a) Cost of materials (b) Costs of services purchased
6.	Personnel expenses (a) Wages Salaries
	(b) Social benefits *thereof expenses for old-age provision* (aa) Expenses for severance pay and contributions to Severance Pay and Pension Funds (bb) Statutory social security contributions and payroll taxes and compulsory contributions
7.	Depreciation and amortization (a) of intangible non-current assets and property, plant and equipment *thereof write-downs of non-current assets* (b) of current assets
8.	Other operating expenses (a) Taxes, other than taxes stated in line 18 (b) Sundry
9.	**Subtotal lines 1 to 8 (operating result)**
10.	Income from investments *thereof from affiliates*
11.	Income from other securities and loans held as financial assets *thereof from affiliates*
12.	Other interest and similar income *thereof from affiliates* *thereof interest portion of social capital*
13.	Income from disposal and write-up of financial assets and securities held as current assets
14.	Expenses for financial assets and securities held as current assets *thereof write-downs* *thereof expenses for affiliates*
15.	Interest and similar expenses *thereof interest portion of social capital*
16.	**Subtotal lines 10 to 15 (financial result)**
17.	**Profit before taxes**
18.	Income taxes
19.	**Profit or loss after taxes = profit for the year**
20.	Allocation to retained earnings
21.	Profit carried forward from previous year
22.	**TOTAL net profit for the year**

	2022 EUR	2021 kEUR
	2,456,130,176.63	**1,192,766.8**
	84,053.33	**45.7**
	26,534,504.39	**26,857.9**
	5,965,655.51	3,430.1
	7,037,460.72	7,379.7
	12,276,080.26	7,245.4
	25,279,196.49	**18,055.2**
	-2,004,758,821.28	-851,672.7
	-1,264,004.81	-495.5
	-2,006,022,826.09	**-852,168.2**
	-8,115,125.78	-7,311.0
	-93,522,431.64	-92,027.8
	-101,637,557.42	-99,338.8
	-98,202,196.18	-48,694.3
	-64,310,057.67	*-19,192.5*
	-7,925,658.59	-4,835.6
	-24,585,709.10	-23,684.6
	-199,839,753.60	**-148,033.1**
	-82,714,384.88	-72,081.0
	-104,179.95	*-843.0*
	-16,364,648.24	0.0
	-99,079,033.12	**-72,081.0**
	-585,798.00	-617.3
	-78,094,483.22	-64,712.0
	-78,680,281.22	**-65,329.3**
	124,406,036.81	**100,114.0**
	47,439,970.17	42,981.1
	776,413.85	*3,914.0*
	3,586,174.89	2,654.5
	2,548,835.70	*2,265.8*
	47,917,615.82	23,227.5
	48,510.38	*13.5*
	45,029,889.26	*21,392.3*
	6,319,158.93	22,800.0
	-4,747,892.41	-599.2
	-4,729,898.68	*-61.0*
	-17,993.73	*-538.3*
	-20,771,699.55	-16,449.1
	-3,212,124.45	*-787.7*
	79,743,327.85	**74,614.8**
	204,149,364.66	**174,728.8**
	-22,849,429.03	-32,272.4
	181,299,935.63	**142,456.4**
	-152,000,000.00	-111,400.0
	1,336,792.87	280.4
	30,636,728.50	**31,336.8**

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2022

Consolidated assets	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
A. Non-current assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and benefits including licenses derived therefrom	9,163,173.51	6,001.4
2. Goodwill	524,611.77	1,828.3
3. Advances made	267,622.53	1,897.2
	9,955,407.81	**9,726.9**
II. Property, plant and equipment		
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	1,064,062,391.93	583,376.4
2. Machinery and electrical plants	376,289,833.71	279,396.4
3. Line systems	749,020,042.83	735,685.9
4. Other plant, furniture and fixtures	12,050,724.72	11,195.7
5. Advances made and construction in progress	558,426,526.80	933,208.4
	2,759,849,519.99	**2,542,862.8**
III. Financial assets		
1. Shares in affiliates	1,425,116.40	1,389.7
2. Investments in associates	138,486,643.66	131,918.4
3. Investments	413,288,694.36	406,962.7
4. Investment securities (book-entry securities)	46,124,164.80	50,839.2
5. Other loans	49,050,403.17	44,544.6
	648,375,022.39	**635,654.6**
Consolidated non-current assets	**3,418,179,950.19**	**3,188,244.3**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	7,731,193.60	3,884.2
2. Finished goods and products	49,843,156.22	2,574.6
3. Services not yet chargeable	489,394.40	716.9
	58,063,744.22	**7,175.7**
II. Receivables and other assets		
1. Trade receivables *thereof due after more than one year*	259,687,202.02 *5,928,699.04*	239,088.0 *5,921.2*
2. Receivables from affiliates	189,643.72	261.1
3. Receivables from undertakings with which the company is linked by virtue of participating interests	16,034,994.30	8,494.4
4. Other receivables and assets *thereof due after more than one year*	204,936,254.33 *79,507,089.37*	151,139.2 *87,457.8*
	480,848,094.37	**398,982.7**
III. Cash in hand and at bank, checks	**185,093,429.76**	**58,267.2**
Consolidated current assets	**724,005,268.35**	**464,425.6**
C. Prepayments and accrued income	**6,064,279.14**	**4,023.0**
D. Deferred tax assets	**0.00**	**10,031.4**
TOTAL consolidated assets	**4,148,249,497.68**	**3,666,724.3**

Consolidated equity and liabilities	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
A. Shareholders' equity		
I. Share capital	**300,000,000.00**	**300,000.0**
II. Capital reserves	**500,000.00**	**500.0**
III. Retained earnings	**1,233,170,833.43**	**1,116,569.4**
IV. Consolidated profit for the year	**172,804,735.71**	**146,361.7**
V. Shares of other shareholders	**45,496,142.67**	**44,909.4**
Consolidated equity	**1,751,971,711.81**	**1,608,340.5**
B. Investment grants from public funds	**28,166,199.62**	**26,239.0**
C. Contributions to construction costs and grants	**302,851,201.79**	**293,871.6**
D. Provisions		
1. Provisions for severance pay	56,759,281.47	67,986.1
2. Provisions for pensions	102,526,647.21	129,006.5
3. Tax provisions	21,400,517.24	0.1
4. Other provisions	412,901,613.04	369,781.9
	593,588,058.96	**566,774.6**
E. Liabilities		
1. Bonds	110,121,244.44	110,121.2
thereof due within one year	*121,244.44*	*121.2*
thereof due after more than one year	*110,000,000.00*	*110,000.0*
2. Bank borrowings	1,020,418,020.51	646,511.0
thereof due within one year	*395,027,589.18*	*226,021.8*
thereof due after more than one year	*625,390,431.33*	*420,489.2*
3. Advances received on orders	4,617,597.22	4,607.0
thereof due within one year	*4,617,597.22*	*4,607.0*
4. Trade payables	148,502,184.57	162,819.6
thereof due within one year	*147,025,854.90*	*162,290.6*
thereof due after more than one year	*1,476,329.67*	*529.0*
5. Payables to affiliates	835,266.41	828.6
thereof due within one year	*835,266.41*	*828.6*
6. Payables to undertakings with which the company is linked by virtue of participating interests	21,075,622.68	1,058.3
thereof due within one year	*21,075,622.68*	*1,058.3*
7. Other liabilities	122,244,606.24	198,776.0
thereof due within one year	*104,839,243.83*	*180,511.3*
thereof due after more than one year	*17,405,362.41*	*18,264.7*
thereof taxes	*30,889,143.38*	*42,809.0*
thereof for social security	*2,798,237.34*	*2,718.1*
	1,427,814,542.07	**1,124,721.7**
F. Accruals and deferred income	**43,857,783.43**	**46,776.9**
TOTAL consolidated equity and liabilities	**4,148,249,497.68**	**3,666,724.3**

CONSOLIDATED INCOME STATEMENT 2022

1.	Sales revenue
2.	Change in finished products and work in progress and in services rendered, not yet chargeable
3.	Other own work capitalized
4.	Other operating income (a) Income from disposal and write-up of non-current assets, except for financial assets (b) Income from reversal of provisions (c) Sundry
5.	Cost of materials and other services purchased
6.	Personnel expenses (a) Wages (b) Salaries
	(c) Social benefits *thereof expenses for old-age provision* (aa) Expenses for severance pay and contributions to Severance Pay and Pension Funds (bb) Statutory social security contributions and payroll taxes and compulsory contributions
7.	Depreciation and amortization (a) of intangible non-current assets and property, plant and equipment *thereof write-downs of non-current assets* (b) of current assets
8.	Other operating expenses (a) Taxes, other than taxes stated in line 19 (b) Sundry
9.	**Subtotal lines 1 to 8 (consolidated operating result)**
10.	Income from investments *thereof from affiliates*
11.	Income from other securities and loans held as financial assets *thereof from affiliates*
12.	Other interest and similar income *thereof from affiliates*
13.	Income from disposal and write-up of financial assets and securities held as current assets
14.	Expenses for financial assets and securities held as current assets *thereof write-downs* *thereof expenses for affiliates*
15.	Profit or loss from associated companies
16.	Interest and similar expenses
17.	**Subtotal lines 10 to 16 (consolidated financial result)**
18.	**Consolidated profit before taxes**
19.	Income taxes
20.	**Consolidated profit after taxes = profit for the year**
21.	Other shareholders' shares in profit or loss for the year
22.	**TOTAL consolidated profit for the year**

	2022 EUR	2021 kEUR
	3,003,669,005.02	**1,586,730.3**
	476,009.51	**-87.5**
	28,302,998.89	**28,554.1**
	7,379,718.43	3,516.9
	10,187,214.96	10,595.4
	5,995,740.75	8,832.3
	23,562,674.14	**22,944.6**
	-2,493,403,526.50	**-1,143,263.6**
	-10,528,726.59	-9,505.5
	-99,867,111.05	-98,267.6
	-110,395,837.64	-107,773.1
	-101,698,786.28	-51,246.2
	-65,076,002.71	*-19,313.1*
	-8,277,402.65	-5,052.0
	-26,831,837.66	-25,800.4
	-212,094,623.92	**-159,019.3**
	-109,749,691.39	-97,446.9
	-104,179.95	*-3,928.4*
	-33,440,674.97	0.0
	-143,190,366.36	**-97,446.9**
	-1,260,197.97	-5,339.4
	-78,305,015.70	-113,605.1
	-79,565,213.67	**-118,944.5**
	127,756,957.11	**119,467.2**
	35,914,644.20	28,381.8
	161,799.37	*244.3*
	1,037,343.55	394.1
	0.00	*0.0*
	49,679,660.84	23,560.8
	0.00	*0.0*
	6,306,000.00	22,800.0
	-4,729,898.68	-10,061.0
	-4,729,898.68	*-10,061.0*
	0.00	*0.0*
	18,281,946.40	14,772.8
	-22,112,707.97	-16,486.1
	84,376,988.34	**63,362.4**
	212,133,945.45	**182,829.6**
	-37,673,170.73	-35,947.2
	174,460,774.72	**146,882.4**
	-1,656,039.01	-520.7
	172,804,735.71	**146,361.7**

CHANGES IN CONSOLIDATED EQUITY AS AT DECEMBER 31, 2022

	Share capital kEUR	Capital reserves kEUR	Retained earnings kEUR	Consolidated profit for the year kEUR	Shares of other shareholders kEUR	Totals kEUR
As at Dec 31, 2020	**300,000.0**	**500.0**	**1,087,824.2**	**63,745.2**	**46,082.5**	**1,498,151.9**
Group's share in the profit for the year	0.0	0.0	0.0	146,361.7	520.7	146,882.4
Distribution	0.0	0.0	-35,000.0	0.0	-1,693.9	-36,693.9
Allocation to retained earnings	0.0	0.0	63,745.2	-63,745.2	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
As at Dec 31, 2021	**300,000.0**	**500.0**	**1,116,569.4**	**146,361.7**	**44,909.4**	**1,608,340.5**
Group's share in the profit for the year	0.0	0.0	0.0	172,804.7	1,656.0	174,460.7
Distribution	0.0	0.0	-30,000.0	0.0	-183.7	-30,183.7
Allocation to retained earnings	0.0	0.0	146,361.7	-146,361.7	0.0	0.0
Other	0.0	0.0	239.7	0.0	-885.6	-645.8
As at Dec 31, 2022	**300,000.0**	**500.0**	**1,233,170.8**	**172,804.7**	**45,496.1**	**1,751,971.7**

CONSOLIDATED CASH FLOW STATEMENT

		2022 kEUR	2021 kEUR
Net cash flow from operating activities			
Profit or loss before taxes		212,133.9	182,829.6
+/-	Write-downs / write-ups of assets from investing activities	106,778.8	84,784.1
-/+	Gains / losses on disposal of assets from investing activities	-3,162.4	216.1
-/+	Reversal of contributions to construction costs, construction cost grants and investment grants	7,364.1	5,469.5
-/+	Income from investments, income from other securities and loans of financial assets, as well as other interest and similar income / interest and similar expenses	-21,587.0	-15,735.7
+/-	Other non-cash expenses / income	23,714.0	-5,996.9
	Net cash flow from the operating result	***325,241.4***	***251,566.7***
-/+	Increase / decrease in inventories, trade receivables and other assets	-139,785.5	-124,905.4
+/-	Increase / decrease in provisions	5,736.8	-39,393.8
+/-	Increase / decrease in trade payables and other liabilities	14,358.4	89,756.2
	Net cash flow from operating activities before taxes	***205,551.2***	***177,023.7***
-/+	Payments / credits for income taxes	-22,735.4	-18,584.7
Net cash flow from operating activities		**182,815.8**	**158,439.0**
Net cash flow from investing activities			
+	Cash receipts from disposal of assets (excluding financial assets)	8,875.0	1,775.9
+	Cash receipts from disposal of financial assets and other financial investments	2,013.2	293.5
-	Payments for additions to assets (excluding financial assets)	-331,309.9	-326,950.9
-	Payments for additions to financial assets and other financial investments	-4,561.2	-26,127.9
+	Cash receipts from income from investments, interest and securities	38,233.4	29,750.2
Net cash flow from investing activities		**-286,749.6**	**-321,259.2**
Net cash flow from financing activities			
-	Dividends paid	-30,183.7	-36,693.9
+	Cash receipts from issuing bonds and taking out finance loans	367,329.6	236,068.4
-	Payments for redeeming bonds and finance loans	-93,166.4	-5,298.0
+/-	Other cash receipts / payments relevant to financing	3,549.5	4,519.9
-	Interest payments and similar expenses	-16,646.4	-14,014.6
Net cash flow from financing activities		**230,882.6**	**184,581.8**
+/-	**Change in the group of consolidated companies**	**-122.6**	**0.0**
Cash change in cash and cash equivalents		**126,826.3**	**21,761.7**
Cash and cash equivalents at the beginning of the period		58,267.2	36,505.5
TOTAL cash and cash equivalents at the end of the period		**185,093.4**	**58,267.2**

NOTES

The TIWAG Group's own generation and grid infrastructure ensures high supply security in Tyrol, also in times of crisis.

I. GENERAL

The separate and consolidated financial statements for the fiscal year that ended on December 31, 2022 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 and financial performance of the company, in conformity with the provisions of the Austrian Business Code *[Unternehmensgesetzbuch/UGB]*, the supplementary provisions of the Austrian Stock Corporations Act *[Aktiengesetz/AktG],* and the special law provisions of the Austrian Electricity Act *[Elektrizitätswirtschafts- und -organisationsgesetz/ElWOG]* as amended from time to time. TIWAG-Tiroler Wasserkraft AG qualifies as a large company 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 (kEUR).

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

II. ACCOUNTING AND VALUATION 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 and financial performance 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 identifiable risks and impending losses, as well as impairments. 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.

Intangible assets

Intangible non-current assets that were acquired for consideration are measured at cost and, provided they are amortizable, factoring in amortization. The electricity procurement rights in the joint Inn river power station have been subject to depreciation since the power station was put into operation in the second half of 2022. Amortization is linear; the average useful life of power stations is used as the basis for the estimated useful life. A period of 10 to 20 years is set as the basis for amortization of 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 no write-downs.

Property, plant and equipment

Property, plant and equipment which is designated to serve business operation purposes on a lasting basis and the useful life of which is limited is 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 old-age pensions and severance pay were included in cost, and no directly attributable interest on borrowed capital was recorded.

Property, plant and equipment is depreciated on a straight-line basis over a period of 4 to 66.7 years from the date of putting into operation. As in the previous year, 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) of the Austrian Personal Income Tax Act *[Einkommensteuergesetz/EStG]*), 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 different asset categories is as follows:

Buildings:	10 (huts) to 66.7 years
Water structures:	$33\,^{1}/_{3}$ to 50 years
Machinery and electrical plants:	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

Useful lives are based on the “Useful Lives in the Energy Sector” approved by decree of the Federal Ministry of Finance. In fiscal 2022, the useful lives adapted on the basis of the revised “Useful Lives in the Energy Sector” were adopted for newly acquired non-current assets. Low-value non-current assets of 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 financial position and financial performance. Where property, plant and equipment 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 104,179.95 (prior year: kEUR 843.0) and the consolidated financial statements an amount of EUR 104,179.95 (prior year: kEUR 843.0). Where the reasons for write-downs due to impairment no longer apply, the amount of such write-down will be written up to the extent to 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

Shares 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. 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 to the extent to which the value has increased. In the reporting year, the separate financial statements included write-ups in the amount of EUR 6,306,000.00 (prior year: kEUR 22,800.0) and the consolidated financial statements an amount of EUR 6,306,000.00 (prior year: kEUR 22,800.0).

Investment securities and book-entry securities which serve business operation purposes on a lasting basis are recognized at cost and written down to their lower fair values as at the balance sheet date. In the reporting year, both the separate and consolidated financial statements included write-downs in the amount of EUR 4,715,000.00 (prior year: kEUR 0.0).

At the balance sheet date, the lower fair value is recognized. Listed stocks are written down 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, gas inventories, which were recognized in the balance sheet for the first time in the fiscal year 2022, as well as finished goods and products 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 fair value is lower, they will be written down to that value. If the fair value cannot be identified and if the cost of acquisition or production exceed the fair value, the asset will be written down to that value. Inventory risks 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 benefits 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 economical point of view, a contracted activity has been completed for the customer, the amount will be recognized as an account receivable.

Receivables and other assets

Receivables and other assets are recognized at cost (nominal amount) as at the time of unilateral acceptance of the contractual obligation. Trade receivables comprise accrued energy supply and network services not yet metered at the balance sheet date. Estimated consumption, distribution of volumes (seasonality) and current pricing information provide the basis for calculating and recognizing accruals and deferrals for each customer to one-day accuracy.

At the balance sheet date, the fair value is determined, i.e. the amount that can be reasonably expected to be obtained based on an entrepreneurial assessment, 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 at the time of acquisition or the bid price as at the balance sheet date.

Cash in hand and at bank, checks

Along with liquid funds in a narrow 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 and cash equivalents are 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.

Prepayments and accrued income

Prepayments and accrued income include expenditure incurred before the balance sheet date to the extent it represents expenses attributable to a specific period after the said date.

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 put 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 the balance sheet date and which had been acquired or produced by then, 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, 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 pay 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 pay is based on the collective bargaining agreement for energy supply companies in Austria. Calculations are made in conformity with the statutory transitional provisions as set out in the Austrian Budget Implementation Act 2011 *[Budgetbegleitgesetz/BudBG 2011]* and the Federal Constitutional Law on Age Limits *(BVG-Altersgrenzen, BGBl* [Federal Law Gazette] 832/1992). Adjustments for inflation between 3.0% and 7.0% (prior year: 2.7%) and an actuarial interest rate based on the yields of senior fixed-income corporate bonds of 3.64% p.a. as at the balance sheet date (prior year: 0.45%) were applied in measuring severance payment obligations. The earlier of actuarial retirement 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 6.84 years (prior year: 8.09 years).

Changes in severance pay provisions are recognized as personnel expenses under 'Expenses for severance pay', and '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 a Severance Pay and Pension Fund, which invests the relevant amounts in an account for each employee.

Guidelines and employer/works council agreements provide for an obligation, under certain circumstances, to make payments to employees or their surviving dependents under old-age pension or surviving dependents 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 *("AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung")*. 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 2.5% and 7.5% (prior year: 2.2%) was used in calculating expected pension payments; no discount for staff turnover was recognized. The calculated amount was discounted using an actuarial interest rate based on the yields of senior fixed-income corporate bonds of 3.64% p.a. as at the balance sheet date (prior year: 0.32% p.a.). The average remaining terms (durations) were assumed at 6.44 years (prior year: 7.53 years). Changes were recognized as personnel expenses under 'Expenses for old-age provision', and 'Interest expense'.

Provisions for pension commitments outsourced to a defined benefit pension plan were recognized at the company's anticipated future contributions for prior periods or special contributions to the pension fund. The projected unit credit method was used as the financing method for the payment obligations.

A pension trend value between 2.5% and 3.5% (prior year: 2.2% and 3.2%), depending on the bylaws, was used in calculating expected pension payments; no fluctuation discount was recognized. An actuarial interest rate based on the yields of senior fixed-income corporate bonds of 3.73% p.a. as at the balance sheet date (prior year: 0.97%) was applied for measurement and a rate of 1.25% (prior year: 1.25%) was used to recognize the expected pension fund yield. With regard to outsourced pension obligations, the average remaining terms (durations) were estimated at 13.87 years (prior year: 16.15 years). Changes were recognized as personnel expenses, and the option of recognizing interest charges and expenses or income due to the changes in the actuarial interest rate in the financial result was exercised.

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 anniversary bonus is set out in the collective bargaining agreements.
Provisions for anniversary bonuses are calculated based on actuarial principles. Calculations are based on the transitional provisions as set out in the Budget Implementation Act 2011 and the Federal Constitutional Law on Age Limits (*BGBl* 832/1992). Adjustments for inflation between 3.0% and 7.0% (prior year: 2.7%) and an actuarial interest based on the yields of senior fixed-income corporate bonds of 3.70% (prior year: 0.62%) as at the balance sheet date were applied in measuring anniversary bonuses. The average remaining term of existing arrangements (duration) was estimated at 8.12 years (prior year: 9.48 years).

Changes in the provisions for anniversary bonuses were recognized as personnel expenses under expenses for wages and salaries, and in the financial result.

Provisions for payments of benefits in kind are calculated based on actuarial principles and using the principles for the calculation of pension insurance *("AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung")*. An actuarial interest rate based on the yields of senior fixed-income corporate bonds of 3.73% p.a. (prior year: 1.0%) as at the balance sheet date was applied in discounting. No fluctuation is recognized. The average remaining term of existing arrangements (duration) was estimated at 12.72 years (prior year: 16.25 years). Changes in the provision were recognized as expenses for pensions and in the financial result.

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 the financial result.

Current and deferred income taxes

The subsidiaries TIGAS-Erdgas Tirol GmbH, TINETZ-Tiroler Netze GmbH, Achenseeschifffahrt-GmbH, TIWAG-Next Energy Solutions GmbH, Ökoenergie Tirol GmbH, and Gemeinschaftskraftwerk Inn GmbH, which was recognized for the first time as of fiscal 2022, are integrated into a group taxation model with TIWAG-Tiroler Wasserkraft AG being the group leader. 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 *[KöSt]* to the tax authority. With

regard to tax allocation, profit and loss transfer agreements have been concluded with TINETZ-Tiroler Netze GmbH, Achenseeschifffahrt-GmbH, Ökoenergie Tirol GmbH, and TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH; for the remaining companies, taxes are allocated in accordance with the stand-alone method.

Deferred taxes are accounted for using the temporary difference approach. According to the tax allocation agreements the group leader credits no negative contribution to group members for tax losses absorbed, and group members need not make a positive contribution in the case of taxable profits in subsequent years until the losses are fully offset. In the event of a future tax burden, the differences between the valuations of assets, provisions, liabilities, and deferrals and accruals under business law 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 calculated with sufficient probability, and a corporate income tax rate of 23%. 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. Changes in recognized deferred taxes are shown separately in the income statement under 'Income taxes'. The differences between measures of assets, liabilities, and accruals and deferrals under business law and tax law give rise to a provision for tax liability of EUR 9,697,539.10 (prior year: tax relief of kEUR 10,197.2) in the reporting year.

Liabilities

Liabilities are recognized with their agreed settlement amount, i.e. the amount that has to be made available to settle a liability. If the settlement amount is higher at 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 initial 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.

Accruals and deferred income

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

Cross border leases

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

Under those lease transactions, rights of use regarding certain assets (power stations) are granted to US trusts, while these assets are leased back simultaneously. The trusts are set up for the benefit of institutional investors resident in the USA. Legal ownership of the assets remains unchanged under Austrian law.
The total net present value benefit of the transactions still existing 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 lease 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 are used in the energy sector to market the energy to be generated 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 derivative financial instruments.

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" constitutes a separate portfolio of transactions with trading intent, which is measured as a single unit according to the imparity principle. The portfolio is a clearly defined area of responsibility for which clear rules on risk categories, instruments, risk strategy, and risk limits are in place. Risk management is used to define, prove and document risk limits. Fair values are calculated on a daily basis, whereas the "business on own account" book is measured at fair values as at the balance sheet date. 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. 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.

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 contingencies. The regulations on the composition of units of measurements are applied.

Short-term contracts concluded on the spot markets (over the counter/OTC or electricity exchanges) to avoid differences between planned electricity supply and available energy volumes 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, 2022 were prepared in compliance with Sections 244 to 267 *UGB* as amended and effective at the balance sheet date.

The consolidated group was defined based on the provisions of Sections 247 and 249 *UGB*. As at December 31, 2022, seven Austrian, including TIWAG-Tiroler Wasserkraft AG as the parent company, and zero foreign subsidiaries (prior year: seven Austrian and two foreign subsidiaries), were included in the consolidated financial statements as fully consolidated companies. Three subsidiaries (prior year: 2) were not included in the consolidated financial statements for lack of materiality and were shown under 'Shares 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
- Achenseeschifffahrt-GmbH
- Gemeinschaftskraftwerk Inn GmbH
- Ökoenergie Tirol GmbH
- TIWAG-Next Energy Solutions GmbH

In fiscal 2022, two foreign, previously fully consolidated subsidiaries were deconsolidated.

Five associated companies are included based on the equity method (prior year: 4). TIWAG's equity investments in Innsbrucker Kommunalbetriebe Aktiengesellschaft (IKB AG) and, for the first time, in Ötztaler Wasserkraft GmbH, 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 for lack of materiality 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*) in relation to the Group (in %)	Not measured at equity (Section 263(2) *UGB*) in relation to the Group (in %)
Non-current assets	0.05	0.21
Current assets	0.16	0.16
Shareholders' equity	0.12	0.14
Debts	0.04	0.25
Sales revenue	0.11	0.19
Profit or loss for the year	0.08	0.39

IV. CONSOLIDATION PRINCIPLES

The consolidated financial statements and the annual financial statements of the companies included in the consolidated financial statements were prepared as at December 31, 2022.

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 no. II) were made as far as necessary.

The carrying amount method was used for initial 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 initial consolidation.

A balancing item for the shares of other shareholders is reported separately under consolidated equity.

Associated companies

Material investments in associated companies are shown separately in the consolidated balance sheet. Upon initial recognition, the shares in associated companies were recognized at their carrying amounts.
The effective date for the inclusion of Innsbrucker Kommunalbetriebe AG (IKB) based on the carrying amount method 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 calculated upon initial 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 or 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 511,025,271.06 (prior year, kEUR 487,911.9) mainly include electricity procurement rights worth EUR 468,566,907.10 (previous year: kEUR 0.0), IT programs, goodwill, and similar rights. Goodwill accounted for EUR 524,611.77 (prior year: kEUR 734.5). Amortization in the reporting period amounted to EUR 7,632,910.12 (prior year: kEUR 1,917.0), of which EUR 0.00 (prior year: kEUR 0.0) are attributable to write-downs.

Property, plant and equipment

Of the additions to property, plant and equipment EUR 171,735,980.67 (prior year: kEUR 182,334.3) can be attributed to generation, EUR 78,181,545.27 (prior year: kEUR 61,216.6) to transformation and distribution, EUR 12,176,061.96 (prior year: kEUR 6,997.1) to smart counters and meters, and EUR 5,363,488.38 (prior year: kEUR 5,752.0) to administration and other items. The loss on disposal of property, plant and equipment amounts to EUR 924,453.59 (prior year: kEUR 363.4), of which EUR 485,739.02 (prior year: kEUR 11.7) come from sales. The gain on the sale of non-current assets amounts to EUR 4,123,352.33 (prior year: kEUR 1,556.3). The item ‘Land, rights equivalent to land and buildings, including buildings on land owned by others’ includes land valued at EUR 54,421,338.14 (prior year: kEUR 55,146.3).

As at the balance sheet date, no major obligations existed from the use of property, plant and equipment under lease contracts not shown on the balance sheet.

For a detailed breakdown of non-current assets and related changes in the course of the reporting period, please refer to the non-current assets movement schedule.

Financial assets

Year-on-year, the carrying amount of financial assets increased by a total of EUR 49,463,499.73 to EUR 1,117,155,731.81 (prior year: kEUR 1,067,692.2). The statement of investments provides an overview of shares held, equity and profit or 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 non-current assets movement schedule.

Loans totaling EUR 408,433.65 (prior year: kEUR 424.7) will become due within one year. Investment securities of a carrying amount of EUR 45,285,000.00 (prior year: kEUR 50,000.0) are being used to cover pension provisions.

DISCLOSURES ON INVESTMENTS AS DEFINED IN SECTION 238(1) NO. 4 OF THE AUSTRIAN BUSINESS CODE *[UGB]* (STATEMENT OF INVESTMENTS)

Company	Business Register Number	Nominal capital as at Dec 31, 2022	
Shares in affiliates			
1. TIGAS-Erdgas Tirol GmbH, Innsbruck [3) 8)]	FN 33547 i	EUR	65,915,000.00
2. Achenseeschifffahrt-GmbH, 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 Beteiligungs GmbH, Innsbruck	FN 238803 g	EUR	100,000.00
6. TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Haiming [7)]	FN 236070 m	EUR	500,000.00
7. TIWAG-Next Energy Solutions GmbH, Innsbruck [3) 7) 8)]	FN 195282 f	EUR	4,545,000.00
8. Gemeinschaftskraftwerk Inn GmbH, Innsbruck [3)]	FN 277806 p	EUR	200,000.00
9. Tiroler Übertragungsnetz GmbH, Innsbruck [9)]	FN 584451 m	EUR	35,000.00
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 [5) 10)]	FN 353576 s	EUR	100,000.00

[1)] Equity as defined in Section 224(3) letter A *UGB*
[2)] Profit for the year (+) / Loss for the year (-)
[3)] Full consolidation as defined in Sections 254 to 261 *UGB*
[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)] Investment held by TINETZ-Tiroler Netze GmbH
[10)] Investment held by TIWAG Beteiligungs GmbH

Share of nominal capital in %		Share of nominal capital	Last annual financial statements		Equity in last fiscal year [1]		Profit or loss in last fiscal year [2]
86.000	EUR	56,686,900.00	2022	EUR	344,804,706.26	EUR	10,100,999.43
100.000	EUR	37,000.00	2022	EUR	746,734.77	EUR	-17,993.73
100.000	EUR	38,000.00	2022	EUR	516,225.20	EUR	154,744.04
100.000	EUR	500,000.00	2022	EUR	5,991,514.00	EUR	459,870.44
100.000	EUR	100,000.00	2022	EUR	331,362.61	EUR	-1,470.82
100.000	EUR	500,000.00	2022	EUR	1,704,731.85	EUR	161,799.37
100.000	EUR	4,545,000.00	2022	EUR	12,222,479.16	EUR	1,905,767.05
86.000	EUR	172,000.00	2022	EUR	290,376.30	EUR	6,151.90
100.000	EUR	35,000.00	2022	EUR	35,000.00	EUR	-692.29
8.284	EUR	7,343,855.70	2021/2022	EUR	788,628,395.69	EUR	11,632,987.78
50.000	EUR	1,175,000.00	2021	EUR	4,431,008.24	EUR	1,244,242.28
8.218	EUR	28,549,755.00	2021	kEUR	3,618,852.90	kEUR	610,569.60
49.999	EUR	4,999,900.00	2021	EUR	388,863,343.47	EUR	31,357,160.04
0.221	EUR	308,460.00	2021	kEUR	2,127,046.00	kEUR	564,815.70
49.000	EUR	8,036,000.00	2021	EUR	61,778,026.00	EUR	2,182,641.00
10.000	EUR	9,069,550.00	2021	EUR	90,893,640.58	EUR	-61,081,296.60
2.000	EUR	10,000.00	2021	EUR	2,022,853.53	EUR	1,017,959.28
48.780	EUR	20,000.00	2021	EUR	390,919.30	EUR	128,624.65
5.000	EUR	110,000.00	2021	EUR	3,557,326.76	EUR	488,326.76
2.500	EUR	9,999.40	2021	EUR	3,292,225.43	EUR	2,492,225.43
12.600	EUR	12,600.00	2021	EUR	5,512,884.89	EUR	-88,711.01
6.667	EUR	3,000.00	2021	EUR	36,767.90	EUR	7,065.82
25.000	EUR	25,000.00	2021	EUR	91,742.82	EUR	-181,280.63

CHANGES IN NON-CURRENT ASSETS (NON-CURRENT ASSETS MOVEMENT SCHEDULE)

Balance sheet item
I. Intangible assets
1. Electricity procurement rights
2. Other rights
3. IT programs
4. Goodwill
5. Advances made
TOTAL I. Intangible assets
II. Property, plant and equipment
1. Land, rights equivalent to land and buildings, including buildings on land owned by others
2. Machinery and electrical plants
3. Line systems
4. Other plant, furniture and fixtures
5. Advances made and construction in progress
TOTAL II. Property, plant and equipment
III. Financial assets
1. Shares in affiliates
2. Loans to affiliates
3. Investments
4. Investment securities (book-entry securities)
5. Other loans
TOTAL III. Financial assets
TOTAL **non-current assets**

	Cost of acquisition or production				
	As at Jan 1, 2022	Additions	Disposals	Transfers	As at Dec 31, 2022
	EUR	EUR	EUR	EUR	EUR
	66,788.66	112,851.41	-3,044.80	474,204,166.75	474,380,762.02
	18,630,164.17	8,543.28	0.00	1,596,000.00	20,234,707.45
	22,847,661.33	1,549,542.17	-143,694.24	1,710,328.39	25,963,837.65
	52,561,826.54	0.00	0.00	0.00	52,561,826.54
	489,471,139.37	27,400,026.89	-33,574.37	-475,800,166.75	41,037,425.14
	583,577,580.07	**29,070,963.75**	**-180,313.41**	**1,710,328.39**	**614,178,558.80**
	1,404,326,818.32	4,164,240.69	-12,158,881.91	9,390,586.04	1,405,722,763.14
	1,109,485,128.99	36,255,060.98	-14,805,822.38	25,290,045.14	1,156,224,412.73
	944,159,897.28	23,496,936.35	-530,020.75	19,403,718.85	986,530,531.73
	55,604,202.71	4,709,916.09	-3,731,914.27	398,352.07	56,980,556.60
	381,006,015.26	198,830,922.17	-106,091.73	-56,193,030.49	523,537,815.21
	3,894,582,062.56	**267,457,076.28**	**-31,332,731.04**	**-1,710,328.39**	**4,128,996,079.41**
	262,980,714.88	0.00	-171,144.70	0.00	262,809,570.18
	161,149,999.96	58,500,000.00	-15,133,333.34	0.00	204,516,666.62
	635,867,453.02	0.00	0.00	0.00	635,867,453.02
	50,290,526.29	0.00	0.00	0.00	50,290,526.29
	44,544,569.03	10,161,592.10	-5,655,757.96	0.00	49,050,403.17
	1,154,833,263.18	**68,661,592.10**	**-20,960,236.00**	**0.00**	**1,202,534,619.28**
	5,632,992,905.81	**365,189,632.13**	**-52,473,280.45**	**0.00**	**5,945,709,257.49**

CHANGES IN NON-CURRENT ASSETS (NON-CURRENT ASSETS MOVEMENT SCHEDULE)

Balance sheet item	Accumulated amortization and depreciation		
	As at Jan 1, 2022	Write-ups	Additions
	EUR	EUR	EUR
I. Intangible assets			
1. Electricity procurement rights	24,951.89	0.00	5,646,177.61
2. Other rights	16,322,061.65	0.00	443,834.73
3. IT programs	20,389,203.54	0.00	1,333,053.07
4. Goodwill	51,827,370.06	0.00	209,844.71
5. Advances made	7,102,127.81	0.00	0.00
TOTAL I. Intangible assets	**95,665,714.95**	**0.00**	**7,632,910.12**
II. Property, plant and equipment			
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	870,110,374.23	0.00	20,320,950.92
2. Machinery and electrical plants	852,467,676.50	0.00	26,537,498.86
3. Line systems	685,320,049.91	0.00	23,484,252.19
4. Other plant, furniture and fixtures	45,476,456.82	0.00	4,634,592.84
5. Advances made and construction in progress	10,862,783.77	0.00	104,179.95
TOTAL II. Property, plant and equipment	**2,464,237,341.23**	**0.00**	**75,081,474.76**
III. Financial assets			
1. Shares in affiliates	64,701,383.34	0.00	0.00
2. Loans to affiliates	0.00	0.00	0.00
3. Investments	22,306,000.00	-6,306,000.00	0.00
4. Investment securities (book-entry securities)	133,647.76	0.00	4,715,000.00
5. Other loans	0.00	0.00	0.00
TOTAL III. Financial assets	**87,141,031.10**	**-6,306,000.00**	**4,715,000.00**
TOTAL **non-current assets**	**2,647,044,087.28**	**-6,306,000.00**	**87,429,384.88**

			Carrying amounts	
Disposals EUR	Transfers EUR	As at Dec 31, 2022 EUR	Carrying amount as at Jan 1, 2022 EUR	Carrying amount as at Dec 31, 2022 EUR
-1,903.00	0.00	5,669,226.50	41,836.77	468,711,535.52
0.00	0.00	16,765,896.38	2,308,102.52	3,468,811.07
-143,434.33	0.00	21,578,822.28	2,458,457.79	4,385,015.37
0.00	0.00	52,037,214.77	734,456.48	524,611.77
0.00	0.00	7,102,127.81	482,369,011.56	33,935,297.33
-145,337.33	**0.00**	**103,153,287.74**	**487,911,865.12**	**511,025,271.06**
-9,780,464.88	0.00	880,650,860.27	534,216,444.09	525,071,902.87
-12,992,129.27	0.00	866,013,046.09	257,017,452.49	290,211,366.64
-518,367.35	0.00	708,285,934.75	258,839,847.37	278,244,596.98
-3,681,402.48	0.00	46,429,647.18	10,127,745.89	10,550,909.42
0.00	0.00	10,966,963.72	370,143,231.49	512,570,851.49
-26,972,363.98	**0.00**	**2,512,346,452.01**	**1,430,344,721.33**	**1,616,649,627.40**
-171,143.63	0.00	64,530,239.71	198,279,331.54	198,279,330.47
0.00	0.00	0.00	161,149,999.96	204,516,666.62
0.00	0.00	16,000,000.00	613,561,453.02	619,867,453.02
0.00	0.00	4,848,647.76	50,156,878.53	45,441,878.53
0.00	0.00	0.00	44,544,569.03	49,050,403.17
-171,143.63	**0.00**	**85,378,887.47**	**1,067,692,232.08**	**1,117,155,731.81**
-27,288,844.94	**0.00**	**2,700,878,627.22**	**2,985,948,818.53**	**3,244,830,630.27**

Inventories

	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
Stock material	7,731,193.60	3,378.7
Biomass inventories	0.00	298.4
1. Raw materials and supplies	7,731,193.60	3,677.1
Installation materials	70,422.89	87.5
Troubleshooting materials	25,011.69	21.8
Other goods	1,693.66	1.7
Gas held as inventory	62,644,262.54	0.0
2. Finished goods and products	62,741,390.78	111.0
3. Services not yet chargeable	429,307.03	345.3
TOTAL inventories	**70,901,891.41**	**4,133.4**

Receivables and other assets

	Dec 31, 2022 EUR	Stating separately those with a remaining term of more than 1 year EUR	Dec 31, 2021 kEUR
1. Trade receivables	152,954,345.00	5,928,699.04	128,003.6
2. Receivables from affiliates	165,382,538.65	79,507,089.25	155,158.9
3. Receivables from undertakings with which the company is linked by virtue of participating interests	10,891,308.34	0.00	5,869.3
4. Other receivables and assets	85,884,083.01	0.00	30,794.0
TOTAL receivables and other assets	**415,112,275.00**	**85,435,788.29**	**319,825.8**

Under ‘Trade receivables’ itemized allowances were made in the amount of EUR 2,355,656.00 (prior year: kEUR 684.2). Trade receivables comprise accrued energy supplies and grid services not yet metered at the balance sheet date in the amount of EUR 19,420,613.04 (prior year: kEUR 16,109.2). Payments on account received from customers in the reporting year amounted to EUR 75,343,287.84 (prior year: kEUR 75,378.8). Of these payments on account, the part comprising transitory items for taxes and contributions in the amount

of EUR 1,752,266.12 (prior year: kEUR 16,977.5) was recognized as payables to customers under other liabilities; the remaining payments on account received from customers in the amount of EUR 73,591,021.72 (prior year: kEUR 58,401.2) were deducted from trade receivables.

The receivables due from affiliates relate to TIGAS-Erdgas Tirol GmbH, Achenseeschifffahrt-GmbH, TINETZ-Tiroler Netze GmbH, Gemeinschaftskraftwerk Inn GmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Ökoenergie Tirol GmbH, and TIWAG-Next Energy Solutions GmbH, 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 concluded a profit and loss transfer agreement.

Receivables from affiliates include internal transfers in the amount of EUR 75,928,417.99 (prior year: kEUR 38,438.1), cash pooling receivables in the amount of EUR 0.00 (prior year: kEUR 16,533.2), accrued interest in the amount of EUR 1,237,902.36 (prior year: kEUR 865.2), profit transferred by subsidiaries in the amount of EUR 758,420.12 (prior year: kEUR 3,914.0) and other receivables in the amount of EUR 87,457,798.18 (prior year: kEUR 95,408.5).

The allowance required for this item was EUR 0.00 (prior year: kEUR 187.3).

Receivables from undertakings with which the company is linked by virtue of participating interests relate mainly to deliveries and other services. The allowance required for this item was EUR 0.00 (prior year: kEUR 0.0).

As at the balance sheet date, there were receivables with a remaining term of more than one year in the amount of EUR 5,928,699.04 (prior year: kEUR 5,921.2).

Cash in hand and at bank, checks

Cash amounted to EUR 184,043,077.39 (prior year: kEUR 57,039.5), consisting of cash at bank in the amount of EUR 184,001,140.85 (prior year: kEUR 56,997.5) and cash in hand in the amount of EUR 41,936.54 (prior year: kEUR 42.0).

Prepayments and accrued income

Prepayments and accrued income increased by EUR 2,511,449.68 to EUR 5,451,193.81 (prior year: kEUR 2,939.7).

Share capital

The share capital in the amount of EUR 300,000,000.00 (prior year: kEUR 300,000.0) consists of 300,000 shares at a par value of EUR 1,000 each and has been paid up in full. The sole shareholder is the State of Tyrol.

Retained earnings

Retained earnings, which consist mainly of profits accumulated, include the statutory reserve of EUR 30,000,000.00 (prior year: kEUR 30,000.0) and the free reserve of EUR 1,366,212,937.00 (prior year: kEUR 1,214,212.9).

Net profit for the year

The Shareholders' Meeting of June 20, 2022 decided to pay a dividend of EUR 30,000,000.00, with the remainder in the amount of EUR 1,336,792.87 being carried forward.

The net profit for the fiscal year, which has not been adopted yet, comes to EUR 30,636,728.50 (prior year: kEUR 31,336.8).

The Management Board proposes to distribute EUR 30,000,000.00 of the net profit for fiscal 2022. The Supervisory Board will resolve on this dividend proposal in May 2023 and the Shareholders' Meeting will pass a decision in May 2023.

Investment grants

	As at Jan 1, 2022 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec 31, 2022 EUR
Investment grants	8,964,344.79	2,784,321.60	-972,614.03	-593,890.17	10,182,162.19
TOTAL investment grants	**8,964,344.79**	**2,784,321.60**	**-972,614.03**	**-593,890.17**	**10,182,162.19**

Additions made in the reporting year include investment grants of EUR 3,024,392.00 (prior year: kEUR 942.1) under the Austrian Investment Premium Act *[Investitionsprämiengesetz/InvPrG],* which was introduced because of the covid-19 crisis for a limited term.

Contributions to construction costs

	As at Jan 1, 2022 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec 31, 2022 EUR
1. Grid	169,338,367.56	23,021,587.90	-73,981.17	-16,536,758.83	175,749,215.46
2. District Heat	773,606.91	20,190.48	-702,876.06	-90,921.33	0.00
3. Other	5,865,946.64	524,980.01	0.00	-505,770.42	5,885,156.23
TOTAL contributions to construction costs	**175,977,921.11**	**23,566,758.39**	**-776,857.23**	**-17,133,450.58**	**181,634,371.69**

Provisions

	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
1. Provisions for severance pay (thereof subject to tax: EUR 24,975,103.73; prior year: kEUR 35,190.1)	55,493,968.15	66,436.8
2. Provisions for pensions (thereof subject to tax: EUR 32,211,716.76; prior year: kEUR 52,453.5)	100,967,292.67	126,979.3
3. Tax provisions	9,697,539.10	0.0
4. Other provisions (thereof subject to tax: EUR 5,748,920.56; prior year: kEUR 8,676.3)	378,328,467.33	339,237.5
TOTAL provisions	**544,487,267.25**	**532,653.6**

Tax provisions, which exclusively consist of deferred tax liabilities, amount to EUR 9,697,539.10 (prior year: deferred tax assets of kEUR 10,197.2).

The key differences between the amounts under business law and those under tax law result from different useful lives for property, plant and equipment, from utilization of accelerated depreciation (diminishing balance method) (Section 7(1a) *EStG*), and in the area of provisions for employee benefits mostly from the different interest rates to be used for the commercial balance sheet and the tax balance sheet. The calculated differences were measured at a group-wide tax rate of 23% (prior year: 25%).

The changes in deferred taxes in the course of the fiscal year were due to additional accelerated depreciation/amortization/write-downs under tax law, adjustments in provisions for employee benefits, and the continuation of untaxed reserves recorded off the balance sheet.

With regard to outsourced pension obligations which are shown under 'Other provisions', EUR 33,083,001.18 were reversed in the reporting year (prior year: allocation of kEUR 12,708.8) and EUR 79.5 million (prior year: kEUR 0.0) were allocated to the provision, resulting in EUR 286,692,357.35 (prior year: kEUR 240,275.4) being recognized as at the balance sheet date. The major part of the reversal is due to interest rate adjustments.

Apart from outsourced pension obligations, other provisions comprise the discounted provisions for wastewater disposal measures in connection with the Strassen-Amlach power station on the Drau river in the amount of EUR 2,466,328.82 (prior year: kEUR 1,641.3) and the mid- and lower Inn valley wastewater boards in the amount of EUR 6,482,373.83 (prior year: kEUR 3,697.9). Other provisions also include the provisions for anniversary bonuses of EUR 11,445,922.48 (prior year: kEUR 15,119.5), the provision for unconsumed annual leave of EUR 8,082,700.00 (prior year: kEUR 7,956.2), the provision for accrued flextime of EUR 1,707,900.00 (prior year: kEUR 1,630.6), and provisions under an electricity barter agreement in the amount of EUR 8,717,075.45 (prior year: kEUR 13,698.3).

The item also includes provisions for electricity allowance-in-kind commitments in the amount of EUR 11,772,262.76 (prior year: kEUR 17,520.2).

Liabilities

Liabilities as at Dec 31, 2022	Carrying amounts Dec 31, 2022 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. Bank borrowings	1,020,418,000.51	395,027,569.18	166,818,770.59	458,571,660.74
3. Advance payments received	43,381.00	43,381.00	0.00	0.00
4. Trade payables	91,660,769.62	90,184,439.95	947,309.67	529,020.00
5. Payables to affiliates	83,902,029.52	83,902,029.52	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,872,119.22	1,872,119.22	0.00	0.00
7. Other liabilities	105,570,853.84	88,165,491.43	42,994.97	17,362,367.44
thereof taxes	*29,620,517.03*	*29,620,517.03*	*0.00*	*0.00*
thereof for social security	*2,532,031.96*	*2,532,031.96*	*0.00*	*0.00*
thereof loans from insurance companies	*0.00*	*0.00*	*0.00*	*0.00*
TOTAL liabilities	**1,413,588,398.15**	**659,316,274.74**	**167,809,075.23**	**586,463,048.18**

Liabilities as at Dec 31, 2021	Carrying amounts Dec 31, 2021 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. Bank borrowings	641,153,941.97	220,664,707.08	75,846,377.74	344,642,857.15
3. Advance payments received	21,764.00	21,764.00	0.00	0.00
4. Trade payables	90,733,036.19	90,204,016.19	0.00	529,020.00
5. Payables to affiliates	13,017,319.12	13,017,319.12	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,053,624.75	1,053,624.75	0.00	0.00
7. Other liabilities	183,810,103.55	165,545,430.99	46,694.86	18,217,977.70
thereof taxes	*39,803,615.78*	*39,803,615.78*	*0.00*	*0.00*
thereof for social security	*2,470,870.98*	*2,470,870.98*	*0.00*	*0.00*
thereof loans from insurance companies	*82,448,000.00*	*82,448,000.00*	*0.00*	*0.00*
TOTAL liabilities	**1,039,911,034.02**	**490,628,106.57**	**75,893,072.60**	**473,389,854.85**

As at the balance sheet date, the carrying amount of the euro bonds amounted to EUR 110,121,244.44 (prior year: kEUR 110,121.2). Bank borrowings in the amount of EUR 1,020,418,000.51 (prior year: kEUR 641,153.9) are due mainly to bank loans with a remaining term of more than five years, which amount to EUR 458,571,660.74 (prior year: kEUR 344,642.9).

Payables to affiliates, which consist of trade payables in the amount of EUR 22,511,469.69 (prior year: EUR 7,966.0) and financial liabilities in the amount of EUR 61,390,559.83 (prior year: EUR 5,051.3), relate to the subsidiaries Achenseeschifffahrt-GmbH, TIWAG-NEXT Energy Solutions GmbH, TIWAG-Beteiligungs GmbH, TIGAS-Erdgas Tirol GmbH, TINETZ-Tiroler Netze GmbH, Ökoenergie Tirol GmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, and Gemeinschaftskraftwerk Inn GmbH.

Payables to undertakings with which the company is linked by virtue of participating interests include trade payables. Other liabilities primarily include loans in the amount of EUR 0.00 (prior year: EUR 80.0 million), liabilities arising from compensation or purchase contracts, and free power commitments in the amount of EUR 17,348,886.40 (prior year: kEUR 18,595.0). The interest rate used for measuring the liabilities arising from free power commitments was 3% (prior year: 2%). Liabilities to customers increased to EUR 41,445,002.88 (prior year: kEUR 26,895.0), comprising, *inter alia,* recognition of payments on account received from customers for transitory items for taxes and contributions in the amount of EUR 1,752,266.12 (prior year: kEUR 16,977.5), liabilities from accrued revenue in the amount of EUR 3,026,321.24 (prior year: EUR 6,052.6), and security deposits of EUR 9,948,105.00 (prior year: kEUR 0.0). Other liabilities in the amount of EUR 68,577.15 (prior year: kEUR 83.8) are secured by mortgages.

Accruals and 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 through profit or loss over the term of the underlying lease transaction. As at the balance sheet date, deferred income from the remaining financial transactions amounted to EUR 18,425,747.10 (prior year: kEUR 19,741.9).

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

Accruals and deferred income	Dec 31, 2022 EUR	Dec 31, 2021 EUR
Accruals and deferrals (Section 906(32) *UGB*)	24,182,735.34	26,025,038.52
Net present value benefits from CBL	18,425,747.10	19,741,871.89
Other accruals and deferrals	488,720.66	760,942.95
TOTAL	**43,097,203.10**	**46,527,853.36**

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

Sales revenue

Sales revenue by divisions	2022 EUR	2021 kEUR
1. Electricity sales	2,270,635,795.93	1,049,873.1
2. Natural gas sales	35,856,357.79	2,231.8
3. Heat sales	1,481,230.38	1,762.1
4. Lease revenue	123,844,027.37	119,797.3
5. Other sales revenue	24,312,765.16	19,102.5
TOTAL **sales revenue**	**2,456,130,176.63**	**1,192,766.8**

Sales revenue by regions	2022 EUR	2021 kEUR
1. Austria	1,488,144,333.16	695,098.6
2. International	967,985,843.47	497,668.2
TOTAL **sales revenue**	**2,456,130,176.63**	**1,192,766.8**

Lease revenue and other sales revenue includes the revenue from lease accounting for distribution grid operations in the amount of EUR 117,200,334.76 (prior year: kEUR 113,360.3).

Other operating income

Other operating income includes income from disposal of non-current assets in the amount of EUR 4,123,352.33 (prior year: kEUR 1,577.8), income from write-ups of non-current assets in the amount of EUR 1,842,303.18 (prior year: kEUR 1,852.4), income from the reversal of provisions in the amount of EUR 7,037,460.72 (prior year: kEUR 7,379.7) and from sundry other operating income in the amount of EUR 12,276,080.26 (prior year: kEUR 7,245.4).

Cost of materials and other services purchased

	2022 EUR	2021 kEUR
1. Cost of materials (electricity procured from other suppliers, swapped energy, and similar)	2,004,758,821.28	851,672.7
2. Cost of other services purchased	1,264,004.81	495.5
TOTAL **cost of materials and other manufacturing services purchased**	**2,006,022,826.09**	**852,168.2**

Personnel expenses

Expenses for severance pay and contributions to Severance Pay and Pension Funds comprise contributions to Severance Pay and Pension Funds in the amount of EUR 673,691.93 (prior year: kEUR 582.6).

EUR 7,818,139.97 (prior year: kEUR 4,826.5) of expenses for severance pay and EUR 63,578,541.54 (prior year: kEUR 19,083.1) of expenses for pensions are attributable to employees.

Expenses for pensions include 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 year, pension obligations in the amount of EUR 718,968.85 (prior year: kEUR 10,246.7) were reversed, and outsourced pension obligations increased to 36,622,346.43 (prior year: kEUR 272.5). The actuarial interest included in the change in provisions for employee benefits, which mainly results from changes in actuarial interest rates and amount to a total of EUR 3,212,124.45 (prior year: kEUR 787.7) in the reporting year, is not shown under ‘Personnel expenses’, but under Interest and similar expenses. In addition, EUR 45,029,889.26 (prior year: kEUR 21,392.3) were recognized under the item ‘Other interest and similar income’ in connection with the change in actuarial interest rates.

Depreciation, amortization and write-downs

In the reporting year, write downs of non-current assets amounted to EUR 104,179.95 (prior year: kEUR 843.0). In addition, gas held as inventory was measured at fair value, i.e. the day-ahead spot price, as at the balance sheet date, and an impairment loss of EUR 16,364,648.24 was recorded.

Other operating expenses

The taxes reported under ‘Other operating expenses’ in the amount of EUR 585,798.00 (prior year: kEUR 617.3) mainly refer to property taxes and motor vehicle taxes.

Sundry other operating expenses break down as follows:

	2022 EUR	2021 kEUR
1. External services	28,767,113.49	24,790.4
2. Consultancy services, fees	2,161,859.25	1,942.8
3. Rents and leases	5,864,473.07	5,053.6
4. Compensation, contribution payments	5,411,076.46	7,423.5
5. Travel expenses	2,387,747.06	2,199.0
6. Sundry other operating expenses	33,502,213.89	23,302.7
TOTAL sundry other operating expenses	**78,094,483.22**	**64,712.0**

Income from investments

Income from investments includes profit distributions by VERBUND AG in the amount of EUR 29,977,242.75 (prior year: kEUR 21,412.3) and by Innsbrucker Kommunalbetriebe AG in the amount of EUR 11,076,630.90 (prior year: kEUR 11,074.5).

Other interest and similar income

This item includes the pro-rata income from cross-border lease transactions amounting to EUR 1,593,284.57 (prior year: kEUR 1,565.1).

Income from disposals and write-ups of financial assets

In the reporting year, impairment losses from the investment in Energie AG Oberösterreich were reversed in a total amount of EUR 6,306,000.00 (prior year: kEUR 22,800.0).

Expenses for financial assets and securities held as current assets

Expenses related to financial assets amounted to EUR 4,747,892.41 (prior year: kEUR 599.2). This item includes transfers of losses in the amount of EUR 17,993.73 (prior year: kEUR 538.3) and a write-down of financial assets in the amount of EUR 4,715,000.00 (prior year: kEUR 0.0).

Interest and similar expenses

Under the item ‘Interest and similar expenses’, interest payments for loans and bank loans in the amount of EUR 10,054,635.93 (prior year: kEUR 10,783.7), and the interest element of the allocation to provisions for employee benefits in the amount of EUR 3,212,124.45 (prior year: kEUR 787.7) should be mentioned.

Income taxes

Income taxes break down as follows:

	2022 EUR	2021 kEUR
1. Corporate income tax	6,549,256.52	26,101.5
2. Tax allocation	-3,594,595.68	-2,837.9
3. Deferred taxes	19,894,768.19	9,008.8
TOTAL **income taxes**	**22,849,429.03**	**32,272.4**

Net profit for the year

Profit before taxes amounts to EUR 204,149,364.66 (prior year: kEUR 174,728.8). Taking into account income taxes, the resulting profit for the year comes to EUR 181,299,935.63 (prior year: kEUR 142,456.4).
Taking into account the changes in reserves, in particular the allocation made to retained earnings in the amount of EUR 152,000,000.00 (prior year: kEUR 111,400.0) and the profit carried forward from the previous year amounting to EUR 1,336,792.87 (prior year: kEUR 280.4), the net profit for the year amounts to EUR 30,636,728.50 (prior year: kEUR 31,336.8).

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

Property, plant and equipment

The changes in consolidated non-current assets and the breakdown of annual depreciation and amortization are shown in the consolidated non-current assets movement schedule.
Additions to property, plant and equipment amounted to EUR 329.5 million (prior year: EUR 326.0 million), of which EUR 22.9 million (prior year: EUR 33.7 million) came from the gas sector.

The item ‘Land, rights equivalent to land and buildings, including buildings on land owned by others’ includes land valued at EUR 61,265,780.25 (prior year: kEUR 61,433.5).

Financial assets

Loans totaling EUR 408,433.65 (prior year: kEUR 424.7) will become due within one year.

Inventories

	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
1. Raw materials and supplies	7,731,193.60	3,677.2
2. Installation materials and goods for resale	98,776.82	124.2
3. Gas held as inventory	45,933,356.56	207.0
4. Other inventories	3,811,022.84	2,450.4
5. Services not yet chargeable	489,394.40	716.9
TOTAL **inventories**	**58,063,744.22**	**7,175.7**

Receivables and other assets

	As at Dec 31, 2022 EUR	Stating separately those with a remaining term of more than 1 year EUR	As at Dec 31, 2021 kEUR
1. Trade receivables	259,687,202.02	5,930,502.13	239,088.0
2. Receivables from affiliates	189,643.72	0.00	261.1
3. Receivables from undertakings with which the company is linked by virtue of participating interests	16,034,994.30	0.00	8,494.4
4. Other receivables and assets	204,936,254.33	79,507,089.37	151,139.2
TOTAL **receivables and other assets**	**480,848,094.37**	**85,437,591.50**	**398,982.7**

Under trade receivables, itemized allowances were made in the amount of EUR 2,971,522.58 (prior year: kEUR 2,156.3).

Receivables from undertakings with which the company is linked by virtue of participating interests mainly relate to deliveries and other services.

Shareholders' equity (consolidated)

The share capital is EUR 300,000,000.00 (prior year: kEUR 300,000.0).

Capital reserves amount to EUR 500,000.00 (prior year: kEUR 500.0) and retained earnings comprising the statutory reserve and free reserves amount to EUR 1,233,170,833.43 (prior year: kEUR 1,116,569.4). This item also includes positive and negative differences resulting from initial and subsequent consolidation. The consolidated profit for the reporting year net of the shares of other shareholders amounts to EUR 172,804,735.71 (prior year: kEUR 146,361.7), with the 'Shares of other shareholders' accounting for EUR 45,496,142.67 (prior year: kEUR 44,909.4).

Contributions to construction costs and construction cost grants

Of the contributions to construction costs reported as at the balance sheet date, EUR 178,167,906.78 (prior year: kEUR 172,476.2) are attributable to the construction cost contributions of those entitled to procure electricity, EUR 81,759,117.97 (prior year: kEUR 78,216.3) to construction cost grants, EUR 28,138,125.64 (prior year: kEUR 29,835.2) to the construction cost contributions of those entitled to procure gas, and EUR 14,786,051.40 (prior year: kEUR 13,343.8) to other contributions to construction costs. The consumption of contributions to construction costs amounting to EUR 21,441,330.13 (prior year: kEUR 20,140.2) is included in sales revenue.

Provisions

	Dec 31, 2022 EUR	Dec 31, 2021 kEUR
1. Provisions for severance pay (thereof subject to tax: EUR 25,543,800.63; prior year: kEUR 35,964.4)	56,759,281.47	67,986.1
2. Provisions for pensions (thereof subject to tax: EUR 33,803,984.41; prior year: kEUR 53,502.8)	102,526,647.21	129,006.5
3. Tax provisions	21,400,517.24	0.1
4. Other provisions (thereof subject to tax: EUR 5,992,194.13; prior year: kEUR 9,019.1)	412,901,613.04	369,781.8
TOTAL **provisions**	**593,588,058.96**	**566,774.5**

This item includes the provisions for outsourced pension obligations in the amount of EUR 290,369,379.84 (prior year: kEUR 242,836.5), for anniversary bonuses an amount of EUR 11,798,313.86 (prior year: kEUR 15,661.4), for unconsumed annual leave an amount of EUR 8,908,493.00 (prior year: kEUR 8,740.7), for accrued flextime an amount of EUR 1,921,342.25 (prior year: kEUR 1,789,720.59), and provisions under an electricity barter agreement in the amount of EUR 8,717,075.45 (prior year: kEUR 13,698.3). The item also includes provisions for electricity allowance-in-kind commitments in the amount of EUR 11,772,262.76 (prior year: kEUR 17,520.2).

Deferred tax liabilities

In the reporting year, deferred tax liabilities in the amount of EUR 21,400,369.40 (prior year: deferred tax assets of kEUR 10,031.4) were accounted for.

The differences between the amounts under business law and those under tax law result from different useful lives of property, plant and equipment, from write-downs to going concern value being distributed over a seven-year period for financial assets, and from interest rate

differences for provisions for employee benefits. The calculated differences were measured at a group-wide tax rate of 23% (prior year: 25%).

Liabilities

Liabilities as at Dec 31, 2022	Carrying amount Dec 31, 2022 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. Bank borrowings	1,020,418,020.51	395,027,589.18	166,818,770.59	458,571,660.74
3. Advance payments received	4,617,597.22	4,617,597.22	0.00	0.00
4. Trade payables	148,502,184.57	147,025,854.90	947,309.67	529,020.00
5. Payables to affiliates	835,266.41	835,266.41	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	21,075,622.68	21,075,622.68	0.00	0.00
7. Other liabilities	122,244,606.24	104,839,243.83	42,994.97	17,362,367.44
thereof taxes	*30,889,143.38*	*30,889,143.38*	*0.00*	*0.00*
thereof for social security	*2,798,237.34*	*2,798,237.34*	*0.00*	*0.00*
thereof loans from insurance companies	*0.00*	*0.00*	*0.00*	*0.00*
TOTAL liabilities	**1,427,814,542.07**	**673,542,418.66**	**167,809,075.23**	**586,463,048.18**

Liabilities as at Dec 31, 2021	Carrying amount Dec 31, 2021 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. Bank borrowings	646,510,992.07	226,021,757.18	75,846,377.74	344,642,857.15
3. Advance payments received	4,607,036.36	4,607,036.36	0.00	0.00
4. Trade payables	162,819,547.75	162,290,527.75	0.00	529,020.00
5. Payables to affiliates	828,562.56	828,562.56	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,058,231.50	1,058,231.50	0.00	0.00
7. Other liabilities	198,776,037.84	180,511,365.28	46,694.86	18,217,977.70
thereof taxes	*42,809,012.84*	*42,809,012.84*	*0.00*	*0.00*
thereof for social security	*2,718,084.70*	*2,718,084.70*	*0.00*	*0.00*
thereof loans from insurance companies	*82,448,000.00*	*82,448,000.00*	*0.00*	*0.00*
TOTAL liabilities	**1,124,721,652.52**	**575,438,725.07**	**75,893,072.60**	**473,389,854.85**

Payables to undertakings with which the company is linked by virtue of participating interests constitute trade payables.

In addition to current tax liabilities, other liabilities primarily include liabilities arising from compensation or purchase contracts and free power commitments in the amount of EUR 17,788,659.21 (prior year: kEUR 18,595.0) and liabilities to customers in the amount of EUR 48,521,451.41 (prior year: kEUR 29,285.6). Other liabilities in the amount of EUR 68,577.15 (prior year: kEUR 83.8) are secured by mortgages.

Accruals and deferred income

Reserves for the reversal of impairment losses on property, plant and equipment were recognized and are shown separately on the balance sheet under accruals and deferred income and will be reversed in line with the provisions of Section 124 b No. 270 *EStG* (Section 906(32) *UGB*).

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

Sales revenue

Sales revenue by divisions	2022 EUR	2021 kEUR
1. Electricity sales	2,473,058,184.37	1,272,663.6
2. Gas sales	482,686,654.69	273,300.7
3. Heat sales	18,374,429.74	17,819.5
4. Other sales revenue	29,549,736.22	22,946.5
TOTAL **sales revenue**	**3,003,669,005.02**	**1,586,730.3**

Cost of materials and other services purchased

The item ‘Cost of materials and other services purchased’ primarily includes expenses for procurement of electricity, natural gas and district heat. The relevant item increased by EUR 1,350,139.939.64 to EUR 2,493,403,526.50 (prior year: kEUR 1,143,263.6) in the past fiscal year. The increase mainly results from the price effects in the energy procurement markets.

Personnel expenses

Expenses for severance payments for employees amounted to EUR 8,151,210.34 (prior year: kEUR 5,042.9). Contributions to Severance Pay and Pension Funds came to EUR 810,851.89 (prior year: kEUR 679.8).
Expenses for pensions for employees amounted to EUR 64,343,371.21 (prior year: kEUR 19,203.7).

Depreciation, amortization and write-downs

This item also includes a write-down of property, plant and equipment in the amount of EUR 104,179.95 (prior year: kEUR 843.0). Taking the consolidation of intragroup hedging relationships into account, gas held as inventory was further reduced by impairment losses of EUR 17,076,026.73 to a total of EUR 33,440,674.97.

Income from investments

Income from investments includes profit distributions by VERBUND AG in the amount of EUR 29,977,242.75 (prior year: kEUR 21,412.3) and by Energie AG Oberösterreich in the amount of EUR 4,406,400.00 (prior year: kEUR 5,508.0).

Other interest and similar income

This item includes, among other things, pro-rata income from cross-border lease transactions amounting to EUR 1,593,284.57 (prior year: kEUR 1,565.1) and income from the interest element in the amount of EUR 46,804,984.00 (prior year: kEUR 21,725.3).

Income from disposals and write-ups of financial assets
The income recognized in the reporting year includes a reversal of impairment losses for an investment in the amount of EUR 6,306,000.00 (prior year: kEUR 22,800.0).

Expenses for financial assets and securities held as current assets

This item includes write-downs of investment securities in the total amount of EUR 4,715,000.00 (prior year: kEUR 10,061.0).

Profit or loss from associated companies

The reported income of EUR 18,281,946.40 (prior year: kEUR 14,772.8) results from the inclusion of associated companies.

Interest and similar expenses

This item includes the interest element of the allocation to provisions for employee benefits in the amount of EUR 4,671,654.87 (prior year: kEUR 795.6). The actuarial interest included in the change in provisions is not recognized under personnel expenses but under interest and similar expenses.

Income taxes

Income taxes comprise corporate income tax expenses in the amount of EUR 6,530,204.92 (prior year: kEUR 26,522.6) and deferred taxes in the amount of EUR 31,142,965.81 (prior year: kEUR 9,424.6).

Consolidated profit for the year

The profit for the year including the minority share amounts to EUR 174,460,774.72 (prior year: kEUR 146,882.4). Adjusted for the share of other shareholders in the profit or loss for the year in the amount of EUR -1,656,039.01 (prior year: kEUR -520.7), the remaining consolidated profit for the year is EUR 172,804,735.71 (prior year: kEUR 146,361.7).

CHANGES IN CONSOLIDATED NON-CURRENT ASSETS (CONSOLIDATED NON-CURRENT ASSETS MOVEMENT SCHEDULE)

Balance sheet item
I. Intangible assets
1. Electricity procurement rights
2. Other rights
3. IT programs
4. Goodwill
5. Advances made
TOTAL I. Intangible assets
II. Property, plant and equipment
1. Land, rights equivalent to land and buildings, including buildings on land owned by others
2. Machinery and electrical plants
3. Line systems
4. Other plant, furniture and fixtures
5. Advances made and construction in progress
TOTAL II. Property, plant and equipment
III. Financial assets
1. Shares in affiliates
2. Investments in associates
3. Other investments
4. Investment securities (book-entry securities)
5. Other loans
TOTAL III. Financial assets
TOTAL **non-current assets**

	Cost of acquisition or production				
	As at Jan 1, 2022	Additions	Disposals	Transfers	As at Dec 31, 2022
	EUR	EUR	EUR	EUR	EUR
	1,095,082.84	114,269.48	-3,044.80	0.00	1,206,307.52
	21,288,561.37	54,429.28	-55,297.37	1,596,000.00	22,883,693.28
	23,480,728.04	1,608,061.17	-143,694.24	1,773,215.36	26,718,310.33
	57,961,581.04	0.00	-5,399,754.50	0.00	52,561,826.54
	8,888,212.27	0.00	-33,574.41	-1,596,000.00	7,258,637.86
	112,714,165.56	**1,776,759.93**	**-5,635,365.32**	**1,773,215.36**	**110,628,775.53**
	1,472,635,724.49	30,114,349.76	-12,158,881.91	479,461,558.98	1,970,052,751.32
	1,189,920,904.96	47,813,821.15	-15,438,529.53	81,568,093.37	1,303,864,289.95
	1,758,541,831.46	37,272,487.36	-1,795,955.02	20,049,165.16	1,814,067,528.96
	74,942,693.98	5,635,411.98	-4,363,629.30	398,352.07	76,612,828.73
	944,071,142.60	208,684,752.93	-112,020.07	-583,250,384.94	569,393,490.52
	5,440,112,297.49	**329,520,823.18**	**-33,869,015.83**	**-1,773,215.36**	**5,733,990,889.48**
	2,312,919.20	35,397.20	-171,143.63	0.00	2,177,172.77
	269,851,668.77	0.00	0.00	0.00	269,851,668.77
	434,768,694.36	20,000.00	0.00	0.00	434,788,694.36
	50,972,812.56	0.00	0.00	0.00	50,972,812.56
	44,544,569.03	10,161,592.10	-5,655,757.96	0.00	49,050,403.17
	802,450,663.92	**10,216,989.30**	**-5,826,901.59**	**0.00**	**806,840,751.63**
	6,355,277,126.97	**341,514,572.41**	**-45,331,282.74**	**0.00**	**6,651,460,416.64**

CHANGES IN CONSOLIDATED NON-CURRENT ASSETS (CONSOLIDATED NON-CURRENT ASSETS MOVEMENT SCHEDULE)

Balance sheet item	Accumulated amortization and depreciation		
	As at Jan 1, 2022	Write-ups	Additions
	EUR	EUR	EUR
I. Intangible assets			
1. Electricity procurement rights	761,205.95	0.00	52,122.88
2. Other rights	18,121,435.26	0.00	535,630.82
3. IT programs	20,980,350.06	0.00	1,370,623.91
4. Goodwill	56,133,247.31	0.00	373,926.30
5. Advances made	6,991,015.33	0.00	0.00
TOTAL I. Intangible assets	**102,987,253.91**	**0.00**	**2,332,303.91**
II. Property, plant and equipment			
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	889,259,362.33	-522,302.37	27,033,764.31
2. Machinery and electrical plants	910,524,470.16	-374,874.34	31,031,773.76
3. Line systems	1,022,855,830.20	-463,814.18	44,207,918.46
4. Other plant, furniture and fixtures	63,747,008.31	0.00	5,020,815.11
5. Advances made and construction in progress	10,862,783.77	0.00	104,179.95
TOTAL II. Property, plant and equipment	**2,897,249,454.77**	**-1,360,990.89**	**107,398,451.59**
III. Financial assets			
1. Shares in affiliates	923,200.00	0.00	0.00
2. Investments in associates	137,933,246.53	0.00	11,713,724.98
3. Other investments	27,806,000.00	-6,306,000.00	0.00
4. Investment securities (book-entry securities)	133,647.76	0.00	4,715,000.00
5. Other loans	0.00	0.00	0.00
TOTAL III. Financial assets	**166,796,094.29**	**-6,306,000.00**	**16,428,724.98**
TOTAL **non-current assets**	**3,167,032,802.97**	**-7,666,990.89**	**126,159,480.48**

			Carrying amounts	
Disposals EUR	Transfers EUR	As at Dec 31, 2022 EUR	Carrying amount as at Jan 1, 2022 EUR	Carrying amount as at Dec 31, 2022 EUR
-1,903.00	0.00	811,425.83	333,876.89	394,881.69
-30,893.93	0.00	18,626,172.15	3,167,126.11	4,257,521.13
-143,434.33	0.00	22,207,539.64	2,500,377.98	4,510,770.69
-4,469,958.84	0.00	52,037,214.77	1,828,333.73	524,611.77
0.00	0.00	6,991,015.33	1,897,196.94	267,622.53
-4,646,190.10	**0.00**	**100,673,367.72**	**9,726,911.65**	**9,955,407.81**
-9,780,464.88	0.00	905,990,359.39	583,376,362.16	1,064,062,391.93
-13,601,971.62	-4,941.72	927,574,456.24	279,396,434.80	376,289,833.71
-1,557,390.07	4,941.72	1,065,047,486.13	735,686,001.26	749,020,042.83
-4,205,719.41	0.00	64,562,104.01	11,195,685.67	12,050,724.72
0.00	0.00	10,966,963.72	933,208,358.83	558,426,526.80
-29,145,545.98	**0.00**	**2,974,141,369.49**	**2,542,862,842.72**	**2,759,849,519.99**
-171,143.63	0.00	752,056.37	1,389,719.20	1,425,116.40
-18,281,946.40	0.00	131,365,025.11	131,918,422.24	138,486,643.66
0.00	0.00	21,500,000.00	406,962,694.36	413,288,694.36
0.00	0.00	4,848,647.76	50,839,164.80	46,124,164.80
0.00	0.00	0.00	44,544,569.03	49,050,403.17
-18,453,090.03	**0.00**	**158,465,729.24**	**635,654,569.63**	**648,375,022.39**
-52,244,826.11	**0.00**	**3,233,280,466.45**	**3,188,244,324.00**	**3,418,179,950.19**

IX. OTHER DISCLOSURES

Derivative financial instruments

Where commodities are concerned, TIWAG-Tiroler Wasserkraft AG uses derivative financial instruments which are composed of forward contracts requiring fulfillment by either physical delivery or payment. Trading 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.

Derivative financial instruments of the “business on own account” book, consisting of electricity and gas futures and electricity and gas forwards, break down as follows:

Contracts and market values as at Dec 31, 2022	Nominal values			Market values		
in mEUR	Purchases	Sales	Net	Positive	Negative	Net
Forwards	-450.2	391.6	-58.5	663.9	-575.6	88.4
Futures	-731.0	630.7	-100.2	352.1	-367.8	-15.7
Total before netting	**-1181.2**	**1022.3**	**-158.7**	**1016.0**	**-943.4**	**72.7**
Adjusted for netting contracts	701.2	-701.20	0.0	-658.4	658.4	0.0
Total after netting	**-480.0**	**321.1**	**-158.8**	**357.6**	**-285.0**	**72.7**

The nominal values shown represent the sum totals of the non-netted separate items in the relevant derivative financial instruments. Market values show the sum total of the differences between current market prices as at the balance sheet date and the nominal values of the instruments. As in the previous year, no provision needs to be set up for derivative financial instruments.

In the reporting year, a gas storage facility with a maximum storage capacity of 500 GWh was set up to ensure supply security. In order to balance unfavorable fluctuations in the price development in the international commodity markets, we have combined part of gas held as inventory into one valuation group by means of hedging transactions on the purchasing and on the sales side,

and measured the unsecured part at the fair value as at the balance sheet date. In the reporting year, write-downs of EUR 16.4 million were made in the separate financial statements and an additional EUR 17.1 million in the consolidated financial statements, i.e. EUR 33.4 million, in the aggregate.

Contingencies

As at the balance sheet date, the separate financial statements show contingent liabilities consisting mainly in letters of comfort, guarantees, and liabilities under long-term contracts granting rights of use to third parties in the amount of EUR 39,401,348.90 (prior year: kEUR 28,445.4).

The contingent liabilities shown in the consolidated financial statements, which consist mainly of guarantees and liabilities under long-term contracts granting rights of use to third parties, amount to EUR 54,848,597.72 (prior year: kEUR 44,249.8).

The total other financial obligations related to open-ended investments and the general overhaul of various stations, plants and facilities will amount to approximately EUR 231.1 million (prior year: EUR 224.8 million) in the separate financial statements and to approximately EUR 246.7 million (prior year: EUR 262.7 million) in the consolidated financial statements in the next fiscal year (2023).

Business relationships with related parties

Cash pooling agreements have been concluded at arm's length with 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 2022, TIWAG-Tiroler Wasserkraft AG employed 1,283 persons on average, thereof 1,095 salaried employees, 155 workers, and 33 apprentices (prior year: 1,259 persons employed, thereof 1,085 salaried employees, 146 workers, and 28 apprentices). Under a contract dated November 18, 2005, an annual average of 89 workers, 358 salaried employees, and 12 apprentices (prior year: 84 workers, 358 salaried employees, 13 apprentices) were hired out to TINETZ-Tiroler Netze GmbH. The group employed an average of 1,426 (prior year: 1,404) persons, thereof 1,176 (prior year: 1,171) salaried employees, 216 (prior year: 204) workers, and 34 (prior year: 29) apprentices.

Auditor's fees

In the past fiscal year, auditing expenses amounted to a total of EUR 271,237.50 (prior year: kEUR 263.0). An amount of EUR 225,800.00 (prior year: kEUR 202.8) thereof was required for the audit of the annual financial statements, EUR 36,930.00 (prior year: kEUR 57.1) for other attestations, and EUR 8,507.50 (prior year: kEUR 3.1) for other services.

Remuneration of the Management Board and the Supervisory Board

In fiscal 2022, the total remuneration of the Management Board amounted to EUR 1,247,677.36 (prior year: kEUR 1,224.1), emoluments of former members of the Management Board of TIWAG-Tiroler Wasserkraft AG and their surviving dependents amounted to EUR 233,573.44 (prior year: kEUR 230.5), and the remuneration of the Supervisory Board came to EUR 43,463.15 (prior year: kEUR 52.8).

Appropriation of profit

The Management Board proposes to the Shareholders' Meeting to distribute an amount of EUR 30,000,000.00 from net profit for the year and to carry forward the remaining amount of EUR 636,728.50.

Significant events after the balance sheet date

Due to recent legal developments, electricity prices are subject to review once again. Considering recent developments and the massive price upheavals in the markets, we are currently examining how and to what extent our prices for standard customers must be adjusted in view of additional procurement costs and competition.

Irrespective of the above, the energy industry is dependent on a concrete legal basis provided by the legislator in response to the exceptional market and energy supply situation.

Corporate bodies

The following persons were members of the Management Board:

- Erich Entstrasser (Chair)
- Thomas Gasser
- Johann Herdina (until December 31, 2022)
- Alexander Speckle (from January 1, 2023)

In the fiscal year 2022, the following persons were members of the Supervisory Board:

- Reinhard Schretter (Chair until June 20, 2022)
- Anton Mattle, Governor of the State of Tyrol, was elected member of the Supervisory Board at the ordinary Shareholders' Meeting of June 20, 2022, and Chair of the Supervisory Board at the constituent meeting of the Supervisory Board of June 20, 2022. On October 25, 2022, Anton Mattle was elected Governor by the State Parliament; he resigned from his office on the Supervisory Board on November 28, 2022.
- Eduard Wallnöfer was appointed substitute member for Governor Anton Mattle on December 14, 2022, and elected Chair of the Supervisory Board at the constituent Supervisory Board meeting of December 20, 2022.
- Florian Tursky (1st Deputy): upon his appointment as State Secretary at the Federal Ministry of Finance, Florian Tursky resigned from the Supervisory Board on May 11, 2022.
- At the constituent Supervisory Board meeting of June 20, 2022, Manfred Pletzer was elected 1st Deputy of the Chair of the Supervisory Board. Until that Supervisory Board meeting, he had been appointed 2nd Deputy.
- At the constituent Supervisory Board meeting of June 20, 2022, Michaela Hysek-Unterweger was appointed and elected 2nd Deputy of the Chair of the Supervisory Board.
- Hartwig Röck
- Hannelore Weck-Hannemann
- Julia Lang

Delegated by the Works Council:

- Harald Würfl, Chairman of the Central Works Council
- Franz Eckhart
- Andreas Walder

X. ANNUAL FINANCIAL STATEMENTS PURSUANT TO SECTION 8 OF THE ELECTRICITY ACT *[ElWOG]*

This section of the Notes contains the information required by Section 8 of the Austrian Electricity Act.
In order to effect the unbundling that is compulsory under corporate law, TIWAG-Tiroler Wasserkraft AG (TIWAG) had designed (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 by contract dated November 18, 2005.

Under the personnel 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 administrative decision of the Government of the State of Tyrol dated January 1, 2006, the Government, as the electricity authority, granted (former) TIWAG-Netz AG a license to operate the distribution grid of TIWAG-Tiroler Wasserkraft AG. On January 1, 2006, (now:) TINETZ-Tiroler Netze GmbH took on the responsibilities of operator of the distribution grid of TIWAG-Tiroler Wasserkraft AG, and is responsible for the operation, maintenance, and development of those grids.

1. BALANCE SHEET AS AT DECEMBER 31, 2022 (IN EUR)

Assets
A. Non-current assets
I. Intangible assets
II. Property, plant and equipment
III. Financial assets
B. Current assets
I. Inventories
II. Receivables and other assets
III. Cash in hand and at bank, checks
C. Prepayments and accrued income
TOTAL assets
Equity and liabilities
A. Shareholders' equity
B. Special item for investment grants
C. Contributions to construction costs
D. Provisions
E. Liabilities
F. Accruals and deferred income
TOTAL equity and liabilities

Generation, electricity trading and sales	Distribution	Other	Total
1,741,906,375.88	**594,095,570.96**	**908,828,683.43**	**3,244,830,630.27**
503,976,857.36	4,797,231.37	2,251,182.33	511,025,271.06
1,013,515,395.42	556,512,799.56	46,621,432.42	1,616,649,627.40
224,414,123.10	32,785,540.03	859,956,068.68	1,117,155,731.81
413,958,444.06	**198,856,049.37**	**57,242,750.37**	**670,057,243.80**
62,402,141.45	79,344.98	8,420,404.98	70,901,891.41
236,179,697.61	135,429,076.39	43,503,501.00	415,112,275.00
115,376,605.00	63,347,628.00	5,318,844.39	184,043,077.39
2,619,462.80	**600,257.92**	**2,231,473.09**	**5,451,193.81**
2,158,484,282.74	**793,551,878.25**	**968,302,906.89**	**3,920,339,067.88**
1,439,605,061.09	**390,792,120.67**	**-103,047,516.27**	**1,727,349,665.50**
6,461,993.37	**81,719.85**	**3,638,448.97**	**10,182,162.19**
0.00	**175,749,215.46**	**5,885,156.23**	**181,634,371.69**
179,509,065.44	**193,245,585.50**	**171,732,616.31**	**544,487,267.25**
508,647,334.58	**33,683,236.77**	**871,257,826.81**	**1,413,588,398.15**
24,260,828.26	**0.00**	**18,836,374.84**	**43,097,203.10**
2,158,484,282.74	**793,551,878.25**	**968,302,906.89**	**3,920,339,067.88**

2. INCOME STATEMENT 2022 (IN EUR)

1.	Sales revenue
2.	Change in services not yet chargeable
3.	Other own work capitalized
4.	Other operating income
5.	Cost of materials and other services purchased
6.	Personnel expenses
7.	Amortization of intangible non-current assets and depreciation of property, plant and equipment
8.	Other operating expenses
9.	**Subtotal lines 1 to 8**
10.	Income from investments
11.	Other financial result
12.	**Subtotal lines 10 to 11**
12a.	Set-off of activities
13.	**Profit or loss before taxes**
14.	Income taxes
15.	**TOTAL Profit for the year**

Explanatory notes pursuant to Section 8 *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 are items allocated on the basis of allocation keys based on appropriate benchmarks. Allocations are calculated by means of largely process-oriented allocation keys. Division-specific calculation rates form the basis for transfer pricing.

Commercial transactions within the meaning of Section 8(3) *ElWOG 2010* were concluded with TINETZ-Tiroler Netze GmbH (lease with regard to grid operation, cash pooling) and Gemeinschaftskraftwerk Inn GmbH.

Innsbruck, April 12, 2023

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

Generation, electricity trading and sales	Distribution	Other	Total
2,295,907,379.40	142,711,626.59	17,511,170.64	2,456,130,176.63
0.00	0.00	84,053.33	84,053.33
-9,756,627.29	3,611,459.63	32,679,672.05	26,534,504.39
19,570,570.55	1,103,304.47	4,605,321.47	25,279,196.49
-1,996,019,628.40	-5,176,227.55	-4,826,970.14	-2,006,022,826.09
-34,053,244.78	-43,249,751.05	-122,536,757.77	-199,839,753.60
-52,296,904.10	-41,018,838.41	-5,763,290.61	-99,079,033.12
-36,165,167.23	-15,148,353.43	-27,366,760.56	-78,680,281.22
187,186,378.15	**42,833,220.25**	**-105,613,561.59**	**124,406,036.81**
4,118,970.53	256,011.84	43,064,987.80	47,439,970.17
16,589,556.00	8,469,651.00	7,244,150.68	32,303,357.68
20,708,526.53	**8,725,662.84**	**50,309,138.48**	**79,743,327.85**
-14,364,179.76	-17,184,965.93	31,549,145.69	0.00
193,530,724.92	**34,373,917.16**	**-23,755,277.42**	**204,149,364.66**
-25,068,563.31	-4,452,547.36	6,671,681.64	-22,849,429.03
168,462,161.61	**29,921,369.80**	**-17,083,595.78**	**181,299,935.63**

AUDIT CERTIFICATE

REPORT ON THE ANNUAL 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, 2022, the income statement for the fiscal year then ended, and the notes.

In our opinion, the enclosed annual financial statements are in compliance with statutory provisions and present a true and fair view of the company's financial position as at December 31, 2022, and of the company's financial performance for the fiscal year then ended, in accordance with the relevant provisions of Austrian business law and the Electricity Act 2010 *[Elektrizitätswirtschafts- und -organisationsgesetz/ElWOG 2010].*

Basis for the audit opinion

We have conducted our audit in accordance with the professional auditing principles applicable in Austria. Those principles require application of the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are described in more detail under the heading "Responsibilities of the auditor for the audit of the annual financial statements" of our audit certificate. We are independent of the company in accordance with the Austrian business law and professional law provisions and we have fulfilled our other professional duties in compliance with those requirements. In our opinion, the audit evidence obtained by us by the date of the audit certificate is sufficient and appropriate to serve as the basis for our audit opinion as at that date.

Responsibilities of the legal representatives and the Audit Committee for the annual financial statements

The legal representatives are responsible for the preparation, in accordance with the applicable provisions under Austrian business law and the Electricity Act 2010, of financial statements which present a true and fair view of the company's financial position and financial performance. In addition, the legal representatives are responsible for internal controls which they deem necessary in order to enable preparation of annual financial statements that are free from material misrepresentations due to fraudulent actions or mistakes.

In preparing the financial statements, the legal representatives are 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 the legal representatives either intend to liquidate the company or to discontinue its business activities, or have no realistic alternative.

The Audit Committee is responsible for overseeing the company's financial reporting process.

Responsibilities of the auditor for the audit of the annual financial statements

Our aims are to obtain sufficient certainty as to whether the annual financial statements as a whole are free from material misrepresentations resulting from fraudulent actions or mistakes, and to issue an audit certificate that includes our audit opinion. Sufficient certainty means a high degree of certainty which, however, cannot guarantee that an audit conducted in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, will reveal a material misrepresentation, if any, in any case. Misrepresentations may result from fraudulent actions or mistakes and are considered to be material if one might reasonably expect that any or all of them influence the financial decisions made by users on the basis of these annual financial statements.

As part of an audit in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, we exercise dutiful discretion throughout the audit and maintain a critical attitude.

In addition, the following applies:

- We identify and assess the risks of material misrepresentations resulting from fraudulent actions or mistakes in the financial statements, plan and carry out audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that

material misrepresentations resulting from fraudulent actions will not be uncovered is higher than that resulting from mistakes because fraudulent actions may include fraudulent collusion, falsifications, deliberate incompleteness, misleading presentations, or rendering internal controls inoperative.

- We become familiar with the internal control system that is relevant to the audit in order to plan audit procedures that are reasonable under the given circumstances, but not with the objective of providing an audit opinion on the effectiveness of the company's internal control system.
- We give an opinion on the appropriateness of the accounting methods used and the plausibility of the presented amounts estimated by the legal representatives, including the related disclosures.
- We draw conclusions as to whether application of the going-concern principle by the legal representatives is appropriate and, on the basis of the audit evidence obtained, whether there is material uncertainty in connection with events or circumstances that may give rise to significant doubts about the company's ability to continue its business as a going concern. If we arrive at the conclusion that there is material uncertainty, we are obliged to draw attention to the related disclosures in the annual financial statements in our audit certificate, or, if such disclosure is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained by the date our audit certificate is issued. However, future events or circumstances may lead to the company's departure from continuation of its business as a going concern.
- We give an opinion on the overall presentation, structure, and content of the annual financial statements, including disclosures, and on whether the annual financial statements present a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee, *inter alia* about the planned scope and the planned timeline of the audit, as well as about significant findings made during the audit, including any significant defects in the internal control system we might identify during our audit.

REPORT ON THE MANAGEMENT REPORT

The management report must be audited on the basis of Austrian business law provisions as to whether it is in line with the annual financial statements and whether it has been prepared in compliance with applicable legal requirements.

The legal representatives are responsible for the preparation of the management report in accordance with the applicable provisions of Austrian business law and the Electricity Act 2010.

We have conducted our audit in accordance with the professional auditing principles for audits of management reports.

Opinion

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

Statement

Based on the findings obtained in the course of the audit of the annual financial statements and on the understanding we gained of the company and its environment, no material faulty information was found in the management report.

Vienna, April 12, 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

AUDIT CERTIFICATE

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, 2022, the consolidated income statement, the statement of changes in consolidated equity, and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the enclosed consolidated financial statements are in compliance with statutory provisions and present a true and fair view of the Group's financial position as at December 31, 2022, and of the Group's financial performance and cash flows for the fiscal year then ended, in accordance with the relevant provisions of Austrian business law and the Electricity Act 2010 *[Elektrizitätswirtschafts- und -organisationsgesetz/ElWOG 2010]* and the Natural Gas Act 2011 *[Gaswirtschaftsgesetz/GWG 2011]*.

Basis for the audit opinion

We have conducted our audit in accordance with the professional auditing principles applicable in Austria. Those principles require application of the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are described in more detail under the heading "Responsibilities of the auditor for the audit of the consolidated financial statements" of our audit certificate. We are independent of the Group in accordance with the Austrian business law and professional law provisions and we have fulfilled our other professional duties in compliance with those requirements. In our opinion, the audit evidence obtained by us by the date of the audit certificate is sufficient and appropriate to serve as the basis for our audit opinion as at that date.

Responsibilities of the legal representatives and the Audit Committee for the consolidated financial statements

The legal representatives are responsible for the preparation, in accordance with the applicable provisions under Austrian business law and the Electricity Act 2010 and the Natural Gas Act 2011, of consolidated financial statements which present a true and fair view of the Group's financial position and financial performance. In addition, the legal representatives are responsible for internal controls which they deem necessary in order to enable preparation of consolidated financial statements that are free from material misrepresentations due to fraudulent actions or mistakes.

In preparing the consolidated financial statements, the legal representatives are 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 the legal representatives either intend to liquidate the Group or to discontinue its business activities, or have no realistic alternative.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our aims are to obtain sufficient certainty as to whether the consolidated financial statements as a whole are free from material misrepresentations resulting from

fraudulent actions or mistakes, and to issue an audit certificate that includes our audit opinion. Sufficient certainty means a high degree of certainty which, however, cannot guarantee that an audit conducted in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, will reveal a material misrepresentation, if any, in any case. Misrepresentations may result from fraudulent actions or mistakes and are considered to be material if one might reasonably expect that any or all of them influence the financial decisions made by users on the basis of these consolidated financial statements.

As part of an audit in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, we exercise dutiful discretion throughout the audit and maintain a critical attitude.

In addition, the following applies:

- We identify and assess the risks of material misrepresentations resulting from fraudulent actions or mistakes in the financial statements, plan and carry out audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misrepresentations resulting from fraudulent actions will not be uncovered is higher than that resulting from mistakes because fraudulent actions may include fraudulent collusion, falsifications, deliberate incompleteness, misleading presentations, or rendering internal controls inoperative.
- We become familiar with the internal control system that is relevant to the audit in order to plan audit procedures that are reasonable under the given circumstances, but not with the objective of providing an audit opinion on the effectiveness of the Group's internal control system.
- We give an opinion on the appropriateness of the accounting methods used and the plausibility of the presented amounts estimated by the legal representatives, including the related disclosures.
- We draw conclusions as to whether application of the going-concern principle by the legal representatives is appropriate and, on the basis of the audit evidence obtained, whether there is material uncertainty in connection with events or circumstances that may give rise to significant doubts about the Group's ability to continue its business as a going concern. If we arrive at the conclusion that there is material uncertainty, we are obliged to draw attention to the related disclosures in the consolidated financial statements in our audit certificate, or, if such disclosure is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained by the date our audit certificate is issued. However, future events or circumstances may lead to the Group's departure from continuation of its business as a going concern.
- We give an opinion on the overall presentation, structure, and content of the consolidated financial statements, including disclosures, and on whether the consolidated financial statements present a true and fair view of the underlying transactions and events.
- We 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, *inter alia* about the planned scope and the planned timeline of the audit, as well as about significant findings made during the audit, including any significant defects in the internal control system we might identify during our audit.

REPORT ON THE GROUP MANAGEMENT REPORT

The Group management report must be audited on the basis of Austrian business law provisions as to whether it is in line with the consolidated financial statements and whether it has been prepared in compliance with applicable legal requirements.

The company's legal representatives are responsible for the preparation of the Group management report in accordance with the applicable provisions of Austrian business law, the Electricity Act 2010 and the Natural Gas Act 2011.

We have conducted our audit in accordance with the professional auditing principles for audits of group management reports.

Opinion

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

Statement

Based on the findings obtained in the course of the audit of the consolidated financial statements and on the understanding we gained of the Group and its environment, no material faulty information was found in the Group management report.

Vienna, April 12, 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

PROPOSAL FOR APPROPRIATION OF THE PROFIT

The Management Board proposes that a dividend of EUR 30,000,000.00 be paid out of the net profit for fiscal 2022 of EUR 30,636,728.50 and that the remaining amount of EUR 636,728.50 be carried forward.

Innsbruck, April 12, 2023

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

REPORT OF THE SUPERVISORY BOARD

To keep abreast of the business policy, business operations and the general situation of the company, the Supervisory Board held six plenary meetings and several committee meetings in fiscal 2022 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.

The separate and consolidated financial statements for fiscal 2022 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 company's financial position and financial performance in compliance with generally accepted accounting standards. The auditor has also confirmed that the management reports for the company and the group are 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 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 discussion by the Audit Committee, the Supervisory Board approved the separate and consolidated financial statements as at December 31, 2022, including the management reports for both the company and the group, as well as the corporate governance report and the proposal for appropriation of the profit, hereby adopting the financial statements as at December 31, 2022 pursuant to Section 96(4) of the Austrian Stock Corporations Act *[Aktiengesetz/AktG]*. The consolidated financial statements, the management reports for both the company and the group, and the corporate governance report are hereby duly acknowledged and agreed. 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 the Shareholders' Meeting that DELOITTE Audit Wirtschaftsprüfungs GmbH in Vienna be appointed auditor of the separate and consolidated financial statements of TIWAG-Tiroler Wasserkraft AG for fiscal 2023.

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

Innsbruck, May 12, 2023

For the Supervisory Board

MMag. Dr. Eduard Wallnöfer
Chair of the Supervisory Board

ELECTRICITY LABELING PURSUANT TO SECTIONS 78 AND 79 OF THE AUSTRIAN ELECTRICITY ACT 2010 *[ELEKTRIZITÄTSWIRTSCHAFTS- UND -ORGANISATIONSGESETZ/ ELWOG 2010]* AND THE AUSTRIAN ELECTRICITY LABELING REGULATION 2022 *[STROMKENNZEICHNUNGSVERORDNUNG/KENV 2022]* (TIWAG-TIROLER WASSERKRAFT AG)

Result of the electricity labeling documentation	TIWAG-Tiroler Wasserkraft AG				
	Suppliers		Products		
	kWh	%	100% Hydropower %	100% Green electricity %	TIWAG Electricity %
Hydropower	4,085,840,765	95.15	100.00	95.53	93.58
Wind power	117,689,652	2.73	0.00	2.72	3.62
Solar energy	64,646,696	1.51	0.00	1.14	2.00
Renewable gas (biogas, landfill and sewage gas)	13,668,978	0.32	0.00	0.32	0.42
Biomass (solid, liquid, and waste with a high biogenic share)	12,446,255	0.29	0.00	0.29	0.38
Geothermal energy	167	0.00	0.00	0.00	0.00
TOTAL electricity volume delivered	**4,294,292,513**	**100.00**	**100.00**	**100.00**	**100.00**

Country issuing guarantees of origin	%	%	%	%
Austria	64.99	100.00	100.00	51.89
Norway	35.01	0.00	0.00	48.11
TOTAL countries of origin	**100.00**	**100.00**	**100.00**	**100.00**

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

Amount of jointly traded electricity and guarantees of origin	%	%	%	%
Jointly traded electricity and guarantees of origin	62.58	100.00	100.00	48.59
Guarantees of origin	37.42	0.00	0.00	51.41
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**

AUDIT FINDINGS AND CONFIRMATION

We have audited the electricity labeling of TIWAG-Tiroler Wasserkraft AG (the “Company”), Innsbruck, for the calendar year 2022.

Based on the findings and evidence obtained in the course of our audit, we are of the opinion that the Company’s electricity labeling for the calendar year 2022 is in compliance with Sections 78 and 79 of the Electricity Act 2010 *(ElWOG 2010)* in conjunction with the Electricity Labeling Regulation 2022 *(KenV 2022)* as well as the “Guidelines for Joint Trading in Electricity and Guarantees of Origin”, which were issued by E-Control in August 2022.

Vienna, April 7, 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Wirtschaftsprüfer

ppa. Jakob Pawlowsky, MA
Wirtschaftsprüfer

ELECTRICITY LABELING PURSUANT TO SECTIONS 78 AND 79 OF THE AUSTRIAN ELECTRICITY ACT 2010 *[ELEKTRIZITÄTSWIRTSCHAFTS- UND -ORGANISATIONSGESETZ/ ELWOG 2010]* AND THE AUSTRIAN ELECTRICITY LABELING REGULATION 2022 *[STROMKENNZEICHNUNGSVERORDNUNG/KENV 2022]* (ÖKOENERGIE TIROL GMBH)

Result of the electricity labeling documentation	Ökoenergie Tirol GmbH	
	kWh	%
Hydropower	88,170,883	86.89
Solar energy	10,111,565	9.96
Wind power	2,644,088	2.61
Renewable gas (biogas, landfill and sewage gas)	283,044	0.28
Biomass (solid, liquid, and waste with a high biogenic share)	267,962	0.26
Geothermal energy	3	0.00
TOTAL electricity volume delivered	**101,477,545**	**100.00**

Country issuing guarantees of origin	%
Austria	100.00
International	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

Amount of jointly traded electricity and guarantees of origin	%
Jointly traded electricity and guarantees of origin	100.00
Guarantees of origins	0.00
TOTAL	**100.00**

AUDIT FINDINGS AND CONFIRMATION

We have audited the electricity labeling of Ökoenergie Tirol GmbH (the "Company"), Innsbruck, for the calendar year 2022.

Based on the findings and evidence obtained in the course of our audit, we are of the opinion that the Company's electricity labeling for the calendar year 2022 is in compliance with Sections 78 and 79 of the Electricity Act 2010 *(ElWOG 2010)* in conjunction with the Electricity Labeling Regulation 2022 *(KenV 2022)* as well as the "Guidelines for Joint Trading in Electricity and Guarantees of Origin", which were issued by E-Control in August 2022.

Vienna, April 7, 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

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GAS LABELING PURSUANT TO SECTION 130 OF THE AUSTRIAN NATURAL GAS ACT *[GASWIRTSCHAFTSGESETZ/GWG]* AND THE AUSTRIAN GAS LABELING REGULATION *[GASKENNZEICHNUNGSVERORDNUNG/G-KENV]* (TIGAS-ERDGAS TIROL GMBH)

Result of the gas labeling documentation	TIGAS-Erdgas Tirol GmbH			
	Suppliers		Products	
	kWh	%	Biomethane %	TIGAS natural gas %
Renewable gas (biomethane)	5,796,494	0.13	100.00	0.00
Natural gas of unknown provenance	4,367,057,585	99.87	0.00	100.00
TOTAL gas volume delivered	**4,372,854,079**	**100.00**	**100.00**	**100.00**

Environmental impacts			
CO_2 emissions (g/kWh)	199.73	0.00	200.00
Radioactive waste (mg/kWh)	0.00	0.00	0.00

AUDIT FINDINGS AND CONFIRMATION

We have audited the gas labeling of TIGAS-Erdgas Tirol GmbH (the “Company”), Innsbruck, for the calendar year 2022.

Based on the findings and evidence obtained in the course of our audit, we are of the opinion that the Company’s gas labeling for the calendar year 2022 is in compliance with Section 130 of the Natural Gas Act 2011 *(GWG 2011)* in conjunction with the Gas Labeling Regulation *(G-KenV)*.

Vienna, April 21, 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

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CITYGRAFIC · 6020 Innsbruck · www.citygrafic.at

PHOTOGRAPHY: TIWAG-Tiroler Wasserkraft AG, TINETZ-Tiroler Netze GmbH, Dr. Alessandra Sarti, Martin Vandory, Fabio Keck, Innio / Martin Mühlbacher, TIWAG/Droneproject, Google Earth, snirre/stock.adobe.com

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.

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