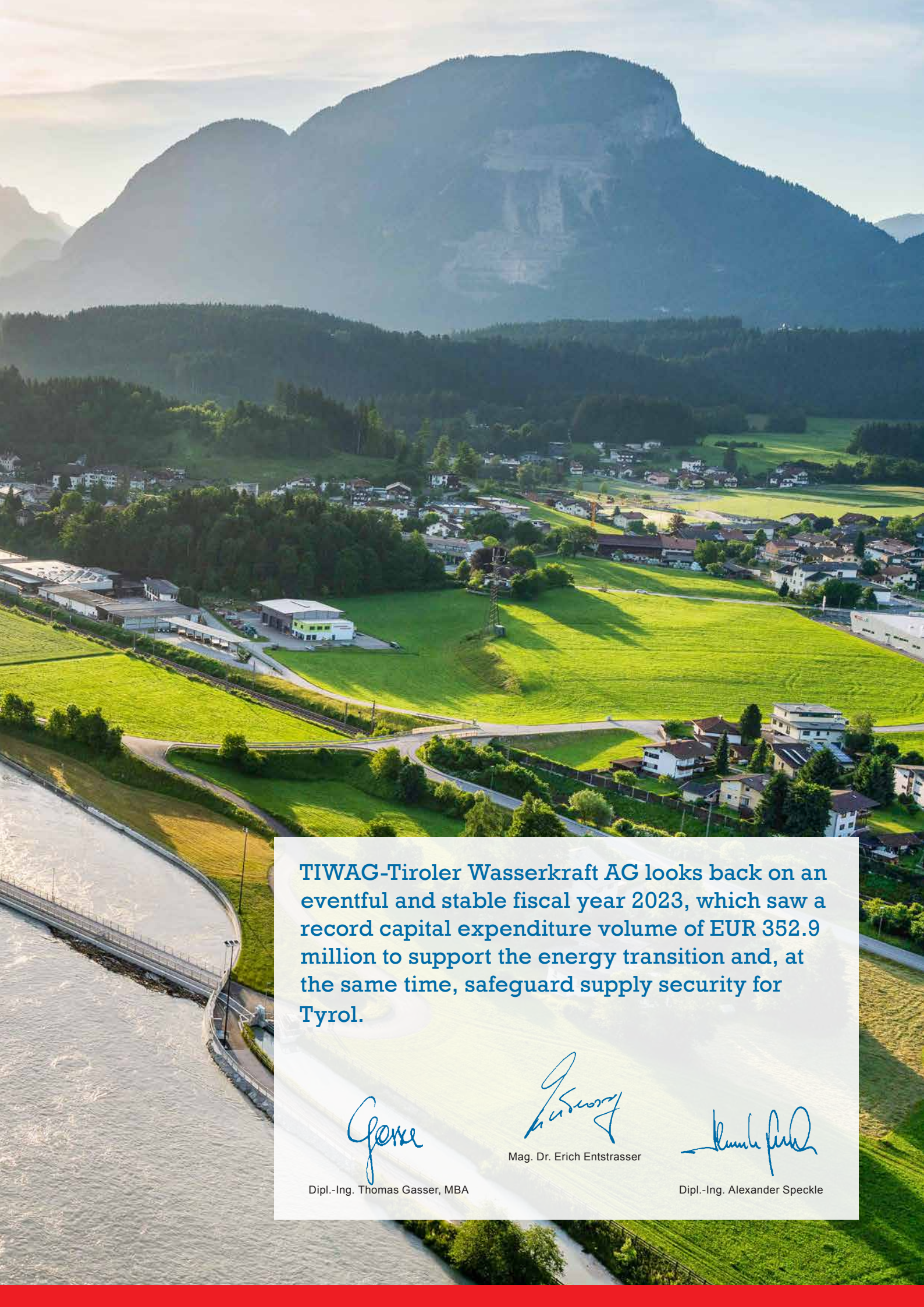
TIWAG

Annual Report

2023



TIWAG-Tiroler Wasserkraft AG looks back on an eventful and stable fiscal year 2023, which saw a record capital expenditure volume of EUR 352.9 million to support the energy transition and, at the same time, safeguard supply security for Tyrol.

Dipl.-Ing. Thomas Gasser, MBA

Mag. Dr. Erich Entstrasser

Dipl.-Ing. Alexander Speckle

Report of the 100th fiscal year of TIWAG-Tiroler Wasserkraft AG

from January 1 to December 31, 2023

Table of contents

Year-on-year comparison

TIWAG-Tiroler Wasserkraft AG	2018	2019	2020	2021	2022	2023
Electricity sales (in GWh)	16,744	18,772	15,560	14,584	14,322	12,412
Sales revenue (in mEUR)	931.4	972.0	853.1	1,192.8	2,456.1	2,290.3
Cash flow from operating activities (in mEUR)	150.1	132.1	149.3	130.5	88.0	226.4
Profit before taxes (in mEUR)	78.4	86.5	93.5	174.7	204.1	194.4
Additions to property, plant and equipment (in mEUR)	96.9	133.2	160.8	256.3	267.5	308.6

Group						
Sales revenue (in mEUR)	1,238.7	1,286.2	1,130.4	1,586.7	3,003.7	2,497.4
Cash flow from operating activities (in mEUR)	190.0	192.4	184.5	158.4	182.8	313.3
Consolidated profit before taxes (in mEUR)	86.8	111.9	78.8	182.8	212.1	195.4
Additions to property, plant and equipment (in mEUR)	215.0	219.5	237.2	326.0	329.5	350.2

Company boards

Supervisory Board
MMag. Dr. Eduard Wallnöfer (Chair)
Mag. Manfred Pletzer (1st Deputy)
Mag.a Michaela Hysek-Unterweger (2nd Deputy)
Mag. Hartwig Röck, reappointed on May 15, 2023
Univ.-Prof.in (em.) Dr.in Hannelore Weck-Hannemann
Mag.a Julia Lang (until May 15, 2023)
Ing. Hans-Peter Bock (since May 15, 2023)

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. Alexander Speckle

Foreword by the Management Board

In 2023, TIWAG-Tiroler Wasserkraft AG had to face multiple challenges, which the company was perfectly fit to cope with thanks to the high quality and robustness of its business model, and the expertise and commitment of its employees. Considering the consolidated profit for the year of EUR 195.4 million before taxes, which is lower than in the year before, the company once more confirmed that its strategy, and, in particular, its focus on the core markets, constitute the basis for long-term success even in difficult times. Stable profits are the prerequisite for us to offer our customers one of the best electricity prices of regional energy suppliers in Austria, to cope with the massive capital expenditure we will have to make to implement the energy transition, and to distribute a reasonable dividend to the shareholder. In the next few years (up to 2028), the TIWAG Group will invest some EUR 2.4 billion to fund the energy transition, thereof EUR 1.4 billion in the expansion of hydropower alone, EUR 586 million in electricity, gas and heat grids, and EUR 97 million in proprietary PV and heat generation facilities. In the reporting year, the TIWAG Group invested some EUR 350.2 million in existing power stations, in expanding hydropower capacities, in information technology, and other areas. Via TINETZ, more than EUR 105.4 million were spent on grid infrastructure upgrading and maintenance. Our subsidiary TIGAS also made sustainable contributions to consolidating supply by investing EUR 31 million in ramping up gas and heat grids; approx. EUR 23.8 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 capital expenditure program, and will thus provide an important stimulus for economic activity in Tyrol, also in the years to come. A substantial amount of such capital expenditure will go to Austrian businesses.

After several years that were characterized by the implications of the Covid-19 pandemic and by the Ukraine conflict, which is now in the third year of war, the fiscal year 2023 was still affected by the energy price developments. In the reporting year, TIWAG kept the electricity price stable for customers in the standard segment for a long time and, contrary to other Austrian regional energy suppliers, implemented the price increase, which had become necessary because of the development of procurement costs, only very late. Taking the electricity cost relief package negotiated with the Tyrol Chamber of Labor into account, the electricity prices for our standard customers are one of the best in Tyrol.

Challenges the energy sector is facing tend to increase. Transformation of the energy sector, i.e. a transformation of the entire energy industry from fossil power sources toward so-called renewables (ecological, regenerative, and carbon-free types of energy, such as hydropower, solar, wind, or biomass), is forging ahead. At the same time, it becomes more and more clear that there is no systemic, cross-sectoral approach based on physical regularities yet. With no sufficiently secured baseload supply in times when there is no wind or the sun does not shine, the necessary balancing services and energy (mainly from storage power stations) to stabilize the grids and concurrently expand the grid infrastructure, such a fundamental transformation of our energy system by massive expansion of highly volatile – because weather-dependent – forms of generation, such as wind power or photovoltaics, will not work.

Additional factors are intensive competition and far-reaching transformation processes caused by increasing decentralization and digitalization of the energy sector, and the implementation of innovative technologies, such as sector coupling in existing energy systems.

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

Established value chains are gradually dissolving, and new sub-markets that present corresponding challenges and growth potentials are being created, while customer requirements have changed.
In the course of this, a rapid transition from mere “consumers” to “prosumers” is taking place. Energy communities and privately-owned PV power generation facilities are only the first few steps toward a future energy system, in which the transition between producers and consumers will not only be smooth but even natural. Even today, this constitutes a major task for the entire underlying infrastructure and will require substantial efforts on the suppliers’ part to keep up with the developments also in the future.

As a regional energy supplier, we focus on secure and integrated supply of Tyrol’s people and businesses with electricity, gas, and heat. Our primary concern is for our actions to be sustainable, reliable, and to have as little impact as possible on the environment. Thus, 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 competition-law framework conditions must be a top priority of ours. Legal certainty is an essential prerequisite for this, both with respect to the approval proceedings for new projects, and with respect to pricing and price adjustments methods. In particular with regard to the latter, clarification by the legislator is absolutely necessary in view of a number of different court decisions.

We would like to express our deepest gratitude to our approx. 1,400 employees, to whom we owe a major part of our business success. All of them show a high and commendable level of solidarity, commitment, flexibility, and adaptability. Combined with their expertise, our employees put us in a very good starting position to meet new challenges optimally also in the years to come. Demographic developments, labor market changes, and, last but not least, shifts in society's perception of working times, flexibility, etc., constitute additional challenges for recruiting qualified staff to work in the business entities of the TIWAG Group and for retaining them.
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 this added value to the younger generation, our potential future employees, to enthuse them with a job in the energy industry. 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 Group.

The past few years have brought considerable political, social, and economic changes in Europe. Our business was and is affected by those changes, and the coming years will continue to be 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 and efficient structures, and continually improving our control and risk tools, and management systems.

In this way, we will continue to be able to warrant secure, affordable, and clean energy supply for all people in Tyrol, and to offer high-quality energy products at competitive prices. We will remain the reliable partner that our business has been for decades.

TIWAG – We have warranted secure, affordable and sustainable energy supply for Tyrol for 100 years and will continue to do so in the future.

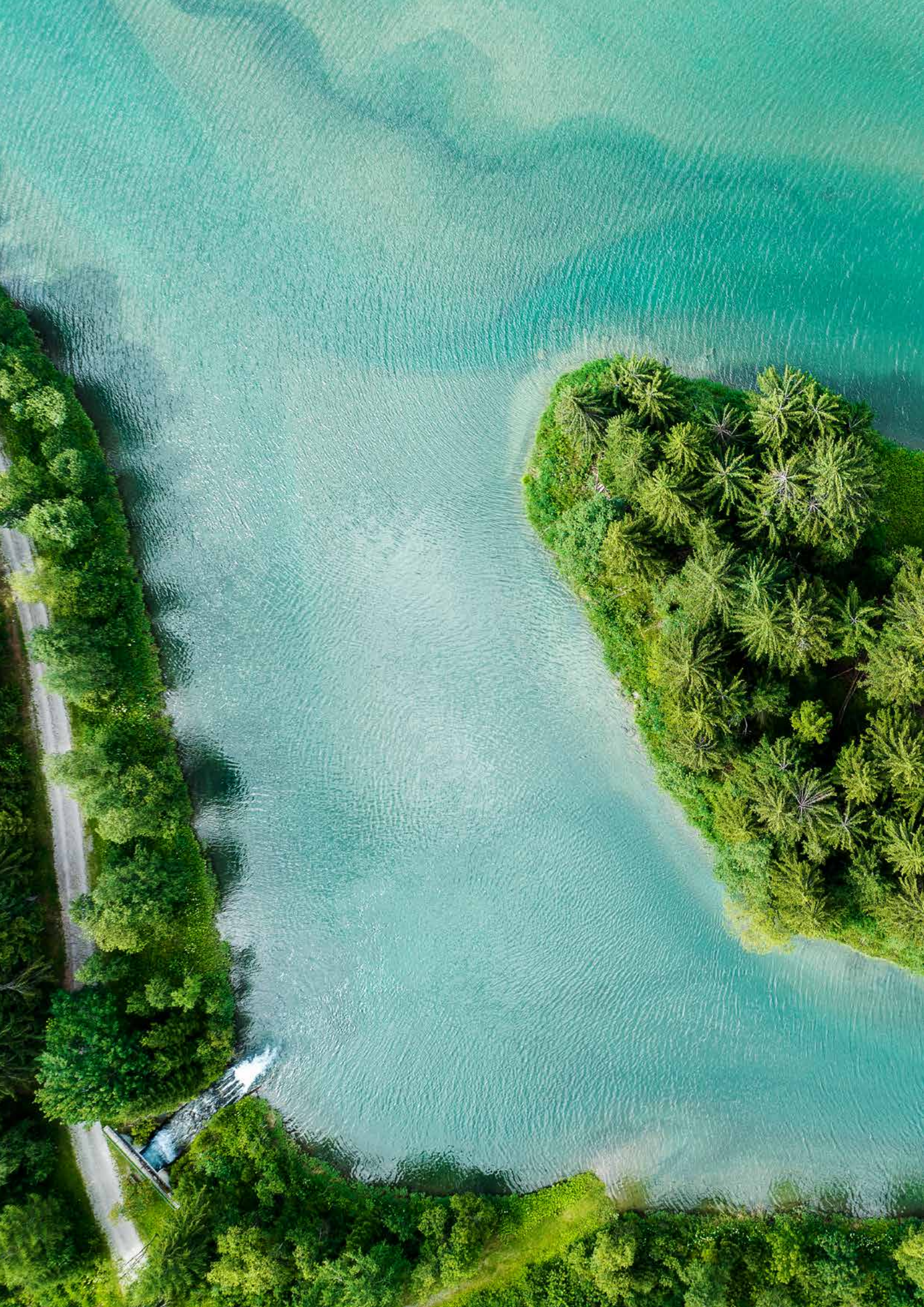
Innsbruck, May 2024

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle



Corporate Governance Report 2023 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, 2023, along with the changes in such situation during fiscal 2023. Unless otherwise stated, the report pertains to the said date. Any significant changes having occurred between this 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 of 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 that they are applicable to TIWAG. The Management Board and the Supervisory Board represent that they applied these guidelines in fiscal 2023 in the exercise of their functions and as per the explanatory notes provided in this report.

The guidelines were complied with in fiscal 2023. 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, 2023, 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 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 May 15, 2023. After presentation of the separate and consolidated financial statements, the management reports for both the company and the group for fiscal 2022, as well as the reports of the Supervisory Board and the auditor, and the Corporate Governance Report, resolutions were passed on the appropriation of the net profit for 2022, the approval of the actions of the Management Board and the Supervisory Board for fiscal 2022, the election of the auditor for fiscal 2023 and the elections to the Supervisory Board.

5. COLLABORATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board is responsible for managing the corporation and conducting its business, while the Supervisory Board's tasks are to advise and supervise the Management 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 on material aspects of the strategy, on the current financial performance and risk situation, on significant transactions, on compliance, and risk management. The Management Board is in regular contact with the chair of the Supervisory Board, even beyond meetings, and reports significant transactions to him without delay.

A basic prerequisite for open discussions between the Management Board and the Supervisory Board is comprehensive safeguarding of confidentiality vis-à-vis third parties. The principle of confidentiality is laid down in the internal 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 to attend meetings of the Management Board for consultation on specific matters, where necessary. In such a case the relevant persons will be informed about the confidentiality principles, and compliance with non-disclosure obligations, which are equivalent to those of a Management Board member, is confirmed and evidenced 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, in addition to their work on the Supervisory Board, to render services for the corporation or a subsidiary for remuneration that is not merely insubstantial. The Supervisory Board also represents the corporation in legal transactions with the Management Board. Contracts with enterprises in which a member of the Supervisory Board or the Management Board 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 2023:

Chair of the Management Board
Erich Entstrasser
- Born in: 1960
- Member since January 1, 2013
- Management Board Chair since January 1, 2016
- Start of current term of office: October 12, 2021
- End of current term of office: 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
Alexander Speckle
- Born in: 1969
- Member since January 1, 2023
- Start of current term of office: January 1, 2023
- End of current term of office: December 31, 2027

In the reporting year, he sat on the supervisory boards of TINETZ-Tiroler Netze GmbH and Innsbrucker Kommunalbetriebe Aktiengesellschaft.

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 by 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 schedule of responsibilities 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 also govern the transactions and actions which require the consent of the Supervisory Board or of a Supervisory Board committee established and authorized for such purpose.

Due to organizational changes made in the course of our ongoing group streamlining efforts and the start of the

term of office of the new Management Board Member Construction, the internal rules of procedure for the Management Board were adapted with effect from January 1, 2023 and approved by the Supervisory Board. Since various activities have been pooled in our subsidiary, TIWAG-Next Energy Solutions GmbH, the Heat segment, of which Thomas Gasser is in charge, and the Control System and New Technologies segment, of which Alexander Speckle is in charge, are no longer dealt with by the parent and are thus no longer included in the new schedule of responsibilities. For streamlining purposes the services which had previously been provided by the Technical Facility Management (TGM) department were allocated to the departments to which they technically relate. Accordingly, the relevant entry was deleted from the schedule of responsibilities of Alexander Speckle without replacement. The schedule of responsibilities of the members of the Management Board, which is part of the internal rules of procedure, regulates their areas of work as from January 1, 2023 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, energy strategy, and energy efficiency.
Alexander Speckle	Hydropower engineering, mechanical engineering, construction, power station programming, central procurement.

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

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 aims at starting succession planning at an early stage if and when it becomes evident that members of the Management Board will leave the Board. In the reporting year the Supervisory Board passed a resolution to the effect that the upcoming two Management Board vacancies due to the end of the terms of office of Erich Entstrasser and Thomas Gasser be advertised in the first quarter of 2024. For that purpose, process consultants and a personnel consultant have been called in and the process will be accompanied by a management appraisal, with the Committee for Management Board Matters being in charge. In fiscal 2024, the recruiting process will be handled operationally by the Committee for Management Board Matters and, after a ranking by the Committee, appointment proposals will be submitted to the plenary meeting of the Supervisory Board for resolution.

The Supervisory Board will define the structure and fix the amount of remuneration of the Management Board members. 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 will also be 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 2023, the remuneration of the entire Management Board amounted to EUR 1,275,520.87.

7. EXECUTIVE EMPLOYEES

In the reporting year 2023, upon implementation of the group streamlining measures, in addition to the four active *Gesamtprokuristen* [authorized officers holding joint power of representation/*Prokura*] (Generation, Energy Trading, Controlling and Treasury, Central Procurement), another two joint powers of *Prokura* were granted. TIWAG-Tiroler Wasserkraft AG only appoints persons executive employees *(Prokuristen)* who possess the knowledge, skills and expertise required for, and who are capable of, fulfilling those tasks. Pursuant to the current internal rules of procedure, the Supervisory Board approved, upon proposal by the Management Board, the granting of *Prokura* as defined in Section 48(2) *UGB* to the head of Human Resources, Lisa Gruber, and the head of Energy Sales, Christian Nagele. They have been representing the corporation vis-à-vis third parties with legally binding effect since April 1, 2023.

8. SUPERVISORY BOARD

8.1 RESPONSIBILITIES

The definition of responsibilities of the Supervisory Board is regulated by law in the Stock Corporations Act, the Business Code and the Labor Code *[Arbeitsverfassungsgesetz/ArbVG]* and internally in the Articles of Association and the internal rules of procedure 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, five plenary Supervisory Board meetings were held in the reporting year. The attendance ratio of all Supervisory Board members was 93.3%. 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 or 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.

8.2 COMPOSITION OF THE SUPERVISORY BOARD

The authority to select members of the Supervisory Board is vested solely in the Shareholders' Meeting and 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 2023. 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 a second deputy, each for the duration of their terms of office. Since Julia Lang left the Supervisory Board on May 15, 2023, there has no longer been an equal number of women and men of the Supervisory Board members elected by the Shareholders' Meeting. 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 2023, the Supervisory Board was comprised of the following persons:

Eduard Wallnöfer
Chair

- Born in: 1978
- Supervisory Board member since 2022
- Appointed for the current term of office 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.

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.

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 15, 2023
- End of current term of office: ordinary Shareholders' Meeting 2026

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 of May 15, 2023

Despite her valuable work in the past years, Julia Lang will not be available for another term of office at her own request.

Hans-Peter Bock
Member
- Born in: 1957
- Supervisory Board member since 2023
- Appointed for the current term of office on: May 15, 2023
- End of current term of office: ordinary Shareholders' Meeting 2026

Employee representatives

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

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

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

The principle of strictly personal fulfilment of one's tasks applies. In a specific case any Supervisory Board member may have themself 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 a 2nd deputy from amongst its members, each for the duration of their terms of office. The Supervisory Board is chaired by Eduard Wallnöfer.

8.3 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 has the casting vote. Documents of the Supervisory Board are 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.

8.4 COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board may, from among its members, appoint one or more committees and lay down their rights and responsibilities. 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
Eduard Wallnöfer	Chair
Manfred Pletzer	1st Deputy
Michaela Hysek-Unterweger	2nd Deputy
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 24 meetings. All those Supervisory Board members who are not on the Executive Committee are provided with the minutes of the meetings including 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
Eduard Wallnöfer	Chair
Manfred Pletzer	1st Deputy
Michaela Hysek-Unterweger	2nd Deputy
Franz Eckhart	Works Council delegate

Meetings of the Committee for Management Board Matters are held if and when required. One meeting was 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 (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 2023, the Audit Committee was composed as follows:

Members of the Audit Committee:

Name	Position
Eduard Wallnöfer	Chair
Manfred Pletzer	1st Deputy
Michaela Hysek-Unterweger	2nd Deputy
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 the audit of the (consolidated) financial statements and preparing the adoption of the same, the assessment of the proposal for distribution of profits, the management reports for the corporation and for the group, and of the Corporate Governance Report, as well as on reporting on the outcome of the audit to the Supervisory Board, the election of the auditor of the (consolidated) financial statements, monitoring the audit of the (consolidated) financial statements, determining the audit focuses for 2023, monitoring of the accounting process, risk management, and acknowledging the audit program and audit reports of Internal Audit.

8.5 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 an honorary capacity and are entitled to reimbursement of reasonable expenses.

The relevant remuneration scheme for attendance fees and expense allowances was adopted by 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 2023 amounted to EUR 60,394.52 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 in terms of its rules regarding 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. In fiscal 2023, no employee of the State of Tyrol was appointed Supervisory Board member.

8.6 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 available to other customers as well. The power to decide on the approval of transactions with officers of the corporation 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.

9. TRANSPARENCY

Business information is publicly available 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.

10. INTERNAL AUDIT

As an administrative unit, Group Internal Audit directly reports, and is only accountable to, the Management Board of the TIWAG Group. This also applies to audit procedures at affiliates. At TINETZ-Tiroler Netze GmbH, Group Internal Audit acts on behalf of the management. Group Internal Audit fulfils internal audit and controlling duties as an integral part of the monitoring role of the Management Board or management of TINETZ. In this context its tasks include the audit and assessment of adequacy and effectiveness of the documented internal control systems, the risk management system, and the compliance management system. In addition, Group Internal Audit may assume an advisory role and is in charge of monitoring and compliance with statutory provisions and internal rules. Group Internal Audit bases its work on the "Standards for the Professional Practice of Internal Auditing" of the Institute of Internal Auditors (IIA).

11. 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, 2023.

On the basis of the election proposal made by the Supervisory Board at the Shareholders' Meeting of May 15, 2023, the State of Tyrol, being the sole shareholder of TIWAG-Tiroler Wasserkraft AG, elected Deloitte Audit Wirtschaftsprüfungs GmbH (group) auditor for fiscal 2023. The election proposal of the Supervisory Board was prepared by the Audit Committee. In preparation for making 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] (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 election of the auditor, 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 fourth time in a row, has audited the separate financial statements and consolidated financial statements including the (group) management report for fiscal 2023, and the bookkeeping, and issued an unqualified opinion on both.

12. 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 carried out by Deloitte Audit Wirtschaftsprüfungs GmbH. The audit did not give rise to any objections.

Innsbruck, April 5, 2024

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 26, 2024 and reported on the course and outcome of their audit.

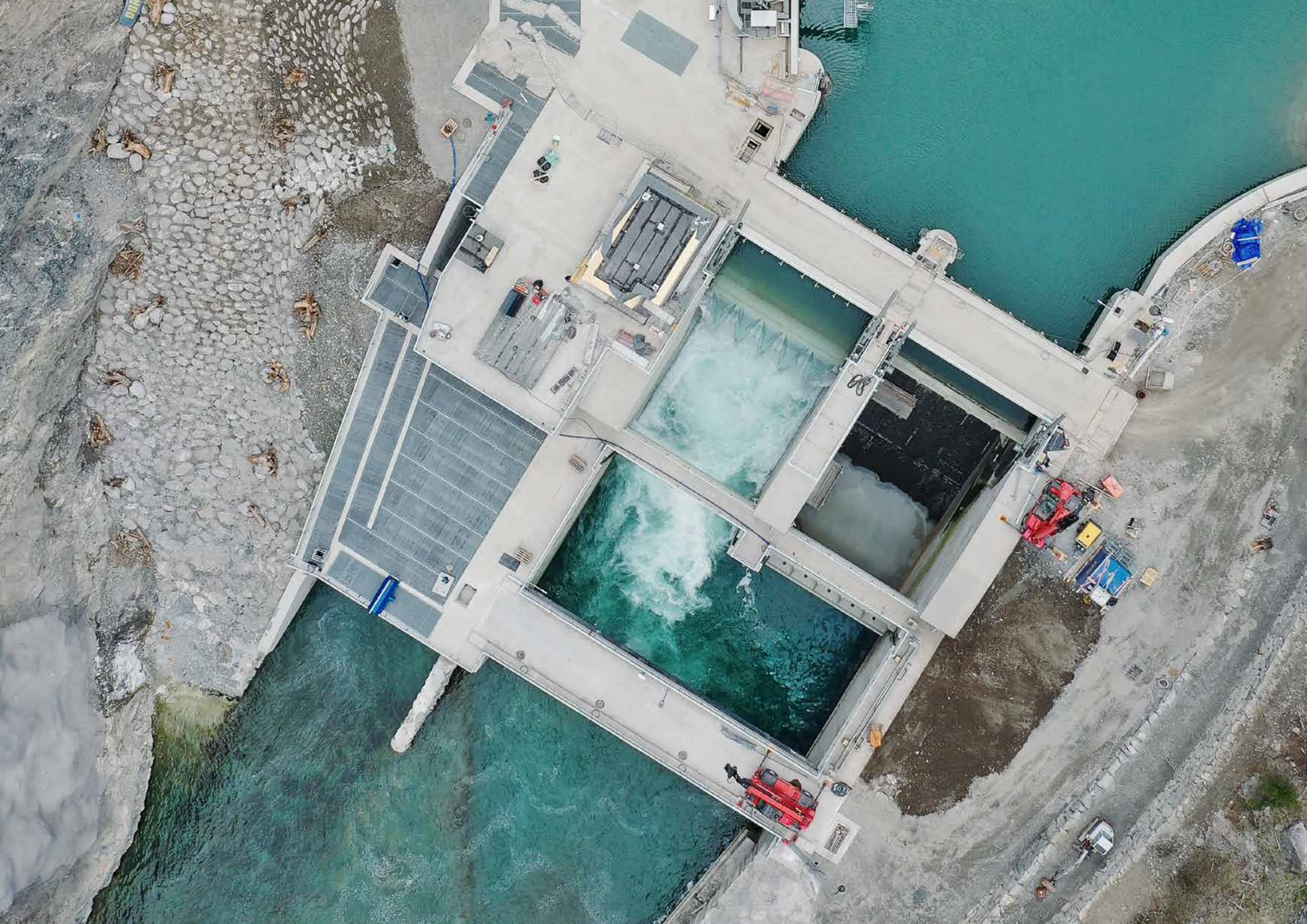
The Audit Committee examined the separate financial statements and the consolidated financial statements including (group) management report at its meeting of April 26, 2023, taking the audit reports into account, and discussed the same with the auditor. The chair of the Audit Committee reported on the outcome of that preliminary examination.

The auditor attended the annual financial statements meeting of the Supervisory Board on May 14, 2024 and reported on the course and outcome of their audit. Based on the recommendations made by the Audit Committee, the Supervisory Board approved of the annual financial statements for 2023 and agreed to the proposal made by the Management Board to the Shareholders' Meeting that a dividend of EUR 50.5 million be distributed. The Supervisory Board agreed to 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 14, 2024

The Chair of the Supervisory Board

MMag. Dr. Eduard Wallnöfer



MANAGEMENT REPORT FOR THE COMPANY AND THE GROUP

As a horizontally integrated energy supply company, TIWAG covers the entire energy industry value chain across different sectors, and achieved a positive operating result similar to prior-year levels in 2023.

The fiscal year 2023

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] 44133b and has its registered address in Innsbruck. The share capital amounts to EUR 300 million, divided into 300,000 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 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 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, and central procurement, are in the hands of Management Board Member Alexander Speckle. 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 Gas and Heat, while the remaining activities are shown under Equity Investments and Miscellaneous.

The segment definitions applicable within the TIWAG Group are based on internal reporting structures, which inform management decisions. Segments are formed based on products (electricity, gas and heat) and regulatory aspects, 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-Wärme 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 ▪ Renewable Gases ▪ Photovoltaics ▪ Charging and Filling Infrastructure	▪ 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 put 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 206.3 million (prior year: EUR 199.1 million) in our existing power generation plants (including a pro-rata share of electricity procurement rights).
Energy Trading and Energy Industry is tasked with steering and optimizing energy procurement and delivery, and with managing the power generation portfolio, while also safeguarding generation and sales positions over the long term.
Energy Sales, which covers all types of energy, handles the selling of energy to our customers.

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 grid 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 105.4 million in the reporting period (prior year: EUR 90.4 million), covers a total of 12,284 km (prior year: 12,179 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-Wärme Tirol GmbH make major investments.

In the reporting period, our subsidiaries invested a total of EUR 31.0 million (prior year: EUR 29.5 million) in upgrading our district heating and gas grids, and expanding our district heating grid, with a focus on ramping up the grid 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 electricity 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.

Gender mainstreaming

No gender-neutral wording or other aesthetic techniques of gender mainstreaming are used in sections "management report for the company and the group" and "financial statements for the company and for the group"; customers, employees, etc. always explicitly include female customers, employees, etc. as well.

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 history, and volumes sold. In the distributors segment, we deliver electricity to regional utility companies in Tyrol to enable them to supply their own customers.

We are also present as a reliable trading partner on the electricity and gas wholesale markets and engage in trading on national and international energy exchanges, both in spot and futures markets. Trading, which is subject to strict rules and regulations, provides us with fundamental data that 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, reasonable 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 reasonable 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, reasonable pricing, flexible contract terms, energy quality, and competent technical advice are factors we combine individually to meet customer needs. These disparate criteria determine which sales, distribution, and communication channels will be used. 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 marketing. 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 auctions on the balancing energy markets, and auctioning off cross-border

transmission capacity rights are high. The relevant distribution and communication channels are highly standardized and structured.

In the reporting period, revenue from electricity sales came to EUR 2.018.3 million (prior year: EUR 2,473.1 million), which corresponds to an 80.8% (prior year: 82.3%) share of total sales revenue. In the non-regulated electricity segment, revenue is driven mainly by 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 16.6% (prior year: 16.1%) of group-wide sales revenues. 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. Optimal use of our power stations, the best possible marketing of our self-generated energy, optimal energy procurement and securing distribution are of crucial importance to us. With our pumped storage power stations, we balance fluctuations in production and consumption because they can act as producers or consumers depending on grid utilization. Power stations are both highly efficient and boast an excellent ratio between use of energy during construction and operation and the energy generated over the lifetime of the station.

Moreover, the stations have black start capabilities, i.e. they do not need any external energy to start operation. In this way, we create high-quality flexibility products and are able to offer system services, such as primary, secondary and tertiary control. In addition, we provide power station capacity for grid services (provision of reactive power, black start capability).

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 reasonable maturity dates. As hydropower capacities in Tyrol are being expanded, the heat market is transforming 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.

We source different resources from business partners outside the organization and are engaged 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 accounts for a substantial amount of fixed costs.

Business models in the regulated energy sector

High-performance grids are a *sine qua non* for reliable energy supply and for implementation of the energy transition. Our core products electricity, heat, and gas are distributed via grid-bound energy systems. Our electricity distribution grid is 12,284 km long (prior year: 12,179 km), while our gas grid comes to 3,970 km (prior year: 3,960 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 grid 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 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 materials and personnel expenses, 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, in particular photovoltaics, have become an important factor in combination with new ways of storing energy. Both energy policy framework conditions and climate considerations of the State of Tyrol in combination with the Renewables Expansion Act *[Erneuerbaren-Ausbau-Gesetz/EAG]* are moving toward renewable and decentralized energy generation. Those 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 business 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 Photovoltaics and E-Mobility business units to our subsidiary TIWAG-Next Energy Solutions GmbH. The future structure of the District Heat segment within the Group is yet to be determined; the required interfaces between the subsidiaries TIGAS-Wärme Tirol GmbH and TIWAG-Next Energy Solutions GmbH will be streamlined in the next few years.

In the heat sector, the desired transitioning away from fossil fuels for climate policy reasons will lead to a profound change in the heat market in the medium run. According to the energy goals of the State of Tyrol, heat supply is to be largely decarbonized by 2040. The move away from fossil fuels will significantly change our business model of supplying heat from natural gas, which will remain relevant as a bridge technology for a longer period of time; however, this transformation process requires a group-wide, coordinated approach and sufficient financial resources for the necessary investments in the development of an alternative heat supply infrastructure. In a first step, we acquired the 14% interest in our subsidiary TIGAS-Erdgas Tirol GmbH in the reporting year, whose name was subsequently changed to TIGAS-Wärme Tirol GmbH, from Innsbrucker Kommunalbetriebe AG.

In the reporting period, we installed and put into operation more photovoltaic projects that are subsidized by way of market premiums or investment grants under the Renewables Expansion Act. In addition to energy we generate ourselves, we also take surplus electricity from third parties who do not directly consume the energy they generate themselves, but feed it into the public grid.

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 current group strategy is based on analyses that have been continuously revised since 2019 and take

into account the relevant environmental developments. A strategy workshop of the Supervisory Board that was held in the previous year with the assistance of an external expert dealt in detail with the strategic challenges and stated that, in particular in the Gas and Heat segment, an in-depth evaluation of the strategy is considered necessary due to the regulatory framework. Following the strategy workshop, the Management Board reviewed the group strategy based on the two work blocks “Electricity segment” and “Gas and Heat segment, Photovoltaics”.
Based on those evaluations, the Supervisory Board took note of a reliable long-term group strategy in the previous year and reviewed it again in the current fiscal year. In 2023, the entire Management Board further elaborated the key points of the strategy, and the divisions and departments concerned prepared in-depth elaborations on the functional strategies. The assessment of the required resources and prioritization of the implementation programs resulting from the functional strategies played an essential role in giving the Supervisory Board an overview of which packages of measures can realistically be implemented.

The functional strategies also included the estimates of the State of Tyrol regarding the future development of heat pump systems. In addition to the functional strategies, the financial burdens were presented simultaneously in several scenarios. Particular attention was paid to the development of the Group’s equity with different investment volumes and dividend distributions, as well as the effects on debt ratio and financing needs.

In June 2023, the Supervisory Board discussed the functional strategies in detail and acknowledged and agreed to the same. The functional strategies for expansion of hydropower capacities, expansion of photovoltaic capacities, heat, grid expansion, sales, and procurement were discussed in more detail.

This is our mission statement:

(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 financial performance. 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	
	2023 kEUR	2022 kEUR	2023 kEUR	2022 kEUR
EBIT	124,037.5	124,406.0	127,843.0	127,757.0
EBITDA	218,926.7	207,120.4	252,957.9	237,506.6
Profit before taxes	194,383.4	204,149.4	195,400.3	212,133.9

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 shareholders' 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 of 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 Processes 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, flextime credit 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.

In addition to the ongoing projects in flood management, sediment research and management, hydropeaking and limnological monitoring, we focused on the following topics in the reporting year:

The planned Austrian guideline on hydropeaking is intended to summarize the methodology with regard to hydrological, biological and energy assessment and to ensure a uniform approach toward implementation of measures. The bases for this come in part from the SuREmMa+ research report and are also being developed in the interdisciplinary project “ÖkoResch – Good Ecological Potential in high-alpine residual flow stretches and in hydropeaked rivers”. ÖkoResch is a six-year research project implemented by the Institute of Hydrobiology and Aquatic Ecosystem Management in cooperation with the Institute of Hydraulic Engineering and River Research of the University of Natural Resources and Life Sciences, Vienna, which is being carried out on behalf of the Austrian Federal Ministry of Agriculture, Regions and Tourism, Austria’s energy industry and the major Austrian energy supply companies. The underlying concepts are being developed in an integrative and interdisciplinary manner by carrying out interdisciplinary studies and coordinating them in scientific, official and economic circles.

Development of the upper Inn river is being monitored in an extensive research project called “Pre- and Post-Monitoring GKI” together with the University of Natural Resources and Life Sciences, Vienna.

II. ECONOMIC SITUATION

1. FRAMEWORK CONDITIONS

Macroeconomic conditions

Economic development in the EU has slowed significantly since the second half of 2023. Almost all components of demand are affected by the stagnation. GDP growth amounted to 0.6% in 2023 and is expected to accelerate moderately to 0.7% and 1.7% in 2024 and 2025, respectively. Inflation has continued to fall in the Eurozone due to decreasing energy prices, easing supply shortages, and the effects of tighter monetary policy.

HICP inflation for 2023 has fallen to 5.4% and is therefore noticeably lower in the Eurozone than the 8.4% of 2022. For 2024 and 2025, the European Central Bank (ECB) expects inflation to fall further to 2.7% and 2.1%, respectively. The ECB’s key interest rates, which were increased by the ECB Governing Council in several steps from 2.5% to 4.5% in fiscal 2023 based on the available economic and financial data, will significantly contribute to a timely return of inflation to the target value. The labor market in the Eurozone remained robust despite the weak economy.

Since the end of fiscal 2022, Austria's economy has been characterized by stagflation – a combination of high inflation and stagnating economic growth. Fears of a significant recession were not confirmed in the reporting year, although consumer spending by private households and investments on the demand side, and value generation by companies, particularly in the construction sector, on the production side, fell continuously from the middle of the fiscal year. Real gross domestic product (GDP) in Austria fell by 0.7% in 2023.

HICP inflation, which was greatly accelerated by supply shortages and the energy crisis, amounted to 7.8% in the fiscal year and is forecast to reach 4.0% in 2024 and 3.1% in 2025. Although soaring inflation at the beginning of the year has eased in view of the significant increases in key interest rates and the easing of pressure on the energy and food markets since the second half of the year, it remained well above the medium-term target of 2%. In the course of 2023, falling energy inflation was the biggest factor in the decline in overall inflation. With falling prices on the energy markets and their passing on to consumers, a reduction in general inflation can be observed, although consumer price inflation excluding food and energy, so-called core inflation, has remained relatively high due to second-round effects.

Unemployment rates are still at an all-time low, but the economic downturn is beginning to have an impact on the labor market as well. The easing price pressure from the second half of 2023 and the high wage and salary agreements made at the end of the year will lead to increases in actual wages and salaries from 2024 and thus to an increase in private consumption. Economic production is limited by the shortage of labor. If productivity growth cannot compensate for the labor shortage in the medium term, Austria will face a problem when it comes to competition in the future. With regard to Austrian sovereign debt, it should be noted that the economic stimulus measures have increased the budget deficit and that government spending will continue to increase due to the delayed high inflation.

Energy and environmental policy framework

The energy prices and supply security crisis caused by the war in Ukraine in 2022 triggered a debate throughout Europe, which subsequently led to a public consultation by the European Commission on reforming the EU electricity market design. Based on this consultation, in spring 2023, the Commission proposed a regulation to improve the design of electricity markets in the EU. The declared goal of the reform was to better protect consumers against sharp price fluctuations, ensure a secure supply of electricity from renewable energy sources, and strengthen the resilience of the market. The Commission did not intend to interfere with the electricity pricing mechanism that has been in place for more than 20 years, but rather wanted to allow producers of renewable energy to opt out of the merit order system.

Specifically, from the producer's perspective, short-term marketing on the wholesale markets was to be replaced by long-term contractual structures (power purchase agreements) and bilateral contracts for difference, by which the volatile and unknown future market price development is hedged. The EU Parliament presented its own position in mid-September, and on October 17, 2023, the European Council (27 energy ministers) agreed on a common approach. On December 14, 2023, the Council and the Parliament reached a provisional agreement on a reform of the electricity markets in the EU. Based on that, trilogue negotiations have started recently.

After the target for net greenhouse gas reductions by 2030 was increased from 40% to at least 55% as part of the European Green Deal, the key element of the EU's climate policy, the Commission presented a proposal for updating the current climate legislation by the "Fit for 55" package in 2021, which also required an adjustment of national targets.

In fiscal 2023, the Fit for 55 legislation package, which contains a number of proposals for revising and updating EU legislation, was further driven by the European legislator. As early as in the spring, the EU Member States decided to reform the EU emissions trading system (ETS), set up a social climate fund, introduce a Carbon Border Adjustment Mechanism (CBAM), create a separate emissions trading system for road transport and buildings from 2027, and to introduce new rules for emissions trading in aviation and the maritime sector. The European adjustments regarding lower CO2 emissions have led to a tightening of greenhouse gas reduction targets in Austria from -36% to -48% compared to 2005 in the non-emissions trading sector.

In March 2023, trilogue negotiations on a revision of Directive (EU) 2018/2002 on energy efficiency and Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources were concluded for the other two key European climate protection instruments: expansion of renewable energies, and increase in energy efficiency. According to Directive (EU) 2023/2413 amending Directive (EU) 2018/2001 (RED III), the share of renewable energy in EU energy consumption is to be increased from 32% to at least 42.5% by 2030, while the new Directive (EU) 2023/1791 on energy efficiency aims to increase energy consumption savings by 11.7% compared to 2020 by 2030. For Austria, the European requirement means an increase in the share of renewables from 36.4% in 2021 to at least 60% within the next six years.

On November 28, 2023, the European Commission presented an Action Plan to accelerate the expansion and modernization of electricity grids. Among other things, this 14-point Action Plan is intended to facilitate long-term grid planning, faster approval proceedings, and easier access to funds for grid projects.

The 28th UN Climate Change Conference (COP28) took place from November 30 to December 13, 2023 in Dubai. In the run-up to that Conference, a global stock-taking was carried out for the first time to review the goals agreed in the Paris Agreement. In the final declaration, the countries decided to move away from fossil fuels in a fair and orderly manner to achieve greenhouse gas neutrality by 2050. The aim is to triple the capacity of renewable energies by 2030 and to double energy efficiency each year. Apart from renewable energies, nuclear energy, hydrogen, and carbon capture and storage were also named as zero-emission or low-emission technologies.

From a national perspective, the bill for a Renewable Heat Act that was presented in fiscal 2022 has been replaced by a government bill which was presented in October 2023 for a renewable heat package consisting of a Renewable Heat Act and subsidies for replacing heating systems. From January 1, 2024, the new Act will ban gas heating systems in new builds, while mandatory replacement of existing oil or gas heating systems by 2035 and 2040, respectively, provided for in the first bill has not been enacted. Replacement of heating systems, which can still be regulated in detail within the competencies of the Austrian states, is now subsidized by an average of 75% of the costs incurred.

The bill for a Renewable Gases Act *[Erneuerbare-Gase-Gesetz/EGG]* was adopted by the Council of Ministers at the beginning of the fiscal year and submitted for review on February 15, 2023.

To promote renewable gases, the bill provides for a quota model that requires the gas supplier to substitute a certain share of fossil natural gas with renewable gas in the future (green gas quota). Specifically, the share of renewable gases is to be increased to 7.7% of the gas volumes sold to end consumers in all of Austria in the previous year by December 31, 2030. By the end of 2030, the volume to be substituted is envisaged to be at least 7.5 TWh. If the green gas quota is not met, the bill provides for an equalization payment of currently 15 cents/kWh for the deficit.

The amendment to the Environmental Impact Assessment Act 2000 *[Umweltverträglichkeitsprüfungs-gesetz/UVP-G 2000]*, which, among other things, is intended to promote the expansion of renewable energies and the necessary infrastructure, while maintaining a high level of environmental protection, has been in effect since March 23, 2023. Specifically, approval proceedings for energy transition projects will be sped up by defining them as being of great public interest, and the amendment provides that the granting of suspensive effect is excluded if appeals are not sufficiently substantiated.

The Act on an Energy Crisis Contribution - Electricity *[EKBSG]* and the Act on an Energy Crisis Contribution - Fossil Fuels *[EKBFG]* were promulgated on December 29, 2022, and the relevant details were enacted in two Regulations on June 26, 2023. The Federal Act on an Energy Crisis Contribution - Electricity was amended before promulgation of the Regulations. Specifically, on June 21, 2023, the cap on market revenues generated after May 31, 2023 was reduced from EUR 140/MWh to EUR 120/MWh. The Regulation for implementing the Act on an Energy Crisis Contribution - Electricity *[EKB-S-UmsetzungsV]* contains more detailed provisions regarding calculation of the calculation base and the recording and disclosure obligations, while the Energy Crisis Contribution Investment Regulation *[EKB-InvestitionsV]* specifies the tax deduction options for investments eligible for tax benefits.

On June 14, 2023, the Electricity Price Compensation Act 2022 *[Stromkosten-Ausgleichsgesetz/SAG 2022]* was promulgated, which provides for support of businesses that have to bear indirect carbon costs in the calendar year 2022 and are exposed to an actual risk of a shift in carbon emissions. This Act is intended to reduce, by means of direct subsidies, the risk of an increase in production site relocations in certain energy-intensive industries.

The comprehensively revised Federal Energy Efficiency Act 2023 *[Bundes-Energieeffizienzgesetz/EEffG 2023]* entered into force on June 15, 2023. This Act amended the original version of the *EEffG 2014*, which was effective until December 31, 2020, and has taken into account the EU targets of Directive (EU) 2018/2002.
The new Act requires the Republic of Austria to improve energy efficiency and reduce absolute energy consumption by at least 650 petajoule in the period between January 1, 2021 and December 31, 2030. One of the most significant changes brought about by the amendment is the end of the supplier obligation. Instead of offering energy consulting and energy-saving measures, energy suppliers are now required to set up information centers.

Based on the provisions of Sections 94 to 96 of the Renewables Expansion Act, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) presented the Austrian Integrated Grid Infrastructure Plan (ÖNIP) for the first time on July 7, 2023.

This overarching strategic planning tool, which forms the basis for the upcoming grid expansion and restructuring, is intended to coordinate the planning process for the electricity and gas grids and the expansion of renewable energies. The Environmental Report on the Austrian Integrated Grid Infrastructure Plan was published for comments in early September 2023; the final Plan is expected to be available at the beginning of 2024.

The electricity cost subsidy that came into force in fiscal 2022 and was originally granted for the period from December 1, 2022 to June 30, 2024 was extended in the reporting year by another six months until December 31, 2024. That extension of the electricity cost subsidy by six months, which has been mentioned above, also applies to the electricity cost supplement subsidy and the grid cost subsidy. To contain the energy cost increase and strengthen the competitiveness of energy-intensive businesses in Austria, the federal government redesigned the Energy Cost Subsidy No. 2 on the basis of the Energy Cost Subsidy for Businesses Act *[Unternehmens-Energiekostenzuschussgesetz/UEZG]*. Furthermore, the additional grid loss costs incurred by businesses and households as a result of the massive increase in wholesale prices on the electricity market were largely covered. Specifically, a constitutional provision in Section 53(4) of the Electricity Act 2010 *[Elektrizitätswirtschafts- und -organisationsgesetz/ElWOG 2010]* stipulates that, in 2023, the costs for the procurement of energy to cover grid losses will be capped at EUR 186 per MWh by federal funds. The VAT rate for deliveries of small photovoltaic systems effected after December 31, 2023 and before January 1, 2026 was reduced to 0%.

On November 16, 2023, the tightening of the storage obligations of gas suppliers that purchase natural gas from Russia was published in the Federal Law Gazette. According to that, suppliers are required to guarantee the supply of protected customers for 45 days in the period between October 1 and March 1. This period is reduced to 30 days if non-Russian gas is stored. In addition, storage of the strategic gas reserve was extended until 2026.

In fiscal 2023, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology worked on the new Electricity Act *[Elektrizitätswirtschaftsgesetz/ElWG]*, which is intended to replace the current one. On January 12, 2024, the Ministry presented for review the bill, which includes mandatory expansion plans for regional distribution grid operators, flexible grid access for solar and wind power stations, more extensive information duties vis-à-vis customers, and an increase in legal certainty with regard to electricity price changes. The aim of the new piece of legislation is to adapt existing market regulations to new situations and thus to make a significant contribution to achieving European and national energy and climate targets.

On December 6, 2023, the Government of the State of Tyrol sent out an amendment to the Tyrolean Electricity Act 2012 *[Tiroler Elektrizitätsgesetz/TEG 2012]* for review. The bill, which was adopted at the special session of the regional government on January 16, 2024, embodies the basic supply obligation to ensure supply of household customers and small businesses even in cases where no contract is in place.

Energy industry environment

Many factors impact current and future energy demand, the potential for savings and efficiency, energy procurement options, and the expansion of the infrastructure required for technical, economic and regulatory reasons. Demand for electricity is increasing globally. According to the International Energy Agency (IEA), global demand for electricity will increase by 3% on average over the next three years. This growth will also be driven by the energy transition and the associated move away from fossil fuels to alternative sources in mobility and in the heating and cooling sector, and by the industrial sector. The main drivers of increased electricity consumption in Europe are electric vehicles, the switch to heat pumps for heating, and the electrification in the industrial sector. As a result of this trend, the share of renewables in the global energy production mix is growing, on the one hand, while the share of coal and gas, and therefore carbon intensity of electricity generation, will decrease in the years to come, on the other.

By 2030, Austria has set itself the goal of covering all of its annual electricity demand from renewable energy sources. To achieve this, an additional 27 TWh of electricity from renewable sources will be required. The planned amount of electricity will be divided between different renewable sources and thus between different generation technologies. Specifically, 11 TWh are to come from solar energy, 10 TWh from wind, 5 TWh from hydropower, and 1 TWh from biomass. This is a challenge not only for electricity producers, but also for grid operators.

In fiscal 2022, competition on the Austrian electricity and gas markets virtually came to a standstill due to the many terminations of customer contracts, the withdrawal of offers and the stop of offers for new customers. The massive increase in energy prices and the upheavals on the markets led to electricity and gas price hikes in 2022. With the easing of the price situation on the wholesale markets at the beginning of 2023, businesses in the energy industry were in the reverse situation of passing on the reductions to end customers in a timely manner. The situation was exacerbated by the fact that before and after Section 80(2a) *ElWOG* entered into force, the statutory requirements regarding the right to change prices were and are unclear, and there were unresolved legal issues regarding basic supply. Since early 2023, competition has become significantly tougher; all suppliers are once again offensively active on the market.

In this difficult environment, we have reliably supplied our customers and, due to our forward-looking procurement strategy, implemented the price increase very late compared to the rest of Austria. The legal uncertainty surrounding correct price changes has also had a massive impact on TIWAG.

In order for the electricity market to work well, it is important for electricity bidding zones to correctly reflect existing bottlenecks in power lines. A load-flow-based approach is currently used to calculate the expected cross-border transmission capacity in the Austria-Germany bidding zone, which has existed since October 1, 2018.

Specifically, as part of pre-coupling, transmission system operators report the expected available transmission capacity to the Joint Allocation Office (JAO), which is subsequently responsible for pricing as an explicit auctioneer. The transmission rights are also implicitly allocated by the day-ahead spot market on the electricity markets. Due to the splitting of the joint pricing zone, the price spread has widened more and more in recent years, leading to considerable competitive disadvantages for Austrian industrial enterprises.

The gas industry is facing a major upheaval. Also in the gas industry there is legal uncertainty regarding changes to gas supply contracts that are subject to the Consumer Protection Act *[Konsumentenschutzgesetz/KSchG]*. In the course of the planned gradual move away from fossil gas to green gas, regular price adjustments are likely to be made, which is why statutory rules are required to ensure legal certainty as to how and which additional costs can be passed on.

Energy price trends

The situation on the energy markets began to ease toward the end of fiscal 2022, which continued in the first quarter of 2023. Wholesale prices for electricity and gas decreased significantly and at times fell below the level recorded before the war in Ukraine. Overall, in fiscal 2023 prices moved sideways with a downward trend. On the last trading day in the current fiscal year, the base price CAL 2024 stood at EUR 95.72/MWh, and the peak price CAL 2024 at EUR 108.62/MWh. The average price in 2023 was EUR 137.51/MWh (base) and EUR 164.77/MWh (peak).

Prices on the spot markets also fell compared to the previous year. In the reporting period, electricity prices on the spot market for Germany for the base and peak products amounted to an average of 95.18/MWh (base) and EUR 106.24/MWh (peak).

As with electricity, also the gas price has fallen since the beginning of the fiscal year, as the risk of gas shortages has decreased due to reductions in consumption and increased quantities for importing liquefied gas

into Europe. Due to the Hamas attack on Israel, the gas price rose briefly at the beginning of October, but fell significantly starting from the middle of the same month until the end of the year. The THE day-ahead price was EUR 64.824/MWh at the beginning of the year and EUR 29.877/MWh at the end of the year, while on the futures market, the 2024 THE annual gas contract was EUR 78.000/MWh at the beginning of the year and EUR 37.214/MWh at the end of the year. Average prices (day-ahead) amounted to EUR 40.98/MWh in 2023 and to EUR 53.59/MWh for the annual gas contract. The TTF day-ahead price was EUR 63.998/MWh at the beginning of the year and EUR 29.927/MWh at the end of the year, while the TTF annual gas contract for 2024 was EUR 75.500/MWh at the beginning of the year and EUR 36.397/MWh at the end of the year. Average prices (day-ahead) amounted to EUR 40.52/MWh in 2023 and to EUR 52.27/MWh for the annual gas contract.

Prices for emission allowances have risen continuously in recent years. While the price was still below EUR 10/t after introduction of emissions trading in 2005, it settled at between EUR 80/t and EUR 100/t at the beginning of 2023. The main reason for the increasing prices is the decision of political decision-makers to limit the supply of certificates.

To avoid distortions of competition, the EU established a Carbon Border Adjustment Mechanism (CBAM) to protect the European single market. The transition phase began on October 1, 2023, during which importers of CBAM goods (iron, steel, aluminum, fertilizers, cement, hydrogen or electricity) will be subject to separate reporting obligations; the pricing phase will not begin before January 1, 2026 with a mandatory purchase of carbon allowances.

2. DEVELOPMENT OF BUSINESS

In fiscal 2023, we once again operated in a very challenging political environment and energy industry. Due to those challenging conditions, we look back on a difficult fiscal year from a business point of view.

In 2023, the discussion about electricity prices, which was at times unobjective, harmed our company. In retrospect, the discussion was all the more incomprehensible as we did not increase our electricity prices until the end of July 2023 and therefore offered one of the lowest electricity prices in Austria. Even after the price adjustment, our electricity price was the lowest of all regional energy companies and VERBUND AG. Despite this environment, we managed to ensure security of supply with electricity, gas, and heat at all times and achieved a good operating result at the level of the previous year, which is urgently needed to finance the capital expenditure necessary for transforming the energy system.

In order to secure the supply of natural gas in Tyrol this winter, we managed our own gas storage facility of a volume of 500 GWh to supplement the strategic gas reserve of the Republic of Austria.

Our earnings before taxes were within the forecast range and amounted to EUR 194.4 million in the separate financial statements and to EUR 195.4 million in the consolidated financial statements. In the core business, local, renewable, and carbon-free hydropower from existing power stations and newly added stations, as well as optimal marketing on the European electricity market will make a significant value contribution to our result. The regulated electricity and gas grid business and the expanding heat business made reasonable and steadily growing contributions to value generation.

In 2023, we made further progress in the ramping up of power station capacities and managed the enormous investments out of our own resources without capital increase measures. Thus, we once again secured the Group's financial independence. Furthermore, we stabilized the debt ratio at a level which preserves the Group's excellent credit rating.

The challenging developments in the past year have impressively demonstrated that we can cope with severe fluctuations in the political and economic situation. With our broad business portfolio we are still well positioned to operate sustainably and profitably.

TIWAG Group

Consolidated sales revenue, which consists mainly of electricity and gas sales revenue, decreased by 16.9% to EUR 2,497.4 million in the reporting year (prior year: EUR 3,003.7 million) due to easing energy prices. As in the preceding year, the consolidated operating result amounted to EUR 127.8 million (prior year: EUR 127.8 million). The good year in terms of water supply and the marketing of electricity we generated ourselves had a positive effect on consolidated profit before taxes. We procured gas reserves at high gas prices to ensure supply security already in the previous year. We had to write down those reserves to the low price on exchanges as at the balance sheet date due to the drop in gas prices that occurred again this year.

The development of the financial result was influenced by various opposing factors. In fiscal 2023, we received dividends in the amount of EUR 102.8 million from our VERBUND equity investment, while opposed thereto interest expenses for debt financing and employee benefits increased, and supplementary contributions to the pension fund had to be made in 2023 as well.
In total, consolidated profit before taxes amounted to EUR 195.4 million (prior year: EUR 212.1 million) in fiscal 2023.

In 2023, we also managed to further step up our long-term capital expenditure program, which is a key driver of our sustainable growth in the future. In the reporting year, we invested EUR 350.2 million (prior year: EUR 329.5 million) in property, plant and equipment. Consolidated cash flow from operating activities, which came to EUR 313.3 million in the reporting year (prior year: EUR 182.8 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 2023, net debt, which is understood as the difference between non-current and current financial liabilities and cash equivalents decreased by EUR 30.0 million to EUR 915.5 million (prior year: EUR 945.5 million), and the ratio of net debt to consolidated EBITDA improved from 2.88 to 2.28.

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 decrease in electricity and gas prices, sales revenue as per the separate financial statements decreased by EUR 165.9 million to EUR 2,290.3 million (prior year: EUR 2,456.1 million), and the net operating income was similar to the prior-year level at EUR 124.0 million (prior year: EUR 124.4 million). In the reporting year, investment in intangible assets and in property, plant and equipment amounted to EUR 317.7 million, 7.1% above the prior-year figure of EUR 296.5 million.

Significant events in the fiscal year 2023

(1) On February 17, 2023, Austria and Germany reached a bilateral agreement on their joint responsibility for the use and filling of natural gas storage facilities and transport of gas volumes stored in the event of a shortage. Among other things, the agreement stipulates that the transit of gas via Germany to Tyrol will be maintained in the event of a gas shortage. Furthermore, it was agreed that Austrian enterprises that have stored gas in the Haidach or 7Field gas storage facilities will be allowed to transport the gas stored by them to Austria via Germany in the event of an emergency, provided that there are no technical reasons preventing such transit. Irrespective thereof, quick completion of the pipeline connecting Tyrol and Salzburg (“Hochfilzen pipeline”) and thus direct access to the natural gas storage facilities in Upper Austria is essential to ensure security of natural gas supply. Work on the new high-pressure natural gas transit connection to Tyrol has already started, and the approximately 20 km long gas grid gap between Saalfelden and the state border in Hochfilzen is due to be closed by the end of 2024.

(2) In February 2023, Commercial Court Vienna *[Handelsgericht Wien]* as the court of first instance in proceedings instituted against VERBUND AG by the Austrian Association for Consumer Information (VKI) found that, in addition to formal errors in the General Terms and Conditions (GTC), also the fact that electricity generated by the Group itself was not taken into account leads to ineffectiveness of the price adjustment made in May 2022. In September 2023, Higher Regional Court Vienna *[Oberlandesgericht Wien]* upheld the judgment rendered by the Commercial Court insofar as it found the price adjustment clause to be inadmissible, but justified this decision exclusively by means of the law governing general terms and conditions. The proceedings are now pending with the Austrian Supreme Court *[Oberster Gerichtshof]*, and the judgment has yet to be rendered.

(3) In parallel to the prevailing legal uncertainties regarding changes to contractually agreed prices for consumers under the Consumer Protection Act and for small entrepreneurs, the Tyrol Chamber of Labor *[Arbeiterkammer]* obtained a legal opinion on the implementation of electricity price adjustments in accordance with Section 80(2a) *ElWOG*, which essentially confirms the judgment of Commercial Court Vienna. On the basis of this opinion, the Association for Consumer Information subsequently sued us to cease and desist from using value adjustment clauses in the General Terms and Conditions of Delivery. Four cases are now pending, concerning both the price increase effective as of June 1, 2022 and the price increase effective as of July 24, 2023. The discussion so far has shown how difficult it is to establish a legally sound pricing policy under the current legal options. It remains unclear how future price adjustments by enterprises that have their own physical generation can be carried out in a legally sound manner. Irrespective thereof, we quickly and directly pass on price reductions to our customers. Specifically, since January 1, 2024, we have reduced our energy charge for new products less bonuses to EUR 12.70 cents/kWh excluding VAT and guarantee that the energy charge can only be reduced, and not increased, until the end of 2024.

(4) In January 2024, District Court *[Bezirksgericht]* Innsbruck ruled against us in the fist action brought by the Tyrol Chamber of Labor. Following an in-depth analysis of the judgment rendered by the court of first instance and intensive negotiations with the Tyrol Chamber of Labor, we have decided not to appeal against the judgment. The agreement reached with the Tyrol Chamber of Labor also provides for relief; the details of payment were worked out and subsequently communicated.

(5) On May 12, 2023, the Supervisory Board approved the construction of the Tauernbach-Gruben power station, which had been planned for many years. This construction decision constitutes another milestone for sustainable expansion of local hydropower capacities. After years of preparation, we were quick to start implementation.

(6) To realign our supply of heat from natural gas and to optimize group structures we acquired the 14% share in our subsidiary TIGAS-Erdgas Tirol GmbH (now: TIGAS-Wärme Tirol GmbH) held by Innsbrucker Kommunalbetriebe in June 2023; since then we have been holding 100% of the shares.

2.1. Electricity segment (non-regulated)

Electricity generation and procurement

Renewable electricity is a key element and link to the energy transition. In Tyrol, hydropower, which supplies renewable, clean, reliable, and flexible electricity at peak and baseload times, plays a major role in energy generation. We are the largest hydropower-based electricity producer in Tyrol. 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 1,651 MW (prior year: 1,642 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 black start capabilities of our power stations ensure that they can supply the power that is needed to resume grid operation and restore regular power supply.

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. In the fiscal year 2023, we generated 3,499 GWh (prior year: 2,993 GWh) of electricity in our own plants, which is 506 GWh more than in the previous year. Storage power stations accounted for 1,995 GWh (prior year: 1,693 GWh) and run-of-river and pondage power stations for 1,504 GWh (prior year: 1,300 GWh). The main reason we generated more electricity ourselves is the fact that the inflow to the hydropower stations was higher than in the year before due to precipitation in the reporting period. The total volume of electricity generated and procured in the fiscal year 2023 came to 12,412 GWh (prior year: 14,322 GWh).

As we produce our electricity almost exclusively from hydropower, the water level of rivers is crucial to our business. As we are not able to generate enough electricity in our own power stations to supply our customers during the winter half-year, we have to buy electricity on the international wholesale market at higher prices during that time. In fiscal 2023, the high price level and strong fluctuations on the electricity and gas market led to a general reduction and also to a shift in trading volumes from physical to financial or listed electricity and gas products, as higher prices mean that risk limits between the trading companies have been exhausted by smaller transactions. In this dynamic trading and market environment, procurement for the customer portfolio and product-adequate marketing of generated electricity has become drastically more difficult.

The major constraints on the procurement of electricity and gas to meet customer demand toward sales are the very high price volatility and, at times, very low liquidity on the European wholesale market for electricity and gas. The counterparty risk has increased as well. As mentioned before, as a reaction to this increase in risk there has been a shift from OTC trading (forwards) to exchange transactions (futures), which in turn makes the financing costs for exchange transactions rise. Furthermore, there is also a tendency for customers to shift from the futures market to the spot market. Another aspect is the fact that greater flexibility in price adjustments for standard-rate customers requires adaptation of the procurement strategy. Although we managed to keep the prices for retail customers low for much longer than most other electricity and gas suppliers, we further optimized our procurement strategy in the reporting year in order to pass on price changes taking place on the energy market to our customers more quickly in the future.

Electricity use

Based on our long-standing business relationships and the development of competition, we have been able to expand our market position in the fiscal year 2023. With some 236,000 customer contracts we securely supplied around 13,000 more household customers in the reporting year than before the energy crisis. The volume of sales to our standard-rate customers increased slightly compared to the year before. In our core market, Tyrol, electricity sales in 2023 came to 3,941 GWh (prior year: 4,167 GWh), which is 5.4% or 226 GWh less than in the prior-year period. This decrease in quantity is attributable exclusively to lower sales volumes with special rate customers and our downstream distributors.
In the year under review, 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 12,412 GWh (prior year: 14,322 GWh). This decline in volume of electricity use in 2023 is mainly due to the lower volumes traded on the spot market.

In terms of electricity use, the fiscal year 2023 was characterized by legal uncertainties regarding the implementation of price changes. At the beginning of the fiscal year we amended our General Terms and Conditions of Delivery (GTCD), so that they would be in compliance with Section 80(2a) *ElWOG*, and notified E-Control of the amendment. We informed our customers in writing of the changes to our GTCD and at the same time offered them to conclude a new contract for new products at more favorable conditions. After having kept prices at a very low level during the first half of the fiscal year, we increased electricity prices as of July 24, 2023. Based on an energy charge of 20.90 cents/kWh (net) and a base charge of EUR 20.00 p.a., as well as a bonus of 2.00 cents/kWh (net) for switching to a new contract, and a TIWAG bonus of 3.20 cents/kWh (net), we fixed an energy charge of 15.70 cents/kWh (net) in the new "comfort privat" electricity product.

Furthermore, after January 1, 2024 we have lowered our prices again and have since offered an energy charge minus bonuses of 12.70 cents/kWh (net).

Due to the price upheavals on the electricity markets, since the previous year the government has been paying an electricity cost subsidy for customers who have a metering point with a standardized load profile for an amount of electricity that is based on the average consumption of a three-person household.

Specifically, a basic quota of up to 2,900 kWh per year is being subsidized, starting at a reference energy price of 10 cents/kWh; in the reporting year, the maximum subsidy can be up to 30 cents/kWh.

Taking into account these subsidies (electricity prices) of the federal government, the price adjustment as of July 24, 2023 resulted in an increase in the annual electricity bill of around EUR 8 per month or around 16% of the previous annual bill for customers with an annual consumption of 2,900 kWh, and an increase in the annual electricity bill of around EUR 13 per month or around 22% of the previous annual bill for customers with an annual consumption of 3,500 kWh.

Together with the implementation of the price increase we abandoned the previous separation of prices between existing customers and new customers and also started to apply the prices to the whole of Tyrol. New customer business outside Tyrol was not serviced in the reporting year.

Under the electricity labeling scheme imposed by the Electricity Act 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.

In addition, private households can have their turnkey photovoltaic systems installed by us via the *TIWAG-Sonnenfonds*. In the reporting year, we also made the *Sonnenfonds* available to municipalities. As of July 1, 2023, we introduced a new payment system for PV feed-in. Specifically, for newly concluded PV feed-in contracts up to 100 kWp, the compensation per quarter will be calculated based on the average of the market prices of the last five trading days of the previous quarter less a markdown of 20%.

Investments

An increase in the portfolio of electricity products and, consequently, expedited expansion of renewables generation plants is indispensable for a successful energy transition. For this reason, we made substantial investments in the expansion of renewable energy sources and, consequently, in the ecological transformation of the energy system in the reporting year. We are aware that our investments in the construction of new hydropower stations involve financial risks, as the enormously high initial expenditure pays off only over extremely long operating periods.

In the year under review, we remained committed to our projects, investing a total of EUR 317.7 million (prior year: EUR 296.5 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 capital expenditure on climate-friendly hydropower helps implement Tyrol's energy strategy and boost economic activity in Tyrol. In 2023, it comes, *inter alia*, under the following headings of new construction, expansion, and replacement activities:

The EIA approval for our Kühtai storage power station project was confirmed by decision of the Federal Administrative Court of June 26, 2019, imposing additional requirements. On April 6, 2021, we commenced work on the power station. In the reporting year, we completed the tunnelling work in the headrace channel, as well as the excavation and safety work for the power station caverns, while excavation for the diversion tunnels was moderate due to difficult geological conditions. In May 2023, we started preparatory work for construction of the water intakes; we are incorporating the material extracted from the future reservoir layer by layer into the natural rockfill dam, with a planned bulk volume of 6.9 million m3, and are compacting the same. On the basis of the EIA approval, we have completed extensive compensatory measures. Specifically, we removed ecologically valuable wetland and used it in the inner Längental valley, resettled amphibians and other animals, and removed stones from and reclaimed large areas of land for lost alpine pastures. We planted around 39,000 trees as part of forest improvement measures. We also revitalized the Inn river between Stams and Rietz, and implemented compensatory measures on water bodies in the Ötztal valley. In coordination with the planned taking into operation of the tailwater reservoir in May 2024, we constructed the Silz power station tailwater reservoir regulation structure in the past low-water period. Upon completion, the new Kühtai 2 pumped storage power station and the new Kühtai reservoir ensure flexibility in terms of the point of time at which 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.

In its climate strategy, the targets of which must be implemented by 2030, the State of Tyrol stated that the energy sector must expand the cornerstone of hydropower by another 2,800 GWh. The planned volumes also include those for the expansion of the Kaunertal power station.

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. In 2022, in the proceedings relating to the Gurgler Ache river and the Venter Ache river the rulings were in our favor in the Kaunertal expansion project, which was submitted to the authority on July 4, 2012 for the first time. Following that ruling, we submitted the third revised version of the project on February 28, 2023 together with updated expert reports, a changed management method for the Gepatsch reservoir, and water catchment of the Gurgler Ache river. The EIA authority then began another completeness check, and in the subsequent meetings and the physical inspection of the project area, we explained the project and the amendments and modifications made in the third revised version to the experts present.

In July 2023, we received the first part of the fourth instructions for an improvement of the project, which covers a total of 45 specialist fields. Of those 45 specialist fields, completeness was confirmed for 16, and there is feedback for 29, which we will incorporate into the documents by October 31, 2024. Since September 2023, we have been holding information forums with decision-makers from the Kaunertal and Ötztal valleys and from the Tyrolean uplands.

We know that there are concerns and questions in the region, which we take very seriously. This is why we want to provide comprehensive, first-hand information about the project itself, the status of the proceedings, and about specific publicly discussed topics relating to the project – from future water supply to ecological aspects and flood control. Further activities to inform the people living in the region are planned for spring 2024.

The Tauernbach-Gruben project, which was submitted for an environmental impact assessment on January 9, 2013, was approved by decision from the Office of the Government of the State of Tyrol, which became final/non-appealable on March 18, 2022 after having gone through all stages of appeal. The approved project is intended to utilize the gradient of the Tauernbach river between the Schildalm alpine homesteads and the village of Gruben by means of a new diversion-type power station. At a maximum design capacity of 9 m³/sec and a bottleneck capacity of 27.1 MW, the new power station can achieve an annual generating capacity of 85 GWh, which corresponds to about 1.4% of Tyrol's electricity demand or the consumption volume of 20,000 households. On May 12, 2023, the Supervisory Board approved construction of the Tauernbach Gruben power station, which had been planned for many years. In July and August 2023, preparatory work for the new diversion-type power station in Matrei commenced, and on October 6, 2023, construction work began. In late fall 2023, we started excavating the tunnel from the south portal toward the water intake, while work on the water intake and the powerhouse is expected to start after Easter 2024.

The "Innstufe-Imst-Haiming" project was submitted to the competent EIA authority at the Office of the State Government of Tyrol for the environmental impact assessment procedure on June 1, 2015. On February 14, 2023, the Government of the State of Tyrol granted approval for construction and operation of the project in accordance with the EIA Act. Several appeals were filed against the decision. In mid-December 2023, an oral hearing was held in the appellate proceedings, at which the Federal Administrative Court asked two expert witnesses to supplement the expert reports in the fields of water ecology and hydrology by the end of May 2024. The 2023 amendment to the EIA Act opened up the possibility of waiving the suspensive effect of appeals under certain conditions. Accordingly, we filed a petition in the proceedings to revoke the suspensive effect for the A12 Inntal freeway under-crossing, and in the meantime a decision was rendered on that petition in our favor, which is final/non-appealable. As regards the project itself, we are currently planning calls for tenders and have started negotiations with the landowners concerned. By means of the planned diversion-type power station between Imsterberg and Haiming, the amount of water used in the existing Prutz-Imst power station will be used again to generate electricity via a 14 km long underground headrace tunnel, and the water used will be returned via a re-regulation reservoir to be newly constructed, which will improve the hydropeaking situation in the Inn river. This means that no additional water will be absorbed from the Inn river and no additional weir will be built on the Inn river. Once completed, the underground power station will generate around 252 GWh of baseload electricity for some 60,000 households, and further improve the coverage gap in the electricity supply of Tyrol in the winter.

In the first half of 2023, we put into operation the second machine set at the existing Schwarzach power station as planned. We were able to meet the budgeted and approved capital expenditure in the amount of EUR 16.9 million.

Near the cross-border power station on the Inn river, which was completed and put into operation in the previous year, the water catchment plant in Ovella in Switzerland, which will improve the hydropeaking situation on the upper Inn river, was also finalized in fiscal 2023. As part of the final renaturation measures, we have improved the condition of the water and created valuable habitats for fish and small animals. The fish population is being observed as part of a research project that will run until 2032 through pre- and post-monitoring.

Financing

Our long-term financing strategy aims to ensure that liquidity is secured at all times, sufficient liquidity reserves are available, and a solid long-term rating is guaranteed. In the 2023 fiscal year, interest rates for borrowings rose sharply, confirming our corporate strategy of using favorable interest rates of the past for long-term financing of capital requirements.

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 without our risk-mitigating financing strategy and with due consideration of current interest rate and capital market trends, we rely on a broad range of instruments, which includes public investment financing, 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. We set up a cash pool within the Group in which we manage, procure, and secure short-term liquidity within the Group.

Expanding local hydropower capacities, procuring smart meters for grid operation as mandated by applicable law, and our intensive capital expenditure 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. On November 29, 2023, the independent rating agency S&P Global confirmed the credit rating of “A+/Stable” assigned to us in the previous year. With this credit rating, we should be able to continue to place long-term debt financing with institutional investors also in the future.

Cash flow from operating activities, as the Group’s most important financial source and an expression of our internal financing capability, amounted to EUR 313.3 million as at December 31, 2023 (prior year: EUR 183.8 million). As at the same date, cash and cash equivalents totaled EUR 54.0 million (prior year: EUR 185.1 million). Financial liabilities as at December 31 came to EUR 969.6 million (prior year: EUR 1,130.6 million). Given the continued high volume of investments, we topped up long-term bank loans by EUR 150 million (prior year: EUR 175 million) in fiscal 2023. Those new borrowings comprise the drawing of more tranches of existing loans as well as the taking out of new bank loans. As at December 31, 2023, 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 708 million (prior year: EUR 625 million). Cash advance facilities as at December 31, 2023 amounted to EUR 80 million (prior year: EUR 375 million).

As we need to have access to a variety of sources of funding on different markets at any given time 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 previous year. In view of the high energy price fluctuations and the resulting increase in liquidity requirements for securing forward contracts, we agreed on an additional binding, revolving credit facility in the amount of EUR 300 million with a consortium of banks in the previous year. That facility, which was granted until the end of 2027, allows short-term financing at any time. In addition, we have an uncommitted short-term overdraft facility in the amount of EUR 450 million at our disposal. We only utilized a small part of that facility in the fiscal year 2023.

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 2023, the factor is 2.28 (prior year: 2.88).

2.2. Electricity segment (regulated)

General information

TINETZ, as our grid subsidiary, operates the electricity grid. The regulated distribution grid, which is vital for reliable electricity supply, constitutes a robust basis for the Group's development. Due to regular programs to boost efficiency and the resulting low-cost structure, the regulated distribution grid generates stable income.
Acting as an 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 assignment agreement and a profit and loss transfer agreement with the parent company. As the grid 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 decreased by 6.2% or 305 GWh to 4,635 GWh (prior year: 4,940 GWh) in the fiscal year 2023. The grid charge for transporting this volume of electricity came to EUR 189 million (prior year: 155 million).

Grid charges were based on the 2023 Amendment to the System Charges Regulation 2018 *[Systemnutzungsentgelte-Verordnung/SNE-VO 2018 – Novelle 2023]*, which in turn is based on the rules for determining the allowed cost for grid charges for the 4th 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 226 million (prior year: EUR 189 million). The upheavals in the energy industry in the fiscal year 2022 also affected the regulated electricity segment in the fiscal year 2023, as the very high electricity prices on the international energy markets also caused the purchase of energy to cover grid losses for use of the upstream grid to increase drastically.

The framework conditions for the distribution grids are very challenging because the distribution grids were not equipped for a massive expansion of renewables. Originally, the grid was built to transport electricity from a few centralized power stations to many decentralized customers. The energy transition and the increased demand for private solar systems in the course of the war in Ukraine are turning this logic upside down. One indicator of this is the drastic increase in connection requests for PV systems, electromobility, and transition to heat pumps in 2023. By the end of the year, the total output of connected systems had multiplied, which was accompanied by increased grid expansion. This enormous increase presents grid operators with Europe-wide logistical challenges that lead to production and supply shortages.

With the launch of the new customer portal, we responded to the massive increase in customer inquiries and were able to reduce the processing time for complete applications for the allocation of a metering point for PV systems of up to 20 kWp to less than ten days. For systems of above 20 kWp, manual processing and grid calculation is required. In this case, the average waiting time is between three and four months. By increasing the number of staff, we will make every effort to speed up the processing of inquiries.

Regulatory framework

Grid operators have no earnings per se, but are refunded the costs by the customers if the regulator, Energie-Control Austria, recognizes them. An important source of income is the weighted average cost of capital (WACC) granted by the regulator on the grid infrastructure investments made (regulatory asset base). Due to the prevailing energy industry environment and the sharp rise in interest rates, determining the return on equity is problematic. Specifically, the regulator responded to the enormous interest rate volatility and the upheavals on the capital markets by fixing two capitalization rates for the first time – a WACC for existing facilities and a WACC for new investments.

With a view to incentive regulation, the regulator also defined productivity factors on the basis of which an individual cost reduction path has been fixed for the grid operator. The initial costs, the weighted average cost of capital, and the cost reduction path were determined at the beginning of the fourth regulatory period, which lasted from January 1, 2019 to December 31, 2023.

The basis for determining the allowed costs for 2023 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 costs calculated in this way were newly calculated using the operating cost factor, the cost items not within the company's control, the change in the regulatory account, and taking into account the system time lag. Finally, the various grid charges were set off against the grid costs to arrive at the remaining costs for determining the grid charge.

Electricity grid charges have risen continuously in recent years because massive investments have been made in expanding grids. Planning security and an appropriate regulatory framework are also essential for high investments in the future. The regulatory framework has been redefined for the 5th regulatory period, which will run from January 1, 2024 to December 31, 2028. For this reason, in the 2023 fiscal year, the regulatory authority subjected all grid operators who sold more than 50 GWh to customers in 2008 to a cost analysis to determine the initial costs for the new regulatory period for electricity distribution grid operators.

Approval for cross-border deliveries between the North and South Tyrol grid areas is still pending. After foundation of Tiroler Übertragungsnetz GmbH, whose sole shareholder is our subsidiary TINETZ-Tiroler Netze GmbH, in the previous year, the ongoing certification procedure was not concluded by the regulatory authority in the fiscal year 2023.

Investments

In Austria, generation of renewable energy is being massively expanded to make electricity supply more climate-friendly and reduce dependence on fossil fuels. The plan is to cover Austria's entire annual electricity consumption from hydropower, wind, and solar power by 2030. Building new generation plants is not enough; the electricity grid needs to be massively expanded as well. As a distribution grid operator, we are under a statutory obligation to expand and maintain the electricity grid infrastructure. Strong and stable grids are a basic requirement for a successful energy transition, which is why investing in the expansion of our electricity grids and in the digitalization of grids and customer systems to collect and use data is an important component of our capital expenditure program.

Through our investments in the grid infrastructure worth EUR 105.4 million (prior year: EUR 90.4 million) in the reporting year, we have made an important contribution to our economy and, by our well-advanced smart meter rollout, we are enhancing integration of decentralized generation of renewable energies and electromobility into our electricity grid. In addition to technological and economic criteria, environmental protection and sustainability are central to our capital expenditure projects.

Following an extension by 105 km, total line length was 11,702 km (prior year: 11,597 km), while the total system length was 12,284 km (prior year: 12,179 km) in fiscal 2023. In the medium-voltage grid, cabling density amounted to about 74% (prior year: 73%), in the low-voltage grid to about 90% (prior year: 89%). On the customer side, we linked up a total of 1,104 customer systems (prior year: 1,093) or a connected load of 41,740 kW (prior year: 36,263 kW) to the distribution grid in 2023. Additionally, the capacity of existing systems was expanded by 20,986 kW (prior year: 42,623 kW), raising the output demand to be covered by our distribution grid by 62,726 kW (prior year: 78,886 kW).

Due to the challenging economic and legal framework conditions, the demand for connections of photovoltaic systems to the grid has increased massively, as in the previous year. Only to meet the targets of the Renewables Expansion Act, there would have to be a multiplication of 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 process of preparing offers as best as possible. In the reporting year, 7,223 feed-in parties (prior year: 2,413) with a bottleneck output of 126,960 kW (prior year: 186,612 kW) were connected to our distribution grid, with another 21,694 kW (prior year: 6,273 kW) added by capacity expansions in existing facilities, most of them photovoltaic systems. In total, 17,800 (prior year: 10,600) photovoltaic stations with an overall bottleneck capacity of approx. 270,000 kW (prior year: 150,000 kW) were connected to the distribution grid by the end of 2023.

Supply security

In the reporting year, we were able to handle all grid-related processes, including critical ones, internally without any relevant constraints. The following external, weather-related incidents presented us with major challenges in the fiscal year 2023.

On July 18, 2023, a massive storm front in the supply area caused extensive deployment of our emergency teams. The Ötztal and Pitztal valleys, the Zillertal valley, and parts of the Sellraintal valley and of the district of Lienz were hit particularly hard. At times, up to 18,000 households in 31 municipalities were without electricity. The majority of the damage was repaired by the following day. All voltage levels were affected and could only be coped with by mutual assistance across regional borders.

Due to the heavy snowfall at the beginning of December 2023, our emergency teams had to go on more than 50

missions in just under 60 hours. After full supply was restored on December 3, 2023, we repaired the damage to the medium- and low-voltage grid and completed the dismantling of substitute supply structures. Around 32,300 households in 64 municipalities were affected by the disruptions, most of them in the uplands (Ötztal valley) and the lowlands (Zillertal and Achental valleys and the municipalities of Brandenberg, Breitenbach, Angerberg, and Reith in Kitzbühel).
During the night of Friday, December 22, 2023, a bad weather front with strong, local gusts once again led to numerous deployments of our emergency teams. The areas most severely affected were those around Lake Achensee and the district of Kitzbühel. In total, up to 12,000 households were without electricity for short periods of time.

In spite of those weather incidents, power supply availability came to almost 100% in the reporting year. Average non-availability due to unscheduled events was 12.47 minutes per end customer (prior year: 13.98 minutes).

As far as the introduction of smart metering in our supply area is concerned, our assembly teams replaced a total of 191,200 meters with smart meters by the end of 2023. The rollout is therefore well on schedule. There were no changes to the legal framework in the reporting period, whereas the planned amendment of the Electricity Act is expected to encompass significant changes in the field of smart meters.

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

General information

Through our subsidiaries TIWAG-Next Energy Solutions GmbH and TIGAS-Wärme Tirol GmbH, which was formerly called TIGAS-Erdgas Tirol GmbH, we act as energy providers on the heat market and are making an important contribution toward the energy transition with our gas and district heat infrastructure, the provision of regenerative energy sources, and so far unused heating potential. After the turbulent geopolitical upheavals of the previous year, the situation has calmed down somewhat, but was very challenging also in 2023. We constantly fulfilled our obligation to ensure supply security; there were no disruptions in supply. The fact that market prices continued to be volatile and market developments continued to be difficult to predict had a significant impact on the fiscal year. While supply security and economic efficiency came to the fore in past years, environmental compatibility is becoming increasingly important now. Decarbonization and the political pressure to move away from fossil fuels will present us with special challenges in the years to come. Decarbonization is a key development step also in the district heating sector, meaning that the share of regenerative energy for heat generation specified in the Renewables Expansion Act must be observed.

Gas and heat generation and procurement

Mild winters and the resulting lower consumption by households and industrial customers, as well as larger deliveries of liquefied gas to Europe eased the situation in natural gas procurement. However, the issue of long-term gas supply in Europe remains unresolved and will only be gradually resolved over the next few years upon the adding of liquefied gas terminals, the expansion of the gas grid infrastructure in the EU, the securing of liquefied gas deliveries, and extensive capital expenditure on the expansion of renewables.

We use the gas storage facility we set up in the previous year to comply with the supply standard specified by E-Control, to offer protected gas volumes to customers in accordance with the Energy Steering Act *[Energielenkungsgesetz/EnLG]*, and to increase gas supply security in Tyrol. We are also able to secure gas transports to the Kiefersfelden cross-border interconnection point during peak load periods in Tyrol, and use gas volumes as part of activities on the wholesale market.

As Tyrol's gas grid is connected to the German gas grid, we procured our gas independently of Russian gas in the fiscal year 2023.

Due to the energy industry environment the demand for district heat continued to increase in 2023. The district

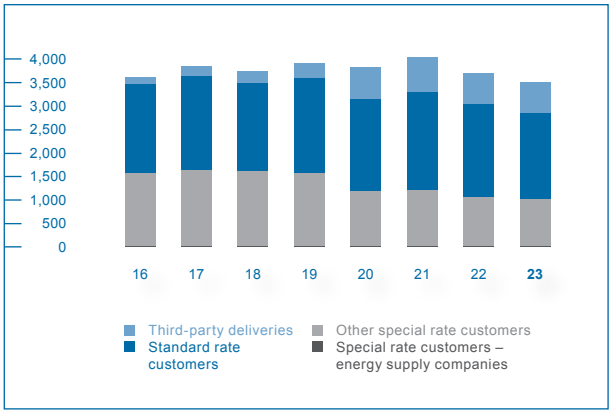
heat transportation link between Wattens and Innsbruck enables us to leverage previously unused industrial waste heat potential. To achieve this, we entered into several cooperation agreements with business partners. The heat, which comes from a range of different sources, is fed into existing heat grids along this long-distance transportation link and from there into the heat grid in Volders, which is being gradually expanded. For our other heat supplies in agglomerations such as Lienz, Längenfeld, or Kufstein, we purchase wood, which, as a renewable natural raw material, surpasses fossil fuels in terms of ecological impact by far. 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.

TIWAG-Next Energy Solutions GmbH operates two district heating power stations in Lienz and Längenfeld. In the fiscal year 2023, a total of some 103 GWh (prior year: 107 GWh) of heat was supplied to customers by the two power stations, which is around 1% less than in the previous year, due to weather conditions. Moreover, another two district heating grids in Jenbach and Kematen were put into operation, which are planned to be supplied with industrial waste heat or from a biomass thermal power station yet to be built.

Gas and heat sales

The reporting year saw sales volumes of natural gas and biogas far above prior-year levels due to higher prices and larger volumes. Temperatures measured in heating degree days were 17.2% (prior year: 15.3%) above the long-term average. Thanks to our long-term procurement strategy, we were able to keep our gas prices stable for our existing customers over quite a long period of time despite the turbulences on the international energy markets and the resulting increase in energy prices.

Once the price guarantee had expired, we adjusted our prices on the basis of the General Terms and Conditions of Delivery in the standard customer segment as of July 1, 2023, based on the price development on the European Energy Exchange. Taking the index adjustment into account, one kilowatt-hour of the “comfort privat” basic product costs 12.5419 cents as of that date. To cushion the sharp rise in gas prices, we also granted all our customers a temporary bonus of 2.60 cents/kWh, reducing the new net energy price to 9.9419 cents/kWh. We extended the bonus, which was originally limited until the end of 2023, until mid-2024, i.e. beyond the heating period. For reference households whose annual consumption is 10,000 kWh, the adjustment of the rates as of July 1, 2023 will result in additional monthly costs of around EUR 51 (gross).



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

Since October 2022, Trading Hub Europe GmbH, the market area manager for Germany, has been charging Austrian importers of gas the German gas storage neutrality charge of EUR 0.59/MWh, and since July 2023, EUR 1.45/MWh. This charge is used to co-finance German measures to secure gas supply without generating a relevant benefit for Austrian market participants, which is why several complaints have been lodged with the European Commission about the German gas storage neutrality charge; a final decision is still pending.

As far as the volume component of natural gas sales is concerned, sales volumes in the reporting year across all markets fell to 4,683 GWh (prior year: 5,546 GWh). Sales of natural gas and biogas to customers in Tyrol amounted to 3,089 GWh (prior year: 3,314 GWh), which is down 6.8% from the preceding year. Gas sales in Austria outside Tyrol stood at 892 GWh (prior year: 1,290 GWh) and at 679 GWh (prior year: 942 GWh) in Germany in the reporting year.

The number of metering points supplied by us decreased by 2,683 (prior year: 332). At year-end 2023, TIGAS was thus supplying a total of 52,041 standard-rate customers (prior year: 54,724).

Due to the extraordinary development of gas prices, a negative operating result was achieved in the competition field in the last two years and in this fiscal year. Although TIGAS is completely dependent on wholesale purchasing and the end customer price is linked to the development of the gas price, it was not possible for us to pass on all cost increases on the procurement side directly to customers because of the structure of supply contracts.

Given the growing importance of the district heat business, 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 140,206 MWh (prior year: 142,442 MWh) in the reporting year; the number of customers increased by 23% compared to the previous year.

Natural gas and district heating grids

The Austrian grid-bound energy market has been fully liberalized due to EU legislation. This does not apply to gas and electricity grids, which are regulated by law as natural monopolies. The regulatory authority Energie-Control Austria fixes the revenue from regulated gas grid operations. Taking into account capital costs and operating expenses that need to be recognized, as well as the expected use of the grids, the prices are fixed by the regulator on a company-specific basis in accordance with generally applicable principles.

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 base rate decreased starting from 2023. The charges were put down in the Gas System Charges Regulation 2013 *[Gas-Systemnutzungsentgelte-Verordnung 2013]* as amended in 2023.

The gas grid is currently in a transformation phase and will, in the future, no longer exist in the form observed in recent decades.

The social trend toward a low-emission and resource-saving economy will result in the dismantling and/or conversion of gas grids. The conversion has not yet been completed, nor are there any standards for alternative grid-based uses. In response to those framework conditions, the regulatory authority has set the useful lives for new investments in the gas grid at 20 years from the fiscal year 2023. Prices will rise in line with the increase in depreciation, amortization and write-downs. A legally secure regulatory framework will continue to be extremely important in the future, to enable timely conversion of or shutdowns in the natural gas grid.

Also in the year under review, the severely restricted construction activities in the area of the natural gas grid were significantly short of the plan. Specifically, in fiscal 2023, we invested EUR 3.9 million (prior year: EUR 9.2 million) in the natural gas regional supply grid, and EUR 2.7 million (prior year: EUR 3.1 million) in the natural gas branch lines. Overall, TIGAS laid some 8 km (prior year: 32 km) of regional supply lines, 2.5 km (prior year: 5 km) of which were last mile connections. Taking into account regional branch lines, the regulated gas grid

grew by 10 km (prior year: 34 km) to approx. 3,970 km (prior year: 3,960 km) in total. At the end of the reporting year, TIGAS was supplying some 120,000 households, commercial and industrial enterprises in about 173 municipalities of Tyrol.

We operate a district heat transportation link between Innsbruck and Wattens, which will be expanded to the west in the medium term. The aim is to utilize environmentally friendly heat, primarily generated from previously unused industrial waste heat or biomass, for heating purposes and hot water generation. The district heat transportation link connects local heat grids and heating plants with each other, thereby increasing security of supply and overall efficiency of the system.

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 year under review, we invested EUR 7.2 million (prior year: EUR 13 million) in gas infrastructure.

Due to high gas and fuel oil prices many households want to convert their heating systems to renewable energies. One option for this change is district heating, offering the advantage that no heating system is required in the house; hot water or hot steam will be supplied. If the house can be connected to a heat grid, only a transfer station needs to be installed. In the fiscal year 2023, as a district heat supplier, we invested EUR 23.8 million (prior year: EUR 10 million) in the construction and refurbishment of district heating grids.

2.4. Equity investments and miscellaneous

At the ordinary shareholders' meeting held on April 25, 2023, VERBUND AG declared a dividend of EUR 3.60 per share for the fiscal year 2022. The dividend is composed of an ordinary dividend of EUR 2.44 per share and a special dividend of EUR 1.16 per share. The dividend earned thus amounted to EUR 102.8 million and was therefore up significantly from the prior-year figure of EUR 30.0 million. At the beginning of the year, the VERBUND share was characterized by a volatile sideways trend.

The continuing discussions about changes to the electricity market design at EU level, and higher inframarginal skimming off in Austria had a significant dampening effect on the share price. From the middle of the year, the share price rose constantly until a correction at the end of September. The share price subsequently recovered and reached a high of EUR 89.25 on December 5, 2023; at the end of the year the share price stood at EUR 84.05. Due to falling electricity prices and the associated negative earnings outlook, the VERBUND share has been on a downward trend since the beginning of the year and has lost value. In spite of this, the VERBUND Board of Directors decided to propose a special dividend of EUR 0.75 per share (prior year: EUR 1.16 per share) to the shareholders' meeting 2023 in addition to the ordinary dividend of EUR 3.40 per share (prior year: EUR 2.44 per share). The special dividend is intended to make shareholders participate in the Group's extraordinarily positive performance in the 2023 fiscal year through a higher distribution.

At the ordinary shareholders' meeting of Innsbrucker Kommunalbetriebe AG held in the summer of 2023, a resolution was passed to distribute EUR 17.4 million from the net profit for 2022 (prior year: EUR 22.2 million). Thereof, TIWAG received a dividend of EUR 8.6 million (prior year: EUR 11.1 million).

At the shareholders' meeting of Energie AG Oberösterreich held on December 19, 2023, a resolution was passed to distribute a dividend of EUR 0.60 per no-par value share for the fiscal year 2022/2023 (prior year: EUR 0.60 per no-par value share). EUR 4.4 million (prior year: EUR 4.4) million were received by TIWAG.

In the fiscal year 2023, we indirectly entered the operational photovoltaic business by acquiring an interest in a manufacturer.

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

Profit/loss (separate financial statements)

In the fiscal year 2023, sales revenue amounted to EUR 2,290.3 million, EUR 165.9 million below the prior-year figure (prior year: EUR 2,456.1 million). The operating result was more or less at the prior-year level and declined slightly by EUR 0.4 million to EUR 124.0 million (prior year: EUR 124.4 million).

Sales revenue presents as follows:

	2023		2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Electricity sales	1,850.5	80.8	2,270.6	92.4	-420.1	-18.5
Gas sales	274.7	12.0	35.9	1.5	238.8	>100
Lease revenue	127.8	5.6	117.2	4.8	10.6	9.1
Other sales revenue	37.3	1.6	32.4	1.3	4.8	14.9
TOTAL sales revenue	**2,290.3**	**100.0**	**2,456.1**	**100.0**	**-165.9**	**-6.8**

Electricity sales revenue amounted to EUR 1,850.5 million, EUR 420.1 million below the prior-year figure (prior year: EUR 2,270.6 million). The main reason for the decline in electricity sales revenue is the decline in energy prices.

Overall, approximately 72.2% of the sales revenue in the reporting year (prior year: 60.6%) was attributable to Austria, while the remaining 27.8% (prior year: 39.4%) was generated abroad. Own work capitalized came to EUR 32.5 million, which is 22.4% more than in the preceding year (EUR 26.5 million). Capitalization is mainly related to our capital expenditure on power stations and to ongoing and completed projects. Other operating income rose from EUR 25.3 million to EUR 36.7 million in 2023, mainly due to increased income from reversal of provisions and income from derivative financial instruments.

Operating expenses developed as follows:

	2023		2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Expenses for electricity procurement	1,738.5	77.8	2,006.0	84.2	-267.5	-13.3
Personnel expenses	242.6	10.9	199.8	8.4	42.8	21.4
Depreciation, amortization and write-downs	110.1	4.9	99.1	4.2	11.0	11.1
Other operating expenses	144.2	6.4	78.7	3.3	65.5	83.2
TOTAL operating expenses	**2,235.4**	**100.0**	**2,383.6**	**100.0**	**-148.2**	**-6.2**

Expenses for electricity procurement, which in the reporting year is composed of electricity procured from other suppliers in the amount of EUR 1,330.6 million (prior year: EUR 1,749.2 million) and gas purchases in the amount of EUR 244.7 million (prior year: EUR 34.0 million), came to EUR 267.5 million, which is markedly below the previous year's level (prior year: EUR 2,006.0 million). The decline is primarily due to the lower procurement prices on the energy markets compared to the previous year.

At EUR 242.6 million, personnel expenses were up EUR 42.8 million year on year (prior year: EUR 199.8 million). Wages and salaries were raised between 8.6% and 9.6% (prior year: 3.5% and 3.9%) in the reporting year based on the collective bargaining agreement, which led to an increase in wages and salaries from EUR 101.6 million to EUR 115.5 million. Higher wage and salary agreements have an impact on future adjustments for inflation and therefore also increase expenses for old-age pensions. In fiscal 2023, these expenses also include the changes in provisions for outsourced pension commitments, which were recognized in personnel expenses at EUR 73.1 million (prior year: EUR 36.6 million) in the reporting year.

Compared to the previous year, depreciation, amortization and write-downs rose by EUR 11.0 million to EUR 110.1 million (prior year: EUR 99.1 million). Along with a write-down in the amount of EUR 2.8 million (prior year: EUR 0.1 million), this item also includes impairment losses recorded for current assets (gas held in inventory) in the amount of EUR 15.1 million (prior year: EUR 16.4 million). Amortization increased from EUR 82.6 million to EUR 92.1 million due to the cross-border power station on the Inn river, which was completed in the previous year. Given our ambitious capital expenditure program and the fact that new power stations will be taken live as a result, depreciation of property, plant and equipment is expected to increase also in the years to come.

Other operating expenses came to EUR 144.1 million, which is EUR 65.5 million more than in the preceding year (prior year: EUR 78.7 million). This increase was mainly due to balance sheet provisions for compensation payments in connection with out-of-court settlements regarding disputed price adjustment clauses in General Terms and Conditions.

The financial result breaks down as follows:

	2023 mEUR	2022 mEUR	Change year on year mEUR	Change year on year in %
Income from investments	120.9	47.4	73.5	>100
Other finance income	23.3	57.8	-34.5	-59.7
Expenses related to financial assets	-0.7	-4.7	4.1	85.9
Interest expenses	-73.2	-20.8	-52.4	>100
TOTAL financial result	**70.3**	**79.7**	**-9.4**	**-11.8**

Income from investments more than doubled, which is EUR 73.5 million more than in the year before, and amounted to EUR 120.9 million (prior year: EUR 47.4 million). The main reason for the increase in that item is that VERBUND AG distributed a dividend in the amount of EUR 102.8 million in the fiscal year 2023 (prior year: EUR 30.0 million). In the reporting year, other finance income comprised the reversal of impairment losses on financial assets in the amount of EUR 3.4 million (prior year: EUR 6.3 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 5.8 million (prior year: EUR 45.0 million).

Expenses related to financial assets, which is composed of profit/loss carry-overs from group subsidiaries, came to EUR 0.7 million (prior year: EUR 4.7 million). Interest expenses came to EUR 73.2 million in the reporting year (prior year: EUR 20.8 million), of which changes in actuarial interest as well as changes in the interest rates for present value discounting of provisions for employee benefits accounted for EUR 47.8 million (prior year: EUR 3.2 million).

Key profit/loss items:

	2023 mEUR	2022 mEUR	Change year on year mEUR	Change year on year in %
Operating result	124.0	124.4	-0.4	-0.3
Financial result	70.3	79.7	-9.4	-11.8
Profit before taxes	194.4	204.1	-9.8	-4.8
Profit for the year	190.4	181.3	9.1	5.0

Despite the turbulences in the current fiscal year, the robust operating result is only slightly below that of the previous year and amounts to EUR 124.0 million (prior year: EUR 124.4 million), while the financial result decreased by EUR 9.4 million in total to EUR 70.3 million (prior year: EUR 79.7 million). After taxes on income, which fell from EUR 22.8 million to EUR 3.9 million, taking into account the major capital expenditure and the associated accelerated depreciation used off the balance sheet, the fiscal year 2023 generated a profit for the year of EUR 190.4 million (prior year: EUR 181.3 million).

Asset and capital structure (separate financial statements)

The structure of assets and capital developed as follows in the year under review:

Asset structure (separate financial statements)	2023 mEUR	2023 in %	2022 mEUR	2022 in %	Change year on year mEUR	Change year on year in %
Non-current assets						
Fixed assets	3,438.3	83.6	3,244.8	82.8	193.4	6.0
Non-current receivables and assets	77.4	1.9	85.4	2.2	-8.1	-9.5
Current assets						
Inventories	50.1	1.2	70.9	1.8	-20.8	-29.3
Current receivables and assets	495.2	12.0	335.1	8.5	160.1	47.8
Cash and cash equivalents	51.6	1.3	184.1	4.7	-132.4	-71.9
TOTAL assets	**4,112.6**	**100.0**	**3,920.3**	**100.0**	**192.3**	**4.9**

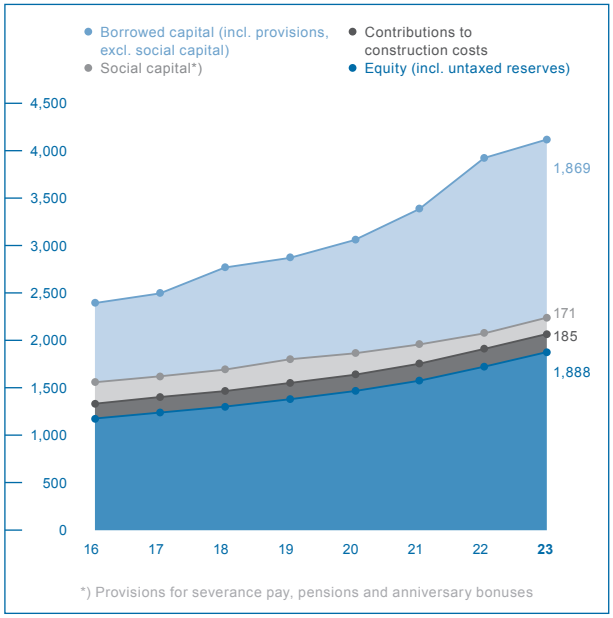
Total assets amounted to EUR 4,112.6 million (prior year: EUR 3,920.3 million), up approx. EUR 192.3 million or 4.9% from the figure recorded as at December 31, 2022. On the asset side, fixed assets rose by EUR 193.4 million to EUR 3,438.3 million (prior year: EUR 3,244.8 million) due to our ambitious capital expenditure program. In the reporting year, property, plant and equipment increased by a total of EUR 224.3 million (prior year: EUR 186.3 million). As in the previous year, that growth is due mainly to the investments made to expand hydropower capacities in Tyrol. In the fiscal year 2023, we invested EUR 317.7 million (prior year: EUR 296.6 million) in intangible assets and in property, plant and equipment.

The additions comprise investments of EUR 197.5 million (prior year: EUR 171.7 million) in the area of generation, and of EUR 105.4 million (prior year: EUR 90.4 million) in the grid business area. In the reporting year, advances made and construction in progress amounted to EUR 247.2 million (prior year: EUR 198.8 million).

Current assets increased year on year by EUR 6.9 million to EUR 597.0 million (prior year: EUR 590.1 million). As at the balance sheet date, cash and cash equivalents stood at EUR 51.6 million (prior year: EUR 184.0 million), a decrease of EUR 132.4 million year on year. The rise in current assets is mainly due to higher transfer pricing within the Group, tax receivables, and the necessary accruals and deferrals in electricity trading. As a result, current assets grew in relation to non-current assets. Specifically, 85.5% (prior year: 84.9%) of assets were non-current, while the remaining 14.5% (prior year: 15.1%) 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)	2023		2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current funding						
Shareholders' equity	1,887.8	45.9	1,727.3	44.1	160.4	9.3
Investment grants and contributions to construction costs	194.9	4.7	191.8	4.9	3.1	1.6
Non-current provisions	197.7	4.8	189.4	4.8	8.4	4.4
Non-current liabilities	877.8	21.3	795.6	20.3	82.2	10.3
Current funding						
Current provisions	456.7	11.1	355.1	9.1	101.6	28.6
Current liabilities, accruals and deferred income	497.7	12.1	661.1	16.9	-163.4	-24.7
TOTAL equity and liabilities	**4,112.6**	**100.0**	**3,920.3**	**100.0**	**192.3**	**4.9**



Capital performance (in mEUR)

As at the balance sheet date, shareholders' equity amounted to EUR 1,887.8 million (prior year: EUR 1,727.3 million), up EUR 160.4 million year on year. EUR 190.4 million (prior year: EUR 181.3 million) of our net profit for the year of EUR 140.5 million (prior year: EUR 152.0 million) remained undistributed, while the remaining EUR 50.6 million (prior year: EUR 30.6 million) were recorded as net profit available for distribution. The EUR 30.0 million dividend distributed in 2023 (prior year: EUR 30.0 million) had the opposite effect. Total equity and liabilities increased to EUR 4,112.6 million (prior year: EUR 3,920.3 million) due to the high level of investments. The equity ratio increased year on year, coming to 45.9% (prior year: 44.1%) as at the balance sheet date.

Non-current provisions and liabilities increased by EUR 90.6 million and stood at EUR 1,075.5 million (prior year: EUR 984.9 million) as at the balance sheet date. The increase was mainly due to the taking out of long-term borrowings for our capital expenditure. Moreover, current provisions and liabilities decreased by EUR 61.8 million to EUR 954.4 million (prior year: EUR 1,016.2 million) in the fiscal year 2023; we repaid EUR 295 million in cash advance facilities, among other things.

Cash flows (separate financial statements)

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

		2023 mEUR	2022 mEUR
Net cash flow from operating activities			
Profit or loss before taxes		194.4	204.2
+/-	Write-downs / write-ups	91.6	81.1
-/+	Gains / losses on disposal of assets	-2.2	-3.2
+/-	Contributions to construction costs, investment grants	3.1	6.8
-/+	Income from investments, interest income, interest expense	-99.8	-33.5
+/-	Other non-cash items	12.0	13.2
	Net cash flow from the operating result	**199.0**	**268.6**
-/+	Inventories / receivables, other assets	-104.2	-185.1
+/-	Provisions	104.9	2.1
+/-	Payables, other liabilities	61.1	20.2
	Net cash flow from operating activities before taxes	**260.8**	**105.9**
-/+	Income taxes paid	-34.4	-17.9
Net cash flow from operating activities		**226.4**	**88.0**
Net cash flow from investing activities			
+	Cash receipts from disposal of property, plant and equipment	5.9	7.5
+	Cash receipts from disposal of financial assets	50.4	20.8
-	Payments for additions to assets	-317.7	-296.5
-	Payments for additions to financial assets	-21.3	-68.7
+	Cash receipts from income from investments / interest income	125.2	53.4
Net cash flow from investing activities		**-157.5**	**-283.4**
Net cash flow from financing activities			
-	Dividends paid	-30.0	-30.0
+	Cash receipts from bonds, loans	150.3	390.0
-	Redemption of bonds, loans	-311.3	-93.2
+/-	Other cash receipts / payments	15.2	55.7
-	Interest payments	-25.4	-16.8
Net cash flow from financing activities		**-201.3**	**305.8**
Cash change in cash and cash equivalents		**-132.4**	**110.5**
Cash and cash equivalents at the beginning of the period		184.0	73.5
TOTAL cash and cash equivalents at the end of the period		**51.6**	**184.0**

In 2023, net cash flow from the operating result fell, as profit before taxes was lower, and the high income from investments is shown in the net cash flow from investing activities in the reporting year. In contrast, working capital increased significantly, because the cash outflow for provisions for settlement payments will only occur in the next fiscal year. Refund of investment income tax for the high dividends paid by VERBUND is expected for 2024. Overall, net cash flow from operating activities increased by EUR 138.4 million to EUR 226.4 million.

In the reporting year, net cash flow from investing activities was EUR 125.8 million less than in the year before. This change is mainly the result of two opposing developments. Year on year, payments made increased from EUR -296.5 million to EUR -317.7 million due to the large amounts invested in property, plant and equipment, and inflows from income from investments, interest, and securities rose from EUR 53.4 million to EUR 125.2 million. This increase in payments for additions to assets is attributable mainly to the substantial growth in investments in property, plant and equipment, above all in connection with the expansion of our hydropower capacities in Tyrol and in the regulated grid area. Overall, cash outflows increased by EUR 125.8 million or 44.4% to EUR 157.5 million year on year.

Due to higher inflows from operating activities and lower outflows in the investment area we were able to repay current cash advance facilities in the amount of EUR 295.0 million in the reporting year. Net cash flow from financing activities in the amount of EUR -201.3 million mainly encompassed the dividend payment of EUR 30 million, new long-term bank loans in the amount of EUR +150.3 million, and repayment of current cash advance facilities in the amount of EUR -295.0 million mentioned above. Net cash flow from financing activities came to EUR -201.3 million (prior year: EUR +305.9 million) compared to the previous year.

As we have easy access to the capital markets, we easily cover our liquidity needs in spite of our ambitious capital expenditure program. This is due to both our business model, which generates sustainable and profitable growth, and our good credit rating, which was confirmed in 2023 by S&P Global's A+/Stable rating, among other things. The parent company, TIWAG-Tiroler Wasserkraft AG, manages 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:

	2023		2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Revenue from electricity sales	2,018.3	80.8	2,473.1	82.3	-454.8	-18.4
Revenue from gas sales	415.1	16.6	482.7	16.1	-67.6	-14.0
Revenue from heat sales	27.9	1.1	18.4	0.6	9.5	51.8
Other sales revenue	36.2	1.4	29.5	1.0	6.6	22.4
TOTAL sales revenue	**2,497.4**	**100.0**	**3,003.7**	**100.0**	**-506.3**	**-16.9**

In the fiscal year 2023, electricity sales revenue stood at EUR 2,018.3 million (prior year: EUR 2,473.1 million) after the prices on the energy markets had normalized, down 18.4% (prior year: +94.3%) year on year. The main reason for this decrease is the lower electricity prices on the wholesale markets, which are reflected in lower sales revenue.
Revenue from gas sales also declined in the reporting year, by 14.0% to EUR 415.1 million (prior year: EUR 482.7 million). Temperatures measured in heating degree days were 17.2% (prior year: 15.3%) above the long-term average.
At EUR 27.9 million, revenue from heat sales was EUR 9.5 million or 51.8% above the level of the preceding year (EUR 18.4 million).

Consolidated operating expenses present as follows:

	2023		2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Cost of materials	1,914.2	78.3	2,493.4	85.1	-579.2	-23.2
Personnel expenses	255.7	10.5	212.1	7.2	43.6	20.6
Depreciation, amortization and write-downs	144.0	5.9	143.2	4.9	0.8	0.6
Other operating expenses	131.4	5.4	79.6	2.8	51.8	65.1
TOTAL operating expenses	**2,445.3**	**100.0**	**2,928.3**	**100.0**	**-483.0**	**-16.5**

The decline in cost of materials is due to the lower energy prices on the procurement markets compared to the previous year. In line with sales revenues, which were based mainly on energy transactions and went down by EUR 506.3 million (prior-year increase: EUR 1,416.9 million) in the reporting year, cost of materials fell by EUR 579.2 million (prior-year increase: EUR 1,350.1 million).
At EUR 255.7 million, personnel expenses were up EUR 43.6 million year on year (prior year: EUR 212.1 million). Due to the high wage and salary agreements, recurring expenses for wages and salaries increased by EUR 15.1 million or 13.7% year on year. Group-wide expenses for old-age pensions amounted to EUR 94.2 million, an increase of EUR 29.1 million year on year.

In the reporting period, depreciation, amortization and write-downs rose by EUR 0.8 million to EUR 144.0 million (prior year: EUR 143.2 million). Along with write-downs of property, plant and equipment in the amount of EUR 2.8 million (prior year: EUR 0.1 million), this item includes an impairment loss of EUR 18.9 million (prior year: EUR 33.4 million) for gas held in inventory.

Other operating expenses increased by EUR 51.8 million year-on-year, reaching EUR 131.4 million (prior year: EUR 79.6 million). The main reasons for this increase were balance sheet provisions for compensation payments in connection with out-of-court settlements regarding disputed price adjustment clauses in the General Terms and Conditions.

The financial result breaks down as follows:

	2023 mEUR	2022 mEUR	Change year on year mEUR	Change year on year in %
Profit or loss from associated companies	12.8	18.3	-5.5	-29.8
Other net income from investments	110.6	35.9	74.7	>100
Other income from securities	2.2	1.0	1.1	>100
Interest and similar income	15.2	56.0	-40.8	-72.8
Interest and similar expenses	-73.3	-22.1	-51.2	>100
Expenses related to financial assets	0.0	-4.7	4.7	>100
TOTAL financial result	**67.6**	**84.4**	**-16.8**	**-19.9**

Compared to the preceding year, income from our associated companies Innsbrucker Kommunalbetriebe AG, Südtirolgas AG, and Ötztaler Wasserkraft GmbH decreased by EUR 5.4 million to EUR 12.8 million. The remainder of net income from associated companies consists mainly of the dividends paid by VERBUND AG, which rose by EUR 72.8 million to EUR 102.8 million in the reporting year, and the profit distribution by Energie AG Oberösterreich in the amount of EUR 4.4 million (prior year: EUR 4.4 million).
Year on year, interest and similar income decreased by EUR 40.8 million to EUR 15.2 million. In the reporting year, this item included income in the amount of EUR

2.4 million (prior year: 6.3 million) for the reversal of impairment losses on financial assets, and the interest effect for provisions for employee benefits in the amount of EUR 5.8 million (prior year: EUR 46.8 million).
Interest and similar expenses increased by EUR 51.2 million to EUR 73.3 million (prior year: EUR 22.1 million). This item includes interest effect for provisions for employee benefits in the amount of EUR 48.2 million (prior year: EUR 4.7 million). There were no expenses related to financial assets in the reporting year; they amounted to EUR 4.7 million in the previous year.

Key profit/loss items for the Group:

	2023 mEUR	2022 mEUR	Change year on year mEUR	Change year on year in %
Operating result	127.8	127.8	0.0	0.0
Financial result	67.6	84.4	-16.8	-19.9
Consolidated profit before taxes	195.4	212.1	-16.7	-7.9
Consolidated profit for the year	166.2	172.8	-6.6	-3.8

Despite the uncertainties, operating business performance in the reporting year was satisfactory. As in the previous year, the consolidated operating result generated amounted to EUR 127.8 million (prior year: EUR 127.8 million). The financial result decreased year on year by EUR 16.8 million to EUR 67.6 million (prior year: EUR 84.4 million). Finance income in the fiscal year 2023 saw a reversal of impairment losses in the amount of EUR 2.4 million (prior year: EUR 6.3 million), the majority of the negative 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 5.8 million (prior year: EUR 46.8 million), and interest and similar expenses contained an interest element of EUR -48.2 million (prior year: EUR -4.6 million). As a result of these effects, consolidated net income before taxes, and consolidated net income for the year were lower than in the year before.

Asset and capital structure (consolidated financial statements)

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

Asset structure (consolidated financial statements)	Dec 31, 2023		Dec 31, 2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current assets						
Fixed assets	3,628.4	85.1	3,418.2	82.4	210.2	6.2
Non-current receivables and assets	77.4	1.8	85.4	2.1	-8.1	-9.5
Current assets						
Inventories	32.8	0.8	58.1	1.4	-25.2	-43.5
Current receivables and assets, prepayments and accrued income	469.5	11.0	401.5	9.7	67.9	16.9
Cash and cash equivalents	54.0	1.3	185.0	4.4	-131.0	-70.8
TOTAL assets	**4,262.2**	**100.0**	**4,148.2**	**100.0**	**114.0**	**2.7**

In 2023, fixed assets grew by 6.2% to EUR 3,628.4 million (prior year: EUR 3,418.2 million). The main reason for this increase was major capital expenditure, which amounted to EUR 352.9 million (prior year: EUR 341.5 million). Property, plant and equipment accounted for EUR 350.2 million (prior year: EUR 329.5 million) of recorded additions, while financial assets accounted for EUR 1.4 million (prior year: EUR 10.2 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 4,262.2 million (prior year: EUR 4,148.2 million).

Current assets fell by EUR 88.2 million to EUR 556.4 million (prior year: EUR 644.6 million). As at December 31, 2023, cash and cash equivalents had decreased by EUR 131.0 million to EUR 54.0 million.

A comparison of non-current and current assets shows a decline in the latter. More specifically, 86.9% (prior year: 84.5%) of assets were non-current, while the remaining 13.1% (prior year: 15.5%) comprised current assets.

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

Capital structure (consolidated financial statements)	Dec 31, 2023		Dec 31, 2022		Change year on year	
	mEUR	in %	mEUR	in %	mEUR	in %
Non-current funding						
Consolidated shareholders' equity	1,868.2	43.8	1,752.0	42.2	116.2	6.6
Investment grants and contributions to construction costs	331.5	7.8	331.0	8.0	0.5	0.2
Non-current provisions	237.9	5.6	204.3	4.9	33.6	16.5
Non-current liabilities, accruals and deferred income	876.7	20.6	795.6	19.2	81.1	10.2
Current funding						
Current provisions	486.3	11.4	389.3	9.4	97.0	24.9
Current liabilities, accruals and deferred income	461.6	10.8	676.0	16.3	-214.4	-31.7
TOTAL equity and liabilities	**4,262.2**	**100.0**	**4,148.2**	**100.0**	**114.0**	**2.7**

As at the balance sheet date, the Group's shareholders' equity, including non-controlling interests, amounted to EUR 1,868.2 million, up EUR 116.2 million year on year (prior year: EUR 1,752.0 million). Dividing shareholders' equity by total assets, which had experienced a steep rise to EUR 4,262.2 million because of investments, leads to an equity ratio of 43.8%, up 1.6% from the previous year. This increase in equity in absolute terms is attributable to the profits generated in the fiscal year 2023. Consolidated net income for the year amounted to EUR 166.2 million in the reporting year (prior year: EUR 172.8 million). Intra-group distributions in the amount of EUR 30.0 million (prior year: EUR 30.2 million) and a decrease in shares in a subsidiary in the amount of EUR 20.0 million that was recognized directly in equity had an equity-reducing effect.

Non-current debt increased by EUR 114.7 million to EUR 1,114.6 million year on year, with non-current provisions increasing by EUR 33.6 million, and non-current liabilities (for the most part borrowings which changed by EUR 83.1 million in the reporting year) by EUR 81.1 million. Overall, current liabilities fell by EUR 117.4 million to EUR 947.9 million, largely due to the repayment of current cash advance facilities in the amount of EUR 295 million, while, conversely, current provisions increased by EUR 97.0 million.

Cash flows (consolidated financial statements)

	2023 mEUR	2022 mEUR	Change year on year mEUR	Change year on year in %
Cash flow from operating activities	313.3	182.8	130.5	71.4
Cash flow from investing activities	-209.1	-286.7	77.6	-27.1
Cash flow from financing activities	-235.2	230.9	-466.1	>100

The Group's operating activities performed very well, generating a net cash flow of EUR 313.3 million, which is a substantial increase compared to the prior-year level. Key non-cash effects impacting net cash flow from the operating result included higher depreciation, amortization and write-downs. Counter-effects included the income from investments that is shown in the net cash flow from investing activities. Working capital increased significantly, because the cash outflow for provisions for settlement payments will only occur in the next year. Overall, net cash flow from operating activities decreased by EUR 130.5 million to EUR 313.3 million.

Net cash flow from investing activities of the Group was characterized mainly by massive capital expenditure on property, plant and equipment. In fiscal 2023, we moved ahead with our investment projects for ramping up power station capacities. More specifically, payments for additions to property, plant and equipment grew by EUR 20.2 million to EUR -351.5 million, while, conversely, cash receipts from income from investments, interest and securities amount to EUR 116.7 million thanks to the VERBUND dividend. Overall, net cash flow from investing activities decreased. More specifically, net cash flow from investing activities came to EUR -209.1 million (prior year: EUR -286.7 million).

In 2023, net cash flow from financing activities came to EUR -235.2 million (prior year: EUR +230.9 million) and mainly encompassed intra-group distributions in the amount of EUR -30.0 million, inflows from long-term bank loans in the amount of EUR +150.3 million, and settlement of financial liabilities in the amount of EUR -311.3 million.

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

	Dec 31, 2023 mEUR	Dec 31, 2022 mEUR
Financial liabilities	969.6	1,130.6
- Cash and cash equivalents	-54.0	-185.1
Consolidated net debt	**915.6**	**945.5**
Profit for the year	166.2	174.5
Taxes	29.2	37.6
Interest and similar income / expenses	61.8	-27.6
Depreciation, amortization and write-downs	144.0	143.2
Consolidated EBITDA	**401.2**	**327.8**
Consolidated net debt / consolidated EBITDA	**2.28**	**2.88**

5. FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators (separate financial statements)

	2023	2022
Profit or loss	**mEUR**	**mEUR**
Revenue from electricity sales	1,850.5	2,270.6
Revenue from gas sales	274.7	35.9
Grid lease revenue	127.8	117.2
Other sales revenue	37.3	32.4
Total sales revenue	**2,290.3**	**2,456.1**
Operating result	124.0	124.4
Financial result	70.3	79.7
Profit before taxes	**194.4**	**204.1**
Return on sales (ROS) in %	5.4	5.1
EBITDA margin in %	9.6	8.4
Return on capital employed (ROCE) in %	5.0	5.6
Assets		
Equity ratio in %	45.9	44.1
Return on equity (after taxes) in %	10.5	11.0
Cash flows		
Net cash flow from operating activities	226.4	88.0
Net cash flow from investing activities	-157.6	-283.4
Net cash flow from financing activities	-201.3	305.9
Energy industry		
Electricity sales in GWh	12,412	14,322
Self-generation in GWh	3,499	2,993
System length in km (electricity)	12,284	12,179

Financial performance indicators (consolidated financial statements)

	2023	2022
Profit or loss	**mEUR**	**mEUR**
Revenue from electricity sales	2,018.3	2,473.1
Revenue from gas sales	415.1	482.7
Revenue from heat sales	27.9	18.4
Other sales revenue	36.2	29.5
Total sales revenue	**2,497.4**	**3,003.7**
Consolidated operating result	127.8	127.8
Consolidated financial result	67.6	84.4
Consolidated profit before taxes	**195.4**	**212.1**
Return on sales (ROS) in %	5.1	4.3
EBITDA margin in %	10.1	7.9
Return on capital employed (ROCE) in %	4.8	5.2
Assets		
Equity ratio in % (consolidated)	43.8	42.2
Return on equity (after taxes) in %	9.2	10.4
Cash flows		
Net cash flow from operating activities	313.3	182.8
Net cash flow from investing activities	-209.1	-286.7
Net cash flow from financing activities	-235.2	230.9
Energy industry		
Electricity sales in GWh	12,412	14,322
Self-generation in GWh (electricity)	3,499	2,993
Gas sales (in GWh)	4,684	5,546
System length in km (electricity)	12,284	12,179
System length in km (gas)	3,970	3,960

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 bodies; 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 those environmental aspects, an annual environmental program is prepared and submitted to 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 a regular 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 phase out the use of fossil fuels in energy generation, with both upstream suppliers and end 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 almost 100% 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 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 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 capital expenditure program, helps to further reduce direct emissions and to decarbonize indirect emissions.

In the fiscal year 2023, 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). Specifically, we designed and carried out projects aimed at improving the trade-off between growth and ecology.

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 our customers' individual energy-saving potential and recommend appropriate measures. General energy-saving tips are provided 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. We, too, want to make a contribution to significantly increasing the photovoltaic potential in Tyrol over the next few years. At an installed capacity of more than 5.0 MWp, we are already one of the biggest solar power producers in Tyrol.

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 compensation for surplus feed-in in line with the market.

As early as since 2020, private households have been able to set up photovoltaic systems via the *"TIWAG-Sonnenfonds"*; since 2023, we have started to include municipalities and agricultural businesses in the expanded solar fund. In the village of Stans, we successfully installed the first pilot system of a size of approx. 500 m² on the roof of the community center. TIWAG plans to set up additional systems.

In close cooperation with the municipality of Trins and the bank Raiffeisenbank Wipptal-Stubaital Mitte, we implemented the first large-scale renewable energy community (EEG) in Tyrol. Members can be supplied with low-cost solar power locally through the new cooperative society. We developed the software for operation and billing; functionality and transparency of the connected systems is ensured via the platform provided.

Mobility and charging infrastructure

In order to further promote e-mobility, we focus on 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 the *Tirol 2050* strategy.

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 heat and biogas

Another major focus is on developing comprehensive low-carbon heat supply along the Inn valley. For this purpose, apart from expanding the current Wattens-Völs district heating line, we plan to set up additional peripheral heat grids, 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 heating plants. We intend to increase the share of renewable gases in Tyrol's gas grid by further mobilizing biogas potentials and expanding capacities for processing biogenic materials, so that we can make greater use of biogas also in Tyrol.

Renaturation, 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.

Improving hydropeaking water bodies is of great relevance to energy suppliers. In May 2023, national experts convened for an interdisciplinary practical seminar directly at Europe's currently largest hydropeaking mitigation measure, the re-regulation reservoir at the Silz power station. The one-day practical seminar included numerous expert lectures on hydrology, morphology, benthic and fish ecology, and the energy industry. Specific measures to reduce hydropeaking in Tyrol were also discussed. The purpose of the re-regulation reservoir at the Silz power station is to stabilize the outflow from the power station and, in this way, to reduce hydropeaking impacts in the Inn river. With a size of 11.4 ha, the reservoir will be around three meters deep. The regulation structure, which will release the water from the reservoir back into the downstream channel and then into the Inn river, has already been built. The plant will be completed and put into operation in spring 2024.

During the Inn river revitalization project in Stams-Rietz, the existing embankment was removed over a length of around three kilometers, and the stream bed was widened by up to 75 meters. This will give the Inn river more

space to develop its own dynamics in the future. The flood that occurred at the end of August 2023 already created an island structure in the middle part of the river. Our renaturation measures will create a variety of habitats for aquatic and terrestrial animals, such as side arms, natural banks, gravel areas, and islands, which have disappeared because of use of the land, railroad and freeway construction over the past 150 years.

Also the Dwarf bulrush (*Typha minima*), a plant typical of the Inn river in the past, was recolonized in the course of the project, and both the little ringed plover (*Charadrius dubius*) and the common sandpiper (*Actitis hypoleucos*), two bird species that have become rare throughout Europe, have settled in the compensation area. The scale of such revitalization also ensures a positive effect on upstream and downstream sections of the Inn river and represents an important measure, particularly in terms of fish ecology.

In the municipality of Langkampfen, we elaborately renatured three hectares and implemented a unique nature reserve and recreational area in close proximity to the power station. The new water body and plants which are suitable for the location will allow wetlands and their typical ecosystem to develop, thus contributing to greater biodiversity. Endangered plant species, such as the basket willow (*Salix viminalis*), black poplar (*Populus nigra*), and black alder (*Alnus glutinosa*), as well as rare birds, such as the lesser spotted woodpecker (*Dryobates minor*), find a perfect new habitat there.

Flood control

From August 27, 2023, heavy and continuous rainfalls in Tyrol led to a precarious flood situation. In the Ötztal, Stubaital, Wipptal, and in the inner Zillertal valleys, water levels of the rivers rose continuously; on August 28, 2023, the Ötztaler Ache river exceeded the value for a 100-year flood with 410 cm at the Huben gauge station. The Pitze, Ruetz, Sill, and Ziller rivers reached outflows in the range of a flood that statistically occurs every 30 years. The Ötztalerstrasse road to Oetz was closed and several households in Tumpen had to evacuate. Between Umhausen and Längenfeld, the Ötztaler Ache river tore away a section of the Talstrasse road. During that time, our Gepatsch reservoir held five billion liters of water and thus made a substantial contribution to reducing flood flows. Without the reservoirs holding back water, the water would have flowed freely through the side valleys into the Inn river, and the damage would have been many times worse. The planned expansion of the Kaunertal power station with water intakes and a catchment area of 280 km² would make a major contribution to flood control, especially in the Ötztal valley, and would thus significantly reduce flood risks. In relation to the events of August 28, 2023, the possible drain-off and intermediate storage of 80,000 liters per second would have meant a reduction in the flood peak by 40 cm at the Huben gauge station (Ötztal) and by 20 cm at the Innsbruck gauge station.

Environmental protection

Environmental and species protection, biodiversity, and the careful use of water are our top priority. In recent years, numerous measures have been implemented to improve the natural habitat, making Tyrol an even better place to live for people and animals.

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 when 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 possess 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, in the reporting year we employed 1,328 (prior year: 1,283) persons at TIWAG AG at an FTE. The corresponding numbers at group level were 1,477 (prior year: 1,426) persons employed. The average age of employees was 43.26 years (prior year: 44.01 years), and their average years working for the company were 18.25 years (prior year: 19.36 years). Female employees accounted for about 16.35% (prior year: 16.57%) of the total. TIWAG AG spent EUR 242.6 million (prior year: EUR 199.8 million) on wages, salaries, social security contributions and pension-scheme expenses; for the Group the same items amounted to EUR 255.7 million (prior year: EUR 212.1 million). Due to key legislative initiatives, such as the Renewable Heat Act and the Electricity Act, as well as the Group's expansion program and the rollout of smart meters, it can be assumed that there will be an increase in the demand for human resources in the future.

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 previous year, 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. Following an analysis of the results, we developed concrete implementation measures together with employees and executives. In the current fiscal year, we finalized most of the various implementation measures of the 2022 employee opinion survey. Among other things, we expanded our intranet blogs, inform our employees on a quarterly basis, and organize so-called lunch lectures to provide our employees with recent news from the departments. Important implementation measures included improving communication within and between the organizational units and introducing a performance-based incentive system to recognize special performance within the company.

Human resources 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 the 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 vocational schools and organized by the Economic Chamber. So far, 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 toward more mobile work can be very helpful, which is why we have institutionalized the relevant framework conditions and requirements for work from home. We have also assisted our staff by providing, together with three partners, childcare for babies and small children in a day nursery.

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 their gender.

Following the annual negotiations about the collective bargaining agreement, actual wages and salaries were raised by between 8.6% and 9.6% with effect from February 1, 2023, 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 company 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 2023, 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 net debt 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 despite legal uncertainties in pricing for household customers. We see our opportunities above all in 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. A relevant risk in the past year was the lack of legal certainty regarding price adjustments in the standard-rate customers segment in 2022 and 2023. The effects on the earnings and on liquidity resulting from the lawsuit brought by the Tyrol Chamber of Labor were quantified and taken account of in risk management, projections and planning for 2024.

The energy industry has been undergoing change for years, most recently exacerbated by national and international climate protection targets and geopolitical crises. Above all, 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.

Making a forecast for 2024 is difficult due to global crises, the consequences of which are difficult to assess. 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 by the regulatory and competitive framework at a European and a national level in the long term, and will also be influenced by short-term legislative measures.

In spite of the 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 for the future.

RISK MANAGEMENT SYSTEM

We have a risk management system as well as an internal control system in place, which are subject to constant 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 a corporate 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 mainly lies 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 the energy industry, for finances, 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, and 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 matters.

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 to which we are exposed. 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 of TIWAG and the Group extrapolated for the current, or planned for the subsequent, fiscal year, and net debt of the Group planned for the subsequent fiscal year.
- We use scenarios to see how a particular risk will develop, 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 Business Code *[Unternehmensgesetzbuch/UGB]* and of the 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 service 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

The risks in our business have shifted compared to the previous year. The 2023 fiscal year was characterized by the legal risks resulting from the passing on of our higher procurement costs to our energy customers. Market, financing and legal risks are still present.

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, regular 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 endeavor to continuously improve our processes, and maintain our competitiveness through our electricity, gas and heat products, and the corresponding services. If customers switch to generating their own energy, we will support them by innovative and competitive products and services. However, the market for small business entities and household customers was overshadowed by market exits by competitors, terminations due to change of contract, and legal uncertainties in the 2023 fiscal year. The lawsuits pending with various energy suppliers in connection with price adjustments, and the amendment to Section 80 *ElWOG* as well as the regulations to extend the electricity price cap will continue to shape at least fiscal 2024 and, thus, continue to result in an exceptional market situation. Following a sharp rise in fiscal 2022, energy procurement prices fell again in the reporting year. The sharp rise in electricity procurement costs could not be fully included in our price calculations. In the rates for small business entities and household customers, volumes generated in our own power stations were taken into account to reduce costs, and the relevant procurement strategy was adjusted.

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, to which also the member of the Management Board in charge of this matter belongs, manages the risk based on the relevant instructions given 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).

Strategy and sustainability

Strategic risks may result from a misjudgment of how the market and competitors 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 and safety at work, 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 financial performance. 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 pay particular attention to supply chains and upstream suppliers, as well as to 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 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 regular 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 recruiting, human resources development, and performance-based pay and incentive schemes. In-house health services as well as an attractive working 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 Financial Risk Committee draws up reports on 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. The effects of interest rate fluctuations are considered a part of risk management.

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 the risks that may be involved. The risk of assets losing value increases along with assumed interest rates rising and forecast cash flows declining.

Financial losses may arise from defaults in business relations with customers or suppliers. Currently, the surge in energy prices is 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, the hedging instruments we use 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 pension commitment 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 about 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 set up 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 trying to maintain 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.

Since the beginning 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 EU 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. Other legal and regulatory risks that are still barely tangible from today's perspective arise from legislative projects that are currently being promoted. In particular, the new Electricity Act *[ElWG]* and the amendments to Directive (EU) 2018/2011 on renewable energy ("RED II") and Directive (EU) 2019/944 on common rules for the internal market for electricity may have a serious impact on the business model and require adjustments.

V. OUTLOOK

Derived from the objectives of the shareholder and from group strategy, we will continue to guarantee secure, high-quality, and sustainable electricity and heat supply in Tyrol at competitive prices, and consistently promote the expansion of local hydropower and the development of new business areas in intensive dialogue with all relevant stakeholders.

We have an important joint mission to fulfil: to implement the energy transition within the scope of what is physically possible in the energy industry, and to ensure security of supply in Tyrol at the same time.

In the current planning period until 2028, our Group will invest some EUR 2.4 billion in the ramping up of infrastructure. In addition to ongoing power station projects in the Tyrolean uplands and in East Tyrol, more funds than ever before, over EUR 700 million, will be invested in grid expansion. In the area of new technologies, we are planning projects worth around EUR 110 million, including an offensive in photovoltaics and the expansion of regional district heating. A major part of those funds will be invested in local value generation, thus remaining in Austria, strengthening our economy, and securing jobs. The planned environmentally friendly expansion of local hydropower is a key element of supply security in Tyrol, and a contribution to a successful European energy transition.

However, focusing on Tyrol alone is not enough; every Austrian state must make the best possible contribution to the energy transition in a spirit of solidarity.

In the foreseeable future, also Tyrol will be dependent on our European neighbors supplying baseload energy for Tyrol in the winter, in order to guarantee security of supply in Tyrol during that season; we purchase more electricity from Germany to supply our customers in Tyrol than we physically deliver to our neighbor.

To finance the planned volume of investments we will have to borrow substantial funds. From a financial point of view, our aim is to manage the planned investments from our own resources, without relying on capital increase measures, and thus to warrant the Group's financial independence. To this end, it is important to stabilize the Group's debt ratio at a level that preserves the Group's excellent credit standing. Reasonable dividend payments to the sole shareholder, based on our approved dividend policy, play a key role in this.

The developments in recent years have impressively demonstrated that we can cope even with severe fluctuations in the overall economic and energy situation. However, a significant deterioration in the energy policy and regulatory framework could have a negative impact on the success of TIWAG-Tiroler Wasserkraft AG and the Group.

Innsbruck, April 5, 2024

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

FURTHER INFORMATION ON THE FISCAL YEAR

The TIWAG Group supports European and national energy goals and is a driving force behind ecological change in Tyrol. The business activities of the TIWAG Group generate substantial regional value that benefits both businesses and the people of Tyrol.

Our customers

Upheavals on the energy market continued in 2023 and still presented major challenges for both the energy suppliers and the people and businesses of Tyrol. TIWAG is aware of its responsibility and puts intensive efforts into solutions for all groups of customers.

Customer retention and customer service

Legal uncertainty regarding contracts and price adjustments caused TIWAG to revise, inter alia, the General Terms and Conditions of Delivery of Electrical Energy (GTCD) at the beginning of the reporting year. Accordingly, price changes are no longer based on public indexes but made in accordance with the statutory requirements of Section 80(2) of the Electricity Act 2010 *[ElWOG 2010]*. In order to comply with the statutory duty to provide information, detailed letters, some of them including model clauses, had to be sent to customers and were met with little understanding.

Due to the numerous legal proceedings pending all over Austria and for us to be able to supply our customers with electricity at attractive prices in a legally certain environment also in the future, we adapted our product range. About two thirds of our customers accepted the offer of a new product at a better price. Customers who had made no decision by the end of the reporting year were informed about the fact that the old electricity products would expire as of March 31, 2024, and that a contract for a new product would have to be concluded. Even with the new product TIWAG remains among those of Austria's regional suppliers that offer the best prices.

Despite the constant recruitment of new staff, optimizing of processes in customer support and the service center, we were unable to answer the massively increased number of enquiries and support requests within a reasonable period of time, even though the services of an external service center were used in addition, and new employees were hired. Alternative contact options, such as information stands in shopping centers, at trade fairs and events, as well as the Business Talk at Lake Achensee were well received.

The growing demand for e-mobility solutions was met by enhancing the TIWAG online shop and providing customized e-charging solutions for e-car fleets.

Local support

From this year onward, local governments are again supported directly by specifically trained key account managers, and bespoke solutions, such as "*Sonnenfonds Kommunal*" are being offered. TIWAG's PV products like "*TIWAG-Sonnenfonds*", and solutions for renewable energy communities, attracted great overall interest.

Business customers

After successful negotiations, TIWAG's key account managers were able to solicit long-term contracts for TIWAG with major customers thanks to bespoke offers tailored to their needs. After a year that required a substantial amount of support, we managed to keep our customer base stable also in the SME segment, and to successfully renew important contracts with our customers.

Heat Pump Tyrol Network

In the reporting year, the Heat Pump Network website was comprehensively revised, structured more clearly, and new features were added. A "click path" allows us to channel customer enquiries and to process them more quickly and purposefully.

Providing advice at trade fairs has become a well-established offer. From 2024, we will broaden the information on heat pumps we offer, by setting up a "Heat Pump Marketplace" at the Innsbruck Home Building & Energy Fair.

TIWAG – World of Benefits

The platform was fundamentally relaunched and brought up to the state of the art. Optimized content display features help to significantly improve user experience. The constantly growing community was informed about new benefits and updates regularly.

Christmas donation

The effects of the Covid-19 pandemic affected and do affect children and young people most; their fears and worries have clearly increased. In 2023, the traditional Christmas donation of EUR 10,000 was therefore dedicated to youngCaritas, to support the project entitled “Take Care Take Action: Strengthening Young People’s Mental Health”. All over Tyrol, workshops are offered to promote young people’s mental health and to strengthen their resilience.

Handing over the traditional donation check (from the left): Claudia Schütz (youngCaritas department head as of 2024), Christian Nagele (head of TIWAG’s Energy Sales), Sibylle Auer (division head of youngCaritas Volunteering), Management Board Chair Erich Entstrasser and Management Board Member Alexander Speckle

Our employees

Qualified and excellently trained employees are indispensable to meet the constant changes in the labor market, growing challenges on the energy market, constantly changing framework conditions, and their impact on our internal processes.

The shortage of skilled staff shows how important it is to invest in human resources development for TIWAG to hold its position as an attractive employer and to be convincing in the "fight for talent". Successful human resources management will ensure that sufficiently qualified employees will be available and jointly contribute toward achieving the strategic goals of the TIWAG Group.

HUMAN RESOURCES DEVELOPMENT

In 2023, the company invested approx. EUR 1,170,000 in initial and continuing training of staff. Our employees spent some 35,000 hours on initial and continuing training.

Due to the Covid-19 pandemic human resources development had to find new ways. The digitalization trend in the area of initial and continuing training will continue even beyond the Covid-19 pandemic. Also in the year under review, more digital and hybrid training measures were offered and organized and very well received by our employees. For example, in 2023, 16 digital "shortcuts" on efficient office organization of 90 minutes each were successfully organized for more than 200 attendees.

Digitalization of processes in the area of HR controlling also made swift progress. Thanks to implementation of the SAP Business Warehouse application, HR key data can now be generated automatically, which will reduce administrative work and improve process quality as

Human resources **TIWAG staff, and employees assigned to TINETZ**	**2023**		**2022**		**2021**	
	Headcount	**FTEs***	**Headcount**	**FTEs***	**Headcount**	**FTEs***
As at: December 31 (excluding Management Board members)						
Salaried employees	1,196	1,148.1	1,147	1,100.7	1,130	1,086.4
Workers	171	165.7	166	161	156	150,9
Workers – apprentices	38	38	29	29	26	26
Salaried employees – apprentices	8	8	8	8	7	7
Total	1,413	1,359.8	1,350	1,298.7	1,319	1,270.3
Men	1,185	1,174	1,128	1,119.3	1,116	1,108.5
Women	228	185.8	222	179.4	203	161.8
Total	1,413	1,359.8	1,350	1,298.7	1,319	1,270.3
Average age (in years)**	43.3		44		44.3	
Average years of service in the company**	18.3		19.4		20.1	

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

manual interfaces are no longer required. The related processes for key data generation were documented and structured transparently. In addition, the processes for recruitment and employee transfers, which were digitalized in the past year, were modified further and made even more user-friendly.

Internal communication: focusing on transparency and knowledge transfer

One measure, which was implemented in 2023 as a direct consequence of the Employee survey in 2022, was to enhance knowledge transfer and transparent communication with the employees of the TIWAG Group. For that purpose, the Public Relations department has been writing its own Intranet Blog for employees in the past few years, which was further ramped up in the reporting year and covers numerous topics from all organizational divisions of the TIWAG Group in its up-to-date articles. In 2023, this offer was supplemented by the "Energy Lunch" lectures, which are also organized by the PR department and allow employees to easily inform themselves about various topics. The presentations are given regularly online via MS Teams and during lunch breaks to allow as many employees as possible to attend, independent of their workplace and job. In 2023, internal experts and executives gave a number of digital lectures on topics like electricity price development, the Imst-Haiming and Kaunertal expansion projects, changed demands of grid expansion and operation, ecology, and cyber security.

Online shortcuts for executives

The general trend toward digitalization and shorter training lessons was also followed by the newly designed training program for executives in the reporting year. Keynote speeches of two hours each (challenges presented by the world of work 4.0, dealing with difficult situations and people for executives, and managing hybrid teams) were offered.

Vocational development and training to increase health and safety at work

In the reporting year, numerous training units 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 290 employees.

We would like to give an overview of the initial and continuing training measures successfully implemented in 2023:

- approx. 750 events were organized by our HR staff, including some 500 different in-person courses for approx. 3,250 attendees
- almost 660 employees completed training on health and safety at work, and on environmental protection
- some 650 employees completed continuing vocational training
- approx. 15,800 e-learning modules were successfully completed

Employee survey

Based on the outcome of the 2022 employee survey, hybrid training on "dealing with difficult situations and customers" was developed in 2023. It comprised three online lessons and one final unit of half a day to be attended in person. The seminar dealt with stressful situations in day-to-day work and their consequences, and focused on tools and tips for emotional relief. In an initial run, the seminar had been offered to employees in direct contact with customers. Due to the great interest and positive feedback on the contents of the seminar, it was expanded in another step and is now available to all employees throughout the Group. In the reporting year, a total of 14 rounds of seminars were held.

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

In the months of January, July, and October 2023 our two-day seminars entitled “TIWAG in brief: presenting the Group to our new employees”, which have become a tradition, were organized to give recently recruited employees a brief overview of the Group. Executives from various organizational units provided the new employees with an insight into their departments. Visits to power stations and operational facilities of TIWAG and TINETZ complemented the program.

Three rounds of “TIWAG in brief” will be organized for new employees also in 2024. In order to put the most important information in a nutshell in two days, the concept is being revised and updated regularly to include important recent topics, such as expanded information security.

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 training of apprentices in different skilled trades. In 2023, a total of 53 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 of the candidates for us to identify the skills of future apprentices and the centers of their interests. 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.

HR marketing measures play an important role when it comes to presenting TIWAG as an attractive employer in the labor market. In 2023, the TIWAG Group had therefore booths at several trade fairs, open houses, job festivals, etc. and took the opportunity to present vocational options within the TIWAG Group 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 2023 we can boast a two-time winner of the Tyrol apprenticeship award, one second place, eleven gold and one silver performance awards. The performance bonuses for apprentices were significantly raised in 2023 as a sign of due appreciation of their remarkable performance.

Internships

In the reporting year, TIWAG gave some 50 “would-be” apprentices an insight into the skilled trades offered by TIWAG as part of their work experience days.
In the reporting year, a total of 35 seasonal trainees and 27 compulsory interns supported our different organizational units. Internships are an important and effective HR measure to identify and recruit future skilled staff. The recruitment process for seasonal trainees was digitalized to facilitate suitable assignments according to skills and areas of interest. For the first time, an information and exchange workshop was organized for supervisors to prepare them for their role and to improve support quality.

SOCIAL WELFARE MEASURES

Daycare center

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

Medical care and safety

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

Retired staff

As at the balance sheet date, pension benefits were being paid out to 1,471 former staff members and their surviving dependents.

OUTLOOK

TIWAG will continue to pursue its chosen course of digitalization and that of professional recruitment and human resources development in 2024. HR management will provide fresh impetus and initiate projects for a forward-looking advancement and modernization of human resources work, as well as for promotion of efficient and company-wide cooperation among employees.

Operation and maintenance of power stations

In 2023, TIWAG's power stations generated some 3,499 GWh, a volume of 16.91% or 506 GWh above that of the previous year.

IMPORTANT PROJECTS AND MEASURES IMPLEMENTED

Kaunertal power station: refurbishment of the Radurschl diversion

The Radurschl and Tschey water intake structures are connected to the Radurschl diversion amounting to a catchment area of approx. 41 km² in the aggregate. Water from the two streams is directed to the Gepatsch reservoir through the diversion tunnel, which is 11.4 km long, and used for electricity generation at the Kaunertal power station. In some sections of the diversion damage to the bottom concrete, shotcrete linings for safety protection, and to the anchored subsections was identified, resulting from nearly 60 years of continuous operation and geological impacts.

In the first construction phase until March 2022, accessibility of the diversion tunnel for vehicles from the Gepatsch diversion portal to the construction site was established and safeguards for work in the tunnel were set up. From January 2023, actual maintenance work was carried out in the diversion tunnel. The project was completed by the end of April 2023.

Refurbishment work in the Radurschl diversion tunnel

Amlach power station: general inspection and overhaul of machine no. 1

The Amlach power station in East Tyrol features two machine sets of a total capacity of 60 MW. Following general inspection of machine set no. 2, machine set no. 1 underwent inspection from November 2022 until April 2023, involving complete refurbishment including replacement of the worn turbine components, and inspection of the generator.

The compact part of the turbine was lifted out, completely refurbished, and reassembled.

In the next few years, the turbines may have to manage a higher load due to the planned measures for sustainable sediment management at the Tassenbach reservoir, which involves systematical adding of sediment to the process water. In the course of general inspection, the affected turbine components were therefore coated to improve their wear resistance. Miscellaneous defects of the generator were repaired and improvements made, which will prolong its useful life significantly. In order to increase operational safety, the bearing oil supply for both machine sets was brought up to the state of the art. In early April 2023, machine set no. 1 was cleared for grid operation again.

Major overhaul in Amlach power station

The new runner at so-called penetrant testing

Silz power station: acquisition of a new runner for machine no. 1

The Silz power station features one of TIWAG's largest machine sets of a capacity of approx. 250 MW each. After the new runner, which had been installed in machine no. 2 in May 2020, provided positive operating experience, another new runner was ordered in 2022. It was successfully tested at the manufacturer's works in early 2023, eventually installed in machine no. 1 in early April, and has been in operation since then. Thanks to the new runner cup geometry, the downtimes have significantly improved, which can be seen from the older of the two runners: after three years in operation or 8,000 hours of operation, there is no noticeable wear or tear.

Even after some 8,000 hours of operation, the runner of machine no. 2, which has been in operation for quite some time, shows no signs of wear or tear.

Inn river joint-venture power station (GKI): go-live of the power station

The Inn river joint-venture power station (GKI) was built on the territory of Switzerland and Austrian territory as a joint-venture of Engadiner Kraftwerke AG and TIWAG-Tiroler Wasserkraft AG. It is the largest run-of-river station constructed in the Alps in many years.

The power station and its residual flow turbine together feature a capacity of 97.4 MW and generate 448 GWh of electricity per year on average. The power station in Prutz were put into operation at the end of 2022, trial operation of the residual flow turbine at the Ovella weir was completed in early June 2023. Since then, GKI has been in full operation, with operating data being collected routinely and used to immediately improve utilization of the power plant. The outflow fluctuations of the Inn river, which had been very strong in the past, negatively affected the positive development of the watercourse between Martina and Prutz. Those fluctuations have been significantly reduced thanks to the new power station.

GKI's powerhouse is mostly underground and situated in Prutz.

TIWAG has assumed technical operations management of the power station on behalf of GKI GmbH. Some remaining work and completion of compensatory measures are expected to extend into 2024.

The Ovella weir is situated on the border to Switzerland.

Kaunertal power station: refurbishment of the cooling water well

Since the Kaunertal power station was put into operation, a total of six groundwater wells have been in use to ensure supply with cooling water, which is required for operation of the machine sets.

Due to progressing corrosion of the installed filter pipes and increased soiling of the filter slots in the 50 years of operation, the wells were subjected to a general overhaul in the reporting year to maintain the necessary cooling capacity for operation of the power station also in future years.

Old filter pipes were removed and replaced by new stainless steel ones.

Refurbishment included the installation of new stainless steel filter pipes, aspiration of the soiled filter gravel, and putting new gravel into the interstice between the outer and the inner filter pipe. In addition, the underground cooling water pipes leading from the wells to the distribution pipeline hall were refurbished as well. Work was completed in the fall of 2023.

One of the wells after refurbishment

Kaunertal power station: general refurbishment of buildings

The existing buildings (machine hall, plant building, and workshop plus assembly hall) of the Kaunertal power station in Prutz were constructed between 1962 and 1964. After more than 60 years in use, overall refurbishment (façade, windows, doors, electrical installations, heating, air conditioning and ventilation, sanitary facilities, etc.) of the plant building and its forecourt, the workshop building, and the assembly hall had become necessary.

Construction work during ongoing operation of the power station was particularly challenging. For the duration of construction work, containers were set up for operational staff. Work has commenced in early 2023 and is expected to be completed in 2024.

The plant building during the refurbishment phase in June 2023 ...

... and upon completion in 2024 (visualization).

Kirchbichl power station: refurbishment of the runner coating of machine no. 1

The Kirchbichl power station's main machine sets feature a total of four Kaplan turbines, three of which possessing a vertical shaft, and one pipe turbine. The runners of the three vertical machines are coated with a layer of hard metal to prevent wear and tear. In the course of the last few inspections, however, machine no. 1 showed signs of increased wear and tear, which recently amounted to such an extent that repair became absolutely necessary. For repair work a procedure was used which allowed refurbishment of the runner coat by means of a special device without having to remove the shaft line. Work started in early October 2023 with the installation of all necessary devices and was completed in December 2023.

The machine hall of Kirchbichl power station

Flood from August 27 to 29, 2023

Even a few days before the flood, the forecasting system (HOPI) detected a flood wave on the Inn river due to heavy rainfall in the south of the Alps. Accordingly, the operational units in charge assigned staff early in advance and saw to the necessary retention of water at the Inn river power stations in due time.

From Sunday, August 27, 2023, when the precipitation started, the water levels on the Inn river and its tributaries rose rapidly in the night from Sunday to Monday. On Monday, 30-year record flood flows were observed along the Upper Inn river, and in the area of the Ötztaler Ache river we saw nearly 100-year record flood flows.

Apart from some minor damage (e.g. to embankments), the flows were managed without problems. While the flood waves peaked on Monday and Tuesday, our staff spared no effort to keep the high-mountain catchments in operation. Holding back water in the reservoirs of the Kaunertal power station and the Sellrain-Silz group of power stations reduced the flood flow on the Inn river by a total of approx. 125 m³/s.

In August 2023, the opened weir of Kirchbichl power station ...

... and that of Imst power station near Runserau prevented worse.

TINETZ – System management and operation of the distribution grid

The distribution grid operated by TINETZ-Tiroler Netze GmbH (TINETZ) currently features about 12,284 km of lines, 52 electrical substations, some 4,280 transformer stations, and 250,706 metering points.

Grid utilization

In 2023, the electricity volume supplied by the grid operated by TINETZ amounted to a total of 4,635 GWh (2022: 4,940 GWh). Due to the importance of electricity in everyday life, the demands on electricity supply are constantly increasing. Electricity is the basis for sustainable economic development and makes a very substantial contribution to the fulfillment of requirements in connection with the energy, mobility, and heat transition to achieve the set climate and energy goals. Secure integration of e-mobility, heat pumps, and generation from photovoltaics (PV), small-scale hydropower stations, and wind require a massive expansion of the medium-voltage and low-voltage grid and of the maximum-voltage and high-voltage grid as the backbone of reliable power supply in Tyrol in the years to come.

Supply disruptions

In 2023, apart from some minor disruptions, three major incidents occurred in the distribution grid operated by TINETZ all over Tyrol.

In the month of July, Europe and Tyrol experienced record heat and, consequently, two massive storm fronts bringing gusts of up to 160 km/h, which caused area-wide power outages in TINETZ's supply territory and affected a total of some 54,000 households in 103 municipalities. Almost 1,100 transformer stations, i.e. about one fourth of all TINETZ stations, had broken down, and in all districts of Tyrol a total of 14 incidents occurred in the high-voltage grid, around 50 incidents in the medium-voltage grid, and 30 incidents in the low-voltage grid and required action. Hot spots were the Ötztal, Brixental and Zillertal valleys. For temporary backup power supply seven TINETZ emergency generators were put into operation and, in total, more than 200 employees and several external firms were directly occupied with troubleshooting.

The cabling drive undertaken in the past few years, as well as extensive wood clearing work along the major line routes helped prevent more outages in spite of the exceptional weather conditions.

At the end of August, intensive rainfall caused flood incidents all over Europe. The water levels of several rivers in Tyrol reached the HQ100 mark, and the condition of grid facilities in critical locations had to be monitored closely. As a consequence, some 5,000 households in ten municipalities were affected by power outages, in particular in the Ötztal and Pitztal valleys. The full-spate rivers undermined poles and unearthed power cables, or trees fell because of the water-soaked ground.

Lastly, due to strong snowfalls in early December TINETZ's emergency teams were called to more than 50 incidents of area-wide outages. Altogether about 32,300 households in 64 municipalities were affected by disruptions, above all in the lowlands between Jenbach and Reith near Kitzbühel.

The failure of the 110 kV power line after it had been hit by a tree in the area of Sautens had severe consequences for the entire Ötztal valley. A number of helicopters were used to reach the sites concerned and to ensure safe operation of the lines by downwashing snow from nearby trees. Until the end of December, the entire region repeatedly experienced trees falling on lines or landslides leading to supply disruptions for our customers due to the weather.

Nonetheless, grid availability in 2023 was above 99.9% and therefore still markedly high, a figure that puts TINETZ into the top segment of Austrian grid operators.

New customers

In the reporting year, TINETZ connected a total of 1,104 customer systems and a connected load of 41,740 kW to the distribution grid. Additionally, the capacity of existing systems was expanded by 20,986 kW. The demand to be covered by the TINETZ distribution grid has thus risen by 62,726 kW.

In the reporting year, 7,223 producers feeding in electricity with a bottleneck output of 126,960 kW were connected to the TINETZ distribution grid, with another 21,694 kW added by capacity expansions in existing facilities, most of them photovoltaic stations. However, several small-scale hydropower stations, and with the Sellrain power station also a medium-sized hydropower station, were connected to the grid. In total, some 17,800 photovoltaic generation facilities with a contractually agreed feed-in capacity of approx. 270,000 kW in the aggregate were connected to the distribution grid by the end of 2023.

Rollout of smart meters in the TINETZ supply area

As part of the European Union'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 laws and regulations in this regard. The Electricity Act 2010 *[ElWOG 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 of 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 grid 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 the grid operators Vorarlberger Energienetze GmbH, Innsbrucker Kommunalbetriebe AG, and Salzburg Netz GmbH in order to pool expertise and strengthen our position in the market. After their successful launch in June 2020, TINETZ installed some 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%. By the end of 2023, around 191,200 smart meters had been installed at TINETZ customers. Replacement by a smart meter is done by an external installation service provider and staff of TINETZ. We will have to install more than 250,000 smart meters at TINETZ customers by the end of 2024. The number of customers who opted out of use of a smart meter remains at a constant low.

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.

Enhancing supply security: line refurbishments and construction

Major projects to increase supply security in Tyrol are the "lowlands grid concept" and the "Ötztal valley energy future" project.

Under the "lowlands grid concept", the existing 110 kV line between the Kramsach and Kirchbichl substations, 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) work is in progress and continues in 2024. Dismantling of existing line sections is expected to commence in 2024 and to be completed by mid-2025.

The "Ötztal valley energy future" project will make the Ötztal region fit for the future by setting up an additional 110 kV line. The project had been given initial consideration in early 2020. Currently, the Ötztal region is supplied by a 110 kV single-circuit branch line (single line), which starts at the Ötztal substation and leads to the Sölden substation. Due to the growing energy demand of municipalities and businesses and the increasing decentralized feed-ins, redundant supply can no longer be

ensured in the future if that 110 kV single line should fail. Current planning has been coordinated with the relevant stakeholders in the region from the start and provides for a future double-circuit overhead line. The new line is to be routed as far away from settlements as possible, i.e. outside the valley floor.

In order to identify the environmental impact of this project with all its implications and to avoid or, where possible, balance environmental effects according to the precautionary principle, the "Ötztal valley energy future" project will undergo environmental impact assessment. In the reporting year, the necessary environmental impact statement was prepared by TINETZ with assistance from external experts from a variety of disciplines. All official permits and private-law contracts are expected to be obtained by the end of 2026. After that, the remaining planning work, calls for tenders and awards of contracts, and construction measures can start and are expected to be completed in 2030. After the new double-circuit overhead line will have been put into operation, the existing overhead line, most of which is routed through the valley floor settlements, will be dismantled.

For more information on the project, please refer to https://www.tinetz.at/infobereich/energiezukunft-oetztal

Extensive refurbishment measures were carried out on other existing lines as well for reasons of age to ensure their operability for the next few decades. Section structures were newly built on the 110 kV line from the Kufstein substation – state border – Ebbs/Oberaudorf substation/power station, and extensive refurbishment measures on the 220 kV lines from the West Tyrol substation (in Haiming) – Silz switching plant – Oberhofen in the Inntal valley were carried out.

Enhancing supply security: newly built distribution facilities

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, or distributing the feed-ins from peripheral generation systems across regions in Tyrol or into the Austrian or European integrated grid in times of production surplus.

The Habichen substation will improve and secure supply security in the Ötztal valley for the future, in line with growing demand by customers and producers. The project includes integration into the existing 110 kV line and the substation in the area of Ötz-Habichen, which will provide reliable supply for the front valley area. The substation consists of a building housing the switchgear, other technical equipment, and separate transformer boxes. The main electrical components are in operation; remaining work will be completed in 2024.
The 110 kV switchgear of the Wilten substation in Innsbruck was refurbished from 2020 to 2023 and is in operation. To take account of the limited space available in urban areas, a gas-insulated, metal-incapsulated indoor switchgear and the necessary building to house it were built. The station, which dates back to 1927, is one of the largest TINETZ hubs, and the project considerably enhanced supply security for the City of Innsbruck and the central Tyrol region.

In order to increase supply security in the Iseltal valley, a new support line will be set up from the 380 kV grid of Austrian Power Grid AG (APG). The required substation will be built near the existing 380 kV line of APG in the municipality of Matrei in East Tyrol and constitutes a

joint-venture of APG and TINETZ. For that purpose, APG is going to build a substation for transformation from 380 kV to 110 kV, and TINETZ will be in charge of integration into the existing 110 kV grid and the substation for transformation to 25(30) kV for connection to the local 25(30) kV supply grid.

In other substations, including those of Landeck, Thaur, Hall, Wattens, Jenbach, St. Johann, and Kalserbach, key components and operating equipment were refurbished, and expansions were made.

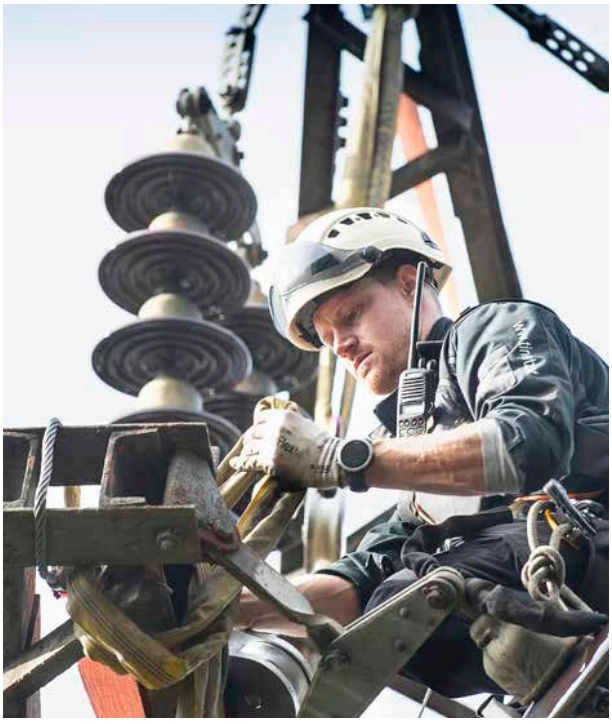
Massive increase in connection requests in recent years

The major driver of connection requests and their marked increase seen between 2015 and 2020 was the construction boom; since 2021 it is mainly attributable to the Austrian Renewables Expansion Act *[Erneuerbaren-Ausbau-Gesetz/EAG 2020]* and the resulting option for our customers 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 integration of heating and charging systems into the energy distribution system. In terms of 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. The dynamics were and still are intensified by crises (the Covid-19 pandemic, the war in Ukraine, global warming) and the energy price development. Consequently, 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). In 2021, an increase in connection requests to 8,700 (2,000 thereof concerning feed-in systems) was recorded for the first time.

In the years 2022 and 2023, TINETZ, like all other distribution grid operators in Austria, had to face a massive boom in the demand for PV systems because of the 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 installers) to their limits. In 2022, around 16,500 connection requests (thereof around 7,600 feed-in parties) were processed; in 2023, around 17,000 connection requests, including 10,700 for peripheral feed-in systems, were recorded. It can be expected that this interest in grid access will definitely continue and may even rise moderately in the years ahead.

Systems are commissioned one to two years after the request for funding and construction, so that for the TINETZ grid the development of PV feed-in capacity can be reported as follows: by the end of 2020, 6,752 systems generating a total of 93.26 MWp were connected to the grid; in 2021 and 2022, 3,840 systems accounting for a total of 61.61 MWp and in 2023, another 7,223 system accounting for a total of 126.96 MWp were added, which means that by the end of 2023, a total of approx. 17,800 systems generating around 270 MWp (270,000 kWp) were in place.



Considering the connection requests received by TINETZ but not yet processed for commissioning, the volume of planned PV installations will rise by some additional 160,000 kWp. TINETZ is ahead of implementing the Mission 2030 goals (a plus of 11 TWh of PV feed-in capacity), which means that, assuming continuing expansion at 2023 levels, the goal could be reached in Tyrol by 2026.
By comparison, as of the end of 2023, a total of 311 small-scale hydropower stations (bottleneck output of up to 10 MW) feed a bottleneck output of 191 MW into the TINETZ grid.

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, or for transport (e.g. heat pumps, 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 minor role. For other distribution grid operators, however, they already are a strong driver for the necessary grid expansion similar to PV connections.

Necessary grid expansion in the next decade

Since grid loads and feed-in capacities of renewables are not identical at all times, it is obvious that 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 bleak winter day with no sun or wind and only scarce water supply, and, on the other hand, 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 grid will pose another challenge, because “stable” power stations running on fossil fuels (nuclear, coal-fired or gas-fired power stations, etc.) will gradually be taken from the grid and replaced by “volatile” (fluctuating, because weather-dependent) generation from wind power and photovoltaics. Maintaining voltage levels in the distribution grids of rural supply networks will constitute an additional challenge. 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. By 2030, capital expenditure on grid infrastructure all over Austria will need to be increased massively to reach the targets set by the federal government and the regional governments. The energy transition therefore requires a massive and wide expansion of grid infrastructure at all voltage levels, which will have to be reflected by grid rates.
According to valid estimates, TINETZ’s capital expenditure required for retrofitting due to the energy, heating and mobility transition will need to triple and human resources required for implementation will need to increase by up to 50% by 2040. At present, TINETZ is already investing “record budgets”, i.e. about twice as much as in the last decade. TINETZ’s investments mainly generate value for Tyrol and Austria. Around 75% of annual capital expenditure goes to contracts with businesses from Tyrol, and up to 90% to Austrian businesses.

The biggest challenges in implementing those action plans are securing the economic framework in the regulatory system for grid operators, timely availability of the required additional skilled staff and partner firms as well as of the necessary operating resources (transformers, stations, switchgears, cables, etc.) in adequate quality, the duration of approval proceedings, and agreements with neighbors on the construction of plants, as well as the implementation of digitalization solutions to handle the new bulk business for connecting feed-in systems, e-charging stations, and heating systems.

Grid expansion measures will not meet the demand across the entire region in the next few years in time. In order to ensure safe grid operation in the future, temporary feed-in restrictions will have to be imposed on the regions concerned, more often than before. Customers affected by those restrictions will promptly be made a grid access offer for installation of their own systems even in those regions to allow them to apply for funding immediately and to commence planning and construction work, which means that they will always be able to use the energy generated to cover their own demand and to personally contribute to the climate goals in any case. In this context, bespoke solutions with special regard to the customers’ own demand, and competent professional advice given in advance, e.g. by regional energy agencies and information centers, are useful and important.

Electricity trading

In 2023, prices on the electricity market slid, followed by price stabilization at a higher level than that before the energy crisis; previous year's record prices were no longer achieved.

Also in the reporting year, international wholesale markets were characterized by geopolitics and the ongoing war between Russia and Ukraine, and the escalation in the conflict in the Middle East after the October 7 Hamas terrorist attack on Israel. Despite continuing hostilities in Ukraine, the gas supply situation in Europe eased. Even though volatility was not as strong in 2023 as in the year before, different regional or global events, which led to a change in gas supplies, showed the sustained nervousness on the markets. Moreover, the year 2023 turned out to be the warmest year on record. In addition, compared to the previous year, markets were characterized by better availability of French nuclear power stations and the economic downturn in the Eurozone.

A particularly mild winter 2022/23 and comparably low gas consumption took the edge off the supply situation in Europe in the past year and led to record gas storage levels for the winter 2023/24. Combined with large volumes of liquified natural gas (LNG) deliveries, in particular from overseas, and the robust pipeline deliveries from Norway, gas prices in Europe declined throughout the year. The average market price for annual 2024 gas delivery on the futures market was reduced by half compared to the year before. At the beginning of the year, the contract price still stood at approx. EUR 76/MWh and closed at approx. EUR 36/MWh at the end of the year. A similar development occurred on the gas spot market, where gas volumes are traded for the day ahead. Even though the annual average day-ahead gas price fell to approx. EUR 41/MWh, i.e. to a third of the figure in the calendar year 2022, it was still clearly above the five-year average of the years before the energy crisis. Due to the lower demand for coal and the weak economic data, the demand for carbon emission allowances dropped as well, resulting in a reduction in carbon prices. On the futures market, the December 2023 contract for EU emission allowances traded during the 2023 trading period at approx. EUR 69/t on average, i.e. at EUR 15/t less than the contract for December 2022. That market environment caused reductions on the European electricity exchanges throughout the year. The average electricity price calculated on the basis of all trading days for the market area of Austria for fixed-quantity delivery in 2024 was merely EUR 148/MWh on the futures market and thus clearly below the previous year's figure. The average Austrian market price on the day-ahead market was approx. EUR 102/MWh and that on the intraday market approx. EUR 99/MWh.

Moreover, on April 15, Emsland, Isar 2, and Neckarwestheim 2 were the last three nuclear power plants in Germany to be disconnected from the grid. In the short term, the lack of energy generated by those nuclear power stations was compensated by increased generation in thermal power stations, in particular lignite-fired and hard coal-fired power stations, so that those shutdowns had no significant effects on the electricity prices.

On June 13, 2023, in line with PICASSO (Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation), the quarter-hour balancing energy market was introduced also for tertiary balancing capacity and energy under the name of MARI (Manually Activated Reserves Initiative).

The regulatory environment of the energy markets was also characterized by significant developments in the past year. The month of March saw publication of the long-awaited electricity market reform proposal, including REMIT revision. On November 20, 2023, the Renewable Energy Directive (RED II) entered into force, which provides that, by 2030, 42.5% of the final consumption of electricity must be covered out of renewable energies. In the final declaration of the 28th UN Climate Change Conference (COP28), which took place in Dubai in December, phasing out of fossil fuels was encouraged for the first time.

The major reform of the Electricity Act 2010 *(ElWOG 2010)* toward an Electricity Act *(ElWG)*, which was repeatedly announced by the Austrian federal government, was not presented in the reporting year. However, the government adopted additional measures to curb inflation in the energy sector, and several aids to cope with energy costs.

PRIMARY ENERGY SOURCES

Pricing on the competitive electricity market relies on the variable cost of sales of all power stations necessary to cover demand (merit-order principle). When, in the summer of 2023, gas prices reached their annual lows, and at the same time, carbon prices were high, fuels were switched from hard coal to gas. High-output gas-fired power stations ranked before hard coal-fired power stations in the merit order, because of their lower marginal costs. Nonetheless, the variable costs of hard coal-fired power stations remained below those of gas-fired ones on an annual average.

Natural gas

Due to the gradual stop of Russian gas supplies, Russia's war of aggression against Ukraine in February 2022 triggered an unprecedented price rally on the European gas markets. In comparison, 2023 was characterized by a reduction in and stabilization of gas prices at a high level. The front-month product on the Title Transfer Facility (TTF, virtual trading point in the gas grid of the Netherlands) reached EUR 41/MWh on an annual average. Even though this was only a third of the previous year's price of EUR 133/MWh and still below the annual average of 2021 (EUR 48/MWh), its mean rate is almost double the five-year average level of the years 2017 to 2021 (approx. EUR 22/MWh). The annual average for the front-year product for delivery in 2024 dropped to EUR 52/MWh on the futures market, i.e. less than half of the previous year's price of EUR 114/MWh.

As a community of states the European Union accounts for about ten percent of global gas consumption, but due to its low self-production volume it depends on natural gas imports for about ninety percent of its consumption, and is the world's biggest natural gas importer. Until 2021, about one half of all gas imports into the EU came from Russia. The major part of Russian gas deliveries was transported to Europe via transit pipelines, so that the bordering countries of Eastern Europe and their neighbors, including Germany and Austria, accounted 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 infrastructure.
In 2022, the share of EU natural gas imports from Russia was 24%, further decreasing to 15% of the annual EU import volume in the reporting year, while LNG deliveries from the USA almost tripled compared to 2021, and accounted for almost half of the total LNG imports in the reporting year. A major part of the natural gas volumes still imported from Russia in 2021 was replaced by LNG deliveries from the USA and pipeline gas deliveries from Norway in the reporting year, except in Austria. Norway supplied approx. 30% and the USA almost 20% of all EU natural gas imports. Deliveries also came from Algeria, the UK, and Qatar.

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), and given the significant increase in flexible LNG volumes, the prices in 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, was about 9% above the TTF front-month price. Especially in the second half of the year, the Japan Korea Marker sometimes remained significantly above the European quotation, with a markup of up to EUR 14/MWh on specific trading days, so that the Asian markets turned out to be more attractive for readily available LNG volumes before the winter of 2023/24. In mid-July, for example, the European gas storage facilities were filled up to a level of 80%, and the European gas demand fell accordingly.

The “forced ride” of natural gas market prices started as early as in 2021, when it became more and more apparent that Gazprom would not fill up 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 of 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 have been excluded. The natural gas crisis, which had started in fall 2021 and peaked in summer 2022, also had an impact on 2023.
Even if volatility in 2023 was not as strong as in the year before, different regional or global events, which led to a change in the gas supply, showed the sustained nervousness on the markets.

Due to mild weather conditions, many European countries resumed storing gas in their relevant facilities in early January. At the beginning of 2023, European gas storage facilities were filled up to levels of approx. 84%, compared to only 50% in the previous year. The first quarter of 2023 was characterized by temperatures that were significantly above average and therefore reduced the demand for heating as well as gas consumption. In mid-March larger volumes than those taken out were put into the European gas storage facilities, so that by the end of the month, the gas storage facilities in Europe were filled up to a level of approx. 56%, compared to only approx. 26% in the prior-year period.

In April, after Wilhelmshaven and Lubmin, Germany’s third LNG terminal in Brunsbüttel went live, with a delay of one month. By the end of March 2024, another terminal is planned to be put into operation in Stade. Like the two other German LNG terminals, Brunsbüttel is a floating facility that uses a special vessel, a floating storage and regasification unit (FSRU). In 2026, a multifunctional land terminal will start operation in Brunsbüttel.
From early April until June, gas prices partly slumped considerably (see Figure 1). On the first trading day in April, TTF month-ahead contracts cost approx. EUR 51/MWh and lost more than half of their value until early June. On June 1, it was only approx. EUR 23/MWh (the lowest price since May 2021), and it turned out that this was the lowest price in 2023. Despite the plummeting month-ahead natural gas product, the TTF year-ahead product mainly moved sideways within a price range between EUR 54/MWh and EUR 61/MWh. In early June, it still fluctuated around a mark of EUR 43/MWh.

Delays in maintenance work in Norwegian gas production plants made the natural gas month-ahead quotations rise sharply again within two weeks, up to EUR 41/MWh on June 15. By mid-July, the price for the TTF month-ahead products once more declined to approx. EUR 25/MWh before heat waves in the second half of the month caused prices to rise again. In August, natural gas prices were boosted again. Potential strikes in Australian LNG liquefaction plants operated by Chevron

and Woodside made market participants nervous. The export capacity of the plants concerned is said to be 10% of global export LNG capacity. On August 22, the TTF front-month quotation climbed up to EUR 43/MWh, before it took another nosedive upon the announcement that Woodside had reached an agreement with its staff. This also reflects the extent to which European gas prices depend on the global natural gas market nowadays. Chevron, on the other hand, was not able to reach an agreement, so that its staff started industrial action on September 8. Increasing LNG demand from China as a consequence of the slight economic recovery also supported the natural gas prices. At that time, the Japan Korea Marker was approx. 30% above the TTF. Even though the strikes in Australia had ended in the meantime, gas flows from Norway had returned to a normal level, and the gas storage facilities in Europe were filled up to a level of 95%, the TTF month-ahead quotation climbed swiftly up to EUR 45/MWh on September 25. That mark had reached that level for the last time at the beginning of April. By early October, the price-dampening factors subsequently prevailed and the natural gas prices slumped once more. The month-ahead TTF contract fell to EUR 36/MWh, while the year-ahead contract dropped to EUR 44/MWh, i.e. slightly above the previous annual low in early June.

The October 7 Hamas attack on Israel and the report of the damage to the Baltic Connector gas pipeline between Finland and Estonia caused a steep rise in prices. Due to the fear that the Middle East conflict would spill into open warfare, market participants also feared that gas exports from that region might stop because of a block of transit through the Strait of Hormuz. Damage to the Baltic Connector evoked memories of the destruction of three of the four Nord Stream pipelines in late September 2022 and once more showed the vulnerability of European infrastructure.

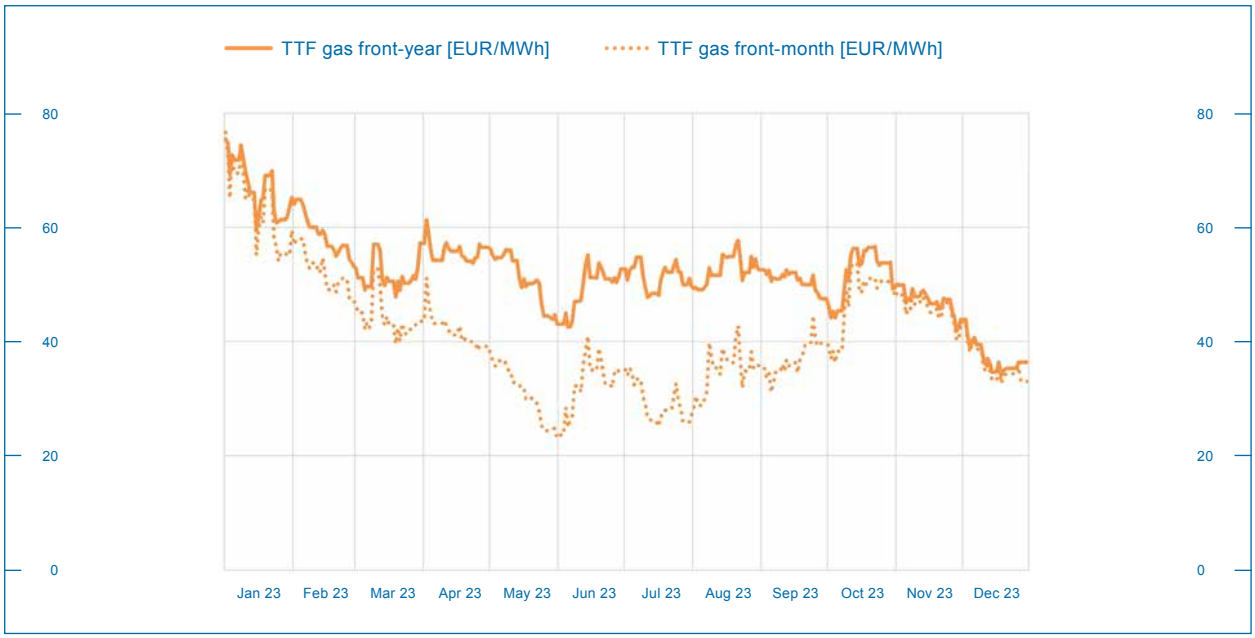


Figure 1 shows the European TTF quotation in the futures market for the relevant month ahead and the year ahead (2024) in EUR/MWh.

Prices remained at that higher level for about two weeks, before they started to fall again. By early November, European gas storage facilities were filled to the brim. Temperatures above the multiple-year average helped to conserve gas volumes stored, and demand for gas remained low. Due to the prolonged drought in Central America, the daily number of tankers allowed to pass the Panama Canal had to be drastically reduced. Consequently, ships loaded with US LNG on their way from the Gulf of Mexico to Asia had to make wide detours via the Suez Canal or the Cape of Good Hope. Europe benefitted from the shorter route via the Atlantic. The downward trend of gas prices continued until mid-December. Then, reports of Yemen's Houthi rebels attacking ships in the Red Sea led to anxiety in the markets. The TTF front-year 2024 quotation followed the one-month contract in a similar way, however without fully factoring in the short-time supply situation and high-price phases. From November 2023, a typical alignment took place, which lasted until the end of year. Since the beginning of the year, the TTF front-year and front-month quotations had been reduced by half by the last trading day of 2023.

From a fundamental perspective, the causes of the natural gas crisis have not been eliminated yet, with the lack of Russian gas deliveries only partly being compensated by de facto additional supplies. As Europe was willing to pay a higher price, it managed to reroute LNG deliveries, which meant, however, limited gas supply for Asia. In addition, rigorous Covid pandemic policies slowed down China's demand, and in Europe, both heating demand and industrial demand remained clearly below the average recorded before the war in Ukraine. However, it is unlikely that this situation will cause another market upheaval, since high gas storage volumes are currently available in Europe, and the supply situation is expected to improve in the medium term due to the expansion of LNG capacities.

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 coal-fired or gas-fired power stations and thus for so-called merit-order pricing on the wholesale markets. Since early 2021, emission allowances are in their fourth trading period, which will last until the end of 2030. In the next few years, the number of emission allowances in the European Emissions Trading System (ETS) will decrease due to the so-called Market Stability Reserve, because the number of allowances issued will be reduced by means of a linear reduction factor. Nevertheless, presently more allowances are put on the market in the short term by additional auctions under the "REPowerEU" program. Proceeds from those auctions are intended to be used to support the transitioning away from fossil fuels, in particular Russian gas. In 2023, the EUA market came under pressure due to the additional numbers of allowances auctioned. Other factors that reduced the price were the lower demand from large-scale industrial customers and coal-fired power stations. In the long run, the Market Stability Reserve could support the EUA price by withdrawing allowances.

From January to May 2023, prices on the European gas markets dropped and thus encouraged increasing use of gas-fired power stations instead of coal-fired ones. A reduction in operating hours of coal-fired power stations led to a decline in the demand for emission allowances. The prices of the contract for December 2023, the reference contract for EU emission allowances, dropped from EUR 100/t in February 2023 to less than EUR 80/t in May 2023. In summer 2023, the prices recovered, but the highs around EUR 100/t were no longer reached.

In the second half of 2023, the focus shifted toward industrial EUA demand. Falling economic indicators suggested a decline in industrial activities in Europe. Hesitant industrial buyers put pressure on EUA prices. Selling EUAs from their portfolios may have given businesses the opportunity to generate liquidity or achieve better financial results. Toward the end of 2023, falling gas prices once more increased the operating hours of gas-fired power stations compared to coal-fired ones. In late 2023, EUA prices came under pressure again. The weak fundamental factors of the EUA market were a reason for EUA positions to be sold off from the portfolios of funds and speculative investors. Accordingly, this market segment lacked demand for EUAs as well. The December 2023 contract closed trading at approx. EUR 69/t on December 18, 2023, and was thus clearly below the annual high of more than EUR 100/t. The spot price for carbon emission allowances started at approx. EUR 81/t and closed the reporting year at approx. EUR 77/t (see Figure 2). The average annual carbon price per ton on the spot market was around EUR 83 in 2023, i.e. only EUR 2 more than in the year before.

In connection with the EU "Fit for 55" package, the building and road transport sectors are gradually being integrated into the emissions trading system. Allowances for those sectors can be bought from the national emissions trading agencies. In the first phase, the prices have been fixed from EUR 30/t in 2022 up to EUR 55/t in 2025. In addition, the Carbon Border Adjustment Mechanism (CBAM) for imports of electricity, cement, iron and steel, aluminum, fertilizers, and hydrogen is the EU's tool to balance the competitive environment for EU producers. From 2026, importers are required to purchase CBAM allowances, the price of which will depend on the average auction prices in European emissions auctions. Free allocations for CBAM goods produced in the EU will gradually phase out by 2034, with the CBAM obligations being raised accordingly.

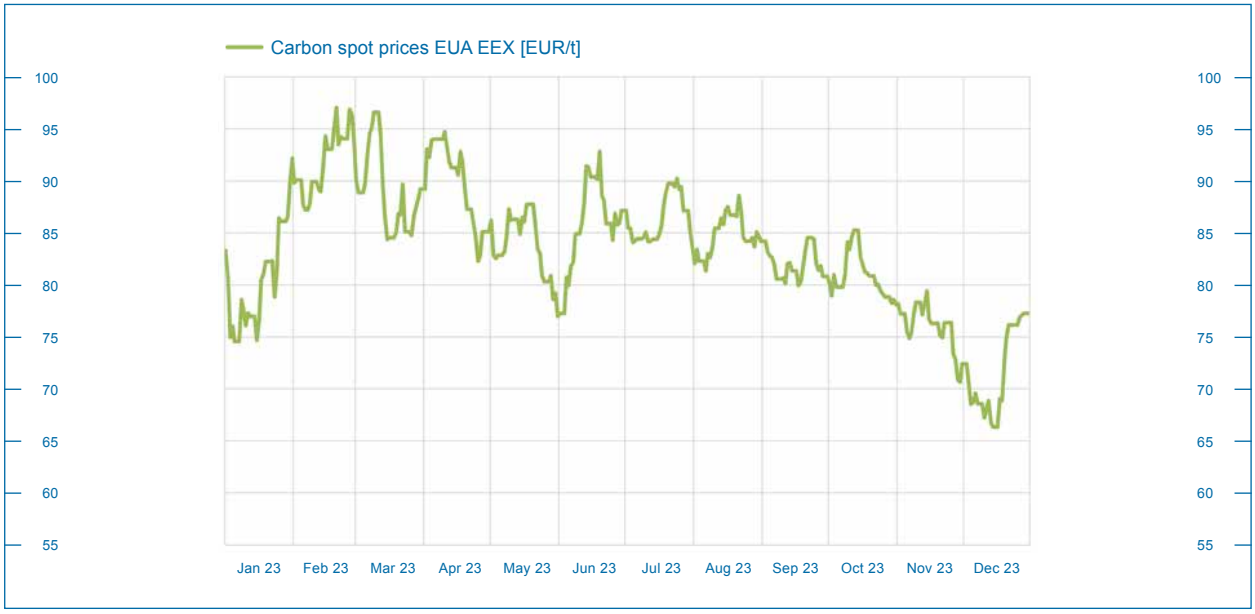


Figure 2 shows the spot prices of emission allowances (EUAs) for the fourth trading period in 2023, expressed in EUR/t, as quoted by European Energy Exchange AG (EEX).

DAY-AHEAD AND INTRADAY MARKETS

The annual average spot price in 2023 through market coupling for next-day delivery (day-ahead) for the market territory of Austria fell by more than half and was approx. EUR 102/MWh compared to the previous year (approx. EUR 261/MWh), thus dropping even below the level of 2021 (approx. EUR 107/MWh).
The corresponding EEX futures market price for 2023, i.e. the price at year-end 2022 for the annual delivery in 2023, was still at approx. EUR 257/MWh and thus increased by a factor of more than 2.5 of the annual average spot price.

In January 2023, the mild weather and good power generation from renewables put considerable pressure on the prices for carbon, gas, and coal, which also caused a slump in day-ahead prices on the electricity market compared to December 2022. At approx. EUR 145/MWh, the baseload monthly average for January was more than 40% lower compared to the previous month (see Figure 3). Moreover, at 71%, the available capacity of French nuclear power stations was at its highest level in almost a year. In addition, it became known that the LNG export terminal in Freeport (USA), which had been shut down after a fire in June 2022, would gradually resume operation. Accordingly, the good gas supply situation in Europe should improve even more.
As a consequence of all of the above, seasonal risks were gradually no longer factored in. From March, extensive warning strikes against the pension reform were held in France, which delayed the lengthy maintenance work on nuclear reactors further. Reports according to which the energy group EDF had detected more corrosion damage in places which had not been the focus of inspections earlier only caused a brief rise in electricity prices in the Central European market territories. The general downward trend continued until the end of the month. In March, the baseload monthly average was at approx. EUR 113/MWh and thus more than 21% below that in the month of February. Given the significantly improved gas storage situation compared to the same period in 2022 and a continued good supply of coal, spot prices in Germany and Austria continued to go down. On April 15, Germany's last three nuclear power stations were disconnected from the grid. The lack of capacity from nuclear power stations was compensated by higher generation by traditional thermal power stations, so that the shutdown did not materially affect the day-ahead prices. In May, the extremely dry preceding periods were followed by good precipitation levels in the Alps, which were above those of a normal year. This, in turn, significantly increased run-of-river generation and, together with declining carbon and coal prices, dampened the absolute price level on the European electricity markets. Toward the end of May, an additional increase in PV generation was observed, which was accompanied by an accumulation of negative hourly prices and caused day-ahead prices to drop further. The average baseload price for May was slightly above EUR 82/MWh and turned out to be one of the lowest monthly prices in 2023. The average peak-load prices for May were slightly lower. A drastic reduction in Norwegian gas exports put a temporary end to the downward trend in the European gas and electricity markets in June. In June, the baseload monthly average was at approx. EUR 95/MWh. Especially the first half of July 2023 was characterized by midsummer weather and high feed-ins from wind and photovoltaics. On July 2, a Sunday, the lowest hourly price of the year was recorded at EUR -500/MWh in the early afternoon. The last time a comparably low price was recorded had been in October 2009. In the second half of August, less generation from wind power and photovoltaics, and increasing gas prices due to strikes threatening in Australian LNG production plants supported electricity prices significantly. On August 23, the day-ahead price in the market territory of Austria rose to a maximum of EUR 289/MWh, so that the

average daily price was again above the mark of EUR 150/MWh for the first time since the end of winter. The average baseload price for August was at approx. EUR 93/MWh. The highest day-ahead price of 2023 in the market territory of Austria was recorded at EUR 437/MWh in the evening of September 11. At some EUR 101/MWh, the monthly average was clearly below the peak, but above the average price of August. Thanks to large volumes generated by wind power, full gas storage facilities, and mild temperatures, the Hamas attack on Israel in early October had only a limited effect on day-ahead prices. At an average of EUR 73/MWh for day-ahead delivery, however, December ultimately turned out to be the month with the lowest price in 2023. The comparably low price level was attributable in particular to the more windy periods from the second half of the month and the low demand during the Christmas holidays.

Some days of low price levels demonstrate 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. While due to the extremely high price levels in 2022 not a single hour of negative electricity prices was seen on the day-ahead market in Austria, 111 hours (exactly the same as in 2020) were recorded in 2023. Also in Germany, negative prices for 301 hours in 2023 were clearly more frequent compared to the previous year (69 hours). In Austria, the lowest daily average price was recorded on July 2, a Sunday, at EUR -17/MWh, and on December 25, a public holiday, at EUR 1.50/MWh – also on these two days power generation from renewables was high in Austria.

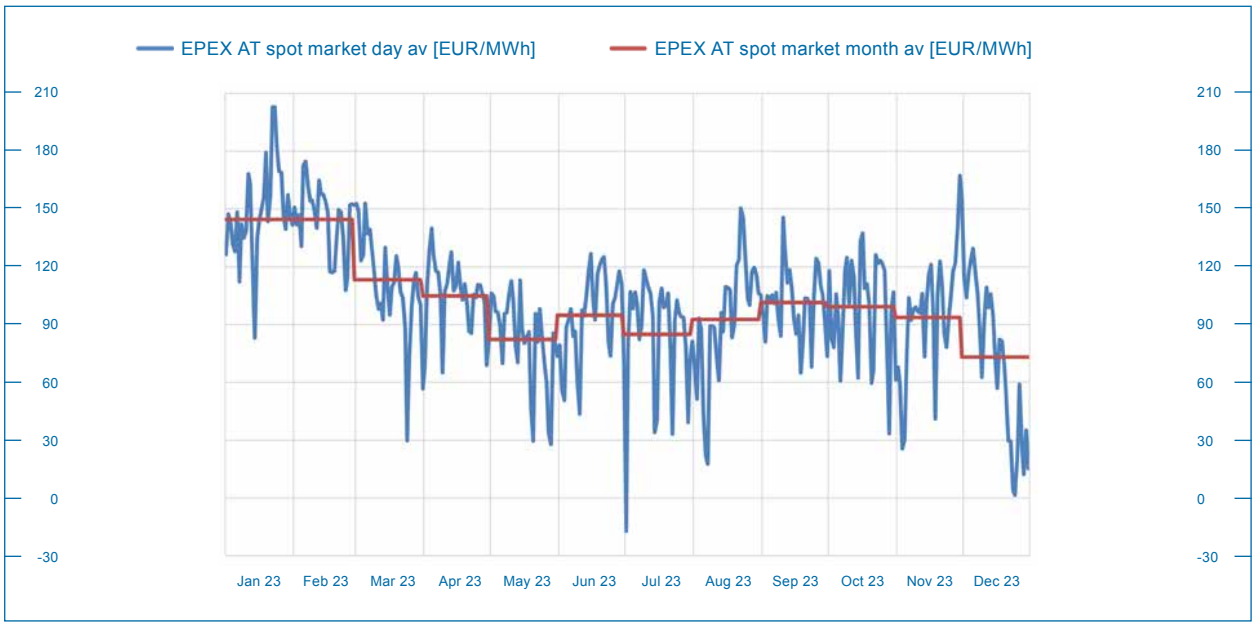


Figure 3 shows the price development of the market-coupling price on the energy exchanges (Nominated Electricity Market Operators (NEMOs) EPEX/EXAA/NORDPOOL) for the market territory of Austria in the year 2023, illustrated by the average daily price on the spot market (Phelix AT base), and the average monthly price in EUR/MWh.

In 2018, the joint German-Austrian electricity pricing zone was split up, resulting in different electricity wholesale price levels in the two countries. In 2023, the markups in the Austrian day-ahead market compared to Germany amounted to an annual average of approx. EUR 7/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 under the so-called flow-based market coupling, due to different types of generation on the basis of renewable energies, and a different primary energy sources mix in power generation.

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 on the German intraday market continued to develop satisfactorily. In a small market area like Austria, a liquid market is not available for every time unit.

The price fluctuations on the intraday market mainly reflect intraday surplus or shortage situations compared to the day-ahead projections in the wholesale market. On August 22, the highest price of a one-hour product on the Austrian intraday market was recorded at EUR 2,000/MWh, and on May 21, the lowest price was marked at EUR -1,750/MWh. The price band between daily maximum and minimum prices on the intraday market of approx. EUR 400/MWh on a 2023 average was slightly below the previous year's price of EUR 419/MWh, which means that it increased by a factor of 4.5 of

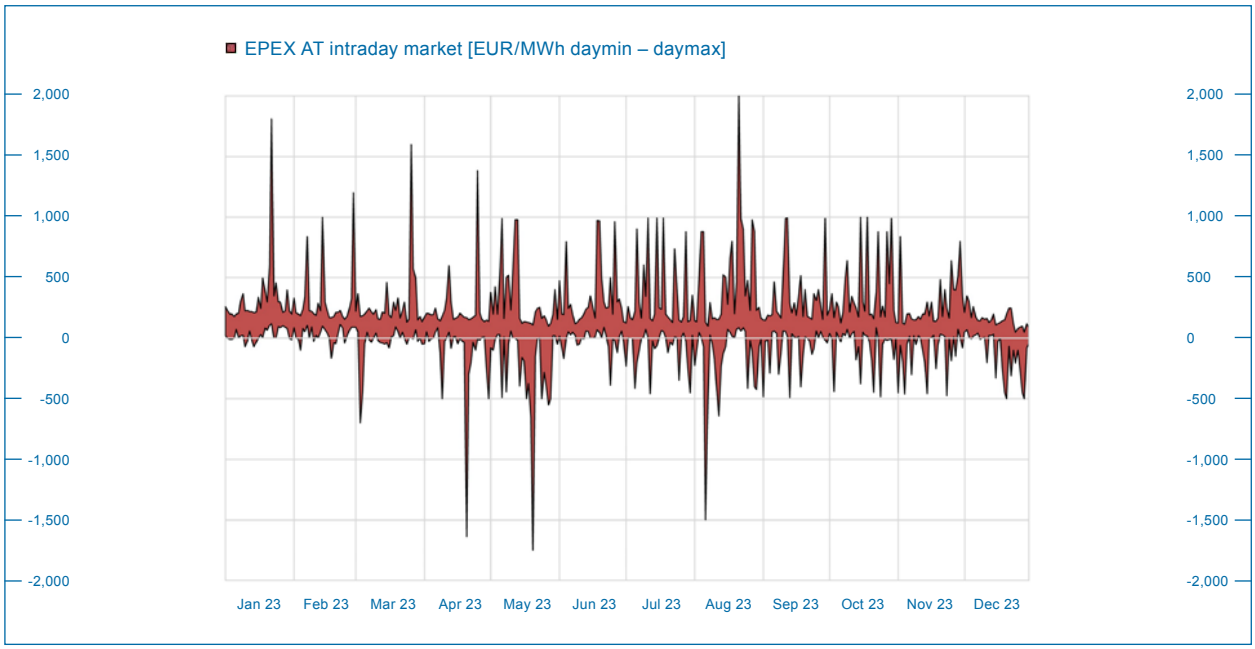


Figure 4 shows the price development on the EPEX in the intraday (hour) market for Austria in 2023 as minimum and maximum daily figures, expressed in EUR/MWh.

the average day-ahead price band of EUR 89/MWh in 2023, which underlines the value potential of that market segment once more.

Intraday products are traded on the energy exchanges 24/7, all year round, for 24 hours or 96 quarters of a day. The intraday market offers additional opportunities, especially to traders possessing 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 perfectly equipped for this market segment.

BALANCING ENERGY

To safeguard the stability of the electricity grid, generation and consumption must be at an equal level at all times. No electricity can be stored in the grid itself, only limited volumes can be stored in (pumped) storage power stations, and only comparatively minor volumes in batteries. Fluctuations in generation or consumption are balanced by the operators of the transmission system, who possess no power stations of their own, by purchasing 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 third parties to make their flexible power station capacities available on the electricity balancing market through their own 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, and the minute reserve 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 sufficient balancing services should be available even if and when the balancing energy market, which is processed later, is not available.

2022 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.

On June 13, 2023, in line with PICASSO, the quarter-hour balancing energy market was introduced for tertiary balancing capacity and energy, and for the minute reserve under the name of MARI (Manually Activated Reserves Initiative).

As at the end of 2023, Germany, Austria, and the Czech Republic participated in PICASSO, and Germany, Austria, Italy, and the Czech Republic participated in MARI. For 2024 the cooperation is intended to be expanded to other countries.

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 time and again also by the speculative opinions and individual expectations of market participants.

After the record year 2022, 2023 saw a clear decline and stabilization of the European wholesale prices in the futures market for electricity, gas, coal, and carbon. The ongoing war of Russia against Ukraine and the escalation in the Middle East conflict affected the international wholesale commodities and electricity market in the trading year of 2023. Since Europe's gas supply depended more on LNG from overseas, geopolitical factors are gaining more and more importance, which leads to clearly more uncertainty at the European trading centers. The price development in the commodities future markets materially affected the price expectations in the electricity future market (cf. Figure 1 and Figure 5). Generation from fossil fuels still characterizes the European generation mix and will also be crucial for the price expectation in front years in the near future. Despite record expansion of renewable energies, Germany, for example, generated around 171 TWh of electricity from lignite/hard coal, gas, and oil, which explains the still high electricity price sensitivity to commodity price changes. That effect was clearly noticeable at the beginning of 2023. Mild temperatures and record filling levels of European gas storage facilities caused gas prices to fall, with the electricity front-year coming under significant pressure (see Figure 5). In early March, front-year baseload delivery in the market territory of Austria was quoted at approx. EUR 157/MWh, i.e. 33% below the quotation at the beginning of the year. In March, the general downward trend was stopped for the time being by new reports on fissures in the cooling system of French nuclear power stations. At approx. EUR 172/MWh, baseload delivery for the electricity front-year in Austria reached its monthly maximum on March 10. In early April, the mark of EUR 172/MWh had already been exceeded for front-year baseload delivery, before the general downward trend resumed. In May, that downward development intensified due to steeply falling commodity prices on the future markets, which caused the front-year baseload delivery for the market territory of Austria to lose substantial value, and brought the price even closer to the mark of EUR 120/MWh. In June, maintenance work on Norwegian gas fields was delayed, which led to a considerable price rally for gas, and subsequently, for electricity on the futures market. Therefore, the electricity front-year price quoted at the end of the month exceeded the price quoted at the beginning of the month by approx. EUR 26/MWh. Over the summer months, July and August, the electricity front-year recorded only minor losses and closed at approx. EUR 145/MWh at the end of August. In the summer months gas and electricity prices were clearly supported by the repeated strike announcements of Australian LNG workers. The overcast economic outlook in the Eurozone and an extremely comfortable gas supply situation led to another downward price adjustment on the electricity future markets in the middle of September. On the last trading day in September, the front-year baseload delivery was quoted at approx. EUR

121/MWh, i.e. was below the summer months. Following the Hamas attack on Israel in early October, commodity markets responded with price markups which could not be fully explained, and which were also reflected by the front-year products. Within one week, the electricity front-year made a leap from EUR 121/MWh to EUR 145/MWh because many market participants feared a proliferation of the Middle East conflict and restrictions on LNG deliveries. The high price level on the gas and electricity futures market seen in October lasted only briefly. From mid-October, fundamental influencing factors, such as temperature and filling levels of gas storage facilities, returned to determine the market. As a consequence, high discounts were seen on the futures market, causing the price for front-year baseload delivery of electricity to come to approx. EUR 126/MWh by the end of the month. In November, the electricity price knew only one direction, namely downward. November closed at around EUR 108/MWh. The downward trend in the market continued in December. The risk of gas shortage in the front-year significantly decreased due to the high filling levels of gas storage facilities and additional European LNG import capacities, and put considerable pressure on the front-year. At the end of the month, the price for electricity front-year baseload delivery was as low as EUR 101/MWh. Over the trading year 2023, electricity front-year baseload delivery for the market territory of Austria lost 57%, and peak delivery lost 62% in value. In 2023, the trading volume in the European electricity market, as in European gas and coal trading (over-the-counter/OTC and exchange trading) was higher than in the year before. At 7,700 TWh, electricity trading grew by 34%, but still remained below pre-crisis levels. EU-wide physical OTC trading recorded a decline nevertheless. In the reporting year, the market share of physical OTC trading in European electricity trading was only 21%, i.e. below the OTC trading volumes of 2019.

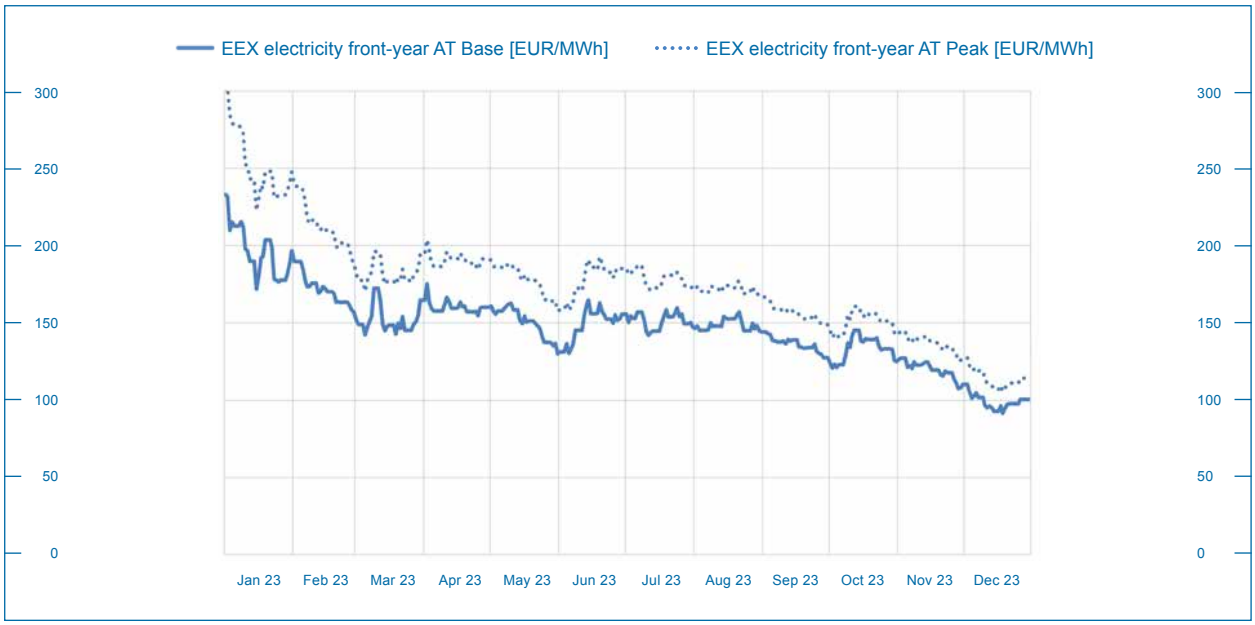


Figure 5 shows the electricity trading prices (futures), expressed in EUR/MWh, as quoted on the EEX, for deliveries in 2024 of base and peak products for the market territory of Austria in the trading year 2023. At EUR 148/MWh, the average market price of this front-year product is less than half of the previous year's price of EUR 316/MWh.

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 merely indicative and mostly not tradable. Moreover, the generally very low actual trading volume is limited to front products not so distant in time (month +1, quarter +1, year +1), while products which are more distant in time in most cases do not show any kind of trading activities. Usually, generators and suppliers on the futures market 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 (FTRs).

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 (FTRs). Physical transmission rights (PTRs) are not available between Germany and Austria. FTRs are acquired at auctions and are essentially limited to so-called base products for the front-year and front-months from time to time. Therefore, the variety of products is far smaller compared to those on the electricity trading future markets, and thus fewer hedging options are available. Moreover, FTRs may, on principle, be bought only once and at a fixed date shortly before the start of delivery. 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, the transmission capacity made available on a daily basis, and on the price differences for the primary energy sources mix, which is different in the two countries. 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 annual JAO auction for the delivery year 2023 resulted in approx. EUR 18/MWh for deliveries directed from “Germany to Austria” and to about EUR 1/MWh in the direction from “Austria to Germany”. The average from all monthly auctions in the direction “Germany to Austria” was EUR 8/MWh, and the average from monthly auctions from “Austria to Germany” was about EUR 1/MWh. The day-ahead market traded at an annual average of around EUR 8/MWh in the direction of deliveries from “Germany to Austria”, and at about EUR 1/MWh from “Austria to Germany”.
In the course of 2023, the electricity price differences between Germany and Austria were reduced due to the falling price levels in the electricity market, which was also reflected by the falling prices at the monthly auctions. The monthly auctions in the direction of deliveries from “Germany to Austria” were around EUR 10/MWh in the first half of 2023, and around EUR 6/MWh in the second half.

ELECTRICITY TRADING BY TIWAG

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 at comparably very low electricity prices through long-term deliveries from electricity traders, and barter agreements. In this way, optimum use, in particular of flexible self-generated electricity will also be ensured.

In this field of activities, TIWAG is also exposed to financial risks, which it counters with a risk management structure modeled on that of the banking system.

TIWAG's Risk Committee, which includes the member of the 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 Risk Management.

In the reporting year, TIWAG undertook more efforts to integrate third-party facilities into the balancing energy pool. Another focus was on optimizing the use of TIWAG's flexible-capacity power stations in the balancing energy market, in short-term and intraday trading.
In 2023, precipitation was above average and high temperatures were recorded in general. Levels in the first half of the year corresponded to long-standing average, while the months of June and July recorded little precipitation. In August, heavy rainfalls and storms caused flood incidents along the Inntal valley, which were mitigated thanks to the retention capacity of TIWAG's own reservoirs, allowing its high-alpine reservoirs to make a considerable contribution to flood control, in particular also to protect the Capital City of Innsbruck. After a dry September, the fourth quarter saw high precipitation, ultimately resulting in an above-average water year.

REGULATORY ENVIRONMENT

The past year brought important developments in the regulatory environment of the energy markets. After Russia's attack on Ukraine in early 2022, and the abrupt stop of gas flows from the East, prices on the electricity and gas markets soared as never before and peaked at wholesale prices of more than EUR 1,000/MWh on the futures markets in the summer of 2022 and made spot markets panic as well. A number of Member States then decided to intervene in the free energy market to protect consumers by measures reaching from price caps on customer prices to skimming off profits made by electricity producers. The call for a reform of the electricity and gas markets to prevent price shocks in the future put a lot of pressure on politicians and the European Commission.

In January 2023, the European Commission finally published the long-awaited public consultation on the reform of the European Union's electricity market design, which received more than 1,000 replies. Tensions over the degree of intervention in the electricity market became overly clear when some Member States submitted proposals that more or less aimed to end the free electricity market, whereas others pointed out a way how to reform the market by maintaining proven structures, securing urgently needed investments in the sector, and providing Europe with reliable, green and sustainable power at the same time.
In March, the European Commission published wide-ranging proposals. They included the Green Deal Industrial Plan with high-level bills, such as the European Critical Raw Materials Act or the Net Zero Industry Act. The long-awaited proposal for a reform of the electricity market design including the REMIT revision was also published in March.

The (sometimes fierce) debate on the proposals dragged on into the fall. In October 2023, everything happened in quick succession.

The European Council adopted Directive (EU) 2018/2001 on energy from renewable sources (Renewable Energy Directive, RED II), which provides that, by 2030, 42.5% of final energy demand must be covered by electricity generated from renewable sources. RED II entered into force upon the trilogue agreement on November 20, 2023. In October, the European Council working on the electricity market design reform surprisingly agreed on an amendment to Directive (EU) 2019/944 on common rules for the internal market for electricity in a way that took into account Germany's concerns over unfair subsidies in the French market and at the same time allowed France to apply the regulations to its nuclear power plants. The aspired goal of adopting an electricity market reform including a reform of the Regulation on Wholesale Energy Market Integrity and Transparency (Regulation (EU) No. 1227/2011, REMIT) was not achieved in 2023.

At the end of October, the proposal for the Net Zero Industry Act made substantial progress when the European Parliament Committee on Industry, Research and Energy (ITRE) voted in favor of including nuclear power and hydropower in the list of "net-zero technologies".
In December 2023, all media attention was focused on the 28th United Nations Climate Change Conference (COP28) in Dubai, which closed with a historic agreement encouraging transitioning away from fossil energy sources in a just, orderly and equitable manner, accelerating action in this "critical decade", so as to reach net zero by 2050. In order to achieve the necessary significant, quick and sustainable reduction in emissions, worldwide capacity of renewable energies will need to more than triple by 2030, and energy efficiency will have to double each year.

The Austrian legislator took no great actions in 2023. In March, the Austrian Environmental Impact Assessment Act *[Umweltverträglichkeitsprüfungsgesetz/UVP-G]* was amended. The amendment's objectives are to facilitate the construction of power stations and grid infrastructure by process acceleration and to provide clear structures, binding deadlines, more staff and ensure other improvements. In May, the government adopted additional measures to bring down inflation in the energy sector, including by increasing the windfall profit tax in the electricity sector (Federal Act on the Energy Crisis Contribution - Electricity *[Bundesgesetz über den Energiekrisenbeitrag-Strom/EKBSG]*), and several measures to help cope with energy costs. In June, the amendment to the Energy Efficiency Act entered into force, and in July, the (minor) amendment to the Electricity Act 2020 (*ElWOG 2020*). The major reform of the *ElWOG 2010* framework act, which had been repeatedly announced by the federal government, toward a new Electricity Act (*ElWG*) was not presented in the reporting year and will occur only in early 2024.

Energy suppliers, the industry association Oesterreichs Energie, and ultimately also the Governors repeatedly emphasized the significance of clear specifications for price changes in customer contracts, as, due to price adjustments, dozens of claims were brought against energy suppliers all over Austria.

TINEXT – Activities in fiscal year 2023

In the two years after its formation, TINEXT-Next Energy Solutions GmbH has established itself on the Tyrolean market in the areas of photovoltaics, hydrogen, e-mobility, and low-carbon heat. TINEXT is deemed a reliable partner and attractive local employer. At the end of 2023, TINEXT had as many as 26 employees.

PHOTOVOLTAICS

Important milestones reached

In 2023, TINEXT implemented 31 PV projects together with partners from industry and trade, as well as with non-profit and private residential property developers, including eleven leased systems and 20 community energy generation facilities. Under those projects, a total capacity of slightly above 2 MWp was put into operation on approx. 20,000 m² of roof space. In order to pool PV activities at TINEXT and within the TIWAG Group, a total of 12 PV systems with a capacity of 850 kWp situated on third-party properties were transferred from TIWAG to TINEXT as of September 30, 2023.

In addition, a PV system was put into operation on the roof of Bioenergie Kufstein, being the largest system in the town of Kufstein with a total output of 700 kWp. Thus, operation of the biomass heating plant, which was put into operation as early as in 2003, can now be supported by locally generated solar power. This helps saving energy costs and will increase profitability of the entire facility in a sustainable manner.

Cooperation with the State of Tyrol

Under the contract awarded in the Europe-wide call for tenders of the State of Tyrol, TINEXT installed three PV systems with a total output of 564 kWp on the roofs of the vocational schools for structural engineering and painting, wood technology, and tourism in Absam. The PV electricity used by the schools reduces the electricity costs for the building, with surplus energy being fed into the public grid.

Planned construction of a PV carport in Pertisau

In order to promote the use of paved areas for local and regional PV electricity generation, TINEXT developed a PV carport skeleton construction, including e-charging systems, at the TIWAG car park in Pertisau, municipality of Eben at Lake Achensee. An application for funding of the substructures for PV systems was filed with the Office of the Government of the State of Tyrol. At the same time, a tender procedure was carried out for that project, with Messrs. Fröschl winning the contract as the best bidder. If all decisions and approvals are in place, the project will be implemented in 2024.

Joint on-site inspection of the new PV system on the roof of Bioenergie Kufstein by (from the left) Stephan Hilber (Commercial Managing Director of Bioenergie), TIWAG's Management Board Member Thomas Gasser, Wolfgang Gschwentner (Commercial Managing Director of Stadtwerke), Walter Eisenmann (Technical Managing Director of Bioenergie), and Daniel Gruber (Technical Managing Director of Stadtwerke)

HYDROGEN

P2X station in Jenbach

Together with INNIO Jenbacher GmbH & Co OG, TINEXT is planning and constructing a hydrogen generation station on the premises of the Achensee power station, which procures electricity from the public grid and delivers the generated hydrogen to the INNIO works via a pipeline. By the end of 2023, all final decisions and approvals for the plant had been obtained, so that construction work was started in December 2023. In a first development stage, an electrolyzer of 2 MWel will be constructed.

Visualization of the P2X station in Jenbach after completion

E-MOBILITY

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

Together with the Tyrolean regional transport association Verkehrsverbund Tirol (VVT), and the bus operator Postbus, TINEXT was awarded a grant under the FFG-EBIN Call for installation of two charging stations with two charging points each, in Serfaus and Zams, and for acquisition of three electric busses. The stations will be constructed in the first quarter of 2024.

In 2023, TINEXT built a total of 31 charging points. In addition, all charging systems belonging to the assets of TIWAG were transferred to TINEXT as of September 30, 2023, so that TINEXT was operating a total of 693 charging points as at the end of 2023. In 2023, output increased by approx. one third compared to 2022, and amounted to some 2,000 MWh. For the construction of the charging systems, funding in the total amount of EUR 259,000 was obtained under KPC Mobility Management in 2023.

DISTRICT HEAT

Jenbach district heating system

Since 2022, TINEXT has been setting up a district heating system in the municipality of Jenbach, which will supply new builds of the developer NEUE HEIMAT TIROL, and private customers. Construction work continued in 2023. In 2024, a waste heat substation will be put into operation, which will be able to fully cover grid demand by means of industrial waste heat from the company INNIO Jenbacher.

Kematen district heating system

In 2023, TINEXT put into operation a district heating system in the municipality of Kematen in Tirol, which supplies the Kematen secondary school, new builds of NEUE HEIMAT TIROL, and private customers.

Other activities

PROJECTS FOR EXPANDING LOCAL HYDROPOWER CAPACITIES

Construction of the Tauernbach-Gruben (TG) power station

On January 9, 2013, TIWAG submitted its Tauernbach-Gruben project to the relevant authority for environmental impact assessment. Upon decision of the Federal Administrative Court (BVwG) in March 2022, which was not appealed against, the approval proceedings were successfully completed after eight years.

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 GWh of electricity per year.

In October of the reporting year, after extensive preparatory work, construction work for the diversion-type power station commenced in Gruben, which is part of the Tyrolean municipality of Matrei. In the course of the project, a number of compensatory measures were implemented on the Tauernbach river and on the Isel river. By connecting water bodies to the Isel river and structuring them, new and high-quality habitats for fish and small organisms were created.

Ground-breaking ceremony for the new diversion-type power station in Matrei with (from the left) TIWAG's Management Board Chair Erich Entstrasser, Josef Geisler, Deputy Governor and member of the regional government in charge of energy affairs, Federal Minister Norbert Totschnig, TIWAG's Management Board Member Construction Alexander Speckle, TIWAG's Supervisory Board Member Michaela Hysek-Unterweger, and the local Mayor Raimund Steiner

Overview of the Tauernbach-Gruben project

Construction of the (IH) Imst-Haiming power station

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 continue with the approval procedure, the improved documentation (first revision) was transmitted ahead of 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).

Visualization of the Imst-Haiming Inn river station after completion

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 positive EIA decision was issued in February 2023. However, as several objections have been raised, the approval proceedings will be continued in the second instance before the Federal Administrative Court. The expected duration of those proceedings is between 12 and 18 months.

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 was designed to expand annual power generation and increase supply for the district's own use. The project was 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 was thereby increased from 61 to 83 GWh.
Capital expenditure amounted to approx. EUR 17 million. Preparatory construction work was started in January 2021; the second machine was commissioned in 2023.
In the course of the project, a number of compensatory measures were implemented on the Schwarzach river, thereby creating new and high-quality habitats for fish and small organisms.

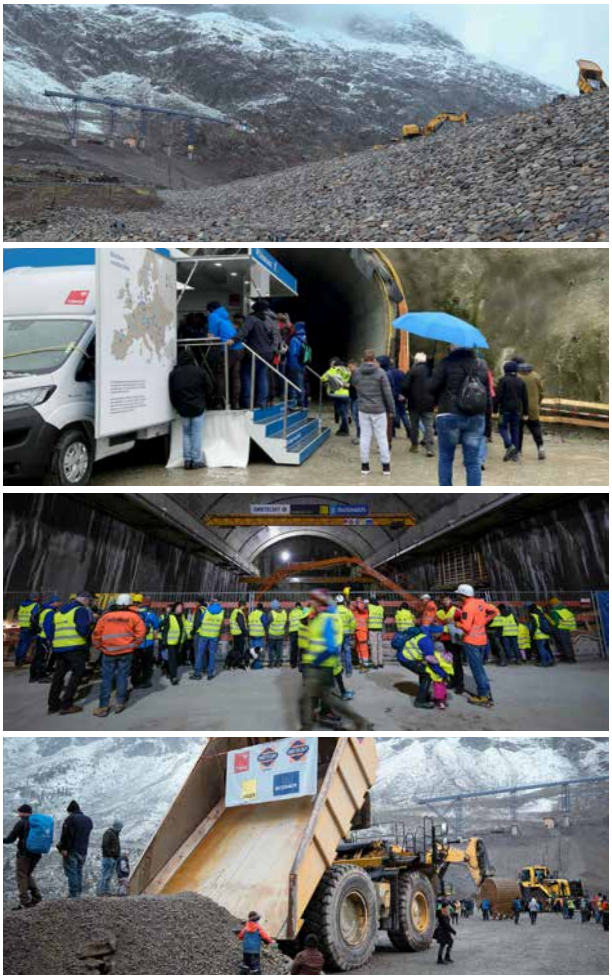
Construction of the Kühtai expansion project

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 2023, work on the project, which is now in its third year of construction, progressed as planned and according to schedule.

One of the two spirals being delivered in December 2023

After the first turbine parts had been delivered in September of the reporting year, an important milestone was reached shortly before the end of 2023: successful delivery of the first spiral for the pump turbine of machine no. 1. That largest component was delivered to Kühtai by means of a spectacular special transport through numerous bottlenecks under severe winter conditions.

After the successful first event, TIWAG thus welcomed more than 3,000 visitors on its second “open construction site day” in September 2023 despite the bad weather. Apart from the manifold opportunities to see the construction site and different construction sections, such as the dam, the cavern, or even the sometimes huge construction vehicles from up close, a fun social program provided entertainment, especially for the kids, while the cafeteria provided culinary delights for all visitors.



Despite the bad weather, the Kühtai construction site drew many visitors on the open construction site day.

In the reporting year, the tailwater reservoir construction project in Stams was continued as planned. The surge remediation measure has attracted supra-regional attention already. In early May 2023, national experts convened for an interdisciplinary practical seminar at the Silz visitor center, which is immediately adjacent to the compensating reservoir at the Silz power station.

The tailwater reservoir under construction at the Silz power station

TIWAG's Management Board Member Alexander Speckle (on the right) and TIWAG's Head of Department Johann Neuner (second from right) welcomed a large number of experts in Silz, among them Benjamin Apperl (Oesterreichs Energie), Gisela Ofenböck (Federal Ministry of Agriculture, Regions and Tourism, Department of National and International Water Management), Andreas Murrer (Office of the Government of the State of Tyrol, Water Management Department), Martin Schönberg (VUM Verfahren Umwelt Management GmbH), Franz Greimel (Vienna University of Natural Resources and Life Sciences, ÖkoReSch Project Manager), and Gottfried Gökler (Vorarlberger Illwerke AG).

In the reporting year, another important compensatory measure of the Kühtai expansion project was completed: former agricultural areas were used to expand the mouth of the Gießenbach river and to facilitate fish passage. For the new wetland the area concerned was lowered and the Gießenbach river was diverted, thus creating a lateral tributary. It has been designed in a way to ensure that the new habitat will remain connected to the Inn river even if water levels are low. During floods, the renatured area will also provide important refuge for fish. A unique nature reserve and recreational area was implemented in close proximity, a rest area with benches and bicycle racks was set up near the adjoining cycling trail, and some three hectares were lavishly renatured to add even more value. The new water body and plants in line with the location will allow wetlands to develop their typical ecosystem, thus contributing to greater biodiversity.

The compensatory measure in Langkampfen as well as ...

... widening of the Inn river at Stams-Rietz offer new habitats for river organisms.

Implementation of extensive revitalization measures on the Inn river between Stams and Rietz, which had been commenced in October 2021, was completed in the reporting year in terms of water engineering. Now Tyrol's largest river will be able to again develop in its own dynamics in that section. Anchored trees and fish shelters, as well as deadwood and stones provide shelter for reptiles and beetles. Also the Dwarf bulrush *(Typha minima)*, a plant typical of the Inn river in the past, was recolonized in the course of the project. A particularly pleasing result and proof of the high quality of the measures implemented is the fact that both the little ringed plover *(Charadrius dubius)* and the common sandpiper *(Actitis hypoleucos)*, two rare bird species at a European level, have settled in the compensation area and have started breeding on the river banks.

Very rare little ringed plover finding suitable breeding sites in the revitalized section between Stams and Rietz

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

ÖKOENERGIE TIROL GMBH

Ökoenergie Tirol GmbH is a 100% subsidiary of TIWAG-Tiroler Wasserkraft AG. Since its foundation in 2010, it has been an important member of the TIWAG Group and has been appreciated by sustainability-focused customers as a reliable Tyrolean partner.

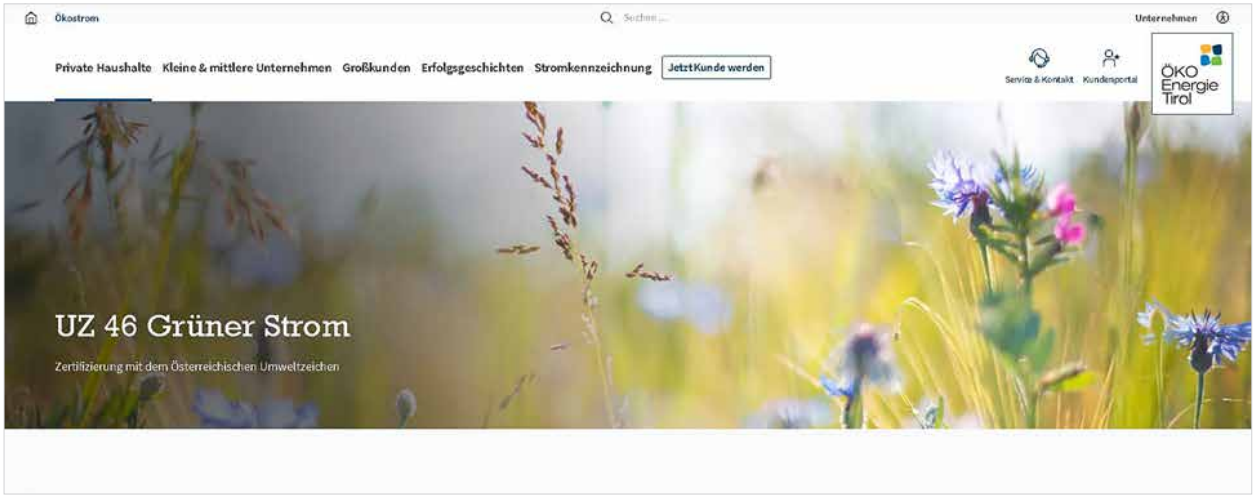
Exclusively products featuring the 100% green electricity ecolabel “UZ 46 Grüner Strom” from sustainable energy sources are provided. This has not changed even after the new, cheaper products were introduced in spring 2023. Those products have been offered not only to prospective new customers but pro-actively to all existing customers as well. Many have accepted our offer and enjoy its benefits. Customers who, by the end of the reporting year, had not decided to make the change were informed that the old electricity products would no longer be available as of March 31, 2024.

OTHER ACTIVITIES

Adding thousands of young graylings to the Inn river

For more than 30 years, TIWAG has funded the efforts of the Tyrolean Fisheries Association (TFV) to preserve biodiversity in Austrian water bodies. Annual contributions facilitate sustainable breeding and releasing of young fish. The funding agreement was renewed for another five years at the end of 2022.

The subsidy supports breeding programs for Inn river graylings and autochthonous brown trout *(Salmo trutta, “Ur-Forelle”)*. Breeding of autochthonous grayling fry, and regular measures of adding fish to the Tyrolean Inn river fishing districts and suitable tributaries to the Inn river are intended to warrant a healthy and sustainable stock. In 2023, a total of approx. 30,000 graylings were added to the Tyrolean section of the Inn river, 5,100 thereof in the district of Imst. As many as 1,300 graylings were released into the Inn river near Stams. The Tyrolean *Ur-Forelle* project focuses on reproduction of the Danube river brown trout lineages and their stocking in suitable water bodies.



Customers who are interested in certified, green electricity will find relevant information on the website of Ökoenergie Tirol.

Moreover, TIWAG provides funding for research and development in consultation with the Tyrolean Fisheries Association. In recent years, we started a joint project with the University of Graz to evaluate grayling stocking measures on the Inn river. In addition, a survey of the population structure of the arctic char *(Salvelinus alpinus)* in Tyrolean lakes was carried out to develop management recommendations. In collaboration with the Vienna University of Natural Resources and Life Sciences, a project for managing gravel areas for spawning was initiated. All of the above studies contribute to developing and implementing sustainable measures to improve fish population.

In particular, also the widening and structuring of water bodies, as realized under TIWAG's Inn river revitalization project in Stams-Rietz, are important steps toward improving the fish stock.

TIWAG's ecologist Martin Schletterer, Klaus Feistmantl (TIWAG's manager of the Inn river revitalization project in Stams-Rietz), TFV President Andreas Bachler, Zacharias Schähle (TFV branch management), Franz Gallop (fishing district manager), and Karlheinz Larcher (manager of the neighboring fishing district) were pleased to announce the continued cooperation between TIWAG and the Fisheries Association.

Tyrol's first large-scale energy community in Trins connected to the grid

In close cooperation with the municipality of Trins and the bank Raiffeisenbank Wipptal/Stubaital Mitte, TIWAG established the first large-scale renewable energy community (EEG) in Tyrol. Members can be supplied with solar power locally and at reasonable prices through the new cooperative society. During the start-up phase of the project a total of four feed-in systems and 20 metering points were connected in the energy community. After commissioning, the system generated a total of 60 kWp and can be expanded at will. In prior years, the municipality had equipped municipal roofs with photovoltaics and provided funding to encourage also private households to invest in such systems. Trins is now one of Tyrol's municipalities boasting the highest solar density.

Since the amendment to the Green Electricity Act came into force at the end of 2021, that potential may also be used locally: in that way, electricity which is produced by community generation facilities, businesses, or on rooftops of private homes can be exchanged and consumed locally. Taxes, fees and grid charges are significantly reduced and make that model very attractive. TIWAG developed the software for operation and billing; functionality and transparency of those systems is ensured via an internal platform. It is planned to implement similar projects in other municipalities as well.

On-site inspection in the "solar municipality" of Trins with (from the left) TIWAG's Management Board Member Thomas Gasser, Mayor Mario Nocker, and Wolfgang Gredler (Raiffeisenbank Wipptal – Stubaital Mitte)

TIWAG brings on board municipalities and farmers for PV expansion

As early as from 2020, private households may set up their own turnkey photovoltaic systems via the "*TIWAG-Sonnenfonds*" solar fund, and the demand for that offer was still high in the reporting year. At an installed capacity of more than 5.0 MWp, the TIWAG Group was also one of the largest solar power producers in Tyrol in 2023.

Via the expanded solar fund, now also municipalities and agricultural businesses were brought on board. In Stans, the first pilot plant of a size of approx. 500 m² was successfully installed on the roof of the community center. Another system is planned to be installed at the recycling center. TIWAG will be fully in charge of planning and implementation. The municipality of Stans will be able to use the electricity generated to cover the power needed for the building and thus reduce the energy costs. TIWAG plans to set up additional systems of this kind.

Closer cooperation with agricultural businesses in Tyrol is envisaged to close another gap. Special and attractive financing models via the *TIWAG-Sonnenfonds* are planned to help increase PV areas, e.g. on the roofs of farmhouses and barns, which means that there is still large potential in virtually every municipality of Tyrol. A special information and counselling campaign has been designed to win over agricultural businesses eligible for such projects. TIWAG's subsidiary TINEXT offers special purchase and lease models for municipalities, residential property developers, and commercial enterprises. Through its investment in Photovoltaik Ortner (PVO), a manufacturer from Hall, the regional energy supplier has ultimately entered operational business as well.

Close alliance for regional photovoltaics expansion (from the left): TIWAG's Management Board Member Thomas Gasser, Mayor Michael Huber, and Deputy Governor Josef Geisler

FINANCIAL STATEMENTS FOR THE COMPANY AND FOR THE GROUP

TIWAG – Your reliable partner since 1924.

BALANCE SHEET AS AT DECEMBER 31, 2023

Assets	Dec 31, 2023 EUR	Dec 31, 2022 kEUR
A. Non-current assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and benefits including licenses derived therefrom	502,300,823.21	476,565.4
2. Goodwill	314,767.06	524.6
3. Advances made	3,008,807.16	33,935.3
	505,624,397.43	**511,025.3**
II. Property, plant and equipment		
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	521,387,658.50	525,071.9
2. Machinery and electrical plants	314,132,081.61	290,211.4
3. Line systems	287,421,658.79	278,244.6
4. Other plant, furniture and fixtures	10,062,275.18	10,550.9
5. Advances made and construction in progress	707,872,469.97	512,570.9
	1,840,876,144.05	**1,616,649.7**
III. Financial assets		
1. Shares in affiliates	219,178,930.47	198,279.3
2. Loans to affiliates	174,883,333.28	204,516.7
3. Investments	619,867,453.02	619,867.4
4. Investment securities (book-entry securities)	33,391,878.53	45,441.9
5. Other loans	44,457,836.94	49,050.4
	1,091,779,432.24	**1,117,155.7**
Non-current assets	**3,438,279,973.72**	**3,244,830.7**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	11,219,582.77	7,731.2
2. Finished goods and products	38,481,618.69	62,741.4
3. Services not yet chargeable	436,982.97	429.3
	50,138,184.43	**70,901.9**
II. Receivables and other assets		
1. Trade receivables *thereof due after more than one year*	177,075,573.90 *5,801,663.34*	152,954.3 *5,928.7*
2. Receivables from affiliates *thereof due after more than one year*	192,812,416.55 *71,556,380.29*	165,382.5 *79,507.1*
3. Receivables from undertakings with which the company is linked by virtue of participating interests	13,060,045.48	10,891.3
4. Other receivables and assets	185,138,175.65	85,884.1
	568,086,211.58	**415,112.2**
III. Cash in hand and at bank, checks	**51,627,845.55**	**184,043.1**
Current assets	**669,852,241.56**	**670,057.2**
C. Prepayments and accrued income	**4,515,189.37**	**5,451.2**
TOTAL assets	**4,112,647,404.65**	**3,920,339.1**

Equity and liabilities	Dec 31, 2023 EUR	Dec 31, 2022 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)	1,506,712,937.00	1,366,212.9
	1,536,712,937.00	**1,396,212.9**
IV. Net profit for the year	**50,582,702.76**	**30,636.7**
thereof profit carried forward	*636,728.50*	*1,336.8*
Shareholders' equity	**1,887,795,639.76**	**1,727,349.6**
B. Investment grants	**9,729,363.11**	**10,182.2**
C. Contributions to construction costs	**185,156,707.61**	**181,634.4**
D. Provisions		
1. Provisions for severance pay	59,044,312.46	55,494.0
2. Provisions for pensions	98,553,996.87	100,967.3
3. Tax provisions	14,738,254.09	9,697.5
4. Other provisions	482,115,849.09	378,328.5
	654,452,412.51	**544,487.3**
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	859,407,626.26	1,020,418.0
thereof due within one year	*150,918,032.32*	*395,027.6*
thereof due after more than one year	*708,489,593.94*	*625,390.4*
3. Advances received on orders	71,952.35	43.4
thereof due within one year	*71,952.35*	*43.4*
4. Trade payables	138,922,902.65	91,660.8
thereof due within one year	*137,763,882.65*	*90,184.5*
thereof due after more than one year	*1,159,020.00*	*1,476.3*
5. Payables to affiliates	92,947,442.64	83,902.0
thereof due within one year	*92,947,442.64*	*83,902.0*
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,018,506.92	1,872.1
thereof due within one year	*1,018,506.92*	*1,872.1*
7. Other liabilities	133,172,879.50	105,570.9
thereof due within one year	*114,306,922.27*	*88,165.5*
thereof due after more than one year	*18,865,957.23*	*17,405.4*
thereof taxes	*35,225,148.95*	*29,620.5*
thereof for social security	*2,812,165.86*	*2,532.0*
	1,335,662,554.76	**1,413,588.4**
F. Accruals and deferred income	**39,850,726.90**	**43,097.2**
TOTAL equity and liabilities	**4,112,647,404.65**	**3,920,339.1**

INCOME STATEMENT 2023

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**

	2023 EUR	2022 kEUR
	2,290,279,428.99	**2,456,130.2**
	7,675.94	**84.0**
	32,475,177.20	**26,534.5**
	4,816,468.28	5,965.6
	11,060,611.30	7,037.5
	20,797,081.29	12,276.1
	36,674,160.87	**25,279.2**
	-1,723,510,726.04	-2,004,758.8
	-15,032,952.78	-1,264.0
	-1,738,543,678.82	**-2,006,022.8**
	-9,782,787.69	-8,115.1
	-105,707,128.25	-93,522.5
	-115,489,915.94	-101,637.6
	-127,142,283.82	-98,202.2
	-93,975,605.76	*-64,310.1*
	-4,970,658.23	-7,925.7
	-26,543,095.30	-24,585.7
	-242,632,199.76	**-199,839.8**
	-94,889,191.00	-82,714.4
	-2,848,955.17	*-104.2*
	-15,183,637.29	-16,364.6
	-110,072,828.29	**-99,079.0**
	-593,447.56	-585.8
	-143,556,814.99	-78,094.5
	-144,150,262.55	**-78,680.3**
	124,037,473.58	**124,406.0**
	120,942,341.62	47,440.0
	2,127,485.49	*776.4*
	7,903,000.71	3,586.2
	5,716,525.57	*2,548.8*
	11,627,656.40	47,917.6
	187,267.02	*48.5*
	5,841,010.62	*45,029.9*
	3,745,600.00	6,319.2
	-669,684.69	-4,747.9
	0.00	*-4,729.9*
	-669,684.69	*-18.0*
	-73,202,993.83	-20,771.7
	-47,770,570.38	*-3,212.1*
	70,345,920.21	**79,743.4**
	194,383,393.79	**204,149.4**
	-3,937,419.53	-22,849.5
	190,445,974.26	**181,299.9**
	-140,500,000.00	-152,000.0
	636,728.50	1,336.8
	50,582,702.76	**30,636.7**

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2023

Consolidated assets	Dec 31, 2023 EUR	Dec 31, 2022 kEUR
A. Non-current assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and benefits including licenses derived therefrom	8,471,537.58	9,163.2
2. Goodwill	314,767.06	524.6
3. Advances made	271,038.10	267.6
	9,057,342.74	**9,955.4**
II. Property, plant and equipment		
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	1,090,513,056.43	1,064,062.4
2. Machinery and electrical plants	415,677,657.08	376,289.8
3. Line systems	746,850,737.71	749,020.0
4. Other plant, furniture and fixtures	12,875,140.39	12,050.7
5. Advances made and construction in progress	717,014,481.15	558,426.5
	2,982,931,072.76	**2,759,849.4**
III. Financial assets		
1. Shares in affiliates	1,968,316.40	1,425.1
2. Investments in associates	142,517,214.86	138,486.6
3. Investments	413,433,894.36	413,288.7
4. Investment securities (book-entry securities)	34,074,164.80	46,124.2
5. Other loans	44,457,836.94	49,050.4
	636,451,427.36	**648,375.0**
Consolidated non-current assets	**3,628,439,842.86**	**3,418,179.8**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	11,219,582.77	7,731.2
2. Finished goods and products	21,165,128.48	49,843.2
3. Services not yet chargeable	444,859.30	489.4
	32,829,570.55	**58,063.8**
II. Receivables and other assets		
1. Trade receivables *thereof due after more than one year*	245,659,999.83 *5,801,663.34*	259,687.2 *5,921.2*
2. Receivables from affiliates	178,372.95	189.6
3. Receivables from undertakings with which the company is linked by virtue of participating interests	13,938,445.61	16,035.0
4. Other receivables and assets *thereof due after more than one year*	282,130,570.20 *71,556,380.44*	204,936.3 *87,457.8*
	541,907,388.59	**480,848.1**
III. Cash in hand and at bank, checks	**54,039,706.36**	**185,093.4**
Consolidated current assets	**628,776,665.50**	**724,005.3**
C. Prepayments and accrued income	**4,980,965.78**	**6,064.3**
D. Deferred tax assets	**0.00**	**0.0**
TOTAL consolidated assets	**4,262,197,474.14**	**4,148,249.4**

Consolidated equity and liabilities	Dec 31, 2023 EUR	Dec 31, 2022 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	**1,401,403,579.40**	**1,233,170.8**
IV. Consolidated profit for the year	**166,227,095.61**	**172,804.7**
V. Shares of other shareholders	**41,997.38**	**45,496.1**
Consolidated equity	**1,868,172,672.39**	**1,751,971.6**
B. Investment grants from public funds	**27,463,813.72**	**28,166.2**
C. Contributions to construction costs and grants	**304,058,919.85**	**302,851.2**
D. Provisions		
1. Provisions for severance pay	60,551,182.98	56,759.3
2. Provisions for pensions	100,205,114.72	102,526.6
3. Tax provisions	51,464,082.38	21,400.5
4. Other provisions	511,974,637.34	412,901.6
	724,195,017.42	**593,588.0**
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	859,407,626.26	1,020,418.0
thereof due within one year	*150,918,032.32*	*395,027.6*
thereof due after more than one year	*708,489,593.94*	*625,390.4*
3. Advances received on orders	4,048,560.32	4,617.6
thereof due within one year	*4,048,560.32*	*4,617.6*
4. Trade payables	170,443,560.77	148,502.2
thereof due within one year	*169,284,540.77*	*147,025.9*
thereof due after more than one year	*1,159,020.00*	*1,476.3*
5. Payables to affiliates	948,316.38	835.3
thereof due within one year	*948,316.38*	*835.3*
6. Payables to undertakings with which the company is linked by virtue of participating interests	2,261,915.35	21,075.7
thereof due within one year	*2,261,915.35*	*21,075.7*
7. Other liabilities	151,049,045.10	122,244.6
thereof due within one year	*132,183,087.87*	*104,839.2*
thereof due after more than one year	*18,865,957.23*	*17,405.4*
thereof taxes	*35,739,804.94*	*30,889.1*
thereof for social security	*3,184,096.16*	*2,798.2*
	1,298,280,268.62	**1,427,814.6**
F. Accruals and deferred income	**40,026,782.14**	**43,857.8**
TOTAL consolidated equity and liabilities	**4,262,197,474.14**	**4,148,249.4**

CONSOLIDATED INCOME STATEMENT 2023

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
12.	Other interest and similar income
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*
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**

	2023 EUR	2022 kEUR
	2,497,410,236.06	**3,003,669.0**
	-320,412.54	**476.0**
	34,368,512.93	**28,303.0**
	4,832,065.90	7,379.7
	14,443,137.18	10,187.2
	22,401,468.92	5,995.8
	41,676,672.00	**23,562.7**
	-1,914,203,294.87	**-2,493,403.5**
	-12,555,838.53	-10,528.7
	-112,941,822.70	-99,867.1
	-125,497,661.23	-110,395.8
	-130,196,353.81	-101,698.8
	-94,197,317.91	*-65,076.0*
	-5,242,652.58	-8,277.4
	-28,964,361.57	-26,831.8
	-255,694,015.04	**-212,094.6**
	-125,114,920.90	-109,749.7
	-2,848,955.17	*-843.0*
	-18,914,271.42	-33,440.7
	-144,029,192.32	**-143,190.4**
	-815,470.53	-1,260.2
	-130,550,023.92	-78,305.0
	-131,365,494.45	**-79,565.2**
	127,843,011.77	**127,757.0**
	110,574,951.87	35,914.6
	152,957.44	*161.8*
	2,186,475.14	1,037.3
	11,488,957.86	49,679.7
	3,745,600.00	6,306.0
	0.00	-4,729.9
	0.00	*-4,729.9*
	12,846,023.93	18,281.9
	-73,284,721.91	-22,112.7
	67,557,286.89	**84,376.9**
	195,400,298.66	**212,133.9**
	-29,198,567.32	-37,673.2
	166,201,731.34	**174,460.7**
	25,364.27	-1,656.0
	166,227,095.61	**172,804.7**

CHANGES IN CONSOLIDATED EQUITY AS AT DECEMBER 31, 2023

	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, 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**
Group's share in the profit for the year	0.0	0.0	0.0	166,227.1	-25.4	166,201.7
Distribution	0.0	0.0	-30,000.0	0.0	0.0	-30,000.0
Allocation to retained earnings	0.0	0.0	172,804.7	-172,804.7	0.0	0.0
Increase in shares in a subsidiary as a capital transaction	0.0	0.0	25,428.8	0.0	-45,428.8	-20,000.0
Other	0.0	0.0	-0.8	0.0	0.0	-0.7
As at Dec 31, 2023	**300,000.0**	**500.0**	**1,401,403.6**	**166,227.1**	**42.0**	**1,868,172.7**

CONSOLIDATED CASH FLOW STATEMENT

		2023 kEUR	2022 kEUR
Net cash flow from operating activities			
Profit or loss before taxes		195,400.3	212,133.9
+/-	Write-downs / write-ups of assets from investing activities	121,774.1	106,778.8
-/+	Gains / losses on disposal of assets from investing activities	-2,197.0	-3,162.4
-/+	Reversal of contributions to construction costs, construction cost grants and investment grants	1,252.5	7,364.1
-/+	Income from investments, income from other securities and loans of financial assets, as well as other interest and similar income / interest and similar expenses	-93,400.6	-21,587.0
+/-	Other non-cash expenses / income	12,037.0	23,714.0
	Net cash flow from the operating result	***234,866.3***	***325,241.4***
-/+	Increase / decrease in inventories, trade receivables and other assets	-20,111.5	-139,785.5
+/-	Increase / decrease in provisions	100,540.0	5,736.8
+/-	Increase / decrease in trade payables and other liabilities	30,695.0	14,358.4
	Net cash flow from operating activities before taxes	***345,989.8***	***205,551.2***
-/+	Payments / credits for income taxes	-32,651.2	-22,735.4
Net cash flow from operating activities		**313,338.6**	**182,815.8**
Net cash flow from investing activities			
+	Cash receipts from disposal of assets (excluding financial assets)	5,968.8	8,875.0
+	Cash receipts from disposal of financial assets and other financial investments	20,810.8	2,013.2
-	Payments for additions to assets (excluding financial assets)	-351,449.9	-331,309.9
-	Payments for additions to financial assets and other financial investments	-1,467.4	-4,561.2
+	Cash receipts from income from investments, interest and securities	116,992.6	38,233.4
Net cash flow from investing activities		**-209,145.2**	**-286,749.6**
Net cash flow from financing activities			
-	Dividends paid	-30,000.0	-30,183.7
+	Cash receipts from issuing bonds and taking out finance loans	150,300.2	367,329.6
-	Payments for redeeming bonds and finance loans	-311,322.7	-93,166.4
+/-	Other cash receipts / payments relevant to financing	-634.1	3,549.5
-	Interest payments and similar expenses	-23,592.0	-16,646.4
-	Increase in shares in a subsidiary as a capital transaction	-20,000.0	0.0
Net cash flow from financing activities		**-235,248.6**	**230,882.6**
+/-	**Change in the group of consolidated companies**	**1.5**	**-122.6**
Cash change in cash and cash equivalents		**-131,053.7**	**126,826.3**
Cash and cash equivalents at the beginning of the period		185,093.4	58,267.2
TOTAL cash and cash equivalents at the end of the period		**54,039.7**	**185,093.4**

NOTES

Investments in the expansion of infrastructure in line with actual requirements, and environmentally friendly use of local hydropower make a substantial contribution toward ensuring supply security, and a high quality of living in Tyrol.

I. GENERAL

The separate and consolidated financial statements for the fiscal year that ended on December 31, 2023 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. 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 benefits, 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. 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 in the (consolidated) financial statements. 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 plant, furniture and fixtures:	4 to 10 years
Low-value assets, furniture and fixtures:	immediately
Low-value assets, meters and metering devices:	13 years

Useful lives are based on the “Useful Lives in the Energy Sector” approved by decree of the Federal Ministry of Finance. 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 2,848,955.17 (prior year: kEUR 104.2) and the consolidated financial statements an amount of EUR 2,848,955.17 (prior year: kEUR 104.2). Where the reasons for write-downs due to impairment no longer apply, the amount of such write-down will be reversed 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 899,600.00 (prior year: kEUR 6,306.0) and the consolidated financial statements an amount of EUR 899,600.00 (prior year: kEUR 6,306.0).

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 or written up to their higher fair values as at the balance sheet date. Both the separate and consolidated financial statements included write-ups in the amount of EUR 2,441,200.00 in the reporting year and write-downs in the amount of EUR 4,715,000.00 in the prior year.

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, 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.

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 a business perspective, 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 entrepreneurial judgment, 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 at the time of 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 onward 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"*). Entitlements to severance pay are 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 9.0% (prior year: between 3.0% and 7.0%) and an actuarial interest rate based on the yields of senior fixed-income corporate bonds of 3.06% p.a. as at the balance sheet date (prior year: 3.64%) 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 6.63 years (prior year: 6.84 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 9.5% (prior year: between 2.5% and 7.5%) 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 3.0% p.a. as at the balance sheet date (prior year: 3.64% p.a.). The average remaining terms (durations) were assumed at 6.46 years (prior year: 6.44 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 9.5% (prior year: between 2.5% and 3.5%), 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 3.20% p.a. as at the balance sheet date (prior year: 3.73%) was applied for measurement and a rate of 2.00% (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 14 years (prior year: 13.87 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 9.0% (prior year: between 3.0% and 7.0%) and an actuarial interest based on the yields of senior fixed-income corporate bonds of 3.09% as at the balance sheet date (prior year: 3.70%) were applied in measuring anniversary bonuses. The average remaining term of existing arrangements (duration) was estimated at 8.44 years (prior year: 8.12 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 3.17% p.a. as at the balance sheet date (prior year: 3.73%) was applied in discounting. No fluctuation is recognized. The average remaining term of existing arrangements (duration) was estimated at 13.13 years (prior year: 12.72 years). Changes in the provision were recognized under 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-Wärme Tirol GmbH (formerly TIGAS-Erdgas Tirol GmbH), TINETZ-Tiroler Netze GmbH, Achenseeschifffahrt-GmbH, TIWAG-Next Energy Solutions GmbH, Ökoenergie Tirol GmbH, and Gemeinschaftskraftwerk Inn GmbH 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'. In the reporting year, 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 14,738,254.09 in the separate financial statements (prior year: kEUR 9,697.5) and of EUR 51,305,264.28 in the consolidated financial statements (prior year: kEUR 21,400.4). Due to the contractual design of the tax allocation agreement, accelerated depreciation (diminishing balance method) (Section 7(1a) *EStG*) of EUR 25,803,290.20 (prior year: kEUR 14,568.5) was taken into account in the reporting year for the Inn river joint-venture power station through profit and loss as a change in deferred taxes in the consolidated financial statements. In the separate financial statements no provision for future tax burdens pursuant to Section 198(8) No. 1 *UGB* of EUR 25.6 million was set up for Gemeinschaftskraftwerk Inn GmbH, since no taxable profit is expected for that group member in the planning period.

The Austrian Minimum Corporate Taxation Reform Act *[Mindestbesteuerungsreformgesetz/Min-BestRefG]* (*BGBl.* I No. 187/2023), which was promulgated on December 30, 2023 and must be applied from fiscal 2024, includes the Federal Act on ensuring a global minimum level of taxation for groups of companies. As the parent of the TIWAG Group, TIWAG-Tiroler Wasserkraft AG falls within the scope of that Act. The requirements resulting from the relevant provisions are currently being evaluated and their implications, if any, are analyzed in detail. Pursuant to Section 198(10), third sentence, No. 4 *UGB*, no deferred taxes arising from the application of the Minimum Corporate Taxation Reform Act or a similar foreign law are recognized in the fiscal year 2023.

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. The existing payment undertaking agreements and agreements on hedging instruments were 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 market 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 recognized. 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, 2023 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, 2023, seven Austrian subsidiaries, including TIWAG-Tiroler Wasserkraft AG as the parent company, were included in the consolidated financial statements as fully consolidated companies. In the reporting year, one subsidiary (TIWAG Beteiligungs GmbH) no longer fulfilled the prerequisites for optional consolidation as defined in Section 249(2) *UGB*. For lack of materiality, two subsidiaries (prior year: 3), whose shares are stated as shares in affiliates, were not included in the consolidated financial statements as at December 31, 2023.

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

- TINETZ-Tiroler Netze GmbH
- TIGAS-Wärme Tirol GmbH (TIGAS for short)
- Achenseeschifffahrt-GmbH
- Gemeinschaftskraftwerk Inn GmbH
- Ökoenergie Tirol GmbH
- TIWAG-Next Energy Solutions GmbH
- TIWAG Beteiligungs GmbH

Five associated companies are included based on the equity method (prior year: 5). TIWAG's equity investments in Innsbrucker Kommunalbetriebe Aktiengesellschaft (IKB AG) and 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	0.04	0.21
Current assets	0.16	0.13
Shareholders' equity	0.10	0.19
Debts	0.04	0.20
Sales revenue	0.11	0.21
Profit or loss for the year	0.09	0.54

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, 2023.

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. For the subsidiary to which the consolidation option of Section 249(2) *UGB* no longer applied in the reporting year, the measures at the time of initial consolidation were recognized. The difference of EUR 25,037.39 resulting from offsetting of capital was charged to profit and loss.

A balancing item for the shares of other shareholders is reported separately under consolidated equity. Increases and decreases in shares in subsidiaries are accounted for as capital transactions. In the reporting year, additional shares were acquired in one subsidiary. Specifically, at the time of acquisition of those additional shares, their cost of acquisition was offset pro rata against the shares of other shareholders in equity at the time of acquisition of the shares. The difference was recognized directly under retained earnings in 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 in subsequent years by the amount of proportional changes in equity. The profit distributions attributable to each investment will be 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 505,624,397.43 (prior year: kEUR 511,025.3) mainly include electricity procurement rights worth EUR 494,907,241.46 (prior year: kEUR 468,566.9), IT programs, goodwill, and similar rights. Goodwill accounted for EUR 314,767.06 (prior year: kEUR 524.6). Amortization in the reporting year amounted to EUR 14,578,645.71 (prior year: kEUR 7,632.9), 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 197,509,129.89 (prior year: kEUR 171,736.0) can be attributed to generation, EUR 96,227,036.45 (prior year: kEUR 78,181.5) to transformation and distribution, EUR 9,166,320.53 (prior year: kEUR 12,176.1) to smart meters and metering devices, and EUR 5,724,728.90 (prior year: kEUR 5,363.5) to administration and other items. The loss on disposal of property, plant and equipment amounts to EUR 1,079,561.65 (prior year: kEUR 924.5), of which EUR 874.019.00 (prior year: kEUR 485.7) come from sales. The gain on the sale of non-current assets amounts to EUR 2,984,346.47 (prior year: kEUR 4,123.4). The item ‘Land, rights equivalent to land and buildings, including buildings on land owned by others’ includes land valued at EUR 53,564,555.04 (prior year: kEUR 54,421.3).

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 decreased by a total of EUR 25,376,299.57 to EUR 1,091,779,432.24 (prior year: kEUR 1,117,155.7). 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 385,793.06 (prior year: kEUR 408.4) will become due within one year. Investment securities of a carrying amount of EUR 33,235,000.00 (prior year: kEUR 45,285.0) 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, 2023	
Shares in affiliates			
1. TIGAS-Wärme 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 [3)]	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) 8)]	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 [10)]	FN 353576 s	EUR	100,000.00
15. PVO GmbH, Hall in Tirol [11)]	FN 554998 z	EUR	5,000.00

[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-Wärme 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
[11)] Investment held by TIWAG-Next Energy Solutions 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]
100.000	EUR	65,915,000.00	2023	EUR	345,462,140.25	EUR	657,433.99
100.000	EUR	37,000.00	2023	EUR	746,734.77	EUR	-289,418.19
100.000	EUR	38,000.00	2023	EUR	516,225.20	EUR	497,385.38
100.000	EUR	500,000.00	2023	EUR	5,991,514.00	EUR	1,477,142.67
100.000	EUR	100,000.00	2023	EUR	7,614,995.46	EUR	-2,081.44
100.000	EUR	500,000.00	2023	EUR	1,704,731.85	EUR	152,957.44
100.000	EUR	4,545,000.00	2023	EUR	12,222,479.16	EUR	-380,266.50
86.000	EUR	172,000.00	2023	EUR	299,981.30	EUR	9,605.00
100.000	EUR	35,000.00	2023	EUR	34,630.26	EUR	322.55
8.284	EUR	7,343,855.70	2022/2023	EUR	793,543,227.31	EUR	58,144,466.02
50.000	EUR	1,175,000.00	2022	EUR	5,850,135.69	EUR	1,614,500.29
8.218	EUR	28,549,755.00	2022	kEUR	3,817,408.20	kEUR	563,341.80
49.999	EUR	4,999,900.00	2022	EUR	393,018,168.09	EUR	24,645,183.52
0.221	EUR	308,460.00	2022	kEUR	2,962,937.70	kEUR	1,335,891.70
49.000	EUR	8,036,000.00	2022	EUR	62,162,019.00	EUR	1,684,191.00
10.000	EUR	9,069,550.00	2022	EUR	122,491,216.54	EUR	31,597,575.96
2.000	EUR	10,000.00	2022	EUR	2,082,526.15	EUR	1,077,631.90
48.780	EUR	20,000.00	2022	EUR	673,459.18	EUR	282,539.88
5.000	EUR	110,000.00	2022	EUR	3,435,354.50	EUR	366,354.50
2.500	EUR	9,999.40	2022	EUR	3,042,968.21	EUR	2,242,968.21
12.600	EUR	12,600.00	2022	EUR	6,050,067.54	EUR	1,004,182.65
6.667	EUR	3,000.00	2022	EUR	420,002.08	EUR	83,234.18
25.000	EUR	25,000.00	2022	EUR	6,136,743.44	EUR	6,045,000.62
19.000	EUR	950.00	2022	EUR	78,826.41	EUR	79,271.47

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, 2023	Additions	Disposals	Transfers	As at Dec 31, 2023
	EUR	EUR	EUR	EUR	EUR
	474,380,762.02	7,879,227.05	0.00	30,753,310.47	513,013,299.54
	20,234,707.45	159,292.04	0.00	176,595.27	20,570,594.76
	25,963,837.65	1,045,127.53	-1,099,300.93	90,709.89	26,000,374.14
	52,561,826.54	0.00	0.00	0.00	52,561,826.54
	41,037,425.14	0.00	3,415.57	-30,929,905.74	10,110,934.97
	614,178,558.80	**9,083,646.62**	**-1,095,885.36**	**90,709.89**	**622,257,029.95**
	1,405,722,763.14	3,181,996.93	-983,911.52	14,388,839.38	1,422,309,687.93
	1,156,224,412.73	30,240,566.50	-6,707,058.38	26,263,501.88	1,206,021,422.73
	986,530,531.73	22,458,362.93	-373,702.48	10,583,029.80	1,019,198,221.98
	56,980,556.60	5,500,249.34	-7,133,738.14	206,915.81	55,553,983.61
	523,537,815.21	247,246,040.07	-176,377.73	-51,532,996.76	719,074,480.79
	4,128,996,079.41	**308,627,215.77**	**-15,374,788.25**	**-90,709.89**	**4,422,157,797.04**
	262,809,570.18	20,000,000.00	0.00	0.00	282,809,570.18
	204,516,666.62	0.00	-29,633,333.34	0.00	174,883,333.28
	635,867,453.02	0.00	0.00	0.00	635,867,453.02
	50,290,526.29	0.00	-14,491,200.00	0.00	35,799,326.29
	49,050,403.17	1,322,192.02	-5,914,758.25	0.00	44,457,836.94
	1,202,534,619.28	**21,322,192.02**	**-50,039,291.59**	**0.00**	**1,173,817,519.71**
	5,945,709,257.49	**339,033,054.41**	**-66,509,965.20**	**0.00**	**6,218,232,346.70**

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

Balance sheet item	Accumulated amortization and depreciation		
	As at Jan 1, 2023	Write-ups	Additions
	EUR	EUR	EUR
I. Intangible assets			
1. Electricity procurement rights	5,669,226.50	0.00	12,468,798.43
2. Other rights	16,765,896.38	0.00	448,420.57
3. IT programs	21,578,822.28	0.00	1,451,582.00
4. Goodwill	52,037,214.77	0.00	209,844.71
5. Advances made	7,102,127.81	0.00	0.00
TOTAL I. Intangible assets	**103,153,287.74**	**0.00**	**14,578,645.71**
II. Property, plant and equipment			
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	880,650,860.27	0.00	20,371,499.08
2. Machinery and electrical plants	866,013,046.09	0.00	31,804,770.09
3. Line systems	708,285,934.75	0.00	23,864,701.11
4. Other plant, furniture and fixtures	46,429,647.18	0.00	4,034,527.91
5. Advances made and construction in progress	10,966,963.72	0.00	235,047.10
TOTAL II. Property, plant and equipment	**2,512,346,452.01**	**0.00**	**80,310,545.29**
III. Financial assets			
1. Shares in affiliates	64,530,239.71	-899,600.00	0.00
2. Loans to affiliates	0.00	0.00	0.00
3. Investments	16,000,000.00	0.00	0.00
4. Investment securities (book-entry securities)	4,848,647.76	-2,441,200.00	0.00
5. Other loans	0.00	0.00	0.00
TOTAL III. Financial assets	**85,378,887.47**	**-3,340,800.00**	**0.00**
TOTAL non-current assets	**2,700,878,627.22**	**-3,340,800.00**	**94,889,191.00**

			Carrying amounts	
Disposals EUR	Transfers EUR	As at Dec 31, 2023 EUR	Carrying amount as at Jan 1, 2023 EUR	Carrying amount as at Dec 31, 2023 EUR
0.00	-31,966.85	18,106,058.08	468,711,535.52	494,907,241.46
0.00	31,966.85	17,246,283.80	3,468,811.07	3,324,310.96
-1,099,300.93	0.00	21,931,103.35	4,385,015.37	4,069,270.79
0.00	0.00	52,247,059.48	524,611.77	314,767.06
0.00	0.00	7,102,127.81	33,935,297.33	3,008,807.16
-1,099,300.93	**0.00**	**116,632,632.52**	**511,025,271.06**	**505,624,397.43**
-100,329.92	0.00	900,922,029.43	525,071,902.87	521,387,658.50
-5,928,320.31	-154.75	891,889,341.12	290,211,366.64	314,132,081.61
-373,702.48	-370.19	731,776,563.19	278,244,596.98	287,421,658.79
-4,972,991.60	524.94	45,491,708.43	10,550,909.42	10,062,275.18
0.00	0.00	11,202,010.82	512,570,851.49	707,872,469.97
-11,375,344.31	**0.00**	**2,581,281,652.99**	**1,616,649,627.40**	**1,840,876,144.05**
0.00	0.00	63,630,639.71	198,279,330.47	219,178,930.47
0.00	0.00	0.00	204,516,666.62	174,883,333.28
0.00	0.00	16,000,000.00	619,867,453.02	619,867,453.02
0.00	0.00	2,407,447.76	45,441,878.53	33,391,878.53
0.00	0.00	0.00	49,050,403.17	44,457,836.94
0.00	**0.00**	**82,038,087.47**	**1,117,155,731.81**	**1,091,779,432.24**
-12,474,645.24	**0.00**	**2,779,952,372.98**	**3,244,830,630.27**	**3,438,279,973.72**

Inventories

	Dec 31, 2023 EUR	Dec 31, 2022 kEUR
Stock material	11,219,582.77	7,731.2
1. Raw materials and supplies	11,219,582.77	7,731.2
Installation materials	124,533.71	70.4
Troubleshooting materials	19,685.92	25.0
Other goods	1,693.66	1.7
Gas held as inventory	38,335,705.40	62,644.3
2. Finished goods and products	38,481,618.69	62,741.4
3. Services not yet chargeable	436,982.97	429.3
TOTAL inventories	**50,138,184.43**	**70,901.9**

Receivables and other assets

	Dec 31, 2023 EUR	Stating separately those with a remaining term of more than 1 year EUR	Dec 31, 2022 kEUR
1. Trade receivables	177,075,573.90	5,801,663.34	152,954.3
2. Receivables from affiliates	192,812,416.55	71,556,380.29	165,382.5
3. Receivables from undertakings with which the company is linked by virtue of participating interests	13,060,045.48	0.00	10,891.3
4. Other receivables and assets	185,138,175.65	0.00	85,884.1
TOTAL receivables and other assets	**568,086,211.58**	**77,358,043.63**	**415,112.2**

Under trade receivables, itemized allowances were made in the amount of EUR 4,440,348.86 (prior year: kEUR 2,355.7). Trade receivables comprise receivables from energy supplies and grid services at the balance sheet date in the amount of EUR 32,624,963.70 (prior year: kEUR 19,420.6). Payments on account received from customers in the reporting year amounted to EUR 110,955,063.32 (prior year: kEUR 75,343.3). Of these payments on account, the part comprising transitory

items for taxes and contributions in the amount of EUR 525,611.41 (prior year: kEUR 1,752.3) was recognized as payables to customers under other liabilities; the remaining payments on account received from customers in the amount of EUR 110,429,451.91 (prior year: kEUR 73,591.0) were deducted from trade receivables.

The receivables due from affiliates relate to TIGAS-Wärme 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 101,163,908.38 (prior year: kEUR 75,928.4), cash pooling receivables in the amount of EUR 7,934,057.75 (prior year: kEUR 0.0), accrued interest in the amount of EUR 2,369,293.90 (prior year: kEUR 1,237.9), profit transferred by subsidiaries in the amount of EUR 1,838,067.30 (prior year: kEUR 758.4), and other receivables in the amount of EUR 79,507,089.22 (prior year: kEUR 87,457.8).

The allowance required for this item was EUR 0.00 (prior year: kEUR 0.0).

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 77,358,043.63 (prior year: kEUR 85,435.8).

Cash in hand and at bank, checks

Cash amounted to EUR 51,627,845.55 (prior year: kEUR 184,043.1), consisting of cash at bank in the amount of EUR 51,584,875.06 (prior year: kEUR 184,001.1) and cash in hand in the amount of EUR 42,970.49 (prior year: kEUR 42.0).

Prepayments and accrued income

Prepayments and accrued income decreased by EUR 936,004.44 to EUR 4,515,189.37 (prior year: kEUR 5,451.2).

Share capital

The share capital in the amount of EUR 300,000,000.00 (prior year: kEUR 300,000.0) consists of 300,000 registered 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 1,506,712,937.00 (prior year: kEUR 1,366,212.9).

Net profit for the year

The Shareholders' Meeting of May 15, 2023 decided to pay a dividend of EUR 30,000,000.00, with the remainder in the amount of EUR 636,728.50 being carried forward.

The net profit for the fiscal year, which has not been adopted yet, comes to EUR 50,582,702.76 (prior year: kEUR 30,636.7).

The Management Board proposes to distribute EUR 50,500,000.00 of the net profit for fiscal 2023. The Supervisory Board will resolve on this dividend proposal in May 2024 and the Shareholders' Meeting will pass a decision in May 2024.

Investment grants

	As at Jan 1, 2023 €	Additions €	Disposals €	Reversals €	As at Dec 31, 2023 €
Investment grants	10,182,162.19	610,482.30	-613,260.90	-450,020.48	9,729,363.11
TOTAL investment grants	**10,182,162.19**	**610,482.30**	**-613,260.90**	**-450,020.48**	**9,729,363.11**

Additions made in the reporting year include investment grants of EUR 2,996,018.50 (prior year: kEUR 3,024.4) 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, 2023 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec 31, 2023 EUR
1. Grid	175,749,215.46	20,168,232.17	-28,509.40	-16,504,591.26	179,384,346.97
2. Other	5,885,156.23	449,156.86	-37,270.27	-524,682.18	5,772,360.64
TOTAL contributions to construction costs	**181,634,371.69**	**20,617,389.03**	**-65,779.67**	**-17,029,273.44**	**185,156,707.61**

Provisions

	Dec 31, 2023 EUR	Dec 31, 2022 kEUR
1. Provisions for severance pay (thereof subject to tax: EUR 27,654,582.10; prior year: kEUR 24,975.1)	59,044,312.46	55,494.0
2. Provisions for pensions (thereof subject to tax: EUR 35,261,036.19; prior year: kEUR 32,211.7)	98,553,996.87	100,967.3
3. Tax provisions	14,738,254.09	9,697.5
4. Other provisions (thereof subject to tax: EUR 6,928,204.65; prior year: kEUR 5,748.9)	482,115,849.09	378,328.5
TOTAL provisions	**654,452,412.51**	**544,487.3**

Tax provisions, which exclusively consist of deferred tax liabilities, amount to EUR 14,738,254.09 (prior year: kEUR 9,697.5).

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: 23%).

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 71,724,743.74 were used or reversed in the reporting year (prior year: kEUR 33,083.0) and EUR 108,319,525.36 (prior year: kEUR 79,500.0) were allocated to the provision, resulting in EUR 323,287,138.97 (prior year: kEUR 286,692.4) being recognized as at the balance sheet date. The major part of the allocation is due to adjustments for inflation.

Apart from outsourced pension obligations and provisions for relief to electricity customers in the amount of EUR 44.0 million (prior year: EUR 0.00), other provisions also comprise discounted provisions for wastewater disposal measures in connection with the Strassen-Amlach power station on the Drau river in the amount of EUR 1,887,298.50 (prior year: kEUR 2,466.3) and the mid and lower Inn valley wastewater boards in the amount of EUR 5,961,293.25 (prior year: kEUR 6,482.4). Other provisions also include the provision for anniversary bonuses of EUR 13,005,268.98 (prior year: kEUR 11,445.9), the provision for unconsumed annual leave of EUR 9,061,900.00 (prior year: kEUR 8,082.7), the provision for accrued flextime of EUR 2,040,600.00 (prior year: kEUR 1,707.9), and provisions under an electricity barter agreement in the amount of EUR 3,735,889.49 (prior year: kEUR 8,717.1).

The item also includes provisions for electricity allowance-in-kind commitments in the amount of EUR 12,397,252.48 (prior year: kEUR 11,772.3).

Liabilities

Liabilities as at Dec 31, 2023	Carrying amounts Dec 31, 2023 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	859,407,626.26	150,918,032.32	150,040,112.43	558,449,481.51
3. Advance payments received	71,952.35	71,952.35	0.00	0.00
4. Trade payables	138,922,902.65	137,763,882.65	630,000.00	529,020.00
5. Payables to affiliates	92,947,442.64	92,947,442.64	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,018,506.92	1,018,506.92	0.00	0,00
7. Other liabilities	133,172,879.50	114,306,922.27	31,385.01	18,834,572.22
thereof taxes	*35,225,148.95*	*35,225,148.95*	*0.00*	*0.00*
thereof for social security	*2,812,165.86*	*2,812,165.86*	*0.00*	*0.00*
TOTAL liabilities	**1,335,662,554.76**	**497,147,983.59**	**150,701,497.44**	**687,813,073.73**

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*
TOTAL liabilities	**1,413,588,398.15**	**659,316,274.74**	**167,809,075.23**	**586,463,048.18**

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 859,407,626.26 (prior year: kEUR 1,020,418.0) are due mainly to bank loans with a remaining term of more than five years, which amount to EUR 558,449,481.51 (prior year: kEUR 458,571.7).

Payables to affiliates, which consist of trade payables in the amount of EUR 7,736,141.35 (prior year: kEUR 22,511.5) and financial liabilities in the amount of EUR 85,211,301.29 (prior year: kEUR 61,390.6), relate to the subsidiaries Achenseeschifffahrt-GmbH, TIWAG-NEXT Energy Solutions GmbH, TIWAG-Beteiligungs GmbH, TIGAS-Wärme Tirol GmbH, TINETZ-Tiroler Netze GmbH, Ökoenergie Tirol GmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Tiroler Übertragungsnetz GmbH, and Gemeinschaftskraftwerk Inn GmbH.

Payables to undertakings with which the company is linked by virtue of participating interests include trade payables. Other liabilities include liabilities arising from compensation or purchase contracts, and free power commitments in the amount of EUR 18,821,091.18 (prior year: kEUR 17,348.9). The interest rate used for measuring the liabilities arising from free power commitments was 3% (prior year: 3%). Liabilities to customers decreased to EUR 23,486,716.22 (prior year: kEUR 41,445.0), comprising, inter alia, recognition of payments on account received from customers for transitory items for taxes and contributions in the amount of EUR 525,611.41 (prior year: kEUR 1,752.3), liabilities from accrued revenue in the amount of EUR 0.00 (prior year: kEUR 3,026.3), and security deposits of EUR 3,859,055.00 (prior year: kEUR 9,948.1). Other liabilities in the amount of EUR 56,476.01 (prior year: kEUR 68.6) are secured by mortgages.

Accruals and deferred income

Deferred income includes the total net present value benefits 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 17,109,622.31 (prior year: kEUR 18,425.7).

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, 2023 EUR	Dec 31, 2022 EUR
Accruals and deferrals (Section 906(32) *UGB*)	22,350,613.53	24,182,735.34
Net present value benefits from CBL	17,109,622.31	18,425,747.10
Other accruals and deferrals	390,491.06	488,720.66
TOTAL	**39,850,726.90**	**43,097,203.10**

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

Sales revenue

Sales revenue by divisions	2023 EUR	2022 kEUR
1. Electricity sales	1,850,498,420.91	2,270,635.8
2. Natural gas sales	274,677,063.57	35,856.4
3. Heat sales	-2,129.80	1,481.2
4. Lease revenue	135,098,318.12	123,844.0
5. Other sales revenue	30,007,756.19	24,312.8
TOTAL sales revenue	**2,290,279,428.99**	**2,456,130.2**

Sales revenue by regions	2023 EUR	2022 kEUR
1. Austria	1,653,758,776.11	1,488,144.3
2. International	636,520,652.88	967,985.8
TOTAL sales revenue	**2,290,279,428.99**	**2,456,130.2**

Since the Längenfeld district heating plant was transferred to our subsidiary, TIWAG-Next Energy Solutions GmbH, in the last year, heat sales only comprise revenue from subsequent billing. Lease revenue and other sales revenue includes the revenue from lease accounting for distribution grid operations in the amount of EUR 127,824,509.43 (prior year: mEUR 117.2).

Other operating income

Other operating income includes income from disposal of non-current assets in the amount of EUR 2,984,346.47 (prior year: kEUR 4,123.4), income from write-ups of non-current assets in the amount of EUR 1,832,121.81 (prior year: kEUR 1,842.3), income from the reversal of provisions in the amount of EUR 11,060,611.30 (prior year: kEUR 7,037.5) and from sundry other operating income in the amount of EUR 14,495,290.54 (prior year: kEUR 12,276.1).

Cost of materials and other services purchased

	2023 EUR	2022 kEUR
1. Cost of materials (electricity procured from other suppliers, swapped energy, and similar)	1,723,510,726.04	2,004,758.8
2. Cost of other services purchased	15,032,952.78	1,264.0
TOTAL cost of materials and other manufacturing services purchased	**1,738,543,678.82**	**2,006,022.8**

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 820,520.51 (prior year: kEUR 673.7).

An amount of EUR 4,968,221.80 (prior year: kEUR 7,818.1) of expenses for severance pay and an amount of EUR 93,975,605.76 (prior year: kEUR 63,578.5) of expenses for pensions are attributable to employees.

Expenses for pensions include ongoing pension payments, 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 9,634,286.08 (prior year: kEUR 719.0) were reversed, and outsourced pension obligations increased to EUR 73,134,342.95 (prior year: kEUR 36,622.3). The actuarial interest included in the change in provisions for employee benefits, which mainly results from changes in actuarial interest rates and amounts to a total of EUR 47,770,570.38 (prior year: kEUR 3,212.1) in the reporting year, is not shown under ‘Personnel expenses’, but under ‘Interest and similar expenses’. In addition, EUR 5,841,010.62 (prior year: kEUR 45,029.9) 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 2,848,955.17 (prior year: kEUR 104.2). 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 15,183,637.29 (prior year: kEUR 16,364.6) was recorded.

Other operating expenses

The taxes reported under ‘Other operating expenses’ in the amount of EUR 593,447.56 (prior year: kEUR 585.8) mainly refer to property taxes and motor vehicle taxes.

Sundry other operating expenses break down as follows:

	2023 EUR	2022 kEUR
1. External services	31,243,897.63	28,767.1
2. Consultancy services, fees	2,163,343.99	2,161.9
3. Rents and leases	6,955,460.87	5,864.5
4. Compensation, contribution payments	10,147,540.62	5,411.1
5. Travel expenses	2,713,017.43	2,387.7
6. Sundry other operating expenses	90,333,554.45	33,502.2
TOTAL sundry other operating expenses	**143,556,814.99**	**78,094.5**

Income from investments

Income from investments includes profit distributions by VERBUND AG in the amount of EUR 102,779,118.00 (prior year: kEUR 29,977.2) and by Innsbrucker Kommunalbetriebe AG in the amount of EUR 8,622,010.10 (prior year: kEUR 11,076.6).

Other interest and similar income

This item includes the pro-rata income from cross-border lease transactions amounting to EUR 1,604,051.75 (prior year: kEUR 1,593.3).

Income from disposals and write-ups of financial assets

The income recognized in the reporting year includes a reversal of impairment losses for investment securities and the write-up of a subsidiary in a total amount of EUR 3,340,800.00 (prior year: kEUR 6,306.0).

Expenses for financial assets and securities held as current assets

Expenses related to financial assets amounted to EUR 669,684.69 (prior year: kEUR 4,747.9). This item includes transfers of losses in the amount of EUR 669,684.69 (prior year: kEUR 18.0). No write-downs of financial assets were made in the reporting year (prior year: kEUR 4,715.0).

Interest and similar expenses

Under the item ‘Interest and similar expenses’, interest payments for loans and bank loans in the amount of EUR 11,829,868.26 (prior year: kEUR 10,054.6), and the interest element of the allocation to provisions for employee benefits in the amount of EUR 47,770,570.38 (prior year: kEUR 3,212.1) should be mentioned.

Income taxes

Income taxes break down as follows:

	2023 EUR	2022 kEUR
1. Corporate income tax	-800,052.36	6,549.3
2. Tax allocation	-303,243.10	-3,594.6
3. Deferred taxes	5,040,714.99	19,894.8
TOTAL income taxes	**3,937,419.53**	**22,849.4**

Pursuant to the provisions of Section 7(1a) EStG, accelerated depreciation (diminishing balance method) of up to 30% of the cost of acquisition or production of assets purchased or produced may be used off the balance sheet. Due to our major capital expenditure on non-current assets we made use of such depreciation option for tax purposes, so that no corporate income tax was payable for fiscal 2023.

Net profit for the year

Profit before taxes amounts to EUR 194,383,393.79 (prior year: kEUR 204,149.4). Taking into account income taxes, the resulting profit for the year comes to EUR 190,445,974.26 (prior year: kEUR 181,299.9).
Taking into account the changes in reserves, in particular the allocation made to retained earnings in the amount of EUR 140,500,000.00 (prior year: kEUR 152,000.0) and the profit carried forward from the previous year amounting to EUR 636,728.50 (prior year: kEUR 1,336.8), the net profit for the year amounts to EUR 50,582,702.76 (prior year: kEUR 30,636.7).

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 350.2 million (prior year: EUR 329.5 million), of which EUR 21.5 million (prior year: EUR 22.9 million) came from the gas sector. 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.

The item 'Land, rights equivalent to land and buildings, including buildings on land owned by others' includes land valued at EUR 60,418,392.81 (prior year: kEUR 61,265.8).

Financial assets

Loans totaling EUR 385,793.06 (prior year: kEUR 408.4) will become due within one year.

Inventories

	Dec 31, 2023 EUR	Dec 31, 2022 kEUR
1. Raw materials and supplies	11,219,582.77	7,731.2
2. Installation materials and goods for resale	150,956.14	98.8
3. Gas held as inventory	17,990,992.39	45,933.4
4. Other inventories	3,023,179.95	3,811.0
5. Services not yet chargeable	444,859.30	489.4
TOTAL inventories	**32,829,570.55**	**58,063.7**

Receivables and other assets

	As at Dec 31, 2023 EUR	Stating separately those with a remaining term of more than 1 year EUR	As at Dec 31, 2022 kEUR
1. Trade receivables	245,659,999.83	5,804,494.95	259,687.2
2. Receivables from affiliates	178,372.95	0.00	189.6
3. Receivables from undertakings with which the company is linked by virtue of participating interests	13,938,445.61	0.00	16,035.0
4. Other receivables and assets	282,130,570.20	71,556,380.26	204,936.3
TOTAL receivables and other assets	**541,907,388.59**	**77,360,875.21**	**480,848.1**

Under trade receivables, itemized allowances were made in the amount of EUR 5,347,599.61 (prior year: kEUR 2,971.5).

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 reserve amount to EUR 1,401,403,579.39 (prior year: kEUR 1,233,170.8). 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 166,227,095.61 (prior year: kEUR 172,804.7). After taking over 14% of the shares in our subsidiary, TIGAS-Erdgas Tirol GmbH (now: TIGAS-Wärme Tirol GmbH), the 'Shares of other shareholders' now amount to EUR 41,997.38 (prior year: kEUR 45,496.1).

Contributions to construction costs and construction cost grants

Of the contributions to construction costs reported as at the balance sheet date, EUR 181,083,868.91 (prior year: kEUR 178,167.9) are attributable to the construction cost contributions of those entitled to procure electricity, EUR 81,011,978.44 (prior year: kEUR 81,759.1) to construction cost grants, EUR 25,901,467.06 (prior year: kEUR 28,138.1) to the construction cost contributions of those entitled to procure gas, and EUR 16,061,605.44 (prior year: kEUR 14,786.1) to other contributions to construction costs. The consumption of contributions to construction costs amounting to EUR 23,212,388.97 (prior year: kEUR 21,441.3) is included in sales revenue.

Provisions

	Dec 31, 2023 EUR	Dec 31, 2022 kEUR
1. Provisions for severance pay (thereof subject to tax: EUR 28,369,789.96; prior year: kEUR 25,543.8)	60,551,182.98	56,759.3
2. Provisions for pensions (thereof subject to tax: EUR 35,938,635.88; prior year: kEUR 33,803.9)	100,205,114.72	102,526.6
3. Tax provisions	51,463,082.39	21,400.5
4. Other provisions (thereof subject to tax: EUR 7,205,418.16; prior year: kEUR 5,992.2)	511,974,637.34	412,901.6
TOTAL provisions	**724,195,017.43**	**593,588.1**

This item includes the provisions for outsourced pension obligations in the amount of EUR 327,129,322.57 (prior year: kEUR 290,369.4), for anniversary bonuses an amount of EUR 13,435,601.51 (prior year: kEUR 11,798.3), for unconsumed annual leave an amount of EUR 10,143,411.53 (prior year: kEUR 8,908.5), for accrued flextime an amount of EUR 2,272,430.91 (prior year: kEUR 1,921.3), and provisions under an electricity barter agreement in the amount of EUR 3,735,889.49 (prior year: kEUR 8,717.1). The item also includes provisions for electricity allowance-in-kind commitments in the amount of EUR 12,397,252.48 (prior year: kEUR 11,772.3).

Deferred tax liabilities

In the reporting year, deferred tax liabilities in the amount of EUR 51,305,265.27 (prior year: deferred tax assets of kEUR 21,400.4) were accounted for. This item of the consolidated financial statements includes deferred taxes from the Inn river cross-border power station in the amount of EUR 40,318,925.39, which mainly result from lower values used for tax purposes in accordance with Section 7(1a) EStG.

The differences between the amounts under business law and those under tax law result from using accelerated depreciation (diminishing balance method) for property, plant and equipment, 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: 23%).

Liabilities

Liabilities as at Dec 31, 2023	Carrying amount Dec 31, 2023 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	859,407,626.26	150,918,032.32	150,040,112.43	558,449,481.51
3. Advance payments received	4,048,560.32	4,048,560.32	0.00	0.00
4. Trade payables	170,443,560.77	169,284,540.77	630,000.00	529,020.00
5. Payables to affiliates	948,316.38	948,316.38	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	2,261,915.35	2,261,915.35	0.00	0.00
7. Other liabilities	151,049,045.10	132,183,087.87	31,385.01	18,834,572.22
thereof taxes	*35,739,804.94*	*35,739,804.94*	*0.00*	*0.00*
thereof for social security	*3,184,096.16*	*3,183,096.16*	*0.00*	*0.00*
TOTAL liabilities	**1,298,280,268.62**	**459,765,697.45**	**150,701,497.44**	**687,813,073.73**

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*
TOTAL liabilities	**1,427,814,542.07**	**673,542,418.66**	**167,809,075.23**	**586,463,048.18**

Bank borrowings in the amount of EUR 859,407,626.26 (prior year: kEUR 1,020,418.0) are attributable mainly to bank loans with a remaining term of more than five years, which amount to EUR 558,449,481.51 (prior year: kEUR 458,571.7).

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 18,821,091.18 (prior year: kEUR 17,788.7) and liabilities to customers in the amount of EUR 34,273,524.36 (prior year: kEUR 48,521.5). Other liabilities in the amount of EUR 56,476.01 (prior year: kEUR 68.6) 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	2023 EUR	2022 kEUR
1. Electricity sales	2,018,285,381.23	2,473,058.2
2. Gas sales	415,062,255.24	482,686.7
3. Heat sales	27,896,737.87	18,374.4
4. Other sales revenue	36,165,861.72	29,549.7
TOTAL **sales revenue**	**2,497,410,236.06**	**3,003,669.0**

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 decreased by EUR 579,200,231.63 to EUR 1,914,203,294.87 (prior year: kEUR 2,493,403.5) in the past fiscal year. The low use of resources mainly results from the price effects in the energy procurement markets.

Personnel expenses

Expenses for severance payments for employees amounted to EUR 5,240,216.15 (prior year: kEUR 8,151.2). Contributions to Severance Pay and Pension Funds came to EUR 944,991.55 (prior year: kEUR 810.9). Expenses for pensions for employees amounted to EUR 92,992,115.83 (prior year: kEUR 64,343.4).

Depreciation, amortization and write-downs

This item includes a write-down of property, plant and equipment in the amount of EUR 2,848,955.17 (prior year: kEUR 104.2). Taking the consolidation of intra-group hedging relationships into account, the value of gas held as inventory was further reduced by impairment losses of EUR 3,730,634.58 (prior year: kEUR 17,076.0) to a total of EUR 52,354,946.83 (prior year: kEUR 33,440.7).

Income from investments

Income from investments includes profit distributions by VERBUND AG in the amount of EUR 102,779,118.00 (prior year: kEUR 29,977.2) and by Energie AG Oberösterreich in the amount of EUR 4,406,400.00 (prior year: kEUR 4,406.0).

Other interest and similar income

This item includes pro-rata income from cross-border lease transactions amounting to EUR 1,604,051.75 (prior year: kEUR 1,593.3) and income from the interest element in the amount of EUR 5,841,010.61 (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 financial assets in the amount of EUR 2,441,200.00 (prior year: kEUR 6,306.0).

Expenses for financial assets and securities held as current assets

This item includes no write-downs of investment securities for the reporting year (prior year: kEUR 4,715.0).

Profit or loss from associated companies

The reported income of EUR 12,846,023.93 (prior year: kEUR 18,281.9) 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 48,234,110.63 (prior year: kEUR 4,671.7). The actuarial interest included in the change in provisions for employee benefits is not recognized under personnel expenses but under interest and similar expenses.

Income taxes

Income taxes comprise corporate income tax credits in the amount of EUR 706,327.62 (prior year: corporate income tax expenses of kEUR 6,530.2) and deferred taxes in the amount of EUR 29,904,894.94 (prior year: kEUR 31,143.0).

Consolidated profit for the year

The profit for the year including the minority share amounts to EUR 166,201,731.34 (prior year: kEUR 174,460.8). Adjusted for the share of other shareholders in the profit for the year of EUR 25,364.27 (prior year: loss of kEUR -1,656.0), the remaining consolidated profit for the year is EUR 166,227,095.61 (prior year: kEUR 172,804.7).

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, 2023	Additions	Disposals	Transfers	As at Dec 31, 2023
	EUR	EUR	EUR	EUR	EUR
	1,206,307.52	0.00	0.00	0.00	1,206,307.52
	22,883,693.28	218,555.16	0.00	0.00	23,102,248.44
	26,718,310.33	1,044,938.22	-1,101,857.72	90,709.89	26,752,100.72
	52,561,826.54	0.00	0.00	0.00	52,561,826.54
	7,258,637.86	0.00	3,415.57	0.00	7,262,053.43
	110,628,775.53	**1,263,493.38**	**-1,098,442.15**	**90,709.89**	**110,884,536.65**
	1,970,052,751.32	23,446,539.04	-1,011,096.61	37,118,149.61	2,029,606,343.36
	1,303,864,289.95	41,011,049.21	-6,880,738.09	38,024,242.09	1,376,018,843.16
	1,814,067,528.96	30,884,804.04	-745,349.36	12,738,180.71	1,856,945,164.35
	76,612,828.73	7,441,219.91	-7,381,464.44	294,327.49	76,966,911.69
	569,393,490.52	247,402,816.29	-314,205.05	-88,265,609.79	728,216,491.97
	5,733,990,889.48	**350,186,428.49**	**-16,332,853.55**	**-90,709.89**	**6,067,753,754.53**
	2,177,172.77	-356,400.00	0.00	0.00	1,820,772.77
	269,851,668.77	301,574.97	0.00	0.00	270,153,243.74
	434,788,694.36	145,200.00	0.00	0.00	434,933,894.36
	50,972,812.56	0.00	-14,491,200.00	0.00	36,481,612.56
	49,050,403.17	1,322,192.02	-5,914,758.25	0.00	44,457,836.94
	806,840,751.63	**1,412,566.99**	**-20,405,958.25**	**0.00**	**787,847,360.37**
	6,651,460,416.64	**352,862,488.86**	**-37,837,253.95**	**0.00**	**6,966,485,651.55**

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

Balance sheet item	Accumulated amortization and depreciation		
	As at Jan 1, 2023	Write-ups	Additions
	EUR	EUR	EUR
I. Intangible assets			
1. Electricity procurement rights	811,425.83	0.00	40,011.00
2. Other rights	18,626,172.15	0.00	517,293.23
3. IT programs	22,207,539.64	0.00	1,488,534.97
4. Goodwill	52,037,214.77	0.00	209,844.71
5. Advances made	6,991,015.33	0.00	0.00
TOTAL I. Intangible assets	**100,673,367.72**	**0.00**	**2,255,683.91**
II. Property, plant and equipment			
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	905,990,359.39	0.00	33,216,463.01
2. Machinery and electrical plants	927,574,456.24	0.00	38,867,874.16
3. Line systems	1,065,047,486.13	0.00	45,786,029.15
4. Other plant, furniture and fixtures	64,562,104.01	0.00	4,728,786.18
5. Advances made and construction in progress	10,966,963.72	0.00	235,047.10
TOTAL II. Property, plant and equipment	**2,974,141,369.49**	**0.00**	**122,834,199.60**
III. Financial assets			
1. Shares in affiliates	752,056.37	-899,600.00	0.00
2. Investments in associates	131,365,025.11	-13,147,598.90	9,418,602.67
3. Other investments	21,500,000.00	0.00	0.00
4. Investment securities (book-entry securities)	4,848,647.76	-2,441,200.00	0.00
5. Other loans	0.00	0.00	0.00
TOTAL III. Financial assets	**158,465,729.24**	**-16,488,398.90**	**9,418,602.67**
TOTAL non-current assets	**3,233,280,466.45**	**-16,488,398.90**	**134,508,486.18**

			Carrying amounts	
Disposals EUR	Transfers EUR	As at Dec 31, 2023 EUR	Carrying amount as at Jan 1, 2023 EUR	Carrying amount as at Dec 31, 2023 EUR
0.00	0.00	851,436.83	394,881.69	354,870.69
0.00	0.00	19,143,465.38	4,257,521.13	3,958,783.06
-1,101,857.72	0.00	22,594,216.89	4,510,770.69	4,157,883.83
0.00	0.00	52,247,059.48	524,611.77	314,767.06
0.00	0.00	6,991,015.33	267,622.53	271,038.10
-1,101,857.72	**0.00**	**101,827,193.91**	**9,955,407.81**	**9,057,342.74**
-113,535.47	0.00	939,093,286.93	1,064,062,391.93	1,090,513,056.43
-6,100,989.57	-154.75	960,341,186.08	376,289,833.71	415,677,657.08
-738,718.45	-370.19	1,110,094,426.64	749,020,042.83	746,850,737.71
-5,199,643.83	524.94	64,091,771.30	12,050,724.72	12,875,140.39
0.00	0.00	11,202,010.82	558,426,526.80	717,014,481.15
-12,152,887.32	**0.00**	**3,084,822,681.77**	**2,759,849,519.99**	**2,982,931,072.76**
0.00	0.00	-147,543.63	1,425,116.40	1,968,316.40
0.00	0.00	127,636,028.88	138,486,643.66	142,517,214.86
0.00	0.00	21,500,000.00	413,288,694.36	413,433,894.36
0.00	0.00	2,407,447.76	46,124,164.80	34,074,164.80
0.00	0.00	0.00	49,050,403.17	44,457,836.94
0.00	**0.00**	**151,395,933.01**	**648,375,022.39**	**636,451,427.36**
-13,254,745.04	**0.00**	**3,338,045,808.69**	**3,418,179,950.19**	**3,628,439,842.86**

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, 2023	Nominal values			Market values		
in mEUR	Purchases	Sales	Net	Positive	Negative	Net
Forwards	-343.7	360.7	17.0	279.0	-160.4	118.6
Futures	-508.2	324.2	-183.9	105.9	-172.6	-66.6
Total before netting	**-851.8**	**684.9**	**-167.0**	**385.0**	**-333.0**	**52.0**
Adjusted for netting contracts	460.5	-460.50	0.0	-192.9	192.9	0.0
Total after netting	**-391.4**	**224.4**	**-167.0**	**192.0**	**-140.1**	**52.0**

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 previous 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, additional impairment losses of EUR 15.1 million (prior

year: EUR 16.4 million) were recorded in the separate financial statements, and an additional EUR 3.7 million (prior year: EUR 17.1 million) in the consolidated financial statements, i.e. a total of EUR 18.8 million (prior year: EUR 33.4 million).

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 39,475,526.37 (prior year: kEUR 39,401.3).

The contingent liabilities shown in the consolidated financial statements, which mainly consist of guarantees and liabilities under long-term contracts granting rights of use to third parties, amount to EUR 58,972,219.87 (prior year: kEUR 54,848.6).

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 419.5 million (prior year: EUR 231.1 million) in the separate financial statements, and to approximately EUR 423.4 million (prior year: EUR 246.7 million) in the consolidated financial statements in the next fiscal year (2024).

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 within the group as needed.

Consolidated financial statements; Publication

For the purpose of Section 237(1) No. 7 *UGB*, TIWAG-Tiroler Wasserkraft AG, having its registered office in Innsbruck, Eduard-Wallnöfer-Platz 2, is the parent company of the TIWAG Group. The consolidated financial statements prepared by the parent company are published on the Electronic Announcement and Information Platform of the Federal Government (EVI) and filed with the Business Register under FN 44133 b.

Employees

In fiscal 2023, TIWAG-Tiroler Wasserkraft AG employed 1,328 persons on average, thereof 1,128 salaried employees, 161 workers, and 39 apprentices (prior year: 1,283 persons employed, thereof 1,095 salaried employees, 155 workers, and 33 apprentices). Under a contract dated November 18, 2005, an annual average of 93 workers, 376 salaried employees, and 15 apprentices (prior year: 89 workers, 358 salaried employees, 12 apprentices) were hired out to TINETZ-Tiroler Netze GmbH. The group employed an average of 1,477 (prior year: 1,426) persons, thereof 1,214 (prior year: 1,176) salaried employees, 223 (prior year: 216) workers, and 40 (prior year: 34) apprentices.

Auditor's fees

In the past fiscal year, auditing expenses amounted to a total of EUR 298,100.00 (prior year: kEUR 271.2). An amount of EUR 244,000.00 (prior year: kEUR 225.8) thereof was required for the audit of the annual financial statements, EUR 50,900.00 (prior year: kEUR 36.9) for other attestations, and EUR 3,200.00 (prior year: kEUR 8.5) for other services.

Remuneration of the Management Board and the Supervisory Board

In fiscal 2023, the total remuneration of the Management Board amounted to EUR 1,275,520.87 (prior year: kEUR 1,247.7), emoluments of former members of the Management Board of TIWAG-Tiroler Wasserkraft AG and their surviving dependents amounted to EUR 235,828.39 (prior year: kEUR 233.6), and the remuneration of the Supervisory Board came to EUR 60,394.52 (prior year: kEUR 43.5).

Appropriation of profit

The Management Board proposes to the Shareholders' Meeting to distribute an amount of EUR 50,500,000.00 out of the net profit for the year and to carry forward the remaining amount of EUR 82,702.76.

Significant events after the balance sheet date

Due to legal uncertainties with regard to changing contractually agreed prices for consumers under the Austrian Consumer Protection Act *[Konsumentenschutzgesetz/KSchG]* and for small business entities, several lawsuits regarding the price increases of June 1, 2022 and July 24, 2023 were brought against us in 2023. In February 2024, a settlement was concluded with the Tyrol Chamber of Labor to resolve the pending cases. We agreed to provide a relief package in line with the equal treatment requirement upon withdrawal of the pending lawsuits. Appropriate provisions had been set up in 2023 already.

Corporate bodies

The following persons were members of the Management Board:

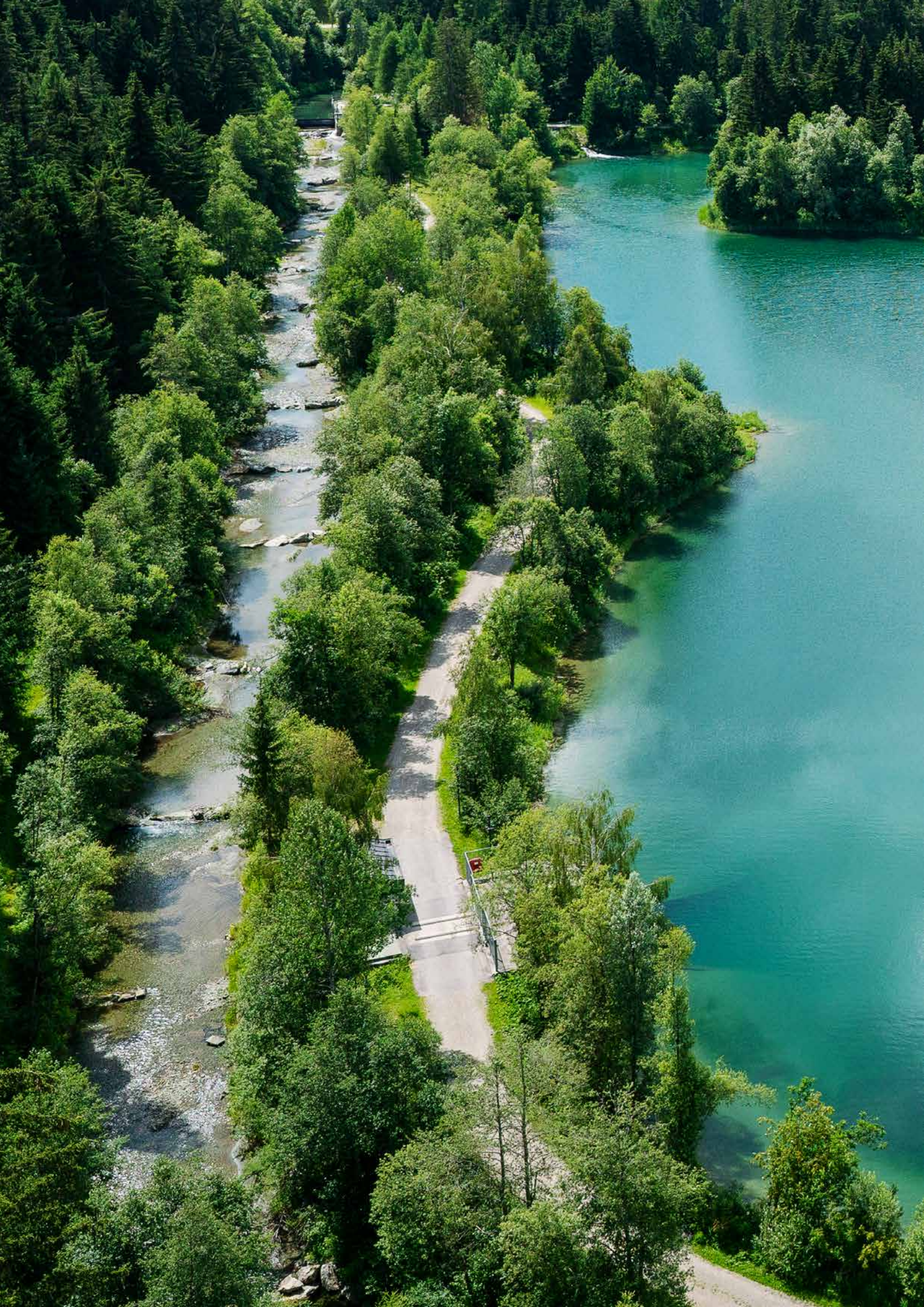
- Erich Entstrasser (Chair)
- Thomas Gasser
- Alexander Speckle

In the fiscal year 2023, the following persons were members of the Supervisory Board:

- Eduard Wallnöfer, Chair of the Supervisory Board
- Manfred Pletzer, 1st Deputy of the Chair of the Supervisory Board
- Michaela Hysek-Unterweger, 2nd Deputy of the Chair of the Supervisory Board
- Hartwig Röck, reappointed on May 15, 2023
- Hannelore Weck-Hannemann
- Julia Lang, resigned on May 15, 2023
- Hans-Peter Bock, appointed on May 15, 2023

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 *[EIWOG]*

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 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 operation, maintenance, and development of those grids.

1. BALANCE SHEET AS AT DECEMBER 31, 2023 (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
1,898,302,159.56	**650,561,908.94**	**889,415,905.22**	**3,438,279,973.72**
498,914,743.47	4,414,081.37	2,295,572.59	505,624,397.43
1,180,129,906.78	616,388,113.76	44,358,123.51	1,840,876,144.05
219,257,509.31	29,759,713.81	842,762,209.12	1,091,779,432.24
534,475,532.81	**127,689,705.98**	**7,687,002.77**	**669,852,241.56**
38,691,419.55	80,503.83	11,366,261.05	50,138,184.43
462,685,502.26	110,324,199.15	-4,923,489.83	568,086,211.58
33,098,611.00	17,285,003.00	1,244,231.55	51,627,845.55
3,203,439.52	**986,949.13**	**324,800.72**	**4,515,189.37**
2,435,981,131.89	**779,238,564.05**	**897,427,708.71**	**4,112,647,404.65**
1,508,948,149.96	**357,977,271.52**	**20,870,218.28**	**1,887,795,639.76**
6,742,956.27	**269,951.20**	**2,716,455.64**	**9,729,363.11**
0.00	**179,384,346.97**	**5,772,360.64**	**185,156,707.61**
275,790,292.41	**204,047,925.07**	**174,614,195.03**	**654,452,412.51**
622,044,995.83	**37,559,069.29**	**676,058,489.64**	**1,335,662,554.76**
22,454,737.42	**0.00**	**17,395,989.48**	**39,850,726.90**
2,435,981,131.89	**779,238,564.05**	**897,427,708.71**	**4,112,647,404.65**

2. INCOME STATEMENT 2023 (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 5, 2024

The Management Board

Mag. Dr.
Erich Entstrasser

Dipl.-Ing.
Thomas Gasser, MBA

Dipl.-Ing.
Alexander Speckle

Generation, electricity trading and sales	Distribution	Other	Total
2,116,738,484.40	153,077,505.17	20,463,439.42	2,290,279,428.99
0.00	0.00	7,675.94	7,675.94
-9,450,612.97	7,605,667.54	34,320,122.63	32,475,177.20
27,740,979.99	1,144,527.45	7,788,653.43	36,674,160.87
-1,725,562,161.06	-4,895,729.21	-8,085,788.55	-1,738,543,678.82
-36,767,622.08	-49,162,317.86	-156,702,259.82	-242,632,199.76
-58,873,464.36	-46,320,502.27	-4,878,861.66	-110,072,828.29
-41,654,536.66	-15,237,901.01	-87,257,824.88	-144,150,262.55
272,171,067.26	**46,211,249.81**	**-194,344,843.49**	**124,037,473.58**
102,212,642.72	8,833,155.57	9,896,543.33	120,942,341.62
-16,345,708.00	-18,818,997.00	-15,431,716.41	-50,596,421.41
85,866,934.72	**-9,985,841.43**	**-5,535,173.08**	**70,345,920.21**
-18,740,484.48	-17,659,114.57	36,399,599.05	0.00
339,297,517.50	**18,566,293.81**	**-163,480,417.52**	**194,383,393.79**
1,396,496.76	76,416.03	-5,410,332.32	-3,937,419.53
340,694,014.26	**18,642,709.84**	**-168,890,749.84**	**190,445,974.26**

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, 2023, 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, 2023, 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 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 company's legal representatives are responsible for the preparation of the management report in accordance with the applicable provisions of Austrian business law.

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 5, 2024

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, 2023, 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, 2023, 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, 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, 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 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.

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 5, 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

PROPOSAL FOR APPROPRIATION OF THE PROFIT

The Management Board proposes that a dividend of EUR 50,500,000.00 be paid out of the net profit for fiscal 2023 of EUR 50,582,702.76 and that the remaining amount of EUR 82,702.76 be carried forward.

Innsbruck, April 5, 2024

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 five plenary meetings and several committee meetings in fiscal 2023 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 2023 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 and the group'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, 2023, 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 for the fiscal year ended December 31, 2023 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 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 2024.

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 14, 2024

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	4,026,509,322	95.02	100.00	96.16	93.82
Wind power	122,580,026	2.88	0.00	2.88	3.56
Solar energy	76,089,762	1.80	0.00	0.66	2.27
Renewable gas (biogas, landfill and sewage gas)	3,404,860	0.09	0.00	0.09	0.10
Biomass (solid, liquid, and waste with a high biogenic share)	8,741,996	0.21	0.00	0.21	0.25
Geothermal energy	365	0.00	0.00	0.00	0.00
TOTAL electricity volume delivered	**4,237,326,331**	**100.00**	**100.00**	**100.00**	**100.00**

Country issuing guarantees of origin	%	%	%	%
Austria	82.60	100.00	100.00	77.66
Norway	17.40	0.00	0.00	22.34
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	82.60	100.00	100.00	77.66
Guarantees of origin	17.40	0.00	0.00	22.34
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 2023.

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 2023 was prepared 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 with the "Guidelines for Joint Trading in Electricity and Guarantees of Origin", which were issued by E-Control in October 2023.

Vienna, April 4, 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

Mag. Christof Wolf
Auditor

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	80,463,383	87.03
Solar energy	8,958,272	9.69
Wind power	2,764,700	2.99
Renewable gas (biogas, landfill and sewage gas)	73,634	0.08
Biomass (solid, liquid, and waste with a high biogenic share)	196,736	0.21
Geothermal energy	8	0.00
TOTAL electricity volume delivered	**92,456,733**	**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 2023.

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 2023 was prepared 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 with the "Guidelines for Joint Trading in Electricity and Guarantees of Origin", which were issued by E-Control in October 2023.

Vienna, April 4, 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

Mag. Christof Wolf
Auditor

GAS LABELING PURSUANT TO SECTION 130 OF THE AUSTRIAN NATURAL GAS ACT *[GASWIRTSCHAFTSGESETZ/GWG]* AND THE AUSTRIAN GAS LABELING REGULATION *[GASKENNZEICHNUNGSVERORDNUNG/G-KENV]* (TIGAS-WÄRME TIROL GMBH)

Result of the gas labeling documentation	TIGAS-Wärme Tirol GmbH			
	Suppliers		Products	
	kWh	%	Biomethane %	TIGAS natural gas %
Renewable gas (biomethane)	4,893,389	0.13	100.00	0.00
Natural gas of unknown provenance	3,785,635,836	99.87	0.00	100.00
TOTAL gas volume delivered	**3,790,529,225**	**100.00**	**100.00**	**100.00**

Environmental impacts			
CO_2 emissions (g/kWh)	200.74	0.00	201.00
Radioactive waste (mg/kWh)	0.00	0.00	0.00

AUDIT FINDINGS AND CONFIRMATION

We have audited the gas labeling of TIGAS-Wärme Tirol GmbH (the "Company"), Innsbruck, for the calendar year 2023.

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 2023 was prepared in compliance with Section 130 of the Natural Gas Act 2011 *(GWG 2011)* in conjunction with the Gas Labeling Regulation 2023 *(G-KenV 2023)*.

Vienna, April 4, 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Auditor

Mag. Christof Wolf
Auditor

IMPRINT

TIWAG-Tiroler Wasserkraft AG
6020 Innsbruck · Eduard-Wallnöfer-Platz 2
T +43 (0)50607-0 · F +43 (0)50607-27050
www.tiwag.at · office@tiwag.at

CONCEPT, GRAPHIC PRODUCTION AND TYPESETTING:
Citygrafic · 6020 Innsbruck · www.citygrafic.at

PHOTOGRAPHY:
TIWAG-Tiroler Wasserkraft AG, TIWAG-Next Energy Solutions GmbH, TINETZ-Tiroler Netze GmbH, Droneproject, Foto Karg, GKI GmbH, Google Earth, Ilvy Rodler, Martin Vandory

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

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

TIWAG-
Tiroler Wasserkraft AG
6020 Innsbruck
Eduard-Wallnöfer-Platz 2
www.tiwag.at

TIWAG