Interim Report Quarters 1–3/2023

The power to transform.
Together.

Verbund

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KPIs

	Unit	Q1–3/2022	**Q1–3/2023**	Change
Revenue	€m	7,617.3	9,789.9	28.5%
EBITDA	€m	1,933.3	3,549.3	83.6%
EBITDA adjusted	€m	1,933.3	3,549.3	83.6%
Operating result	€m	1,621.7	3,145.9	94.0%
Group result	€m	1,065.2	1,980.6	85.9%
Group result adjusted	€m	982.6	2,000.9	103.6%
Earnings per share	€	3.07	5.70	85.9%
EBIT margin	%	21.3	32.1	–
EBITDA margin	%	25.4	36.3	–
Cash flow from operating activities	€m	1,120.8	4,153.4	–
Additions to property, plant and equipment	€m	811.4	986.2	21.5%
Free cash flow before dividends	€m	–150.5	3,018.7	–
Free cash flow after dividends	€m	–628.4	1,475.0	–
Average number of employees		3,487	3,752	7.6%
Electricity sales volume	GWh	47,995	47,515	–1.0%
Hydro coefficient		0.84	0.93	–
New renewables coefficient		1.01	1.04	

	Unit	31/12/2022	**30/9/2023**	Change
Total assets	€m	19,156.6	19,295.2	0.7%
Equity	€m	8,323.0	10,432.3	25.3%
Equity ratio (adjusted)	%	44.5	55.3	–
Net debt	€m	3,898.3	2,426.7	–37.8%
Gearing	%	46.8	23.3	–

Report of the Executive Board

Dear Shareholders,

Our entire energy system is currently undergoing a comprehensive transformation stemming from the dilemma of how to balance climate action and decarbonisation plus achieving greater energy independence with the need to maintain security of supply. A key component of the shift to an essentially carbon-free energy system is large-scale expansion of new renewable electricity generation from solar and wind power as well as hydropower. However, expanding new renewable electricity generation on this scale is making the European power grid far more volatile – something that can only be mitigated through major expansion of the power grid and the use of storage technologies, i.e. highly flexible electricity generation facilities such as pumped storage power plants. The draft of the Austrian network infrastructure plan recently presented anticipates a sharp uptick in demand for electricity until 2040. Electricity generation from renewable energy sources is expected to grow at a similar pace. Rapid expansion of the transmission system in particular is therefore crucial for maintaining security of supply in the Austrian economy. Austria also needs to make faster progress with regard to green hydrogen if it is to meet its ambitious climate targets. This requires accelerating the expansion of renewables plus the corresponding grid infrastructure in Austria. If a carbon-neutral economic system is to be achieved by 2040, all processes previously run on fossil fuels will need to be converted, either through direct electrification or the use of green hydrogen.

In addition, efforts are being stepped up within the EU to reduce dependence on fossil fuels. The European Commission’s plan here is to wean ourselves off Russian gas completely by 2027. Beyond this, there are plans to outlaw the burning of fossil gas by 2050. A huge amount of investment is also needed at EU level to ensure that everyone is supplied with electricity. All of this is taking place with a view to mitigating climate change and achieving carbon neutrality.

Transforming the energy system requires increased expenditures. VERBUND has earmarked around €15bn for investment over the coming decade so that it can advance decarbonisation efforts and continue to guarantee security of supply in Austria. To implement these goals, VERBUND has established Mission V, a long-term comprehensive transformation programme. Not only does this programme aim to strengthen VERBUND’s integrated positioning in its home market of Austria through further expansion of domestic hydropower and the power grid, supply customers in Austria with electricity from renewable sources of production and expand renewables in Europe, but it also seeks to position VERBUND as a European hydrogen player. This is what we are working on at VERBUND, and we welcome every milestone that we reach in this context. On 30 June 2023, for example, we took another step towards a renewable energy future with the ground-breaking ceremony for the Stegenwald hydropower plant. Hydropower is a frontrunner among renewables because it continuously delivers clean electricity throughout the year. Once completed, the run-of-river power plant along the central Salzach should deliver 72.8 GWh of electricity per year for the region. Two turbines will enable a maximum electrical capacity of 14.3 MW. Salzburg AG and VERBUND will co-invest around €100m in the power plant. In Austria, turbines and generators for the new power plant on the Mur River were also lifted in during quarter 3/2023. After the shell was finished, installation of the two generator sets began at the site in Gratkorn. The Reißeck II plus and Limberg III hydropower plant projects that we are building to boost our renewable electricity generation also advanced on schedule in quarter 3/2023. These will have an important role to play in the future as flexible pumped storage and storage power plants. In addition, grid projects such as the 380 kV Salzburg line are being implemented according to plan.

VERBUND's 2030 strategy also plans for significant growth in solar and wind power with the objective of producing around 20–25% of total electricity generated from photovoltaic systems and onshore wind farms. Spain has been defined as a strategic target market in this respect. VERBUND's most recent acquisition involves the purchase of operative wind power plants with a total capacity of 257 MW and potential for hybridisation and repowering from EDP Renewables Europe, S.L.U. for an enterprise value of around €0.46bn. VERBUND Green Power GmbH acquired 100% of the shares in the two companies Green Power Wind Spain 1, S.L.U. (formerly Viesgo Renovables S.L.) and Green Power Wind Marquesado, S.L.U. (formerly Viesgo Europa S.L.). The two companies hold nine wind portfolios at various sites in Spain. Overall, VERBUND has already achieved a capacity of around 1 GW across photovoltaic and wind power.

VERBUND saw an increase in the results posted for quarters 1–3/2023. EBITDA climbed by 83.6% year-on-year to €3,549.3m. The reported Group result rose by 85.9% to €1,980.6m and the Group result after adjustment for non-recurring effects (non-recurring effects in Q1–3/2023: €–20.2m; Q1–3/2022: €+82.6m) was up 103.6%. At 0.93, the hydro coefficient for the run-of-river power plants was 7 percentage points below the long-term average but 9 percentage points above the comparative prior-year figure. Generation from the annual storage power plants rose by 7.1% in quarters 1–3/2023 compared with the prior-year reporting period. Generation from hydropower thus increased by 2,266 GWh to 23,102 GWh. The sharp rise in wholesale electricity prices on the futures markets that were relevant for the reporting period gave earnings a considerable boost. Conversely, spot market prices fell in quarters 1–3/2023. The average sales price achieved for our own generation from hydropower rose by €64.4/MWh to €176.0/MWh. Furthermore, higher generation from photovoltaic installations and wind power plants, especially from the plants put into operation in Spain, had a positive effect. Higher earnings contributions from Gas Connect Austria GmbH and Austrian Power Grid AG in the Grid segment also had a positive effect. This stood in contrast to the reduction in earnings caused by a significant decrease in thermal generation and the negative earnings contribution from the Sales segment attributable to high procurement costs, among other factors. The measures to tax windfall profits likewise had an aggregate negative impact of around €77m on EBITDA.

Based on expectations of average levels of own generation from hydropower, wind power and photovoltaic production in quarter 4/2023 as well as the opportunities and risks identified, VERBUND expects EBITDA of between around €4,150m and €4,450m and a Group result of between around €2,250m and €2,450m in financial year 2023. VERBUND's planned payout ratio for financial year 2023 is between 45% and 55% of the Group result of between around €2,270m and €2,470m, after adjusting for non-recurring effects. The earnings forecast and the information on the expected payout ratio are contingent on VERBUND not being impacted by possible additional energy policy measures to skim off some of the profits at energy companies.

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The continuing weakness of the global economy with rife uncertainty and low to moderate growth prospects at best, along with repeated rate hikes in Europe and the United States, created the framework in quarter 3/2023. Other negative factors were rising oil prices caused by restrictions on production and exports, speculative behaviour by market participants and shrinking inventories, above all in the USA.

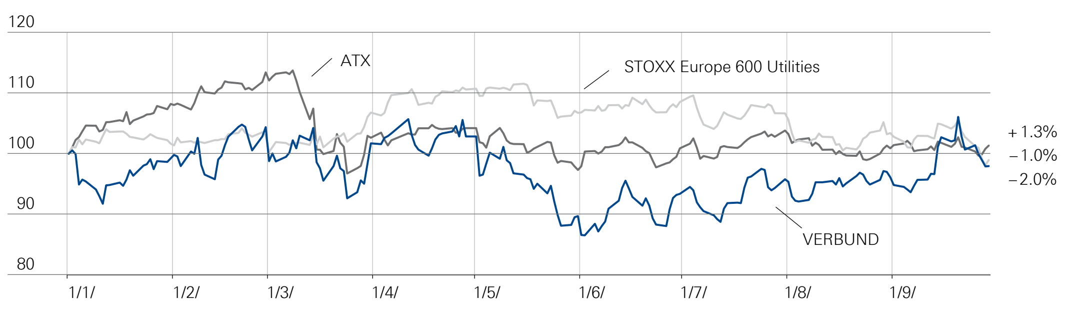
While the USA registered moderate macroeconomic growth in the quarter now ended and has managed to avoid a recession to date, the prevailing mood in the industry remained gloomy. The Federal Reserve is currently not expected to lower key rates in the US any time soon.

A varied picture emerged in Europe. The euro area as a whole is forecast to grow slightly this year, but Germany remains the biggest worry. Although well-filled order books have so far kept a recession at bay, a lasting economic turnaround is not yet in sight despite falling inflation rates. The European Central Bank raised key interest rates once again at its last meeting, but could be about to end its string of eurozone rate increases. Now that core inflation in the eurozone is falling, the measures put in place are starting to bear fruit.

The situation in China is likewise difficult. After a strong start in 2023, geopolitical and trade policy tensions as well as the crisis in China's property sector impacted on the economy, slowing consumer spending. However, the effects of the intervention by the Chinese government are already being felt and are expected to improve the situation as the year goes on.

In spite of the challenges outlined above, some stock markets saw marked price increases in quarters 1–3/2023. Japan's Nikkei 225 delivered a remarkable performance, climbing by as much as 22.1% compared with 31 December 2022. The US benchmark index Dow Jones Industrial Average ended quarters 1–3/2023 up by a moderate 1.1%. The Euro Stoxx 50 performed much better in the reporting period, closing 10.0% higher than at year-end 2022.

VERBUND share price: relative performance 2023



VERBUND shares were characterised by volatile sideways movement in quarter 1/2023. Continuing regulatory uncertainties, in particular the ongoing discussions on changes to the electricity market design at EU level and the increase in Austria's inframarginal levy, weighed heavily on VERBUND's share price in quarter 2/2023. The price of VERBUND shares rose steadily in quarter 3/2023 before a correction set in at the end of September. Possible reasons for this increase were a reversal in the trend away from price losses in the first half of the year and shifts from other equities in the field of new renewables. Trading at a closing price of €77.1 as at 30 September 2023, VERBUND shares were down 2.0% in quarters 1–3/2023 against year-end 2022. As such, the shares underperformed slightly against the Austrian ATX (+1.3%) as well as against the STOXX Europe 600 Utilities sector index (–1.0%) in the first nine months of 2023.

Upcoming dates:
2023 annual results:
14 March 2024

KPIs – shares

	Unit	Q1–3/2022	**Q1–3/2023**	Change
Share price high	€	113.6	83.5	–26.5%
Share price low	€	79.2	68.1	–14.1%
Closing price	€	87.5	77.1	–11.9%
Performance	%	–11.6	–2.0	–
Market capitalisation	€m	30,381.5	26,768.4	–11.9%
ATX weighting	%	13.8	10.6	–
Value of shares traded	€m	5,955.5	3,510.7	–41.1%
Shares traded per day	Shares	326,985	240,321	–26.5%

Interim Group management report

Business performance

Electricity supply and sales volume

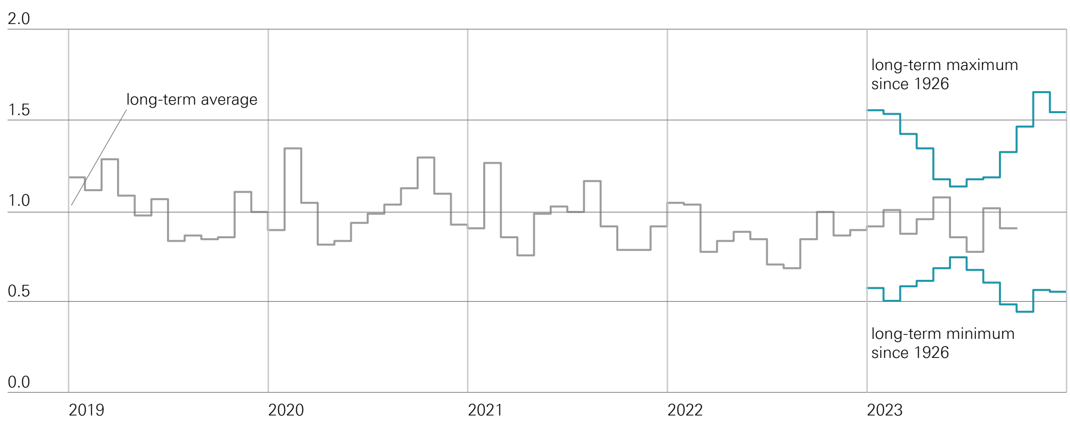
Group electricity supply GWh

	Q1–3/2022	Q1–3/2023	Change
Hydropower[1]	20,836	23,102	10.9%
Wind power	718	858	19.5%
Solar power	4	287	–
Thermal power	879	379	–56.9%
Own generation	22,437	**24,626**	9.8%
Electricity purchased for trading and sales	26,132	23,248	–11.0%
Electricity purchased for grid loss and control power volumes	2,965	3,212	8.3%
Electricity supply	51,533	**51,086**	–0.9%

[1] incl. purchase rights

VERBUND's own generation was up 2,189 GWh (9.8%) to 24,626 GWh in quarters 1–3/2023 compared with the same period in 2022. Generation from hydropower plants increased by 2,266 GWh in the reporting period to 23,102 GWh. At 0.93, the hydro coefficient for the run-of-river power plants was 7 percentage points below the long-term average but 9 percentage points above the comparative prior-year figure. Generation from VERBUND's annual storage power plants rose by 7.1% in quarters 1–3/2023 as a consequence of a more pronounced reduction in reservoir levels and greater natural water inflows despite lower generation from turbining.

Hydro coefficient (monthly averages)



The volume of electricity generated by VERBUND's wind power plants in quarters 1–3/2023 was 140 GWh higher than the comparative prior-year figure due to the increase in the overall wind supply as well as to the acquisition and commissioning of wind farms in Spain. Electricity generated from proprietary photovoltaic installations totalled 287 GWh in the reporting period – a significant year-on-year increase. This is attributable to installations in Spain coming on stream.

Generation from thermal power plants dropped by 500 GWh year-on-year due to a reduction in congestion management and a decrease in the market-driven deployment of the Mellach combined cycle gas turbine power plant for supplying electricity and district heating.

Electricity purchased from third parties for trading and sales fell by 2,883 GWh (–11.0%) in quarters 1–3/2023. Electricity purchased from third parties for grid losses and control power rose by 247 GWh (+8.3%).

Group electricity sales volume and own use GWh

	Q1–3/2022	**Q1–3/2023**	Change
Consumers	10,757	10,411	–3.2%
Resellers	21,322	20,910	–1.9%
Traders	15,916	16,194	1.7%
Electricity sales volume	47,995	**47,515**	–1.0%
Own use	2,898	2,713	–6.4%
Control power	640	859	34.2%
Electricity sales volume and own use	51,533	**51,086**	–0.9%

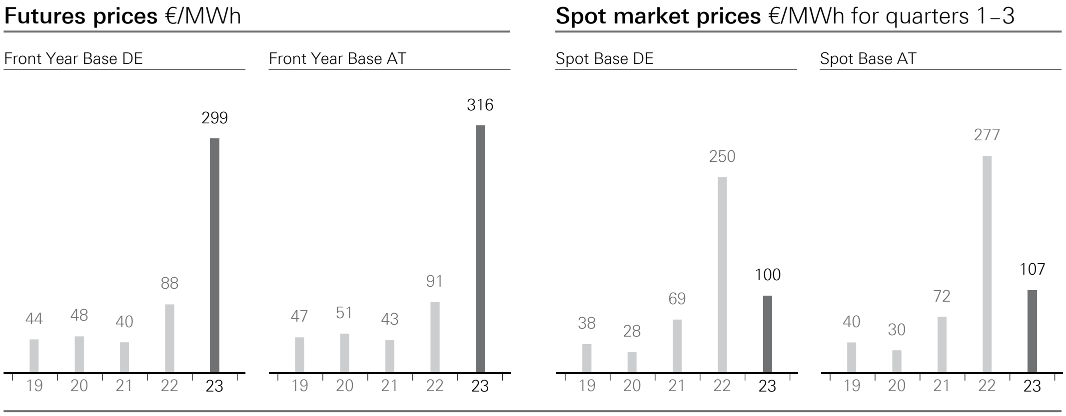
VERBUND's electricity sales volume declined by 481 GWh (–1.0%) to 47,515 GWh in quarters 1–3/2023. Sales to consumers fell by 346 GWh (the customer base at 30 September 2023 comprised around 496,000 electricity and gas customers) and sales to resellers declined by 412 GWh, due in particular to lower international sales. Sales to traders increased by 277 GWh, mainly as a result of higher delivery volumes on the local spot market. Own use of electricity declined by 185 GWh in quarters 1–3/2023, chiefly due to lower operation of the power plants in turbining mode.

Electricity sales by country GWh

	Q1–3/2022	**Q1–3/2023**	Change
Austria	23,382	24,624	5.3%
Germany	20,683	19,120	–7.6%
France	3,322	2,579	–22.4%
Others	608	1,192	96.0%
Electricity sales volume	47,995	**47,515**	–1.0%

Approximately 51.8% of the electricity sold by VERBUND in quarters 1–3/2023 went to the Austrian market. The German market, which accounted for around 83.5% of all volumes sold abroad, was VERBUND's largest foreign market for its international trading and sales activities.

Electricity prices



Futures prices traded in the year before supply. The years stated are the respective years of supply.
Market area Germany or Austria respectively. Average prices.

Source: EEX, EPEX Spot

VERBUND contracted for most of its own generation for 2023 on the futures market back in 2021 and 2022. Prices for AT 2023 front-year base load contracts (traded in 2022) averaged €315.6/MWh and prices for DE 2023 front-year base load contracts averaged €298.9/MWh. Compared with the prior-year period, futures market prices were therefore up by as much as 245.8% (AT) and 238.0% (DE). Front-year peak load (AT) contracts traded at an average of €417.7/MWh and front-year peak load (DE) contracts at €400.2/MWh. Futures market prices in this area thus increased year-on-year by 279.5% (AT) and 273.2% (DE).

On both the Austrian and German spot markets, wholesale trading prices for electricity more than halved in quarters 1–3/2023. Prices for base load electricity decreased by an average of 61.5% to €106.7/MWh in Austria and by 60.2% to €99.5/MWh in Germany. Prices for peak load fell by 62.7% to €116.6/MWh in Austria and by 61.4% to €106.6/MWh in Germany.

The decrease in spot market prices is mainly attributable to lower gas prices due to factors such as falling demand and higher stocks of gas.

Financial performance

Results

€m	Q1–3/2022	Q1–3/2023	Change
Revenue	7,617.3	9,789.9	28.5%
EBITDA	1,933.3	3,549.3	83.6%
Operating result	1,621.7	3,145.9	94.0%
Group result	1,065.2	1,980.6	85.9%
Earnings per share in €	3.07	5.70	85.9%

Electricity revenue

VERBUND's electricity revenue rose by €2,058.4m to €8,548.2m in quarters 1–3/2023. While the futures market prices in the wholesale market for electricity that were relevant for the reporting period were significantly up year-on-year, spot market prices in quarters 1–3/2023 were down (for details please refer to the Electricity prices section). The average sales price achieved for our own generation from hydropower in quarters 1–3/2023 rose by €64.4/MWh to €176.0/MWh. In terms of quantities, electricity sales volumes fell by 481 GWh (–1.0%) year-on-year.

Grid revenue

Grid revenue increased by €131.8m to €1,053.0m in quarters 1–3/2023 compared with the prior-year period. The revenue increase at Austrian Power Grid AG amounted to €91.3m. This growth is mainly attributable to a jump in revenue from international auctions of cross-border capacity, an increase in national tariff revenue and higher revenue from control power. The €40.6m rise in revenue from Gas Connect Austria GmbH is largely due to higher revenue from the transmission business, mostly as a result of the commodity tariff, as well as higher auction revenue. In contrast, revenue from the distribution business was lower.

Other revenue and other operating income

Other revenue decreased by €17.7m to €188.7m. District heating revenue fell significantly due to the reduction in generation of district heating. However, higher revenue from the sale of green electricity certificates and other invoiced services had a positive effect. Other operating income fell by €23.1m to €67.8m. This is mainly attributable to changes in inventories in connection with green electricity certificates.

Expenses for electricity, grid, gas and certificates purchases

Expenses for electricity, grid, gas and certificates purchases decreased by €351.1m to €4,757.5m. A total of 2,636 GWh less electricity was purchased from third parties for trading and sales as well as for grid losses and control power. By contrast, higher procurement prices arising from higher price levels for wholesale electricity overall caused expenses to rise. Expenses for electricity purchases thus decreased by a total of €378.3m compared with the previous year. Expenses for grid purchases rose by €78.7m, whereas expenses for gas purchases fell by €51.8m.

Fuel expenses and other usage-/revenue-dependent expenses

Fuel and other usage-/revenue-dependent expenses decreased by €54.4m to €276.2m. There was a marked decrease in gas expenses due in particular to the much-reduced deployment of the Mellach combined cycle gas turbine plant (for details please refer to the section entitled Electricity supply and sales volumes). Other contributing factors to the reduction in expenses were the drop in expenses for emission allowances, which was likewise attributable to the fall in output, and the lower expenses for fuel gas at Gas Connect Austria GmbH. The expenses recognised in connection with the measures to tax windfall profits in quarters 1–3/2023 totalled €77.4m (Q1–3/2022: €5.1m).

Personnel expenses

Personnel expenses were up €43.3m year-on-year to €356.8m. This increase is due to the hiring of additional employees for the implementation of strategic growth projects and the 8.6% to 9.6% increase in pay rates under the collective bargaining agreement.

Other operating expenses

Other operating expenses rose by €41.9m to €294.2m. The increase was attributable to a rise in goods and services purchased from third parties, higher IT expenses and higher legal, audit and consulting expenses, among other things.

Measurement and realisation of energy derivatives

This account includes €–665.1m (Q1–3/2022: €+541.5m) from the realisation of energy derivatives, which have to be seen alongside countervailing effects in revenue and/or procurement cost. The measurement and realisation of energy derivatives for future delivery periods was €41.4m (Q1–3/2022: €–311.5m). In quarters 1–3/2023, the result came to €–623.7m (Q1–3/2022: €+230.0m).

EBITDA

As a result of the above-mentioned factors, EBITDA rose by 83.6% to €3,549.3m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €52.3m to €388.0m. Along with the amortisation of the Spanish companies acquired in the previous year and the current financial year, this was due to an increase in the investment volume at Austrian Power Grid AG.

Impairment losses

The impairment losses of €15.4m were attributable in full to the Mellach combined cycle gas turbine power plant. Further details are presented in the notes to the consolidated interim financial statements.

Result from interests accounted for using the equity method

The result from interests accounted for using the equity method rose by €43.1m to €52.9m. This was mainly due to the earnings contributions from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft in the amount of €46.9m (Q1–3/2022: €13.1m; for more information, please refer to the section entitled All other segments) and from Trans Austria Gasleitung GmbH in the amount of €5.7m (Q1–3/2022: €–3.4m).

Interest income and expenses

Interest income rose by €26.6m to €53.3m compared with quarters 1–3/2022, due mainly to higher interest payments from money market transactions. Interest expenses rose by €50.4m to €119.3m. This increase was mostly due to the issuance of a €500m promissory note loan in November 2022, interest expenses from the loans and the bond assumed from the Spanish companies acquired in the previous year, higher interest charged on money market transactions and the higher cost of procuring credit.

Other financial result

The other financial result fell by €6.8m to €3.7m in quarters 1–3/2023. This was chiefly attributable to the change in the measurement of an obligation to return an interest (€–28.0m) relating to the Jochenstein power plant on the Danube River as well as the change in the measurement of a profit participation right with respect to material assets (€+12.2m) in respect of Trans Austria Gasleitung GmbH. The measurement of securities funds through profit or loss also had a positive effect (€+10.6m).

Impairment losses/reversals of impairment losses in the financial result

The impairment losses of €18.7m (Q1–3/2022: €4.2m) related to HalloSonne GmbH (€15.8m) and Trans Austria Gasleitung GmbH (€2.8m). The reversal of impairment losses of €6.3m (Q1–3/2022: €0.0m) related to Ashta Beteiligungsverwaltung GmbH. Further details are presented in the notes to the consolidated interim financial statements.

Taxes on income

Taxes on income rose by €404.7m to €759.7m. The prior-year figure for taxes on income had included a positive non-recurring effect of €56.6m. This effect resulted from the revaluation of deferred tax as a consequence of the decision to lower Austria's corporate income tax rate from 25% to 24% in 2023 and from 24% to 23% beginning in 2024 in connection with the Eco-social Tax Reform Act (*Ökosoziales Steuerreformgesetz*, ÖkoStRefG).

Group result

After taking account of an effective tax rate of 24.3% and non-controlling interests of €387.6m, the Group result was €1,980.6m. This represents an increase of 85.9% against the previous year. Earnings per share amounted to €5.70 (Q1–3/2022: €3.07) for 347,415,686 shares. The Group result after adjustment for non-recurring effects (Q1–3/2023: €–20.2m; Q1–3/2022: €+82.6m) was up 103.6%.

Financial position

Consolidated balance sheet (condensed)

€m

	31/12/2022	Share	30/9/2023	Share	Change
Non-current assets	15,244.6	80%	15,719.8	81%	3.1%
Current assets	3,912.0	20%	3,575.4	19%	–8.6%
Total assets	19,156.6	100%	**19,295.2**	**100%**	0.7%
Equity	8,323.0	43%	10,432.3	54%	25.3%
Non-current liabilities	6,688.2	35%	5,894.2	31%	–11.9%
Current liabilities	4,145.4	22%	2,968.7	15%	–28.4%
Total equity and liabilities	19,156.6	100%	**19,295.2**	**100%**	0.7%

Assets

The increase in non-current assets is mainly attributable to the acquisition of Spanish wind power plants in quarter 3/2023. The additions to property, plant and equipment of €986.2m were reduced by depreciation amounting to €364.4m. Besides the Spanish wind power plants acquired in quarter 3/2023, the main additions to property, plant and equipment related to (replacement) investments at Austrian and German hydropower plants and investments in the Austrian transmission system. The decrease in current assets was primarily due to lower positive fair values for derivative hedging transactions in the electricity business on account of lower wholesale electricity prices and lower receivables for guarantees in the electricity business, while cash and cash equivalents increased.

Equity and liabilities

The increase in equity was mainly attributable to the profit for the period generated in quarters 1–3/2023 and positive effects from the measurement of cash flow hedges recognised in other comprehensive income, which were offset by VERBUND AG's equity-reducing dividend payment. The decrease in current and non-current liabilities primarily resulted from substantially lower negative fair values for derivative hedging transactions in the electricity business and from lower financial liabilities attributable to the repayment of short-term money market transactions. In particular, higher deferred tax liabilities from the measurement of cash flow hedges and higher current tax liabilities had a counteracting effect.

Cash flows

Cash flow statement (condensed) €m

	Q1–3/2022	**Q1–3/2023**	Change
Cash flow from operating activities	1,120.8	4,153.4	–
Cash flow from investing activities	– 1,292.4	– 1,144.2	–
Cash flow from financing activities	340.3	– 2,586.2	–
Change in cash and cash equivalents	168.7	423.0	–
Cash and cash equivalents as at 30/9/	487.2	**832.2**	70.8%

Cash flow from operating activities

Cash flow from operating activities amounted to €4,153.4m in quarters 1–3/2023, up €3,032.5m on the prior-year figure. The significantly higher average prices obtained for electricity sales and returns on margining payments for hedging transactions in the electricity business provided as security for open positions held with exchange clearing houses had a positive effect. Higher income tax payments and higher interest payments had a negative impact on cash flow from operating activities.

Cash flow from investing activities

Cash flow from investing activities amounted to €–1,144.2m in quarters 1–3/2023 (Q1–3/2022: €–1,292.4m). The change mainly results from a higher cash outflow from capital expenditure for intangible assets and property, plant and equipment (€–311.5m) and a lower cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests (€+404.1m). The cash outflow for business acquisitions also fell (€+44.8m).

Cash flow from financing activities

Cash flow from financing activities amounted to €–2,586.2m in quarters 1–3/2023, representing a change of €–2,926.5m. This decrease is due for one thing to the change in cash inflows and outflows from money market transactions (€–1,787.2m) and financial liabilities (€–53.4m). Other reasons for the change were the higher cash outflow for dividends (€–1,066.0m) and the non-recurrence of the inflow from shifts between shareholder groups from the previous year (€–16.4m).

Opportunity and risk management

Operating result

Potential changes in the operating result are caused primarily by the volatility of electricity prices and by fluctuations in hydro, wind and solar power output. In the Grid segment, possible fluctuations in the contribution margin may arise for example in relation to grid loss and congestion management. With respect to gas in the grid segment, the volatility of gas prices and delivery volumes in particular may give rise to revenue and cost fluctuations. It is also possible that changes in the legal environment and ongoing judicial proceedings in addition to changes in market prices and interest rates will bring about measurement-related adjustments of VERBUND's assets or changes in provisions.

Financial result

Changes in the financial result are determined by the following factors: the volatility of investment income, measurement effects on the balance sheet arising from changes in market prices, interest rates and changes in the general environment, as well as potential expenses from collateral provided being called in and fluctuating interest rates.

Sensitivities

A change in the factors shown below (all else remaining equal) would be reflected in the projected Group result for full-year 2023 as follows, based on the hedging status as at 30 September 2023 for generation volumes and interest rates:

- +/– 1% generation from hydropower plants: +/– €3.8m
- +/– 1% generation from wind and solar power: +/– €0.4m
- +/– €1/MWh wholesale electricity prices (renewable generation): +/– €0.7m
- +/– 1 percentage point in interest rates: +/– €2.1m

Segment report

Hydro segment

Hydropower activities are reported in the Hydro segment.

KPIs – Hydro segment

	Unit	Q1–3/2022	Q1–3/2023	Change
Total revenue	€m	2,117.8	3,588.0	69.4%
EBITDA	€m	1,815.4	3,114.5	71.6%
Result from interests accounted for using the equity method	€m	0.6	0.2	–72.4%

KPIs – Hydro segment

	Unit	31/12/2022	30/9/2023	Change
Capital employed	€m	6,180.5	5,909.4	–4.4%

The increase in both total revenue and EBITDA was due to higher average prices obtained for electricity on the whole and to higher generation from both run-of-river power plants and storage power plants compared with the previous year. The hydro coefficient for the run-of-river power plants was 0.93 (Q1–3/2022: 0.84).

The decrease in capital employed was largely due to higher current income tax provisions and lower net property, plant and equipment; higher current receivables had an offsetting effect.

Current information on the Hydro segment

Current hydropower projects

During quarter 3/2023, operation and maintenance as well as all current new build, expansion and rehabilitation projects were conducted without significant restrictions. Even the flooding events that occurred in August 2023 did not cause any major damage.

Concreting in the Gratkorn project has been essentially completed and installation work at the weir gates and the trash rack is finished. In September 2023, generator set 2 was also lifted in. The left bank of the reservoir is still under construction. The right bank has already been completed and is scheduled to be put into operation in quarter 2/2024.

In the Reißeck II plus project, work at the Small Mühldorf Lake has ended and the reservoir was approved for damming in mid-July 2023. The main installation work is on track and the two volutes and the draft tube flap gates are already in place. The Reißeck II and Reißeck II plus headrace channels are set to be connected in November 2023. As negotiations about indemnification are still ongoing, the dissipator can realistically be expected to be completed in spring 2024. This will push the planned commissioning back from quarter 1/2024 to quarter 3/2024.

In the Limberg III project, dismantling of the second tunnel boring machine has been completed. Reinforcement of the pressure shaft is being carried out and concreting in the caverns is around 65% complete. Installation work is progressing on schedule and the two volutes are already in place.

The second of the main cranes was put into operation in August 2023. Work on the planned raising of the Limberg Dam was also begun.

In the Kaprun 2029 project, the works commenced in March 2023 for Phase I (new inlet structure for the Mooserboden reservoir and new valve chamber) were continued. Tunnelling work at the inlet tunnel and the excavation work were completed.

In the Stegenwald project, the specialised underground engineering has been finalised and the site access has been completed. The excavation pit is currently being dug out and anchor systems installed. Earthworks and concreting will begin in October 2023.

In the Ottensheim-Wilhering and Ering-Frauenstein rehabilitation projects, renovation work on the next generator sets began in September 2023. In the Malta-Hauptstufe rehabilitation project, turbine 1 was put back into operation in August 2023 following overhaul.

Work was continued on the recently approved rehabilitation projects for the Wallsee-Mitterkirchen, Jochenstein, Egglfing-Obernberg, Braunau-Simbach and Rosenheim power plants. Overhaul of the first generator set at each of these plants is scheduled to start in autumn 2024.

A public discussion about the preliminary project, the Riedl energy store, takes place in October 2023.

With regard to the project to construct a pumped storage power plant in Schaufelberg, the environmental impact statement (EIS) reports have been commissioned and the technical submission plans are being prepared.

New renewables segment

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

KPIs – New renewables segment

	Unit	Q1–3/2022	**Q1–3/2023**	Change
Total revenue	€m	173.6	**227.9**	31.3%
EBITDA	€m	90.1	**157.5**	74.9%
Result from interests accounted for using the equity method	€m	–0.1	**0.5**	–

KPIs – New renewables segment

	Unit	31/12/2022	**30/9/2023**	Change
Capital employed	€m	1,356.6	**1,868.5**	37.7%

The increase in total revenue and EBITDA was largely due to higher average prices obtained for electricity and to a rise in generation volumes resulting from the acquisition of existing installations as well as the commissioning of (part of) the renewables portfolio acquired in Spain. The new renewables coefficient was 1.04 (Q1–3/2022: 1.01).

The increase in capital employed was largely attributable to the rise in net property, plant and equipment stemming in particular from acquisition of wind farms in Spain in quarter 3/2023, while working capital fell.

Current projects in the New renewables segment

In quarter 3/2023 we continued to work on developing our extensive project pipeline in Austria. We also forged ahead with the implementation of an approximately 3 MW open-field solar installation. Based on its current planning status, the installation will be taken over in quarter 1/2024. Further open fields of around 54 hectares in total were also secured for photovoltaic projects. By order of VERBUNDEnergy4Business GmbH, VERBUND Green Power GmbH was tasked in quarter 3/2023 with the construction, maintenance and monitoring of open-field solar installations and rooftop installations at industrial customers in Austria.

In the collaboration with JLW/Visiolar, the focus in Germany in quarter 3/2023 was on advancing the development of individual photovoltaic projects from the portfolio. The first project should go into operation in 2025, subject to regulatory approval.

In addition, development of wind power projects in western Germany continued in partnership with EFI/Felix Nova GmbH. These comprise two portfolios with a total of twelve wind farms and planned installed capacity of up to 248 MW. The initial projects are expected to come on stream in 2025, subject to regulatory approval. For the first project, VERBUND was awarded a contract under the German Renewable Energy Sources Act (*Erneuerbare Energien Gesetz*, EEG), with payment of a fixed rate over 20 years.

In Spain, priority activities during the reporting period included the acquisition of wind power plants with an installed capacity of 257 MW in addition to a hybridisation and repowering project pipeline. Further work was also carried out on the implementation of three wind farms with an installed capacity of around 100 MW. One of these wind farms, with an installed capacity of 39 MW, was put into operation in June 2023. Based on current progress, the other two wind farms should be in operation by the end of quarter 4/2023. Project development work continued in Spain on the project pipeline acquired in summer 2022 with projects at different stages of development. The first of the projects had reached ready-to-build status by quarter 1/2023 and is set to become fully operational in 2024.

In Italy, work continued on developing the photovoltaic project portfolio with a planned installed capacity of up to 250 MW. The projects, which are at varying stages of development, are situated in the region of Apulia in southern Italy. Subject to regulatory approval, they should progressively reach ready-to-build status by the end of 2024 and come on stream by the end of 2025.

A wind power project in Romania is in the approval process. Furthermore, possibilities for hybridisation alongside the existing wind power plants are being evaluated and land is being purchased in the surrounding area.

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

Sales segment

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

KPIs – Sales segment

	Unit	Q1–3/2022	**Q1–3/2023**	Change
Total revenue	€m	6,553.0	8,112.4	23.8%
EBITDA	€m	–178.1	–164.6	–7.6%
Result from interests accounted for using the equity method	€m	–0.5	–0.4	–16.0%

KPIs – Sales segment

	Unit	31/12/2022	**30/9/2023**	Change
Capital employed	€m	1,413.4	693.5	–50.9%

The rise in total revenue is primarily attributable to higher prices obtained in electricity trading, which were nevertheless offset by correspondingly higher expenses for the purchase of electricity. The change in EBITDA is due among other things to the better result from the measurement of energy derivatives for future energy deliveries. A sharp rise in prices for purchasing electricity and gas had a counteracting effect.

The decline in capital employed was principally attributable to an increase in deferred tax assets from the measurement of derivative financial instruments as well as to lower working capital, due in particular to a fall in other receivables for safeguarding the electricity business.

Current information on B2B activities

Sales activities focus on expanding VERBUND's position as one of the leading providers of green electricity and flexibility products as well as energy services and on marketing renewable energy (particularly wind, solar photovoltaic and small-scale hydropower). The expanded range of products and services is supplemented by innovative projects and cooperation models involving large-scale batteries, solar power panels and charging infrastructure.

As prices stabilise, existing contracts will be increasingly renewed and contracts concluded with new customers.

VERBUND is building new large-scale battery sites in Germany for the provision of grid services and marketing of control power. In the current year, 44 MW is scheduled to come on stream in the German federal states of Hesse and Bavaria. What is more, projects with a total capacity of 100 MW are currently in development. These will be implemented in 2024 and are expected to be operating at full capacity by 2025.

In addition, VERBUND offers photovoltaic systems in the contracting model for industrial and commercial customers. These are rooftop or open-field solar installations where the customer consumes over 90% of the electricity generated. Projects with an output of 14 MWp are currently being implemented. VERBUND's photovoltaic activities will be supplemented by the integration of Solarpower Holding GmbH acquired in quarter 2/2023.

SMATRICS is continuing to expand its charging infrastructure offering, now managing over 10,000 charging points. In addition to acquiring further B2B customers, Austria's largest mobility provider has to date implemented and put into operation around 500 charging points. Austria and Germany are also seeing strong demand for charge@home charging solutions for company car drivers and contracts have been concluded with well-known companies in Germany.

Current information on B2C activities

VERBUND's customer base as at 30 September 2023 amounted to around 496,000 residential customers in the electricity and gas sector. VERBUND cut its prices for new customers in quarter 3/2023. VERBUND is currently running an autumn campaign offering three months of free electricity with new contracts.

Grid segment

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

KPIs – Grid segment

	Unit	Q1–3/2022	Q1–3/2023	Change
Total revenue	€m	1,541.6	1,874.1	21.6%
EBITDA	€m	211.5	413.7	95.6%
Result from interests accounted for using the equity method	€m	–3.4	5.7	–

KPIs – Grid segment

	Unit	31/12/2022	30/9/2023	Change
Capital employed	€m	2,740.4	2,789.5	1.8%

Total revenue increased, primarily due to Austrian Power Grid AG generating much higher revenue from the recharging of expenses for grid loss, while revenue from the recharging of expenses for congestion management fell. However, there was an equally sharp increase in expenses arising from grid loss energy purchases and lower expenses from congestion management. Gas grid revenue also increased, mainly due to the commodity tariff. This and lower expenses for fuel gas in Gas Connect Austria GmbH's gas grid were the main reasons behind the increase in EBITDA. The result from interests accounted for using the equity method was generated mainly from Trans Austria Gasleitung GmbH.

The change in capital employed was mostly attributable to higher net property, plant and equipment and higher working capital; higher other non-interest-bearing debt had a counteracting effect.

Current information on the Grid segment – Austrian Power Grid AG

Security of supply and congestion management

As in the previous quarters, action had to be taken at Austrian power plants in quarter 3/2023 to manage congestion and thus maintain system security both within and outside the Austrian Power Grid coverage area. In this respect, the rapid expansion of renewable energy, especially photovoltaic, is generating new momentum and changing the face of Europe's energy market.

Tariff regulation

The 2023 cost audit process for determining the tariffs for 2024 was initiated on 2 February 2023. On 4 August 2023, Austrian Power Grid AG received a copy of the preliminary findings. After being granted an extension, Austrian Power Grid AG submitted a statement on 11 September 2023. To date, no comments have been forwarded by the Federal Administrative Court (*Bundesverwaltungsgericht*, BVwG) on the 2023 cost notice contested by Austrian Power Grid AG.

Optimisation of the 220 kV line from Obersielach to Lienz

The 220 kV line from Obersielach to Lienz is of high importance and significance for safe grid operation. The optimisation will ensure more efficient use of the 220 kV line with a thermal rating in the future, reducing congestion management and increasing grid security. Disconnections for carrying out the necessary optimisation measures pose challenges and, despite intensive efforts by Austrian Power Grid AG, led to the project being delayed by about six months caused by delays in the approval process. As a result, the optimisation is not expected to be completed until the end of March 2024.

Current information on the Grid segment – Gas Connect Austria GmbH

Gas flows

In quarter 3/2023, some of the gas flows in the East market area fell significantly compared with the prior-year reporting period. Particularly the flow rates at the Baumgarten entry point and the Arnoldstein exit point (Trans Austria Gasleitung GmbH) recorded a marked decrease compared with quarter 3/2022. Use of the Oberkappel entry point remains steady, although down slightly due to filling levels in the storage systems already being high. Reduced demand for gas or rather the sufficient supply of natural gas was also reflected in the wholesale prices for gas (and also electricity) and thus in the costs for compressor energy.

In this context, the lower cover for energy costs in 2022 and 2021 was already recovered by continuously offsetting it against the volume-based grid usage fees (commodity tariff) that were increased in November 2022.

Regulation

On 1 January 2023, a new regulatory period began for the distribution network, analogous to the Electricity grid segment.

The weighted average cost of capital (WACC) in the distribution network for the 2023–2027 regulatory period is 3.72% for existing capital expenditures and 4.88% for new capital expenditures. As of 1 January 2024, the WACC, similar to the Electricity grid segment, will be adjusted once again and subsequently once a year for new investments.

In addition, talks with Energie-Control Austria are also taking place in 2023 to discuss the imminent fifth regulatory period for transmission rates.

All other segments

"All other segments" is a combined heading under which the Thermal generation segment, Services segment and Equity interests segment are brought together given that they are below the quantitative thresholds.

KPIs – All other segments

	Unit	Q1–3/2022	Q1–3/2023	Change
Total revenue	€m	385.8	288.2	–25.3%
EBITDA	€m	30.7	70.3	–
Result from interests accounted for using the equity method	€m	13.1	46.9	–

KPIs – All other segments

	Unit	31/12/2022	30/9/2023	Change
Capital employed	€m	655.2	646.5	–1.3%

The decrease in total revenue is mainly attributable to reduced use of the Mellach combined cycle gas turbine power plant in the reporting period which, in spite of sales prices being higher, led to a fall in electricity revenue. Lower volumes of district heating being generated also reduced district heating revenue. Fuel expenses likewise fell as a result of lower power plant use. For this reason, and as a consequence of positive effects from the measurement of energy derivatives in connection with future energy deliveries, EBITDA increased. The result from interests accounted for using the equity method was generated from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft.

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

Current information on the Thermal generation segment

In quarter 3/2023, the two generators of the Mellach combined cycle gas turbine power plant and the Mellach district heating power plant were used exclusively to prevent congestion. Deployment of the two power plants was based on the requirements of the high-voltage grid operator Austrian Power Grid AG. At the end of September 2023, in connection with the 2023/24 grid reserve tender, the Mellach district heating power plant was contracted for the period from 1 October 2023 to 30 September 2024. Overhaul of generator 10 of the Mellach combined cycle gas turbine power plant began at the end of August 2023. This was successfully concluded in mid-October 2023.

Current information on the Services segment

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

Implementation of the SAP S/4HANA project remained on track, with user acceptance testing being conducted Group-wide in quarter 3/2023.

In the New World of Work 2023 project, conversion of the relevant office space at the Group's head office at Am Hof continued.

The ESG Roadmap 2023 project was also successfully concluded in quarter 3/2023. In conjunction with VERBUND's Corporate Responsibility team, sustainability measures (mainly green office and social measures) have been identified that will be integrated into daily routines in the medium term.

IT Services continued to focus on its customer projects, specifically the Operation and Security Center Hydro (OSC Hydro) project with completion of the implementation of basic services for the OT platform and handover of the first two OSC sites.

In quarter 3/2023, Telecommunications also implemented two flagship projects in line with planning: Limberg III and the rehabilitation of substations.

Current information on the Equity interests segment

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

The contribution of KELAG to the result from interests accounted for using the equity method was €46.9m in quarters 1–3/2023 (Q1–3/2022: €13.1m). The increase in the result compared with the same period last year is mainly due to the higher market prices obtained for own generation and a better water supply. Trading and heating activities also contributed. Based on the current opportunities and risks, the results for 2023 as a whole are expected to be positive.

Events after the reporting date

With effect from 5 October 2023, a put option was exercised by Capital Energy Power Vortice, S.L. for the acquisition of 30% of the shares in Parque Eólico Loma de los Pinos, S.L., Parque Eólico Buseco, S.L., Parque Eólico El Barroso, S.L., Lusitania Renovables, S.L. and Parque Eólico Ayamonte, S.L. The exercise price amounted to around €53.5m. After acquiring 70% of the shares in these companies in quarter 1/2022, VERBUND AG is now the sole shareholder.

Consolidated interim financial statements

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–3/2022	Q1–3/2023	Q3/2022	Q3/2023
Revenue		7,617.3	**9,789.9**	2,885.6	**3,103.3**
Electricity revenue	1	6,489.8	8,548.2	2,548.3	2,743.5
Grid revenue	1	921.1	1,053.0	297.7	313.6
Other revenue	1	206.4	188.7	39.6	46.2
Other operating income		91.0	67.8	41.3	14.1
Expenses for electricity, grid, gas and certificates purchases	2	–5,108.6	–4,757.5	–2,287.3	–1,479.4
Fuel expenses and other usage-/ revenue-dependent expenses	3	–330.7	–276.2	–86.6	73.8
Personnel expenses	4	–313.5	–356.8	–97.1	–112.0
Other operating expenses		–252.2	–294.2	–96.0	–99.0
Measurement and realisation of energy derivatives	5	230.0	–623.7	194.6	–206.8
EBITDA		1,933.3	**3,549.3**	554.4	**1,294.1**
Depreciation and amortisation	6	–335.7	–388.0	–117.0	–136.3
Impairment losses	7	–31.9	–15.4	0.0	0.0
Reversal of impairment losses	7	56.0	0.0	0.0	0.0
Operating result		1,621.7	**3,145.9**	437.5	**1,157.9**
Result from interests accounted for using the equity method	8	9.8	52.9	8.9	9.4
Other result from equity interests		2.9	3.9	0.8	1.9
Interest income	9	26.8	53.3	8.9	20.3
Interest expenses	10	–68.9	–119.3	–25.8	–40.5
Other financial result	11	10.4	3.7	–0.3	–1.9
Impairment losses	12	–4.2	–18.7	0.0	0.0
Reversal of impairment losses	12	0.0	6.3	0.0	0.0
Financial result		–23.3	**–18.0**	–7.5	**–10.9**
Profit before tax		1,598.4	**3,127.9**	429.9	**1,147.0**
Taxes on income		–355.1	–759.7	–119.7	–314.4
Profit for the period		1,243.4	**2,368.2**	310.3	**832.6**
Attributable to the shareholders of VERBUND AG (Group result)		1,065.2	1,980.6	248.1	693.4
Attributable to non-controlling interests		178.2	387.6	62.2	139.2
Earnings per share in €[1]		3.07	**5.70**	0.71	**2.00**

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

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1–3/2022	Q1–3/2023	Q3/2022	Q3/2023
Profit for the period		1,243.4	**2,368.2**	310.3	**832.6**
Remeasurements of net defined benefit liability	13	121.3	–34.7	–0.4	–0.3
Measurements of financial instruments		0.0	0.2	0.0	0.0
Other comprehensive income from interests accounted for using the equity method[1]		13.6	–5.2	16.6	–0.7
Total of items that will not be reclassified subsequently to the income statement		134.8	**–39.7**	16.2	**–1.0**
Differences from currency translation		–0.1	–1.4	–0.2	–0.6
Measurements of cash flow hedges		–2,875.5	1,638.2	–792.8	224.7
Other comprehensive income from interests accounted for using the equity method[2]		–22.4	20.0	–12.0	7.1
Total of items that will be reclassified subsequently to the income statement		–2,898.0	**1,656.7**	–805.0	**231.1**
Other comprehensive income before tax		–2,763.2	**1,617.0**	–788.8	**230.1**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		–38.9	8.0	0.0	0.1
Taxes on income relating to items that will be reclassified subsequently to the income statement		672.7	–385.7	179.4	–49.4
Other comprehensive income after tax		–2,129.4	**1,239.3**	–609.4	**180.8**
Total comprehensive income for the period		–886.1	**3,607.6**	–299.1	**1,013.4**
Attributable to the shareholders of VERBUND AG		–1,070.4	3,220.7	–360.0	875.3
Attributable to non-controlling interests		184.4	386.9	60.9	138.1

[1] deferred taxes included therein in quarters 1–3/2023: €1.6m (Q1–3/2022: €5.5m) // [2] deferred taxes included therein in quarters 1–3/2023: €–6.3m (Q1–3/2022: €7.0m)

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2022	**30/9/2023**
Non-current assets		15,244.6	**15,719.8**
Intangible assets		1,244.8	1,237.4
Property, plant and equipment		11,876.4	12,514.8
Right-of-use assets		146.6	160.7
Interests accounted for using the equity method		365.5	451.4
Other equity interests	15	192.7	200.9
Investments and other receivables	15	945.5	811.8
Receivables from derivative financial instruments	15	437.3	286.1
Deferred tax assets		35.8	56.9
Current assets		3,912.0	**3,575.4**
Inventories	14	123.0	108.4
Receivables from derivative financial instruments	15	1,833.7	1,111.3
Trade receivables, other receivables and securities	15	1,546.1	1,523.5
Cash and cash equivalents	15	409.3	832.2
Total assets		19,156.6	**19,295.2**

€m

In accordance with IFRSs	Notes	31/12/2022	30/9/2023
Equity		8,323.0	**10,432.3**
Attributable to the shareholders of VERBUND AG		7,276.0	9,246.3
Attributable to non-controlling interests		1,047.0	1,186.0
Non-current liabilities		6,688.2	**5,894.2**
Financial liabilities	15	2,844.6	2,302.5
Provisions		619.5	644.7
Deferred tax liabilities		800.5	1,308.4
Contributions to building costs and grants		791.2	776.3
Liabilities from derivative financial instruments	15	1,069.2	100.3
Other liabilities	15	563.4	762.0
Current liabilities		4,145.4	**2,968.7**
Financial liabilities	15	1,109.3	738.5
Provisions		50.9	46.4
Current tax liabilities		457.9	668.4
Liabilities from derivative financial instruments	15	1,491.6	488.5
Trade payables and other liabilities	15	1,035.8	1,026.9
Total equity and liabilities		19,156.6	**19,295.2**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1–3/2022	Q1–3/2023
Profit for the period		1,243.4	2,368.2
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)	6, 7	311.6	403.4
Impairment losses on investments (net of reversals of impairment losses)	12	9.4	–1.3
Result from interests accounted for using the equity method (net of dividends received)	8	11.6	–17.0
Result from the disposal of non-current assets		–1.1	0.5
Change in non-current provisions and deferred tax liabilities		–111.0	126.0
Change in contributions to building costs and grants		0.3	–14.9
Other non-cash expenses and income		–20.8	19.8
Subtotal		1,443.4	**2,884.8**
Change in inventories	14	–84.1	18.2
Change in trade receivables and other receivables	15	–1,245.3	281.2
Change in trade payables and other liabilities	15	335.4	244.6
Change in non-current and current receivables from derivative financial instruments	15	–1,109.7	648.2
Change in non-current and current liabilities from derivative financial instruments	15	1,539.8	–122.3
Change in current provisions and current tax liabilities		241.4	198.6
Cash flow from operating activities[1]		1,120.8	**4,153.4**

[1] Cash flow from operating activities includes income taxes paid of €488.2m (Q1–3/2022: €217.0m), interest paid of €21.8m (Q1–3/2022: €12.0m), interest received of €19.0m (Q1–3/2022: €1.6m) and dividends received of €40.0m (Q1–3/2022: €24.5m).

€m

In accordance with IFRSs	Notes	Q1–3/2022	Q1–3/2023
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–789.2	–1,100.6
Cash inflow from the disposal of intangible assets and property, plant and equipment		6.0	5.3
Cash outflow from capital expenditure for investments		–72.2	–9.6
Cash inflow from the disposal of investments		51.1	0.0
Cash outflow for business acquisitions		–56.5	–11.7
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		–431.7	–27.6
Cash flow from investing activities		–1,292.4	**–1,144.2**
Cash inflow from shifts between shareholder groups		16.4	0.0
Cash inflow from money market transactions		2,219.7	153.0
Cash outflow from money market transactions		–1,430.0	–1,150.5
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		110.8	9.4
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		–90.4	–42.4
Cash outflow from the repayment of lease liabilities		–8.4	–11.9
Dividends paid		–477.8	–1,543.8
Cash flow from financing activities		340.3	**–2,586.2**
Change in cash and cash equivalents		168.7	**423.0**
Cash and cash equivalents as at 1/1/		318.6	**409.3**
Change in cash and cash equivalents		168.7	423.0
Cash and cash equivalents as at 30/9/		487.2	**832.2**

Statement of changes in equity

In accordance with IFRSs	Called and paid-in share capital	Capital reserves	Retained earnings	Remeasure-ments of net defined benefit liability
Notes				13
As at 1/1/2022	347.4	954.3	5,937.5	–327.8
Profit for the period	–	–	1,065.2	–
Other comprehensive income	–	–	0.0	86.8
Total comprehensive income for the period	–	–	1,065.2	86.8
Changes in the basis of consolidation	–	–	0.6	0.0
Shifts between shareholder groups	–	–	10.5	0.0
Dividends	–	–	–364.8	–
Other changes in equity	–	–	2.8	0.0
As at 30/9/2022	347.4	954.3	6,651.7	–241.0
As at 1/1/2023	347.4	954.3	7,305.0	–205.5
Profit for the period	–	–	1,980.6	–
Other comprehensive income	–	–	0.0	–29.3
Total comprehensive income for the period	–	–	1,980.6	–29.3
Dividends	–	–	–1,250.7	–
Other changes in equity	–	–	0.3	0.0
As at 30/9/2023	347.4	954.3	8,035.2	–234.8

€m

	Difference from currency translation	Measure-ments of financial instruments	Measure-ments of cash flow hedges	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
	–18.5	25.5	–1,456.8	5,461.6	901.3	6,362.9
	–	–	–	1,065.2	178.2	1,243.4
	–0.1	0.6	–2,222.9	–2,135.7	6.2	–2,129.4
	–0.1	0.6	–2,222.9	–1,070.4	184.4	–886.1
	0.0	0.0	0.0	0.6	0.2	0.8
	0.0	0.0	0.0	10.5	0.0	10.5
	–	–	–	–364.8	–95.4	–460.2
	0.0	0.0	0.0	2.8	–0.5	2.3
	–18.6	26.1	–3,679.7	4,040.3	990.0	5,030.3
	–18.2	29.0	–1,136.1	7,276.0	1,047.0	8,323.0
	–	–	–	1,980.6	387.6	2,368.2
	–1.4	0.1	1,270.7	1,240.1	–0.7	1,239.3
	–1.4	0.1	1,270.7	3,220.7	386.9	3,607.6
	–	–	–	–1,250.7	–247.3	–1,498.0
	0.0	0.0	0.0	0.3	–0.6	–0.3
	–19.6	29.0	134.7	9,246.3	1,186.0	10,432.3

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND for the period ended 30 September 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as adopted by the European Union.

The condensed format of VERBUND's consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures please refer to VERBUND's consolidated financial statements for the year ended 31 December 2022, which form the basis for these consolidated interim financial statements of VERBUND.

Basis of consolidation

The basis of consolidation underwent the following changes in quarters 1–3/2023: VERBUND Green Hydrogen GmbH and VERBUND Green Hydrogen Sales GmbH were newly founded and included for the first time.

In the course of a business acquisition, 100% of the shares in Solarpower Holding GmbH and its subsidiaries MSP Solarpower GmbH and iFIX-Solar GmbH were acquired and included in the basis of consolidation (see Business acquisition).

Through the acquisition of assets, the companies Green Power Wind Spain 1, S.L.U. (formerly Viesgo Renovables S.L.) and Green Power Wind Marquesado, S.L.U. (formerly Viesgo Europa S.L.) were included in the basis of consolidation for the first time as at the end of July 2023.

Furthermore, the companies Blacky Energy S.L.U., VERBUND Green Power Valderrama S.L.U., Cyopsa El Molino Energía Eólica, S.A., Energias Renovables de Ofión S.L.U. and Energías Renovables de Musas S.L.U. were also included in the basis of consolidation.

Business acquisition

VERBUND acquired 100% of the interests in Solarpower Holding GmbH effective 16 June 2023. The agreed purchase price was €12.5m. Solarpower Holding GmbH is the parent company of the wholly owned subsidiaries MSP Solarpower GmbH and iFIX-Solar GmbH. MSP Solarpower GmbH plans, builds and operates solar photovoltaic plants – primarily for business and industrial customers in purchase or contracting models. iFIX-Solar GmbH distributes flat roof mounting systems, inverters, photovoltaic modules and battery storage systems with a regional focus on Austria and neighbouring countries.

The acquisition of the companies represents an important strategic step for VERBUND with the aim of sustainably strengthening its positioning in the photovoltaic market in Austria, particularly with regard to industrial and commercial customers. In addition, this will drive the development and active design of the photovoltaic value chain (purchasing, planning, implementation, operation).

The acquired companies have been allocated to the Sales segment.

The provisional fair values of the identifiable assets and liabilities were broken down as follows at the acquisition date:

Assets acquired and liabilities assumed

€m	Acquisition date fair value
Intangible assets	1.7
Property, plant and equipment	3.4
Inventories	3.4
Trade receivables, other receivables and securities[1]	2.6
Cash and cash equivalents	0.8
Total assets acquired	**11.8**
Deferred tax liabilities	0.8
Current provisions	0.5
Current financial liabilities	1.5
Trade payables and other liabilities	2.2
Total liabilities assumed	**5.2**
Total identifiable net assets at fair value (100%)	**6.6**
Goodwill	5.8
Total consideration transferred	**12.5**
of which in cash	12.5

[1] For trade receivables and current other receivables, the carrying amounts represented a realistic estimate of their fair values (due to the short maturities); they also correspond to the gross value of the receivables.

The goodwill in the amount of €5.8m resulted mainly from future – not separately identifiable – value potential based on the expansion of activities in the photovoltaic business, the value of the workforce and the deferred tax liabilities to be recognised in accordance with IFRS 3.

VERBUND's new subsidiaries contributed €4.1m to VERBUND's revenue from the initial consolidation date to the reporting date 30 September 2023; their contribution to VERBUND's net profit for the period was €–0.3m. If the business acquisition had taken place at the beginning of the reporting period, the new subsidiaries would have contributed €11.8m in revenue and €0.8m in net profit for the period to the corresponding line items in VERBUND's income statement.

In view of the proximity to the balance sheet date, the initial accounting for this acquisition is to be classified as "provisional". The updates of the provisional purchase price allocation will have an effect on the measurement of right-of-use assets as defined under IFRS 16, as well as of contracting agreements and deferred taxes, among other things.

Effects of the war in Ukraine

The beginning of hostilities on the part of Russian forces in Ukraine in 2022 represented a watershed event. The potential financial impact on VERBUND's assets was analysed in the course of preparing the interim financial statements for the period ended 30 September 2023. The decrease in electricity and gas prices in quarters 1–2/2023 and declining clean spark spreads as well as the development in the cost of capital had already directly impacted asset measurements. The updating of these parameters resulted in changes in the value of assets recognised by VERBUND as at 30 June 2023 (see Note 7. Impairment losses and reversals of impairment losses and Note 12. Impairment losses and reversals of impairment losses). No indications of further material changes in value compared with 30 June 2023 were identified in an evaluation of the situation as at 30 September 2023.

There were no restrictions on either gas flows or current payments for gas transport capacity during quarters 1–3/2023 for Gas Connect Austria GmbH and Trans Austria Gasleitung GmbH, which operate the gas network. Uncertainties remain primarily due to possible future economic sanctions on the part of the European Union in connection with Russian natural gas supplies on the one hand and a possible suspension of gas deliveries by Russia on the other, the financial impact of which is difficult to assess from the current perspective. Developments in Ukraine, the resulting risks and the financial impact on VERBUND continue to be evaluated on an ongoing basis.

Effect of the taxing of windfall profits

On the basis of the 64th Federal Act of 21 June 2023 (Federal Law Gazette I [BGBl] No. 64/2023), which amended the Natural Gas Tax Act (*Erdgasabgabegesetz*, EGAG), the Electricity Tax Act (*Elektrizitätsabgabegesetz*, EAG) and the Federal Act on the Electricity Energy Crisis Contribution (*Bundesgesetz über den Energiekrisenbeitrag-Strom*, EKBSG), the ceiling for market revenues in Austria was lowered from €140 to €120 per MWh of electricity. The reduction applies for the period after 31 May 2023 until expiry on 31 December 2023. A maximum investment credit of €36 per MWh can still be applied for energy crisis contribution CapEx. In Germany, the taxing of windfall profits ended on 30 June 2023.

Furthermore, VERBUND with its renewable generation plants is also affected by market interventions in Romania.

The taxing of windfall profits is reported in the income statement under other revenue-related expenses.

Effects of climate change

The effects of climate change on the measurement of VERBUND's assets are evaluated at regular intervals, whereby VERBUND works with scenarios that focus on meteorology and hydrology. The climate-based scenario analysis directly affects VERBUND's strategy in that the investment programme focuses primarily on the construction of new power plants for renewable generation, the expansion of transmission systems and steps to increase efficiency at existing power plants. No significant measurement effects as a result of changes in the quantities relevant for energy production have been identified to date in connection with the climate scenarios evaluated. Estimates and assumptions made when the targeted carbon neutrality is implemented politically in the gas sector influence the measurement of relevant assets.

Accounting policies

With the exception of the IASB's new accounting standards described below, the same accounting policies were applied in these consolidated interim financial statements as in the consolidated financial statements for the period ended 31 December 2022.

The use of computing software may lead to rounding differences in the addition of rounded amounts and the calculation of percentages.

Newly applicable or applied accounting standards

Newly applicable or applied accounting standards

Standard or interpretation		Published by the IASB (endorsed by the EU)	Mandatory application for VERBUND	Material effects on the consolidated interim financial statements of VERBUND
IFRS 17	Initial application incl. amendment: Insurance Contracts	18/5/2017 (19/11/2021)	1/1/2023	None
IAS 1 and IFRS Practice Statement 2	Amendment: Disclosure of Accounting Policies	12/2/2021 (2/3/2022)	1/1/2023	None
IAS 8	Amendment: Definition of Accounting Estimates	12/2/2021 (2/3/2022)	1/1/2023	None
IAS 12	Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	7/5/2021 (11/8/2022)	1/1/2023	None
IFRS 17	Amendment: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information	9/12/2021 (8/9/2022)	1/1/2023	None
IAS 12	Amendment: International Tax Reform – Pillar Two Model Rules	23/5/2023 (not yet adopted)	1/1/2023	None

Segment reporting

EBITDA in the total column corresponds to EBITDA in the income statement. Therefore, the reconciliation to profit before tax can be taken from the income statement. Transactions between segments are carried out at arm's length. All segment data are measured in accordance with IFRSs.

€m

	Hydro	New renewables	Sales	Grid	All other segments	Reconciliation/ consolidation	Total Group
Q1–3/2023							
External revenue	182.7	175.1	7,664.5	1,755.6	8.3	3.5	9,789.9
Internal revenue	3,405.3	52.8	447.9	118.5	279.8	–4,304.3	0.0
Total revenue	3,588.0	227.9	8,112.4	1,874.1	288.2	–4,300.8	9,789.9
EBITDA	**3,114.5**	**157.5**	**–164.6**	**413.7**	**70.3**	**–42.2**	**3,549.3**
Depreciation and amortisation	–174.2	–57.3	–3.2	–134.9	–15.9	–2.3	–388.0
Effects from impairment tests (operating result)	0.0	0.0	0.0	0.0	–15.4	0.0	–15.4
Other material non-cash items	–19.6	14.7	–82.4	11.0	–0.2	1.3	–75.3
Result from interests accounted for using the equity method	0.2	0.5	–0.4	5.7	46.9	0.0	52.9
Effects from impairment tests (financial result)	6.3	0.0	0.0	–2.8	0.0	–15.8	–12.4
Capital employed	**5,909.4**	**1,868.5**	**693.5**	**2,789.5**	**646.5**	**–131.3**	**11,776.1**
of which carrying amount of interests accounted for using the equity method	28.8	1.8	20.8	33.9	366.1	0.0	451.4
Additions to intangible assets and property, plant and equipment	245.5	508.3	9.7	241.3	13.5	4.2	1,022.5
Additions to interests accounted for using the equity method	0.0	0.0	5.4	0.0	0.0	0.0	5.4

€m

	Hydro	New renewables	Sales	Grid	All other segments	Recon- ciliation/ consoli- dation	Total Group
Q1–3/2022							
External revenue	87.1	127.9	5,839.8	1,509.1	50.3	3.2	7,617.3
Internal revenue	2,030.6	45.7	713.2	32.5	335.5	–3,157.6	0.0
Total revenue	2,117.8	173.6	6,553.0	1,541.6	385.8	–3,154.4	7,617.3
EBITDA	1,815.4	90.1	–178.1	211.5	30.7	–36.2	1,933.3
Depreciation and amortisation	–167.8	–27.5	–2.3	–122.1	–13.7	–2.3	–335.7
Effects from impairment tests (operating result)	–12.9	0.0	0.0	–19.0	56.0	0.0	24.1
Other material non-cash items	34.5	2.2	–305.0	11.3	–56.1	1.2	–311.8
Result from interests accounted for using the equity method	0.6	–0.1	–0.5	–3.4	13.1	0.0	9.8
Effects from impairment tests (financial result)	–0.9	0.0	0.0	–3.3	0.0	0.0	–4.2
Capital employed	6,059.3	1,439.3	3,199.4	2,728.7	564.0	–122.2	13,868.6
of which carrying amount of interests accounted for using the equity method	21.7	1.4	16.0	71.2	290.5	0.0	400.8
Additions to intangible assets and property, plant and equipment	283.0	275.5	35.0	218.1	22.6	0.9	834.9
Additions to interests accounted for using the equity method	0.0	0.0	4.0	0.0	0.0	0.0	4.0

Notes to the income statement

(1) Revenue

Revenue

€m

	Q1–3/2022 Domestic	Q1–3/2023 Domestic	Q1–3/2022 Foreign	Q1–3/2023 Foreign	Q1–3/2022 Total	Q1–3/2023 Total	Change
Electricity revenue resellers	39.6	75.2	38.4	87.5	77.9	162.7	108.7%
Electricity revenue traders	0.3	0.4	4.0	13.0	4.3	13.5	n/a
Electricity revenue – Hydro segment	39.9	**75.6**	42.4	**100.5**	82.3	**176.1**	114.1%
Electricity revenue resellers	0.0	0.0	10.7	57.0	10.7	57.0	n/a
Electricity revenue traders	0.0	0.0	57.8	36.3	57.8	36.3	–37.3%
Electricity revenue consumers	0.0	0.0	44.5	63.3	44.5	63.3	42.2%
Electricity revenue - New renewables segment	0.0	**0.0**	113.0	**156.6**	113.0	**156.6**	38.6%
Electricity revenue resellers	1,743.3	1,656.3	740.9	1,504.8	2,484.3	3,161.1	27.2%
Electricity revenue traders	1,129.7	954.9	448.4	1,958.6	1,578.1	2,913.4	84.6%
Electricity revenue consumers	882.6	683.5	777.5	774.7	1,660.1	1,458.2	–12.2%
Electricity revenue – Sales segment	3,755.7	**3,294.7**	1,966.8	**4,238.0**	5,722.5	**7,532.7**	31.6%
Electricity revenue resellers	109.4	546.6	422.9	107.4	532.3	654.0	22.9%
Electricity revenue traders	37.6	24.2	2.2	4.6	39.8	28.8	–27.6%
Electricity revenue – Grid segment	147.0	**570.7**	425.1	**112.0**	572.1	**682.7**	19.3%
Total electricity revenue	3,942.5	**3,941.0**	2,547.3	**4,607.2**	6,489.8	**8,548.2**	31.7%
Grid revenue electric utilities	428.5	179.7	32.0	24.2	460.5	203.9	–55.7%
Grid revenue industrial customers	7.3	81.5	0.0	0.0	7.3	81.5	n/a
Grid revenue other	200.1	436.2	253.2	331.3	453.3	767.5	69.3%
Total grid revenue – Grid segment	635.9	**697.5**	285.2	**355.5**	921.1	**1,053.0**	14.3%
Other revenue – Hydro segment					4.9	**6.6**	35.1%
Other revenue - New renewables segment					14.8	**18.5**	24.7%
Other revenue – Sales segment					117.3	**131.8**	12.4%
Other revenue – Grid segment					15.9	**19.9**	25.2%
Other revenue – All other segments					50.3	**8.3**	–83.4%
Other revenue – reconciliation					3.2	**3.5**	9.9%
Total of other revenue					206.4	**188.7**	–8.6%
Total revenue					7,617.3	**9,789.9**	28.5%

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

Expenses for electricity, grid, gas and certificates purchases

€m	Q1–3/2022	Q1–3/2023	Change
Expenses for electricity purchases (including control power)	4,901.4	4,523.1	–7.7%
Expenses for grid purchases (system use)	48.5	127.1	162.3%
Expenses for gas purchases	144.2	92.4	–35.9%
Purchases of proof of origin and green certificates	6.3	9.9	56.6%
Purchases of emission allowances (trading)	8.2	4.9	–40.0%
Expenses for electricity, grid, gas and certificates purchases	5,108.6	**4,757.5**	–6.9%

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

Fuel expenses and other usage-/revenue-dependent expenses

€m	Q1–3/2022	Q1–3/2023	Change
Fuel expenses	265.6	149.0	–43.9%
Windfall tax expenses	5.1	77.4	n/a
Other revenue-dependent expenses	27.3	36.3	33.0%
Emission allowances acquired in exchange for consideration	26.5	12.0	–54.8%
Other usage-dependent expenses	6.2	1.6	–74.3%
Fuel expenses and other usage-/revenue-dependent expenses	330.7	**276.2**	–16.5%

(4)
Personnel expenses

Personnel expenses

€m	Q1–3/2022	Q1–3/2023	Change
Wages and salaries	238.5	275.3	15.4%
Social security contributions as required by law as well as income-based charges and compulsory contributions	54.6	61.7	13.0%
Other social expenses	4.6	5.6	21.1%
Subtotal	297.7	**342.6**	15.1%
Expenses for pensions and similar obligations	12.6	10.7	–15.0%
Expenses for termination benefits	3.2	3.5	9.0%
Personnel expenses	313.5	**356.8**	13.8%

(5)
Measurement and realisation of energy derivatives

Measurement and realisation of energy derivatives

€m	Q1–3/2022	Q1–3/2023	Change
Realisation of futures	256.5	**–883.6**	n/a
of which positive	1,985.7	1,245.7	–37.3%
of which negative	–1,729.2	–2,129.3	–23.1%
Measurement	–26.5	**259.9**	n/a
of which positive	5,925.5	5,535.2	–6.6%
of which negative	–5,952.0	–5,275.3	11.4%
Measurement and realisation of energy derivatives	230.0	**–623.7**	n/a

(6)
Depreciation and amortisation

Depreciation and amortisation

€m

	Q1–3/2022	Q1–3/2023	Change
Depreciation of property, plant and equipment	316.9	364.4	15.0%
Amortisation of intangible assets	12.0	15.0	25.3%
Depreciation of right-of-use assets	6.9	8.6	24.3%
Depreciation and amortisation	335.7	**388.0**	15.6%

(7)
Impairment losses and reversals of impairment losses

Impairment losses and reversals of impairment losses

€m

	Q1–3/2022	Q1–3/2023	Change
Mellach combined cycle gas turbine power plant[1]	57.6	–15.8	n/a
Change in deferred grants for the Mellach combined cycle gas turbine power plant	–1.6	0.4	n/a
Goodwill of Gas Connect Austria	–16.8	0.0	n/a
Gratkorn run-of-river power plant	–13.6	0.0	n/a
Change in deferred grants for the Gratkorn run-of-river power plant	0.7	0.0	n/a
Gas Connect Austria GmbH	–2.2	0.0	n/a
Impairment losses and reversals of impairment losses	24.1	**–15.4**	n/a

[1] The details of the impairment losses at the Mellach combined cycle gas turbine power plant are explained in the table below.

Impairment test – Mellach combined cycle gas turbine power plant

	31/12/2022	30/6/2023[1]
Cash-generating unit	Combined cycle gas turbine power plant (installed electrical capacity: 838 MW)	Combined cycle gas turbine power plant (installed electrical capacity: 838 MW)
Indications of impairment	Updated electricity and/or gas price forecasts and updated discount rate	Updated electricity and/or gas price forecasts
Basis for recoverable amount	Fair value (level 3) less costs of disposal	Fair value (level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND Thermal Power GmbH & Co KG budgets (based mainly on near-market data)	VERBUND Thermal Power GmbH & Co KG budgets (based mainly on near-market data)
Volume	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)
Price[1]	External price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch and market use, including heat extraction in the winter for one line (Q4/2022 to Q1/2023); estimate of operating, maintenance and downtime costs by the responsible managers	External price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch, estimate of operating, maintenance and downtime costs by the responsible managers
Planning period	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (dependent on earlier entry)	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (dependent on earlier entry)
Key valuation assumptions	Discount rate, expected revenue from the grid reserve, congestion management and redispatch, development of clean spark spreads	Discount rate, expected revenue from the grid reserve, congestion management and redispatch, development of clean spark spreads
After-tax discount rate	WACC: 6.25%	WACC: 6.25%
Recoverable amount	€231.5m	€211.7m
Changes in value during the period[2]	€+126.0m	€–15.4m

[1] The last impairment test was conducted as at 30 June 2023. As at 30 September 2023 there were no indications of impairment or a reduction of previously recognized impairment losses. // [2] The impairment loss as at 30 June 2023 was reduced by the €0.4m change in deferred government grants (previous year: €1.6m).

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

Result from interests accounted for using the equity method

€m

	Q1–3/2022 Domestic	**Q1–3/2023 Domestic**	Change	Q1–3/2022 Foreign	**Q1–3/2023 Foreign**	Change
Income or expenses	9.5	**53.3**	n/a	0.3	**–0.5**	n/a

(9)
Interest income

Interest income

€m

	Q1–3/2022	**Q1–3/2023**	Change
Interest from investments under closed items on the balance sheet	23.6	24.1	2.1%
Interest from money market transactions	1.5	14.0	n/a
Interest from clearing banks	0.0	6.1	n/a
Other interest and similar income	1.6	9.1	n/a
Interest income	26.8	**53.3**	99.3%

(10)
Interest expenses

Interest expenses

€m

	Q1–3/2022	**Q1–3/2023**	Change
Interest on bank loans	5.9	28.4	n/a
Interest on financial liabilities under closed items on the balance sheet	23.6	24.1	2.1%
Interest on bonds	9.5	15.5	62.7%
Net interest expense on personnel-related liabilities	5.2	13.6	159.9%
Interest on money market transactions	2.7	8.8	n/a
Interest on other liabilities from electricity supply commitments	9.6	8.8	–9.0%
Interest on the cost of procuring credit	3.3	7.2	121.2%
Interest on a share redemption obligation	6.1	5.4	–11.0%
Interest on other non-current provisions	1.6	3.3	103.7%
Interest on leases	0.8	1.9	129.4%
Borrowing costs capitalised in accordance with IAS 23	–7.2	–5.9	17.8%
Other interest and similar expenses	7.7	8.0	4.5%
Interest expenses	68.9	**119.3**	73.1%

(11)
Other financial result

Other financial result

€m	Q1–3/2022	Q1–3/2023	Change
Measurement of non-derivative financial instruments	–9.3	1.3	n/a
Income from securities and loans	1.1	1.5	41.7%
Measurement of a profit participation right with respect to material assets[1]	–11.3	0.9	n/a
Measurement of derivatives in the finance area	3.1	0.0	n/a
Measurement of an obligation to return an interest[2]	28.0	0.0	n/a
Other	–1.1	0.0	n/a
Other financial result	10.4	**3.7**	–64.9%

[1] VERBUND has a profit participation right with respect to the material assets of Trans Austria Gasleitung GmbH. They are measured at fair value through profit or loss in accordance with IFRS 9. // [2] The obligation to transfer the 50% interest in Donaukraftwerk Jochenstein AG back to the Free State of Bavaria without exchange of consideration is measured at amortised cost. The expected fair value of the interest at the transfer date (31 December 2050) is calculated periodically and discounted based on the original effective interest rate. Changes in the expected fair value of the interest are recognised in the other financial result.

(12)
Impairment losses and reversals of impairment losses

The recoverability of the investments in Trans Austria Gasleitung GmbH and Ashta Beteiligungsverwaltung GmbH accounted for using the equity method had to be tested as at 30 June 2023. The reasons for the impairment test were, on the one hand, changes in the economic environment, in particular electricity and gas prices, and, on the other hand, adjusted discount rates. The calculated recoverable amount was €23.1m with respect to Trans Austria Gasleitung GmbH and €26.9m with respect to Ashta Beteiligungsverwaltung GmbH. As at 30 June 2023, impairment losses of €2.8m were recognised for Trans Austria Gasleitung GmbH. The reversal of impairment losses recognised for Ashta Beteiligungsverwaltung GmbH amounting to €6.3m can be attributed primarily to higher realised prices from off-take agreements. As at 30 September 2023 there were no indications of impairment (Q1–3/2022: €–4.2m).

In addition, the fair value of the interest in HalloSonne GmbH had to be adjusted by €–15.8m (Q1–3/2022: €0.0m) in accordance with IFRS 9 as at 30 June 2023 due to changes in the company's business plan. There were no changes to the fair value as at 30 September 2023.

Notes to the statement of comprehensive income

(13)
Remeasurements of the net defined benefit liability

Provisions for pensions and similar obligations and for statutory termination benefits were measured based on an actuarial report updated as at 30 June 2023. The discount rate used for obligations similar to pensions was 3.75% (31 December 2022: 3.75%), for pension obligations 3.75% (31 December 2022: 3.75%) and for severance payment obligations 3.50% (31 December 2022: 3.50%). Future salary increases were taken into account at 2.75% to 7.00% (31 December 2022: 2.75% to 6.75%) and future pension increases at 2.00% to 6.75% (31 December 2022: 1.75% to 5.75%).

Notes to the balance sheet

(14) Inventories

Inventories	31/12/2022	30/9/2023	Change €m
Inventories of primary energy sources held for generation[1]	103.0	**41.4**	–59.8%
Emission allowances held for trading	0.7	38.9	n/a
Measurements of emission allowances held for trading	0.4	–0.5	n/a
Fair value of emission allowances held for trading	1.1	**38.4**	n/a
Proof of origin and green electricity certificates	1.7	**6.8**	n/a
Additives and consumables	12.7	**15.2**	19.4%
Other	4.5	**6.7**	50.3%
Inventories	123.0	**108.4**	–11.9%

[1] In quarters 1–3/2023, a write-down of gas inventories of around €12.8m (31 December 2022: €18.8m) was recognised as an expense in the income statement.

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

(15) Additional information regarding financial instruments

Carrying amounts and fair values by measurement category 30/9/2023

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	15.4	15.4
Interests in unconsolidated subsidiaries	FVOCI	AC	14.2	14.2
Interests in unconsolidated subsidiaries	FVPL	3	4.3	4.3
Other equity interests	FVOCI	1	27.4	27.4
Other equity interests	FVOCI	2	121.2	121.2
Other equity interests	FVOCI	AC	18.5	18.5
Other equity interests and unconsolidated subsidiaries			200.9	
Derivatives in the energy area	FVPL	2	231.9	231.9
Derivatives in the finance area	FVPL	2	36.6	36.6
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	17.6	17.6
Receivables from derivative financial instruments			286.1	
Securities	FVPL	1	149.8	149.8
Securities	FVOCI	3	7.3	7.3
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	73.6	73.9
Other loans – closed items on the balance sheet	AC	2	337.5	337.4
Other loans	AC	2	52.8	48.0
Other	FVPL	3	17.9	17.9
Other	AC	–	148.4	–
Other	–	–	23.1	–
Other investments and non-current other receivables			811.8	
Derivatives in the energy area	FVPL	1	0.4	0.4
Derivatives in the energy area	FVPL	2	1,102.0	1,102.0
Derivatives in the finance area	FVPL	2	9.0	9.0
Receivables from derivative financial instruments			1,111.3	
Trade receivables	AC	–	991.1	–
Receivables from investees	AC	–	83.2	–
Loans to investees	AC	2	22.5	22.0
Securities	FVPL	1	4.4	4.2
Emission allowances	–	–	11.2	–
Other	AC	–	175.4	–
Other	–	–	135.3	–
Trade receivables, other receivables and securities			1,523.5	
Cash and cash equivalents	AC	–	832.2	–

Carrying amounts and fair values by measurement category 30/9/2023

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Aggregated by measurement category				
Financial assets at amortised cost	AC		2,817.2	
Financial assets at fair value through profit or loss	FVPL		1,573.7	
Financial assets at fair value through other comprehensive income	FVOCI		205.2	

Carrying amounts and fair values by measurement category 30/9/2023 €m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	1,153.4	942.1
Financial liabilities to banks and to others	AC	2	1,396.5	1,388.1
Financial liabilities to banks – closed items on the balance sheet	AC	2	128.4	137.0
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	300.4	300.4
Capital shares attributable to limited partners	–	–	8.7	–
Liability from put option	AC	–	53.5	–
Non-current and current financial liabilities			**3,041.0**	
Derivatives in the energy area	FVPL	2	100.3	100.3
Liabilities from derivative financial instruments			**100.3**	
Electricity supply commitment	–	–	101.9	–
Obligation to return an interest	AC	3	122.1	130.1
Trade payables	AC	–	1.9	–
Deferred income for grants (emission allowances)	–	–	1.2	–
Lease liabilities	–	–	138.3	–
Other	AC	–	396.5	–
Non-current other liabilities			**762.0**	
Derivatives in the energy area	FVPL	1	13.1	13.1
Derivatives in the energy area	FVPL	2	475.7	475.7
Liabilities from derivative financial instruments			**488.5**	
Trade payables	AC	–	368.8	–
Lease liabilities	–	–	11.7	–
Other	AC	–	369.0	–
Other	–	–	277.4	–
Trade payables and current other liabilities			**1,026.9**	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		3,990.1	
Financial liabilities at fair value through profit or loss	FVPL		588.8	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		300.4	

Carrying amounts and fair values by measurement category 31/12/2022

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	15.4	15.4
Interests in unconsolidated subsidiaries	FVOCI	AC	5.5	5.5
Interests in unconsolidated subsidiaries	FVPL	3	8.1	8.1
Other equity interests	FVOCI	1	27.4	27.4
Other equity interests	FVOCI	2	121.2	121.2
Other equity interests	FVOCI	AC	15.1	15.1
Other equity interests and unconsolidated subsidiaries			**192.7**	
Derivatives in the energy area	FVPL	2	369.7	369.7
Derivatives in the finance area	FVPL	2	36.2	36.2
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	31.5	31.5
Receivables from derivative financial instruments			**437.3**	
Securities	FVPL	1	152.4	152.4
Securities	FVOCI	3	7.3	7.3
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	73.2	71.2
Other loans – closed items on the balance sheet	AC	2	334.1	335.9
Other loans	AC	2	67.5	61.1
Other	FVPL	3	21.2	21.2
Other	AC	–	250.2	–
Other	–	–	38.3	–
Investments and other receivables			**945.5**	
Derivatives in the energy area	FVPL	1	4.7	4.7
Derivatives in the energy area	FVPL	2	1,820.7	1,820.7
Derivatives in the finance area	FVPL	2	8.3	8.3
Receivables from derivative financial instruments			**1,833.7**	
Trade receivables	AC	–	968.3	–
Receivables from investees	AC	–	57.9	–
Loans to investees	AC	2	3.5	3.0
Securities	FVPL	1	0.2	0.2
Emission allowances	–	–	49.0	–
Other	AC	–	428.3	–
Other	–	–	38.7	–
Trade receivables, other receivables and securities			**1,546.1**	
Cash and cash equivalents	**AC**	**–**	**409.3**	**–**

Carrying amounts and fair values by measurement category 31/12/2022

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Aggregated by measurement category				
Financial assets at amortised cost	AC		2,592.4	
Financial assets at fair value through profit or loss	FVPL		2,444.8	
Financial assets at fair value through other comprehensive income	FVOCI		201.3	

Carrying amounts and fair values by measurement category 31/12/2022

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	1,151.0	956.5
Financial liabilities to banks and to others	AC	2	2,304.6	2,323.5
Financial liabilities to banks – closed items on the balance sheet	AC	2	126.6	140.2
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	312.3	312.3
Capital shares attributable to limited partners	–	–	7.3	–
Liability from put option	AC	–	52.1	–
Non-current and current financial liabilities			**3,953.9**	
Derivatives in the energy area	FVPL	2	1,069.2	1,069.2
Liabilities from derivative financial instruments			**1,069.2**	
Electricity supply commitment	–	–	113.4	–
Obligation to return an interest	AC	3	116.7	124.5
Trade payables	AC	–	2.8	–
Deferred income for grants (emission allowances)	–	–	0.1	–
Lease liabilities	–	–	126.0	
Other	AC	–	204.3	–
Non-current other liabilities			**563.4**	
Derivatives in the energy area	FVPL	1	216.7	216.7
Derivatives in the energy area	FVPL	2	1,274.9	1,274.9
Liabilities from derivative financial instruments			**1,491.6**	
Trade payables	AC	–	412.7	–
Lease liabilities	–	–	10.8	
Other	AC	–	467.7	–
Other	–	–	144.6	–
Trade payables and current other liabilities			**1,035.8**	
Aggregated by measurement category				
Financial liabilities at amortised cost	AC		4,838.6	
Financial liabilities at fair value through profit or loss	FVPL		2,560.8	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		312.3	

Of the derivative financial instruments in the energy area classified as FVPL in the above tables, positive fair values of €800.6m (31 December 2022: €1,012.1m) and negative fair values of €644.7m (31 December 2022: €2,491.9m) relate to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies, cash flow hedges can no longer be isolated.

Valuation techniques and input factors for determining fair values

Level	Financial instruments	Valuation technique	Input factor
1	Energy forwards	Market approach	Settlement price published by the stock exchange
1	Securities, other equity interest in Burgenland Holding AG	Market approach	Stock exchange price
2	Securities and other loans under closed items on the balance sheet, long-term loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Interests in unconsolidated subsidiaries, other equity interests in Energie AG Oberösterreich and RTE	Market approach	Trading multiple, transaction price
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange prices, yield curve, credit risk of the contracting parties
2	Other financial assets and liabilities measured at fair value through profit or loss in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
3	Return obligation (obligation to transfer back the 50% interest acquired in Donaukraftwerk Jochenstein AG)	Net present value approach	Price forecasts for electricity, weighted average cost of capital after taxes
3	Securities (shares of Wiener Börse AG)	Net present value approach	Expected distribution of profits, cost of equity
3	Other non-current receivables (profit participation right with respect to material assets)	Net present value approach	Expected distribution of profits, cost of equity
AC	Other interests in unconsolidated subsidiaries, other equity interests and other securities	–	Cost as a best estimate of fair value
–	Cash and cash equivalents, trade receivables and payables, current other receivables, other borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as a best estimate of fair value

Other note disclosures

Dividends paid

Dividends paid

	Total (€m)	Number of ordinary shares	Per share (€)
Dividend paid in 2023 for financial year 2022[1]	1,250.7	347,415,686	3.60
Dividend paid in 2022 for financial year 2021	364.8	347,415,686	1.05

[1] of which a special dividend of €1.16 per share (Q1–3/2022: €0.00 per share)

Purchase commitments

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

€m

	30/9/2023	of which due in 2023	of which due in 2024–2028
Total commitment	**1,399.7**	580.7	818.9

Court proceedings pending

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

There were no significant developments compared with the status described on 31 December 2022 in relation to the claims for damages asserted in the wake of the flooding of the Drau River in 2012.

Recognition by the tax authorities of the amortisation of an electricity purchase right amounting to approximately €2.3m per year in connection with the acquisition of interests in a German power plant company in 2012 is disputed. An objection to the notices issued by the tax authorities concerning the years 2013–2017 was filed within the prescribed time period.

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

In connection with the amortisation of goodwill for the investment in VERBUND Innkraftwerke GmbH claimed for tax purposes for the years 2014–2023, the appeals against the 2014–2020 notices of assessment for the group parent remain pending. The tax benefit for these years (reduction of future tax payments in the amount of €8.2m per year) is recognised in accordance with VERBUND's accounting policies if it is reasonably likely to arise.

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1–3/2022	Q1–3/2023	Change
Income statement			
Electricity revenue	55.2	138.4	150.7%
Grid revenue	34.9	42.6	22.2%
Other revenue	6.1	6.6	8.9%
Other operating income	2.3	1.8	–21.0%
Expenses for electricity, grid, gas and certificates purchases	–43.9	–199.2	n/a
Fuel expenses and other usage-/revenue-dependent expenses	–2.4	–1.2	48.9%
Other operating expenses	–25.0	–27.8	–11.2%
Interest income	0.6	1.6	183.3%
Interest expenses	0.0	–0.3	n/a
Other financial result	0.8	1.4	76.0%

Transactions with investees accounted for using the equity method €m

	31/12/2022	30/9/2023	Change
Balance sheet			
Investments and other receivables	40.1	37.5	–6.5%
Trade receivables, other receivables and securities	29.6	38.4	29.5%
Contributions to building costs and grants	275.1	267.9	–2.6%
Trade payables and other current liabilities	15.9	18.7	17.7%

Electricity revenue with investees accounted for using the equity method of accounting was generated mainly with KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (KELAG) (€137.8m; Q1–3/2022: €50.7m). The electricity revenue was offset by electricity purchases from KELAG in the amount of €188.8m (Q1–3/2022: €37.3m). Grid revenue with investees accounted for using the equity method of accounting was generated mainly with KELAG (€37.5m; Q1–3/2022: €34.9m).

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria amounted to a total of €245.9m (Q1–3/2022: €106.0m). Electricity was purchased mainly by ÖBB, Bundesbeschaffung GmbH, Telekom Austria and OMV. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria totalled €195.4m (Q1–3/2022: €27.9m). The electricity was supplied primarily by ÖBB. Gas trading contracts with OMV and gas deliveries on the part of OMV resulted in a total expense of €47.6m reported under other revenue or gas purchases, respectively (Q1–3/2022: expense of €102.1m).

VERBUND's expenses for monitoring by E-Control amounted to €12.6m (Q1–3/2022: €11.4m).

Audit and/or review

These consolidated interim financial statements of VERBUND have been neither audited nor reviewed by an auditor.

Events after the reporting date

With effect from 5 October 2023, a put option was exercised by Capital Energy Power Vortice, S.L. for the acquisition of 30% of the shares in Parque Eólico Loma de los Pinos, S.L., Parque Eólico Buseco, S.L., Parque Eólico El Barroso, S.L., Lusitania Renovables, S.L. and Parque Eólico Ayamonte, S.L. The exercise price amounted to around €53.5m. After acquiring 70% of the shares in these companies in quarter 1/2022, VERBUND AG is now the sole shareholder.

Vienna, 24 October 2023

Executive Board

Michael Strugl **Vorsitzender des Vorstands der VERBUND AG**	Peter F. Kollmann **CFO, Mitglied des Vorstands der VERBUND AG**	Achim Kaspar **Mitglied des Vorstands der VERBUND AG**

Responsibility statement of the legal representatives

We confirm according to the best of our knowledge that the condensed consolidated interim financial statements of VERBUND for the period ended 30 September 2023, prepared in accordance with the accounting standards for interim financial reports under International Financial Reporting Standards (IFRSs), give a true and fair view of the assets and liabilities, financial position and profit or loss of the Group.

We also confirm that the interim Group management report of VERBUND gives a true and fair view of the assets and liabilities, financial position and profit or loss of the Group with respect to the important events during the first nine months of the financial year and their effects on the condensed consolidated interim financial statements for the period ended 30 September 2023 as well as with respect to the principal risks and uncertainties in the remaining three months of the financial year.

Vienna, 24 October 2023

Executive Board

Michael Strugl
Vorsitzender des Vorstands der VERBUND AG

Peter F. Kollmann
CFO, Mitglied des Vorstands der VERBUND AG

Achim Kaspar
Mitglied des Vorstands der VERBUND AG

EDITORIAL DETAILS

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Shareholder structure:
– Republic of Austria (51.0%)
– Syndicate (> 25.0%) consisting of EVN AG (the shareholders of which are Niederösterreichische Landes-Beteiligungsholding GmbH, 51%, and Wiener Stadtwerke GmbH, 28.4%) and Wiener Stadtwerke GmbH (the sole shareholder is the City of Vienna)
– TIWAG–Tiroler Wasserkraft AG (> 5.0%; the sole shareholder is the Austrian state of Tyrol)
– Free float (< 20.0%): no further information is available concerning owners of shares in free float.

Legal and statutory limitations of voting rights:
With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder at the Annual General Meeting are restricted to 5% of the share capital.

Regulatory body/trade associations:
Energie-Control Austria für die Regulierung der Elektrizitäts- und Erdgaswirtschaft (E-Control)
Wirtschaftskammer Österreich
Oesterreichs Energie

Object of the Group:
The Group focus is the generation, transportation, trading with and sale of electrical energy and energy from other sources as well as the provision and performance of energy services.

Executive Board:
Michael Strugl (Chairman),
Peter F. Kollmann,
Achim Kaspar

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

Purpose of publication:
Information of customers, partners and the general public about the utilities sector and the Group

Specific laws applicable:
Austrian Electricity Industry and Organisation Act (*Elektrizitätswirtschafts- und -organisationsgesetz*, ElWOG) with associated regulations and implementation laws. The legal bases listed can be accessed via the legal information system of the Federal Chancellery of the Republic of Austria at www.ris.bka.gv.at.


Pioneering the
energy transition