Verbund

By our own power.

Annual Report 2024

VERBUND AG

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Note on rounding: The addition of rounded amounts and the calculation of percentages may lead to rounding differences due to the use of computing software.

Three-year comparison

			€m, %
	2022	2023	**2024**
Revenue	615.3	997.3	917.1
Earnings before interest and taxes (EBIT)	593.9	1,193.5	2,598.5
Earnings before taxes	551.2	1,108.8	2,517.0
Net income for the year	563.3	1,202.4	2,493.0
Net profit	1,250.7	1,441.8	972.8
Total assets	6,901.2	7,387.5	7,092.8
Fixed assets	6,557.8	6,998.7	6,727.6
Capital expenditure for property, plant and equipment	2.3	12.9	11.3
Depreciation of property, plant and equipment	2.0	1.9	3.5
Equity	3,817.4	3,769.2	4,820.4
Return on sales (ROS)	96.5%	119.7%	283.3%
Return on equity (ROE)	15.2%	29.0%	66.8%
Return on investment (ROI)	9.9%	17.3%	35.2%
Return on capital employed (ROCE)	7.4%	14.0%	30.0%
Equity ratio	55.3%	51.0%	68.0%
Notional debt repayment period	5.6	2.6	0.9
Cash flow from operating activities	721.2	1,572.7	2,153.3
Gearing	66.5%	76.0%	39.1%
Working capital	–870.5	–1,830.0	–571.9
Net debt	2,538.0	2,864.9	1,885.5
Current liabilities	1,116.7	2,684.4	855.1
Current assets	246.2	854.4	283.3
Share price high	113.6	89.3	86.50
Share price low	75.8	68.1	62.60
Closing price	78.7	84.1	70.00
(Proposed) dividend per share	2.44	3.40	2.80
(Proposed) special dividend per share	1.16	0.75	0.00
Dividend yield	4.57%	5.49%	0.04%
Average number of employees	181.7	208.7	204.22
Group electricity sales volume (GWh)[1]	68,398	68,398	**68,398**

[1] incl. system requirements

Governing bodies

Executive Board

Name	Year of birth	Date of initial appointment	End of current term of office
Mag. Dr. Michael Strugl MBA CEO and Chairman of the Executive Board	1963	1/1/2019	31/12/2028
Dr. Peter F. Kollmann CFO and Vice Chairman of the Executive Board	1962	1/1/2014	31/12/2027
Mag. Dr. Achim Kaspar Member of the Executive Board	1965	1/1/2019	31/12/2026
Dr. Susanna Zapreva-Hennerbichler Member of the Executive Board	1973	1/1/2024	31/12/2027

Supervisory Board

Name	Year of birth	Date of initial appointment	End of current term of office
Mag. Martin Ohneberg Chairman Managing partner of HENN Industrial Group GmbH & Co KG, HENN GmbH and HENN GmbH & Co KG; member of the board of directors of Aluflexpack AG, Switzerland (president) and member of the supervisory boards of VARTA AG, Germany, and Getzner Werkstoffe Holding GmbH, Austria	1971	30/4/2019	AGM 2028
Dr. Edith Hlawati 1st Vice-Chairwoman Member of the management board of Österreichische Beteiligungs AG Member of the supervisory boards of Telekom Austria AG (chairwoman); OMV AG (vice-chairwoman) and der EuroTeleSites AG (member)	1957	25/4/2022	AGM 2026
Mag. Dr. Christine Catasta (until 30/4/2024)	1958	16/6/2020	30/4/2024
Univ.-Prof. Dr. Eva Eberhartinger 2nd Vice-Chairwoman University professor at the Vienna University of Economics and Business Member of the supervisory board of Raiffeisen Bank International AG (member)	1968	30/4/2024	AGM 2027
Dr. Ingrid Hengster Barclays Bank Ireland, CEO Germany, Global Chair Investment Banking Member of the supervisory boards of Deutsches Aktieninstitut and German Banking Industry Committee	1961	30/4/2024	AGM 2027
Prof. Dr. Barbara Praetorius (until 30/4/2024)	1964	16/6/2020	30/4/2024
Mag. Jürgen Roth Managing partner at Tank Roth GmbH; member of the supervisory board of ICS Internationalisierungscenter Steiermark GmbH (chairman); member of the European Economic and Social Committee	1973	22/4/2015	AGM 2026

Name	Year of birth	Date of initial appointment	End of current term of office
Dipl.-Ing. Eckhardt Rümmler Member of the supervisory board and management consultant Member of the supervisory board of PreussenElektra GmbH, Germany (member) Member of the board of directors of Northland Power Inc, Toronto (member)	1960	16/6/2020	AGM 2027
Mag. Christa Schlager Head of the economic policy department at the Vienna Chamber of Labour; member of the supervisory board of Forschungsförderungsgesellschaft mbH (member) and Austria Wirtschaftsservice Gesellschaft mbH (aws) (member)	1969	16/6/2020	AGM 2026
Dipl. Ing. Robert Stajic MBA Executive director of Österreichische Beteiligungs AG Member of the supervisory board of OMV AG (member)	1979	25/4/2022	AGM 2025
Mag. Stefan Szyszkowitz Spokesman of the managing board of EVN AG; member of the supervisory boards of Burgenland Holding Aktiengesellschaft (chairman), EVN Macedonia AD (vice-chairman), RAG-Beteiligungs-Aktiengesellschaft (chairman), RAG Austria AG (chairman), Burgenland Energie AG (vice-chairman), Netz Niederösterreich GmbH (vice-chairman) and Wiener Börse AG (member)	1964	23/4/2018	AGM 2026
Dipl.-Ing. Peter Weinelt Managing director of Wiener Stadtwerke GmbH and Wiener Stadtwerke Planvermögen GmbH; member of the supervisory boards of Wien Energie GmbH (chairman), Wiener Netze GmbH (chairman), EVN AG (member), Burgenland Holding Aktiengesellschaft (member) Chairman of Fachverband Gas Wärme of WKÖ	1966	5/4/2017	AGM 2026

Supervisory Board appointments or comparable roles in publicly traded companies and other significant companies have been listed in relation to (ancillary) functions. Full-time functions are listed where appropriate.

Employee representatives

Name	Year of birth	Date of initial appointment	
Kurt Christof Chairman of the Group's employee representatives Member of the supervisory boards of Stadtwerke Voitsberg GmbH and Sparkasse Voitsberg/Köflach Bankaktiengesellschaft	1964	since 8/3/2004	appointed by the employee representatives
Mag. Dr. Isabella Hönlinger Chairwoman of the Works Council	1971	since 1/9/2016	appointed by the employee representatives
Ing. Wolfgang Liebscher Chairman of the Central Works Council	1966	since 1/11/2013	appointed by the employee representatives
Veronika Neugeboren Chairwoman of the Works Council	1967	since 30/4/2019	appointed by the employee representatives
Ing. Hans Peter Schweighofer Chairman of the Works Council	1970	since 18/4/2023	appointed by the employee representatives

The appointment of employee representatives by the Group's employee representatives is for an unlimited period and can be revoked at any time.

Report of the Supervisory Board

As Austria’s leading energy utility, VERBUND generated outstanding results once again in financial year 2024 despite the challenges and the considerable uncertainty. The Group succeeded in strengthening its profitability and continuing its sustainable development with the aim of making a substantial contribution to the energy transition. The Supervisory Board actively monitored and supported this strong performance.

Performance of duties

In financial year 2024, the Supervisory Board discharged the responsibilities and exercised the powers incumbent upon it by virtue of the law and the Articles of Association at six plenary meetings, some of which were attended by telephone or video by individual members of the Supervisory Board. The overall attendance rate for all Supervisory Board members was 94%. The Chairman additionally kept in regular contact with the Board members to discuss matters of importance as they arose. The Executive Board provided the Supervisory Board with regular and comprehensive real-time information, both verbally and in writing, on all relevant matters relating to the performance as well as the position and strategy of the Group and all significant Group companies; information was also provided on the Group’s risk position and its risk management activities.

The Supervisory Board advised the Executive Board on key questions concerning the future, particularly as regards the Group’s structure and strategy, and regularly discussed the implementation of the strategy with the Executive Board. Major investment and acquisition projects underpinning the ongoing implementation of the growth strategy were among the main topics discussed. The Supervisory Board monitored and supported the Executive Board’s management activities continuously based on its extensive reporting. Supervision took place in the context of open and constructive meetings between the Executive Board and the Supervisory Board and revealed no grounds for objection. The main resolutions adopted by the Supervisory Board are presented in the 2024 Consolidated Corporate Governance Report. Between meetings, the Chairman of the Supervisory Board conversed regularly with the Chairman of the Executive Board.

Composition of the Executive Board and the Supervisory Board

At the Annual General Meeting held on 30 April 2024, Mag. Martin Ohneberg und Dipl.-Ing Gerhard Rümmler were re-elected to the Supervisory Board. Univ.-Prof. Dr. Eva Eberhartinger and Dr. Ingrid Hengster were elected new members of the Supervisory Board. Mag. Dr. Christine Catasta and Prof. Dr. Barbara Praetorius retired from the Supervisory Board. At the constituent meeting of the Supervisory Board following the election, Mag. Martin Ohneberg was elected as chairman of the Supervisory Board, Dr. Edith Hlawati was re-elected as 1st vice-chairwoman and Univ.-Prof. Dr. Eva Eberhartinger as 2nd vice-chairwoman. There were no other changes in the Supervisory Board.

The Supervisory Board extended the Executive Board mandate of Dr. Susanna Zapreva-Hennerbichler to 31 December 2027.

Code of Corporate Governance, Supervisory Board Committees

As a leading listed Group, VERBUND made an early commitment to adhere to the Austrian Code of Corporate Governance (*Österreichischer Corporate Governance Kodex*, ÖCGK). VERBUND’s Supervisory Board views compliance with the Code as obligatory and endeavours to consistently conform to the provisions relating to the Supervisory Board. In this spirit, essential compliance with the rules relating to the Supervisory Board's collaboration with the Executive Board and within the Supervisory Board itself has been achieved.

Pursuant to the requirements of the Code (Rule 36), the Supervisory Board again conducted a self-evaluation of its activities, particularly of its organisation and work procedures. In the reporting period, this evaluation was conducted on the basis of qualitative and quantitative interviews carried out by an external consultant with all Supervisory Board members and Executive Board members. The findings of this evaluation and the ensuing recommendations for action were discussed in detail at the Supervisory Board meeting in December 2024.

In addition, the Supervisory Board again discussed at length possible conflicts of interest when dealing with the approval of contracts with companies where individual Supervisory Board members are related parties. No conflicts of interest were identified that would require any corresponding action to be undertaken.

The Supervisory Board decided to amend its rules of procedure in the reporting period. In particular, this included a restructuring of the Supervisory Board committees. The hight strategic importance of sustainability for all areas of VERBUND's business activities was stressed by combining the previous Strategy Committee with the previous Sustainability Committee to create a new Strategy and Sustainability Committee with expanded functions. The Audit Committee was expanded and the Emergencies Committee was disbanded.

The Strategy and Sustainability Committee met four times in the reporting period and primarily addressed the implementation of the Group strategy and the strategic planning. Furthermore, it dealt with individual M&A projects and their sustainability impacts and discussed new scenario calculations and sustainability priorities such as the materiality assessment and the Climate Transition Plan.

The Supervisory Board's Audit Committee met three times during the financial year now ended. It dealt above all with the semi-annual financial statements, the budget and preparation of the resolution to approve the annual financial statements, as well as with the appointment of the auditor and examination of the auditor's work. In addition, the Audit Committee concentrated on the Group's internal control and audit procedures.

In accordance with the Austrian Code of Corporate Governance (ÖKCG) and the rules of procedure, the Group once again had a Nomination Committee and a Remuneration Committee in the past financial year. The Remuneration Committee held three meetings to discuss in particular target agreements and the achievement of targets for the variable remuneration for the Executive Board as well as the 2023 remuneration report. The Nomination Committee held two meetings at which it discussed preparations for the election of Supervisory Board members and the extension of Dr. Susanna Zapreva-Hennerbichler's Executive Board mandate.

Further information on the composition, work procedures and meetings of the Supervisory Board and its committees is contained in the Group's Consolidated Corporate Governance Report for 2024. Information on the remuneration paid to the Supervisory Board members can be found in the remuneration report that the Executive Board and the Supervisory Board jointly prepared for presentation to the Annual General Meeting in April 2025 in accordance with Section 78c of the Austrian Stock Corporation Act (*Aktiengesetz*, AktG).

Annual financial statements/consolidated financial statements and Non-Financial Statement
The annual financial statements, together with the management report, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and the Group management report for financial year 2024 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. and issued with an unqualified auditor’s report. In addition, an audit was conducted to obtain limited assurance for the consolidated Non-Financial Statement included in the Group management report. Nothing came to the auditor’s attention that caused them to believe that the consolidated Non-Financial Statement included in the Group management report does not comply, in all material respects, with the legal requirements.
The auditor prepared the additional report required to be made to the Audit Committee under Article 11 of the Regulation on the statutory audit of public-interest entities and reported its findings in writing. The auditor found that the Executive Board had provided the explanations and evidence requested and that the book-keeping, annual financial statements and consolidated financial statements fulfilled the legal requirements and, in conformity with Austrian generally accepted accounting principles, gave a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group. The auditor also confirmed that the management report and the Group management report were consistent with the annual financial statements and the consolidated financial statements.

Following in-depth examination and discussion by the Audit Committee and the Supervisory Board, the Supervisory Board approved the annual financial statements for financial year 2024 as presented by the Executive Board. As a result, they are final for the purposes of Section 96(4) of the Austrian Stock Corporation Act (AktG). The management report prepared by the Executive Board was approved, as was the proposal for the appropriation of profit. The Supervisory Board also approved the consolidated financial statements and the Group management report, including the non-financial statement along with the corporate governance report submitted by the Executive Board. There were no grounds for any material objections.

In conclusion, the Supervisory Board would like to thank the Executive Board and all of the Group’s employees for their successful work in financial year 2024. Their tireless efforts in challenging circumstances ensured an uninterrupted supply of electricity in Austria. The Supervisory Board would also like to thank the Group’s shareholders, customers and business partners for their trust.

Vienna, March 2025

Mag. Martin Ohneberg
Chairman of the Supervisory Board

Management report

Report on business performance and economic position

General conditions

Both commodity prices and electricity prices once again tumbled in financial year 2024 as compared with 2023. Despite energy costing less, the global economy did not gain momentum compared with the previous year. Austria remained in recession in 2024 with a decline in the economy by 0.6%, and in Germany the economy declined by 0.2%.

Total electricity demand in Austria rose but slightly in 2024. With demand only slightly up and hydropower, wind power and photovoltaic output up, there was a significant export surplus.

General economic environment

Slower growth

According to preliminary data provided by the International Monetary Fund (IMF), global economic output increased by 3.2% in 2024, falling slightly short of the 2023 growth rate of 3.3% and below the long-term average. The IMF expects stable growth of 3.2% again for 2025. In addition to the impact of the war in Ukraine, the effects of the COVID-19 pandemic continued to hamper the recovery of the global economy. Geopolitical tensions, especially in the Middle East, posed a further risk. In addition, the attacks by the militant Islamist Houthi militia on merchant and commercial ships in the Red Sea led to a significant increase in prices for freight shipments between Asia and Europe.

The effects of high energy prices in Europe on the economy and also the continuing weak growth in China cast additional shadows over economic growth in Europe.

According to the IMF, economic output rose by 2.8% in the United States and by just 0.8% in the euro area. The Germany economy stagnated in 2024 according to the IMF.

Austria's economy remained in a recession. Austrian gross domestic product contracted by 0.6% in 2024. Similar to Germany, Austria suffered from an investment slump and weak demand for capital goods. Goods exports to Germany also fell substantially. The unemployment rate was up accordingly from 6.4% in 2023 to 7.0%.

Energy market environment

Increase in electricity consumption and higher generation

According to preliminary data from E-Control Austria (E-Control), Austria's electricity consumption (less pumped storage consumption, including grid loss and own use of electricity by power plants) in 2024 was up by around 2% year-on-year at 67 TWh. At around 76 TWh, Austria's gas consumption was 0.9% lower than in the previous year.

Production of hydroelectricity was up by a significant 11% on the prior-year period due to higher water supply mainly in the first seven months of the year and in October of 2024. By contrast, generation from thermal power plants in Austria remained mostly on the same level in 2024 compared with 2023.

Electricity generation from wind power plants rose by 14%. "Other generation" also recorded an increase of 22% due in particular to the expansion of photovoltaic installations. Overall, at 79 TWh, electricity production in Austria in 2024 was up by 11% on the prior-year figure.

Net imports improved in 2024 compared with the previous year on the back of higher generation volumes and only a slight increase in demand. In this period, electricity exports rose by almost 20%, while imports fell by 12%, resulting in marked increase in net exports for 2024.

Stagnating oil prices

The price of Brent crude oil (front month) was trading just shy of $80/bbl in 2024. This adds up to a slight decline of 3%.

After plummeting during the COVID-19 crisis in 2020 (–33%) and a recovery in 2021 (+64%), oil prices continued their upward trend in 2022. The Ukraine crisis in particular drove up prices in 2022. Oil price fluctuations calmed down again in 2023 and 2024. In particular the economic slowdown and the related decline in demand put oil prices under increased pressure.

Decrease in gas prices

Prices on the spot market at the European THE trading point (formerly NCG) averaged around €35/MWh in 2024, which was €6/MWh or 16% lower year-on-year.

In futures trading, invoiced amounts for supplier contracts for the coming year (THE front year) were slightly below €38/MWh in 2024. This is €16/MWh or 30% lower than prices for front year in 2023. Plentiful supplies of LNG and lower demand due to economic conditions drove down prices in 2024.

Decrease in steam coal prices

Steam coal prices also fell in 2024 compared with the previous year. Coal prices on the futures market (ARA front year) were down by $11/t (9%) on the prior year at an average of $115/t.

Coal prices on the spot market likewise decreased substantially. Averaging roughly $112/t in 2024, these were 13% lower than the listing in the previous year.

As could be seen for the other primary energy sources, the markets stabilised in 2024.

Falling carbon prices

Following the increase in carbon prices in recent years to around €90/t (futures market front year) in 2023, a correction to around €69/t occurred in 2024, a fall of 23%.

This decline was due to an economic slowdown, which curbed demand for emission allowances.

Declining prices in the market for wholesale electricity

In 2024, the market for wholesale electricity was affected by a price decline on the spot market as well as the futures market. Both of these markets were impacted by the declines in prices for primary energy and carbon.

The average price for base load electricity deliveries in the Austrian market area on EPEX, the European electricity exchange spot market, was down by 20% year-on-year to €82/MWh in 2024. The average price for immediate base load electricity deliveries in the German market area in 2024 was €80/MWh (thus down 16% on the previous year). The base price in Austria in 2024 was therefore just over €2/MWh higher than in Germany.

In the futures market at the European Energy Exchange (EEX), base load for 2025 (front year base) was traded at an average price of €92/MWh in 2024 in the Austrian market area. This constituted a decrease of 38% year-on-year. In the German market area, front year base traded at an average of €89/MWh in 2024, a drop of 36% on the prior-year figure.

VERBUND sells most of the electricity it generates in advance on the futures markets so as to reduce short-term selling and price risks. The price trend in the futures market in 2024 had only a minor influence on revenue in the reporting period.

Political and regulatory framework

EU energy policy

At the level of the European Union, 2024 was characterised by the elections to the European Parliament in June 2024 and by the formation of the new EU commission 2024–2029. In addition, various key legislative packages such as the EU electricity market design and the hydrogen and decarbonised gas market package were completed in the first half of 2024. Furthermore, the political priorities for the upcoming legislative period as well as initial guidelines for the work programme of the new European Commission were published.

European election 2024

Elections to the European Parliament were held in June 2024 in all EU member states. The FPÖ received most votes in Austria, followed by the ÖVP, SPÖ, the Greens, and NEOS. At the European level, the European People's Party (EPP) emerged as the group winning most votes in the elections, followed by the Social Democrats and the newly established Patriots for Europe. At the constituent meeting of Parliament in July, Roberta Metsola was re-elected for a further term as President of Parliament and Ursula von der Leyen as President of the Commission. In the wake of her re-election, Ursula von der Leyen committed to the goals of the Green Deal and simultaneously announced a Clean Industrial Deal as a priority for the upcoming legislative period. On 27 November 2024, the European Parliament approved the new 2024–2029 European Commission headed by Ursula von der Leyen. The new Commission was thus able to start work on 1 December 2024.

EU 2040 climate target

In February 2024, the European Commission published a non-legislative communication on the EU's 2040 climate target, which proposes a 90% reduction in GHG emissions relative to 1990 levels by 2040. This reduction is to be achieved with technologies such as carbon capture, utilisation and storage, hydrogen production by electrolysis, and renewables, including hydropower and storage technologies. Stronger market integration might contribute to lower energy prices. The new EU Commission (2024–2029) is responsible for the legislative implementation of this communication.

Industrial carbon management strategy

At the same time as the non-legislative communication on the 2040 climate targets, the European Commission presented another non-legislative communication in February 2024 on an industrial carbon management strategy, which aims to develop 50 million tons of CO_2 storage capacity per year by 2030 (280 million tons by 2040). Carbon Capture Utilisation and Storage (CCUS) as well as Carbon Dioxide Removal (CDR) are key approaches to this strategy. Pipelines are expected to be the primary means of transport in an EU-wide transport and storage infrastructure. An assessment is to be made of the reuse/repurposing of existing hydrocarbon transport infrastructure for CO_2 transport, and any regulatory changes needed. The new EU Commission (2024–2029) is responsible for the legislative implementation of this communication.

Reform of EU electricity market design

The European electricity market design was revised in response to the energy crisis of 2022/2023 and it was finally adopted in early summer of 2024. The reform was aimed at better protecting consumers, creating more stability for businesses and improving the integration of renewable energies into the grid. The revised internal Electricity Market Directive and Regulation entered into force on 16 July 2024. Most of the provisions of the Directive need to be transposed into national law by 17 January 2025.

Hydrogen and decarbonised gas market package

The hydrogen and decarbonised gas market package, consisting of Regulation and Directive, was finally adopted in May 2024 and entered into force in early August 2024. The revision of the gas market design includes, among other things, integrating low-carbon gases into the gas market and establishing the regulatory framework for a hydrogen infrastructure. The requirements of the Regulation apply (with exceptions) from 5 February 2025. Member states must transpose the Directive into national law by 5 August 2026.

Net-Zero Industry Act

The Net-Zero Industry Act entered into force in June 2024. Being a Regulation, it directly applies in all member states. The aim is to increase the competitiveness of those sectors that supply net-zero technologies, i.e. those needed for the energy transformation, and to improve the EU’s energy resilience by promoting the use of net-zero technologies manufactured in the EU by setting targets.

Regulation on Nature Restoration

The Regulation on Nature Restoration entered into force on 18 August 2024. It directly applies in all member states. The overarching aim of the Regulation is to put measures in place to restore at least 20% of the EU’s land and sea areas by 2030, and all ecosystems in need of restoration by 2050. At the same time, there is a ban on significant degradation of habitats in a good condition.

Corporate Sustainability Due Diligence Directive

The Corporate Sustainability Due Diligence Directive (CSDDD) entered into force in July 2024. It needs to be transposed into national law within two years. The Directive requires companies to undertake an in-depth due diligence assessment to identify, evaluate, prevent and mitigate adverse human rights impacts and environmental impacts, including in their value chain.

First auction of the European Hydrogen Bank

In April 2024, the results of the first auction of the European Hydrogen Bank were announced. A total of 132 projects were submitted, seven of which won. These projects are located in Finland, Norway, Spain and Portugal. It was announced in October 2024 that six of the seven winners had signed the grant agreement with the European Commission. One project from Spain withdrew from the grant agreement process. The total funding thus fell from €700m to €649m.

Certification schemes for renewable hydrogen

In December 2024, the European Commission approved the first three certification systems (REDcert-EU, ISCC EU, CertifHy) for renewable hydrogen. These voluntary schemes can be used for certification in order to have renewable hydrogen recognised as compliant with the EU hydrogen targets.

Delegated Act on low-carbon hydrogen

The Directive on common rules for the internal markets in renewable and natural gases and in hydrogen requires the European Commission to provide a methodology for assessing greenhouse emission reduction from low-carbon fuels. A draft delegated act establishing that methodology for consultation was published in September 2024. A final version, which will be submitted to member states for their approval, is still pending.

New legal framework for the energy sector in Austria

In 2024, the political and legislative activities in the energy sector were driven in Austria by efforts to complete key dossiers still outstanding, including those to implement EU requirements. In addition, 2024 was shaped by the election of the Austrian National Council in September, from which the FPÖ emerged as the party with the most votes for the first time. At the time this report was prepared, discussions on the formation of the government were still underway.

Austrian Electricity Industry Act (*Elektrizitätswirtschaftsgesetz*, ElWG)

In January 2024, the ElWG, the central law for the Austrian electricity industry, was submitted for review. The ElWG constitutes a general revision of the 2010 Austrian Electricity Industry and Organisation Act (ElWOG 2010) 2010. It will predominantly serve to transpose requirements under EU laws (such as the Internal Electricity Market Directive). The aim of the package is a modernisation and adaptation to the developments on the energy market – in particular the integration of new market participants (prosumers, aggregators, renewable energy communities, P2P contracts, energy sharing, etc.). It is also intended to ensure standardisation and harmonisation and to avoid, as far as possible, the existing two-tiered structure of the ElWOG 2010 involving basic and implementing legislation. No agreement was reached on the ElWG in 2024.

Furthermore, no review draft was submitted in 2024 for the Renewable Energy Development Acceleration Act (*Erneuerbaren-Ausbau-Beschleunigungsgesetz*, EABG) announced in 2023. Similarly, no agreement could be reached on the Renewable Gas Act (*Erneuerbare-Gase-Gesetz*, EGG).

Hydrogen Subsidy Act (*Wasserstoffförderungsgesetz*, WFöG)

In June 2024, the National Council approved the Austrian Hydrogen Subsidy Act (WFöG). This law will provide a total of €820m for projects aiming at the production of renewable hydrogen. Austria plans to allocate €400m from WFöG funds to the auctions-as-a-service programme in the second auction of the European Hydrogen Bank, which started in December 2024. This involves providing national funds for the auction conducted by the European Hydrogen Bank in support of projects in Austria.

National Energy and Climate Plan (*Nationaler Energie- und Klimaplan*, NECP)

Austria submitted its final National Energy and Climate Plan to the European Commission in December 2024. In their NECPs, member states explain how they intend to achieve their climate and energy targets by 2030. According to the provisions of the European Effort Sharing Regulation, Austria needs to achieve a 48% reduction in its GHG emissions in the non-ETS sectors (buildings, road transport, waste and agriculture) by 2030 relative to 2005. The flexibility option included in the Effort Sharing Regulation allows for a 2% reduction in the target. The NECP does not set any renewables expansion targets until 2040. In order to achieve its contribution to the European renewable energy target by 2030 (EU-wide: 42.5%), Austria is aiming to increase the share of renewable energy in its gross final energy consumption to at least 57% by 2030. It thus plans to expand renewable energies by 35 TWh, which is higher than provided for in the Austrian Renewable Energy Development Act (EAG: +27 TWh).

Austria's network infrastructure plan (*Netzinfrastrukturplan*, ÖNIP)

On 8 April 2024, the ÖNIP was published as an overarching strategic planning instrument. Its preparation is defined in the Austrian Renewable Energy Development Act (*Erneuerbaren-Ausbau-Gesetz*, EAG). For the first time, the ÖNIP takes a combined view of the infrastructure for electricity, gas and hydrogen and thus provides a planning basis for infrastructure decisions. It shows the need to expand the electricity transmission systems for the integration and distribution of renewable energy generation, and also maps changes in the gas grid and the hydrogen start-up network for climate-neutral industry in Austria.

Federal Act to mitigate the consequences of the crisis and improve market conditions in the case of dominant energy suppliers (*Bundesgesetz zur Abmilderung von Krisenfolgen und zur Verbesserung der Marktbedingungen im Falle von marktbeherrschenden Energieversorgern*)

In June 2024, the Austrian Parliament passed a notice of motion submitted by the governing parties to introduce a reversal of the burden of proof for suppliers of electricity, district heating and grid-bound natural gas. It is intended to promote competition among electric utilities in situations of market dominance and to prevent price abuses. The law was approved for a fixed term until the end of 2027.

Gas diversification approved

In June 2024, the National Council approved a motion on gas diversification and phasing out Russian natural gas. The motion submitted by the coalition included an extension of the strategic gas reserve. Suppliers are also required to prepare plans for gas supply security and submit them to the regulatory authorities. Furthermore, the motion includes additional support measures for companies in their efforts to diversify their natural gas supplies.

Network and Information Systems Security Act (*Netz- und Informationssystemsicherheitsgesetz,* NISG) not approved in 2024

In June 2024, the Federal Chancellery submitted to the National Council the federal law draft on ensuring a high level of cybersecurity for network and information systems (Network and Information Systems Security Act 2024 (NISG 2024), including amendments to the Telecommunications Act (*Telekommunikationsgesetz*) and the Health Telematics Act (*Gesundheitstelematikgesetz*). The NISG 2024 was aimed in particular at transposing the new Cybersecurity Directive NIS2 (Directive EU 2022/2555) into national law. No resolution was adopted in 2024.

Made in Europe bonus

Funding applicants will be able to obtain a top-up on their investment subsidies for larger photovoltaic systems and electricity storage facilities based on an amendment to the Renewable Energy Development Act made in summer of 2024. This marks the introduction of a funding bonus for technical components of European origin for larger photovoltaic systems and electricity storage facilities. The bonus can be up to 20% of the total funding.

EAG ordinance on investment subsidies for hydrogen (*EAG-Investitionszuschüsseverordnung-Wasserstoff*)

June 2024 saw the review of the ordinance on investment subsidies for electrolysers provided for in the Austrian Renewable Energy Development Act (EAG). No further announcements were made about the ordinance in 2024.

System Charges Ordinance (*Systemnutzungsentgelte-Verordnung*, SNE-V) for 2025

The E-Control Austria Regulation Commission ordinance amending the System Charges Ordinance 2018 (SNE-V 2018 – amendment 2025), was announced on 16 December 2024. It enters into force on 1 January 2025. The ordinance sets the 2025 grid tariffs for electricity. The grid usage fee charged to users has increased substantially in most areas of the grid. As regards the Grid Loss Charge (*Netzverlustentgelt*, NVE), the change in the NVE system for allocating costs to producers as set the year before is extended.

Energy crisis contribution – electricity

The Federal Act on the Energy Crisis Contribution for Electricity (*Bundesgesetz über den Energiekrisenbeitrag-Strom*, EKBSG), which was originally enacted until 31 December 2023, was extended until the end of 2024. The Act was originally based on a corresponding EU emergency regulation that has since expired. When extending the Act to 2024, changes were made to the levy amount and to the investments factored in, in order to provide incentives for investments, particularly in renewables.

Report on branch offices

There were no branch offices in the financial year under review.

Finance

Financial performance

Revenue and result

	Unit	2023	2024
Revenue	€k	997,300.9	917,111.8
Earnings before interest and taxes (EBIT)	€k	1,193,459.5	2,598,465.7
Earnings before taxes	€k	1,108,788.4	2,516,970.4
Net income for the year	€k	1,202,441.6	2,493,029.3
Net profit	€k	1,441,775.1	972,763.9
Return on equity (ROE)	%	29.0	66.8
Return on investment (ROI)	%	17.3	35.2
Return on capital employed (ROCE)	%	14.0	30.0
Return on sales (ROS)	%	119.7	283.3

Revenue

Revenue from electricity deliveries fell by 7.9% or €69,435.1k. The average futures market prices achieved for the 2024 supply year for volumes hedged for the long term were significantly below the prior-year level (for Austria, the average decline was 53.1%), while the average spot market prices fell by 19.8%. In financial year 2024, the hydro coefficient for run-of-river power plants was 9 percentage points above the long-term average and 11 percentage points above the previous year. Overall, this resulted in higher electricity revenue from the marketing of purchase rights of approximately €2,652.94k. The decrease in the end-user segment amounted to €73,158.9k or 13.4% and is primarily attributable to lower electricity prices.

There was a reduction of €69,359.3k in revenue from gas deliveries to €56,654.3k. This is primarily attributable to lower sales quantities and lower sales prices. Total revenue thus decreased by €80,189.1k or 8%.

Expenses for electricity purchases

Expenses for the purchase of electricity fell by 41.7%, from €928,629.8k to €541,622.8k. Electricity purchases from purchase rights are based on reimbursement of costs and were therefore marginally above the levels of the previous year (+€300.4k) despite fluctuating volumes. Electricity purchased for the end-user business is procured at market prices and therefore decreased by €388,048.6k, or 45.5%, in financial year 2024. Due to the falling prices in the gas market, gas purchase expenditure declined by €59,362.6k or 49.5%.

Expenses for gas purchases

Amid stable price levels in the gas market, management of the supply levels required by law led to a 49.5% decrease in expenses for gas purchases, from €119,940.2k to €60,577.5k.

Personnel expenses

Personnel expenses increased by €6,438.3k, or 15.7%, to €47,349.3k. Factors contributing to higher personnel expenses were the increase in salaries and ancillary expenses under the collective agreement ranging from 7.8% to 8.4% and the biennial pay rises stipulated by the collective agreement. Employee benefit expenses rose by €3,744.9k, primarily as a result of the negative effect of the change in underlying calculation parameters in the amount of €2,736.3k (previous year: negative effect of €1,849.8k).

Other operating expenses

Other operating expenses were down €62,612.7k, or 46.7%, to €71,406.8k. The decrease is primarily attributable to the lower expense for the statutory tax on windfall profits in the amount of €38,420.4k and to measures to increase customer loyalty in the amount of €20,602.3k reported under advertising expenses. The amount spent on the write-down of receivables from the end-user segment fell by €2,040.5k. The remaining other operating expenses remained nearly unchanged.

Earnings before taxes

Earnings before taxes rose by €1,408,182.1k from €1,108,788.4k to €2,215,970.5k as a result of the influencing factors described above and the significantly higher year-on-year financial result of €2,379,416.5k (previous year: €1,379,696.0k).

The financial result changed primarily due to lower impairment losses on equity interests amounting to €60,837.1k (previous year: €256,672.9k), which have to be seen alongside lower reversals of impairment losses of equity interests in the amount of €50,987.9k (previous year: €67,041.0k). Reduced by transfers of losses, investment income increased by €845,469.0k, from €1,586,935.8k to €2,432,404.8k. Interest expenses fell by €77,027.9k, from €1,170.7k to €75,857.2k. This is due to a significantly higher average Group financing balance with VERBUND Finanzierungsservice GmbH as well as to lower interest on a loan taken out in November of financial year 2022 due to a cut in the interest rate. The financial result includes income from disposals of investments of €11.4k (previous year: €3.0k). The cost of procuring credit amounted to €5,638.1k; €2,005.1k lower than in the previous year (previous year: €7,643.2k).

Financial position

Financial position

	Unit	2023	2024
Fixed assets	€k	6,998,709.7	6,727,612.0
Current assets	€k	270,045.5	225,611.5
Working capital	€k	– 1,829,976.1	–571,860.5
Net debt	€k	2,864,880.0	1,885,482.6
Equity	€k	3,769,153.3	4,820,407.5
Current liabilities	€k	2,684,408.7	855,137.0
Current assets	€k	854,432.6	283,276.5
Average capital employed	€k	6,489,114.6	6,663,193.9
Equity ratio	%	51.0	68.0

Fixed assets

Intangible assets and property, plant and equipment increased by €7,395.2k. Additions primarily related to intangible assets (rights and software) of €562.2k, to office and plant equipment and electrical installations of €5,061.3k and to investments in buildings of €6,227.5k. Amortisation of intangible assets and depreciation of property, plant and equipment amounted to €4,270.7k in the financial year. Carrying amounts of €185.1k were written off in the financial year.

In accounting for investees, the investments item increased by €253,337.7k. There were additions to domestic equity interests of €76,289.9k. The recognition of foreign equity interests rose by €186,897.0k, of which €128,541.0k was due to the conversion of loans and related interest receivables into shareholder contributions. In addition, impairment losses on foreign equity interests were reversed in the amount of €50,987.9k. Domestic equity interests were written down in the amount of €60,837.1k.

Other investments decreased by €531,830.7k in total. Loans were granted in the amount of €173,675.1k, which were offset by the repayment of loans in the amount of €593,802.6k and the conversion of loans against equity interests in the amount of €113,547.0k. Measurement of securities classified as fixed assets increased by €1,843.8k due to additions in the amount of €1,943.0k, reversals of impairment losses amounting to €63.3k and disposals totalling €162.5k. Gas Connect Austria GmbH was granted a loan of €127,500.0k, Ennskraftwerke AG a loan of €39,900.0k, VERBUND Green Power GmbH (VGP) a loan of €373.0k, and VERBUND Hydro Power GmbH (VHP) a loan of €2,095.5k. In the course of the acquisition of VERBUND Green Power Österreich GmbH (VGP-AT), a loan of €6,196.8k was taken over. Loans granted to Spanish subsidiaries increased by €3,602.7k. In contrast, repayments were made for loans from Austrian Power Grid AG (€167,125.0k) by VERBUND Green Power GmbH (€33,781.8k), VERBUND Hydro Power GmbH (€177,000.0k), Gas Connect Austria GmbH (€153,000.0k), VERBUND Green Power Österreich GmbH (VGP-AT €3,856.8), VERBUND Services GmbH (€1,000.0k), Spanish subsidiaries (€3,988.6k) and Energji Ashta Shpk (€3,500.0k).

Current assets

The decrease of €44,434.0k in current assets mainly resulted from the reduction in trade receivables by €31,565.9k in the end-user segment and €16,716.7k from affiliated companies, resulting particularly from lower interest accruals. Inventories rose by €3,590.7k, of which €1,317.5k related to the legal requirement to maintain gas supplies for the end-user segment.

Equity

Due to the net income for the year in the amount of €2,493,029.3k reduced by the distribution for financial year 2023 of €1,441,775.1k, equity increased to €4,820,407.5k. The equity ratio rose from 51.0% to 68.0% mainly on account of the increase in equity, the simultaneous decrease in liabilities from Group financing in the amount of €962,328.6k, the reduction in other provisions in the amount of €118,018.4k and the decrease in the corporate income tax provision of €266,240.4k, which is offset by additions of trade payables in the amount of €19,806.3k.

Liabilities

Non-current and current liabilities decreased by €963,585.1k to €1,925,926.1k. Liabilities to banks were down €24,944.9k in financial year 2024 to €206,245.0k (previous year: €231,190.0k). Repayments of instalments to banks in financial year 2024 amounted to €25,125.0k and repayments at maturity amounted to €500,000k. Of the bonds, two bonds of €500,000.0k each are green finance products, one planned for redemption in 2031 and the other in 2041. Liabilities to affiliated companies decreased by €960,762.4k due to intra-Group invoicing. Trade payables rose by €19,806.2k to €40,569.9k. Other liabilities decreased by a total of €7,027.8k.

Cash flows

Financing strategy

In a highly volatile energy market environment marked by considerable uncertainty, VERBUND bases its financing strategy on three pillars: 1. safeguarding liquidity and ensuring suitable liquidity reserves; 2. securing a solid, credit rating over the long term; and 3. implementing innovative green finance transactions.

Safeguarding liquidity and ensuring suitable liquidity reserves

For VERBUND, ensuring that liquidity is available at all times has the highest priority. As at 31 December 2024, VERBUND had an Environmental, Social, Governance (ESG)-linked syndicated loan in the amount of €1,000.0m at its disposal that had not been drawn down. The loan, which was taken out with 15 domestic and international banks with good credit ratings, matures in December 2028 with two additional extension options of one year in each case. VERBUND also had access to committed lines of credit amounting to €1,000.0m at the end of 2024. As at 31 December 2024, these credit lines had not been drawn down.

The better a company's credit rating, the easier and more inexpensive it is to benefit from full access to international capital markets. Having a solid credit rating gives VERBUND continuous access to various financing instruments in the capital market and safeguards the Group's business model. As at 31 December 2024, VERBUND had a long-term rating of A+ with a stable outlook from Standard & Poor's (S&P) and a rating of A2 with a stable outlook from Moody's. VERBUND is thus among Europe's most creditworthy energy suppliers. For the long term, VERBUND is aiming for a solid "A" category rating. VERBUND is therefore focusing primarily on optimising free cash flow and on the two key rating-related performance indicators of FFO/net debt and RCF/net debt.

Implementing innovative green finance transactions

Green finance has very high priority for VERBUND because the entire corporate strategy is focused on sustainability and green finance is decisive in the international arena and a cornerstone of the national climate strategy. VERBUND will continue to position itself as a pioneer in a future decarbonised energy market.

In recent years, VERBUND has issued the following innovative green transactions:

1) the first corporate green bond in the DACH region;
2) the first green *Schuldschein* issued over a digital platform;
3) first ESG-linked syndicated loan whose margin structure is linked exclusively to VERBUND's ESG rating (sustainability ranking) over the term of the loan; and
4) the first Green & Sustainability-linked Bond, which combines all four available sustainable components in green finance in a single transaction:

- Use of proceeds (conventional project-specific green bond)
- EU taxonomy aligned (the projects must be aligned with the EU Taxonomy Regulation as at the date of issue)
- Sustainable link (margin dependency relating to the achievement of the Group's sustainability goals)
- UN Principles for Responsible Investments (strong preference for sustainable investors, who are selected in accordance with a transparency criterion in bookbuilding).

5) ESG-linked *Schuldschein* whose margin structure is linked to the ESG Risk Management Score of VERBUND AG, as determined annually by the Sustainalytics ESG rating agency.
6) Sustainability-linked syndicated loan with the highest volume ever raised by VERBUND of €1,000.0m, which had not been drawn down as at 31 December 2024. The annual margin is tied to achievement of two of the Group's sustainability performance targets – following the two KPIs as for the Green & Sustainability-linked Bond (see below).

In the case of the Green & Sustainability-linked Bond (2021) issued, the figures for the KPIs increased as follows in the period from 1 January to 31 December 2024:

- KPI 1 (Newly installed production capacity for hydropower, wind power and photovoltaic energy) increased by 110 MW to a total capacity of 9,288 MW (basis: 31 December 2020: 8,692 MW).
- KPI 2 (Additional transformer capacity) increased by 800 MVA to a total of 36,153 MVA (basis: 31 December 2020: 30,810 MVA).

In May 2024, VERBUND AG issued a €500.0m green bond with a maturity of seven years that incorporates biodiversity. It was received extremely positively by the investor community in a competitive environment and was oversubscribed by more than six times at its peak. High demand made it possible to set the interest rate at 3.250%.

VERBUND will use the net proceeds arising from emissions for green projects that align with the VERBUND Green Financing Framework, which was updated in May 2024. The Green Financing Framework was audited by internationally renowned sustainability rating agency ISS ESG, which also provided a second party opinion. VERBUND plans to use up to 90% of the proceeds from the bond to finance the construction of the 380 kV high-voltage Salzburg line. The Salzburg line will contribute to the implementation of Austria's energy strategy and to the achievement of Austria's climate change targets. In addition, VERBUND plans to finance the LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn projects (two biodiversity projects). These biodiversity projects are part of VERBUND's programme to improve ecology and biodiversity around hydropower plants in Austria and Bavaria. One key design feature of these concepts is bypass rivers, which restore continuity while providing critical habitats for fish, amphibians, water birds and many other rare species living on riverine floodplains. With the completion of these biodiversity projects, the continuity of the VERBUND power plants on the Danube and Inn River will be fully ensured.

KPIs – finance

	Unit	2023	2024
Cash flow from operating activities	€k	1,572,680.1	2,153,261.1
Cash flow from investing activities	€k	–563,305.3	357,062.2
Cash flow from financing activities	€k	–1,009,374.8	–2,510,323.3
Financial result	€k	1,379,696.0	2,369,416.5
Gearing	%	76.0	39.1
Notional debt repayment period	years	2.6	0.9

Compared with the previous year, the financial result increased by €989,720.5k to €2,369,416.5k. This was primarily driven by the increase in investment income reduced by transfers of losses by €790,048.9k to €2,347,198.8k. Impairment losses recognised on equity interests in financial year 2024 amounted to €60,837.1k, whereas in financial year 2023 impairment losses recognised on equity interests had amounted to €256,672.8k. Reversals of impairment losses on equity interests amounted to €50,988.0k in financial year 2024. In financial year 2023, reversals of impairment losses on equity interests had amounted to €67,041.0k. Interest income improved by €1,327.3k. The increase can be attributed to the elimination of interest on a loan repaid in November 2023. Income from loans increased by €18,339.5 to €75,096.3k. Income from the disposal of investments of €11.4k (previous year: losses of €282.0k) was recognised during the financial year.

The decrease of €979,397.3k in interest-bearing net debt along with the increase in adjusted equity of €1,051,254.2k decreased the gearing by 36.9 percentage points to 39.1%. The notional debt repayment period decreased by 1.7 years from 2.6 to 0.9 years due to the higher cash inflow from ordinary activities of €2,498,039.0k (previous year: €1,375,406.7k) accompanied by a fall in debt of 37.2% (previous year: rise of 17.4%).

Cash flow statement

The cash flow statement is prepared in accordance with AFRAC Opinion 36 (Cash Flow Statement (UGB)). Since VERBUND AG also operates as a holding company, income and expenses from equity interests continued to be reported under cash flow from operating activities.

(1) Cash flow from operating activities

Cash flow from operating activities was determined using the indirect method and resulted in a cash inflow of €2,153,261.1k (previous year: cash inflow of €1,572,680.1k).

Profit or loss for the period includes investment income impacting the cash flow net of losses transferred amounting to €2,374,198.8k (previous year: €1,586,149.9k).

The change in trade receivables and other receivables is primarily attributable to the decrease in receivables from the electricity business of €30,652.4k, the decrease in receivables from affiliated companies in the amount of €26,410.6k and the decrease in other accruals and deferrals of €2,713.1k.

The change in trade payables and other liabilities is mainly the result of the increase in liabilities from the electricity and gas business of €19,531.1k. Trade payables, excluding the electricity and gas business, remained virtually unchanged compared with the previous year. Liabilities to tax authorities and other authorities were down €4,386.2k. Other liabilities decreased by a total of €2,641.5k.

The change in current provisions is mainly attributable to the reduction in provisions for the end-user segment of €82,194.2k and the use of the provision for windfall tax in the amount of €35,158.4k. The provision for outstanding purchase invoices remained virtually the same. Provisions for personnel expenses rose by €2,159.4k.

The net liability position arising from income tax payments in the amount of €320,004.4k (previous year: cash inflow of €196,834.3k) is attributable to prepayments to the tax authorities of €743,884.3k. Other taxes on income such as the capital gains tax resulted in an outflow of €73,371k. This was offset by the credit from tax allocations from Group members of €497,221.3k and the cash inflow from investments from previous years in the amount of €51.4k.

(2) Cash flow from investing activities

Cash flow from investing activities recorded total inflows of €357,062.2k (previous year: inflows of €563,305.3k). These inflows mainly relate to the repayments of loans in the amount of €593,802.6k (of which €539,701.0k pertained to loans to affiliated companies). They are offset in particular by cash outflows from investments in affiliated companies of €114,752.5k and the granting of loans in the amount of €173,675.1k (of which €139,767.9k in loans to affiliated companies). Sales of securities resulted in a cash inflow of €1,769.1k.

(3) Cash flow from financing activities

As part of the dividend distribution approved for financial year 2023, €1,441,775.1k was paid out to shareholders. This was equivalent to a dividend of €4.15 per share (including a special dividend of €0.75 per share). Group clearing resulted in a cash outflow of €965,476.1k (previous year: cash inflow of €1,000,561.2k).

Cash outflows for interest and similar expenses totalling €78,320.0k (previous year: €84,514.6k) rose compared with the previous year.

In financial year 2024, one new loan was taken out in the amount of €373.0k (previous year: €300.0k) and one bond in the amount of €500,000.0k was issued. Financial liabilities of €525,125.0k were repaid on schedule, while no financial liabilities were repaid ahead of schedule.

Cash flow statement

€k

	Notes	2023	**2024**
Earnings before taxes		1,108,788.4	2,516,970.4
Amortisation of intangible assets and depreciation of property, plant and equipment		2,520.9	4,270.7
Amortisation and reversal of impairment of investments		189,351.0	9,785.9
Result from disposal of non-current assets		13.5	105.5
Other interest and similar income, and interest and similar expenses		16,979.8	−4,992.2
Change in non-current provisions		−7,918.3	3,208.2
Income from the reversal of contributions to building costs		−35.1	−35.1
Other non-cash expenses and income		−2,886.2	−13,059.7
Change in inventories		21,174.4	−3,590.7
Change in trade receivables and other receivables[1]		−29,765.0	60,431.6
Change in trade payables and other liabilities[2]		−67,195.2	15,929.2
Change in current provisions		147,603.5	−115,758.4
Payments for income taxes		194,048.4	−320,004.4
Cash flow from operating activities	(1)	1,572,680.1	**2,153,261.1**
Cash outflow from capital expenditure on intangible assets and property, plant and equipment		−9,074.5	−15,419.3
Cash inflow from the disposal of intangible assets and property, plant and equipment		11.9	68.2
Cash outflow from capital expenditure on investments		−669,332.1	−300,370.6
Cash inflow from the disposal of investments		49,871.2	593,976.5
Cash inflow from investments and securities		8.6	154.9
Cash inflow from interest		65,209.5	78,652.5
Cash flow from investing activities	(2)	−563,305.3	**357,062.2**
Cash inflow (outflow) from money market transactions		−150,000.0	0.0
New non-current loans		300.0	500,373.0
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		−525,125.0	−525,125.0
Cash inflow (outflow) from increases (decreases) in Group clearing balances		1,000,561.2	−965,476.1
Dividends paid		−1,250,696.5	−1,441,775.1
Cash outflow for interest and similar expenses		−84,414.6	−78,320.0
Cash flow from financing activities	(3)	−1,009,374.8	**−2,510,323.3**
Change in cash and cash equivalents		0.0	0.0
Cash and cash equivalents as at 1/1/		0.0	0.0
Cash and cash equivalents as at 31/12		0.0	0.0

[1] incl. prepayments, accrued income and deferred tax assets // [2] incl. other accruals and deferred income

Report on research, development, the environment and social matters

In accordance with the European Union (EU) Directive 2014/95/EU as regards disclosure of non-financial information (NFRD) and its implementation via the Austrian Sustainability and Diversity Improvement Act (*Nachhaltigkeits- und Diversitätsverbesserungsgesetz*, NaDiVeG), within the Non-Financial Statement section of the Group management report of the Integrated Annual Report 2024, VERBUND AG summarises the required information in accordance with Section 267a Austrian Commercial Code (NaDiVeG).

Since financial year 2021, VERBUND AG has been obliged, moreover, to disclose information in accordance with the European Taxonomy Regulation (EU) 2020/852. This reporting obligation is fulfilled by way of the Environmental information section in the Non-Financial Statement.

In accordance with section 267a(5) of the Austrian Commercial Code (UBG) (NaDiVeG), VERBUND can rely on national, Union-based or international frameworks when preparing the Non-Financial Statement. All disclosures in the Non-Financial Statement are aligned with the European Sustainability Reporting Standards (ESRS) for the first time. The contents include all disclosures of material relevance to VERBUND regarding environmental, social and employee matters, as well as information on respecting human rights and combating corruption and bribery. Details can be found in the ESRS for specific areas, especially E1 to E5, S1, S2, and G1. This includes consideration of interactions with the business model, material impacts, risks and opportunities, the implemented policies and the due diligence processes. The application of the new ESRS instead of the Global Reporting Initiative (GRI) sometimes results in changes to metrics, which does not always allow a comparison with previous year figures. Previous years' figures are therefore only shown where they are comparable.

At the time the Non-Financial Statement was prepared, the transposition of Directive (EU) 2022/2464 regarding corporate sustainability reporting (CSRD) into Austrian law (through the Austria Sustainability Reporting Act (NaBeG)) was not yet complete. The following disclosures in the Non-Financial Statement are therefore reported on a voluntary basis according to ESRS.

Supplementary information on sustainability topics is available on the VERBUND website at www.verbund.com > About VERBUND > Responsibility > Non-financial Information.

Sustainable topics and projects in 2024

In spring 2023, VERBUND Services GmbH started a project to consider the topic of sustainability at VERBUND from a different perspective. Building on the existing sustainability measures within the Group, the ESG Roadmap 2025 project – along with employees – identified sustainability measures (e.g. in the green office or social sector) and integrated these into everyday working life. Using a bottom-up approach, the topic of sustainability was made more tangible for employees; a design thinking workshop was also used to develop new ideas for everyday work at VERBUND.

Environmental performance

VERBUND respects the right of present and future generations to an intact and habitable world. For this reason, VERBUND is working to prevent or reduce negative environmental impacts of its entrepreneurial activities, plants, products and services. VERBUND therefore contributes to achieving national and international environmental and climate targets and supports the United Nations' Sustainable Development Goals.

VERBUND's overarching voluntarily-defined environmental principles are enshrined in its publicly available environmental mission statement. The principles listed here are applicable as the basis for all material environmental topics identified from ESRS E1 to ESRS E5 in accordance with the materiality assessment. In addition, with its Code of Conduct and Supplier Code of Conduct (SCoC), VERBUND requires its employees, suppliers and partners to uphold environmentally friendly practices, and it encourages the same from its customers. The Code of Conduct therefore encompasses policies related to the environmental topics of climate change, biodiversity and resource use.

The general organisation of responsibilities is described in ESRS 2 GOV-1. The Corporate Responsibility Committee (CRC) has also been established to address environmental matters. This Group-level committee, comprising the executive management of all subsidiaries and the divisional heads of the VERBUND holding company, is chaired by the Executive Board member responsible for environmental issues, and is concerned with relevant environmental topics. The Group Executive Board approves the environmental mission statement, the Code of Conduct for sustainable corporate governance and Group-wide strategic environmental goals. The executive management of VERBUND subsidiaries is responsible for the operational implementation of external and internal environmental regulations, the Group's environmental policy (the environmental mission statement) and the strategic environmental objectives as well as the environmental agendas for the respective company.

The aforementioned implementation and externally certification of environmental management systems in accordance with ISO 14001 or the EMAS Regulation ensures that all mandatory commitments are met, environmental impacts documented, environmental data externally verified and targets and actions adopted to improve environmental performance at the companies. When planning, making decisions and taking action, VERBUND always takes the associated environmental impacts into account.

Please refer to the 2024 Group Integrated Annual Report (Non-Financial Statement) and the VERBUND website for detailed environmental information as well as further information on generation, use of materials, energy consumption, waste and by-products, and other environmental KPIs.

Innovation, research and development

KPIs – IR&D

	Unit	2022	2023	2024
Number of IR&D projects	Number	105	103	110
Total project volume[1]	€m	245.1	272.6	281.9
of which EU projects[1]	€m	65.9	100.1	93.5
VERBUND's total share[1]	€m	102	105.1	98.0
Annual VERBUND expenses	€m	10.2	12.7	12.3
Annual VERBUND investments	€m	10.2	3.1	2.4

[1] over the entire duration of the projects / [2] excl. corporate venture capital investments

As a trailblazer in the future of energy, VERBUND is boldly driving innovation and resolutely investing in pioneering projects and partnerships. With a clear focus on renewable energy, green hydrogen, energy storage, and the development of an exploration portfolio, VERBUND is actively helping to shape the future of energy. Together with its partners and customers, the Group is developing new business models, services and products along the entire value chain.

VERBUND is accelerating the transformation of the energy system and sending a strong signal for climate change mitigation by investing in research, innovation and cooperation with national and international partners.

Focus on new renewables: intelligent management of wind and solar farms

VERBUND is focused on developing a scalable, state-of-the-art platform for smart monitoring of all operating wind farms and photovoltaic installations. This involves implementing some innovative R&D projects comprising two centralised components: the development of a cloud-based lakehouse (a very large data repository) for processing operational data, and a control centre for visualising and monitoring the installations.

VERBUND aims to reinvent operational data analysis By developing an innovative cloud-based lakehouse that will enable real-time collection, processing, and provision of operational data. The first step involved evaluating state-of-the-art technologies and testing their scalability and real-time capability. Following the selection of suitable technologies, operating data from selected installations was integrated in a standardised format and data pipelines were established.

A key USP of the project is the introduction of a medallion lakehouse architecture that clearly separates raw data (bronze layer) from validated data (silver layer) and application-ready data (gold layer). By mid-2025, all installations are to be gradually integrated into the lakehouse to make data available in real time for various applications.

The Control Centre project entails developing a customised front-end application for monitoring all wind farms and photovoltaic installations. At the heart of the project is real-time monitoring that automates the visualisation of installations’ status and anomalies. This information is evaluated by dispatchers and, depending on the category, forwarded to the responsible site managers as a job order for troubleshooting.

The application is currently in a test phase during which selected installations are being monitored and the software functionalities validated. Going forward, the control desks of all installations will be monitored centrally, 24 hours a day. This will make it possible to quickly and efficiently identify generation losses and start immediate countermeasures.

VERBUND X Ventures: investing in energy transition at VERBUND

VERBUND’s corporate venture unit, VERBUND X Ventures, focuses on strategic investments in start-ups in order to build a forward-looking investment portfolio in energy and climate tech. The aim is to promote innovative solutions that not only strengthen VERBUND’s core business but also open up new growth areas. In 2024, VERBUND X Ventures acquired six additional equity interests in start-ups and expanded the portfolio to a total of seven companies. These start-ups offer a cutting-edge approach to addressing current and future challenges in the energy sector:

- **Eologix-ping** develops sensors to monitor the icing of wind turbines, increasing operational safety and reducing downtimes.
- **Reduxi** provides smart hardware and software solutions for energy management in homes and businesses.
- **Ogre AI** specialises in AI-based forecasting of energy consumption and generation, improving predictability and efficiency in energy systems.
- **Spine** provides a middleware platform that networks and manages energy applications via smart meters.
- **Easelink** is establishing an innovative, global standard for the automated charging of electric vehicles.
- **Necture** (formerly Ubiq) received further support from VERBUND X Ventures as part of a follow-on investment. The start-up offers a software as a service (SaaS)-based platform that optimises electric vehicle fleet management and promotes the efficiency and acceptance of e-mobility.

In addition to these start-up investments, VERBUND X Ventures co-founded a corporate venture with TTTech that develops digital energy management solutions specifically for industrial customers.

Please refer to the 2024 Group Integrated Annual Report for further information as well as additional details on innovation, research and development.

Green hydrogen

Green hydrogen is considered an essential building block in the energy transition and plays a decisive role in the decarbonisation of numerous industrial applications and processes. The wide range of applications and additional properties of hydrogen compared to electricity will result in hydrogen covering a substantial share of final energy demand in 2040. The European hydrogen strategy adopted in July 2020 aims to provide an electrolysis capacity of 40 gigawatts (equivalent to around 4 million tonnes) of hydrogen by 2030. The REPowerEU plan, which was launched in May 2022, provides for 10 million tonnes of European production by 2030 and a further 10 million tonnes of hydrogen imports. Demand for green hydrogen is the foundation for the development of the hydrogen economy and thus for VERBUND’s hydrogen activities.

Strategic focus

Establishing VERBUND as a European hydrogen player is one of the three cornerstones of the Group’s strategy. As a holistic decarbonisation partner, VERBUND plans to safeguard European business locations by supplying customers with both green electricity and green hydrogen in the future. The aim is to ensure a long-term supply for existing and future hydrogen customers in order to maintain industrial competitiveness, ensure the security and stability of the energy supply system and achieve the climate objectives. VERBUND is taking two key approaches to ensure that both short-term and long-term demand for green hydrogen is met and that the Group establishes a strong position in its core markets: implementing local hydrogen generation projects on site and developing diversified import routes.

VERBUND – a decarbonisation partner

VERBUND enters into numerous partnerships with companies in order to work together to build a nationwide hydrogen infrastructure. In the short term, the focus is on expanding local hydrogen production, especially for the decarbonisation of energy-intensive industry in the Group's core countries of Austria, Germany and Spain. To this end, VERBUND is developing partnership projects aimed at generating hydrogen for direct use by offtakers, to ensure immediate, reliable availability of green hydrogen.

For example, as part of the Green Ammonia Linz project, VERBUND is planning a 60 MW electrolyser plant in Linz in collaboration with LAT Nitrogen for the sustainable production of green ammonia. A further large-scale electrolyser facility called the Pannonian Green Hydrogen with a total capacity of 60 MW rising to 300 MW in the final expansion phase will produce up to 40,000 tonnes of green hydrogen per year. VERBUND is also one of the partners in the USS 2023 research project led by RAG Austria AG to investigate how existing storage structures can be used for seasonal storage of solar energy in the form of hydrogen.

Hydrogen imports for long-term supply

In the long term, however, the sharp increase in demand will not be met by local production alone. That is why VERBUND is working on building a comprehensive, diversified project portfolio in order to import large volumes of green hydrogen from large-scale projects in European countries and neighbouring regions of Europe. Efforts are focused on import regions that offer cost-efficient generation conditions for renewable electricity and green hydrogen as well as an existing or future infrastructure connection to core markets. Against this backdrop, VERBUND has identified specific import corridors across various regions that it is steadily developing.

To develop a broad project portfolio, VERBUND has entered into a series of partnerships for large-scale co-production of green hydrogen in these regions, for example with TOTAL Energies, Sonatrach SPA and Enagás Renovable. As an integrated supplier, VERBUND aims to generate green hydrogen, coordinate transport in the core markets, and make it available to customers and partners from industry and other sectors at their sites.

The hydrogen import alliances initiated by VERBUND, namely Hydrogen Import Allianz Austria (HIAA) and Hydrogen Import Bündnis Bayern (HIBB) also play a key role in ensuring supplies to Central European industry. Each alliance brings together stakeholders from across the value chain: energy companies, infrastructure operators and hydrogen offtakers, who together account for the bulk of demand in each country or state. The goal of the import alliances is to enable hydrogen imports by 2030 in order to reliably and competitively meet the significant increase in demand in Austria and Bavaria over the long term. The work therefore focuses on the structured and synchronised ramp-up of the hydrogen import economy and developing joint proposed solutions.

Infrastructure as the backbone for a green hydrogen economy

Project Fit4HyT – Fit for H2 Transportation was initiated with the objective of getting all of Gas Connect Austria GmbH's pipelines ready for hydrogen transport and ultimately becoming part of the European hydrogen network. The project involves creating a detailed conversion roadmap and calculating the cost of conversion for two existing pipelines, one new and one older. Gas Connect Austria GmbH has taken a role in numerous committees and initiatives with the aim of ensuring that the timeline for its conversion roadmap lines up with planning at the European level, especially planning by Austria's neighbouring countries. Those committees and initiatives include Hydrogen Europe, Clean Hydrogen Alliance, HyPA, NetZeroAlliance and the European Hydrogen Backbone. In the committees, Gas Connect Austria GmbH is part of numerous working groups that focus on jointly planning the future hydrogen network and evaluating and developing potential hydrogen import routes to Austria based on domestic demand.

Gas Connect Austria GmbH has developed a hydrogen project (H2EART – Hydrogen to Europe – Austrian Regional Turntable) as part of the IPCEI initiative. That project focuses on the conversion of the pipeline network for hydrogen, the construction of hydrogen pipelines to major industrial offtakers and the establishment of the Baumgarten station as a European hydrogen hub (Central European Hydrogen Hub, CEH2). Since 2021, the project has been a key element of numerous other European hydrogen initiatives and has thus helped to drive development of a European hydrogen infrastructure. Due to political framework conditions, however, there will be no IPCEI H2 infrastructure (Hy2Infra) in Austria. Nevertheless, H2EART and CEH2 are still part of the Gas Connect Austria GmbH hydrogen strategy.

Together with partners from the WIVA Power & Gas energy model region, Gas Connect Austria GmbH is working to make an integrated hydrogen economy feasible in a joint research project called "H2REAL – East Austria Hydrogen Region Goes Live". The project involves developing an integrated hydrogen network (a "Hydrogen Valley") as the key to hydrogen technologies and hydrogen applications in eastern Austria.

In addition to activities aimed at the conversion of pipelines for hydrogen transport, the preliminary study for the Power2Gas4Austria project was completed in 2022. The study focused on large-scale sector coupling between transmission system operators Gas Connect Austria GmbH and Austrian Power Grid AG.

Digitalisation and information security

Digital transformation

The ongoing digital transformation is an essential component of VERBUND's strategic focus, a major driver and promoter of the Group strategy and a regular companion in the everyday lives of VERBUND employees. A future-proof digitalisation function with a professional and technical development perspective is therefore a critical success factor throughout the Group. In financial year 2024, digital projects under the Digital Transformation Master Plan continued to be pursued and new ones were started. These include projects from the categories digital innovations, automated machine learning, big data, digitisation of power plants and modern working practices. This master plan thus encompasses all strategically relevant digital transformation projects in the Group and serves to help plan and coordinate digital innovations.

AI applications and machine learning

At VERBUND, artificial intelligence (AI) is used for time series forecasts and automated image recognition, among other things. And with the launch of applications such as ChatGPT, it has also drawn the interest of employees without specialist expertise. However, AI also harbours risks, especially for VERBUND in its capacity as an operator of critical infrastructure. For this reason, a Group-wide

AI policy has been in place since July 2024, which provides a framework for the creation and use of AI systems within the Group, based on the new EU AI Act. In addition, VERBUND joined the EU AI Pact in September 2024, thus voluntarily committing to implement the most important aspects of the EU AI Act even before its entry into force.

VERBUND's AI Knowledge project put in place measures to raise awareness of artificial intelligence across the Group. In order to remain competitive, VERBUND took a broad look at this topic as part of its internal transformation. As part of this project, we have set up opportunities such as AI talks, AI workshops, and AI training formats so that employees can familiarise themselves with the topic of AI. The aim is to empower employees with respect to AI, to communicate the opportunities and risks to them in a way they can understand, and to demonstrate how AI can bring value to everyday work.

Another of our digital transformation projects is MissionFlight. To advance digitalisation and achieve the 2030 transition to clean energy, VERBUND will be looking more closely at drone docking technology. This type of technology enables VERBUND to automate certain applications by using drones, such as inspection flights, perimeter protection, nature surveys and much more. This makes it possible to optimise inspections and increase the efficiency of VERBUND power plants, using the resulting data as a basis for analysing plant status trends.

In the Digital Business Card project, we also created an alternative to the traditional printed business card in 2024. The digital business card is always available on mobile devices and contact information can be shared easily and quickly. The individual data is automatically transferred from existing databases.

Information security

Information security is a matter of high priority at VERBUND and extends through all areas of the Group. As VERBUND is identified as an operator of essential services, the obligations arising for critical infrastructure companies under the Network and Information Systems Security Act (the NIS Act in Austria and the EU-wide NIS Directive) play an important role. In the 2024 reporting period, the central information security management system was once again certified to ISO 27001 and ISO 27019. In addition, the evidence required by the NIS Act regarding the required security measures was reviewed by an external "qualified body" and submitted to the regulatory authority within the prescribed deadline.

IT and digitalisation projects at VERBUND are always carried out with information security in mind. Information security is therefore a key driver of progress and makes an essential contribution to the achievement of the objectives set forth in the Group's strategy.

The Information Security department was further expanded in 2024 and the Information Security Master Plan was continued. The aim of the entire programme is to maintain but also continuously increase the degree of maturity in all areas of information security.

Cyber security

The Security Operation Center (SOC) plays a central role in ensuring cybersecurity at VERBUND. To counteract the significant increase in cybercrime, the SOC is being continuously expanded, detection of attempted attacks on VERBUND is being shored up and existing contingency plans are being improved in drills. The sphere of action encompasses not only VERBUND's entire IT landscape, but also the systems for managing electricity generation.

A large number of measures and projects have also been implemented to safeguard the operating infrastructure. These include, for example, the medium-term planning and implementation of penetration tests and red teaming activities as well as the establishment of an efficient vulnerability management system across the entire Group landscape. Technical vulnerabilities are therefore identified from an internal and external perspective and addressed and processed according to their criticality.

In order to raise employee awareness, the security awareness programme was also accelerated in 2024. This provides for security training for new staff as part of the onboarding process. It obliges VERBUND personnel to complete an innovative online training course on the topic of cybersecurity once per year. Employees at the power plants, in particular, are also offered classroom training sessions. These training courses are supported, among other things, by targeted phishing simulations and by the offering of presentations in the form of webinars on various key topics relating to information security. One focus in 2024 was the intensive awareness campaign as part of the international Cyber Security Month in October, which included webinars, videos, posters and intranet posts.

Activities were rounded off by national and international networking in relevant communities.

Employees

VERBUND's employees make a vital contribution to the Group's success. Their commitment and entrepreneurial actions enable the continuous further development and implementation of VERBUND's strategy.

It was clearly evident once again in the past financial year how the dedication and flexibility of VERBUND's employees contributes to the Group's success. In spite of various crises and the tense political situation, all of VERBUND's projects went ahead and VERBUND continued to consistently pursue its strategy.

New works agreements to position the Group as an attractive employer

In 2024, in cooperation with VERBUND's employee representatives, further works agreements and measures were drafted and implemented alongside the existing works agreements and benefits. The existing and newly established works agreements position VERBUND as an attractive employer.

Job bike: To counter the effects of climate change, VERBUND also works to enhance employee mobility. Leasing a "job bike" is an environmentally friendly way for VERBUND employees to travel to and from work. They can also use this in their free time and enjoy tax advantages through deferred compensation (salary components above the collective agreement such as the LOG performance-based remuneration scheme).

Collective bargaining and wage agreements

Collective bargaining and was agreements provide the basis for the cooperation between VERBUND and its employees. The rules set out therein strengthen positive impacts that affect VERBUND's own workforce, namely personal skill development, work-life balance, and employee satisfaction. They uphold human rights and are consistent with the UN Guiding Principles on Business and Human Rights.

Due to the “outsider effect” enshrined in employment law, all employees are covered by the collective bargaining agreements regardless of whether they belong to a trade union or not. Some of the aspects governed by collective bargaining agreements are minimum salaries, working hours and special payments (holiday and Christmas bonuses) along with the employee entitlement to educational leave. A number of voluntary benefits including company pension scheme, supplementary health insurance coverage, discounted lunches and health check-ups, and social benefits governed by collective bargaining agreements such as the child allowance are available to its employees, regardless of whether they work part time or full time. The right of employees to take family-related leave, including maternity leave, paternity leave, parental leave and carers’ leave, is also governed by collective bargaining agreements. The same applies in Germany, where employees are subject to the provisions of a German collective wage agreement consistent with those found in the Austrian collective bargaining agreement. In other countries such as Italy, Spain and Romania, local collective bargaining agreements or equivalent individual agreements have been concluded.

Types of employment and benefits offered

VERBUND operates nearly exclusively in Central Europe, a region which has high standards in terms of labour law and social welfare. VERBUND generally offers permanent contracts to all of its employees. Temporary employment contracts are only entered into where there are objective reasons for doing so (e.g. to cover for employees on parental leave). VERBUND seeks to retain employees for the long term. Apart from probationary periods, fixed-term employment contracts are only used in exceptional cases. The majority of employment contracts at VERBUND are therefore open-ended. Various working-time models, including full-time, part-time and part-time during parental leave, accommodate the different phases of an employee’s life while meeting the requirements of the labour market. Leased staff are also hired to cover capacity peaks, during project work and for temporary leave replacements.

Hiring of leased staff

The effects of demographic change within the Group and in the external market are also noticeable for VERBUND. In light of the strained situation on the labour market, the proven measures of apprenticeship training and succession planning will be continued. We also decided to accelerate the hiring of leased staff. Temporary staff who have a core function, whose expertise should be preserved and whose retention is beneficial due to labour market policy considerations are hired in two-year increments.

Target: personal skills development

VERBUND offers its employees 38.5 hours of training per year. With this, the workforce are given the opportunity to learn about the latest developments in their field and pursue personal development. The target is enshrined in the collective bargaining agreements concluded with electric utilities and applies to all employees of VERBUND. Target achievement fell sharply following the outbreak of the COVID-19 pandemic. In recent years, the figure has gradually moved closer to the target, and by 2024 it had almost been reached with 37.6 hours of training for every employee per year.

By training its own apprentices, VERBUND develops a steady source of qualified and operationally trained employees, which in turn reduces turnover and creates long-term loyalty among employees. As a result, VERBUND not only secures its own future skilled workforce, but also successfully addresses potential operational challenges such as a lack of skilled workers, high turnover rates, competitive disadvantage, growing recruitment costs, and a lack of innovative strength. The number of new apprentices reflects both the number of available places at apprenticeship training centres and operational needs. In recent years, the target of 35 new employee hires from the pool of apprentices has consistently been achieved.

Digital learning

VERBUND has highly trained employees whose dedication, motivation and versatility make a significant contribution to the success of the Group. This is why the Group invests in comprehensive further training. The aim is to provide a central, Group-wide training structure for all employees that supports VERBUND's global reach. An important milestone in this respect was the expansion of the learning management system (LMS) to include English-language content in 2024, which involved the development of various e-learning modules in English.

In order to counteract developments in the labour market and demographic trends, VERBUND has relied on a tailor-made approach to skills development for many years and has established the VERBUND trainee programme, a master craftsperson development programme and a high potential employees programme as personnel development measures.

Measures to ensure employee satisfaction

The employees of almost every consolidated VERBUND company in Austria and Germany are represented by a works council. Workers' representatives maintain an ongoing dialogue with management at VERBUND. (See S1-2 Processes for engaging with own workers and workers' representatives about impacts)

All employees are able to join a trade union. However, due to the "outsider effect" enshrined in labour law, all employees are subject to the collective agreements regardless of whether they themselves belong to the union or not. Employment contracts must adhere to collective bargaining agreements and may not contain any provisions that are less advantageous than those contained in the respective collective bargaining agreement. Some of the aspects governed by collective bargaining agreements include employees' minimum salaries, working hours and supplemental payments (holiday and Christmas bonuses). The inflation-driven increase in wages and salaries is negotiated in annual collective bargaining rounds. VERBUND also declares its commitment to paying its employees in line with market standards and employee performance. Nearly 99% of employees are covered by collective bargaining agreements. To meet this commitment, a performance-based remuneration model that sets targets based on both individual performance and the Group's profitability and ensures fair pay for employees at all levels is in place.

Initiatives on the topic of diversity are pooled under the umbrella DEI (diversity, equity and inclusion) strategy set by VERBUND. Measures have been defined with regard to age, gender, disability, sexual orientation, social and national origin, and religion and ideology. Information on the various DEI aspects is published on an ongoing basis both in the diversity and inclusion training programme and on the intranet in order to promote an inclusive corporate culture. The defined strategy as well as the associated measures are evaluated at three-year intervals as part of the certification of ZukunftVIELFALT® management system certification.

Increased employment and inclusion of persons with disabilities and/or chronic illnesses are also enshrined as a policy in the diversity strategy and form a key element of the ZukunftVIELFALT® certification. VERBUND assumes its social responsibility to offer equal opportunities and has set itself the goal of continuing to fulfil the quotas stipulated in the Austrian Disability Employment Act (BEinstG) and to recruit and employ people with disabilities beyond these quotas. With diversity management and accessibility management, this topic is anchored in the organisation at several points within the Group. Awareness of the topic is raised throughout the Group with informational campaigns, regular news articles on the intranet, and diversity and inclusion webinars. In addition to the reference to an inclusive mindset in all VERBUND job advertisements, recruiting people with disabilities has been established as a focus within the Group. VERBUND participates in the myAbility Talent Program, which helps companies network with students with disabilities. In addition, a quota for the number of people with disabilities employed was included in the target agreements. Both measures focus on inclusion.

The collaboration with the Austrian Disabled Sports Association (Österreichischer Behindertensportverband) continued in 2024, strengthening the connection to the affected groups. Participation in the Hidden Potential (*Versteckte Potenziale*) initiative helped to promote the search for apprentices with disabilities. VERBUND has also improved digital accessibility with the establishment of the Digital Accessibility Team. Employees with disabilities and allies can share their experiences as part of the newly established employee resource group DiversAbility.

VERBUND rejects any form of discrimination, bullying or (sexual) harassment. Combating violence and harassment requires comprehensive strategies and measures that are both preventive and reactive. The VERBUND Code of Conduct and the BlueCode (see G1) set out clear guidelines and behavioural standards. With Mission V (see G1), VERBUND is also actively promoting a respectful corporate culture in which violence and harassment are not tolerated.

Different platforms are used to raise awareness among the workforce and top management and train them on the topic of diversity and inclusion: the VERBUND diversity and inclusion training programme is available to all employees in the form of webinars. Information on various topics is published on an ongoing basis on the intranet. Both diversity management and top management continuously convey VERBUND's stance, provide information and outline available reporting channels in various settings. Various points of contact and support systems are in place for reporting incidents or suspected violations, including the Works Council, the Diversity Network and the whistleblower system (see S1-3). The consistent handling of reported cases enables VERBUND to better protect those affected, find solutions and impose the necessary sanctions in the event of violations. The measures taken in specific cases strengthen awareness of the importance of a respectful, appreciative and non-discriminatory corporate culture. This enables VERBUND as a company to intervene at an earlier stage and minimise more serious cases.

All of the measures described above are not one-off measures but instead recurring measures that are implemented on a routine and continuous basis as part of ongoing business processes for which it is not possible to make any estimates with regard to financial figures.

A major step toward decarbonisation has been achieved in recent years with the closure of coal-fired power plants. Several measures related to long-term strategic human resources planning helped to mitigate the negative impacts of this transition to more environmentally friendly electricity generation. These included ongoing training and retraining, an internal job board and a redundancy plan including an early retirement programme. No negative impacts on VERBUND's workforce are foreseeable in the future under the current strategy.

Work-life balance measures

VERBUND offers its employees models for flexible working hours and achieving work-life balance. In addition to models such as flexitime and remote work, this commitment also encompasses the stipulation that overtime is only to be paid or permitted to the extent that it is necessary and agreeable for employees. A number of measures have been implemented and exercised in practice for many years: the option to take a third year of parental leave, a company agreement on remote work and mobile working, various working time models, a pension scheme, a child allowance and more. Other measures include a free crisis hotline for employees in difficult situations, child care options during holidays and an optional parental leave month for fathers. VERBUND has used the Work and Family Audit management system since 2009 and is re-audited every three years in order to communicate its commitment to work-life balance to the outside world. Another re-audit was successfully carried out in 2024. The newly defined action areas include instating a family-friendly management culture throughout the Group, further developing flexible working hours, holiday care options and remote working rules, and promoting part-time management roles.

VERBUND has also been a part of the Companies for Families network since 2015. The goal is to improve and update the level of knowledge of executives and employees via activities on the topic of work-life balance and to initiate additional projects.

Diversity management

VERBUND considers diversity management both holistically and in individual dimensions and takes both aspects into account. The diversity strategy defined in 2016 was endorsed in 2018 with the ZukunftVIELFALT® certification and in 2019 with the implementation of planned measures placing particular emphasis on the dimensions of age, gender and disability. The focus from 2020 to 2021 was on gender balance. However, since diversity can by no means be reduced to gender, the focus was turned in autumn 2022 to another sub-sector of diversity management: people with disabilities. It is not just the social responsibility that VERBUND clearly sees that is crucial here, but above all the firm conviction that diversity makes VERBUND more successful and more resilient. VERBUND aims to support this by making the Group more accessible (barrier free) and creating further incentives for VERBUND employees who have a disability.

VERBUND rejects any form of discrimination, bullying, and sexual harassment and works with all people, regardless of their racial and ethnic origin, skin colour, gender, sexual orientation, gender identity, disability, age, religion, political opinions, nationality or social background. In doing so, VERBUND stands for mutual respect and a respectful approach to individuality. VERBUND has a zero-tolerance policy with regard to violations. All reported cases of suspected violations are systematically investigated. Fairness towards others is an important part of VERBUND's corporate culture. "Measures against violence and harassment in the workplace" in section S1-4 summarises a number of targeted measures implemented to ensure that discrimination is prevented, mitigated and acted upon once detected. Equal treatment and discrimination concerns can be raised by the entire workforce through the whistleblower system or the Diversity Network. Section G1 outlines the procedure for the whistleblower system.

In Austria, the Disability Employment Act (*Behinderteneinstellungsgesetz*, BEinstG) imposes a regulatory obligation to employ people with disabilities. Similar legislation is also in place in Germany and in all other EU states in which VERBUND operates.

Gender equality measures

VERBUND has published a gender pay gap analysis in accordance with ESRS reporting requirements since 2024. The gender pay gap refers to the difference of average pay levels between female and male employees, expressed as a percentage of the average pay level for male employees. Differences in pay between men and women at VERBUND can be attributed to disparity in the amount of overtime, on-call pay and allowances paid, and unequal gender distribution at organisational levels. The percentage of women in top management positions did not increase at the same rate as in the overall organisation and is lower than the Group average, especially in the companies VERBUND is unable to influence due to statutory unbundling provisions.

VERBUND pursues the policy of gender equality at all levels. For this reason, numerous measures have been defined based on the VERBUND diversity strategy, including the inclusion of the metric “percentage of women among new employee hires” in the target agreements for top management, a gender-inclusive high potential employees programme to increase women’s career opportunities (50% female participation in the first cycle), monitoring the percentage of women in projects and with regard to salary adjustments, work-life balance measures such as flexible working hours, childcare vouchers and holiday care for children, promoting paternity leave and increasing the number of female apprentices.

The women’s network Mission V-emale is an in-house women’s community (employee resource group) with a dedicated MS Teams channel and network events. Ideas are shared, problems are solved, opportunities are created for members, and solid, lasting relationships are built. The Diversity Network (Employee Assistance & Support Group) puts equal opportunity issues at the heart of the Group’s organisational structure and addresses issues such as gender balance.

Measures to achieve gender equality have started to bear fruit: the percentage of women among employees has increased by more than 20% to 22.6% since 2020.

Occupational health and safety

Occupational health and safety measures

To enhance the occupational health and safety culture at the Group, the We Live Safety project was launched in 2018 and 2019. Since 2020, the project has been continued as a policy. The project is intended to lead to positive change in terms of ensuring an atmosphere of trust and fostering a role model culture and not least by improving the Group’s safety KPIs by introducing behaviour-based approaches to safety. In 2024, a month of action on occupational health and safety with a comprehensive informational campaign was organised to celebrate the World Day for Safety and Health at Work in April. In addition, refresher workshops on behaviour-oriented occupational health and safety were held for top management.

The focus topic of safety briefings in 2024 was “Evaluating psychological working conditions”. Every year, as was the case in financial year 2024, legally mandated safety briefings are successfully completed by close to 100% of the workforce, either in person or via an e-learning programme that includes a final test. In 2024, the most common types of injuries were skin injuries and bruises. The most common injury-causing incidents included tripping, and workers accidentally cutting or stabbing themselves with sharp or pointed objects.

With regard to health protection, in 2024 the focus was on expanded medical check-ups and health checks, which were offered free of charge at numerous sites during working hours. In order to raise awareness of the topic of health in general and to publicise the availability of the services on offer, several VERBUND sites held a health tour with well-known speakers from the world of elite sport. Keynote speeches by speakers on the health tour focused on mental and physical health and provided employees with inspiration for their own everyday (working) lives. Informational events were also held for top management to draw attention to the importance of occupational health and safety management and the measures taken. Services already available included both discounted access to sport and exercise facilities and mental health counselling. Another point of contact has been set up for questions regarding providing care and support to relatives to assist affected employees in challenging situations. Webinars on the topic of healthy eating, online vision training as well as presentations on brain-friendly working were also offered, as were physiotherapy training days with a focus on a healthy back. An app-based motivation platform was used to run various challenges to promote physical activity and health in 2024.

Human rights

VERBUND is aware of its responsibility to protect human rights in all Group divisions and in any other areas within its sphere of influence. This holistic responsibility is defined in the internal policy on respect for human rights. As a result, VERBUND respects all types of civil, political, economic, social and cultural rights. VERBUND also considers human rights to include adherence to laws and standards pertaining to the environment, occupational safety, health and compliance. Information on the topic of human rights can therefore also be found in other sections of the Integrated Annual Report.

All executives and all employees at VERBUND are responsible for respecting human rights and reporting any violations to the Chief Compliance Officer. Any significant incidents of environmental pollution and severe deficiencies in occupational health and safety must be reported to the head of the Corporate Responsibility department.

Human rights at VERBUND

In the course of the materiality assessment, the structured dialogue maintained between workers' representatives and management was cited, as reflected in the high level of job satisfaction and motivation among employees. One of the ways in which workers' representatives are engaged is in the form of economic symposiums that are held each quarter and at which the Executive Board informs the employee representatives about the economic situation, all human resources management measures and other current developments in the Group. In particular these economic symposiums give employees the opportunity to voice their suggestions, concerns and recommendations to the Executive Board via the Works Council. Operational responsibility for incorporating the views of the Group's own workforce and the related findings into corporate policies rests with the CEO, who receives support from the HR organisation assigned to him with fulfilling this responsibility.

Under the Austrian Labour Constitution Act (*Arbeitsverfassungsgesetz*), employees must be represented on the supervisory boards of stock corporations via the works council. Consequently, at VERBUND, one-third of the Supervisory Board members are workers' representatives who sit opposite the Executive Board at Supervisory Board meetings and are able to incorporate employee concerns into Supervisory Board decisions.

An employee survey is conducted on a regular basis to assess the effectiveness of VERBUND's engagement with its workforce. The survey provides an opportunity to ask questions on a wide range of factors, all of which affect employee satisfaction. Every three years VERBUND participates in the Group-wide Trust Index© employee survey conducted by Great Place to Work®. Due to the high participation rate of 72% and a Trust Index© rating of 76%, VERBUND was once again certified as a Great Place to Work® in 2024. VERBUND was also included among the GREAT 50 in the reporting period as one of the Best Workplaces™ in Austria for 2024 and the Best Workplaces™ in Bavaria for 2024.

Findings from the 2024 employee survey showed a high level of overall satisfaction with VERBUND as an employer (89% responded yes to the question: "All in all, I can say this is a very good place to work"). However, room for improvement was cited in the management-related aspects of "credibility, respect and fairness", particularly with regard to "cooperation, balance and neutrality". The results of the surveys are used by the Strategic Human Resources Management team and the responsible operational management team to develop appropriate measures. The findings are also analysed and monitored.

Healthy and motivated employees are another material impact identified by the materiality assessment. The views of VERBUND's employees are therefore also taken into account with regard to occupational health and safety. Occupational health and safety committees have been established in Austria and Germany in accordance with the applicable statutory obligations. Each year, the Supervisory Board sets targets with regard to the lost time injury frequency rate (LTIFR) and issues instructions, the achievement of which is incorporated into the target agreements concluded with every member of the Executive Board. The Managing Director of VERBUND Hydro Power GmbH chairs the Central Occupational Safety Committee and reports to the COO, who is the member of the Executive Board responsible for occupational health and safety. Employees are represented on the occupational health and safety committees by workers' representatives and safety officers. The occupational health and safety committees must ensure that information is shared, experiences are exchanged and occupational safety facilities are coordinated. They must also work towards improving safety, occupational health and working conditions. In addition, they offer advice on all matters relating to safety, occupational health, programmes promoting health at work and ergonomic workplace design. Employee consultation and participation in all matters relating to occupational health and safety is also ensured in Spain and Romania in accordance with the applicable laws.

A select group of employees is also actively involved in developing measures to improve specific issues during the regular certification and audits of the ZukunftVIELFALT® and Work and Family management systems. This contributes to work-life balance. Target agreements are formulated on the basis of action areas and forwarded to the Executive Board for approval at a strategy meeting attended by top management and workers' representatives. These targets will be implemented over the next three years. Compliance with the targets and the effectiveness of the cooperation are assessed during the reaudit. Holiday care for the children of VERBUND employees was initially established in response to feedback received from employees through the Work and Family system, and has formed an integral part of the summer programme ever since.

The Diversity Network allows workers to submit suggestions for improving gender equality directly at any time. The Diversity Committee manages operational diversity management at VERBUND and is responsible for communicating and implementing relevant topics. The Executive Board holds the highest-ranking position on the Diversity Committee. Diversity committees have also been set up at the individual companies. The appointment of a certain number of diversity officers for three-year periods is mandatory at all Group companies. With the appointment of dedicated officers at the site or in a team, the companies maintain a direct line of communication with their employees. The aim behind this is to gain insight into the views of workers who may be particularly vulnerable to related impacts. Youth counsellors are also appointed at sites where apprentices work to act as the first point of contact for young people.

Within the Group, all stakeholders undertake to comply with the Code of Conduct and with the Human rights due diligence guideline. Through this, VERBUND intends to ensure that the same standards with respect to upholding human rights are observed in every country in which it operates.

Report on the Company's significant risks and uncertainties

Opportunity and risk management

The risk management system in place at VERBUND is based on international standards such as COSO II and ISO 31000. VERBUND's risk management system is structured to ensure comprehensive coverage of potential areas of risk and opportunity, while uniform, Group-wide principles form the basis for standardised treatment of risks and opportunities.

Due in particular to the energy transition, which poses challenges for the energy industry as a whole, the processes used in the Group-wide risk management system as well as the analyses and reports produced are regularly adapted to changes in internal and external requirements. VERBUND's risk management agendas encompass the management of current operations and project management as well as activities aimed at supporting strategic decision-making processes. Each year, VERBUND's auditor reviews and confirms the effectiveness and maturity level of Enterprise Risk Management based on the recommendations contained in the ISO 31000 reference model.

Priorities and progress

The focus of VERBUND's risk management activities in financial year 2024 was based, among other things, on the ongoing evaluation and assessment of the opportunity and risk position at VERBUND, early warning indicators and risk analyses in connection with planned projects and investments. In addition, a multi-year analysis of the risks of ongoing business was also conducted, strategic risks identified and (re)assessed, and a risk-bearing capacity analysis and a stress test analysis prepared. Another focal point was the implementation of reporting requirements pursuant to ESRS and greater integration of ESG issues into existing risk management processes as well as strengthening liaison with the Strategy and Sustainability divisions.

Material opportunities and risks as well as measures

Current opportunity and risk position in 2024

The material drivers of opportunities and risks in financial year 2024 were in the following risk categories: Volume risk, price risk, financial risk, regulatory risk, investment and impairment risk, operational risk, strategic risks and risks in connection with climate change.

Volume opportunities/volume risks

Hydropower generation is subject to seasonal and regional fluctuations in water supply at the catchment areas. Options to compensate for these effects by means of the (annual) storage power plants and by diversification through investment in other renewable generation and storage technologies (flexibility products) are very limited. 2024 was characterised by regional and seasonal fluctuations in the water supply. Over the year as a whole, average output exceeded the long-term average. Regional and seasonal fluctuations in the generation of wind and photovoltaic power likewise balanced each other out on the whole, and the overall effect of the difference in output on profit or loss was small.

Electricity price opportunities/electricity price risks

Along with the risks of fluctuations in output, electricity price trends represent a significant risk and opportunity factor for VERBUND. In order to reduce risk potential, VERBUND pursues a forward-looking pricing strategy in which output is traded on forward and futures markets. In addition, VERBUND entered into long-term contracts with some customers to hedge the price level. In 2024, the electricity market stabilised compared with 2022 and 2023, resulting in lower prices and price volatility.

Financial opportunities/financial risks

Macroeconomic conditions remained strained in 2024, causing both default and counterparty risk to remain high. In order to minimise risk potential, VERBUND relies on an established system of credit limits and a strict scoring of business partners based on a system for evaluating creditworthiness. VERBUND also monitors credit risk on a regular basis.

Electricity price volatility influences the measurement of forward contracts concluded in the electricity market, which can lead to short-term liquidity inflows or outflows depending on whether the effect is positive or negative. These positions are therefore monitored on an ongoing basis and the necessary liquid funds and credit lines are kept in reserve or increased as a precaution.

Regulatory opportunities/regulatory risks

Changes in the legal framework at both EU and national level continue to pose an uncertain level of risk to the Group's long-term performance. Potential effects on the Group are therefore evaluated on an ongoing basis.

Investment and impairment risk

The value of VERBUND's power plants – both the existing plants and the planned new projects and acquisitions – depends on various factors such as changes in electricity prices and the cost of capital as well as regulatory developments. The effects of climate change on the measurement of VERBUND's assets are evaluated at regular intervals. The focus here is on climate models that map out meteorological and hydrological scenarios in VERBUND's management areas. 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 analysed. Further details can be found in the notes to VERBUND's consolidated financial statements (in the section entitled Effects of climate change).

Operational opportunities/operational risks

The threat of cyberattacks is still classified as high and potentially increasing. VERBUND responds to the heightened challenges (mainly from the perspective of critical infrastructure) by continually improving its existing technical and organisational measures. VERBUND counteracts cyber risks by implementing preventive security strategies and projects to increase the security of network and information systems as well as internal guidelines and correspondingly defined and secured processes.

In September 2024, heavy regional precipitation in the Danube catchment area led to a tense flood situation in the federal states of Lower Austria and Vienna. Weir fields had to be opened and electricity generation restricted or temporarily stopped as a result.

Strategic opportunities and risks

Climate change, changes in the legal and/or regulatory environment, technological developments and changes in the market environment can have a major impact on a company's business model and strategy (as described above to some extent). Close examination of medium- and long-term strategic risks at an early stage is therefore important to ensure successful continuation of the direction in which the Group is moving. Accordingly, in addition to the ongoing evaluation of short-term opportunities and risks as they arise during the year, VERBUND also pinpoints and assesses the relevant strategic risks on an annual basis. Dealing with these risks proactively enables VERBUND to limit their impact on the Group while consciously identifying opportunities for additional growth.

Effects of aspects of climate change

Due to the generation and transmission technologies used, VERBUND's plants are highly exposed to weather events that cannot be influenced. This applies in particular to VERBUND's partially exposed generation infrastructure (the VERBUND hydropower plants, wind power plants and photovoltaic installations) as well as its transmission infrastructure (in particular Austrian Power Grid AG's high-voltage lines).

Over the long term, changes in the climate can have a lasting effect on the water/wind supply and photovoltaic output, which may cause greater seasonal or annual deviations in generation to occur in the future. To counteract this trend and spread potential risks, VERBUND is focusing on both regional and technological diversification in generation. In particular, VERBUND is investing in maintaining its assets, increasing the efficiency of existing plants, constructing promising hydropower plants and expanding generation from wind farms and photovoltaic installations. Each year, the long-term positive and negative impacts that climate change could have on the sustainability of VERBUND's business model and long-term strategy are analysed and discussed in the context of identifying and (re)assessing the strategic risk landscape. Among other things, the potential short- and medium-term effects of climate change are integrated into internally defined stress scenarios as part of the annual stress test analysis, then evaluated and reported to VERBUND's management. Furthermore, we worked with the Strategy and Sustainability divisions to draw up various climate scenarios in 2024, which were then used as the basis for a resilience analysis of the business model.

Risk-bearing capacity

One success factor in ensuring risk-bearing capacity is secure access to the capital market. The concept for risk-bearing capacity is focused on two areas: identifying the effects of organic and inorganic projects on the Group's credit rating, and determining whether future medium- to long-term scenarios jeopardise the Group's target credit rating.

Financial instruments

The primary financial instruments held by VERBUND include, in particular, investments such as securities, loans, equity interests, trade receivables, cash at banks, securitised and non-securitised financial liabilities and trade payables.

Derivative financial instruments serve exclusively as hedges against existing interest rate risks. The fluctuations in value of these hedging instruments are balanced out by the fluctuations in value of the hedged items. The change in value of those transactions to which hedge accounting is not applied is always recognised in profit or loss.

As at 19 February 2024, no risks were foreseeable for 2025, the effects of which – either individually or in interaction with other risks – could pose a threat to VERBUND AG as a going concern.

Additional information on the accounting treatment and measurement of financial instruments can be found in the notes in Section IV (2) Additional information regarding financial instruments.

Please refer to the 2024 Group Integrated Annual Report for further information as well as additional details on significant risks and opportunities as well as measures.

Internal control and risk management system

(in accordance with section 243a(2) of the Austrian Commercial Code, UGB)

Internal control and risk management system

In accordance with Section 243a(2) of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB), the internal control and risk management systems for the accounting process must be described. VERBUND's internal control system includes all measures for ensuring the reliability, effectiveness and profitability of this process, as well as compliance with external regulations. The structure of the risk management system is explained in detail in the Disclosures on Management Approach (DMA) and the risk position is described in the section of this VERBUND Integrated Annual Report 2024 entitled Opportunity and risk management.

Organisational framework

VERBUND's Group management acts in accordance with the principles defined in the corporate philosophy. The Executive Board bears responsibility for developing and implementing the entire internal control and risk management system. The Supervisory Board's Audit Committee monitors its effectiveness.

Basic principles of the internal control and risk management system

VERBUND's extensive financial reporting process is governed by Group-wide guidelines and requirements. The performance, monitoring and supervision of business transactions are segregated from each other. This ensures that no single employee can act alone in performing all the process steps of a transaction from start to finish. A review of authorisations is integrated into the process for the technical processing of transactions. Compliance with and the effectiveness of these checks is reviewed on a periodic basis. Based on VERBUND's process map, business processes and the risks they entail are systematically analysed and documented, as are checks of the financial reporting process. The operational structure, the process map and the checks are documented regularly in ARIS (the process modelling tool) and published on the intranet (including the risk control matrix). VERBUND's organisational structure is continually adapted to address changing internal and external conditions.

Reporting in compliance with unbundling provisions

VERBUND's quarterly reports and the VERBUND integrated annual report consolidate information from the controlling, corporate accounting, financial management and risk management functions as well as from the area of corporate responsibility. All reports are based on uniform Group-wide rules for preparation and measurement. The liberalised European energy market requires an unbundling of the grid from the generation, trading and sales of formerly integrated electric utilities. Therefore, VERBUND subsidiary Austrian Power Grid AG has been operating in the electricity market since 2012 as an independent transmission system operator. An external equal treatment officer monitors compliance with the unbundling provisions specified in the contract. VERBUND AG acquired a 51% stake in Gas Connect Austria GmbH effective 31 May 2021. VERBUND subsidiary Gas Connect Austria GmbH performs the duties of an independent transmission system operator in the gas market and continues to be subject to the statutory unbundling provisions. Compliance is likewise monitored by an external equal treatment officer.

Periodic monitoring

Internal Audit reviews the handling of business processes and the internal control and risk management system. The individual audits are performed according to the annual audit schedule drawn up by Internal Audit and approved by the VERBUND Executive Board and are supplemented by ad hoc audits as needed. The audit reports include recommendations and measures. A periodic follow-up ensures implementation of the proposed improvements. As an independent transmission system operator, Austrian Power Grid AG has had its own internal audit function since March 2012. At Gas Connect Austria GmbH, also an independent transmission operator, internal audit falls under the remit of Controlling.

Shareholder structure and capital information

In accordance with Section 243a(1) of the Austrian Commercial Code (UGB)

1. At the reporting date of 31 December 2024, the called and paid-in share capital of VERBUND AG comprised:
   170,233,686 No-par value shares (bearer shares Category A), equivalent to 49% of the share capital; 177,182,000 no-par value shares (registered shares Category B), equivalent to 51% of the share capital, authenticated by an interim certificate deposited with the Federal Ministry of Finance and made out in the name of the Republic of Austria. A total of 347,415,686 shares were in circulation at the reporting date. With the exception of the voting restriction described under point 2, all shares carry the same rights and obligations.

2. The sole exception is based on a restriction on voting rights embodied in the “Federal constitutional act regulating the ownership structure of enterprises in the Austrian electricity industry” and in the provision of the Articles of Association based on this. In accordance with constitutional law, which regulates the ownership structure of companies in the Austrian electricity sector (Federal Law Gazette I (BGBl.) 143/1998) and also forms the basis for the Company’s Articles of Association, the following voting restriction applies: “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 General Meeting are restricted to 5% of the share capital.” VERBUND AG is unaware of any other restrictions that affect voting rights or the transfer of shares.

3. The shareholder structure of VERBUND AG is largely defined by the majority holding of the Republic of Austria. In accordance with constitutional law, 51% of the share capital is owned by the Republic of Austria. A syndicate of the state energy companies Wiener Stadtwerke GmbH and EVN AG owns more than 25% of the share capital. More than 5% of the share capital is owned by TIWAG-Tiroler Wasserkraft AG. Less than 20% of the share capital is in free float.

4. There are no shares with special control rights.

5. VERBUND does not offer any employee participation programmes.

6. In accordance with the rules of procedure for the Supervisory Board, the last nomination to the Executive Board must be prior to the nominee’s 65th birthday. Pursuant to the Austrian Code of Corporate Governance (ÖCGK), a Nomination Committee has been established within the Supervisory Board and prepares the content for the appointment of Executive Board members on behalf of the entire Supervisory Board. VERBUND AG complies with the rules of the Code with respect to the appointment and dismissal of the members of the Executive Board and the Supervisory Board. Apart from the above, there are no other regulations not derived directly from law that relate to the members of the Executive Board and the Supervisory Board, or to the amendment of the Articles of Association.

7. There are no authorisations of the Executive Board within the meaning of Section 243a(1)(7) of the Austrian Commercial Code (UGB).

8. The Company is also not involved in any significant agreements that contain provisions referring to the stipulations under Section 243a(1)(8) of the Austrian Commercial Code (UGB). Furthermore, a public takeover bid is improbable under constitutional law.

9. There are no compensation agreements within the meaning of Section 243a(1)(9) of the Austrian Commercial Code (UGB).

VERBUND's Consolidated Corporate Governance Report, which is included in this Integrated Annual Report 2024, is also available on the VERBUND website.

Report on the expected performance of the Company

Outlook

Global economic conditions remain difficult. Uncertainty dominates the economic environment. Little growth is to be expected from China, either. But economic growth in the US is robust.

Provisional figures from the International Monetary Fund (IMF) predicted that the global economy would grow by about 3.2% in 2024. This figure is below that of 2021 to 2023 as well as the long-term average. The IMF forecasts global economic growth of 3.2% in 2025 as well and expects little improvement in growth rates thereafter. These developments are driven by the upheavals caused by Russia's war against Ukraine and other crises.

While the high inflation of recent years has eased, progress is slow on this front. Global inflation fell from a record 8.6% in 2022 to 6.7% in 2023, retreating to 5.8% in 2024. Inflation of 4.3% is forecast for 2025, a figure that is slowly approaching the rates seen prior to the COVID 19 crisis. Inflation in the eurozone is expected to be just above 2% in 2025, down from 2.4% in 2024. In Austria, inflation is set to decline from about 2.9% in 2024 to 2.8% in 2025.

Factors such as weak domestic consumer demand, the downturn in German industry (goods exports to Germany declined substantially in 2024) as well as a slump in investment and weak demand for capital goods and machinery kept Austria stuck in a recession in 2024. According to preliminary WIFO data, gross domestic product shrank by 0.6% in the reporting period, down from 1% in 2023. In 2025, foreign demand may pick up slightly and provide an economic stimulus in Austria. This should also bolster consumer demand. WIFO therefore expects subdued growth of about 1% in 2025.

Thanks to market stabilisation, commodity prices in 2024 were significantly lower than in the previous year. This was due to factors including weak demand on account of economic conditions as well as a plentiful supply of natural gas, which led to a decline in risk premiums. Falling commodity prices also led to a reduction in prices on the wholesale electricity market. The situation regarding natural gas supplies for 2025 is somewhat more challenging: the colder winter of 2024/2025 depleted storage levels more quickly than in previous years. With Russian gas deliveries via Ukraine having ceased at the beginning of 2025, only LNG (liquefied natural gas) or natural gas from Northern Europe is available to replenish storage facilities in summer 2025. This is expected to keep upward pressure on gas prices high, Leaving little room for significantly lower electricity prices on the wholesale market.

Investment plan 2025–2027

VERBUND's updated investment plan for the 2025–2027 period provides for capital expenditure in the amount of €5,873m. Of that total, around €4,004m will be spent on growth CapEx and around €1,868m on maintenance CapEx. Most of the capital expenditure (approximately €1,969m) will go towards expanding and maintaining the regulated Austrian power grid and gas network. In addition, VERBUND will be investing primarily in projects involving new renewables (approximately €1,704m) and hydropower plants (approximately €1,257m). The investments will mainly involve VERBUND's domestic markets of Austria and Germany (approximately €4,516m) and the Spanish market (approximately €919m). In financial year 2025, VERBUND plans to invest a total of approximately €1,950m, around €1,347m of which will be invested in growth and around €603m in maintenance.

Dividend

VERBUND plans to distribute a regular dividend of €2.80 per share for financial year 2024. The payout ratio, calculated on the basis of the adjusted Group result, amounted to 49.2% for the 2024 reporting period (previous year: 45.2%, excluding special dividend or 55.1% including special dividend). Distribution of the dividends must be approved by the Supervisory Board at the meeting at which the annual financial statements are to be approved and also requires the approval of the shareholders of VERBUND AG at the 2025 Annual General Meeting.

Guidance for 2025

VERBUND's earnings performance is significantly influenced by the following factors: wholesale prices for electricity, the Group's own generation from hydropower, wind power and photovoltaic power, the contribution to earnings from flexibility products and ongoing developments in the energy market. In addition, legislative or regulatory changes can have a negative impact on earnings.

Around 66% of the planned own generation for 2025 was already contracted as at 31 December 2024. The price obtained for this was approximately €0.5/MWh below the sales price achieved in 2024.

The outlook for VERBUND remains highly uncertain given geopolitical uncertainties, the risk of regulatory interventions and high volatility of the key factors influencing VERBUND's results.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 31 December 2024 and authorisation for issue on 19 February 2025.

Vienna, 19 February 2025

The Executive Board

Mag. Dr. Michael Strugl MBA
Chairman of the Executive Board

Dr. Peter F. Kollmann
Vice-Chairman of the Executive Board

Mag. Dr. Achim Kaspar
Member of the Executive Board

Dr. Susanna Zapreva-Hennerbichler
Member of the Executive Board

Annual financial statements

Balance sheet

Assets

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	Notes	2023	2024
A. Fixed assets			
I. Intangible assets	(1)	1,280.2	945.5
II. Property, plant and equipment	(2)	35,285.7	43,015.6
III. Investments	(3)	6,962,143.8	6,683,650.8
		6,998,709.7	**6,727,612.0**
B. Current assets			
I. Inventories	(4)	14,820.8	18,411.5
II. Receivables and other assets	(5)	255,224.7	207,200.0
of which due in more than one year		8,184.1	8,834.0
		270,045.5	**225,611.5**
C. Prepayments and accrued income	(6)	57,885.2	**57,469.3**
D. Deferred tax assets	(7)	60,895.4	**82,102.1**
		7,387,535.8	**7,092,794.9**
Rights of recourse	(8)	780,264.6	592,866.1
less counter-guarantees from cross-border leasing		–74,389.1	–82,733.7
		705,875.5	**510,132.4**

Liabilities

€k

	Notes	2023	2024
A. Equity			
I. Called and paid-in share capital	(9)	347,415.7	347,415.7
II. Capital reserves	(10)	971,720.3	971,720.3
III. Revenue reserves	(11)	1,008,242.2	2,528,507.6
IV. Net profit	(12)	1,441,775.1	972,763.9
of which profit carried forward		0.0	0.0
		3,769,153.3	**4,820,407.5**
B. Provisions	(13)	728,331.2	**345,972.4**
C. Liabilities	(14)	2,889,511.1	**1,925,926.0**
of which due within one year		1,985,386.0	541,697.3
of which due in more than one year		904,125.2	1,384,228.7
D. Accruals and deferred income	(15)	540.1	**488.9**
		7,387,535.8	**7,092,794.9**
Contingent liabilities	(16)	780,264.6	592,866.1
less counter-guarantees from cross-border leasing		–74,389.1	–82,733.7
		705,875.5	**510,132.4**

Income statement

	Notes	2023	2024
			€k
1. Revenue	(17)	997,300.9	917,111.8
2. Change in total services not yet billable		1,814.0	2,284.2
3. Other operating income	(18)	1,285.1	2,783.5
4. Operating income (subtotal of lines 1 to 3)		1,000,399.9	**922,179.5**
5. Expenses for electricity, grid/gas purchases and purchases of emission allowances and other purchased production services and other services		– 1,093,856.2	– 651,598.7
6. Personnel expenses	(19)	– 40,911.0	– 47,349.3
7. Depreciation and amortisation	(20)	– 2,520.9	– 4,270.7
8. Other operating expenses	(21)	– 134,019.5	– 71,406.8
9. Operating result (subtotal of lines 4 to 8)		– 270,907.6	**147,554.0**
10. Income from equity interests		1,586,935.8	2,432,404.8
11. Income from other securities and loans classified as financial assets		56,765.4	75,251.2
12. Other interest and similar income		13,084.8	11,236.3
13. Income from the disposal and reversal of impairment losses on investments		67,324.8	51,062.6
14. Expenses from investments		– 259,743.7	– 119,043.1
15. Interest and similar expenses		– 84,671.1	– 81,495.3
16. Financial result (subtotal of lines 10 to 15)	(22)	1,379,696.0	**2,369,416.5**
17. Earnings before taxes (subtotal of lines 9 and 16)		1,108,788.4	**2,516,970.4**
18. Taxes on income and profit	(23)	93,653.3	– 23,941.1
19. Net income for the year		1,202,441.6	**2,493,029.3**
20. Disposal of revenue reserves		239,333.5	0.0
21. Allocation to revenue reserves		0.0	– 1,520,265.4
22. Net profit		1,441,775.1	**972,763.9**

Statement of changes in fixed assets

	As at 1/1/2024	Additions	Disposals	Reclassifications	
I. Intangible assets					
1. Industrial property rights, electricity purchase rights, usage fees and similar rights and benefits as well as licences derived therefrom	8,753.2	562.2	514.6	0.0	
	8,753.2	**562.2**	**514.6**	**0.0**	
II. Property, plant and equipment					
1. Land, land rights and buildings, including buildings on third-party land					
a. with residential buildings	0.0	0.0	0.0	0.0	
b. with plant and other plant facilities	31,935.4	5,062.5	65.0	7,320.4	
2. Machinery	16.0	26.0	0.0	19.3	
3. Electrical installations	7,195.3	449.2	69.0	1,381.2	
4. Office and plant equipment	25,211.4	3,944.3	192.7	1,004.1	
5. Prepayments and assets under construction	10,669.2	1,806.7	0.0	–9,725.0	
	75,027.4	**11,288.7**	**326.7**	**0.0**	
Property, plant and equipment and intangible assets	**83,780.6**	**11,851.0**	**841.4**	**0.0**	
III. Investments					
1. Shares in affiliated companies	4,749,341.3	253,186.9	0.0	0.0	
2. Loans to affiliated companies	2,145,155.8	139,767.9	653,247.9	0.0	
3. Equity interests	282,652.0	10,000.0	0.0	0.0	
4. Loans to equity interests	75,000.0	33,900.0	50,594.7	0.0	
5. Securities (loan stock rights) under fixed assets	8,080.7	1,943.0	165.2	0.0	
6. Other loans	40,162.5	0.2	3,500.0	0.0	
	7,300,392.2	**438,798.1**	**707,507.8**	**0.0**	
Fixed assets	**7,384,172.8**	**450,649.0**	**708,349.1**	**0.0**	

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	As at 31/12/2024	Accumulated amortisation and depreciation as at 31/12/2024	**Net carrying amount as at 31/12/2024**	Accumulated amortisation and depreciation as at 31/12/2023	Net carrying amount as at 31/12/2023
	8,800.8	7,855.3	945.5	7,473.0	1,280.2
	8,800.8	7,855.3	**945.5**	7,473.0	1,280.2
	0.0	0.0	0.0	0.0	0.0
	44,253.3	22,793.2	21,460.1	21,919.9	10,015.5
	61.4	2.8	58.6	0.4	15.6
	8,956.7	6,030.2	2,926.5	5,561.9	1,633.4
	29,967.1	14,147.6	15,819.5	12,259.5	12,951.9
	2,750.9	0.0	2,750.9	0.0	10,669.2
	85,989.4	42,973.8	**43,015.6**	39,741.7	35,285.7
	94,790.2	50,829.1	**43,961.1**	47,214.7	36,565.9
	5,002,528.2	348,031.7	4,654,496.5	338,182.5	4,411,158.8
	1,631,675.8	0.0	1,631,675.8	0.0	2,145,155.8
	292,652.0	0.0	292,652.0	0.0	282,652.0
	58,305.3	0.0	58,305.3	0.0	75,000.0
	9,858.5	0.0	9,858.5	66.0	8,014.7
	36,662.7	0.0	36,662.7	0.0	40,162.5
	7,031,682.5	348,031.7	**6,683,650.8**	338,248.5	6,962,143.8
	7,126,472.7	398,860.7	**6,727,612.0**	385,463.1	6,998,709.7

Statement of changes in amortisation and depreciation of fixed assets

	Accumulated amortisation and depreciation as at 1/1/2024	Additions from amortisation and depreciation	
I. Intangible assets			
1. Industrial property rights, electricity purchase rights, usage fees and similar rights and benefits as well as licences derived therefrom	7,473.0	778.5	
	7,473.0	778.5	
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land			
a. with residential buildings	0.0	0.0	
b. with plant and other plant facilities	21,919.9	874.6	
2. Machinery	0.4	2.4	
3. Electrical installations	5,561.9	537.4	
4. Office and plant equipment	12,259.5	2,077.8	
5. Prepayments and assets under construction	0.0	0.0	
	39,741.7	3,492.1	
Property, plant and equipment and intangible assets	47,214.7	4,270.7	
III. Investments			
1. Shares in affiliated companies	338,182.5	0.0	
2. Loans to affiliated companies	0.0	0.0	
3. Equity interests	0.0	0.0	
4. Loans to equity interests	0.0	0.0	
5. Securities (loan stock rights) under fixed assets	66.0	0.0	
6. Other loans	0.0	0.0	
	338,248.5	0.0	
Fixed assets	385,463.1	4,270.7	

€k

	Additions from impairment losses	Disposals	Reversal of impairment	Reclassifications	**Accumulated amortisation and depreciation as at 31/12/2024**
	0.0	396.2	0.0	0.0	7,855.3
	0.0	396.2	0.0	0.0	**7,855.3**
	0.0	0.0	0.0	0.0	0.0
	0.0	1.3	0.0	0.0	22,793.2
	0.0	0.0	0.0	0.0	2.8
	0.0	69.0	0.0	0.0	6,030.2
	0.0	189.7	0.0	0.0	14,147.6
	0.0	0.0	0.0	0.0	0.0
	0.0	260.1	0.0	0.0	**42,973.8**
	0.0	656.3	0.0	0.0	**50,829.1**
	60,837.0	0.0	50,987.9	0.0	348,031.7
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	0.0	2.7	63.3	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	60,837.0	2.7	51,051.2	0.0	**348,031.7**
	60,837.0	659.0	51,051.2	0.0	**398,860.7**

Notes to the annual financial statements

Notes

I. General notes

VERBUND AG, which is headquartered in Vienna, Austria, is entered in the commercial register of the Commercial Court of Vienna under number FN 76023z.

These annual financial statements have been prepared in accordance with the provisions of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB), as amended.

In the interest of clear presentation, individual line items in the balance sheet and the income statement have been aggregated. These line items are explained separately in the notes to the annual financial statements. The individual line items of the balance sheet and income statement are presented in accordance with VERBUND's Group-wide requirements with respect to form and substance.

In accordance with Section 223(7) of the Austrian Commercial Code (UGB), balance sheet and income statement line items with a carrying amount of zero in both the financial year and the previous year are not reported. The designations of the items have been either shortened or expanded to reflect their actual substance in accordance with Section 223(4) of the Austrian Commercial Code (UGB), to the extent that this appeared expedient in order to present annual financial statements that are clear and transparent.

If the presentation has changed year-on-year or if the prior-year amounts are not comparable, the prior-year amounts are adjusted in accordance with Section 223(2) of the Austrian Commercial Code (UGB) and explained in the corresponding item.

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

II. Accounting policies

The annual financial statements have been prepared in accordance with Austrian Generally Accepted Accounting Principles and the general requirement to present a true and fair view of the Company's assets, liabilities, financial position and financial performance.

In preparing these annual financial statements, the principle of completeness was adhered to and the principle of prudence was observed. Measurement was based on the assumption that the Company is a going concern.

Fixed assets

As a rule, fixed assets subject to wear and tear are measured at cost less depreciation and amortisation.

Property, plant and equipment and intangible assets used for longer than six months of the financial year are depreciated or amortised at the full annual rate, whereas those that are used for less than six months are depreciated or amortised at half the annual rate.

Purchased intangible assets are recognised at cost and – to the extent that they are subject to wear and tear – amortised over their standard useful life.

In addition to direct material and production costs, the cost of internally generated plant and equipment also includes directly attributable indirect material and production costs. The Company has chosen not to apply the measurement option relating to the inclusion of social security expenses, termination benefits or pensions and similar obligations within the meaning of Section 203(3) of the Austrian Commercial Code (UGB); it has also opted not to capitalise borrowing costs (Section 203(4) of the Austrian Commercial Code (UGB)). Low-value assets are fully written off in the year of acquisition and reported as an asset disposal in the subsequent year.

Shares in affiliated companies and equity interests are recognised at cost or at the lower fair value. Depending on the situation in question, the fair values are determined based on market quotations, comparable recent transactions, measurement using the discounted cash flow method or measurement using the multiples method. Using the discounted cash flow (DCF) method, the prices are determined by price quotations for energy futures and long-term electricity price forecasts. The discount rate is an after-tax interest rate which reflects current market estimates, the time value of money and the specific risks associated with the investment. Securities and loan stock rights classified as fixed assets are measured at cost or at the lower fair value.

Interest-bearing loans are recognised at their nominal amounts. Impairment losses are recognised if the impairment is expected to be permanent. Receivables due in more than one year – with the exception of instalment sales – are reported under financial assets as loans.

VERBUND's schedule of uniform depreciation and amortisation rates primarily specifies the following depreciation and amortisation rates for VERBUND AG:

	Rate of depreciation/ amortisation in %	Useful life in years
Intangible assets		
Rights to telecommunications installations	10	10
Rights to software products	25	4
Other rights	2–25	4–50
Buildings		
Residential and office buildings	2 or 3	33.3 or 50
Plant(s)	3–5	20–33.3
Technical installations and machinery		
Machinery	3–10	10–33.3
Electrical installations	3–14.3	7–33.3
Telecommunications installations	4–33.3	3–25
Office and plant equipment	10–25	4–10

Current assets

Services not yet billable are recognised at production cost. Production cost includes direct material and production costs as well as directly attributable indirect material and production costs. The Company has chosen not to apply the measurement options relating to the inclusion of social security expenses and to capitalise borrowing costs (Section 203(3) and (4) of the Austrian Commercial Code (UGB)).

Inventories recognised using the moving average price method are measured at cost in accordance with the strict lower of cost or market value principle. Gas stocks are measured at sales market-based prices which were contractually agreed upon storage.

Receivables and other assets are measured at their principal amount, unless a lower fair value is required to be recognised in the case of specific identifiable risks. Receivables in foreign currencies are measured at the mean rate of exchange prevailing at the recognition date or the lower foreign exchange reference rate of the European Central Bank (ECB) prevailing at the reporting date (unless the exchange rate is otherwise hedged).

Cash at banks in foreign currency is also measured using the ECB foreign exchange reference rate in accordance with the strict lower of cost or market value principle.

Deferred tax assets

Since financial year 2004, if tax relief is expected in subsequent years, deferred tax assets are recognised in accordance with Section 198(9) of the Austrian Commercial Code (UGB) whereby the deferred taxes attributable to Group members based on tax allocation are presented under the current result in their balance sheets. The option to recognise deferred taxes for loss carryforwards has been applied since financial year 2016.

This prepayment results from differences between the financial and tax accounts with respect to line items that can only be deducted as expenses for tax purposes in income statements of future periods. The underlying tax rate for taxes due in Austria, based on the eco-social tax reform approved in January 2022, is 23% (previous year: 23%).

Provisions

Provisions take into account all identifiable risks that can be allocated to a financial year that has already ended and include those amounts that it was necessary to recognise based on the best estimate of the settlement amount. Provisions with a remaining maturity of more than one year are discounted using a market interest rate.

Provisions for termination benefits are allocated at the full actuarial amount based on the projected unit credit (PUC) method typically used in international financial reporting. The accumulation period for provisions for termination benefits is 25 years. Employees whose service began after 31 December 2002 are no longer entitled to a direct claim against their employer for statutory termination benefits. For those employment contracts, the employer pays 1.53% of salary monthly into an employee pension fund in which the contributions are deposited in an account of the employee. Collective bargaining agreement requirements for energy supply companies which exceed statutory claims are recognised in provisions for termination benefits.

On the basis of works agreements and contracts, VERBUND is obligated under certain conditions to make pension payments to employees after they retire. These defined benefit obligations are partially covered by pension plan assets earmarked for this purpose by APK Pensionskasse AG. The provision determined in accordance with the PUC method typically used in international financial reporting is presented after offset with pension plan assets. The employer is obligated to provide additional funding to the extent that these defined benefit obligations are required to be fulfilled by APK Pensionskasse AG.

Provisions for current pensions, vested pension benefits and similar obligations are determined using the PUC method. The interest expense is shown in the financial result, in line with international practice.

The calculations are based on the updated “AVÖ 2018-P – Actuarial Assumptions for Pension Insurance”.

The calculations as at 31 December 2024 and 2023 were based on the following assumptions:

%	2023	2024
Interest rate		
Pensions	3.75	3.25
Obligations similar to pension obligations	3.75	3.25
Termination benefits	3.75	3.00
Trend		
Pension increases	2.00–6.75	2.50–4.25
Salary increases	2.75–7.25	2.75–4.25
Contributions to obligations similar to pensions – old contracts	6.00	6.00
Contributions to obligations similar to pensions – new contracts	4.00	4.50
Employee turnover	0.00–5.80	0.00–5.80
Retirement age – women	60–65 years	60–65 years
Retirement age – men	65 years	65 years
Expected non-current return on plan assets	3.75	3.25

The same interest rate is applied to the expected return on plan assets as is used to determine the corresponding provision. The discount rates differ according to the residual term of the commitments and in line with the total contained therein (employees and pensioners).

The effects of the changes in parameters are presented in personnel expenses. The actuarial interest rate for measurement of employee benefit obligations as at 31 December 2024 was derived from an average of interest rate recommendations published by actuarial consulting firms as at the reporting date.

Liabilities

Liabilities are recognised at their settlement amount based on the principle of prudence. Trade payables denominated in foreign currency are measured at the ECB foreign exchange reference rate prevailing at the reporting date, provided that this rate is higher than the rate prevailing at the time of origination.

Liabilities from bonds and loans denominated in foreign currency are measured at the ECB foreign exchange reference rate prevailing at the reporting date, provided that this rate is higher than the rate prevailing at the time of origination. The result of this measurement is presented under the corresponding liabilities. Discounts, the capital procurement cost and loan commitment fees were capitalised in financial years 1994 and 2014 and are being repaid as scheduled. The discounts and capital procurement cost assumed in connection with the merger of VERBUND International Finance GmbH in 2014 are presented under financial liabilities and are being repaid.

Derivative financial instruments

In individual cases of external financing, interest rate swaps (variable for fixed rate) were entered into in order to hedge cash flows. Individual interest rate swaps (variable for fixed rate) were also entered into for intra-Group hedging of cash flows and underlying assets.

Taxes on income

VERBUND AG is the parent of the tax group as defined by Section 9(8) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*, KStG) of 1988.

The tax group parent charges (tax allocation rate of 23%; previous year 24%) or, in the event of a loss, credits (tax allocation rate of 23%, 18% or 13% depending on the anticipated date of future profits of the Group member; previous year: 24%, 18% or 13%) the Group members with the corporate income tax amounts attributable to them by means of a tax allocation. The recharging of the tax allocations results in an adjustment decreasing or increasing the tax expense in the parent's income statement.

As a Group, VERBUND is subject to the Pillar Two model framework in various jurisdictions. VERBUND AG, as the ultimate parent entity (UPE) of the VERBUND Group, is primarily liable for the top-up tax under Pillar Two. The VERBUND Pillar Two group comprises the Group's equity interests in the following jurisdictions: Austria, Germany, Romania, Italy, Spain, Albania and Israel. In addition to the aforementioned Pillar Two group, VERBUND has two Pillar Two joint ventures located in Spain. No draft Pillar Two legislation had been issued for Albania or Israel at the time these financial statements were prepared.

VERBUND has reviewed the use of the Transitional CbCR Safe Harbor framework for financial year 2024 with respect to all of the aforementioned legal entities. All entities were able to meet at least one of the three CbCR Safe Harbour conditions in 2024. Hence no addition Pillar Two calculations were necessary, and no top-up tax had to be paid.

VERBUND has applied the mandatory exception for the recognition of deferred tax assets and liabilities arising from Pillar Two income taxes.

III. Notes to the balance sheet and to the income statement

Assets

A. Fixed assets

For details see separate “Statement of changes in fixed assets”.

(1) I. Intangible assets

The net carrying amount of the rights of use with respect to plants acquired by affiliated companies came to €0.0k (previous year: €0.0k).

(2) II. Property, plant and equipment

The base value of land amounts to €3,340.7k (previous year: €3,340.7k).

(3) III. Investments

The disclosures in accordance with Section 238(1)(4) of the Austrian Commercial Code (UGB) are presented separately in “Disclosures of equity interests in accordance with Section 238(1)(4) of the Austrian Commercial Code (UGB)”.

The changes in and structure of equity interests, loans and securities (loan stock rights) classified as fixed assets are shown separately in the “Statement of changes in fixed assets”.

€k

	< 1 year	> 1 year	> 5 years	Residual term to maturity as at 31/12/2024 Total
Loans				
1. Loans to affiliated companies	57,137.8	669,147.2	905,390.8	1,631,675.8
2. Loans to equity interests	1,189.4	4,757.4	52,358.5	58,305.3
3. Other loans	3,523.6	33,137.0	2.0	36,662.7
	61,850.8	707,041.7	957,751.4	1,726,643.8

€k

	< 1 year	> 1 year	> 5 years	Residual term to maturity as at 31/12/2023 Total
Loans				
1. Loans to affiliated companies	534,355.7	550,330.1	1,060,470.0	2,145,155.8
2. Loans to equity interests	50,000.0	25,000.0	0.0	75,000.0
3. Other loans	3,505.3	14,029.7	22,627.5	40,162.5
	587,861.0	589,359.8	1,083,097.5	2,260,318.3

Securities (loan stock rights) classified as fixed assets. These consist primarily of Austrian investment fund units and bonds.

B. Current assets

(4) I. Inventories

€k

	2023	**2024**
Goods	13,117.2	14,423.7
Services not yet billable	1,703.6	3,987.8
	14,820.8	**18,411.5**

(5) II. Receivables and other assets

€k

	< 1 year	> 1 year	> 5 years	Residual term to maturity as at 31/12/2024 Total
Receivables and other assets				
1. Trade receivables	48,699.1	8,834.0	0.0	57,533.1
2. Receivables from affiliated companies	147,386.2	0.0	0.0	147,386.2
3. Receivables from investees	1,389.6	0.0	0.0	1,389.6
4. Other receivables and assets	891.2	0.0	0.0	891.2
	198,366.0	**8,834.0**	**0.0**	**207,200.0**

€k

	< 1 year	> 1 year	> 5 years	Residual term to maturity as at 31/12/2023 Total
Receivables and other assets				
1. Trade receivables	80,915.0	8,184.1	0.0	89,099.1
2. Receivables from affiliated companies	164,103.0	0.0	0.0	164,103.0
3. Receivables from investees	1,677.3	0.0	0.0	1,677.3
4. Other receivables and assets	345.3	0.0	0.0	345.3
	247,040.6	**8,184.1**	**0.0**	**255,224.7**

Of the receivables from affiliated companies, €147,386.2k (previous year: €164,103.0k) related to other receivables.

Of the receivables from investees, €1,389.6k (previous year: €1,677.3k) related to other receivables.

€k

Other receivables and assets	2023	**2024**
Loans and accrued interest income from loans	117.7	**108.9**
Tax authorities	35.3	**44.1**
Payroll	27.6	**32.9**
Prepayments	5.0	**3.6**
Financing contributions	0.0	**– 149.4**
Other	159.6	**851.1**
	345.3	**891.2**

(6) C. Prepayments and accrued income

€k	2023	2024
Prepayments for electricity purchases	13,837.3	13,053.8
Discounts, flotation costs and commitment fee relating to bonds and non-current loans	10,321.2	12,618.4
Other	33,726.8	31,797.2
	57,885.2	**57,469.3**

(7) D. Deferred tax assets

€k	2023	2024
Social capital	3,376.3	3,992.7
Valuation of fixed assets	9.9	−290.3
Special tax deductions	−214.7	−214.7
Other	57,724.0	78,614.5
Deferred tax receivables (+) respectively liabilities (–) balanced	60,895.4	**82,102.1**

Deferred tax assets are the result of differences between the financial and taxable result in respect of line items affected by expenses for tax purposes in income statements of future periods. The underlying tax rate for taxes due in Austria is 23% (previous year: 23%). In accordance with AFRAC Opinion 30 “Deferred Taxes in Financial Statements”, when calculating deferred taxes for group members, the current (or future) applicable corporate income tax rate is to be applied up to the maximum threshold of the agreed tax allocation rate. The tax allocation agreement requires the group parent to make provisions for deferred taxes if the group member is yet to do so. In 2024, the reduced tax rate of 13% was applied to several group members pursuant to the tax allocation agreement. Therefore, at the level of these group members, any deferred taxes were recognised at 13% in accordance with AFRAC Opinion 30. Accordingly, VERBUND AG, as the group parent, recognised the deferred taxes of these group members at 10%.

Other deferred taxes primarily related to differences between the financial and tax treatment in accounting for investees amounting to €78,469.3k (previous year: €56,916.3k).

(8) Rights of recourse

Rights of recourse totalled €592,866.1k (previous year: €780,264.6k). In addition to rights of recourse vis-à-vis Group companies, rights of recourse exist primarily vis-à-vis financial institutions, state energy companies and regional authorities from cross-border leasing transactions carried out at VERBUND Hydro Power GmbH (VHP) in the amount of €82,733.7k (previous year: €74,389.1k). See (16) Contingent liabilities.

Equity and liabilities

A. Equity

(9) I. Called and paid-in share capital

There were 347,415,686 shares in circulation at the reporting date.

Composition	Stock (shares)	Proportion
Bearer shares category A	170,233,686	49%
Registered shares category B	177,182,000	51%
Authenticated by an interim certificate made out in the name of the Republic of Austria (deposited with the Federal Ministry of Finance)		
	347,415,686	100%

There are no reciprocal equity interests in accordance with Section 241(6) of the Austrian Commercial Code (UGB).

(10) II. Capital reserves

Capital reserves are made up entirely of allocated capital reserves. The allocated capital reserves and the statutory reserves amount to a total of €991,604.3k, which is more than 10% of the share capital.

(11) III. Revenue reserves

€k

	2023	**2024**
Statutory reserves	19,884.0	**19,884.0**
Distributable reserves	988,358.2	**2,508,623.6**
	1,008,242.2	**2,528,507.6**

(12) IV. Net profit

€k

As at 31/12/2023	1,441,775.1
Distribution of dividends	– 1,441,775.1
Profit carried forward	0.0
Net profit for the year	2,493,029.3
Changes in reserves	– 1,520,265.4
As at 31/12/2024	972,763.9

(13) B. Provisions

1. Provisions for termination benefits

€k

	2023	**2024**
Premium reserve based on actuarial calculations	4,875.4	**4,827.6**
Taxed proportion of provisions	4,875.4	**4,827.6**

In 2002, the provision permitted under Section 14 of the Austrian Income Tax Act (*Einkommensteuergesetz*, EStG) was transferred tax-free to a reserve qualifying as taxed (Section 124b(68) of the Austrian Income Tax Act (EStG)).

2. Provisions for pensions

€k	2023	2024
Provisions for pension obligations gross	28,940.1	30,735.6
Pension fund assets	– 8,368.2	– 8,215.9
Provisions for pension obligations net	20,572.0	22,519.7
of which obligations similar to pensions	4,840.8	5,650.8

3. Provisions for taxes

€k	2023	2024
Corporate income tax domestic (incl. prior reporting periods)	526,539.5	261,376.9
Other tax provisions	1,077.7	0.0
	527,617.2	261,376.9

4. Other provisions

€k	2023	2024
Electricity/grid purchases	109,045.4	29,926.5
Trade receivables not yet billed	48,008.5	8,716.5
Anticipated losses	3,075.2	0.0
	160,129.2	38,643.0

Other personnel-related provisions	2023	2024
Bonuses	8,365.4	10,483.8
Unused holidays	3,577.6	3,826.0
Holiday allowance	1,236.3	1,393.0
Death grant	333.8	372.7
Compensatory time credit	296.4	364.1
Other	1,328.1	2,165.6
	15,137.5	18,605.2

€k

(14) C. Liabilities

€k			Residual term to maturity as at 31/12/2024	
	< 1 year	> 1 year	> 5 years	Total
Liabilities				
1. Bonds	13,585.6	0.0	1,127,823.0	1,141,408.6
2. Liabilities to banks	22,515.4	141,479.6	42,250.0	206,245.0
3. Trade payables	40,443.4	126.4	0.0	40,569.9
4. Liabilities to affiliated companies	438,768.9	0.0	71,649.7	510,418.6
5. Other liabilities	26,384.0	900.0	0.0	27,284.0
	541,697.3	142,506.0	1,241,722.7	1,925,926.0

€k

	< 1 year	> 1 year	> 5 years	Residual term to maturity as at 31/12/2023 Total
Liabilities				
1. Bonds	504,241.8	0.0	627,823.0	1,132,064.8
2. Liabilities to banks	27,737.4	151,702.5	51,750.0	231,189.9
3. Trade payables	20,763.6	0.0	0.0	20,763.6
4. Liabilities to affiliated companies	1,399,531.3	0.0	71,649.7	1,471,181.0
5. Other liabilities	33,111.8	1,200.0	0.0	34,311.8
	1,985,386.0	152,902.5	751,222.7	2,889,511.1

Of the liabilities to affiliated companies, €433,709.0k (previous year: €1,396,037.5k) relates to financial liabilities, €20.1k (previous year: €1.0k) to trade payables and €76,689.5k (previous year: €75,142.5k) to other liabilities.

€k

Other liabilities	2023	**2024**
Electricity costs contribution	19,000.0	**18,911.0**
From taxes	10,623.7	**5,685.4**
Related to social security	14.0	**566.1**
Payroll	45.3	**29.0**
Other	4,628.8	**2,092.5**
	34,311.8	**27,284.0**

(15) D. Accruals and deferred income

€k

	2023	**2024**
Contributions to building costs	456.1	**421.0**
From electricity business	13.3	**0.0**
Other	70.7	**67.9**
	540.1	**488.9**

(16) Contingent liabilities

Contingent liabilities that are recognised below the line are primarily for letters of comfort and liabilities assumed for subsidiaries as part of the financing that VERBUND AG carries out centrally as well as other assumptions of liabilities, excluding the contingent liabilities in connection with cross-border leasing transactions in the total amount of €150,457.6k (previous year: €378,776.1k). Of this, €150,457.6k (previous year: €128,772.6k) is attributable to affiliated companies.

The subsidiary VERBUND Hydro Power GmbH (VHP) entered into several cross-border leasing transactions during financial years 1999 to 2001. The figures reported in the balance sheet of VHP are all denominated in US dollars. For all transactions, there was full balance sheet cover for all obligations by way of corresponding acquisition of securities or through loans to financial institutions.

Beginning in 2009, and continuing during the 2010 reporting period, about 85% of the original volume of the transactions was terminated. Some of the transactions were terminated early in their entirety; that is, all associated liabilities were repaid. However, some of the transactions were only partially terminated, whereby the transactions with the investors and the associated A-loans were repaid, while VHP continued the existing B-loans and the corresponding investments.

The last remaining transaction (Freudenau), which had an off-balance-sheet financing structure, was terminated as at 4 January 2021, and final settlement took place on 15 December 2021. In connection with these cross-border leasing transactions, VERBUND AG issued guarantee bonds for VHP, which for the most part still exist for the liabilities transferred to VHP totalling €442,408.5k (previous year: €401,488.5k). Of the rights of recourse against the primary debtors, €82,733.7k (previous year: €74,389.1k) were secured through counter-guarantees from financial institutions, state energy companies and regional authorities (from guarantors' liabilities). These counter-guarantees are presented under total rights of recourse (see note (8)). Thus, a total of €359,674.8k (previous year: €327,099.4k) remains in contingent liabilities from cross-border leasing transactions after deducting these counter-guarantees.

Notes to the income statement

(17) 1. Revenue

€k

		2023	2024
Revenue from electricity deliveries			
Domestic	Energy supply companies	8,361.7	9,406.3
	End-users	278,678.0	340,284.3
	Other customers	587,490.8	455,404.9
		874,530.5	**805,095.4**
Invoicing of grid tariffs; user and management fees			3,634.3
Other revenue (including gas trading)			108,382.1
			917,111.8

(18) 3. Other operating income

€k

	2023	2024
a) Income from disposal of fixed assets with the exception of investments	1.8	1.5
b) Income from reversal of provisions	188.6	2,104.9
c) Other	1,094.7	677.1
	1,285.1	**2,783.5**

(19) 6. Personnel expenses

€k	2023	**2024**
a) Salaries	30,796.3	35,303.2
of which non-current obligations	215.3	835.2
b) Expenses for termination benefits and payments to employee pension funds		
Termination benefits	416.2	843.9
Contributions to employee pension funds	499.1	411.3
Change in the provision for termination benefits	–217.9	–218.7
Expenses/income and takeovers/transfers within the Group	0.0	0.0
	697.4	**1,036.5**
c) Expenses for pensions and similar obligations		
Early retirement benefits and pension payments	2,053.7	2,005.0
Change in the provisions for pensions and similar obligations	283.9	1,227.8
Expenses/income and takeovers/transfers within the Group	24.8	–4.5
Pension fund contributions	1,063.2	1,146.1
	3,425.6	**4,374.4**
d) Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	5,510.7	5,948.6
e) Other social security expenses	481.1	686.7
	40,911.0	**47,349.3**

Interest rate changes and changes in the rates used to calculate future salaries and pensions for provisions related to termination benefits and pensions and similar obligations resulted in a negative effect of €2,736.3k in the financial year and a negative effect of €1,849.8k in the previous year. The effect of the changes in parameters was recognised in full in the financial year.

(20) 7. Depreciation and amortisation

€k	2023	**2024**
a) Amortisation of intangible assets and depreciation of property, plant and equipment		
Depreciation and amortisation	2,280.6	2,942.7
Immediate write-off of low-value assets in accordance with Section 13 of the Austrian Income Tax Act (EStG)	240.3	1,328.0
	2,520.9	**4,270.7**

(21) 8. Other operating expenses

€k

	2023	2024
a) Taxes other than taxes on income	41,461.4	2,815.5
b) Other		
Advertising costs and donations	37,145.0	15,873.1
Legal, audit and consulting expenses	14,494.8	11,188.6
Other administrative expenses	6,575.5	6,827.7
IT expenses	6,707.6	6,624.6
Operating costs for buildings, rent and leasing	6,253.5	5,730.8
Temporary personnel and provision of personnel	2,146.0	1,740.0
Training and further education	982.1	1,281.7
Membership fees	943.3	967.1
Telecommunications services, data services	635.2	667.0
Other	16,675.0	17,690.8
	92,558.1	**68,591.3**
	134,019.5	**71,406.8**

(22) 16. Financial result

€k

	2023	2024
Income from equity interests		
from affiliated companies	1,547,377.8	2,346,249.8
of which from profit pools	146,785.2	322,722.7
Income from other securities and loans in financial assets		
from affiliated companies	52,924.2	71,027.5
Other interest and similar income		
from affiliated companies	11,554.7	10,648.9
Income from disposals and impairment loss reversals of investments		
reversal of impairment of shares in affiliated companies	67,041.0	50,987.9
Expenses relating to investments		
impairments on affiliated companies	256,672.8	60,837.0
expenses from affiliated companies	2,785.9	58,206.0
of which from profit pools	2,785.9	58,206.0
Interest and similar expenses		
of which interest for long-term personnel provisions	909.0	951.7
from affiliated companies	37,984.4	43,795.5

(23) 18. Taxes on income and profit

€k

	2023	2024
Consolidated taxes on income[1]	639,479.8	**562,680.5**
Taxes recharged to members of the Group[2]	–690,919.5	**–506,915.2**
Tax expense/income for subsequent taxation of losses from foreign members of the tax group	–30,959.1	**–19,463.7**
Additional amounts/credit notes from previous periods[1]	–19,917.5	**8,846.1**
Change in deferred taxes[3]	8,662.9	**–21,206.7**
	–93,653.3	**23,941.1**

[1] Tax rate of 23% (previous year: 24% // [2] tax allocation rate of 13% or 23% (previous year: 13% or 24%) // [3] tax rate of 23% (previous year: between 23% and 24%)

IV. Other disclosures

1. Total amount of other financial obligations

€k

Material items	Total commitment	2025	2025–2029
Rent, lease and insurance agreements	[1]	6,044.6	23,904.8
Purchase commitments	20,244.3	16,686.3	20,244.3
of which to affiliated companies	[1]	20.8	104.2

[1] The amount of the total commitment cannot be determined due to unspecified contract periods.

There is an electricity supply agreement with Ennskraftwerke Aktiengesellschaft according to which the energy generated in its power plants, less electricity purchase rights of other participating partners, must be delivered to VERBUND AG in exchange for reimbursement of the recognised expenses plus a reasonable return on equity.

There are electricity supply agreements with Österreichisch-Bayerische Kraftwerke Aktiengesellschaft and Donaukraftwerk Jochenstein Aktiengesellschaft according to which half of the energy generated in their power plants must be delivered to VERBUND AG in exchange for reimbursement of recognised expenses plus a reasonable return on equity.

Under an electricity supply agreement, Innwerk AG is required to deliver half of the energy generated in the Ering and Obernberg power plants to VERBUND AG at total production costs plus an agreed mark-up.

There is an agreement with VERBUND Services GmbH for the invoicing of IT, procurement, financial accounting, payroll, telecommunications and administrative services.

An agreement has been entered into with VERBUND Finanzierungsservice GmbH for the invoicing of payment transactions and cash management services.

There are contractor agreements with VERBUND Energy4Business GmbH (VEB) in the Sales segment.

The electricity supply agreement between VERBUND AG and VEB governs how the electricity generation provided by VERBUND AG from the purchase rights of Ennskraftwerke Aktiengesellschaft and Grenzkraftwerke power plant group (Österreichisch-Bayerische Kraftwerke Aktiengesellschaft, Donaukraft Jochenstein Aktiengesellschaft, VERBUND Innkraftwerke GmbH) is transacted and settled. The agreement mainly addresses how the prices of electricity generation from the run-of-river power plants are determined. This requires a differentiation between long-term hedged volumes and short-term volumes. For the hedged volumes, prices are determined by means of published futures market prices, while short-term volumes are defined by published spot market prices. Besides just addressing the settlement of electricity volumes, the agreement and its annexes also govern other revenue components from the sale of guarantees of origin. From an accounting perspective – in alignment with Section 238(2) of the Austrian Commercial Code (UGB) and AFRAC Opinion 15 "Derivatives and Hedging Instruments" marginal note (6) – closed commodity futures transactions of this type are treated like electricity deliveries within the scope of VERBUND AG's expected sale requirement (own use exemption). For settling the marketing activities of VEB, the agreement stipulates that a handling fee will be applied to the generation volumes it manages. Furthermore, the agreement provides for a committee that meets on a regular basis to discuss ongoing questions on the management of VERBUND AG's generation portfolio. The corresponding amendments (addenda) to the agreement are also being developed.

On the basis of works agreements and contracts, VERBUND is obligated under certain conditions to make pension payments to employees after they retire. The employer is obligated to provide additional funding to the extent that these pension obligations are required to be fulfilled by APK Pensionskasse AG. As a result of the trend on the financial markets, APK Pensionskasse AG reported an obligation for additional funding in the amount of €78.6k (previous year: €0.0k) to cover defined benefit obligations.

There are open contribution commitments in the amount of €1,410.0k (previous year: €4,598.0k) under accounting for investees.

2. Disclosures regarding financial instruments

Finance area

Hedging relationships exist to hedge increases in interest rates for financial liabilities bearing variable interest with an outstanding principal amount of €12,937.5k (previous year: €27,562.5k) as at 31 December 2024. These interest rate hedges are within a designated hedging relationship with the underlying loans. As there is a documented hedge strategy and detailed hedge documentation, and ongoing measurements of effectiveness are conducted, it is not necessary to recognise a separate provision for onerous contracts for the negative fair values amounting to €97.3k (previous year: €127.3k). The future interest payments hedged by these hedging relationships will fall due in the following two years (2025 to 2026) and will be recognised accordingly in profit or loss.

3. Number of employees

Average	2023	2024
Salaried employees	209	204

4. Expenses for termination benefits and pensions

€k

	2023	2024
Members of the Executive Board, former members of the Executive Board and their surviving dependants and Senior Executives	723.6	752.8
Other employees	3,399.4	4,658.1
	4,123.0	**5,410.9**

Executive Board members are enrolled in a company pension plan set up as a defined contribution plan. In financial year 2024, contributions to the pension fund were paid for the Executive Board in the amount of €238,600 (previous year: €184,500).

Statutory regulations apply, taking account of the requirements of Rule 27a of the Austrian Code of Corporate Governance (ÖCGK), with respect to the claims of members of the Executive Board upon termination of their position. In financial year 2024, €195,552 was paid out for pensions (previous year: €189,807).

In financial year 2024, expenses from pensions and similar obligations for former members of the Executive Board and their surviving dependents totalled €50,123 (previous year: €46,431).

5. Governing bodies

Disclosures regarding the Boards of the Company (members of the Executive Board and the Supervisory Board) are presented before the management report.

Remuneration of members of the Executive Board (incl. variable remuneration)

€

	2023 Fixed remuneration	2023 Variable remuneration	2024 Fixed remuneration	2024 Variable remuneration
Mag. Dr. Michael Strugl	750,000	826,750	765,000	1,035,000
Dr. Peter F. Kollmann	620,000	713,000	651,000	855,600
Mag. Dr. Achim Kaspar	475,000	546,250	485,000	655,500
Dr. Susanna Zapreva-Hennerbichler	0	0	485,000	0

Remuneration of active Executive Board members totalled €5,016,894 in the 2024 reporting period (previous year: €3,972,913) and included €53,783 in remuneration in kind (previous year: €41,913) as well as a one-off payment of €31,012 (previous year: €0) made to Dr. Susanna Zapreva-Hennerbichler, a new member of the Executive Board, to cover relocation expenses. Variable remuneration includes performance-related short-term and long-term remuneration components. In the 2024 reporting period, active members of the Executive Board received €1,107,000 in short-term variable remuneration (STI; previous year: €1,107,000) and €1,439,100 in long-term variable remuneration (LTI; previous year: €979,000).

Since it is only possible to ascertain at the end of the year whether targets have been achieved, short-term variable remuneration components are paid out in the following year. The total amount therefore includes the short-term variable remuneration components granted to active members of the Executive Board in the 2024 reporting period for the 2023 reporting period. The long-term variable remuneration granted relates to the long-term remuneration for the 2021 reporting period (LTI tranche 2021–2023).

Short-term remuneration – Short-Term Incentive (STI)

	STI 2023	**STI 2024**
Assessment period	1 Year	1 Year
Target amount	60% of annual gross basic salary	60% of annual gross basic salary
Target achievement cap	100%, whereby 20% of any outperformance of non-financial targets may be credited to the remaining non-financial targets	150%, no credit for overperformance
Payout cap	60% of annual gross basic salary	90% of annual gross basic salary

Long-term remuneration – Long-Term Incentive (LTI)

	LTI 2021 to LTI 2023	**LTI 2024**
Assessment period	3 Years	4 Years
Amount allocated	65% of annual gross basic salary	90% of annual gross basic salary
Target achievement cap	100%, overperformance of up to 120% of the target is possible	150%
Payout cap	78% of annual gross basic salary	135% of annual gross basic salary

The following targets have been agreed for the 2023 and 2024 STIs:

Short-term remuneration – Short-Term Incentive (STI)

Assessment period	Criteria	Weighting
Short-term remuneration – Short-Term Incentive 2023 (STI)	Financial targets	70%
	2023 Group result	70%
	Non-financial targets	30%
	Occupational safety	10%
	Corporate culture and transformation	10%
	Diversity	10%
Short-term remuneration – Short-Term Incentive 2024 (STI)	Financial targets	70%
	2024 Group result	70%
	Non-financial targets	30%
	Occupational safety	10%
	Corporate culture and transformation	10%
	Diversity	10%

The realised target attainment for the 2023 STI was 100% for all criteria.

The performance criteria for the 2021–2024 LTIs are as follows:

Long-term remuneration – Long-Term Incentive (LTI)

Assessment period	Criteria	Weighting
2021 LTI (vests at the end of 2023)	Relative total shareholder return	30%
	Free cash flow for dividends	35%
	Overhead costs	35%
2022 LTI (vests at the end of 2024)	Relative total shareholder return	30%
	Free cash flow for dividends	35%
	Sustainability targets	35%
2023 LTI (vests at the end of 2025)	Relative total shareholder return	30%
	Free cash flow for dividends	35%
	Sustainability targets	35%
2024 LTI (vests at the end of 2027)	Relative total shareholder return	30%
	Free cash flow for dividends	40%
	Sustainability targets	30%

The realised target attainment for the 2021 LTI was 120% for all criteria.

Remuneration for members of the Supervisory Board (including the reimbursement of recharged business/travel expenses) totalled €401,899 (previous year: €383,343). As in the previous year, no loans or advances were paid out to members of the Boards of the Group or its subsidiaries. As in the previous year, VERBUND does not have a stock option programme for either Executive Board members or senior management staff.

Remuneration scheme for the members of the Supervisory Board (in accordance with Rule 51 of the Austrian Code of Corporate Governance (ÖCGK)):

€	2023	2024
Chairperson	25,000	25,000
Vice-Chairpersons	15,000	15,000
Member	10,000	10,000
Attendance fee	500	500

This remuneration also applies to work performed in each case in the Audit Committee and the Strategy Committee. As previously, there is no separate remuneration for work carried out in other committees.

No loans or advances were paid out to members of the Supervisory Board. All members of the Supervisory Board are covered by the D&O insurance taken out by VERBUND.

6. Transactions with related parties

Agreements with members of the Supervisory Board, or with businesses that are closely associated with individual members of the Supervisory Board, which require consent under Rule 49 of the Austrian

Code of Corporate Governance (ÖCGK):

During financial year 2024, no agreements which were not at arm's length were entered into with members of the Supervisory Board or with enterprises with which a member of the Supervisory Board is associated. Services were rendered for various companies in the VERBUND Group; these contracts were approved by the Supervisory Board.

7. Intra-Group relationships

VERBUND AG is the parent company within the VERBUND Group and therefore required to prepare consolidated financial statements. In accordance with Section 238(1)(18) of the Austrian Commercial Code (UGB), the Company elects not to disclose the expenses for the auditor.

There are profit and loss transfer agreements with VERBUND Energy4Business GmbH, VERBUND Energy4Customers GmbH, VERBUND Finanzierungsservice GmbH, VERBUND Green Power GmbH, VERBUND Green Hydrogen GmbH, VERBUND Services GmbH, VERBUND Ventures GmbH and VERBUND Business Solutions GmbH.

8. Disclosures in accordance with Section 8(3) of the Austrian Electricity Industry and Organisation Act (ElWOG) and Section 8(3) of the Gas Industry Act 2011 (GWG 2011)

In addition to the division into business areas (formal unbundling) that existed as early as financial year 1999, VERBUND also implemented legal unbundling by establishing independent companies under corporate law with separate managing entities and accounting departments.

Business transactions as defined by Section 8(3) of the Austrian Electricity Industry and Organisation Act (*Elektrizitätswirtschafts- und -organisationsgesetz*, ElWOG) and Section 8(3) of the Gas Industry Act 2011 (*Gaswirtschaftsgesetz*, GWG 2011) were entered into specifically with the following companies:

Electricity deliveries Ennskraftwerke Aktiengesellschaft, Innwerk AG, Österreichisch-Bayerische Kraftwerke Aktiengesellschaft, Donaukraftwerk Jochenstein Aktiengesellschaft, KELAG-Kärntner Elektrizitäts-Aktiengesellschaft, VERBUND Green Power GmbH, VERBUND Energy4Future GmbH
Electricity and natural gas sales VERBUND Energy4Business GmbH, VERBUND Energy4Customers GmbH
Telecommunications VERBUND Services GmbH
Services VERBUND Services GmbH
Financing VERBUND Finanzierungsservice GmbH
Provision of personnel VERBUND Hydro Power GmbH, VERBUND Energy4Business GmbH, VERBUND Services GmbH, VERBUND Energy4Customers GmbH

9. Proposed appropriation of profits

The Executive Board proposes (in accordance with Section 96(1) of the Austrian Stock Corporation Act (AktG)) to distribute a dividend in the amount of €2.80 per share on the 347,415,686 no-par value shares from the distributable profit of financial year 2024, i.e. a total of €972,763,920.80.

10. Events after the reporting date

There were no events requiring disclosure between the reporting date of 31 December 2024 and authorisation for issue on 19 February 2025.

11. Disclosures in accordance with Section 78 of the Austrian Electricity Industry and Organisation Act (ElWOG)

Result of the documentation of electricity by source	Proportion	2023 kWh
Hydropower	99.49%	1,660,703,112
Solar energy	0.51%	8,488,150
Wind power	0.01%	91,727
Total volume of electricity supplied in Austria to end-users for their own use	100.00%	1,669,282,989

100% of the certificates of origin used
for the documentation come from Austria.

Environmental impact of electricity generation for the volume of electricity supplied to end-users for their own use		2023
Radioactive waste (mg/kWh)		0.0
CO_2 emissions (g/kWh)		0.0

12. Disclosures in accordance with Section 130 of the Gas Industry Act (GWG)

Result of the documentation of gas by source	Proportion	2023 kWh
Gas of unknown origin	100.0%	952,197,177
Total volume of gas supplied in Austria to end-users for their own use	100.0%	952,197,177

Environmental impact of gas generation for the volume of gas supplied to end-users for their own use		2023
Radioactive waste (mg/kWh)		0.0
Result of the documentation of gas by source		210.0

The disclosures for financial year 2024 were not yet available at the time VERBUND's annual report was published. The figures for the allocation of the guarantees of origin based on the allocation of green electricity by OeMAG Abwicklungsstelle für Ökostrom AG will be available by 30 April 2025. The figures for 2023 remain valid until this date.

Vienna, 19 February 2025

The Executive Board

Mag. Dr. Michael Strugl, MBA
Chairman of the Executive Board

Dr. Peter F. Kollmann
CFO, Vice-Chairman of the Executive Board

Mag. Dr. Achim Kaspar
Member of the Executive Board

Dr. Susanna Zapreva-Hennerbichler
Member of the Executive Board

Disclosures of equity interests

in accordance with Section 238(1)(4) of the Austrian Commercial Code (UGB)

€k

	Head-quarters	% share-holding as at 31/12/2024	Most recent annual financial statements	(+) (–)	Net income/loss for the year	Equity[1]
Consolidated affiliated companies[2]						
Anselma Issuer, S.A.[3]	Madrid	100.00	2024	+	779.4	66,919.4
Austrian Power Grid AG	Vienna	100.00	2024	+	48,346.5	620,961.8
Innwerk AG	Stammham	100.00	2024	+	164,949.5	292,515.1
Lusitania Renovables S.L.[3]	Madrid	100.00	2024	+	578.2	8,066.8
Parque Eólico Ayamonte S.L.[3]	Madrid	100.00	2024	–	1,027.4	41,227.9
Parque Eólico Buseco S.L.[3]	Madrid	100.00	2024	+	1,562.0	55,561.6
Parque Eólico El Barroso S.L.[3]	Madrid	100.00	2024	–	573.2	39,323.9
Parque Eólico Loma de los Pinos S.L.[3]	Madrid	100.00	2024	-	2,775.0	50,546.3
Tejo Solar, S.L.U.[3]	Madrid	100.00	2024	+	48,976.1	225,162.5
Topacio Energy, S.L.U.[3]	Madrid	100.00	2024	+	2,572.0	40,375.5
VERBUND Business Solutions GmbH	Vienna	100.00	2024	-	3.3	35.0
VERBUND Energy4Business GmbH	Vienna	100.00	2024	+	135,490.4	304,491.4
VERBUND Energy4Customers GmbH	Vienna	100.00	2024	+	2,246.2	18,326.1
VERBUND Finanzierungsservice GmbH	Vienna	100.00	2024	+	100.3	218.1
VERBUND Green Hydrogen GmbH	Vienna	100.00	2024	–	8,748.9	23,085.0
VERBUND Green Power GmbH	Vienna	100.00	2024	–	46,952.8	568,234.9
VERBUND Green Power Renewable Projects, S.L.U[3]	Madrid	100.00	2024	+	240.3	76,215.0
VERBUND Services GmbH	Vienna	100.00	2024	+	5,885.8	19,674.2
VERBUND Thermal Power GmbH	Fernitz-Mellach	100.00	2024	+	91.8	7,828.1
VERBUND Thermal Power GmbH & Co KG	Fernitz-Mellach	100.00	2024	+	96,834.1	234,340.8
VERBUND Ventures GmbH	Vienna	100.00	2024	-	696.5	17,521.7
WATT DEVELOPMENT SPV 5, S.L.U.[3]	Madrid	100.00	2024	-	3,064.8	17,318.8
WATT DEVELOPMENT SPV 6, S.L.U.[3]	Madrid	100.00	2024	-	1,453.5	18,435.0
WATT DEVELOPMENT SPV 7, S.L.U.[3]	Madrid	100.00	2024	-	1,584.8	17,826.1
VERBUND Hydro Power GmbH	Vienna	80.54	2024	+	1,582,963.7	3,471,367.4
VERBUND Innkraftwerke GmbH	Töging	70.27	2024	+	166,905.8	533,410.5
Gas Connect Austria GmbH	Vienna	51.00	2024	-	121,415.0	154,340.7
Donaukraftwerk Jochenstein Aktiengesellschaft	Passau	50.00	2024	+	790.1	16,351.2
Grenzkraftwerke Gesellschaft mit beschränkter Haftung	Simbach	50.00	2024	+	1,639.1	25,824.6
Österreichisch-Bayerische Kraftwerke Aktiengesellschaft	Simbach	50.00	2024	+	3,061.0	56,539.4

	Head-quarters	% share-holding as at 31/12/2024	Most recent annual financial statements	(+) (–)	Net income/loss for the year	Equity[1]
Associates						
Ennskraftwerke Aktiengesellschaft[4]	Steyr	50.00	2024	+	812.9	46,919.1
KELAG-Kärntner Elektrizitäts-Aktiengesellschaft[5]	Klagenfurt	35.17	2023	+	371,839.1	1,301,765.3
C2PAT GmbH[6]	Vienna	25.00	2023	+	6.6	42.6

[1] Equity as defined by Section 224(3)a of the Austrian Commercial Code (UGB), IFRSs or local law // [2] consolidation in accordance with Sections 253–261 of the Austrian Commercial Code (UGB) // [3] annual financial statements in accordance with IFRSs // [4] proportionate consolidation in accordance with Section 262 of the Austrian Commercial Code (UGB) // [5] accounted for using the equity method in accordance with Sections 263–264 of the Austrian Commercial Code (UGB) // [6] unconsolidated

Auditor´s Report

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of **VERBUND AG, Vienna.**
These financial statements comprise the balance sheet as of 31. December 2024, the income statement for the fiscal year then ended and the notes.
Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of 31. December 2024 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and the Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG) as well as the Gas Industry Act (Gaswirtschaftsgesetz, GWG).

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

From our perspective, the key audit matters are as follows:
Recoverability of the carrying amount of shares in and loans to affiliated companies
Description:
As of 31 December 2024, VERBUND AG held shares in affiliated companies amounting to €4,654m and loans to affiliated companies of €1,632m. In fiscal year 2024, impairment charges of €61m as well as reversal of impairment charges amounting to €51m were recognized on shares in affiliated companies.

Assessing the impairment of shares in and loans to affiliated companies requires making judgements on whether there is an indication that a certain asset should be impaired and in measuring the corresponding impairment loss.

Numerous inputs flow into the valuation models based on net present value methods applied in the impairment test, such as the electricity and primary energy price trends and assumptions regarding developments in the regulatory environment.

There is also a significant risk related to management's estimate of future cash flows and discount rates, which are used to determine recoverability of shares in and loans to affiliated companies.

The disclosures made by the Company on shares in and loans to affiliated companies can be found in the note disclosures/details regarding the impairment tests in the sections "II. Accounting policies", "(3) III. Investments, "(22) 16. Financial result" and "IV. Other disclosures" of the notes to the financial statements, as well as in the statement of changes in fixed assets.

How our audit addressed the key audit matter:
We analyzed and reviewed how management determines the recoverability of the carrying amount of shares in and loans to affiliated companies.

Our audit work included, but was not limited to, the following procedures:

- Assessing the design of the valuation model applied and the effectiveness of the controls used in the valuation process;
- Reviewing and evaluating management's assessment of the existence of impairment indicators;
- Plausibility check of the assumptions used in the valuation models with the operational budget data; reconciling the most significant assumptions incorporated into these valuations with external market data as well as with the data from other external and internal sources;
- Reviewing the computational accuracy of valuation models;
- Involving our valuation specialists for analyzing and assessing discount rates and the valuation
- models; and
- Assessing the adequacy of the disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles the Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG) as well as the Gas Industry Act (Gaswirtschaftsgesetz, GWG), for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält zutreffende Angaben nach § 243a UGB, und steht in Einklang mit dem Jahresabschluss.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at 30. April 2024.
We were appointed by the Supervisory Board on 19. September 2024. We are auditors without cease since the financial year ending on 31 December 2023.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Mag. Stefan Uher, Certified Public Accountant.

Vienna, 19. February 2025

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Rosemarie König	Mag. Stefan Uher
Wirtschaftsprüferin / Certified Public Accountant	Wirtschaftsprüfer / Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Glossary

Glossary

Cash flow

Balance of the inflow and outflow of cash and cash equivalents, usually broken down into cash flow from operating activities, investing activities and financing activities.

Earnings before interest and tax (EBIT)

Earnings before interest (including personnel-related interest) and taxes.

Equity ratio

Ratio of equity to total capital.

Funds from operations (FFO)

Operating result plus depreciation and amortisation, interest income and current taxes.

Gearing

Ratio of net debt to equity.

Net debt

Interest-bearing debt less cash and cash equivalents (including securities and shares held as current assets), adjusted for the asset and liability portions of closed items (e.g. in the case of cross-border leasing transactions).

Notional debt repayment period

Ratio of debt to surplus funds from earnings after tax.

Retained cash flow (RCF)

Funds from operations (FFO) less dividends paid.

Return on capital employed (ROCE)

Ratio of earnings before interest (including personnel-related interest) less applicable taxes to average capital employed.

Return on equity (ROE)

Ratio of earnings before taxes to equity at the beginning of the financial year.

Return on investment (ROI)

Ratio of earnings before interest (including personnel-related interest) and taxes to total capital at the beginning of the financial year.

Return on sales (ROS)

Ratio of earnings before interest (including personnel-related interest) and taxes to revenue.

Working capital

Current assets (including current loans and current prepayments and accrued income) less current liabilities (including current accruals and deferred income).

EDITORIAL DETAILS

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Verbund

By our own power.