

Energie AG Oberösterreich at a glance

	Unit	2019/2020	Change	2018/2019
Sales revenues				
Energy Segment	EUR mill.	1,081.9	2.7%	1,053.3
Grid Segment	EUR mill.	351.6	3.1%	341.0
Waste Management Segment	EUR mill.	224.1	-1.3%	227.1
Czech Republic Segment	EUR mill.	160.4	0.2%	160.0
Holding & Services Segment	EUR mill.	25.7	-19.7%	32.0
Group	EUR mill.	1,843.7	1.7%	1,813.4
Result				
Operating result (EBIT)	EUR mill.	147.7	—	73.0
EBIT margin	%	8.0	—	4.0
Earnings before taxes (EBT)	EUR mill.	127.0	—	55.7
Dividend per share	EUR	0.6	—	0.6
Statement of Financial Position				
Balance sheet total	EUR mill.	3,079.7	3.5%	2,975.4
Equity	EUR mill.	1,343.0	2.5%	1,310.3
Equity ratio	%	43.6	-0.9%	44.0
Net debt ¹⁾	EUR mill.	551.3	29.4%	426.0
Net gearing	%	41.0	26.2%	32.5
Cash flow from operating activities	EUR mill.	185.8	-6.4%	198.6
Profitability				
ROCE	%	5.9	—	2.8
Workforce (on average)				
Energy Segment	FTE	469	4.5%	449
Grid Segment	FTE	534	-0.6%	537
Waste Management Segment	FTE	828	-3.7%	860
Czech Republic Segment	FTE	1,681	3.9%	1,618
Holding & Services Segment	FTE	1,048	0.6%	1,042
Group	FTE	4,560	1.2%	4,506

1) Net debt = interest-bearing current and non-current liabilities minus cash and cash equivalents and short-term securities

Group overview

INTERVIEW WITH THE MANAGEMENT BOARD OF ENERGIE AG OBERÖSTERREICH



Dr. Andreas Kolar
Member of the Management Board

Chief Executive Officer Dr. Werner Steinecker MBA
Chairman of the Management Board

Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board



Video statements of the members of the Management Board are available as part of the online version of the annual report: www.energieag.at/annualreport

The second half of the year under review was strongly affected by the global COVID-19 crisis. What challenges has this presented for the company?

Werner Steinecker: Like the vast majority of Austrian companies, we too have had to adapt to the new environment – most notably, the labour law situation, the sales market and the heavily fluctuating commodity prices. At Energie AG, we took the health crisis seriously at a very early stage and took it as read that we would need to implement stricter measures to give our customers and employees the best protection possible. As an operator of critical infrastructure, we have an extra level of social responsibility in this context.

Stefan Stallinger: Our main focus right from the outset was undoubtedly on maintaining our electricity, gas and heating supply while ensuring a smooth waste management process. The operations rooms and control centres were placed under enhanced protection for electricity and heat generation, grid, and waste incineration activities. Every conceivable measure was taken there to guarantee smooth operations, which we also succeeded in doing

across all areas. In this context, I would like to take this opportunity to give my special thanks to all our highly dedicated employees. In terms of the economic impact, we identified major differences between business and private customers – for example, while the volumes disposed of at production plants fell drastically in some cases (due to downtime), they rose sharply in the household customer segment. In many cases, the first lockdown was obviously used for “decluttering”.

“At Energie AG, we took the health crisis seriously at a very early stage and took it as read that we would need to implement stricter measures to give our customers and employees the best protection possible.”

Werner Steinecker

From a financial perspective, the 2019/2020 fiscal year was a highly successful one for the company. What would you attribute that to?

Andreas Kolar: When we compare it with the previous year, we have to note that the 2018/2019 fiscal year was significantly affected by an impairment of the electricity grid. This became necessary due to a change in measurement method. Despite this, we can look back on a highly successful fiscal year. Once again, sustainable investments in promising areas and continuing optimisation measures were the cornerstones of the past fiscal year. The energy supply and waste management industries have proven comparatively crisis-resistant, even though COVID-19 has also had significant negative impacts on us.

“The energy supply and waste management industries have proven comparatively crisis-resistant, even though COVID-19 has also had significant negative impacts on us.”

Andreas Kolar

The Austrian Federal Government has set itself the goal, via the Renewable Energy Expansion Act, of ensuring that 100% of electricity consumption comes from renewable energy sources by 2030. What challenges will this spell for Energie AG?

Stefan Stallinger: We took a clean and environmentally friendly approach to power generation from a very early stage and adopted decarbonisation as a strategic goal. Upper Austria has always been Austria's hydroelectric power capital, but there is now very limited capacity for expansion going forwards. Through our investments in wind power facilities in Burgenland and Lower Austria as well as continuing investments in photovoltaic plants, we have already set the course for a sustainable transition to clean energy in recent years. We plan to accelerate this commitment in the coming years, which will see us clearly focussing our investments on photovoltaics and storage technologies.

Werner Steinecker: One of the effects of pursuing a significantly higher share of solar and wind energy will be that our electricity system becomes more volatile. Its characteristic features will include under- and overcapacity depending on the time of year and the time of day. Our estimates assume that across Austria, up to 10 terawatt hours of electricity storage capacity will be necessary to accommodate the need for flexibility. The most commercially viable of the storage options are pumped-storage power plants. In the medium and long

term, however, there is no way around the use of other energy carriers, such as hydrogen or synthetic methane in gas storage facilities. This has the greatest capacity potential among all the storage types.

Presumably, this Austrian Federal Government target also poses financial challenges for the company as a whole?

Andreas Kolar: Of course, this will involve enormous investment challenges for us. Given our status as a public company limited by shares (Aktiengesellschaft) with the different levels of access available to all our stakeholders, it is always necessary to weigh up exactly which investments can and should be made – and when. As a capital-intensive group, however, it is quite clear that investments are necessary to guarantee security of supply in the future, as well as to ensure a sufficient focus on sustainability and to generate the necessary and desired returns. The continuation of our excellent “A (outlook stable)” rating by Standard & Poor’s in March 2020 reaffirmed the high standard of due care demonstrated to date in this regard, and the sound nature of previous and planned decisions has been externally confirmed.

“Our main focus right from the outset was undoubtedly on maintaining our electricity, gas and heating supply while ensuring a smooth disposal process for waste materials.”

Stefan Stallinger

Even in this digital age, customer focus is a key success factor. What steps is Energie AG taking to stay close to its customers?

Werner Steinecker: Maintaining an ongoing dialogue with our customers is crucially important to delivering long-term success. Through our customer communication, we are able to develop tailor-made products and perfect our services, allowing us to accommodate customer preferences. In the past fiscal year, we therefore held both physical and virtual customer forums for the first time, where we discussed ideas for future services and products with our customers. These were a resounding success and will ensure that we remain closely attuned to our customers and their needs in the future.

The launch of our Austria-wide online brand “sigi” has also seen us develop a customer-friendly second brand, in which electricity and gas prices are always below the average market price. Packaged together with various gas, electricity and telecommunications products, we can offer an extensive product range with the right solution for every customer. Another vehicle that creates added value for our customers is the Energie AG Customer Club, which enables our customers to enjoy numerous advantages and discounts with participating partners.

In the year under review, the decision was made to undertake restructuring activities at Wels Strom GmbH, in which Energie AG owns a 49% stake. What do you expect to be the benefits of that process?

Stefan Stallinger: The advantages of the reorganisation will be improved allocation of responsibilities, better leveraging of the synergy that exists, and the associated positive EBIT effects. This creates a win-win-win situation for Wels Strom GmbH (WSG) and Elektrizitätswerke Wels AG, as well as for us. At Energie AG, we will be able to make the expertise of our staff members more readily available to WSG in the future (assuming responsibility for

hydroelectric power facility management). The expansion of district heat extraction from Welser Abfallverwertung (WAV) will not only mean that WSG can profit from improved heat generation in the future – it will also mean that the entire Wels urban area can be supplied with sustainable, net zero-emission heating from the “Central Heating for Wels” infrastructure.

The economic and energy policy environment will continue to be dominated by the COVID-19 pandemic in the 2020/2021 fiscal year. What challenges will this spell for the 2020/2021 fiscal year?

Andreas Kolar: Uncertain conditions at large naturally make it more difficult to plan for the future. The economic growth forecast for the first half of the fiscal year is significantly lower than in the previous year. As a result, we have to expect further adverse effects on the sales market. Long-term planning is also made more difficult by laws whose consultation phase or entry into force has been delayed or postponed due to the pandemic. The fluctuations in the commodities market are another not insignificant factor giving rise to uncertainty. However, it is evident from the key financial figures from the fiscal year under review that Energie AG has proven to be an extremely crisis-resistant company in a stable industry. We are confident that we will once again be able to expertly master the challenges that will arise in the coming months.

GROUP MANAGEMENT BODIES

I MANAGEMENT BOARD

Chief Executive Officer Professor Commercial Council Ing. DDr. Werner Steinecker MBA,
Chairman of the Management Board
Commercial Council Mag. Dr. Andreas Kolar, Member of the Management Board
Dipl.-Ing. Stefan Stallinger, MBA, Member of the Management Board

I SUPERVISORY BOARD

Shareholder representatives

Provincial Councillor Markus ACHLEITNER, Chairman
Solicitor Mag. Stefan LANG LL.M., Vice Chairman
Chief Executive Officer Dr. Heinrich SCHALLER, Deputy Vice Chairman
Unit Director Dr. Miriam EDER MBA
Chairman of Management Board Mag. Dr. Erich ENTSTRASSER
Managing Director Mag. Dr. Christiane FRAUSCHER
Member of Management Board Mag. Florian HAGENAUER MBA
Chief Executive Officer Dipl.-Ing. Erich HAIDER MBA
Secretary General Emerita Mag. Anna-Maria HOCHHAUSER
Thomas Peter KARBINER MSc MBA MPA
Deputy to Chief Executive Officer Counsellor Mag. Michaela KEPLINGER-MITTERLEHNER
Member of Management Board Mag. Kathrin Renate KÜHTREIBER-LEITNER MBA
Member of Provincial Assembly LAbg. Ing. Herwig MAHR
Head of Local Parliamentary Group Josef WALCH, Chartered Accountant and Tax Consultant

Works Council representatives

Ing. Mag. Leopold HOFINGER, Head of Works Council
Mag. Regina KRENN, Head of Works Council
Ing. Peter NEISSL MBA MSc, Head of Works Council
Ing. Bernhard STEINER, Head of Works Council Group Representatives
Gerhard STÖRINGER, Head of Central Works Council
Christian STROBL (from 26 March 2020), Head of Works Council
Andreas WALZER, Head of Works Council

Retired in the 2019/2020 fiscal year

Mag. Helmut LEHNER, Head of Works Council (until 26 March 2020)

SHAREHOLDER STRUCTURE OF ENERGIE AG OBERÖSTERREICH

In the 2019/2020 fiscal year, the shareholder structure is as follows:

OÖ Landesholding GmbH	52.71%
Province of Upper Austria	0.10%
Linz AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste	10.35%
TIWAG-Tiroler Wasserkraft AG	8.28%
Raiffeisenlandesbank Oberösterreich (consortium)	13.98%
Oberbank AG (consortium)	5.18%
VERBUND AG	5.20%
voestalpine Stahl GmbH	2.07%
Oberösterreichische Landesbank Aktiengesellschaft	1.04%
Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	0.52%
Oberösterreichische Versicherung Aktiengesellschaft	0.52%
Energie AG Belegschaft Privatstiftung	0.05%

The remainder are treasury shares. As of **30 September 2020**

REPORT BY THE SUPERVISORY BOARD PURSUANT TO § 96 OF THE STOCK CORPORATION ACT [AKTIENGESETZ (AKTG)]

During the 2019/2020 fiscal year, the Management Board informed the Supervisory Board and the Supervisory Board Audit Committee about the activities of the Group and its subsidiaries in writing and orally on a regular basis, and it discussed all important business events with these bodies. A total of four periodical ordinary meetings of the Group Supervisory Board were held in fiscal year 2019/2020 along with two ordinary meetings of the Audit Committee and three extraordinary meetings of the Audit Committee that dealt with the selection of the auditor in accordance with Article 16 of the Regulation on statutory audits. The management bodies gave their approval to all business events, which is mandatory in specific cases. No objections were raised in the course of the general supervisory activities or the audit.

The annual financial statements of Energie AG Oberösterreich for the 2019/2020 fiscal year, from 1 October 2019 to 30 September 2020, drawn up according to the Austrian accounting regulations, together with the accounts and the management report, were audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditor submitted a written report on his audit findings and assessed that the annual financial statements comply with the statutory requirements, give a true and fair view of the assets, liabilities, financial position and profit or loss, and that the management report complies with the legal requirements and reconciles with the annual financial statements. The auditor therefore issued its unqualified audit certificate.

The Supervisory Board examined the annual financial statements as of 30 September 2020, together with the notes and the management report, as well as the proposal for the appropriation of the profit. It drew up a written report and recommended that the Supervisory Board approve the auditor's report, together with the auditor's unrestricted certificate, as well as the present annual financial statements as of 30 September 2020, together with the notes and the management report, so as to thus adopt the annual financial statements as of 30 September 2020. The Audit Committee also recommended that the Supervisory Board adopt the proposal by the Management Board for the appropriation of the profit. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the auditor, and established that the Supervisory Board, in turn, has no objections regarding the statements. The Supervisory Board states that it is in agreement with the management report, presented in accordance with § 96 of the Austrian Stock Corporation Act, and with the proposal for the appropriation of the profit, and that it adopts the annual financial statements as of 30 September 2020, which is thus established.

The Consolidated Financial Statements for the 2019/2020 fiscal year from 1 October 2019 to 30 September 2020 drawn up in accordance with the International Financial Reporting Standards (IFRS), were also audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The Group auditor submitted a written report on his audit findings and assessed that the Consolidated Financial Statements comply with the statutory requirements, give a true and fair view of the assets, liabilities, financial position and profit or loss as well as the Group's cash flows, and that the Management Report complies with the legal requirements and reconciles with the Consolidated Financial Statements. The Group auditor therefore issued its unqualified audit certificate. The Supervisory Board examined the Consolidated Financial Statements and the Group Management Report in detail. The Audit

Committee also examined the Consolidated Financial Statements and the Group Management Report in detail. It drew up a written report and recommended that the Supervisory Board approve the auditor's report, together with the auditor's unqualified audit certificate, as well as the present Consolidated Financial Statements as of 30 September 2020, together with the notes and management report. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the Group auditor, and established that the Supervisory Board, in turn, has no objections regarding the statements.

By drawing up the Consolidated Financial Statements in accordance with the IFRS, the company is released from its obligation to prepare Consolidated Financial Statements in accordance with Austrian commercial law provisions.

The consolidated non-financial report, which is compulsory under § 267a of the Austrian Commercial Code (UGB) and is published as a separate part of the Group Annual Report, was prepared by the Management Board in compliance with the statutory requirements. The internal audit unit of Energie AG Oberösterreich has reviewed the non-financial report on behalf of the Supervisory Board and formed the opinion that the non-financial report was prepared in compliance with the statutory requirements. The Supervisory Board agrees with the findings of the review conducted by the internal audit unit and confirmed that it holds no objections against them. It was established that – in accordance with § 243b of the Austrian Commercial Code (Unternehmensgesetzbuch, or UGB) – there is no obligation to prepare a corporate governance report, and that in accordance with § 243c UGB, there is also no obligation to prepare a report on payments to government agencies.

The Supervisory Board would like to express its thanks to the Management Board and all company staff members for their successful work during the 2019/2020 fiscal year.

Linz, 16 December 2020

On behalf of the Supervisory Board
The Chairman of the Supervisory Board



Provincial Counsellor Markus Achleitner