WIENER STADTWERKE

FINANCIAL REPORT 2021

Working for the city

FOR A NEW ERA FOR VIENNA

WIENER LINIEN | WIEN ENERGIE | WIENER NETZE | WIENER LOKALBAHNEN | WIPARK | WIEN IT
BESTATTUNG WIEN | FRIEDHÖFE WIEN | UPSTREAM MOBILITY | FACILITYCOMFORT | GWSG

WIENER STADTWERKE GROUP

Contents

Wiener Stadtwerke at a glance

Performance indicators

EUR m	2020	2021	Change in %
Revenue	3,144	**4,300**	+37
Adjusted EBITDA*	616	**593**	-4
Adjusted profit for the year**	283	**282**	-0
Investments	1,757	**1,007**	-43
in property, plant and equipment and intangible assets	648	**818**	+26
in financial assets	1,110	**188**	-83
Capex ratio*** in %	21	**19**	-2 pp
Planned investments in property, plant and equipment and intangible assets from 2021 to 2025		**5,593.7**	
in climate-friendly investments		**4,252.3**	
Total assets as at 31 Dec.	13,869	**20,362**	+47
Non-current assets as at 31 Dec.	12,264	**15,627**	+27
Capital and reserves as at 31 Dec.	5,028	**7,639**	+52
Equity ratio as at 31 Dec. in %	36.2	**37.5**	+1.3 pp
Headcount****, avg. FTE	14,755	**14,983**	+2
Apprentices	376	**396**	+5

* Adjusted for a foreign procurement right and other one-off or rare expenses and income.
** In addition to adjusted EBITDA effects, adjusted for effects of impairment tests and other one-off or rare financial expenses and income.
*** Capex ratio = (intangible assets + property, plant and equipment) / revenue x 100.
**** Excluding staff on parental leave, and military and civilian national service.

EUR 282 m
Robust adjusted **profit for the year**

EUR 4,252.3 m
Climate-friendly **investments** until 2025

+2 %
Higher **headcount**

+1.3 pp
Increased **equity ratio**

Foreword

Dear Shareholders,

We would like to begin this letter with a brief note regarding the figures in the following Financial Report. The figures listed in the report are from a business year that has been characterised by exceptional circumstances. In particular, these are the Covid-19 crisis, which had multi-faceted consequences for society and business, and the severe price fluctuations being seen on the international energy markets. These circumstances make it all the more pleasing to say that 2021 was a successful year for us and that we have recorded good results.

In line with our long history of providing services consistently, we have continued to be there for our city. The Group has a secure commercial foundation. This foundation will be particularly important in the year ahead as it will enable us, as a reliable provider of energy and infrastructure, to support the people of Vienna and the surrounding region through the critical geopolitical situation in which we currently find ourselves.

The **Group's revenue** rose by 37% to EUR 4.3bn in the last year. This increase is predominantly due to the sharp rise in energy prices. In 2021, the prices for electricity, gas and even CO_2 emission allowances rose significantly.

With regard to the business divisions, revenue developed as follows. Revenue in the Energy division rose by 56% due to the special effects mentioned above. We are also happy to report "true" revenue growth in the Services division. The Energy Grids division's revenue rose by 5% due to a higher regulatory recognition of costs. After a considerable decline in 2020, the Transport division saw a return to positive trends, reporting a 5% increase in revenue. Revenue in the Funeral Services and Cemeteries and Car Parks divisions also rose by 3% and 10% respectively.

The **adjusted result (EBITDA)** came to EUR 593m, which is a very satisfactory amount. The result for the previous year was 4% higher at EUR 616m. This fall, however, was the result of positive one-off effects related to personnel expenses, measurement effects of assets and the postponement of maintenance works. At EUR 282m, the **profit for the year,** adjusted for special effects, was consistent with the previous year.

We strongly expanded our **investments** in 2021 in line with our announcements. In total, we invested just over EUR 1 billion (or 23% of our revenue) in securing and improving our performance capabilities. This was the largest investment in our history. Just over three-quarters of this amount was dedicated to property, plant and equipment, with 19% going towards financial assets. We spent more than 88% of the investments in fixed assets on climate-friendly projects. We were able to finance a large part of our investments from our cash flow from operating activities. We received considerable government investment grants for our Transport division.

We will be faced with a particularly volatile environment **in the year ahead**. Covid-19 has not yet been overcome, the conversion of the energy markets is well underway, and the war in Ukraine is poised to fundamentally alter the situation on the energy markets once more. We will be monitoring developments closely and will adapt to changing situations as best we can. Meanwhile, we will continue to improve our efficiency and will purposefully push forwards with our growth, innovation and climate-protection projects.

We would like to thank you, our business partners and the representatives of the City of Vienna, for the excellent cooperation in the past year. We look forward to continuing our partnerships in 2022. The tasks that lie before us are fascinating. Together, we will develop the perfect solutions for them.

Vienna, May 2022

Martin Krajcsir
Chief Executive Officer

Peter Weinelt
Deputy Chief Executive Officer

Group operating and financial review

Financial year 2021

Standards and guidelines

All data and bases of calculation in this operating review are in accordance with international accounting standards (the International Financial Reporting Standards, IFRS).

Monetary values are presented in millions of euros (EUR m). Disclosures in millions of euros may be subject to rounding differences.

1 Principles of the Wiener Stadtwerke Group

1.1 Operating activities

The Wiener Stadtwerke Group is a modern infrastructure service provider and plays the largest role in terms of climate protection in Vienna and the surrounding area. It is also one of Austria's biggest conglomerates and employers, of major significance for the Austrian economy. Its business operations cover the divisions Energy, Energy Grids, Transport, Funeral Services and Cemeteries, and Car Parks. The Energy and Energy Grids divisions are made up of Generation, Distribution and Grid Operation departments which ensure reliable electricity, gas and district heating and cooling supplies. Wiener Stadtwerke services also include public transport (Wiener Linien and Wiener Lokalbahnen), funeral and cemetery management, and car park services (Wipark). These reliable services help to maintain the high quality of life offered in Vienna and this has been confirmed in various studies.

In most cases, Wiener Stadtwerke Group companies must compete in markets that are simultaneously liberalised and regulated. For example, the sales markets of Wien Energie GmbH and its subsidiary Wien Energie Vertrieb GmbH & Co KG are fully exposed to competition, but Wiener Netze's electricity and gas network tariffs are set by the national regulator, E-Control Austria (ECA).

Energy

Wien Energie GmbH is Austria's largest regional energy supplier, and provides over two million people, some 230,000 small and medium-sized businesses, industrial plants and public buildings, and around 4,500 agricultural enterprises in Vienna, Lower Austria and Burgenland with electricity, natural gas, district heating and cooling, and innovative energy services. Wien Energie generates electricity and heat from renewable energy sources, energy from waste plants, and high-efficiency combined heat and power (CHP) plants. It is also active in the telecommunications sector, and provides other energy and infrastructure-related services. Wien Energie is playing a central role in ensuring that the energy supplied to Vienna and the surrounding area will be climate-neutral by 2040.

Energy grids

Wiener Netze GmbH is Austria's largest combined system operator. It runs Vienna's electricity, gas and district heating distribution grids, and a telecommunication network. It delivers reliable energy transportation services around the clock, 365 days a year. With 99.99% service reliability, the company is one of the most secure providers anywhere in the world. Wiener Netze and its approximately 2,400 employees ensure that 2.1 million customers in Vienna and the surrounding area have uninterrupted access to energy around the clock.

Provision of reliable supplies for households and businesses is among Wiener Netze's core tasks. The company is also responsible for grid strategy and grid planning, as well as the changeover to smart metering in Vienna and the surrounding area. Going forward, the company will be looking to extend its energy supply leadership – particularly in its role as a key driver of the energy transformation – by pursuing sustainable policies and innovative ideas.

Transport

Wiener Linien GmbH & Co KG is Vienna's leading transport operator, and reports directly to the City of Vienna on public transport matters. Besides operating underground, tram and bus lines, it carries out a wide range of traffic management functions including service and interval scheduling, route and stop planning for all transport modes, sales and marketing, and operational control. In addition, it provides the infrastructure and vehicle fleets required for services and is responsible for their maintenance.

This remit enables the company to provide an integrated public transport network in Vienna, making contemporary, urban transport solutions as straightforward and attractive as possible. At the same time, it is tasked with offering passengers good value for money whilst maintaining and enhancing service quality. The expansion of the service at WienMobil[1] stations aims to create new convenient ways to combine public transport with various services and transport sharing options, making the 'last mile' of a journey even more convenient too. The focus is currently on the construction of the U2xU5 intersection, the introduction of driverless underground trains and the expansion of the tram network. Another key aspect is the sustainable and energy-efficient planning and use of existing green spaces and structures. This advances Wiener Linien GmbH & Co KG's evolution from integrated transport operator to pioneer within a climate-friendly future as a "Green Line" for the achievement of the climate and sustainability targets set by the City of Vienna.

Wiener Lokalbahnen GmbH is the operator of Badner Bahn, a fully electrified railway line that links the city centres of Vienna and Baden. Integrated into Verkehrsverbund Ost-Region (Eastern Region Transport Association, VOR), the Badner Bahn covers one of the most important commuter links to the south of Vienna. Services on the Badner Bahn route are operated on behalf of the Austrian government and the provinces of Vienna and Lower Austria. Since December 2020, the service has been expanded considerably, now offering trains linking Vienna's State Opera House and Wiener Neudorf every 7.5 minutes on working days. Wiener Lokalbahnen also operates bus routes in Baden and on behalf of Wiener Linien, as well as passenger services on third-party rail infrastructure. The Wiener Lokalbahnen division also operates transport and private travel services for people with restricted mobility through the subsidiary Wiener Lokalbahnen Verkehrsdienste GmbH (WLV). WLV is also active as a transport operator in the field of urban logistics and as the operator of on-call bus services on behalf of Wiener Linien. Wiener Lokalbahnen Cargo GmbH (WLC), also a subsidiary of Wiener Lokalbahnen, organises intermodal block train shipments across Europe.

Funeral services and cemeteries

Founded in 1907, Bestattung Wien GmbH is Austria's largest funeral home and one of the largest in Europe. The wide range of services extends from organising funerals and providing assistance with administrative issues to the ideal consultation for making funeral provisions that are tailored to the individual's wishes. The range also includes historic funeral carriages, the preparation of death masks, green funerals, as well as burials at sea and woodland burials. Their wealth of experience and high customer service standards are reflected in ISO 9001 quality certification.

Friedhöfe Wien GmbH manages over 550,000 graves at 46 cemeteries in Vienna. In addition, Friedhöfe Wien GmbH also maintains paths and roads, green spaces and trees, chapels and churches, memorial sites and cemetery crosses, historic buildings and cultural monuments. The Friedhöfe Wien GmbH cemetery gardening company offers a wide range of services, from funeral floristry and decorations for weddings to greening for companies. The Friedhöfe Wien GmbH masonry company is the perfect place to go for engravings, grave borders and respectable gravestones. BFW Bestattungsservice Wien GmbH manufactures and sells metal caskets, is a logistics service provider for funeral homes and carries out over 6,500 cremations every year.

Car parks

Wipark Garagen GmbH is not only the oldest, but also the largest car park management company in Vienna. It constructs underground car parks, multi-storey car parks, open-air car parks and currently manages 80 sites with approximately 24,000 parking spaces. These help to maintain the vitality of the city by leaving space for greenery, play parks, pedestrian zones and revitalised historic squares, thus restoring living space to the residents of Vienna.

1 Wiener Linien's WienMobil stations conveniently combine public transport with various services and vehicle sharing options, such as bike sharing, scooter sharing, moped sharing, car sharing, bike servicing points, electric charging stations and cargo bikes.

1.2 Corporate strategy

The Wiener Stadtwerke Group is a cornerstone of the Viennese economy, and an attractive employer for a workforce of about 15,000. The company makes a significant contribution to the economic development of Vienna and helps to safeguard the city's world-renowned high quality of life. Wiener Stadtwerke carries out its responsibilities as a corporate citizen with a focus on economic effectiveness and operational efficiency. Only a financially sound business can deliver energy supply security, provide the people of Vienna with sustainable, high-quality products and services, and make far-sighted investments in future-proof infrastructure.

As a diversified group, Wiener Stadtwerke is in part subject to highly challenging legal and trading environments. Because of this, Wiener Stadtwerke GmbH manages its subsidiaries according to targets and performance indicators that are tailored to each individual operation.

To help meet these requirements, long-term financial stability and support for Vienna on the road to becoming a smart city are enshrined in the Wiener Stadtwerke Group's corporate strategy as central goals. Meeting these goals will both lay the groundwork for essential investments in energy, energy grids, transport, IT, car parks, and funeral services and cemeteries, and play a major part in increasing the – already outstanding – quality of life in Vienna. In particular, Wiener Stadtwerke will seek to implement the City of Vienna's Smart City framework strategy by acting in a number of ways to upgrade urban infrastructure, combat climate change and promote innovation.

The Group's corporate strategy places customers' needs at the heart of all its efforts. The Wiener Stadtwerke businesses are all geared to the Group's common aim of acting as a one-stop provider of infrastructure services in Vienna. This role as a central point of contact and single-source service provider in the greater Vienna area is being reinforced by closer cooperation and leveraging synergies within the Group, optimisation of internal processes and efficiency, and efforts to embed a performance-driven ethos in the corporate and leadership culture.

Wiener Stadtwerke intends to remain an attractive employer and, together with its workforce, it seeks to play a pivotal role in building a smarter Vienna, and act as an innovative, reliable and future-oriented partner that the entire population can rely on to provide urban infrastructure and attractive products and services.

1.3 Development of the economic environment

1.3.1 Economic environment

Following a poor financial year in 2020, Austria saw strong growth in 2021. The renewed restrictions to contain the coronavirus pandemic, sustained supply shortages and high raw material prices prevented strong recovery in the second half of the year.[2] In spite of these difficulties, in December 2021, GDP growth of 4.1% was recorded for 2021.[3]

The main driver for the strong recovery is private consumer demand, which was reflected in a significant rise in value-added in the hospitality industry and in other services sectors compared with the previous year.[4] The summer tourism sector also saw considerable gains. In total, overnight stays in the period from May to October were up 23% compared with 2020. There was a fall of 16% in comparison with the record-breaking summer of 2019.[5]

The labour market continued to see positive developments, with higher levels of employment and lower levels of unemployment than before the Covid-19 pandemic. However, this favourable dynamic tailed off recently and in November 2021 unemployment lay at 7% after seasonal adjustment – the first time that the level had not fallen since the start of the year.[6]

2 https://www.wifo.ac.at/jart/prj3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=69225&mime_type=application/pdf, accessed on 25/01/2022.
3 http://wko.at/statistik/prognose/prognose.pdf, accessed on 25/01/2022.
4 https://www.wifo.ac.at/jart/prj3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=69225&mime_type=application/pdf, accessed on 25/01/2022.
5 https://www.oenb.at/Publikationen/Volkswirtschaft/konjunktur-aktuell.html, December 2021, accessed on 25/01/2022.
6 https://www.wifo.ac.at/jart/prj3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=69240&mime_type=application/pdf, accessed on 25/01/2022.

The Harmonised Index of Consumer Prices (HICP) inflation rate in Austria rose to 3.9% in the fourth quarter of 2021 – its highest level since the monetary union was established. The average HICP inflation rate for 2021 was 2.8%. The rise in inflation over the course of 2021 was primarily due to the striking increase in the price of crude oil, however gas and electricity prices have also risen in recent months. As the economy recovered and demand rose around the world, this was met by supplier-side restrictions that resulted from manufacturing plant closures and supply chain disruption caused by the pandemic. This resulted not only in rising energy prices but also in significant price increases for many raw materials not related to the energy sector. This was increasingly reflected in end-consumer prices for durable goods, particularly in industries affected by the semiconductor shortage (e.g. the automotive and computer industries). A resurgence in tourism led to extraordinarily high price increases from summer 2021, particularly for accommodation, meaning that services inflation also rose significantly over the course of the year.[7]

In spite of these developments, there is no end in sight for low interest rates in the euro area as the European Central Bank (ECB) continues to keep its base rate at a record low of 0%. Commercial banks must continue to pay interest when parking money in the central bank. It was confirmed that the highly flexible pandemic emergency purchase programme (PEPP) would continue until at least the end of March 2022, despite the fact that the acquisition of private and public sector securities fell in the fourth quarter of 2021.[8]

In contrast to the USA, which is seeking to change its low-interest-rate policy, the ECB wants to maintain its interest-rate policy in spite of rising inflation so as to not slow down economic growth. Even in January 2022, ECB President Christine Lagarde announced that she expects prices to stabilise over the year and that inflation will once again approach the 2% mark in the medium term.[9]

The currently uncertain economic backdrop, together with new suppliers and generators on the liberalised energy market and ambitious climate and energy targets, pose tough tests for Wiener Stadtwerke. These challenges can be overcome by working relentlessly to develop innovative new services and products, providing optimum care for existing customers, and constantly boosting efficiency.

1.3.2 Legal environment

Legal backdrop

The Legal, Compliance and Contract Award department coordinates a Group-wide network for legal matters, which ensures that the Wiener Stadtwerke Group's high legal standards are met.

In order to successfully address the ever-changing legal environment, the relevant legal departments regularly evaluate and offer their insights into draft bills and ordinances, provide their legal expertise to the Group and address legal queries from the Wiener Stadtwerke Group. Employees in these departments apply their knowledge to advise other departments across all areas of the company and support these in fulfilling their duties.

In addition to opportunities and risks arising in the normal course of business, in the 2021 financial year the Wiener Stadtwerke Group also faced risks arising from the global Covid-19 pandemic. The legal risks resulting from the pandemic and their consequences for the Wiener Stadtwerke Group (both in the short and the long term) have been continuously evaluated and taken into consideration since the initial lockdown in March 2020.

Data privacy

Data privacy is an important topic for Wiener Stadtwerke. A data protection organisation was created as a result of the Group guidelines pertaining to the data protection organisation of the Wiener Stadtwerke Group. The Group guidelines establish the principles for processing personal data within the Group. The processing of data will be supplemented by a process for data breaches relevant to the Group. Data protection topics that affect several Group companies will be coordinated regularly by the data protection officers within the Group companies. New IT systems will be checked for compliance with data protection legislation before they are rolled out. Mandatory data protection training is carried out once per year for all employees.

7 https://www.oenb.at/Publikationen/Volkswirtschaft/inflation-aktuell.html, December 2021, accessed on 25/01/2022.
8 https://www.finanzen.net/nachricht/zinsen/ezb-entscheid-ezb-haelt-an-niveau-der-leitzinsen-fest-tempo-bei-anleihekaufprogramm-verlangsamt-10516120, accessed on 25/01/2022.
9 https://www.finanzen.net/nachricht/zinsen/lockere-geldpolitik-lagarde-eine-rasche-zinswende-wie-wohl-bald-in-usa-kein-thema-fuer-ezb-10943878, accessed on 25/01/2022.

A Group-wide erasure strategy has been drafted, with a view to developing the data protection specifications. This strategy and the erasure periods at application and process levels will be agreed between the Group companies. In September, a cloud compliance project was launched that will develop a standardised cloud strategy/policy. Further data processing activities were added to the frame-work agreement for data processing and data transfer, which was concluded in 2020 and replaces bilateral data processing agreements and regulates responsibility in the case of joint processing activities. The existing, Group-wide process for handling cyber-attacks that may lead to a data breach was also optimised.

1.3.3 Backdrop

Impact of the Covid-19 pandemic
The Covid-19 pandemic and the resulting market conditions had and continue to have considerable impacts on supplier markets, procurement, production and supply chains in general, and in particular the ability of suppliers, construction companies and contractors and sub-contractors to provide services. This became apparent in (material) prices that in some cases increased significantly (in relation to resources, raw materials and chemicals, for example), supply and performance delays and difficulties, and to a great extent in resulting claims for additional payment. The supply and demand situation has so far been successfully ensured here, thanks to the commitment and efforts of all employees

Energy

EU energy and climate policy
In 2021, the legal environment in Europe and around the world was dominated by issues relating to climate protection, sustainability, rising energy prices and, as in the year before, the Covid-19 pandemic.

UN Climate Change Conference (COP26)
After an ambitious programme of negotiations, only some of the expected outcomes of the international Climate Change Conference (COP26), which took place in Glasgow in early November 2021, were realised. The main agreements related to the gradual phasing out of coal, a renewed commitment to keep temperatures at 1.5 degrees above pre-industrial levels, the aim that from 2040 all new cars and vans sold would be zero-emission vehicles (an aim to which not all conference participants committed), and the goal to reduce methane emissions by at least 30% by 2030 compared to 2020.

European Green Deal and Fit for 55
Developments were more concrete at an EU level. Building on the European Green Deal, which was adopted in 2019 and primarily aims to ensure that Europe becomes the world's first climate-neutral continent by 2050, in July 2021 the European Commission introduced its Fit for 55 package. This package contains measures for a new direction for the economy and society in the European Union and sets out twelve proposals for shaping policies on climate, energy, land use, transport and taxation in such a way that by 2030 the EU's net greenhouse gas emissions will be at least 55% below their levels in 1990. The package focuses on interconnected proposals that combine the following elements: emissions trading for new industries and stricter requirements within the existing EU emissions trading system, greater use of renewable energy, greater energy efficiency, accelerated introduction of low-emission modes of transport and of the associated infrastructure and fuel, alignment of taxation with the objectives of the European Green Deal, measures to prevent carbon leakage, and means of preserving and expanding natural carbon sinks.

Sustainable finance and EU taxonomy

In April 2021, the European Commission recommended additional measures in connection with sustainable finance and EU taxonomy. In addition to legislative acts that complement the EU taxonomy, a proposed directive on sustainable reporting has been presented that will in future require many companies to disclose how sustainability issues influence their operations.

Climate and energy strategy in Austria

In Austria in 2021, the area of energy was characterised by a packet of measures approved under the Renewable Energy Expansion Act (Erneuerbaren-Ausbau-Gesetz), the introduction of a CO_2 pricing system as part of the Eco-social Tax Reform and, in Vienna, the establishing of a Climate Roadmap for the city.

Climate protection, residential electric mobility, Vienna Climate Roadmap

A climate petition across Austria was started, among others, by the establishment of a climate advisory board made up of scientists and a citizens' climate council. A national climate protection act had been expected to be drafted for the beginning of January 2021, however this was publicised prematurely and has not yet been sent for review.[10] Changes to housing law are expected to make it easier for slow electric charging stations to be installed for private use on commonhold properties from 2022 onwards. In January 2022, the City of Vienna published a comprehensive Climate Roadmap for the city.

EAG package

A package of measures under the Renewable Energy Expansion Act (EAG package) was passed in mid-2021 and published on 21 July 2021. Those aspects of the EAG package that were communicated to the European Commission in line with state aid legislation are expected to enter into force in early 2022. The EAG also lays the foundations for a whole host of ordinances that are yet to be enacted. The key objectives of the EAG package are:

- To increase the annual amount of electricity generated from renewable sources by 27 TWh by 2030
- To increase the proportion of district heating that is generated from renewable sources
- To introduce market premiums to promote the generation of electricity from hydropower, wind power, photovoltaics and solid biomass
- To provide grants for investing in the construction, renovation and expansion of photovoltaic and hydropower systems, wind farms and energy storage devices
- To establish an authorised EAG funding processing office
- To enable the founding of renewable energy communities and citizen-led energy communities
- To revise the proof of origin system and the process for the labelling of electricity and gas
- To encourage the presentation of a decarbonisation roadmap when submitting an application and to determine ecological criteria for the allocation of subsidies in accordance with the Heating and Cooling Pipeline Development Act (Wärme- und Kälteleitungsausbaugesetz).

Eco-social Tax Reform

After the key points were presented by the Federal Government in October 2021, the National Council passed the Eco-social Tax Reform 2022 on 20 January 2022. The tax reform will gradually enter into force from the beginning of 2022 and will make the tax system more eco-friendly by, for example, introducing a CO_2 pricing system.

Weather conditions

According to the Austrian Central Institute of Meteorology and Geodynamics' (ZAMG), 2021 was one of the coldest years since 2010 and yet was amongst the 25 warmest ever recorded in its 254-year history. The average temperature was 0.1°C under the average for the last 30 years. This was predominantly due to temperatures in April and May falling by -2.3% and -2.2%. In contrast, temperatures in July rose by 2.4 C, making it the third-warmest month in recorded history. Furthermore, precipitation in 2021 was 7% below the 30-year average. There were noticeably long dry periods, particularly in spring and autumn, an above-average number of thunderstorms, and hailstorms that produced unusually large hailstones. Compared with the period from 1991 to 2020, Austria had 4% more hours of sunshine than average.

10 https://www.derstandard.at/story/2000126127747/plan-fuer-neues-gesetz-werden-die-klimaziele-verfehlt-muessen-bun, accessed on 22/01/2022.

Demand and price trends

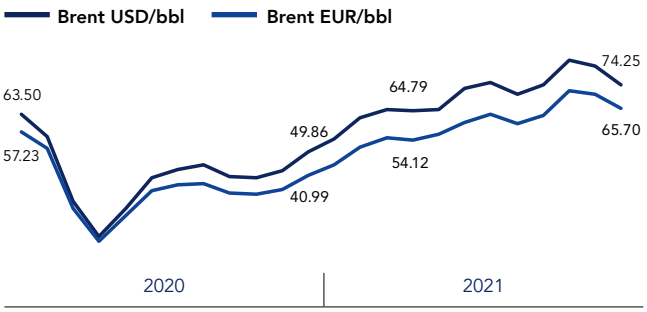
Crude oil price movements

While the price of oil fell to a historic low in 2020 as a result of the economic downturn caused by the Covid-19 pandemic, prices in 2021 were also influenced by the ongoing pandemic for the most part. Hopes of an economic upturn following extensive Covid-19 vaccination programmes helped oil prices grow almost uninterrupted in the first half of 2021. This increase in prices was also helped by limited oil production and an extreme cold snap in the USA. The first significant drop in the price of oil occurred in August in light of growing concerns about the continued growth of the economy. This trend was short-lived, however, and in October 2021 oil prices hit their yearly high of over USD 83/bbl after natural gas, liquefied natural gas (LNG) and coal shortages caused prices to surge. This upwards trend was halted in November 2021 when uncertainty about the new Covid-19 variant, Omicron, led to a huge fall in prices. On average, the oil price rose by 69% compared with the previous year.

Natural gas price movements (EUR ct/kWh)

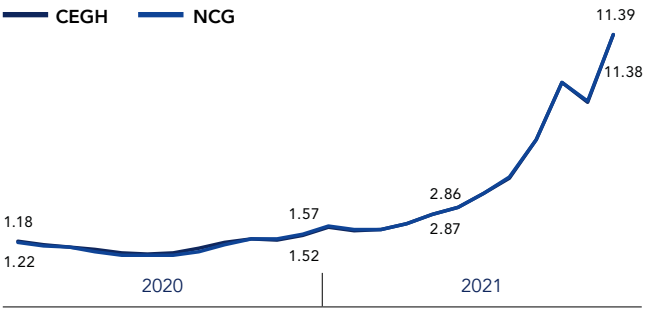
Gas prices reached unprecedented highs in 2021. On the Austrian trading platform Central European Gas Hub (CEGH), the average gas price for the year was 364% higher than in the previous year's average. There are a number of factors that led to this significant increase. With economic recovery came a global increase in demand, however this was faced with reduced supply. Demand for LNG rose considerably – mostly in North Asia but also in South America. The result was a sharp decline in LNG imports to Europe and significant price increases amongst European gas providers. Supply restrictions from Russia to Europe, exacerbated in part by delays in launching the Nord Stream 2 pipeline in the second half of the year, had a major effect on prices. Extreme weather conditions and low levels of gas production in Europe also contributed to the rise in prices. The European natural gas storage facilities were filled to 54% at the end of 2021, a significantly lower level than in the previous year (74%).

Crude oil price movements (USD/bbl and in EUR/bbl)



Source: Thomson Reuters (ICE monthly average)

Natural gas price movements (EUR ct/kWh)

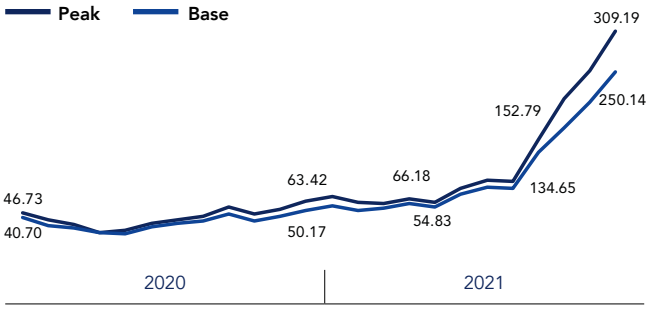


Source: Thomson Reuters (EEX NCG) and Wien Energie Energiewirtschaft

Electricity price movements (EUR/MWh)
The price of electricity was driven upwards by the rising costs of primary energy and CO_2 and also reached an unprecedented high. Unfavourable weather conditions resulted in less electricity being generated from renewable sources and thus led to increased use of conventional power plants. The extreme gas price movements meant that the switch from coal to natural gas that had taken place a few years earlier had to be reversed. Coal has now replaced gas in many markets. However, since coal prices have also risen, the price of electricity was driven upwards. This upwards trend was boosted by economic uncertainty resulting from the Omicron wave and production limitations in French nuclear plants. As the year came to an end, electricity prices were at EUR 250.1/MWh (base) and EUR 309.2/MWh (peak). Compared with the previous year, the base rate and peak rate increased by 222% and 217% respectively.

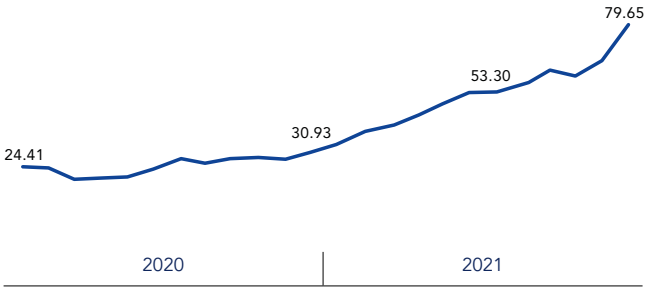
Price movements of CO_2 emissions allowances (Emission Certificate Act, EZG 2011 in EUR/t)
The CO_2 allowances price on the European Trading System (ETS) showed an upwards trend, reaching a historic high in December 2021 of almost EUR 80/t and rising by an average of 114% across the year. Since mid-2020, price developments on the CO_2 market have been dominated by political and social discussions surrounding the EU's emission reductions targets. The upwards trend has only accelerated since the EU announced its more ambitious targets of reducing CO_2 emissions by 55% and emissions from ETS sectors by 61% by 2030. What is more, the building and road transport sectors will be covered by a separate emissions trading system from 2026.

Electricity price movements (EUR/MWh)



Source: Base/Peak (EEX market price monthly average)

Price movements of CO_2 emissions allowances (Emission Certificate Act, EZG 2011 in EUR/t)



Source: Thomson Reuters (ICE monthly average)

Energy grids

A whole range of legal provisions and directives were passed in connection with the Covid-19 pandemic that had an impact on Wiener Netze. Legal regulations to maintain the electricity and gas supply were not needed. Together with the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK), Oesterreichs Energie and the FGW (Association of Gas and District Heating Supply Companies) made a voluntary agreement in the 2020 financial year to secure the supply of households and small business with electricity and gas during the Covid-19 lockdowns and to avoid cutting off supplies in the cases of payment default due to financial hardship. During this period, the Austrian energy companies came up with instalment plans and deferred payment plans and there were no court proceedings for the collection of outstanding payments.

EAG package (Renewable Energy Expansion Act legislative package)
As mentioned above, in addition to the new Erneuerbaren-Ausbau-Gesetz (EAG, Renewable Energy Expansion Act), the 2012 Ökostromgesetz (Green Electricity Act), the 2010 Elektrizitätswirtschafts- und -organisationsgesetz (ElWOG, Electricity Act), the 2011 Gaswirtschaftsgesetz (GWG, Natural Gas Act), the 2012 Energielenkungsgesetz (Energy Management Act), the Energie-Control-Gesetz (Energy Control Act), the Bundesgesetz zur Festlegung einheitlicher Standards beim Infrastrukturaufbau für alternative Kraftstoffe (Federal Act to Establish Consistent Standards in the Infrastructure Development for Alternative Fuels), the Wärme- und Kälteleitungsausbaugesetz (Act to Expand District Heating and Cooling Lines), the Starkstromwegegesetz (High Voltage Power Lines Act) and the Federal Act of 6 February 1968 on electrical circuit systems that do not cover two or more Austrian provinces were amended in 2021.

The amendments to the Green Electricity Act mainly included provisional regulations regarding the entry into force of the EAG, as well as some contractual amendments. The ElWOG was amended to incorporate provisions on the grid reserves, citizen-led energy communities, network access and the calculation of network access fees for renewable energy generation installations, and electricity labelling. The main amendment to the High Voltage Power Lines Act was to remove the requirement for approval to install electrical lines with supply voltages of up to 45 kV, with the exception of overhead power lines. The GWG was also amended, with ancillary provisions for renewable gas and hydrogen being added.

Electricity system charges – appeals against cost review notices
Wiener Netze GmbH lodged appeals against the electricity cost review notices for 2014–2018. The dispute relates to its treatment in the benchmarking exercise, as well as the capital structure regarding the non-influenceability of pension obligations. The appeals regarding the 2014, 2015, 2016 and 2017 tariff years were dismissed by the Federal Administrative Court. The ruling for 2018 is still pending. These verdicts will not have an effect on past or future electricity tariffs, as accounting was carried out in accordance with the principle of prudence. None of the disputed points is part of the cost review notices from 2019 onwards, so there are no legal proceedings outstanding. Wiener Netze submitted an appeal to the Supreme Administrative Court regarding the decision in 2019.

Transport

The measures taken by the Austrian federal government to contain the Covid-19 pandemic continued to affect Wiener Linien and its services in the past year. All of the protective measures in place at Wiener Linien were continually adapted in line with the relevant requirements set out by the government. The fundamental hygiene measures introduced in 2020 and the obligation to wear masks on vehicles and in stations were also maintained. Multilingual information campaigns were run – both in visual and audio form – to make customers aware of the protective measures.

In July 2021, the "3G" policy was launched at the workplace ("geimpft, genesen, getestet" – in English "vaccinated, recovered, tested") and corresponding pictograms were placed at all entry points. Organisational measures, such as working from home, were maintained in line with the Group guidelines, and were even enhanced when the country went into its fourth nationwide lockdown in November 2021. In collaboration with the Works Council, an agreement in principle (works agreement) was concluded that made it possible to adapt working time models more flexibly and more quickly. Policies were introduced that make it easier for employees who need to take care of children (e.g. dedicated time for providing childcare). As in the previous year, Wiener Linien once again supported the City of Vienna's free flu vaccination initiative with the "vaccination tram". From December 2021 to January 2022, the tram, which had been kitted out specifically for giving vaccinations, could be found at five stations and also gave out Covid-19 vaccinations for the

first time. As well as the vaccination tram, since August 2021 two Wiener Linien vaccination buses have been at highly frequented locations, offering easy-access, walk-in Covid-19 vaccinations.

Through regular meetings of the Wiener Linien coronavirus task force, new requirements and measures put in place by the government could be implemented quickly and flexibly. Employees and managers have been kept up to date on protective measures through corporate guidelines and the leadership's newsletter focusing on employment law. What is more, in 2021 the Wiener Linien medical officer was also tasked with issuing isolation notifications through which quarantine orders for employees could be processed quickly. The Covid-19 pandemic affected revenue and earnings. All financing and support opportunities are reviewed against this backdrop and any corresponding motions are presented.

With the entry into force of the new transport services agreement (new VDV) at the end of 2020, the Badner Bahn tariff risk was merged with that of Verkehrsverbund Ost-Region (VOR). The only risk for Wiener Lokalbahnen (WLB) is the risk of disruption to individual Badner Bahn services. Therefore, there was no loss of income resulting from reduced ticket sales. When the government approved the unprecedented opening of shops on the Sunday following the December 2021 lockdown, public transport capacities were increased on this day in coordination with VOR.

With regard to train services, the Covid-19 situation meant that turnover fell in comparison with 2019, particularly in relation to passenger services as trips and events were not able to go ahead. Yet, turnover did increase 12% compared with the first year of the pandemic in 2020.

Bus services saw almost no loss of income as payment for these services is made based on the distance travelled and the tariff risk generally lies with the ordering party. SCS transport services experienced reduced timetables as lockdowns and other restrictions were introduced and these led to lower rates of payment.

WLB continued to react swiftly to changes in the Covid-19 situation. By ensuring strict adherence to all hygiene measures, a solid vaccination and testing regime, the introduction of shift duties and the separation of employees into teams, the infection rates amongst workers were kept low, meaning that very few train and bus services had to be cancelled.

Funeral services and cemeteries

In 2010, the Funeral Services and Cemeteries division was reorganised in order to separate the area of operations that is exposed to competition (funeral services) from the infrastructure side (cemeteries). The range of services offered by Bestattung Wien GmbH covers both upstream areas (e.g. funeral planning) and downstream areas (support for bereaved relatives). In this context, the company offers a service to unsubscribe the deceased from memberships, along with free grief seminars for relatives. The company has always made every effort to enhance the profession. At the same time, the topic of death should be freed of any taboos through education, campaigns and respectful PR work while maintaining the significance of saying goodbye.

The legal restrictions on the various maximum number of attendees at funerals, which were in place since 2020, have been lifted. The Covid-19 pandemic did, however, have an impact on the organisation of funerals. Average revenue stayed at its usual levels. It has not been possible to establish whether mortality increased as a result of the pandemic. The ability of the company to function as part of the critical infrastructure was not in jeopardy at any time, despite individual employees falling ill with Covid-19.

Car parks

As a result of the lockdown at the start of 2021, Wipark saw very low turnover in the short-stay parking segment. Once this lockdown was lifted, short-stay parking turnover gradually recovered as various sectors began to open up again. In the summer months from July to October 2021, turnover was slightly lower than the same period in 2019 and was much higher than in 2020. As new measures to contain the virus were introduced in November 2021, turnover suddenly fell once more – and was significantly below precrisis levels.

In addition to the income from short-stay parking, revenue from long-stay parking, letting and leaseholds, and fees for operational management were other major sources of income. The pandemic shows that these areas are relatively resistant to turbulent times. Demand for long-stay parking in particular remained constant.

1.4 Employees

The Wiener Stadtwerke Group's 15,378 employees (FTEs as an annual average) make a vital contribution to safeguarding Vienna's high quality of life.

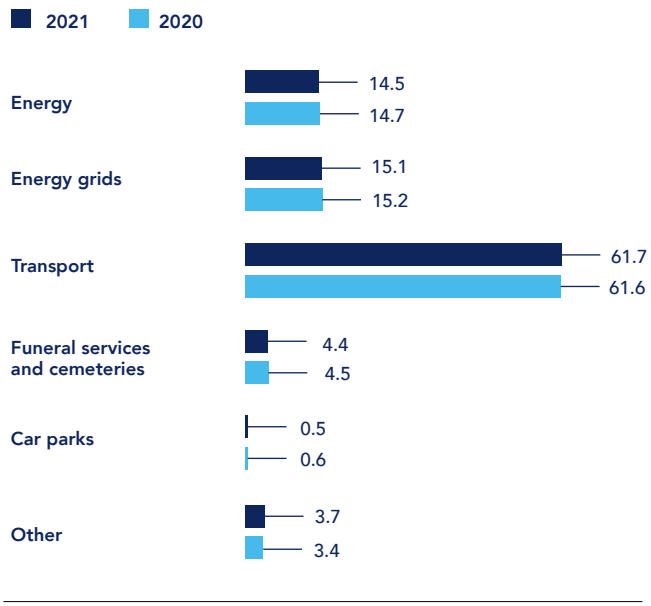
Headcount

avg. FTE	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Vienna City Council employees (permanent civil servants and contract staff)	5,580	**5,224**	-355	-6
Employees of Group companies (subject to collective agreements)	9,175	**9,758**	+583	+6
Wiener Stadtwerke Group*	**14,755**	**14,983**	**+228**	**+2**
Apprentices	376	**396**	+19	+5
Total Wiener Stadtwerke Group* headcount	**15,131**	**15,378**	**+247**	**+2**
Women as % of workforce	18.6	**19.2**	+0.6	+3
Staff turnover**, %	6.0	**7.3**	+1.3	+22
Accident frequency (reportable accidents per 1,000 employees)	15.9	**15.6**	-0	-2

Rounding differences not eliminated

* Excluding staff on parental leave, and military and civilian national service.
** WSTW overall staff turnover (including employees subject to collective agreements, permanent civil servants, contract staff and apprentices), not including retired civil servants.

Headcount (in %)



Apprentice training
At the end of 2021, the Wiener Stadtwerke Group has 460 apprentices in training, making it one of Vienna's largest providers of apprenticeship training. In September 2021, the Group welcomed 150 new apprentices across twelve apprenticeship programmes. For the first time, the Group now offers an apprenticeship in track construction and a dual apprenticeship in electrical engineering and mechatronics.

Giving young people sound, comprehensive professional and personal training is a core aspect of the Group's philosophy – both in general and specifically in terms of training. What is more, the majority of apprentices remain with the Group after they have completed their training, which is helping to counteract the current shortage of skilled workers.

As a key part of its equal opportunities policies, the Wiener Stadtwerke Group places a particular emphasis on helping women make their way in manual and technical occupations. The Group's internal and external apprentice management campaigns place great importance on equality. The particular focus is on launching projects and measures that awaken the interest of young women and girls in professions that have previously been dominated by men, including through the Girls! TECH UP Role Model Award.

Furthermore, in collaboration with the Austrian Public Employment Service (AMS) and waff, the Group companies Wiener Energie, Wiener Linien and Wiener Netze have launched the Women in Technology programme (FiT – Frauen in der Technik), which gives women the opportunity to complete a two-year apprenticeship in electronics or energy technology.

The effects of the Covid-19 pandemic continue to pose challenges for apprenticeships in the Wiener Stadtwerke Group. In spite of these challenges, the Group succeeded in continuing to offer the same high-quality training – as was proven by the results of the final apprenticeship exams. Wiener Stadtwerke is particularly proud of this.

After its achievements in 2019, Wiener Stadtwerke was this year once again recertified as a Great Start! training company, making it one of the best companies in Austria with which to complete an apprenticeship. The certification is granted based on feedback from the apprentices, which is gathered from an anonymous survey about their experiences during the apprenticeship and their perceptions of the corporate culture. This feedback on the Group apprenticeship scheme also makes up part of the Group's overall evaluation. The Wiener Stadtwerke Group also received the Gold award in the 2021 Lehrlingsmarketing Award ceremony.

Staff development
The Group's staff development department is responsible for three closely related areas that are strategically aligned with the existing HR strategy and Wiener Stadtwerke's Vision 2025 concept: staff development, recruitment and employer branding. Above all, the new employer branding positioning and strategy serve as the starting point for all actions and aim to tackle the major challenges presented by the shortage of skilled workers and climate change by bringing together the combined strengths from across the Group. By engaging key target groups from across the Group and creating personas and compiling employee journeys from all of the different Group companies, we have been able to bring the IT target group into focus through a collection of Group-wide success stories.

The range of services includes measures to boost the appeal of the Group as an employer, the implementation of Group-wide staff marketing measures, central recruitment for management and expert positions while maintaining the highest quality standards and levels of transparency, the ongoing development of the Group recruitment tool, as well as the development of Group-wide staff development measures, such as intra-Group leadership (including up-and-coming leadership) development programmes, the development of the skills of specialists (including Connected Competence, process and project management, and agile and soft-skills methodologies) and skills development in order to establish collaboration and new working processes within the Group.

All three areas are anchored within the Group companies and closely networked via communities, acting as a Group-wide hub for knowledge exchange and trend monitoring.

Health and safety
Protecting employee health and safety is one of Wiener Stadtwerke's core objectives. In some cases, the wide-ranging action taken on workplace health and safety goes far beyond the statutory requirements. Wiener Stadtwerke sees this primarily as an aspect of its social responsibility.

At the same time, Wiener Stadtwerke reflects the belief that a healthy and well-protected workforce makes a substantial contribution to the company's commercial success. In order to safeguard the health of employees, a new "Strategic Health Management" function has been launched in the Change Management and Management Board Corporate Culture division. The new function looks at ways of ensuring a healthy and resilient organisation across the Group, enables structured networking opportunities and the structured transfer of knowledge, and identifies synergies in relation to (future) health topics in order to then roll out specially designed initiatives.

The Occupational Health Management function deals with the Group's strategic objectives and in particular pursues the following Group objectives:

- Supporting, improving and maintaining employees' ability to work
- Reducing absences due to illness and the number of occupational accidents
- Improving employee health literacy by implementing appropriate health promotion measures, and
- Gradually reintegrating employees who have been on long-term sick leave.

Having health and safety contacts firmly established in the Group structure will help in the achievement of these objectives.

In order to ensure the best possible protection during the Covid-19 pandemic, a joint crisis management platform was created for all Group companies. This platform made it possible for the Group to swiftly respond to the changing legal and epidemiological landscape.
In collaboration with Vienna's ambulance service, the Group's employees were offered vaccinations. This was doubly beneficial as it ensured that critical infrastructure could continue to be maintained and also meant that the vaccination rate was as high as possible. Opportunities for vaccinations are offered on an ongoing basis so that our employees can have easier access to protection against Covid-19.

Wiener Stadtwerke offers all of its staff psychological support for stressful situations – both in their professional and private lives. To supplement the company doctors and psychologists, the Health Consult advisory centre is also easily accessible by phone for all Wiener Stadtwerke staff. The service also provides advice to relatives living in the same household as a staff member.

Our top priority remains protecting all of our staff from a coronavirus infection while taking into account the needs of our colleagues during this exceptional situation. Staff are kept up to date with the latest information about the situation (intranet: Infopoint Coronavirus, emails, video messages).

Diversity and accessibility
Wiener Stadtwerke places great importance on diversity, accessibility and inclusion. Efforts are continuously made to develop products, services, processes and structures in a way that promotes equality, is accessible and is therefore inclusive. With this in mind, two dedicated positions have been created in the Change Management and Management Board Corporate Culture division. These two new roles focus on coordinating equality, diversity and accessibility initiatives across the Group, promoting holistic understanding, and strategically advancing the topics towards a common goal and in line with the Group's vision. Having diversity and accessibility contacts firmly established in the Group structure will help in the achievement of these objectives.

Diversity, accessibility and inclusion are always at the forefront of our minds. As Vienna's largest infrastructure service provider, it is our responsibility to always focus on our customers and to offer products and services that are appropriate for their individual situations, and to do so in a way that is inclusive and accessible. Wiener Stadtwerke also takes this responsibility seriously in relation to its employees. This is clear from the staff development initiative, which provides various training sessions, seminars and courses for managers and employees, including as part of specific mentoring programmes. Targeted measures are also taken within the Group's apprenticeship management processes. A strong focus is also placed on hiring people with various disabilities, including through targeted collaborations with external organisations and establishments.

With a view to the future, the aim of diversity and accessibility is to permanently make Wiener Stadtwerke a more inclusive company.

1.5 Compliance

As a state-owned company, the Wiener Stadtwerke Group has a duty to uphold the values of integrity, reliability, transparency and a sense of responsibility. With this in mind, a Group-wide compliance management system (CMS) was implemented several years ago. The CMS is evaluated at regular intervals by the Chief Compliance Officer in consultation with the compliance officers of the Group companies, and is constantly developed and improved. The system is also subject to regular independent audits of its effectiveness. The Management Board and Supervisory Board receive written compliance reports, as well as verbal reports on a case-by-case basis as required. A Group-wide whistleblowing system that meets all of the legal requirements has been set up, and it is used by employees, customers and suppliers. In the 2021 financial year, a standardised risk assessment was carried out across the Group and risk reduction measures were implemented based on the risks identified. Employees of the Wiener Stadtwerke Group also received compliance training. Fine-tuning of the CMS was also a focus of activities in the 2021 financial year. Compliance with the statutory regulations relevant to the Group is monitored and controlled by the compliance function in cooperation with other relevant departments.

1.6 Research and development

Investing in the future

Once again in 2021, the Wiener Stadtwerke Group and its 15,000 committed employees were there for their customers around the clock – reliable, competent and passionate about innovation. Significant investments were made in digitalisation, innovation, infrastructure and climate protection. These investments mean that Wiener Stadtwerke is not only Vienna's economic engine but is also a pioneer when it comes to supplying the people of the greater Vienna area with innovative and environmentally friendly solutions.

Turning trends into projects

The Group is forward-looking. It researches and works on new topics and technologies, taking the form of augmented reality, blockchain, 3D printing, renewable energies, the Internet of Things, hydrogen, self-driving vehicles, climate protection, robotics, drones, smart grids/smart meters, platform, data analytics, energy storage and resource efficiency. The Group's trend scouting activities involve keeping an eye on new trends and market developments, evaluating these and using them as inspiration for ideas and innovations. In 2021, more than 100 research and innovation projects were launched and completed across the companies within the Wiener Stadtwerke Group. The vast majority of these projects related to meta-topics such as digitalisation and the environment.

Empowerment

Launched in 2012, Wiener Stadtwerke's innovation fund ("FTI fund" for short) aims to support and accelerate innovative and/or research-intensive projects, as well as providing start-up financing. In 2021, the FTI fund was endowed with EUR 2.5m. We are pleased to say that the entire amount was allocated, with a total of 23 projects receiving a portion of the financing.

Wiener Stadtwerke innovation fund

	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
FTI fund budget (EUR m)	4.3	**2.5**	-1.8*	-42*
Number of FTI fund projects approved	24	**23**	-1	-4

* In the previous year, the FTI fund originally received EUR 2.0m, however due to high demand this was supplemented by an additional EUR 4.3m as an extraordinary item.

Other highlights

In July 2021, the Wiener Stadtwerke Group launched its first **WienBox** in Vienna's Stiftgasse. This was in response to the considerable increase in the number of parcels being delivered and helps to make the city's logistics more efficient and environmentally compatible. WienBox is a partner-based network that is open to all users. It provides boxes for collecting and dropping off parcels and is compatible with companies such as A1, MYFLEXBOX, Renz, Variocube, Storebox and Tamburi. By connecting various providers in a single, extensive system, routes along the last mile of a parcel's journey can be optimised and the amount of delivery traffic can be reduced. This is something that citizens, businesses and courier services can all benefit from.

In the past year, the Group has applied **artificial intelligence** (AI) in some exciting ways and has developed AI solutions for internal use. This innovative and vital technology is applied to make processes faster and more efficient. Yet in spite of all this automation, humans are still at the core of our processes. For this reason, in collaboration with the international standards body the Institute of Electrical and Electronics Engineers (IEEE), the Wiener Stadtwerke Group has enforced the strict requirements of the Ethics Certification Program for Autonomous and Intelligent Systems (ECPAIS), according to which AI may be used but humans keep a steady hand on the tiller. Wiener Stadtwerke is the world's first public organisation – and the first organisation close to a government – to undergo this **ethical assessment and certification process** for an AI solution it has developed itself.

The 2021 financial year also saw Wiener Linien's first **hydrogen fuelling station** for buses and lorries enter operation in Leopoldau. The preliminary work for Wien Energie's electrolysis plant, which will supply environmentally friendly hydrogen, also began in the past year. Once the hydrogen fuelling station commences operations and the first hydrogen test bus is underway, a significant milestone for the environmental future of the Vienna metropolitan region will have been reached.

Those living in Vienna also live with the companies of the Wiener Stadtwerke Group. Energy supply, public transport, funeral services and much more – they all come from a single source. In 2021, a single online portal was launched for all these services – **logwien**. With a single login, customers can access and conveniently use all of the services provided by the Wiener Stadtwerke Group. Whether buying a ticket, submitting an electricity meter reading, booking a service or seeking advice – logwien has it all. This makes our customers' lives easier, and the more services are on board, the more essential logwien will become to the Wiener Stadtwerke Group's digitalisation strategy.

2 Report on economic position

2.1 Business performance

2.1.1 Non-financial performance indicators

Energy

Generation

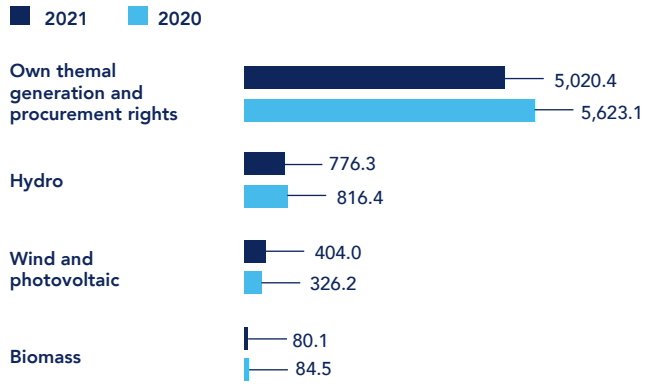
in GWh	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Electricity	6,850.2	**6,280.8**	-569.4	-8.3
Heat	5,394.0	**5,836.1**	+442.1	+8.2
Total generation	**12,244.2**	**12,116.9**	**-127.3**	**-1.0**

Sales

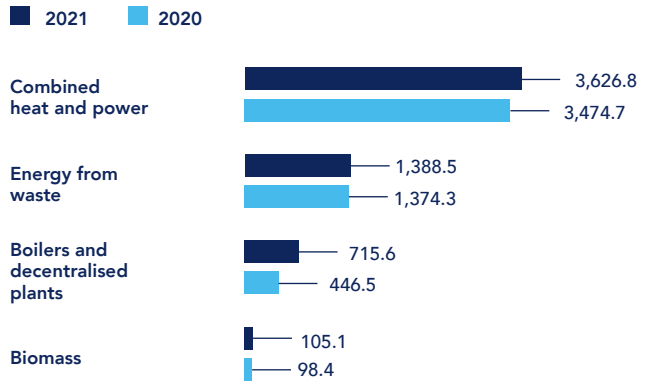
in GWh	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Electricity	9,452.5	**10,051.1**	+598.6	+6.3
Natural gas	5,391.5	**5,763.3**	+371.8	+6.9
Heat	5,960.3	**6,373.4**	+413.1	+6.9
Total sales	**20,804.3**	**22,187.9**	**+1,383.5**	**+6.7**

Performance data from Wien Energie GmbH incl. proportionate interests.

Electricity generation (in GWh)



Heat generation (in GWh)



Thermal electricity generation in 2021 was down on the previous year, primarily due to economic developments. Electricity generated from hydropower was slightly down on last year's level. This was mainly influenced by unfavourable water conditions in 2021. Favourable wind conditions meant that wind power output increased by 10.6% year-on-year. In 2021, solar output climbed by 149.1% year-on-year due to the commissioning of a large number of photovoltaic systems.

The non-consolidated subsidiary Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG generated 5.2% less electricity than in 2020 due to there being fewer operating hours as a result of revision works.

Total heating degrees were 8.6% up on 2021. District heating sales went up as a result of lower temperatures. Increased demand was met by increased use of peak-load boilers, increased CHP output from CHP stations and the use of heat pumps.

Energy grids

Regulated transmission

in GWh	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Electricity	10,767.4	**10,886.9**	+119.6	+1.1
Natural gas	21,966.4	**22,042.7**	+76.3	+0.3
Total transmission	**32,733.8**	**32,929.7**	**+195.8**	**+0.6**

Electricity transmission
During the 2021 financial year, electricity transmission across all grid levels was slightly higher than last year's level.

Natural gas conveyance
The natural gas volume conveyed to Wien Energie power stations and to boilers and waste (EfW) plants is mainly determined by Wien Energie's power plant deployment plan. Natural gas conveyed to third parties was up on last year's level.

Transport

Passengers

Million	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Wiener Linien	574.0	**595.8**	+21.8	+3.8
Wiener Lokalbahnen (rail)	9.3	**10.3**	+1.1	+11.5
Total	**583.3**	**606.1**	**+22.8**	**+3.9**

Seat kilometres

Million	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Wiener Linien	20,367.0	**20,744.2**	+377.2	+1.9
Wiener Lokalbahnen	532.2	**625.3**	+93.1	+17.5
Total	**20,899.2**	**21,369.5**	**+470.3**	**+2.3**

Rounding differences not eliminated

Passengers
The ongoing Covid-19 pandemic meant that further losses were recorded for ticket revenue compared with pre-pandemic levels. In spite of this, in 2021 sales of almost all types of ticket recovered slightly compared to the previous year. In particular, the introduction of the KlimaTicket Ö and the VOR KlimaTicket Metropolregion cards and sales from tickets bought in advance had a positive effect on revenue. The number of passengers rose by 3.7% in 2021, however the pandemic continued to negatively impact public transport usage.

Seat kilometres
Seat kilometres increased by 2.3%. In total, 21,369.5m seat kilometres were recorded, with 17,355.9m seat kilometres of these being recorded by Wiener Linien for rail transport.

Modal split
The government-mandated Covid-19 measures and other restrictions have caused mobility trends to change in the past year, and this has also had a significant impact on Wiener Linien. Specifically, the proportion of people using public transport has fallen considerably compared with pre-pandemic levels. However, there has been a slight increase on the previous year. The proportion of travellers using private cars fell by one percentage point compared with the previous year, meaning that this was back at a similar level to that seen before the pandemic began. There has also been a noticeable increase in the number of pedestrians returning to public transport.

Funeral services and cemeteries

Funeral services

	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Burials	4,411	**4,189**	-222	-5.0
Cremations	3,314	**3,194**	-120	-3.6
Public health funerals	979	**903**	-76	-7.8
Third-party services	2,809	**2,916**	+107	+3.8

Cemetery services

	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Coffin burials	8,132	**8,106**	-26	-0.3
Urn burials	4,546	**4,735**	+189	+4.2
Grave tenure renewals	31,934	**31,307**	-627	-2.0

Funeral services
Bestattung Wien GmbH's "main case" service category – burials and cremations – registered a year-on-year decrease of 342 ceremonies, or -4.4%, to 7,383 (previous year: 7,725). The number of service packages provided on behalf of third-party funeral directors rose by 107, or 3.8%, to 2,916 (previous year: 2,809).

Cemetery services
Compared with the previous year, a slight increase in the number of burials at cemeteries operated by Friedhöfe Wien GmbH was recorded. In the performance data, the number of grave tenure renewals decreased year-on-year by around -2.0% (previous year: +2.3%). This decrease is too minor to indicate a trend.

Car parks

	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Multi-storey car parks owned and leased	53	**52**	-1	-1.9
Parking spaces owned and leased	14,403	**13,768**	-635	-4.4
Multi-storey car parks under management	27	**27**	0	0.0
Parking spaces under management	9,913	**9,913**	0	0.0

The number of parking spaces in the Group's own car parks fell as a result of operations at the Franz-Josefs-Bahnhof location being ceased. The Liechtensteinstrasse location was added to the portfolio of leased car parks at the start of 2021. At the end of November, the lease for the (sublet) Erdberg park-and-ride car park came to an end.

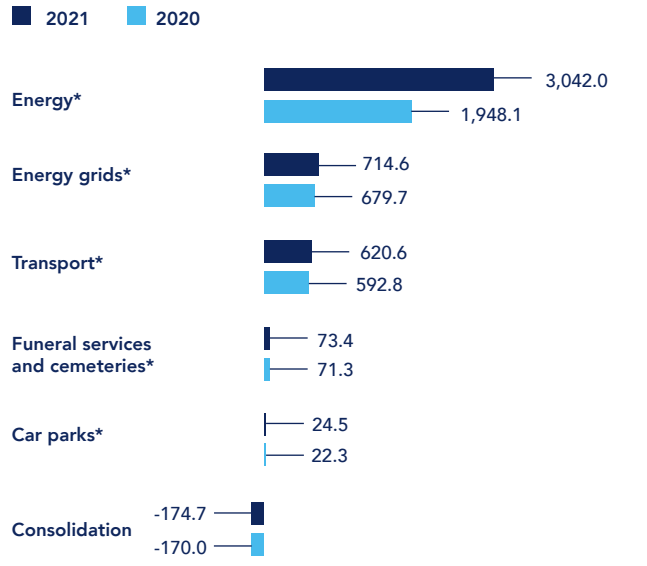
2.1.2 Consolidated statement of profit or loss (summary)

Consolidated statement of profit or loss (summary)

EUR m	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Revenue	3,144	**4,300**	1,156	37
Other income	630	**669**	40	6
Raw material, consumables and services used	-1,424	**-2,547**	-1,122	-79
Personnel expenses	-919	**-1,129**	-210	-23
Other operating expenses	-581	**-690**	-109	-19
Net gains on investments accounted for using the equity method	38	**13**	-25	-65
EBITDA	**888**	**618**	**-270**	**-30**
Depreciation and amortisation	-307	**-333**	-27	-9
Impairment losses and reversals	84	**-2**	-85	-102
Operating profit (EBIT)	**665**	**283**	**-383**	**-57**
Finance income	61	**83**	22	37
Finance costs	-85	**-69**	17	20
Financial result	**-25**	**15**	**39**	**160**
Earnings before tax (EBT)	**641**	**298**	**-343**	**-54**
Current tax expense	-1	**8**	9	n. a.
Profit for the year	**640**	**306**	**-334**	**-52**
Adjusted EBITDA*	**616**	**593**	**-23**	**-4**
Adjusted profit for the year**	**283**	**282**	**-1**	**-0**

* Adjusted for a foreign procurement right and other one-off or rare expenses and income.
** In addition to adjusted EBITDA effects, adjusted for effects of impairment tests and other one-off or rare financial expenses and income.

Revenue breakdown (EUR m)



* Divisional breakdown before consolidation.

Revenue

Energy

Driven by the price upheavals on international energy markets, revenue rose significantly compared with the previous year, predominantly in the marketing of electricity and gas. As a result, heating revenue also increased – primarily amongst large customers. Revenue in the services sector also increased.

Energy grids

Wiener Netze's revenue in its role as system operator is calculated in line with regulatory requirements. The improvement on the previous year primarily results from a higher recognition of capex (capital expenditure) costs.

Transport

Despite the ongoing Covid-19 pandemic, the initial signs of recovery (predominantly in the form of increased passenger numbers) resulted in higher revenue for Wiener Linien.

Wiener Lokalbahnen (WLB) recorded a considerable increase in revenue. This is down to two factors: firstly, bus services and routes in Vienna were significantly expanded and, secondly, this was the first full year of the new transport services agreement.

Wiener Lokalbahnen Cargo GmbH also recorded increased revenue compared with the previous year. While revenue from cargo traffic fell, revenue from logistics routes increased.

In 2021, Wiener Lokalbahnen Verkehrsdienste GmbH's operations continued to be influenced by the ongoing pandemic and the associated lockdowns. The number of orders increased compared with the previous year but this was still lower than 2019 levels.

Funeral services and cemeteries

Revenue is largely dependent on the mortality rate in Vienna and the position of competitors in the city's funeral industry. In the cemeteries, year-on-year increases were recorded for revenue from the reversal of accrued grave charges and sales from burial, gardening and masonry services. A main reason for this is that there were 163 more burials in the reporting period than in the previous year. This primarily includes sales for the use of chapels of rest, which improved on the previous year.

Car parks

Revenue for 2021 was higher than the previous year, however the ongoing effects of Covid-19 mean that this was still below pre-pandemic levels in 2019. Revenue from short-stay parking was low until May. This was due to the pandemic and the measures implemented by the government in order to control it. Retail closures, the loss of tourism and closed restaurants and cafés all contributed to the weak sales growth, as did the fact that more people are working from home. By contrast, turnover from long-stay parking remained very constant and even increased in comparison to the previous year. The increases are partly due to the car parks in Neu Leopoldau, which went into operation in 2019 and 2020.

Cost of materials

As with revenue, energy accounts for the bulk of the cost of materials. Driven by the turbulent developments on the global energy markets, increased structuring demands in the Wien Energie portfolios led to greater volumes of electricity, gas and CO_2 being traded. The increased prices on all three core markets also led to considerably higher purchase prices. At the end of 2020, impending losses for electricity purchase rights abroad were reversed, with the cost of materials for 2020 being recorded as reduced by this effect.

Personnel expenses

Personnel expenses developed in line with pay increases, adjustments in line with collective wage agreements, expenses resulting from employee benefit provisions, and an increase in the number of employees. The lower personnel expenses compared with the previous year is due to the credit item arising from the employer contribution within the Wiener Stadtwerke Group. See note 10.1 for further information.

Other expenses

Increases in other expenses are predominantly due to higher maintenance costs. Furthermore, regulated expenses rose in line with the development of Wiener Netze's business performance.

Operating profit (EBIT)

The Group posted an operating profit of EUR 282.9m in 2021, compared with EUR 665.4m in the previous year. The better results in the previous year are primarily down to a one-off effect arising from lower personnel expenses (employer contribution), the write-up on property, plant and equipment due to impairment tests, and maintenance work being postponed to the next year due to Covid-19.

Financial result

The improved financial result is primarily due to the first dividend distribution being received from the EVN AG shares acquired in the previous year.

Adjusted profit for the year

The profit for the year adjusted for one-off effects remained constant from the previous year. Material one-off expenses and income were adjusted with regard to the supplementary employer contribution in the Wiener Stadtwerke Group, as were effects from asset valuation and the sale of property and land.

2.1.3 Consolidated statement of financial position

Consolidated statement of financial position – assets

EUR m	31 Dec. 2020	31 Dec. 2021	Year-on-year change +/-	Year-on-year change +/- %
Property, plant and equipment	4,309	**4,441**	132	3
Intangible assets	174	**187**	13	7
Investments accounted for using the equity method	279	**1,099**	820	293
Non-current financial assets	5,723	**8,007**	2,284	40
Other non-current assets	597	**765**	168	28
Non-current regulatory assets	1,183	**1,129**	-54	-5
Non-current assets	**12,264**	**15,627**	**3,363**	**27**
Inventories	245	**231**	-15	-6
Trade receivables	269	**462**	194	72
Other current financial assets	422	**3,350**	2,928	695
Other current assets	213	**274**	60	28
Current regulatory assets	74	**91**	18	24
Cash and cash equivalents	382	**327**	-54	-14
Current assets	**1,604**	**4,735**	**3,131**	**195**
Total equity and liabilities	**13,869**	**20,362**	**6,494**	**47**

Consolidated statement of financial position – equity and liabilities

EUR m	31 Dec. 2020	31 Dec. 2021	Year-on-year change +/-	Year-on-year change +/- %
Equity	**5,028**	**7,639**	**2,611**	**52**
Non-current borrowings	945	**1,341**	396	42
Employee benefit provisions	5,136	**5,109**	-27	-1
Other non-current provisions	8	**5**	-3	-36
Other non-current liabilities	811	**813**	1	0
Deferred tax liabilities	180	**413**	233	129
Non-current liabilities	**7,081**	**7,681**	**600**	**8**
Current financial liabilities	334	**3,554**	3,221	965
Trade payables	536	**580**	43	8
Other current provisions	42	**51**	9	22
Other current liabilities	848	**857**	10	1
Current liabilities	**1,760**	**5,042**	**3,283**	**187**
Total equity and liabilities	**13,869**	**20,362**	**6,494**	**47**

The Wiener Stadtwerke Group's total assets rose by around 47% in 2021 to EUR 20,362.2m. As is to be expected for an infrastructure service provider like Wiener Stadtwerke, property, plant and equipment is the largest asset item; at the end of the reporting period this item amounted to EUR 10,655.2m, around +1.3% higher year-on-year (previous year: EUR 10,521.1m). Investment grants of EUR 6,214.1m (previous year: EUR 6,212.0m) were used to off-set property, plant and equipment, thereby reducing the presentation in the statement of financial position. Property, plant and equipment represents approximately 22% of total assets.

The carrying amount for investments accounted for using the equity method increased by EUR 819.6m. This is primarily due to the positive measurement effects of hedges in the companies, which are reflected in higher proportional equity.

For non-current financial assets, the increase results primarily from the valuation of the stakes in EVN and Verbund. Both securities increased in value compared with the previous year. Under other non-current assets, there was an increase in the claim to reimbursement for the plan assets.

Other current financial assets and current financial liabilities increased significantly due to electricity and gas derivatives. Here, the primary cause of financial statement expansion was the higher initial and variation margins (collateral) that were due for payment.

Wiener Stadtwerke is wholly owned by the City of Vienna. In 2021, the Group's capital and reserves advanced by +51.9% to EUR 7,639.2m, primarily as a result of the OCI measurement of shareholdings in Verbund and EVN.

Employee benefit provisions were EUR 5,108.7m, or approximately 25% of total assets, down by -0.5% on the previous year. Most of the provisions are for pension obligations. Under the Wiener Stadtwerke – Zuweisungsgesetz (Vienna Public Enterprises Secondment Act), the Group must reimburse Vienna City Council in full for the pension expenses incurred for employees assigned by it to Wiener Stadtwerke, with the exception of Wiener Linien staff. This gives rise to an indirect pension obligation on the part of the Group.

2.1.4 Investments

Investments

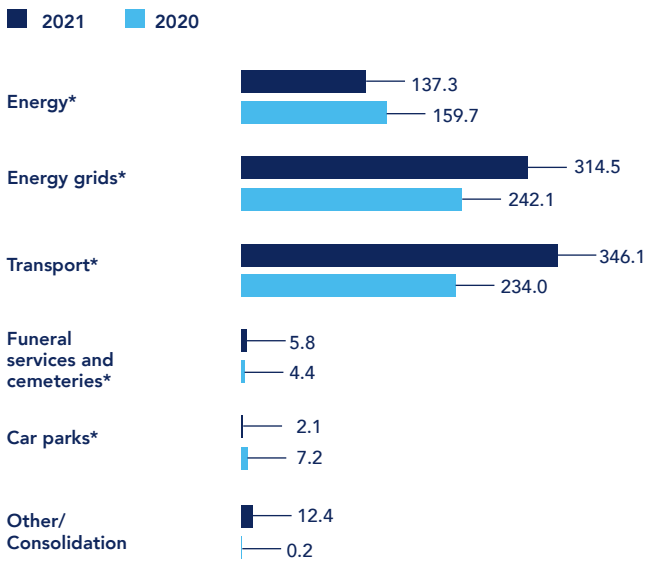
EUR m	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Property, plant and equipment	592	**762**	169	+29
Intangible assets	55	**57**	1	+2
Total non-current assets	**648**	**818**	**171**	**+26**
Total financial assets	1,110	**188**	-921	-83
Total gross investment	**1,757**	**1,007**	**-751**	**-43**
Grants (IAS 20)	-212	**-334**	-122	-57
Total net investment	**1,545**	**672**	**-873**	**-56**
Capex ratio in %	21	**19**	-2	pp
Climate-friendly investments	**424**	**724**	**+300**	**+71**

* Capex ratio = (intangible assets + property, plant and equipment) / revenue x 100.

In 2021, the Wiener Stadtwerke Group invested a total of EUR 1,006.6m, of which EUR 761.5m or 75.6% was spent on property, plant and equipment and a further 18.7% was spent on financial assets.

Due to the drop in investment in financial assets, coupled with the rise in revenue, the capex ratio fell by -1.6 percentage points in 2021. During the year, more than 88.4% of investments in fixed assets were used for environmentally friendly projects.

Investment in property, plant and equipment and intangible assets (EUR m)



* Divisional breakdown before consolidation.

Energy

Investments in property, plant and equipment largely relate to the expansion of regenerative generating plants (particularly photovoltaic systems, water, wind and regenerative heat), district cooling plants and existing plants. The year-on-year increase in investment in intangible assets was attributable to investment in software development and usage rights for telecommunications networks. Investment in the "Digitalisation Programme" in particular was higher than in the previous year.

Energy grids

Investments in property, plant and equipment were primarily directed to the Electricity, Gas and Heating and Administration departments. Investments in financial assets principally pertain to the research and development company Aspern Smart City.

Transport

During the reporting period, about 61% of total investment (excluding financial assets) was accounted for by expansion of the underground network. The current financial structure is based on the public transport services agreement between the City of Vienna and Wiener Linien GmbH & Co KG, which came into effect on 1 January 2017. Under these arrangements, investment finance takes the form of subsidies, and the remainder of the money required for operations is covered by compensation from the City of Vienna to the company for its public service obligations. The subsidies include amounts received by the City of Vienna from the Austrian federal government as subsidies for underground construction projects and as allocations for investment in public transport (Section 20 Finanzausgleichsgesetz [Austrian Fiscal Equalisation Act]). In addition, income from payroll taxes is transferred to the company in the form of subsidies for underground line construction.

Wiener Lokalbahnen investments in intangible assets included a software interface for handling TW500 maintenance, investment in replacement parts for the Intermodal Transport Control System (ITCS), and the development of the easymobil ticket app. The largest property, plant and equipment items were advance payments for the TW500, payments for additional parts, replacement chassis parts, air-conditioning for the TW400, the second section of a new track in Vienna, and a roof crane and lifting equipment for the Vienna Transport Museum Remise.

Funeral services and cemeteries

The focus of investment in 2021 was on the usual routine replacement and renewal of property, plant and equipment at all companies in the division, as well as in intangible assets such as the funeral planner, customer service app and the internet presence of Liferay, the roll-out of which was begun in the previous year. Investments were also made in an online gardening shop and in the development of a new chatbot and online gift shop.

Car parks

In 2021, investment was down significantly year-on-year. The main primary property, plant and equipment items were the new parking control system at the Liechtensteinstrasse location and the general renovation works that were started at the Windmühlgasse site. Additional investments in 2021 included the expansion of number plate recognition, costs relating to projects at the Oberlaa location and preparatory works for the general renovation of the Freyung site. Software costs for the Wiener Stadtwerke Group one-stop shop are reflected under intangible assets. Some of these funds were also used for the roll-out of the Wipark OSCAR customer card in 2021.

Other/consolidation

This item includes eliminations of intra-Group investments.

2.1.5 Consolidated statement of cash flows (summary)

Consolidated statement of cash flows

EUR m	2020	2021	Year-on-year change +/-	Year-on-year change +/- %
Cash flow from net income	734	**682**	-52	-7
Change in working capital	-215	**-568**	-353	-164
Cash flow from operating activities	**519**	**114**	**-405**	**-78**
Cash flow from investing activities	**-1,136**	**-374**	**762**	**+67**
Cash flow from financing activities	**519**	**222**	**-297**	**-57**
Total cash flow	**-98**	**-38**	**60**	**+61**

Cash flow from earnings was lower year-on-year, as cash accounted for a reduced proportion of operating profit. This was because the employer contribution repayment received in the previous year was not received in the reporting period, which had a considerable impact. The change in working capital in 2021 resulted in net cash outflows, which chiefly reflected the change in the margins to be paid by Wien Energie GmbH as a result of the price movements for electricity, gas and CO_2 and the rise in trade receivables.

This resulted in a positive net cash inflow from operating activities totalling EUR 114.1m.

The net cash flows from investing activities were the result of substantial investment by Wiener Stadtwerke. The Wiener Stadtwerke Group finances its investments in property, plant and equipment from cash flow from operating activities and government investment grants, which mostly go to the Transport division. These investment grants are reported under cash flows from investing activities, and have the effect of reducing cash outflows from investment activities. The high cash outflows in the previous year were primarily due to the acquisition of the stake in EVN AG.

Cash flows from financing activities mainly include inflows from short-term borrowing. These were partially offset by outflows connected with financial liabilities and lease liabilities as well as dividend payments to the City of Vienna.

2.2 Sustainability and the environment

Sustainability as a core company value
Sustainability is intrinsically linked with ecology and environmental and climate protection. The Wiener Stadtwerke Group sees sustainability as more still: it is a fundamental company value that we adopt in all aspects. The Group is aware of its economic, ecological and social responsibilities to the greater Vienna area and the people living here, and it takes these responsibilities seriously. In line with clearly structured and efficient sustainability management practices, all of the Group's business units are involved in achieving Group-wide sustainability targets.

A Group for climate protection
A central task of the Wiener Stadtwerke Group is to ensure that the services vital to the city's infrastructure are kept running – day and night. This task must continue to be fulfilled in a future where we face environmental challenges. For this reason, Wiener Stadtwerke is taking the fight against climate change extremely seriously and is leveraging all of its tools to protect the environment and respond to climate change. All Group companies have always striven to minimise their negative impact on the environment and climate through responsible business practices, sustainable products and services. The overall goal is to reduce emissions of greenhouse gases (including CO_2) and air pollutants (such as fine particulates) over the long term. As a result, we consistently strive to keep our environmental impact as low as possible when putting infrastructure into place, in compliance with legal requirements. Between now and 2025, the Group will be investing EUR 1bn every year, with two-thirds of this investment going towards environmental projects.

Accelerating ecological projects
In 2021, the Wiener Stadtwerke climate fund continued to support numerous smaller-scale measures introduced by Group companies to protect the environment and the climate. In total, 19 projects received a share of the climate fund's EUR 1m endowment to help get their work off the ground.

Climate pioneers
If the Wiener Stadtwerke Group is to overcome the challenges posed by climate change, it needs the best minds – climate pioneers. To find, train and retain this talent, a brand presence and employer branding campaign were launched in autumn 2021, with supporting activities carried out on all sides. One of these activities is the Climate Pioneer Programme. This traineeship – the first of its kind – will run from May 2022 to October 2023 and is highly flexible. The programme gives trainees indepth insights into at least three companies within the Wiener Stadtwerke Group and allows them to deepen their knowledge of environmental topics. And at the core of all their activities is the principle that by working together Wiener Stadtwerke can make climate reversal a reality.

Climate Impact Day
Working to ensure that Vienna becomes a carbon-neutral city by 2040 is truly pioneering work – and it's happening locally. Each Wiener Stadtwerke Group company is making a significant contribution. The Wiener Stadtwerke companies and their employees are climate pioneers and this was successfully demonstrated at the Climate Impact Day, a day of action held across Austria that raises awareness of climate change and puts the spotlight on the role of companies. At the last Climate Impact Day, some 3.1 tonnes of CO_2 were saved.

Sustainable finance
As part of its sustainable finance initiative, at the end of March 2021 the EU's regulation on sustainability-related disclosures in the financial services sector entered into force. Since then, Wiener Stadtwerke's Asset Management and Treasury department has included environmental, social and governance (ESG) risks with economic risks when determining the investment strategy for the funds managed by Wiener Stadtwerke (WSTW funds). As part of this, from January 2022, all funds have been assigned to sustainability categories in accordance with Article 8 of the Sustainable Finance Disclosures Regulation. ESG transparency across all WSTW funds will be increased by means of reporting, with particular focus being placed on environmental factors. Wiener Stadtwerke's goal is to increase its participation in global, industry-wide efforts to promote good ESG practices.

Energy

Wien Energie secures climate-neutral energy for Vienna. As Austria's largest regional energy supplier, Wien Energie has a major part to play in climate reversal. The company has a code of conduct that holds both it and its more than 2,000 employees to exacting social and ethical standards. Wien Energie strives to actively protect the climate and to put measures in place to ensure that Vienna remains the world's most liveable city. Key to this undertaking is the balancing of ecological, social and economic interests. The success of measures to protect the environment will be determined in the cities, since these are responsible for 80% of all greenhouse gas emissions. Wien Energie uses highly efficient and environmentally friendly means to generate electricity, heating and cooling, and in the coming years will invest considerably in climate protection, supply security and the expansion of renewable energies.

Climate protection roadmap
Wien Energie is a key player in the City of Vienna's goal to achieve climate neutrality by 2040. The decarbonisation study conducted in 2021 set out scenarios for how Vienna's energy system could be decarbonised. In 2022, Wien Energie will use the findings of this study to put together a detailed climate protection roadmap that contains specific actions and intermediate objectives for achieving climate neutrality.

On the basis of the decarbonisation study, Wien Energie has defined seven fundamental action areas for making Vienna climate neutral. Significant investment and some amendments to the regulatory framework will be required if these goals are to be met. Wien Energie will implement the following measures for achieving net-zero emissions by 2040:

- Expanding the renewable electricity generation portfolio
- Providing sustainable, integrated and needs-based heating and cooling solutions by decarbonising district heating (exploiting geothermal energy and expanding large-scale heat pumps) and extending highly efficient district cooling
- Identifying potential for renewable energy from waste (EfW) plants and opportunities to reuse captured carbon as part of the circular economy
- Expanding sustainable hydrogen production and the associated fuelling station infrastructure, and ensuring that the technological requirements are met for using green gases in Wien Energie power stations
- Expanding the smart charging infrastructure for e-mobility in the public sphere, in residential construction and for commercial customers
- Supporting collaborative innovation and research projects that focus on emissions reduction, with both start-ups and large businesses
- Continually implementing digitalisation and efficiency-improvement projects in order to ensure that energy is used optimally in a way that saves resources

Greenhouse gas emissions and climate goals
Since 2019, Wien Energie has recorded its annual greenhouse gas emissions across the entire value chain. The largest sources of emissions are power stations, electricity procurements rights, distribution, decentralised gas installations and heating purchases. Amended power station usage, reduced emissions from electricity procurement rights and reduced gas sales caused emissions in 2020 to fall to 5.9m tonnes of CO_2. The company sets itself ambitious climate targets and is implementing relevant measures and strategies to meet these.

Climate-friendly heating and cooling solutions were also expanded in 2021. The construction of the environmentally friendly power-to-heat system in Spittelau was a significant step here. The installation, which will enter into service in spring 2022, converts excess electricity from wind energy into heating. This means that useful energy can be used in a sensible way, the power grid is stabilised and thousands of homes can be supplied with climate-friendly heat.

What is more, the new Stubenring district cooling headquarters was opened in the past year. This is one of the biggest milestones in the expansion plan. A cooling ring is to be established around this area by 2025, which will enable all areas of the city centre to be connected to the system for environmentally friendly cooling. District cooling achieves energy savings of 70% and CO_2 savings of 50% compared with standard air-conditioning units.

In 2021, Wien Energie enjoyed particular success in the area of geothermal research. A 3D model of underground Vienna indicated a specific pocket of potential geothermal energy for the first time. The Aderklaaer Conglomerate, as this area is known, would present an excellent opportunity to exploit geothermal potential for district heating.

In partnership with the development company Gesiba, Wien Energie started planning Vienna's first **energy collective**. Energy collectives represent a step towards climate reversal. Generating energy locally can help to create more value for regions. In 2021, **innovative housing solutions** (such as the "Village im Dritten" urban development area) were successfully propelled forward, with innovative mobility, energy and residential concepts for urban living in a smart future being developed.

Great progress was also made in the area of **green gases**. Wien Energie was able to announce that the world's first operational trial with hydrogen will begin at the Donaustadt power station in 2023. The operational trial, which will be conducted in collaboration with RheinEnergie, Siemens Energy and Verbund, will explore the use of hydrogen in large gas and steam turbine installations. The mobility revolution was driven further forwards with the launch of Vienna's first **hydrogen fuelling station** on the Leopoldau bus depot site. Passengers will be able to ride the first hydrogen bus from January 2022.

E-mobility was also expanded in 2021. Wien Energie put the thousandth public charging point into operation and successfully finalised the largest public charging point expansion programme to date. The company also supplemented its own fleet with 48 of Kia's electric e-Niros, meaning that sales staff can now travel around Vienna in a climate-neutral fashion and thereby save 50,000 kg of CO_2 every year.

Energy grids

The principles of sustainability are a core part of the corporate strategy of the Wiener Stadtwerke Group and its subsidiaries. The sustainability programme is updated and approved by the Wiener Stadtwerke Management Board each year and reflects the Group's objectives and corresponding actions. When evaluating the actions, including those related to climate protection, it is essential to take a holistic view of Vienna's energy use and emissions.

Doing so means that the focus can be placed on energy-efficiency measures, the ongoing expansion of renewable energy sources and the establishment of the necessary infrastructure.

Just as relevant are the direct emissions of primary air pollutants in the energy supply, the use of low-emission installation technologies, the selection of environmentally friendly transport solutions and drives, such as CNG (compressed natural gas), and electromobility – as a contribution to improving Vienna's air quality. The Group's approaches to waste, remediation of contaminated sites, water use, and discharge of cooling water and wastewater are, of course, also principal factors in its environmental impact.

As part of Wiener Stadtwerke's sustainability principles, Wiener Netze sets out sustainability measures and targets on a yearly basis, and these are summarised in the sustainability programme. Sustainability and the continuous monitoring and improvement of environmental performance across all business operations, in accordance with the ISO 14001 environmental management system, are integral to Wiener Netze's corporate strategy, as is the embedding of sustainability in its values.

Sustainable mobility concept
The expansion of the electric vehicle fleet was given a boost in 2021. This relates both to Wiener Netze's own vehicles and the vehicle fleets of the Wiener Stadtwerke Group companies, which are managed by Wiener Netze. Wiener Netze is also highly integrated in the implementation of hydrogen infrastructure, which is essential to the pioneering and innovative upgrade of Wiener Linien.

Sustainable use of energy
The measures developed for the improvement of energy efficiency and the broadening of the expansion of renewable energy were also implemented again in 2021. Noticeable efficiency gains were achieved by replacing the burners and boilers for the process heat, and replacing process pumps with highly efficient pumps reduced the amount of electricity required for the circulation in the heating system. At the same time, potential areas for photovoltaics were identified at all Wiener Netze sites, thereby ensuring continued swift expansion in line with the Smart City Vienna Framework Strategy. In future, excess current peaks will also be used for hydrogen production or as a renewable form of energy for operational processes.

Wiener Netze's detailed CO_2 and energy footprint can be used in the future to record and evaluate further measures for the gradual reduction of CO_2 emissions. Furthermore, Wiener Netze only generates green electricity at its sites.

Vienna – a smart city
The EU's climate protection goals have been significantly accelerated under the Green Deal: greenhouse gases are to be reduced by 50–55% by 2030. Because 80% of the European population lives in cities and 75% of the energy is used in cities, urban areas bear the prime responsibility for attaining climate protection targets. Reworking the Smart City Vienna Framework Strategy in 2019 in partnership with Wiener Netze saw the City of Vienna's targets realigned to the international 2005 baseline for comparability. The strategy formulates specific targets for 2030 (50% reduction in per capita carbon emissions, 30% drop in local energy use, 30% share for renewables) and 2050 (85% reduction in per capita carbon emissions, 50% drop in local energy use, 70% share for renewables). Similar targets are in place for per capita material consumption footprint and the transport sector. Various energy efficiency and material reduction projects at Wiener Netze GmbH are dedicated to reaching these targets.

Considerate construction – planning and processes that protect the environment
With some 4,200 construction projects per year across the entire area of supply, sustainability also requires good planning and coordination with the City of Vienna, its municipal departments and the authorities. Collaborating closely means that a large number of unnecessary excavations can be avoided. If all companies coordinate themselves more efficiently when it comes to construction activities on public roads, then works on underground cables, channels and pipes, and also on the rail network, can be optimised and ultimately reduced. Wiener Netze also uses state-of-the-art installation technology. By relining the natural gas network (via a pipe-in-pipe solution) and applying floating cable installation techniques in the power grid, where a cable is inserted into the existing empty piping, Wiener Netze is reducing the volume of excavations by 90% compared to usual levels. This results in a reduction in transport volumes, lorry journeys and the emission of CO_2 and other pollutants.

Transport

Wiener Linien's sustainability management department coordinates all environmental and sustainability measures and is responsible for the corresponding sustainability reporting. The climate protection plan should help Wiener Linien quantifiably reduce its carbon footprint. Climate protection projects are also gradually being incorporated and their contribution to the reduction in CO_2 emissions is being measured. As can be seen, sustainability is firmly embedded in Wiener Linien's regular business operations.

Wiener Linien is currently working flat out on Vienna's largest climate protection and infrastructure project: the **U2xU5 intersection** will not only make travel times faster but will provide more space for more passengers. Once construction is complete (first and second phases), eleven new underground stations will have been added to the existing network. The U5 line is expected to enter operation in 2026. The new U2 line from Rathaus to Matzleinsdorfer Platz will start welcoming passengers in 2028. Investing in public transport constitutes an active contribution to protecting the climate and creates a liveable environment that people enjoy being in. The U2xU5 intersection alone has the potential to save up to 75,000 tonnes of CO_2 per year. Public transport also uses up less space than cars do, meaning that land can be used in more meaningful ways, such as for trees, park benches and playgrounds, allowing all of Vienna's citizens to benefit.

Wiener Linien's **electric and hydrogen bus concept** and the corresponding competence centres have set the stage for further expansion of the low-emission bus fleet. From 2025, a total of seven bus routes will be converted to purely zero-emission buses with electric heating and CO_2 air-conditioning systems with heat pumps. Both the energy required for the electric power and the hydrogen required for the hydrogen power will be generated from renewable energies. It is not only investments in public transport expansion that ensure a cleaner environment – everyday services can also make a big difference to climate protection.

Wiener Linien's wide range of environmentally friendly mobility services is also being expanded further by the umbrella brand **WienMobil**. The brand is making private cars that pollute the environment obsolete for the 'first and last miles' of a journey, in other words the commute to and from the nearest public transport stop.

We also consistently strive to keep our environmental impact as low as possible when putting infrastructure into place, in compliance with legal requirements. In 2021, the solar power strategy was launched in collaboration with Wien Energie. The strategy enabled the companies to identify 20 roof spaces on underground stations and training workshops that can be fitted with solar power stations by 2025. The photovoltaic installations will produce up to 3,500 megawatt-hours of solar-generated electricity per year. The electricity generated will then be used to power lighting, escalators and lifts in the stations.

The **brake energy** project has also contributed to improving energy efficiency. Whereas the project described above uses solar energy, the brake energy project feeds brake energy from underground trains into the internal A/C network or makes it available to approaching trains. After the successful installation of the systems at the Hardeggasse and Altes Landgut stations, in 2021 a further system was installed at Ober St. Veit. These three systems will redirect some 4.5 gigawatt-hours of electricity into the stations every year. This is enough electricity to power 1,080 households and will save approximately 600 tonnes of CO_2 per year.

In addition to the above projects, Wiener Linien also launched its **greening project** in 2021. After the 2020 transformation of the façade of the Spittelau underground station into a vertical flower meadow, in 2021 the forecourt was also redesigned and made greener to improve the experience of those passing through and waiting in the area. Not only were 20 shade-giving trees placed here, but some 4,000 shrubs and grasses were planted and a number of seating areas were created. To help visitors cool down, three water mist systems and a drinking fountain were also installed.

All activities and measures by Wiener Linien concerning the topic of the environment and sustainability are bundled under the motto "Greener Linien" ("Greener Tracks"). This motto communicates both the significance of public transport as a way of protecting the climate and the fact that every passenger contributes to climate protection. As another motto goes: "Öffis nützen – Klima schützen!" ("Protect the Climate – Use Public Transport!")

To support start-ups that have creative solutions for protecting the climate, Wiener Lokalbahnen took part in Inno-Mobilitätschallenge, an initiative for innovative mobility solutions. A partner was soon found whose solution will see bicycle boxes that create added value and a digital locking and booking system integrated into the easymobil app. The solution will be tested as part of a proof of concept and is supported by ClimAccelerator (Clean Cities).

What is more, 2021 saw the WLB Green Energy research project come to an end. The aim of the project is to supply the new easymobil stations with green electricity by, for example, installing photovoltaic systems on vacant spaces and bicycle shelters to generate enough power to meet basic requirements. Sustainable easymobil stations that can meet their own electricity needs help to protect the environment. This solution has great potential for refrigerated pick-up boxes and for charging infrastructures, and could also lead to reduced electricity costs.

To also help promote sustainability internally, e-scooters were rolled out in 2021 for travelling around plants.

Funeral services and cemeteries

The environmental focuses for Friedhöfe Wien GmbH are biodiversity and climate protection/microclimates. Cemeteries can be a big help to the urban microclimate by acting as part of fresh air corridors and cold air source areas, as well as by offering a refuge for flora and fauna in urban areas. For example, deer, badgers, hamsters, owls, bats and many bee colonies live in Vienna's Central Cemetery.

A number of landscape gardening measures have been taken at the cemetery in Neustift to enlarge animal habitats. There are tracts that cater to the needs of bats, reptiles, songbirds and butterflies. This area has been made more visible and appealing as a nature trail since 2019.

Vienna's Central Cemetery contains some 120,000 m² of natural meadows. Across all of the city's cemeteries, the natural meadows cover an area of 135,000 m². Bee colonies have already been successfully established at a number of cemeteries, such as the Central Cemetery and the Neustift, Südwest, Stammersdorf/Zentral and Hietzing cemeteries.

Water and energy consumption are still major topics at Vienna's cemeteries. The expansion of wastewater systems has been completed following an initial review of the options available. Inzersdorf was the last cemetery to be equipped with a wastewater system. Smart meters were installed at the Simmering cemetery as part of a pilot project for the early detection of water losses due to burst pipes, for example.

The relevant environmental topics (water, waste, air and noise) were covered in the "Gemeinsam.Sorgsam." ("Taking Care – Together") communication campaign, which was publicised at the cemeteries in April 2020. On park benches and bins and at taps and organic waste collection points, signs call upon all visitors and tradespeople to remember their active contribution to protecting the environment within the cemeteries – specifically regarding waste, water and noise. In 2021, a number of small actions that have big impacts were implemented. These included the Friedhöfe Wien gardening team transitioning to refillable, glass candle holders and having tree cuttings and green waste from all 46 cemeteries transported to Municipal Department 48 for conversion into compost and bark mulch. As early as 2020, the cemetery management regulations were revised to include provisions to reduce works that create a lot of noise. Electric vehicles have long been used to avoid disturbing the peace of the cemeteries. These vehicles are both energy-efficient and emission-free.

Car parks

The past few years have been shaped by even better modal splits between public transport and private motor vehicles. Park-and-ride systems and the construction of cheaper collective residential car parks in urban development areas ensure that the largest amount of above-ground space possible can be allocated for various uses. In this way, these car parks help to alleviate the burden on public space and free up outdoor spaces for green areas, playgrounds and pedestrianised zones.

For Wipark, the topic of electromobility is also a major aspect of sustainability and the environment. Electric vehicles already play a significant role in the personal transport market, and this is set to expand in future, particularly in large cities. Wipark's commitment to promoting sustainable vehicle ownership is demonstrated by more than 224 public charging points having been installed in its car parks in Vienna. The charging points are always located at the entrance to the car park, for added convenience for owners of electric vehicles. As part of a joint project with Wien Energie that focuses on electric charging points in car parks, some of the city's oldest charging infrastructures have been refurbished and the charging points in three car parks have been renovated and are now state-of-the-art. Furthermore, additional charging infrastructures have been (or are in the process of being) installed in long-stay car parks, such as the Freyung and Geblergasse locations. The topic of charging infrastructure for long-stay car parks has also been taken into consideration in renovation projects.

In 2021, Wipark focused on photovoltaic systems. A total of six photovoltaic systems were installed across four locations, and these installations have a total capacity of more than 400,000 kWh per year. This is the largest retrofitted capacity that Wien Energie has installed within the space of a year for a single company. The systems installed were four rooftop photovoltaic systems on plots S and Q at the Leopoldau site, one photovoltaic carport at the Neulaa site, and one façade photovoltaic system at the Westbahnhof site.

In recent years, rising demand has been seen for bicycle storage facilities in car parks. Following specific requests, in 2021 a bicycle storage facility was launched at the Westbahnhof site. The storage facility offers space for approximately 40 bicycles and also has nine sockets for charging electric bicycles.

3 Opportunities and risks

3.1 Risk management and internal control system

3.1.1 Risk management system

The Wiener Stadtwerke Group has a comprehensive risk management process and all corporate entities and Group companies are included in this process. The risk management process follows the internationally accepted framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The **aim** of risk management is to identify risks at an early stage, to analyse and assess these risks and, by implementing appropriate measures, to support the achievement of corporate objectives. In accordance with standard risk management principles, risks are identified, assessed, monitored and documented in a Group-wide risk management system, taking the entire context into account.

Risk identification and assessment: Risks are defined as potential deviations from targeted figures in relation to specific indicators, with the most important being the profit for the year, the net cash flow and the equity ratio. Every identified risk is assigned to a person who is responsible for assessing, managing and monitoring that risk. Scenarios are used to describe risks when these are analysed and assessed. They are then quantified as broadly as possible on the basis of the potential impact and probability of occurrence. At the same time, the possible opportunities (positive deviations from target figures) are assessed.

Risks that cannot be quantified are listed as qualitative risks. Quantitative and qualitative risks are both documented in the same risk management software.

Risk reporting: A workflow-based risk management tool that employs integrated risk management methodology is used to aggregate the overall risk position of the Wiener Stadtwerke Group. Additionally, general risk management guidelines are discussed and decided upon within a risk management committee. The risk management committee is made up of risk controllers from the Group Management Board and the Group companies. The results of the Group-wide risk aggregation process are included in the quarterly risk management report. The Supervisory Board is regularly briefed on the risk management situation. Risk management plays a central role in economic and multi-year planning.

Establishing risk measures: Risk management involves establishing appropriate measures, with the aim of preventing or reducing risk or transferring it to third parties. To determine the appropriate measures, departments carry out cost-benefit analyses in order to review and implement these. Measures are monitored as part of the quarterly analysis process and are adapted to the new risk situation, if necessary.

Risk monitoring and control: The risk management process follows the internationally accepted framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Ongoing surveying, identification and assessment of the risks to which the Group is exposed lays the groundwork for the regular risk reporting. Furthermore, the concept, appropriateness and effectiveness of the risk management system are regularly evaluated, monitored and checked.

3.1.2 Internal control system (ICS)

The Wiener Stadtwerke Group's internal control system (ICS) encompasses **all the key features of the process-related monitoring measures** across the various organisations. It ensures that the main risks associated with the relevant processes are systematically recorded and analysed, and minimised by carrying out periodic checks, and that the key documentation is kept and responsibilities are recorded transparently.

The Internal Audit Department evaluates the execution of business processes, as well as the internal control and risk management system, in accordance with an annual audit programme approved by the Management Board.

The **minimum standards** for compliance with the ICS are laid down by a Group directive which also clearly defines the roles and remits within the system's control processes. The ICS is decentrally organised within the Wiener Stadtwerke Group companies and falls under the responsibility of the management of the company in question.

The ICS stipulates that the management of the relevant Group company must ensure that there is transparent documentation and that the ICS is effective.

The **duty to report** to the various management boards and the Group ICS coordination function at regular intervals ensures that the ICS conforms to the standards. Continued refinement of the ICS is carried out in agreement with the Group companies and the risk management, compliance, IT security and crisis management functions.

Ongoing surveying, identification and assessment of the risks to which the Group is exposed lays the groundwork for the regular internal **risk reporting**. Reporting on quantitatively assessed risks is embedded in the financial reporting, which is performed by the management control function (integrated reporting).

For future movements in the Group companies' key financial indicators, risk management processes aggregate the worst-case and best-case scenarios on the basis of the individual risk identified. These are presented in the control reporting. A key objective is determining the risk-bearing capacity of individual Group companies.

An annual risk and opportunity review is carried out as part of the budget/actual comparison. This means that the original risk and opportunity assessments from the previous year, which were also the basis of the corporate planning, are compared with the actual values. The insights gained feed into the adjustment of the risk catalogue to changed circumstances. The updated risk catalogue is one of the cornerstones of business planning.

Discussion and coordination of the main opportunities and risks also form part of the annual business planning retreat at each Group company. The aim is to take an all-round view of the risks and opportunities that are to be expected in coming years, so as to take proper account of them in the corporate planning. This gives rise to action plans and closer monitoring of the budget items concerned.

Responsibility for ensuring adherence to the risk management process lies with the risk controllers at each Group company. These controllers report directly to management and the Group risk management function on an ongoing basis. The risk management function then reports to the Wiener Stadtwerke GmbH Management Board.

Compliance with the statutory regulations relevant to the Group is monitored and controlled. The reliability of the financial reporting is assured, as the accounting processes at Wiener Stadtwerke are governed by Group-wide directives and standards.

3.1.3 Tax control system (TCS)

A tax control system (TCS) is also implemented in addition to the internal control system. The TCS refers to all measures (processes and process steps) that ensure that the taxation basis for each form of taxation is recorded in the correct amount and that any taxes due are paid on time and for the correct amount.

The structure and content of the TCS conform with the provisions of the Austrian Tax Control System Auditing Ordinance (SKS-Prüfungsverordnung) and the guidelines set out by the Austrian Chamber for Tax Consultants and Public Accountants (KWS) in relation to the drafting of an expert report on a tax control system pursuant to Sections 153b(4)(4) and 153f(5) of the Austrian Federal Tax Code (Bundesabgabenordnung – BAO) in its applicable version. The TCS is implemented in line with guidelines that are standardised across the Group and are set out in a Group directive.

The TCS has been audited and in June 2021 the expert report confirmed that:

- The statements contained within the description of the TCS are presented appropriately
- The fundamental elements have been implemented and are appropriate for recording the taxation basis for each form of taxation, listing the taxes that are due in a timely fashion and for the correct amount, and identifying and preventing in good time any risks of material breaches
- Adjustments and improvements are carried out on an ongoing basis
- The assessment of tax-related risks and the corresponding measures and processes are reviewed regularly and are documented as necessary

The TCS helps to reduce the Group's financial risks, finance-law risks, reputational risks and business risks.

3.1.4 Overall assessment of the risk situation

As at 31 December 2021, even in light of the effects of the Covid-19 pandemic, the Group Management Board did not consider there to be any identifiable risks that, individually or in combination with other risks, could pose a threat to the Wiener Stadtwerke Group's capacity to continue operating as a going concern.

3.2 Commentary on material individual risks

The risk landscape for Wiener Stadtwerke is divided into seven risk groups. The most significant risks in these groups are as follows:

Strategy/environment
The Wiener Stadtwerke Group operates within the context of political and legal frameworks. These frameworks could change at short notice at any time and may change the wider context of strategic decisions and/or call the company's strategic trajectory into question. These would include unexpected costs, unplanned cessation or postponement of projects, or being confronted with new strategic challenges that would have to be resolved.

In order to preempt these risks, the Group continually analyses the environment in which it finds itself. The Group Management Board and the Group companies also keep in regular contact with the relevant political contacts and regulatory organisations. This enables the Group Management Board to maintain a comprehensive overview, including of potential changes, and to adapt to circumstances as necessary.

Market and procurement
Market risks include price and competition risk in retail markets. In various services sectors, but particularly in the areas of energy and mobility, it may be that the competitive situation intensifies and the pressure on performance and prices increases.

Wiener Stadtwerke counters these risks by developing new products and services, by maintaining an active, customer-centred sales strategy and by entering into collaborative agreements.

The Group's procurement activities take fluctuations in the prices of oil, gas, coal, CO_2 and electricity into account. In the interests of professional risk management, the Wiener Stadtwerke Group manages these price risks by means of appropriate hedging transactions, such as derivative financial instruments. These include forwards, futures and swaps.

Finances and investments
This risk class mainly deals with managing risks related to short-term and long-term financial investments. The primary focus is on the Group's fiscal stability and, in particular, ensuring the Group's liquidity.

To manage its short-term liquidity, the Group operates a Group-wide cash pooling arrangement, which helps to ensure that short-term resource requirements can be met at all times. A conservative approach is taken to long-term financial investments, in line with the pension fund regulations. These investments are managed by a separate asset management function within the Group's management. This asset management function has a standing monthly meeting with the Management Board and the risk management function.

The business processes that form the basis for these financial investments are audited once per year by an external certified accountant. Corresponding risk indicators are measured on a regular basis. Limits ensure that timely corrective measures can be taken.

Exposure to the default risk of banks, as indicated by their ratings, is curtailed by diversification based on set limits. Risks arising from the US lease transactions are kept under constant observation.

Investment risk encompasses all the risks arising from equity holdings, such as the risk of dividends being lower than expected and of a decline in the value of an investment. In order to pre-empt these risks, all investments are monitored on an ongoing basis. In the event of unexpected developments, the Group management will enter into direct dialogue with the concerned parties.

Plant and operational safety
The Wiener Stadtwerke Group has extensive and, in some cases, complex plant installations at its disposal. The proper functioning of these installations may be impacted to a lesser or greater extent, depending on the circumstances. The extremely high reliability of technical infrastructure is critical to Wiener Stadtwerke's business success. For this reason, this issue is of great importance in terms of risk management.

In order to minimise the risks, the Group and its corporate entities regularly carry out maintenance and investment programmes. In its day-to-day operations, the Group takes steps to ensure that it conforms to very high technical standards as well as precisely defined maintenance and quality checks. The Group has technical redundancies in place in the critical services sectors. The risks associated with plant and operational safety are also insured against by means of relevant insurance contracts.

Human resources/organisation
Demographic changes mean that a company's staff is increasingly becoming a critical performance indicator. Growing competition on the employment market may result in Wiener Stadtwerke being unable to fully meet its recruitment needs in terms of new talent and specialists, or being unable to meet these needs at all. For this reason, Wiener Stadtwerke is expediting its employer branding initiatives.

As a responsible employer, Wiener Stadtwerke places great importance on monitoring staff risks. These risks are managed by means of a an employee development programme implemented Group-wide that incorporates a range of activities, such as performance reviews designed to optimise staff development and maximise employee satisfaction.

IT
Having business processes that run smoothly across the Group is directly reliant on having a reliable IT system. If systems go down, whether in part or in full, this can significantly impact business processes.

The Group has its own, extremely capable IT function that ensures the technical stability of business processes and provides support for these. The function also applies a range of IT management techniques to ensure high IT availability. This includes a back-up computer centre that can immediately take over the necessary tasks in the event of an IT system failure.

Legal/data protection
The Group is exposed to a wide range of legal risks in the course of its business activities. These risks may lead to litigation that could in turn subject the Group to economic, operational or reputational damage.

The Group's legal departments employ renowned experts who continuously deal with the key legal topics of relevance to the Group, the industry and the associated markets. They also develop policies for addressing any identified risks.

As a responsible business, Wiener Stadtwerke pays close attention to the topic of data protection. The data protection officers at the Group companies work with the relevant divisions to ensure that data protection breaches are avoided.

3.3 Opportunities

3.3.1 Opportunity management

The Wiener Stadtwerke Group has a clear responsibility to society: its primary duty and greatest interest is to securely fulfil its supply mandate to the citizens of the City of Vienna and the surrounding area.

Beyond this mandate, the Group strives to make use of its entrepreneurial opportunities in the interests of Vienna's citizens. In this way, the Group ensures its commercial stability and expands its room for manoeuvre in implementing the concepts that continue to enhance the quality of life of those living in Vienna's metropolitan region.

3.3.2 Commentary on opportunities

Opportunities in energy
The energy sector faces significant changes, whether these are technological developments (such as the use of hydrogen and carbon capturing), regulatory changes (EU emissions trading, the Austrian Renewable Energy Expansion Act), market developments (high energy prices, the need for supply security) or trends amongst competitors (in particular in relation to blurred lines between industries). In order to remain competitive in this changing environment, Wien Energie is seeking to strengthen its market position by enhancing its own competitive advantages. These include seizing the opportunities presented by the heating revolution, partnerships with the housing industry to develop innovative housing solutions, and the systematic decarbonisation of district heating. Wien Energie will rise to the challenge presented by the rising demand for green electricity by systematically expanding renewable electricity generation, particularly through photovoltaic systems in Vienna. The decarbonisation of the transport sector will be supported through the expansion of the charging infrastructure for electric vehicles and the construction of the city's first hydrogen fuelling station for buses and lorries.

Opportunities in mobility
People's need for mobility is increasing. This will lead to more private cars on the roads, with the result that these may eventually be congested with traffic. This, in turn, will lead to an increase in the demand for alternative forms of transport.

Wiener Linien's primary responsibility within the Wiener Stadtwerke Group is to fulfil the mobility needs of Vienna's citizens. People's need for mobility is constantly increasing. This will lead to an increase in the number of private cars on the roads, which will then become congested. This, in turn, will lead to an increase in the demand for alternative forms of transport. When analysing the opportunities surrounding market developments, political developments related to public transport are also considered in depth (such as the expansion of Vienna's S-Bahn rapid transport system or general city development projects). In particular, new opportunities may arise from changes to the car park offering and parking space management.

By expanding its range of products and services, Wiener Linien is making a significant contribution to the achievement of national environmental improvement targets. These expansions primarily include the U2xU5 intersection project and additional vehicle equipment (such as electric charging infrastructure) in relation to the Clean Vehicles Directive (CVD). Any associated project risks are handled so that the opportunity to see millions of additional passengers, and additional sales, can be realised.

The city-wide introduction of a parking permit from March 2022 and the new KlimaTicket card are expected to encourage more people to make use of public transport. Wiener Lokalbahnen will also play a role here as it increases capacities on the Badner Bahn by reducing the intervals between trains and introducing new, more comfortable coaches.

Vienna's "Out of the Box" project aims to make the city's logistics more sustainable and more efficient. A key aspect of this goal is the interconnecting and purposeful development of public package and courier boxes that will form part of the infrastructure of the 'last mile'.

As a railway company, Wiener Lokalbahnen Cargo considers itself to have a vital role to play in the fight against climate change. A key option for reducing the emissions of freight traffic – particularly of road-based freight traffic – is to move this from the roads to the railways. With minor exceptions, railways can transport a whole host of cargo using electricity and in an energy-efficient manner. The higher the proportion of renewable energies in the mix (and the trend is certainly moving in this direction), the more climate-friendly the transport. Customers are increasingly asking whether additional green energy can be purchased. One of the greatest opportunities lies in the fact that investments in and promotions of railway freight traffic are underway in the sector. These will lend weight not only to plans to move freight traffic from the roads to the railways but also to the associated emission reduction targets of the European Union and the Austrian federal government.

Opportunities from social change

The Wiener Stadtwerke Group is forging new paths in the realm of digitalisation. In 2021, the digital platform "logwien" was launched. The platform allows customers to see all of their Wiener Stadtwerke services at a glance and, for the first time, to request services digitally. Wiener Stadtwerke is also a pioneer when it comes to artificial intelligence (AI): the Group has been awarded ethical certification relating to the use of AI for sorting customer queries. With this certification, the Group guarantees that in future it will not be algorithms that take over this sorting but that humans will remain the points of contact for our customers.

4 Outlook

4.1 General

The Wiener Stadtwerke Group is not only confronted by highly dynamic conditions as a result of the Covid-19 pandemic. The restructuring of Vienna's energy system is at the forefront. The stated aim is to make the city climate neutral by 2040, and the Group has put together a clear corporate strategy for achieving this goal. In the face of harsh conditions in the energy sector, the Wiener Stadtwerke Group will maintain its efforts to leverage efficiencies, so as to remain on a healthy financial footing. The Group is also continually building up its service character and is relying more heavily on digitalisation. The Wiener Stadtwerke Group has a pivotal role to play in making Vienna climate neutral by 2040. Thanks to clear priorities, the Group's ability to advance major growth, innovation and climate-protection projects will be undiminished.

The war that broke out in Ukraine on 24 February 2022 as a result of the Russian invasion has caused major upheavals on the energy markets. These have partly been brought about by concerns over reduced gas supplies from Russia, but have also been driven by irrational and speculative market behaviour. While the price of CO_2 has fallen by 40%, electricity and gas prices have risen manyfold. However, gas supplies are currently secured and supply restrictions have not yet been observed. Making use of a strategic gas reserve, financed by public funds, will ensure that customers will be supplied with gas for the coming winter. In this volatile environment characterised by high prices, energy procurement and the transfer of prices to the customer constitute considerable challenges for the months ahead.

4.2 Central projects

The following major Group-wide initiatives are worthy of mention:

SAP S/4HANA
Digitalisation of the Group is not only necessary for customers – it is also necessary for the Group's internal structures. The SAP S/4HANA project is helping to digitalise the Wiener Stadtwerke Group. The "One Fit Processes" project, which is now complete, enabled the Group to identify processes that can be standardised across the Group using digital tools. The technical implementation of these standard solutions was one of the Group's main focuses in 2021. This enterprise resource planning (ERP) platform will replace the current SAP R/3 system throughout the Group by the end of 2025 for key business processes such as procurement, maintenance and finance.

logwien
The strengthening of Wiener Stadtwerke's service character aims to provide low-threshold and uncomplicated access to services. The service point opened in 2020 is leading the way by example and now offers services from six Group companies (Wiener Linien, Wiener Lokalbahnen, Wiener Netze, Wipark, Wien Energie and Bestattung & Friedhöfe Wien) under a single roof, while offering barrier-free access for all. Products and services will also be made available online – particularly against the backdrop of the ongoing Covid-19 pandemic. Since 2021, logwien has supplemented existing channels and has enabled Wiener Stadtwerke customers to access and make use of all Wiener Stadtwerke products and services via a central platform, essentially giving them a digital key to the companies of the Wiener Stadtwerke Group.

Research and innovation – the Wiener Stadtwerke FTI fund

The FTI fund was set up in 2012 and it continues to be a great success. So far, more than 100 projects have been made a reality. In 2021, for example, the fund financed a sign-language avatar, which will be rolled out over the next few years. This avatar will communicate information about disruptions almost live and will translate speech into sign language. In future, the animated videos will be shown live in the WienMobil app, thereby ensuring even greater accessibility at Wiener Linien.

The Wiener Stadtwerke climate fund

In 2020, Wiener Stadtwerke set up another important fund that is entirely dedicated to climate protection and will remain in place for years to come. From the restoration of land permeability to planting new trees in urban areas and greened façades, this fund is used to finance projects that will improve the urban microclimate and boost sustainability.

Hydrogen as a future technology

The hydrogen pilot project that was launched in 2020 truly got under way in 2021. In terms of hydrogen, the Wiener Stadtwerke Group offers everything from a single source: the green hydrogen generated and supplied by Wien Energie is used by Wiener Netze to fuel a new Wiener Linien hydrogen-powered bus. In this way, the Group is able to cover all processes along the value chain and aims to become a pioneer throughout Austria when it comes to hydrogen technology. In 2021, the Leopoldau hydrogen fuelling station was put into operation for fuelling at 350 bar and 700 bar, and from 2024 only hydrogen-powered buses will be operated on the 39A bus route.

Wiener Stadtwerke as a climate protection partner and economic powerhouse for Vienna

Between 2021 and 2025, the Group will be investing around EUR 5.6bn in infrastructure projects for the city of the future. Wiener Stadtwerke is a major climate protection partner of the City of Vienna, which has set itself the aim of being climate-neutral by 2040. The investments not only contribute towards a more climate-friendly future but also strengthen the regional economy. Wiener Stadtwerke contributes around EUR 4.9bn annually to the city's GDP. 37,900 external jobs are secured via the direct and indirect added value within the Group, as confirmed by a study by the Vienna University of Technology in 2020. Around 76% of investments are climate friendly, and between 2021 and 2025 approximately EUR 4.25bn will be invested in projects aimed at benefiting the environment. For example, in 2021, Wien Energie put Austria's largest photovoltaic system into operation and integrated this into the energy grid, meaning that approximately 5,000 households in Vienna are supplied with solar energy.

4.3 Development in the Group divisions

Key projects and targets in the Group's various divisions are discussed below.

Energy

The Covid-19 pandemic and the related containment measures will continue to significantly influence global economic development in 2022. Wien Energie cannot escape the realities of this situation. However, with regard to business operations, the supply mandate and financial result, the Group company has so far weathered the Covid-19 crisis comparatively well thanks to consistent preventive measures, clear strategic alignment, the use of digital technologies and the personal commitment of all employees. Even if future developments in the situation remain hard to gauge, Wien Energie will continue, now and in the future, to aim to actively draw on the opportunities and clearer trends resulting from the Covid-19 pandemic.

Furthermore, the energy market has also been heavily influenced by social pressure related to climate change and the resulting political decisions and regulations. The result will be that over the next few years, stricter regulations on the development of renewable energies will be introduced, CO_2 taxes will be applied more broadly and increased, and the electrification of transport will be encouraged.

The accelerated phasing out of coal in the 2030s (or the 2040s in developing countries), as agreed by the 23 countries of the UN Climate Conference in late 2021, will also have significant consequences for the energy sector in the future and will drastically increase the requirement for renewable energy and hydrogen-compatible gas-fired power stations in order to maintain supply security.

Decarbonisation and the associated need to move closer to achieving the targets set by the energy and climate strategies of the EU, Austria and the City of Vienna will therefore have an influence on the Group's business policies. In addition to the European Green Deal, on a domestic level the Renewable Energy Expansion Act (Erneuerbaren-Ausbau-Gesetz – EAG), which aims to cover 100% of electricity consumption with renewables by 2030, the Renewable Heating Act (Erneuerbare-Wärme-Gesetz) and the targets of the City of Vienna (climate neutrality by 2040, smart city strategy) have a major influence on the future strategic direction of Wien Energie.

In addition to the regulatory and legal requirements, technological trends will also shape the development of the energy economy in the years to come. Considerable attention is now being paid to the sustainable production of hydrogen and with the technical means to boost efficiency and economies of scale, together with the expansion of renewable energy sources in Europe, the cost of green hydrogen has dropped by 50% since 2015. It is expected that prices will fall further as a result of more state funding and the heightened interest of companies – green hydrogen can help to quickly reduce CO_2 emissions, particularly in industry and the energy and transport sectors. Green hydrogen should also be almost as competitively viable as conventional hydrogen by 2030. Alongside developments in green hydrogen, research into a number of carbon-capturing technologies has also created a new dynamic around the world. As well as the technological developments, CO_2 pricing will also be a key driver for the wider adoption of new technologies in the industry, and analysts predict that the amount of CO_2 captured from carbon-capturing projects will more than quadruple by 2030.

Wien Energie is developing its activities in full awareness of the fact that modern life shaped by climate protection has to change and that only trading can bring about this change. In 2021, Wien Energie introduced a new corporate mission statement and adapted its strategic position in relation to climate change and sustainability accordingly. In doing so, the company clearly set out its future direction and its aim of securing a climate-neutral energy supply for Vienna, and showed how seriously it takes its role as Austria's largest regional energy supplier. Guided by this vision, the company is dedicating all of its resources to ensuring a climate-friendly way of life for the citizens of Vienna and is taking on the role of Vienna's climate-protection pioneer with regard to the (continued) development of climate-friendly and innovative energy solutions, particularly when it comes to heating, cooling, electricity generated from renewable sources, and electric mobility.

To emphasise its strategic direction, over the next few years Wien Energie wants to strengthen its position as Austria's largest operator of solar power plants. For this reason, one area of focus for its investing activities is the expansion of photovoltaic systems. Wien Energie will significantly boost solar power capacity by 2030, thus making photovoltaics the biggest source of renewable energy within Vienna and making Wien Energie synonymous with solar power in Austria. In addition to the expansion of photovoltaics, the development of the wind power and hydropower portfolio is a major cornerstone for Wien Energie in the mission to achieve climate targets.

In addition to the expansion of renewable energy generation, the heating revolution is the main challenge facing climate-protection efforts in Vienna. As the need for electricity rises, so the annual requirement for new installations on the low-temperature heating market increases. This increase will make it possible to take major steps towards the complete decarbonisation of heating in the next few years. In the future, energy will be obtained to a greater extent from local heat sources, such as geo-thermal pockets, and heat pumps will be integrated into the existing district heating grid. The existing, well-established district heating grid presents an opportunity to concentrate supply. Housing solutions and decentralised heat pump solutions offer another way of driving forwards the decarbonisation of the heating supply. It is not just about heating – Wien Energie is also actively expanding its cooling supply. In the years to come, more money will be invested in developing district cooling, and by 2025 the district cooling ring around the city centre will be completed. The aim is to reach a connected value of 370 MW amongst district cooling and decentralised solutions by 2030.

Energy grids

Smart metering
In line with the rest of Europe, Vienna is paving the way for an energy-efficient, climate-conscious future by introducing new electronic electricity meters. Smart meters are a key element in the expansion and modernisation of smart power grids. Wiener Netze's smart meter programme is being implemented by the consortium Siemens-Landis+Gyr-Iskraemeco, which, in 2017, was awarded the commission after it presented the best tender in the public tendering process. The large-scale roll-out began in 2021, however significant delays in the delivery of the smart meters, caused by the worldwide component shortage (particularly in the case of microchips), which was in turn caused by the Covid-19 pandemic, meant that the roll-out was impeded. As at 31 December 2021, approximately 436,000 meters (or 27% of all meters) had been replaced.

Electricity grid
Long-term projects – including upgrades of old medium- and high-voltage systems, the modernisation of substations based on older safety standards, and adaptation and optimisation measures in accordance with the target network plan – are currently going ahead at full steam. With the aim of maintaining consistently high supply security and quality for customers, digitalisation is starting to take up a more central role. Ongoing adaptations in the form of the automation of transformer substations (with installation of remote monitoring and control) and the Internet of Things in the overhead power line system (overcurrent indicators that can be monitored remotely) are being implemented and are part of the smart grid initiative. The next step is to digitalise the low-voltage grid, which is currently in the planning phase. The added value from the long-term ASCR research project will be applied here and the interface for measuring, control and communication will be established.

Low-impedance neutral earthing was successfully implemented at three substations in 2018. This was followed by eight further substations in 2020 and 2021. By 2027, 29 substations will have made the switch, which equates to four substations per year. The restructuring of the neutral point connection increases supply security by ensuring that power is restored rapidly following outages.

Gas grid
The need for developments in relation to natural gas will remain a factor wherever natural gas has a role to play as an energy source for higher temperatures in the production and commercial sectors and in industry. Production sites and capacity expansions still require new gas connections or adaptations in line with the grid code.

Further connections to the gas grid remain a possibility – even if to a slightly lesser extent – because alternative energy systems (district heating or systems such as heat pumps and energy grids) are increasingly being used for new housing in Vienna. With regard to climate protection measures, Wiener Netze is reviewing the gas grid with a view to potentially focussing on and adjusting the infrastructure to accommodate the use of hydrogen, as well as synthetic and biogenic gases. Dedicated working groups are tackling complex topics, reviewing current knowledge and testing how solutions could be applied in practical terms. Such developments are currently in the pilot phase and the possibility of implementing these further is continually evaluated.

New technologies are also having an effect on the gas grid. The "Gas Energy Value Tracking" project aims to produce a design for creating bills for end customers that are based on energy content, using various formulas relating to gas qualities in the grid.

District heating grid
Wiener Netze is responsible for the installation and maintenance of the district heating grid. The ongoing expansion of the network is mainly driven by the demand for housing and associated educational and service facilities. Accordingly, moves to open up new areas, increases in the density of existing parts of the network, and expansions in step with new housing are undertaken at strategic interconnection points. Ensuring sufficient grid capacities is key when establishing new connections. Any subsequent improvements or changes must also be taken into account during the initial planning stages. Investments in upstream network infrastructure (transport networks) are essential in order to ensure a sustainable supply of district heating. Current projects include the construction of the "Donauleitung" pump station, due for completion in 2022, and the new "Donaufeld Ost" and "Nordwestbahnhof" grids.

Transport

Investments of approximately EUR 589.9m are planned for 2022 (excluding financial investments), of which approximately EUR 304.6m will be dedicated to new underground construction work. The highlights are the procurement of vehicle equipment for all departments, the continued modernisation of the U4 line and various activities on the U6 line, the renewal of tramlines, the redesigning of various train stations for exclusive servicing by low-floor trains (Remisen 2.0) and the modernisation and new installation of lifts in underground stations, the construction of the new training workshop in Simmering and the necessary infrastructure for implementing the CVD, and investments in relation to the U2xU5 intersection and multi-modal mobility (primarily WienMobil stations and the WienMobil Rad bike-sharing service).

Due to the ongoing Covid-19 situation, ticket sales are not expected to fully recover in 2022. On the whole, ticket sales are expected to increase compared with 2021, primarily due to the higher vaccination rate, greater awareness of climate protection, the launch of the KlimaTicket Ö card, the attractive range of products and services, and population growth in Vienna. A noticeable increase is expected in the sales of annual passes, short-term network passes, and single tickets bought in advance. On-going delays in implementing investment projects as a result of Covid-19, raw material shortages and supply chain disruption are being mitigated to a greater extent. The cost of purchasing electricity in 2022 is expected to be significantly higher than planned. These additional costs are primarily due to rising electricity prices and increases in the prices of network charges and guarantees of origin.

Looking to the underground network, the works relating to piles in the future shafts are expected to be completed in the year ahead. In addition, in 2022 the first drifts will be started in the Matzleinsdorfer Platz and Universität stations. The closure of various sections of the U2 line in connection with the new intersection is expected to continue until autumn 2023. Over the coming year, the first platform screen doors for automatic operation on the U5 line will be completed. The Type X cars will be launched on the U1–U4 lines from this year. The future U5 line will be operated fully automatically. All of the Type X cars are equipped with state-of-the-art technology and feature the new FIS+ passenger information system. This means that from 2022 passengers will benefit from screens above every door inside the train that provide information on the train's location, subsequent stops, and connecting trains at the next station. Five more Type X trains are expected to be delivered in 2022.

Looking to the tram network, the comprehensive preliminary works for the construction of the new 27 route, such as exploratory drilling and excavations, are ready to begin. The preliminary works will form the basis of the official procedures, which will also begin in 2022. The route is expected to enter into operation in 2025, provided that the procedures do not call for an environmental impact assessment. It is currently anticipated that, over the coming year, approximately 20 Type D Flexity trams will enter into operation on routes 18 and 49.

The call for tenders for 62 electric buses and ten hydrogen buses will be finalised in 2022, and orders will be placed with the successful tenderers. Furthermore, the results of the synthetic diesel trials will be presented and processed further. A further call for tenders is expected for 2024 for the electric minibuses in use on 2A and 3A routes since 2013.

For Wiener Lokalbahnen, 2021 was characterised by the introduction of the new service times and the entry into force of the new transport services agreement. In 2022, a number of modernisations will be made and some large, ambitious projects will be launched. In autumn 2021, Wiener Lokalbahnen took delivery of the first TW500. After many trial journeys and examinations, the first of these new coaches will start welcoming passengers in summer 2022, subject to operational approval being granted. All 18 of the standard TW500s will be delivered by the end of 2022 and will gradually replace the TW100. Further modernisation is taking place on the Badner Bahn, with all TW400 trains being fitted with air-conditioning, which is expected to be completed by summer 2022.

Not only are the new-and-improved trains significantly enhancing passenger comfort, but investments are also being made in the operational infrastructure. The new depot in Baden-Leesdorf (AHLE) will enter into operation in 2023. On-site improvements at the Inzersdorf workshop (SEWI) began in 2022 and will be completed over the next few years.

In terms of buses, new types of routes are being introduced. In addition to the existing routes, plans were put in place for a school shuttle for the 2021/2022 school year and an electric bus route to the cemetery.

Funeral services and cemeteries

Business operations in this depend on the number of deaths, as well as general willingness to maintain graves. The mortality rate is likely to remain stable over the medium term, which, to a large degree determines the business performance of the division. We expect to see an increase in the number of deaths from 2025 due to increasing population growth and demographic trends in Vienna. Depending on the number of cases, revenue is expected to increase, assuming that the deceased are buried in Vienna and not in their country of origin and that no alternative burials outside of cemeteries take place.

In order to be prepared for the expected increases in the number of deaths, extensive measures are being implemented both in terms of refrigeration infrastructure and in terms of staffing. In 2021, an investment was made in a new central cold room in order to secure sufficient refrigeration capacity, including in crisis situations. This cold room, which has been constructed at Vienna's Central Cemetery and features state-of-the-art technology, will enter operation in mid-2022.

In order to secure income and reduce costs, over the coming years the spotlight will be on the strategic objectives of radical customer focus, image cultivation, cost-efficiency and knowledge retention. Customer processes will continue to be optimised, new services (such as natural burials) will be offered and chapels of rest will be improved. Cemeteries will be seen as places for Vienna's citizens to meet and embrace life. A range of activities and events will encourage citizens to visit our cemeteries even when they are not coming to pay their respects to a loved one.

The digitalisation options are being used for cemeteries in order to facilitate an appealing service that reflects increasing mobility and urbanisation: the Digital Grave and Digital Memorial services allow existing physical graves to be visited from anywhere and at any time. New sources of income are being tapped into via additional services offered by the Digital Grave. The digital vacant plot search functionality is driving the sales of vacant plots. The environment is also taken into account: instead of removing old, untended plots, these are being made available for use by someone else. What is more, the lease periods for new applicants are now more flexible to allow for the varying needs of customers. The importance of the cemeteries for the environment will also be made clearer to the city's citizens, which in turn will increase customer loyalty. The number of customers will be stabilised by means of an active customer loyalty programme.

Car parks

According to the economic plan agreed for 2022, higher revenue is expected to be received from short-stay parking than in 2021, however improvements are not expected in the tourism industry (revenue with hotels) or at park-and-ride locations until 2023 onwards.

In terms of long-stay parking, Wipark is attempting to boost revenue with targeted customer acquisition and the optimisation of tariffs. The division has also created an attractive product for short-stay parking customers (OSCAR), with the aim of increasing customer loyalty and optimising customer service. In order to also ensure the quality of its car parks, the focus in the next few years will continue to be on renovation projects. The Group's own

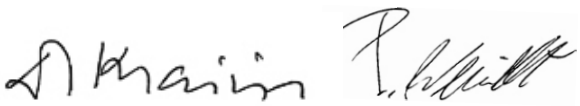
city-centre car parks have a significant role to play in the securing of future earnings potential, so investments in maintaining (painting, concrete repairs) and modernising (lights, colours, control systems, parking space width, etc.) the car parks are necessary. In this case, the renovation projects relate to the Freyung and Parkring car parks.

Wipark will continue to work on innovative solutions in 2022. For example, tests are being carried out on a new form of parking space management that would allow customers to pay online via a QR code. Furthermore, automation will simplify certain processes, such as annual tariff adjustments, and enable information to be exchanged with external companies more quickly. There are plans to install information screens at premium locations that will provide customers with up-to-date information about the site and the surrounding area.

Wipark will continue to follow the strategy of concentrating on facility ownership and leased car parks, as this is seen as holding stronger potential for boosting income and profitability. Wipark will engage in Group-owned car park projects where these meet and comply with the relevant internal requirements, such as the Group's minimum hurdle rate and borrowing ceiling. Nevertheless, new leasehold agreements may also open up growth opportunities. New car park management contracts will not be actively sought, although exceptions are conceivable for car parks in strategic locations.

Vienna, 29 March 2022

The Management Board



Martin Krajcsir
Chief Executive Officer

Peter Weinelt
Deputy Chief Executive Officer

Consolidated financial statements

Financial year 2021

1 Consolidated statement of profit or loss

Statement of profit or loss

EUR m	Notes	2020	2021
Revenue	8.1	3,144	**4,300**
Other income	8.2	630	**669**
Raw material, consumables and services used	8.3	-1,424	**-2,547**
Personnel expenses	10.1	-919	**-1,129**
Other expenses	8.4	-581	**-690**
Net gains on investments accounted for using the equity method	7.3	38	**13**
EBITDA		**888**	**618**
Depreciation and amortisation	9.4	-307	**-333**
Impairment losses and reversals	9.5	84	**-2**
Operating profit (EBIT)		**665**	**283**
Interest income	11.1	7	**7**
Other finance income	11.1	54	**77**
Interest expense	11.1	-78	**-63**
Other finance costs	11.1	-8	**-6**
Financial result		**-25**	**15**
Profit before tax		**641**	**298**
Current tax expense	13	-1	**8**
Profit for the year from continuing operations		**640**	**306**
Profit for the year		**640**	**306**

2 Consolidated statement of comprehensive income

Other comprehensive income

EUR m	Notes	2020	2021
Profit for the year		**640**	**306**
Remeasurements of employee benefit provisions	10.2	-389	**147**
Measurement of equity instruments	11	1,245	**2,024**
Items that will not be reclassified to profit or loss		**856**	**2,171**
Measurement of debt instruments	11	11	**-14**
Measurement of cash flow hedges	11.6	-45	**-482**
Recycling of cash flow hedges	11.6	0	**14**
Other comprehensive income from investments accounted for using the equity method	12	107	**865**
Items that will be reclassified to profit or loss		**73**	**383**
Other comprehensive income before tax		**929**	**2,554**
Income tax relating to items that will not be reclassified to profit or loss	13	-78	**-123**
Income tax relating to items that will be reclassified to profit or loss	13	0	**-110**
Tax effects relating to components of other comprehensive income		**-78**	**-233**
Other profit after tax		**852**	**2,321**
Total comprehensive income		**1,492**	**2,627**

3 Consolidated statement of financial position

Consolidated statement of financial position – assets

EUR m	Notes	31 Dec. 2020	31 Dec. 2021
Property, plant and equipment	9.1	4,309	**4,441**
Intangible assets	9.2	174	**187**
Investments accounted for using the equity method	7.3	279	**1,099**
Non-current financial assets	11.3	5,723	**8,007**
Other non-current assets	8.8	597	**765**
Non-current regulatory assets	8.5	1,183	**1,129**
Non-current assets		**12,264**	**15,627**
Inventories	8.6	245	**231**
Trade receivables	8.7	269	**462**
Current financial assets	11.3	422	**3,350**
Other current assets	8.8	213	**274**
Current regulatory assets	8.5	74	**91**
Cash and cash equivalents	11.2	382	**327**
Current assets		**1,604**	**4,735**
Total assets		**13,869**	**20,362**

Consolidated statement of financial position – equity and liabilities

EUR m	Notes	31 Dec. 2020	31 Dec. 2021
Equity	**12**	**5,028**	**7,639**
Long-term borrowings	11.4	945	**1,341**
Employee benefit provisions	10.2	5,136	**5,109**
Other long-term provisions	9.6	8	**5**
Other non-current liabilities	8.10	811	**813**
Deferred tax liabilities	13	180	**413**
Non-current liabilities		**7,081**	**7,681**
Current financial liabilities	11.4	334	**3,554**
Trade payables	8.9	536	**580**
Other short-term provisions	9.6	42	**51**
Other current liabilities	8.10	848	**857**
Current liabilities		**1,760**	**5,042**
Total equity and liabilities		**13,869**	**20,362**

4 Consolidated statement of changes in equity

EUR m	Share capital and shareholder contri-butions	Capital reserves	Employee benefit provision reserve	Cash flow hedge reserve	Valuation reserve for financial instruments	Reserve from other results from companies valued according to the equity method	Retained earnings	Total
As at 1 Jan. 2020	**500**	**2,327**	**-367**	**19**	**1,281**	**-143**	**-62**	**3,555**
Profit for the year	0	0	0	0	0	0	640	**640**
Other earnings	0	0	-389	-42	1,174	104	4	**852**
Dividends	0	0	0	0	0	0	-16	**-16**
Other	0	0	0	0	0	0	-3	**-3**
As at 31 Dec. 2020	**500**	**2,327**	**-756**	**-22**	**2,455**	**-39**	**564**	**5,028**
As at 1 Jan. 2021	**500**	**2,327**	**-756**	**-22**	**2,455**	**-39**	**564**	**5,028**
Profit for the year	0	0	0	0	0	0	306	**306**
Other earnings	0	0	147	-378	1,886	659	8	**2,321**
Dividends	0	0	0	0	0	0	-16	**-16**
As at 31 Dec. 2021	**500**	**2,327**	**-609**	**-401**	**4,341**	**620**	**861**	**7,639**

5 Consolidated statement of cash flows

EUR m	Notes	2020	2021
Operating profit (EBIT)		665	**283**
Depreciation, amortisation and impairment/write-ups of intangible assets, property, plant and equipment, and right-of-use assets	11.4/11.5	223	**335**
Non-cash income from investments accounted for using the equity method	7.3	-38	**-13**
Net gains on disposal of non-current assets		-3	**-7**
Change in long-term provisions	9.6	-224	**-101**
Other non-cash expenses and income		28	**45**
Interest received	11.1	17	**17**
Dividends received	11.1	75	**135**
Interest paid	11.1	-13	**-15**
Taxes paid	13	3	**4**
Cash flow from net income		**734**	**682**
Change in inventories	8.6	-17	**15**
Change in trade and other receivables	8.7/8.8	-64	**-1,061**
Change in trade payables and other liabilities	8.9/8.10	-152	**455**
Change in short-term provisions and accruals for employee benefit obligations	9.6	18	**23**
Cash flows from operating activities		**519**	**114**
Cash outflows for investments in intangible assets and property, plant and equipment	8.11	-381	**-518**
Cash inflows from disposals of intangible assets and property, plant and equipment	8.11	25	**15**
Cash outflows for investments in long-term securities and loans	11.3	-200	**-172**
Cash inflows from disposals of long-term securities and loans	11.3	160	**193**
Cash outflows for equity investments and investments in subsidiaries, less cash and cash equivalents received	11.3/7.1	-909	**-16**
Cash inflows from disposals of equity investments and investments in subsidiaries	11.3/7.1	0	**1**
Cash inflows/outflows for investments in other securities and financial instruments < 1 year and investment related to the cash pooling arrangement > 3 months	11.3	199	**106**
Change in liquid funds not included in cash and cash equivalents	11.2	-30	**16**
Cash flows from investing activities		**-1,136**	**-374**
Cash inflows from assumption of long-term financial liabilities	8.11/11.4	485	**5**
Cash outflows from repayment of long-term financial liabilities	8.11/11.4	-10	**-2**
Cash outflows from leases	9.3	-13	**-11**
Cash inflows from current financial liabilities	8.11/11.4	73	**300**
Cash outflows from current financial liabilities	8.11/11.4	0	**-54**
Dividends paid	11.4	-16	**-16**
Cash flows from financing activities		**519**	**222**
Change in cash and cash equivalents		**-98**	**-38**
Cash and cash equivalents as at 1 Jan.	8.11/11.2	**360**	**262**
Change in cash and cash equivalents		-98	**-38**
Cash and cash equivalents as at 31 Dec.	8.11/11.2	**262**	**223**

6 General remarks

6.1 Principles

Wiener Stadtwerke GmbH (WSTW GmbH), the parent company of the Wiener Stadtwerke Group, is entered in the register of companies at Vienna Commercial Court, Austria, under FN 127783t. The address of the registered company is Thomas-Klestil-Platz 13, 1030 Vienna.

The consolidated financial statements relate to Wiener Stadtwerke GmbH and its subsidiaries (hereinafter "the Wiener Stadtwerke Group", "the WSTW Group" or "the Group"). The Wiener Stadtwerke Group plays a vital part in keeping the city of Vienna running. The Group is responsible for providing reliable, environmentally friendly energy supplies and efficient public transport. Other areas of Group operations are funeral services and cemeteries, as well as multi-storey car parks.

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and also meet the additional requirements of Section 245a of the Austrian Business Code (Unternehmensgesetzbuch – UGB).

The consolidated financial statements were finalised on 29 March 2022 and approved for forwarding to the Supervisory Board, which is responsible for checking and approving them.

Details of the accounting policies applied can be found in the relevant notes. In the interests of providing clear and meaningful information, some items in the statement of profit or loss and the statement of financial position have been aggregated. These items are broken down and explanatory details are provided in the notes. The statement of profit or loss is prepared using the nature of expense method. All amounts are reported in millions of euros (EUR m), unless stated otherwise. Totals of rounded amounts and percentages may be affected by rounding differences caused by automatic calculation tools.

6.2 Significant judgements, assumptions and estimates

In the course of preparing the consolidated financial statements, the management is obliged to make judgements, estimates and assumptions that influence the value of the assets, liabilities, income and expenses recognised. Although these are best estimates and assumptions based on up-to-date information, the inherent uncertainty associated with them means that deviations from actual events cannot be ruled out. This can result in significant adjustments to the carrying amounts concerned. Assumptions and estimates are regularly assessed and adjusted prospectively where necessary.

Judgements, estimation uncertainties and assumptions that have a significant influence and entail material risks may necessitate adjustments of carrying amounts in the following year. These are explained in the notes or in the explanations of the recognition and measurement of the items in question.

Judgements are made with regard to the following:

- Definition of the scope of consolidation – see note 7.2
- Definition of key items related to the Group's related parties – see note 7.4
- Definition of key criteria relating to impairment testing and delineation of CGUs – see note 9.5
- Selection regarding the valuation method of expected future losses of trade receivables – see note 14

Estimates are made in relation to the following:

- Estimates in relation to the accrual-based determination of revenue – see note 8.1
- Estimates of net realisable value of inventories – see note 8.6
- Estimates of the useful lives of property, plant and equipment and intangible assets – see notes 9.1 and 9.2
- Estimates related to impairment testing – see note 9.5
- Estimates related to provisions – see notes 9.6 and 15.2
- Estimates of parameters for personnel provisions – see note 10.2
- Estimates in connection with determining the fair value of financial instruments – see note 11.5
- Estimates in connection with measuring deferred taxes – see note 13
- Estimates of credit risks and valuation allowances for financial assets – see note 14

6.3 Changes in significant accounting policies

New standards and interpretations
New or amended standards and interpretations that had been published by the IASB as at the date of preparation of the financial statements, but were not mandatorily applicable in the EU as at 1 January 2021, were generally not voluntarily applied. The Wiener Stadtwerke Group will apply such standards as soon as they become mandatory. Information on standards which are not yet applicable is provided in the table below. However, these standards are not expected to have a material effect on the consolidated financial statements.

The following standards and interpretations have been mandatory since the last annual financial statements. The newly applied standards did not result in any significant changes in accounting.

Standards adopted by the EU and newly applied in the 2021 financial year

Standard/ interpretation	Amendment	Publication by the IASB/ IFRS IC	Date of mandatory application for the WSTW Group	Material effect on the consolidated financial statements
IFRS 16	Accounting/relief IFRS 16 contracts due to Covid-19 pandemic after 30 June 2021	28 May 2020, update on 31 Mar. 2021	1 Apr. 2021	There were no transactions in the Group to which the relief was applied
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of the reference interest rates, phase 2	27 Aug. 2020	1 Jan. 2021	No material effect
IFRS 4	Extension of the temporary exemption from IFRS 9	25 June 2020	1 Jan. 2021	There were no transactions in the Group to which the relief was applied

Standards and interpretations not yet applicable and not yet adopted by the EU

Standard/ interpretation	Amendment	Publication by the IASB/ IFRS IC	Date of mandatory application for the WSTW Group	Material effect on the consolidated financial statements
IAS 8	Definition of accounting estimates and changes in these	12 Feb. 2021	1 Jan. 2023	The amendments are being evaluated and their effect is not yet foreseeable
IAS 1	Disclosure of accounting policies	12 Feb. 2021	1 Jan. 2023	No material effect expected
IFRS 3	Reference to framework concept	14 May 2020	1 Jan. 2022	No material effect expected
IAS 16	Income before being brought to working condition	14 May 2020	1 Jan. 2022	No material effect expected
IAS 37	Scope of cost of fulfilling onerous contracts	14 May 2020	1 Jan. 2022	No material effect expected
IAS 1*	Classification of liabilities as current or non-current	15 June 2020	1 Jan. 2023	The amendments are being evaluated and their effect is not yet foreseeable
IFRS 17	Insurance contracts	25 June 2020	1 Jan. 2023	No material effect expected
IAS 12*	Deferred tax related to assets and liabilities arising from a single transaction	7 May 2021	1 Jan. 2023	No material effect expected

* These standards were not yet adopted by the EU when the annual financial statements for the period were compiled.

7 The Wiener Stadtwerke Group

7.1 Changes in the scope of consolidation

The consolidated financial statements of Wiener Stadtwerke GmbH include those companies that are material to presenting a true and fair view of the Group's assets, liabilities, financial position and profit or loss. Changes in the scope of consolidation are presented in the following table:

	Consolidated subsidiaries	Companies accounted for using the equity method
As at 1 Jan. 2020	**28**	**3**
Initial consolidation in the reporting period	0	0
Mergers in the reporting period	0	0
As at 31 Dec. 2020	**28**	**3**
Initial consolidation in the reporting period	1	0
Mergers in the reporting period	0	0
As at 31 Dec. 2021	**29**	**3**

Initial consolidation 2021
Wiener Wasserstoff GmbH, which was founded in the previous year, is included in the scope of consolidation for the reporting period for the first time.

Mergers 2021
The hydropower plant Rantenbach GmbH (acquired in 2019) and Ratschfeld GmbH (acquired in 2020), which are wholly owned by Wien Energie GmbH, were merged into Wien Energie GmbH during the reporting period. Due to their immateriality, the companies have not previously been included in the scope of consolidation.

On 30 April 2021, Wien Energie GmbH acquired 100% of the voting shares in KW Lavant GmbH at a total purchase price of EUR 4.9m. The company was subsequently merged into Wien Energie GmbH. This initial consolidation had no material effect on the consolidated financial statements.

Mergers 2020
On 31 March 2020, Wien Energie GmbH acquired 100% of the voting shares in Hydro Energy Radmerbach GmbH. The company was subsequently merged into Wien Energie GmbH. Hydro Energy Radmerbach GmbH operates a hydropower plant headquartered in the municipality of Radmer/District of Liezen in Styria. Wien Energie GmbH acquired this company in order to increase its share in electricity generation from hydropower.

The fair values of the identifiable assets and liabilities of Hydro Energy Radmerbach GmbH at the acquisition date are shown below:

EUR m	31 March 2020
Property, plant and equipment	5.6
Intangible assets	0.1
Trade receivables	0.0
Assets	**5.7**
Financial liabilities	2.2
Liabilities	**2.2**
Total identifiable net assets at fair value	**3.5**
Consideration transferred	**3.5**

The purchase price of EUR 3.5m was paid in cash. After the merger with Wien Energie GmbH, a bank liability of EUR 2.2m was repaid. Since the acquisition date, Hydro Energy Radmerbach GmbH has contributed EUR 0.4m to the Group's revenue and EUR 0.1m to the Group's profit from continuing operations before tax.

Acquisitions and start-ups in 2021
After purchasing a 49% share in each of the Herrenstein GmbH, Pongratzer Kogel GmbH and Zagersdorf GmbH wind farms in the 2020 financial year, Wien Energie GmbH purchased the remaining 51% of shares in these wind farms on 16 December 2021 (see Chapter 7.2). Furthermore, Wien Energie GmbH acquired a 50% share in Riddle & Code Energy Solutions GmbH during the reporting period. Due to their immateriality, none of the companies mentioned is included in the scope of consolidation.

Acquisitions and start-ups in 2020
In the 2020 financial year, Wiener Stadtwerke GmbH acquired a block of shares in EVN AG of 51,000,000 from EnBW Trust e.V. This corresponds to a shareholding in EVN AG of around 28.35%. Together with the shares already held indirectly, Wiener Stadtwerke GmbH has a stake of around 28.36% in EVN AG.
In the 2020 financial year, Wien Energie GmbH acquired 100% of the shares in the Ratschfeld GmbH hydropower plant. Furthermore, Wien Energie GmbH purchased three wind farms at 49% each. Wiener Wasserstoff GmbH and Smart Inspection GmbH were founded in the 2020 financial year.

7.2 Subsidiaries

The following companies were included in the scope of consolidation as at 31 December 2021:

Interest

%	31 Dec. 2020	31 Dec. 2021	
Wiener Stadtwerke GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
Wien Energie GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Wiener Netze GmbH, Erdbergstrasse 236, 1110 Vienna	100	**100**	
Wiener Linien GmbH, Erdbergstrasse 202, 1030 Vienna	100	**100**	
Wiener Linien GmbH & Co KG, Erdbergstrasse 202, 1030 Vienna	100	**100**	
Wiener Linien Verkehrsprojekte GmbH, Erdbergstrasse 202, 1030 Vienna	100	**100**	
Wiener Linien Direktionsgebäude GmbH, Erdbergstrasse 202, 1030 Vienna	100	**100**	
Friedhöfe Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	**100**	
B&F Wien – Bestattung und Friedhöfe GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	**100**	
BFW Bestattungsservice Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	**100**	
BFW Gebäudeerrichtungs- und Vermietungs GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	**100**	
BFW Gebäudeerrichtungs- und Vermietungs GmbH & Co KG, Simmeringer Hauptstrasse 339, 1110 Vienna	100	**100**	
Bestattung Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	**100**	
Wiener Lokalbahnen GmbH, Purkytgasse 1B, 1230 Vienna	100	**100**	
Wiener Lokalbahnen Cargo GmbH, Freudenauer Hafenstrasse 8-10, 1020 Vienna	100	**100**	
Wiener Lokalbahnen Verkehrsdienste GmbH, 7. Haidequerstrasse 6, 1110 Vienna	100	**100**	
Wipark Garagen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
WienIT GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
Wiener Erdgasspeicher GmbH, Erdbergstrasse 236, 1110 Vienna	100	**100**	
Wien Energie TownTown GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Wien Energie TownTown GmbH & Co Energy Tower KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
WSTW TownTown GmbH & Co Residenz KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Wiener Stadtwerke Vermögensverwaltung GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
Wiener Stadtwerke Finanzierungs-Services GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
Beteiligungsmanagement IWS Verwaltungs GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
Wiener Erdgasspeicher GmbH, Erdbergstrasse 236, 1110 Vienna	–	**100**	1)
WSTW fund IV	100	**100**	
WSTW fund VI	100	**100**	
WSTW fund VII	100	**100**	

1) Not included in the scope of consolidation for the previous year due to immateriality.

The following 26 (previous year: 30) companies were not included in the scope of consolidation due to immateriality:

Interest

%	31 Dec. 2020	31 Dec. 2021	
Facilitycomfort Energie- und Gebäudemanagement GmbH, Spittelauer Lände 45, 1090 Vienna	100	**100**	
Gemeinnützige Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H., Erdbergstrasse 236, 1110 Vienna	100	**100**	
TownTown Infra GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	70	**70**	
Vienna Energy Természeti Erö Kft., Aradi utca 16, 1062 Budapest	100	**100**	
Hauscomfort GmbH, Spittelauer Lände 45, 1090 Vienna	100	**100**	
Upstream – next level mobility GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	**100**	
Bestattung Pax GmbH, Simmeringer Hauptstrasse 281/1, 1110 Vienna	100	**100**	
Vienna Energy forta naturala S.R.L., Strada Sfanta Vineri 29, Cladirea Bectro Center, 030203 Bucharest	100	**100**	
Energy Eastern Europe Hydro Power GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
EMK d.o.o., Jane Sandanski 113-12, 1000 Skopje	100	**100**	1)
ERS d.o.o. male hidroelektrane, Akademika Petra Mandicá 11c, 71123 Istočno Sarajevo	100	**100**	1)
EBH d.o.o., Zmaja od Bosne 7-7a, 71000 Sarajevo	100	**100**	1)
KW Sallabach Gesellschaft mbH, Thomas-Klestil-Platz 14, 1030 Vienna	85	**85**	
KW Sallabach Gesellschaft mbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	85	**85**	
Tierfriedhof Wien GmbH, Anton-Mayer-Gasse 5, 1110 Vienna	85	**85**	
WSTW-WSE Entwicklungs GmbH (formerly: Neu Leopoldau Entwicklungs GmbH), Messeplatz 1, 1021 Vienna	51	**51**	
Wien Energie Bundesforste Biomasse Kraftwerk GmbH, 1. Haidequerstrasse 1, 1110 Vienna	66.67	**66.67**	
Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG, 1. Haidequerstrasse 1, 1110 Vienna	66.67	**66.67**	
Kraftwerk-Gulling GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Kraftwerke-Gulling GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Wiener Stadtwerke Planvermögen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	99.8	**99.8**	2)
Smartworks Innovation GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Smartworks Innovation GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Windpark Pongratzer Kogel GmbH, Boerhaavegasse 6, 1030 Vienna	49	**100**	
Windpark Zagersdorf GmbH, Boerhaavegasse 6, 1030 Vienna	49	**100**	
Windpark Herrenstein GmbH, Boerhaavegasse 6, 1030 Vienna	49	**100**	
Wasserkraftwerk Rantenbach GmbH, Krakauschatten 42, 8854 Krakauschatten	100	**–**	3)
Smart Inspection GmbH, Praterstrasse 1, Space 15, 1020 Vienna	100	**–**	4)
Wasserkraftwerk Ratschfeld GmbH, Marktstrasse 54, 5611 Grossarl	100	**–**	3)
Wiener Wasserstoff GmbH, Erdbergstrasse 236, 1110 Vienna	100	**–**	5)

1) Wholly owned subsidiary of Energy Eastern Europe Hydro Power GmbH.
2) An interest of 0.2% is held by a fiduciary.
3) Merger.
4) Sale.
5) Will be shown alongside consolidated subsidiaries from the 2021 financial year.

Recognition and measurement

Subsidiaries and acquisitions
All material entities in respect of which WSTW GmbH has direct or indirect control over financial and business policies (subsidiaries) are included in the consolidated financial statements. WSTW GmbH is deemed to have control over a company in which it holds an interest when it has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As a rule, this applies when the interest amounts to more than 50% of voting rights, but can also derive from existing de facto control over the activities of an investee which entitles WSTW GmbH to the majority of economic benefits or exposes it to risks. Companies are included in consolidation from the date WSTW GmbH obtains control, and are deconsolidated when it loses control.

In the case of acquisitions, assets and liabilities (including contingent liabilities) are recognised at their fair values, independently of any non-controlling interests acquired, in accordance with IFRS 3. Non-controlling interests in subsidiaries are measured according to the proportionate share in net assets (excluding the proportionate share in goodwill). Intangible assets are recognised separately from goodwill if they are separable from the acquiree or arise from contractual or other legal rights. A remaining positive difference that compensates the seller for market opportunities or development potential that cannot be individually identified are recognised as goodwill. If there is a negative difference, following a new assessment of the value of the identified assets and liabilities (including contingent liabilities) of the acquiree, and of the compensation transferred, the difference is recognised in profit or loss.

The difference between fair value and the carrying amount are carried forward in accordance with the related assets and liabilities during the subsequent consolidation. A change in the interest held in a consolidated subsidiary is recognised as an equity transaction without recognition in profit or loss.

Intra-Group transactions
Material intra-Group receivables and interim profits or losses are eliminated. The income tax effects of any amounts recognised in profit or loss on consolidation are accounted for, and deferred tax assets and liabilities are recognised as the case may be. Capital consolidation is based on offsetting the transferred consideration against the fair value of the assumed assets and liabilities.

Functional and reporting currency
The reporting currency of the Wiener Stadtwerke Group is the euro. The functional currency of all consolidated subsidiaries as well as all investments accounted for using the equity method is also the euro.

Management's judgements
Within the scope of full consolidation and at equity valuation, various Group companies were not included in the consolidated financial statements. These are carried at amortised cost less any impairment losses, under other assets. Inclusion of these companies is immaterial to presenting a true and fair view of the Group's assets, liabilities, financial position and profit or loss. The subsidiaries not included as fully consolidated companies are mostly companies with minimal trading volume, which together account for less than 2% of the Group's total assets. The subsidiaries' revenue and total assets are taken into account when determining materiality.

The following companies were not included and possess total assets of more than EUR 20.0m as at 31 December 2020:

EUR m	Equity 31 Dec. 2020	Annual results 2020	Equity 31 Dec. 2021*	Annual results 2021*
Facilitycomfort Energie- und Gebäudemanagement GmbH, Spittelauer Lände 45, 1090 Vienna	16.6	1.0	**n. v.**	**n. v.**
Gemeinnützige Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H., Erdbergstrasse 236, 1110 Vienna	23.9	1.0	**n. v.**	**n. v.**
Vienna Energy forta naturala S.R.L., Street Sfanta Vineri 29, Cladirea Bectro Center, 030203 Bucharest	17.2	0.2	**n. v.**	**n. v.**
Windpark Herrenstein GmbH, Boerhaavegasse 6, 1030 Vienna	-1.0	0.4	**n. v.**	**n. v.**
EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH, Thomas-Klestil-Platz 14, 1 030 Vienna	13.9	2.0	**n. v.**	**n. v.**

* No values are available yet for the 2021 financial year.

7.3 Investments accounted for using the equity method

The Group's investments accounted for using the equity method comprise investments in associates and joint ventures.

EUR m	31 Dec. 2020	31 Dec. 2021
Holdings in associates	141.7	**143.0**
Holdings in joint ventures	137.6	**955.9**
Total	**279.3**	**1,098.9**

The following associates and joint ventures were accounted for using the equity method at the reporting date:

	Interest		
%	31 Dec. 2020	31 Dec. 2021	
Energieallianz Austria GmbH, Wienerbergstrasse 11, 1100 Vienna	45	**45**	
Wien Energie Vertrieb GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	**100**	
Naturkraft Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	45	**45**	*
Switch Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	45	**45**	*
EAA 24x7 GmbH in Liqu., Wienerbergstraße 11, Twin Tower Ost, Top 11, 1100 Wien	45	**45**	*
Verbund Innkraftwerke GmbH, Innwerkkanal, 84513 Töging	13	**13**	

* Wholly-owned subsidiary of Energieallianz Austria GmbH.

As a limited partner, Wien Energie GmbH holds a 100% interest in the assets and earnings of Wien Energie Vertrieb GmbH & Co KG, which specialises in the distribution of electricity and gas. The general partner without asset contribution is Energieallianz Austria GmbH, whose field of activity concerns electricity trading. Wien Energie Vertrieb GmbH & Co KG is managed jointly, as the contracts between Wien Energie GmbH and Energieallianz Austria GmbH mean that Wien Energie GmbH cannot decide on the main activities on its own. In accordance with IFRS 11, this joint venture is therefore presented at equity in the consolidated financial statements.

Energieallianz Austria GmbH is a joint venture within the meaning of IFRS 11 due to existing agreements between EVN AG, Energie Burgenland AG and Wien Energie GmbH, which provide for the joint management of Energieallianz Austria GmbH, and is also included in the consolidated financial statements at equity. Both companies' reporting date is 30 September. Energieallianz Austria GmbH was previously included on the basis of an IFRS package as at 30 September. Due to the development of the prices of electricity, gas and CO_2 and the associated measurement effects in OCI (other comprehensive income), which are reflected in the equity, Energieallianz Austria GmbH is now included in the consolidated financial statements on the basis of an IFRS package as at 31 December. This change to the reporting date due to the inclusion means that five quarters will be presented for Energieallianz Austria GmbH in the 2021 consolidated financial statements. Wien Energie Vertrieb GmbH & Co KG is included in the consolidated financial statements on the basis of an IFRS package as at 31 December.

Wien Energie GmbH holds an unchanged capital share of 13% in Verbund Innkraftwerke GmbH (IKW), which is active in the field of electricity generation. Within the framework of the company agreement, Wien Energie GmbH was granted rights that go considerably beyond the influence normally associated with a voting share of 13%. Due to these opportunities to influence the financial and business policy decisions of IKW, it is included in the consolidated financial statements as an associated company using the equity method.

The following 17 companies (previous year: 16) were not accounted for using the equity method as at 31 December 2021 due to immateriality:

Interest

%	31 Dec. 2020	31 Dec. 2021
e&i EDV Dienstleistungsgesellschaft m.b.H., Thomas-Klestil-Platz 13, 1030 Vienna	50	**50**
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH, Am Hof 6a, 1010 Vienna	33.33	**33.33**
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH & Co KG, Am Hof 6a, 1010 Vienna	33.33	**33.33**
EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	50	**50**
EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	50	**50**
Pama-Gols Windkraftanlagenbetriebs GmbH, Kasernenstrasse 9, 7000 Eisenstadt	50	**50**
Pama-Gols Windkraftanlagenbetriebs GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	50	**50**
Bestatterakademie GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	49	**49**
Wiener Tierkrematorium GmbH, Alberner Hafenzufahrtsstrasse 8, 1110 Vienna	49	**49**
EPZ Energieprojekt Zurndorf GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	42.4	**42.4**
EP Zurndorf GmbH, Kasernenstrasse 9, 7000 Eisenstadt	42.4	**42.4**
Aspern Smart City Research GmbH, Wangari-Maathai-Platz 3, 1220 Vienna	49.95	**49.95**
Aspern Smart City Research GmbH & Co KG, Wangari-Maathai-Platz 3, 1220 Vienna	49.95	**49.95**
ARGE Parkplatz Verteilerkreis Favoriten, Verteilerkreis Favoriten, 1100 Vienna	50	**50**
Telereal Telekommunikationsanlagen GmbH, Mollardgasse 8/19, 1060 Vienna	25	**25**
Diggers Research GmbH, Peterdorf 49, 8842 St. Peter am Kammersberg	20	**–**
Encavis-Wien Energie Komplementär GmbH, Boerhaavegasse 6, 1030 Vienna	–	**49**
Riddle & Code Energy Solutions GmbH, Gertrude-Fröhlich-Sandner-Strasse 2-4/Tower 9, 1100 Vienna	–	**50**

The following overview shows summary financial information on the associates and joint ventures included in the Group's consolidated financial statements; Verbund-Innkraftwerke GmbH is classified as an associate, and Wien Energie Vertrieb GmbH & Co and Energieallianz Austria GmbH are classified as joint ventures.

Statement of financial position

EUR m	Energie-Allianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Inn-kraftwerke GmbH	Energie-Allianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Inn-kraftwerke GmbH
	30 Sept. 2020	31 Dec. 2020	31 Dec. 2020	31 Dec. 2021	31 Dec. 2021	31 Dec. 2021
Non-current assets	7.1	13.8	1,146.6	**15.3**	**77.3**	**1,215.8**
Current assets (excl. cash and cash equivalents)	282.6	196.1	20.4	**1,508.5**	**828.0**	**2.8**
Cash and cash equivalents	19.7	1.1	0.0	**29.9**	**0.7**	**0.0**
Non-current liabilities	5.7	2.1	56.4	**298.3**	**2.1**	**62.7**
Current liabilities	266.7	87.9	20.7	**703.7**	**196.3**	**55.6**
Net assets (100%)	**36.9**	**121.0**	**1,089.9**	**551.8**	**707.6**	**1,100.3**
Group share of net assets (%)	45	100	13	**45**	**100**	**13**
Goodwill	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Carrying amount of shares in investments accounted for using the equity method	**16.6**	**121.0**	**141.7**	**248.3**	**707.6**	**143.0**

Statement of profit or loss

EUR m	Energie-Allianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Inn-kraftwerke GmbH	Energie-Allianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Inn-kraftwerke GmbH
	30 Sept. 2020	31 Dec. 2020	31 Dec. 2020	31 Dec. 2021	31 Dec. 2021	31 Dec. 2021
Revenue	955.3	562.6	94.1	**2,582.3**	**602.6**	**81.0**
Depreciation and amortisation	-0.8	0.0	-22.9	**-0.9**	**0.0**	**-21.6**
Interest income	-0.1	0.4	2.1	**0.1**	**0.3**	**3.0**
Interest expense	-0.6	0.0	0.0	**-1.4**	**-0.1**	**0.0**
Income tax expense	0.2	0.0	-9.1	**-0.6**	**0.0**	**-7.0**
Profit after tax	-7.7	38.3	23.9	**5.3**	**8.5**	**18.4**
Other comprehensive income	-0.7	107.0	2.1	**509.6**	**635.6**	**2.1**
Total comprehensive income	**-8.4**	**145.3**	**25.9**	**514.9**	**644.1**	**20.4**
Proportionate dividend distribution	0.0	30.7	1.3	**0.0**	**57.5**	**1.3**

Recognition and measurement

Joint arrangements are consolidated depending on the rights and obligations of the parties to the joint arrangement arising from the contract. If the Group only has rights to the net assets of the jointly controlled arrangement, the arrangement is classified as a joint venture in accordance with IFRS 11 and accounted for using the equity method. In the case of a joint operation, the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The joint operators recognise assets, liabilities, income and expense in relation to their interest in the joint operation. An associate is an entity over which the Group has significant influence, but not control or joint control over financial and business policies. These are included at equity.

Investments in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, including transaction costs. Following initial recognition, the carrying amount is adjusted to reflect changes in the associate's or joint venture's equity, based on the Group's proportionate interest. An impairment test is carried out if there is an indication of possible impairment.

7.4 Related parties

Related parties
Pursuant to IAS 24, a person or entity is a related party if they have direct or indirect control of, joint control of, or significant influence over the affiliate company. Key management personnel are also related parties. Close members of the families of persons who are related parties are also considered related parties.

On this basis, related parties to the Wiener Stadtwerke Group include all subsidiaries not included in the scope of consolidation, all associates and joint ventures, and key management personnel.

§ Key management personnel comprise the members of the Management Boards and Supervisory Boards of Wiener Stadtwerke GmbH, Wien Energie GmbH, Wiener Netze GmbH and Wiener Linien GmbH.

The City of Vienna is the sole owner of Wiener Stadtwerke GmbH. Therefore, the City of Vienna and the entities over which it has control or significant influence are also related parties to the Wiener Stadtwerke Group. As the City of Vienna is a public authority pursuant to IAS 24, the Group applies the exemption under paragraph 25 IAS 24, whereby immaterial related party transactions and outstanding balances with a government need not be disclosed if the public authority has control or joint control of, or significant influence over the reporting entity.

Transactions with entities controlled or significantly influenced by the City of Vienna mainly relate to electricity, gas, energy grid and facility management services.

Compensation of key management personnel
Compensation paid to the members of the Management Boards and Supervisory Boards includes salaries, termination benefits, pensions and payments for Supervisory Board duties.

The following tables show the compensation for current key management personnel, for the Management Board of the Group's parent, Wiener Stadtwerke GmbH, and for the Supervisory Board.

	Key management personnel	Thereof members of the Wiener Stadtwerke GmbH Management Board	Key management personnel	Thereof members of the Wiener Stadtwerke GmbH Management Board
EUR m	**31 Dec. 2020**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2021**
Short-term benefits	2.96	0.83	**3.04**	**0.86**
Post-employment benefits	0.11	0.04	**0.11**	**0.04**
Total	**3.07**	**0.86**	**3.15**	**0.90**

	Supervisory Board members in key management positions	Thereof members of the Wiener Stadtwerke GmbH Supervisory Board	Supervisory Board members in key management positions	Thereof members of the Wiener Stadtwerke GmbH Supervisory Board
EUR m	**31 Dec. 2020**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2021**
Total Supervisory Board compensation	**0.15**	**0.07**	**0.15**	**0.07**

As in previous periods, no loans were granted or paid to key management personnel in the reporting period. Pension expenses include ongoing pension payments to former members of the Wiener Stadtwerke GmbH Management Board amounting to EUR 0.6m (2018: EUR 0.7m).

Related-party transactions

The following tables provide an overview of business transactions with related parties. This involves the purchase/sale of goods and services as well as financing:

	31 Dec. 2021			
EUR m	Expenses	Earnings	Liabilities	Trade receivables
City of Vienna and its subsidiaries*	**-91.6**	**283.2**	**-8.2**	**21.7**
Non-consolidated subsidiaries and associates	**-41.4**	**13.2**	**-28.3**	**13.6**
Investments accounted for using the equity method (Wien Energie Vertrieb GmbH & Co KG, Energieallianz Austria GmbH, Verbund Innkraftwerke GmbH	**-567.4**	**995.5**	**-106.7**	**140.9**
Joint ventures in which the entity is a partner company	**0.0**	**0.6**	**0.0**	**0.0**
Total	**-700.4**	**1,292.6**	**-143.1**	**176.2**

	31 Dec. 2020			
EUR m	Expenses	Earnings	Liabilities	Trade receivables
City of Vienna and its subsidiaries*	-84.9*	210.8*	-7.3*	10.8
Non-consolidated subsidiaries and associates	-28.9	11.2	-24.2	14.3
Investments accounted for using the equity method (Wien Energie Vertrieb GmbH & Co KG, Energieallianz Austria GmbH, Verbund Innkraftwerke GmbH	-294.5	660.9	-132.6	57.4
Joint ventures in which the entity is a partner company	0.0	0.7	0.0	0.0
Total	**-408.3**	**883.6**	**-164.1**	**82.5**

* The definition of "related parties" was expanded in the 2021 financial year and the figures for the previous year were amended accordingly.

All receivables from related parties are regarded as recoverable, and as a result no material impairment losses were recognised in the reporting period or the previous year.

In addition to the values given in the tables, government grants were also received from the City of Vienna. The corresponding figures are reported as sundry other income or as other current liabilities. More information can be found under note 8.2 Other operating income and under note 8.10 Other liabilities.

Significant transactions shown in the table are explained below:

City of Vienna and its subsidiaries
The Group has contracts with the City of Vienna and its municipal departments, and with Wiener Wohnen (social housing management) concerning the supply of district heating and purchase of refuse from Municipal Department 48 for heat generation. These transactions resulted in revenue of EUR 148.0m (previous year: EUR 141.1m) and expenses of EUR 42.7m (previous year: EUR 29.5m). Revenues from compensation to Wiener Linien and Wiener Lokalbahnen for services rendered, which were realised with support from Verkehrsverbund Ost-Region (VOR) Gesellschaft m.b.H., totalled EUR 105.0m (previous year: EUR 51.6m). In addition, there are still significant levies to the City of Vienna (accounting and taxation, Municipal Department 6) amounting to EUR 43.2m (previous year: EUR 46.8m).

Non-consolidated subsidiaries and associates
The net liabilities are largely due to a cash pooling arrangement within the Wiener Stadtwerke Group that is also used by non-consolidated subsidiaries and associates. Receivables relate predominantly to two loans granted to non-consolidated subsidiaries. Expenses were mainly attributable to IT services (licence fees) and the provision of facility management services to the Wiener Stadtwerke Group by Facilitycomfort and Hauscomfort.

Investments accounted for using the equity method
Significant transactions include a contract for services under which Wien Energie GmbH invoices electricity and gas supplies in the name of and for the account of Wien Energie Vertrieb GmbH & Co KG. In addition, the staff working at Wien Energie Vertrieb GmbH & Co KG are assigned from Wien Energie GmbH. Wien Energie Vertrieb GmbH & Co KG has the authority to direct these employees. The related income amounted to EUR 577.1m (previous year: EUR 208.0m). The resulting expenses amounted to EUR 410.0m (previous year: EUR 152.7m).

As Energieallianz Austria GmbH also markets electricity generated by Wien Energie GmbH, trading is conducted in part by the former. Additionally, Energieallianz Austria GmbH carries out trading in guarantees of origin for electricity supplies. Revenues (including network services for Wiener Netze GmbH) amount to EUR 403.0m (previous year: EUR 439.9m) and expenses to EUR 108.8m (previous year: EUR 99.9m). These transactions also account for most of the stated receivables from Wien Energie Vertrieb GmbH & Co KG and Energieallianz Austria GmbH, which totalled EUR 139.3m (previous year: EUR 56.0m).

The liability balance is in part the result of the cash pooling liability to Wien Energie Vertrieb GmbH & Co KG of EUR 61.7m (previous year: EUR 118.7m). A further proportion of the liability balance arose from the previously mentioned transactions with Wien Energie Vertrieb GmbH & Co KG and Energieallianz Austria GmbH, which totalled EUR 26.9m (previous year: EUR 3.2m).

8 Business performance of Wiener Stadtwerke

8.1 Revenue

The Group draws revenue from the following business divisions:

Date of revenue recognition

	2020			2021		
EUR m	Period-related	Time-related	Total	Period-related	Time-related	Total
Revenue in accordance with IFRS 15	**1,893.0**	**1,209.6**	**3,102.6**	**2,066.4**	**2,194.2**	**4,260.6**
Energy and Energy Grids	1,096.1	1,080.0	2,176.1	**1,252.5**	**2,048.6**	**3,301.1**
Transport	516.8	56.6	573.5	**530.6**	**67.5**	**598.1**
Funeral Services	5.0	45.0	50.0	**5.2**	**46.8**	**51.9**
Car Parks	20.0	0.0	20.0	**22.1**	**0.0**	**22.1**
Other	255.1	27.9	283.0	**256.1**	**31.4**	**287.5**
Revenue in accordance with IFRS 16	**41.6**	**0.0**	**41.6**	**39.6**	**0.0**	**39.6**
Energy and Energy Grids	4.2	0.0	4.2	**4.4**	**0.0**	**4.4**
Transport	17.3	0.0	17.3	**1.1**	**0.0**	**1.1**
Funeral Services	16.2	0.0	16.2	**16.6**	**0.0**	**16.6**
Car Parks	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Other	3.9	0.0	3.9	**17.5**	**0.0**	**17.5**
Total	**1,934.6**	**1,209.6**	**3,144.2**	**2,106.0**	**2,194.2**	**4,300.2**

The tables below show the changes in contract assets and liabilities over time.

The contract assets predominantly relate to performances not yet invoiced by Wiener Netze.

Contract assets, over time

EUR m	2020	2021
As at 1 Jan.	**4.0**	**3.5**
Assets recognised	0.0	**1.3**
Amortisation	-0.6	**0.0**
As at 31 Dec.	**3.5**	**4.8**

Contract liabilities, over time

EUR m	2020	2021
As at 1 Jan.	**641.6**	**653.3**
Change in progress	-58.4	**-67.3**
Payments received	70.0	**92.7**
As at 31 Dec.	**653.3**	**678.7**

The contract liabilities largely concern the contributions to construction costs collected by Wiener Netze and Wien Energie (see the remarks below).

During the reporting period EUR 119.7m in revenue (previous year: EUR 125.7m), forming part of the contract liabilities as at the end of the previous reporting period, was recognised.

Performance obligations not yet satisfied

EUR m	2020	2021
Due in less than 1 year	126.4	**129.4**
Due in 1 or 5 years	214.5	**290.1**
Due after more than 5 years	444.2	**177.8**
Total	**785.0**	**597.3**

There is no consideration due under customer contracts that does not form part the above revenue.

Recognition and measurement

General
The bulk of the revenue derives from customer contracts, and is recognised in accordance with IFRS 15. This standard provides for a five-stage model for revenue realisation. The first step is to identify the contracts with customers so as to locate the separate performance obligations contained in them. The transaction price must then be determined and allocated to the performance obligations identified. The final step is determination of the form of revenue recognition (over time or at a point in time). Revenue is realised when the customer obtains control of the services rendered or goods sold.

Energy and Energy Grids
Most of the revenue is accounted for by the **Energy** division. The main area of activity of the Group companies in the Wien Energie sub-group is the supply of heating or cooling services to its customers. The latter include large customers like cooperatives, property developers or owners, and the hospital association, as well as private individuals who obtain heating and/or cooling services from the Group.

Contracts for the provision of heating or cooling are basically broken down into two price components: a base rate or capacity charge, and a unit rate.

The supply of heating and/or cooling services under a district heating or cooling contract is governed by a supply contract, meaning that the customer receives as much heating or cooling as required. The price per kWh, i.e. the unit rate, corresponds to the stand-alone selling price. This means that every unit of heating or cooling (measured in kWh) called off should be regarded as a separate performance obligation. The service is provided when the heat/cold is called off. The allocation of the consideration is on the basis of the kWh rate and the quantity of heat or cold actually consumed. Revenue recognition is over time, as the customer receives the benefits of the heating or cooling in the course of performance. The customers settle the claims afterwards mainly by means of a monthly payment based on an advance payment. Once a year, a final invoice is issued in which the actual quantities consumed are compared with the payments made, and credit balances or additional payments are determined and offset.

Another distinct performance component is the provision of access to the district heating and/or cooling network. During the minimum duration of the contract, the customer is entitled to the agreed heating or cooling capacity at all times, and Wien Energie must be prepared to meet call-off orders for this capacity. The service provision of Wien Energie therefore takes place during the contract term. The customer must pay a base rate or capacity charge, irrespective of actual use, for the provision of this capacity. The payment is essentially made at the beginning of the contract or before the start of construction and the revenue is recognised on a time-period basis.

If necessary, Wien Energie lays the power or gas connection from the boundary line to the property, or installs the district heating/cooling building substation and system. This work is performed on the customer's land. Wien Energie's performance thus results in the creation of an asset, over which the customer obtains control during its construction. The performance obligation is thus normally satisfied over time, as specified by paragraph 35b IFRS 15. Due to the brief construction times involved, in conformity with paragraph 63 IFRS 15 no adjustment is made for the potential effects of a financing component. In the interests

of simplicity, revenue is realised upon handover of the completed installations to the customer.

Wien Energie also generates revenue from the recycling of waste and sewage sludge. The latter is delivered by the waste disposal companies and incinerated to produce heat. Revenue realisation is over time as the waste materials are accepted continuously, as they arise. The entire consideration paid comprises both annual fixed amounts and volume-dependent variable components. The billing period is a calendar year and invoicing is on the basis of the quantity of waste actually incinerated. As these remuneration components are not known until the end of the accounting period, invoicing of the variable components is in accordance with the actual waste arising during the billing period concerned.

In the case of the proceeds of electricity and gas sales, the performance obligation consists of the supply of a quantity of electricity or natural gas specified in the agreement. Revenue recognition is over time as the benefits of the electricity or gas supplied accrue to the customer in the course of performance. In conformity with paragraph B16 IFRS 15, revenue is realised in the amount of the right to invoice for it, as this amount reflects the performance rendered to the customer.

Wiener Netze's sales revenues mainly consist of system charges for electricity and gas, as well as provision fees for the district heating/cooling network and revenue from the reversal of contributions to construction costs for network access and network provision.

Wiener Netze creates new network connections for customers or, where a connection is already in place, connects new customers to the network. Wiener Netze is responsible for operating and maintaining the grid for the duration of the use of system agreement, in order to safeguard network readiness, and thus the customer's ability to withdraw energy from the system, at all times. These performances should be seen as part of a single performance obligation.

The system charges for the use of the electricity and gas grids are made up of different components. Energie-Control Austria sets the charges by order. They are fixed prices and cannot be changed.

The customer simultaneously receives and consumes the benefits for the duration of the use of system agreement. The performance obligation is thus satisfied and revenue accordingly recognised over time, in accordance with paragraph 35a IFRS 15. The customer's payment is made monthly.

The primary district heating network owned by Wiener Netze is operated on the basis of a commission contract with Wien Energie. As the principal, Wiener Netze is responsible for the operation, maintenance and expansion of the network, while the sale of district heating to the end customer is carried out exclusively by Wien Energie as the commission agent. In return, Wiener Netze receives a commission fee from Wien Energie that depends on the maintenance expenditure and expansion volume and is included in Wiener Netze's revenue.

For the correct timing of recognition of the revenue derived from the district heating and cooling, electricity and gas supplies, and use of system charges (which vary with the amount of energy supplied), the quantities sold must be determined and valued. As not all customers have been invoiced by the time that the consolidated financial statements are drawn up, the revenue must be estimated and accrued. Particularly in the case of rolling billing, customers' meter reading dates are spread over the entire year. Where customers' meters are not read on a monthly basis, the consumption data for the period between the last invoice and the end of the reporting period are missing. They are determined using the individual process, in which all of the contracts are individually analysed. An invoicing-simulation process is carried out for contracts that are yet to be invoiced. This individual process has the advantage that any changes in tariffs, rates, readings, meters, etc. can be incorporated into the calculation with maximum accuracy.

Taxes and levies for which Wiener Netze acts as an agent are also levied as part of the grid price because, for price components:

- another party (a public or government authority) is involved in the supply of goods or services
- Wiener Netze has no control over these performances
- nor does it provide any significant integration services
- it bears no inventory risk
- nor it does it have any discretion in the determination of the taxes and levies contained in the system revenues

Under IFRS 15, this leads to the netting of the taxes and levies contained in the system revenues.

The contributions to construction costs from customers and project partners are one-time contributions for the maintenance and installation of network connections. The contributions to construction costs collected by Wiener Netze by way of system admission and system provision charges are a regulated area, meaning that Wiener Netze's charges can only be set in accordance with the applicable legislation and the regulator's rulings. Contributions to construction costs received are accrued as contract liabilities and reversed over the useful life of the investments made, via revenue, in accordance with IFRS 15. An annual financing component is calculated for Wien Energie, but is not recognised due to immateriality. No financing components were recognised for Wiener Netze.

Transport
The Transport division consists of **Wiener Linien** and **Wiener Lokalbahnen**. These companies provide local public transport in the greater Vienna area, as well as other transport services on a smaller scale.

In the case of season tickets, revenue is realised over the duration of the transport agreement – one week, one month or one year. The fare represents a fixed consideration and is governed by the current tariff regulations.

The proceeds from single, multi-journey and limited-time, single-route tickets are recognised at the time of sale, even if they are not validated until later. This approach does not result in distorted presentation as it concerns a shift in accounting periods which is compensated for over time. The additional income received by Wiener Linien from passengers without a valid ticket is accounted for using the cash method of accounting.

Variable price components are immaterial or there are no non-cash considerations. Advance payments by customers do not qualify for treatment as financing components as they are only made for periods of a maximum of one year.

Funeral Services
Unlike the rest of the Group's revenue, funeral services revenue is largely realised at a point in time. The revenue generated by all the promised goods and services is realised upon performance. The date of performance is that of the funeral.

Car Parks
Car park revenue relates to both short-stay and long-stay parkers. It is chiefly recognised in accordance with IFRS 15, not IFRS 16, as the customers have no right to a particular parking space and the revenue is realised over time.

Other
Revenue attributable to the Other division relates, inter alia, to income from staff posting.

Revenue in accordance with IFRS 16 Leases
The revenue governed by IFRS 16 concerns letting and leaseholds, and largely arises from the cemeteries' (Friedhöfe) income, as well as Wiener Linien's rental charges for advertising and retail space (see note 9.3). In return for the payment of a grave charge, the cemeteries provide the "purchasers" with a limited right to use a given plot (usually for ten or more years). The charge is normally paid in advance on commencement of the contract, and is recognised in other liabilities. The revenue from the use of graves is recognised by means of straight-line distribution of the payment received over the contract duration (see note 8.10).

8.2 Other operating income

Other operating income is made up as follows:

EUR m	2020	2021
Income from government grants as defined by IAS 20	472.0	**524.3**
Proceeds from the disposal of non-current assets other than financial assets	4.7	**7.3**
Change in inventories	-0.7	**2.5**
Other own work capitalised	75.2	**78.7**
Sundry other income	78.5	**56.7**
Total	**629.7**	**669.5**

Income from government grants as defined by IAS 20 includes performance-based grants. Much of this relates to Wiener Linien, which has increased as a result of lower revenues due to the 2021 Covid-19 pandemic and increased government grants for renovation projects.

Sundry other operating income is composed of income from the revaluation of investments in non-consolidated subsidiaries and of associates carried at cost, amounting to EUR 5.7m (previous year: EUR 18.1m); it is also composed of other operating income that relates predominantly to Wiener Linien and is mostly made up of compensation and services in relation to maintenance contracts.

Recognition and measurement

Income from government grants as defined by IAS 20 is mainly made up of those grants received by Wiener Linien from the City of Vienna under the revised local public transport and funding agreement (ÖPNV-Neu), which entered into force on 1 January 2017. The agreement was drawn up in order to safeguard operations and ensure the continued growth of local public transport in Vienna after the spin-off of Wiener Stadtwerke from the City of Vienna. As before, the City of Vienna assumes the obligation to finance the annual cash deficit of the company. The required funds are made available to the company in the form of financial compensation for public service obligations. In accordance with IAS 20, the grants made by the City of Vienna under this agreement are treated as "related to income", applying the gross method.

8.3 Cost of materials and cost of purchased services

The cost of raw material, consumables and services used was as follows:

EUR m	2020	2021
Gas	736.1	**1,289.0**
Electricity	193.4	**542.6**
CO_2 emission allowances	52.9	**58.0**
Parts and materials for railway vehicles and trams	22.9	**26.1**
Other expenses incl. raw material and consumables used	127.0	**335.1**
Total cost of materials	**1,132.3**	**2,250.8**
System charges	66.8	**67.8**
Third-party transport services	65.2	**68.4**
Other expenses arising from services used	159.9	**159.7**
Total cost of services used	**292.0**	**295.9**
Total	**1,424.3**	**2,546.7**

The "Gas" item includes both gas for power generation and gas purchased for resale. The "Electricity" item largely consists of third-party supplies obtained through procurement rights.

For details of the accounting for CO_2 emission allowances, see note 8.6.

8.4 Other operating expenses

Other operating expenses were as follows:

EUR m	2020	2021
Maintenance expense	231.0	**280.4**
Regulatory expenses	13.4	**31.6**
Other taxes	57.0	**62.2**
Cleaning expense	43.2	**44.3**
Rental and lease expense	35.7	**39.8**
Legal, consultancy and audit expense	28.9	**30.6**
Fees	24.6	**27.8**
IT expenses	18.7	**20.6**
Communication expense	15.7	**15.9**
Marketing and PR expense	13.2	**15.2**
Insurance expense	12.6	**13.2**
Bad debt allowance	12.8	**10.8**
Sundry other operating expenses	73.7	**97.2**
Total	**580.6**	**689.6**

Sundry other operating expenses include, among other things, write-downs of other assets amounting to EUR 10.1m (previous year: EUR 8.3m) and expenses for staff amounting to EUR 9.9m (previous year: EUR 8.0m). The increase is explained by an allocation of provisions to Wiener Linien (see note 9.6 Other provisions).

The Group audit expenses contained in other operating expenses were made up as follows:

EUR m	2020	2021
Expenses for auditing services	0.1	**0.1**
Expenses for other assurance services	0.6	**0.4**
Expenses for tax advisory services	0.0	**0.2**
Expenses for other services	2.2	**0.9**
Total	**2.9**	**1.6**

8.5 Regulatory items

The table below shows the regulatory income and expenses:

EUR m	2020	2021
Income from regulatory business activities during the reporting period:	49.7	**42.2**
which will lead to increased income in future	34.5	**34.6**
resulting from past increases in income	15.2	**7.7**
Expenses incurred by regulatory business activities during the reporting period	-63.1	**-73.9**
resulting from past reductions in income	-63.1	**-73.9**
Total	**-13.4**	**-31.6**

Income from regulatory business activities arises from additions to regulatory assets or disposals of regulatory liabilities. Meanwhile, disposals of regulatory assets and additions to regulatory liabilities result in expenses due to regulatory business activities.

The tables below show the composition of the regulatory assets and liabilities, and their evolution during the reporting period and the previous year:

Regulatory assets

EUR m	31 Dec. 2020	31 Dec. 2021
Gas	418.6	**404.1**
of which reductions in income	4.2	**8.6**
of which extraordinary expenses	414.3	**395.5**
Electricity	837.9	**816.2**
of which reductions in income	41.0	**63.5**
of which extraordinary expenses	797.0	**752.7**
Total	**1,256.5**	**1,220.3**

Regulatory assets

EUR m	Electricity	Gas	Total
As at 1 Jan. 2020	846.2	433.2	**1,279.3**
Additions	41.0	4.2	**45.2**
Disposals	-49.2	-18.8	**-68.0**
As at 31 Dec. 2020	837.9	418.6	**1,256.5**
Additions	54.3	8.6	**62.9**
Disposals	-76.1	-23.1	**-99.1**
As at 31 Dec. 2021	**816.2**	**404.1**	**1,220.3**

Regulatory liabilities

EUR m	31 Dec. 2020	31 Dec. 2021
Gas	14.0	**9.4**
of which reductions in income	14.0	**9.4**
Total	**14.0**	**9.4**

Regulatory liabilities

EUR m	Electricity	Gas	Total
As at 1 Jan. 2020	1.1	22.3	**23.5**
Additions	0.0	0.0	**0.0**
Disposals	-1.1	-8.3	**-9.4**
As at 31 Dec. 2020	0.0	14.0	**14.0**
Disposals	0.0	-4.6	**-4.6**
As at 31 Dec. 2021	**0.0**	**9.4**	**9.4**

The regulatory assets due to extraordinary expenses arise from the remeasurement of Wiener Netze GmbH's pension obligations in connection with the transfer of these obligations to Wiener Stadtwerke GmbH in 2016.

The maturities of the regulatory assets and liabilities are as follows:

EUR m	Carrying amount 31 Dec. 2021	< 1 year	1–5 years	> 5 years
Regulatory assets	**1,220.3**	**91.5**	**296.2**	**832.6**
Regulatory liabilities	**9.4**	**5.7**	**3.7**	**0.0**

EUR m	Carrying amount 31 Dec. 2020	< 1 year	1–5 years	> 5 years
Regulatory assets	1,256.5	73.9	286.9	895.8
Regulatory liabilities	14.0	4.6	9.4	0.0

Recognition and measurement

The introduction of regulatory deferral accounts by the Elektrizitätswirtschafts- und organisationsgesetz (Electricity Act) 2010 and the Gaswirtschaftsgesetz (Natural Gas Act) 2011 established a new form of expost revenue adjustment. The regulatory deferral account is used to respond to circumstances that could not be taken into consideration in the previous procedure for determining costs and system charges.

The IASB has hitherto only dealt with issues affecting companies operating in the regulated market that are first-time adopters of IFRS 14 Regulatory Deferral Accounts. Due to the limitation of eligibility to apply the standard to first-time adopters of IFRS, in October 2015 the European Commission decided not to propose IFRS 14 for endorsement by the EU.

Irrespective of the failure of IFRS 14 to be adopted as European law, the IASB has always seen it as an interim standard, and its Rate-regulated Activities project is now looking at how to account for rate-regulated business activities. This project aims to create standard rules for the reporting and measurement of assets and liabilities related to rate-regulated business activities on the basis of the Conceptual Framework, which became mandatory on 1 January 2020. A draft of the new standard was published at the beginning of 2021. The application of this standard has no effect on the recognition or amount of the regulatory items currently recognised in the Group. The presentation of regulatory income and expenses in the consolidated statement of profit or loss will remain unchanged from the previous year for reasons of consistency. The presentation required by the draft of the new standard will not be adopted for the time being.

Wiener Stadtwerke's consolidated financial statements for the year ended 31 December 2019 were the first to be drawn up on an IFRS basis. Because of this, an accounting treatment based on the Conceptual Framework, which the Group adopted early, was developed for regulatory assets and liabilities. This is almost entirely drawn from previous pronouncements of the IASB and the recommendations of the IASB staff members engaged in the Rate-regulated Activities project. This approach was designed to reflect the effects of accounting for regulatory assets and liabilities in the first IFRS consolidated statements, as dispensing with their recognition would give an incomplete picture of the financial and earnings positions of rate-regulated businesses, as well as leading to artificial volatility in their results.

The regulatory assets and liabilities recognised by the Group relate to the regulatory operations of Wiener Netze. As the system operator of the electricity and gas grids in Vienna, Wiener Netze provides services with prices set by a regulator – in this case E-Control – which are binding for both sides. The legislation behind this rate setting – the Electricity and Natural Gas acts – governs the recognition of differences between the revenue actually generated, and that underlying the prior cost and charge determination procedure, as well as the recognition of exceptional expenses and income in connection with the regulatory deferral account, and the treatment of differences that arise from the delay in compensation for the costs on which the charges are based, due to the regulatory system created by the system charges.

The arrangements arising from the Electricity and Natural Gas acts are also the reason for carrying the regulatory assets and liabilities in the IFRS consolidated financial statements. However, the elective rights of recognition contained in the Electricity and Natural Gas acts must be so exercised that a given approach follows, as this is the only way to give a complete picture of Wiener Netze's financial and earnings positions in the rate-regulated market.

The first-time recognition of regulatory assets and liabilities was at historical cost. This normally corresponds to the present value of the future rights and obligations recognised in the regulatory deferral account (and to be recognised when exercising all the elective rights under the Electricity and Natural Gas acts). Calculation of the present value is generally based on the discount rate applied by the regulator. Discounting only takes place at a rate set by the regulated company if the discount rate set by the regulator is regarded as inappropriate and the difference from an appropriate rate is attributable to an identifiable transaction or other event. As the regulator sets an appropriate discount rate, discounting is not necessary, and the regulatory assets and liabilities are carried in the amounts shown in the regulatory deferral accounts for electricity and gas or those established by the notices in question.

The reversal of the amounts recognised for regulatory assets and liabilities takes account of the sums cited in the tariffication procedure.

8.6 Inventories

The breakdown of the inventories is as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
CO_2 emission allowances	125.9	**116.9**
Gas	30.1	**17.7**
Heating oil	10.6	**9.4**
Parts and materials for railway vehicles and trams	25.2	**23.9**
Other raw material and consumables used	43.1	**52.2**
Total raw material and consumables used	**234.9**	**220.0**
Finished goods	0.1	**0.1**
Merchandise	10.2	**10.3**
Total	**245.3**	**230.5**

During the reporting period EUR 1.5m in impairments were recognised in profit or loss (previous year: EUR 2.0m). Additionally, impairment reversals were included as a EUR 0.3m reduction in the cost of materials (previous year: EUR 0.0m). No inventories have been pledged.

Recognition and measurement

Inventories are measured at the cost of purchase and/or conversion. The net realisable value at the reporting date is recognised if it is lower, for instance due to falls in exchange, market or sales prices.

The net realisable value is the estimated selling price less the costs of completion and the costs necessary to make the sale. Appropriate impairments are recognised for inventory risk due to the length of storage or reduced marketability.

The cost of inventories is measured using the moving average cost method. Other methods, such as the weighted average cost formula, are only applied in the case of immaterial inventories. The costs of conversion of inventories include costs directly related to production (parts, materials and wages), an allocation of material and production overheads assuming full capacity utilisation (which corresponds to current normal capacity utilisation), and a reasonable allocation to production overheads at normal capacity, as well as expenses for voluntary employee benefits and company pension obligations. Interest on debt is not capitalised due to immateriality.

CO_2 emission allowances

CO_2 emission allowances are recognised on the date of allocation or purchase. Allowances allocated free of charge are measured in accordance with the net method (IAS 20) and are thus carried at zero. Those acquired for consideration are carried at cost under raw material and consumables used. If the fair value of the allowances is below cost at the reporting date, they are measured at the former. In the event of CO_2 emissions, a provision for the obligation to return the allowances is recognised under cost of materials. The provision is measured at the carrying amount (average price) of the CO_2 emission allowances purchased and shown under other provisions. In the event of underfunding, an additional provision is recognised; this is measured at fair value as at the reporting date.

8.7 Current trade receivables

An analysis of the current trade receivables is shown below:

EUR m	31 Dec. 2020	31 Dec. 2021
Current trade receivables (gross)	224.7	**337.1**
Current trade receivables from associates (gross)	62.8	**145.4**
Impairment losses	-19.0	**-20.0**
Total	**268.6**	**462.4**

The table below shows the impairments, broken down by time bands:

	31 Dec. 2020			31 Dec. 2021		
EUR m	Gross carrying amount	Impairment allowance	Net carrying amount	Gross carrying amount	Impairment allowance	Net carrying amount
Not overdue	188.6	-1.4	187.2	**409.3**	**-0.8**	**408.5**
30 days overdue	56.5	-0.1	56.3	**41.0**	**-0.2**	**40.8**
31-60 days overdue	8.1	-0.3	7.8	**1.7**	**-0.6**	**1.0**
61-90 days overdue	6.7	-2.5	4.2	**4.7**	**-2.9**	**1.8**
More than 90 days overdue	27.6	-14.6	12.9	**25.8**	**-15.4**	**10.3**
Total	**287.5**	**-19.0**	**268.6**	**482.5**	**-20.0**	**462.5**

Movements in impairments of current trade receivables were as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
As at 1 Jan.	29.3	**19.0**
Additions	4.6	**2.8**
Utilisation	-0.2	**-0.2**
Offsetting	-8.7	**0.0**
Reversals	-6.0	**-1.5**
As at 31 Dec.	**19.0**	**20.0**

Recognition and measurement

Trade receivables are measured at the transaction price and recognised at the point in time when they arise. Trade receivables are held under a business model aimed at holding financial assets in order to collect the contractual cash flows. Measurement is at amortised cost. Details of the estimation of impairments can be found in note 14.

8.8 Other assets and contract assets

The other current and non-current assets are disclosed in the tables below:

Other non-current assets

EUR m	31 Dec. 2020	31 Dec. 2021
Investment property	46.7	**46.2**
Prepayments towards non-current assets	28.1	**36.3**
Other receivables – third parties	32.6	**36.0**
Entitlement to plan assets	357.3	**527.5**
Other assets	132.3	**119.0**
Total	**597.0**	**765.0**

Other current assets

EUR m	31 Dec. 2020	31 Dec. 2021
Contract assets (IFRS 15)	3.5	**4.8**
Receivables from income taxes	5.0	**9.4**
Other assets	204.9	**259.5**
Total	**213.4**	**273.7**

Contract assets and liabilities (IFRS 15)
Accrued revenue from contracts with customers must be stated separately from other income sources. Such revenue is recognised as contract asset items under other assets, or as a contract liability under other liabilities.

A contract asset represents the right to subsequent consideration (e.g. the right to future collection of a higher base rate due to the delivery of a product) and is thus the precursor to a receivable. It results in the realisation of revenue. A contract asset item becomes a receivable when an unconditional right to consideration comes into being.

A contract liability arises from the obligation of an entity to transfer goods or services for which it has received consideration from a customer.

Entitlement to plan assets
The other assets include a receivable, arising from a right to a refund from the plan assets, of EUR 527.5m (previous year: EUR 357.3m).

As described in note 10.2 Employee benefit provisions, in 2018 part of the fund assets were transferred to the trust company Wiener Stadtwerke Planvermögen GmbH as security for its duty to compensate employees in the event of the loss of their pension rights.

Under IAS 19, part of the plan assets may be earmarked for use as reimbursement for benefits already paid to persons with pension entitlements without endangering the assets' status as plan assets. The entitlement to reimbursement created in this way reduces the value of the existing plan assets. It is recognised in this amount as a claim against the plan assets. Pursuant to IAS 19, measurement is at fair value, which is normally the nominal amount due to the fact that it is repayable on demand.

Although this means that some of the assets held as plan assets no longer exist exclusively to fund employee benefits, the income generated by the part of the plan assets that is devoted to meeting the claim to reimbursement continues to be earmarked for the plan assets. Consequently, until the entitlement is actually exercised, the reimbursement right has no influence on the amount carried as income from the plan assets. As usual, the latter are recognised in other comprehensive income, net of interest income. As required by IAS 19, any impairments are recognised in other comprehensive income and not in profit or loss.

Investment property
The evolution of investment property, which is reported under non-current assets in the statement of financial position, was as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
As at 1 Jan.	**47.1**	**46.7**
Additions	0.1	**0.0**
Depreciation	-0.4	**-0.4**
Disposal of carrying amount	0.0	**-0.1**
As at 31 Dec.	**46.7**	**46.2**

The cost of purchasing and converting investment property is presented net of government grants (net method). These amounted to EUR 9.1m (2018: EUR 9.3m). This had the effect of reducing depreciation by EUR 0.1m in the 2021 financial year (previous year: EUR 0.1m).

The fair value of the Group's investment property is EUR 151.2m (previous year: EUR 148.5m). Rental income totalled EUR 19.9m (previous year: EUR 19.4m) and the operating expenses of rental property were EUR 3.3m (previous year: EUR 3.6m).

Recognition and measurement

The investment property consists of property held to earn rentals or for capital appreciation, and not for use in the supply of services or for administrative purposes, or for sale in the ordinary course of business. This item is valued according to the cost model. Thus, they are accounted for and valued like property, plant and equipment (see note 9.1).

The Group applies the following methods to measure the fair value of real estate:

- the capitalised income value method, and
- the asset value method.

The Wiener Stadtwerke Group principally uses the capitalised income value method. Here, the value is determined on the basis of the future income from the property (Level 3). The asset value method is mainly used for vacant sites. The value is determined on the basis of comparable transactions (Level 2).

Other non-current assets
The other non-current assets include shares in unconsolidated associates totalling EUR 104.0m (previous year: EUR 113.6m) and non-current accrued items for Friedhöfe Wien.

Other current assets
The other current assets primarily include other receivables from taxes and other receivables from investees. The increase is predominantly due to the large receivable to Wien Energie GmbH from Energieallianz Austria GmbH arising from hedging transactions.

8.9 Trade payables

Trade payables were as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
Trade payables	522.5	**531.2**
Trade payables to associates	13.8	**48.5**
Total	**536.3**	**579.7**

Greater investment volume in the Transport division led to increased total trade payables. This was offset by the repayment of the trade payables in the Energy division following final settlement of electricity procurement rights. As a result, trade payables and other liabilities remained constant.

Trade payables to associates include electricity bills for both Wien Energie Vertrieb GmbH & Co KG and Energieallianz Austria GmbH.

8.10 Other liabilities

Current and non-current other liabilities were as follows:

Other non-current liabilities

EUR m	31 Dec. 2020	31 Dec. 2021
Contract liabilities (IFRS 15)	519.7	**544.0**
Non-current regulatory liabilities	9.4	**3.7**
Other liabilities	282.3	**265.0**
Total	**811.4**	**812.7**

Other current liabilities

EUR m	31 Dec. 2020	31 Dec. 2021
Contract liabilities (IFRS 15)	133.5	**134.7**
Current regulatory liabilities	4.6	**5.7**
Other liabilities	709.5	**716.8**
Total	**847.6**	**857.2**

The contract liabilities are mainly made up of customer contributions to construction costs collected by Wiener Netze and Wien Energie. Detailed notes on the contract liabilities can be found in note 8.1 Revenue and note 8.8 Other assets and contract assets.

Further information on current and non-current regulatory liabilities is given in note 8.5.

Other current liabilities chiefly concern amounts due to the City of Vienna tax office. These show temporary financing surpluses as well as current accruals from Personnel. Other non-current liabilities include accruals of prepayments of grave use fees to the Friedhöfe (cemeteries) (see note 8.1).

Also included in the item other current liabilities is the accrual for prior service in the amount of EUR 27.3m (previous year: EUR 24.6m). In light of rulings by the Supreme Administrative Court and the European Court of Justice, the City of Vienna has revised the current rules for recognition of prior service for permanent civil servants and contract staff. Under the new ruling, the City of Vienna must address the process through official channels, so a large number of employees are affected. Wiener Stadtwerke GmbH began processing the first cases in May 2021. The first additional payments are expected to be made in Q1 2022.

8.11 Notes to the consolidated statement of cash flows

The consolidated statement of cash flows shows the change in the Group's cash and cash equivalents during the reporting year as a result of cash inflows and outflows. Cash flows from earnings, operating activities, investing activities and financing activities are shown separately.

The Wiener Stadtwerke Group uses the indirect method of presentation. Here, non-cash expenses and income are added to or deducted from the pre-tax result.

The composition of cash and cash equivalents can be found in note 11.2 Cash and cash equivalents.

Cash flows from operating activities
The sharply increased prices for electricity, gas and CO_2 seen on the energy markets led to a significant rise in assets and liabilities for electricity and gas derivatives (balance sheet expansion) and, on the whole, to positive measurement effects in OCI.

A further consequence is that initial and variation margins to be paid, which reduce cash flows from operating activities, were considerably higher for 2021. This is reflected in an increase of EUR 736.1m in other receivables and a rise of EUR 362.7m in other liabilities. The remaining increase in receivables primarily relates to operations in the Energy division.

Cash flows from investing activities
Investments are presented in the statement of cash flows net of investment grants received. Grants received for which no investments have yet been made are deducted from cash outflows for investments in non-current assets. Subsidies received in the 2020 financial year amount to EUR 243.5m (previous year: EUR 218.5m).

The non-cash additions to intangible assets and property, plant and equipment amounted to EUR 41.9m in the reporting period (previous year: EUR 46.6m).

Cash flows from financing activities
The cash flow from financing activities includes, for the most part, the taking out of a short-term loan for EUR 300.0m.

With regard to current and non-current lease liabilities, the non-cash financing transactions amounted to EUR -17.0m (previous year: EUR -18.6m). Cash outflows for leases amounting to EUR 11.1m (previous year: EUR 12.7m) in the reporting period are recognised in the cash flow from financing. The lease interest component amounting to EUR 1.9m is included in the cash flow from the net income.

9 Non-current assets and liabilities

9.1 Property, plant and equipment

Changes in property, plant and equipment were as follows:

EUR m	Land and leasehold rights	Buildings, incl. on third-party land	Technical plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Right-of-use assets	Total
Cost							
As at 1 Jan. 2020	**298.1**	**2,165.8**	**8,265.4**	**426.7**	**197.8**	**120.0**	**11,473.8**
Additions	4.8	27.0	156.5	29.4	169.0	18.2	**404.8**
Disposals	0.0	-1.5	-34.8	-18.2	0.0	-2.1	**-56.6**
Transfers	0.0	9.2	69.7	9.1	-87.9	0.0	**0.1**
Additions from mergers	0.1	4.5	1.0	0.0	0.0	0.0	**5.6**
As at 31 Dec. 2020	**303.0**	**2,205.0**	**8,457.7**	**447.0**	**279.0**	**136.1**	**11,827.8**
Additions	1.9	14.1	190.3	23.6	188.1	16.9	**434.9**
Disposals	-0.1	-2.5	-65.4	-8.6	0.4	-14.0	**-90.3**
Other changes	0.0	0.0	0.0	0.0	0.0	3.9	**3.9**
Transfers	-0.5	9.0	115.3	3.8	-128.1	0.0	**-0.5**
Additions from mergers	0.7	7.8	4.4	0.0	0.0	0.0	**12.9**
As at 31 Dec. 2021	**305.0**	**2,233.3**	**8,702.4**	**465.8**	**339.3**	**143.0**	**12,188.7**
Accumulated depreciation, amortisation and impairment							
As at 1 Jan. 2020	**0.0**	**-1,177.8**	**-5,900.3**	**-288.9**	**0.0**	**-15.4**	**-7,382.5**
Depreciation and amortisation	0.0	-34.9	-198.6	-28.1	0.0	-12.3	**-273.9**
Impairment losses	0.0	-0.9	0.0	-0.2	0.0	0.0	**-1.1**
Write-ups	0.0	12.5	72.3	0.0	0.0	0.0	**84.8**
Transfers	0.0	0.7	-2.3	1.8	0.0	0.0	**0.2**
Disposals	0.0	0.9	34.0	17.1	0.0	1.9	**53.9**
As at 31 Dec. 2020	**0.0**	**-1,199.7**	**-5,994.9**	**-298.4**	**0.0**	**-25.7**	**-7,518.7**
Depreciation and amortisation	-0.1	-36.2	-216.5	-28.8	0.0	-13.3	**-295.0**
Impairment losses	0.0	-1.7	0.0	0.0	0.0	0.0	**-1.7**
Write-ups	0.0	0.1	0.0	0.0	0.0	0.0	**0.1**
Other changes	0.0	0.0	0.0	0.0	0.0	-3.5	**-3.5**
Disposals	0.0	2.5	56.4	8.6	0.0	3.7	**71.2**
As at 31 Dec. 2021	**-0.1**	**-1,235.0**	**-6,155.0**	**-318.7**	**0.0**	**-38.9**	**-7,747.7**

EUR m	Land and leasehold rights	Buildings, incl. on third-party land	Technical plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Right-of-use assets	Total
Carrying amount according to balance sheet as at 31 Dec. 2020	**303.0**	**1,005.3**	**2,462.9**	**148.6**	**279.0**	**110.4**	**4,309.1**
Gross carrying amount	405.7	4,845.4	4,255.6	218.2	674.7	121.6	**10,521.1**
grants included therein	102.7	3,840.1	1,792.7	69.6	395.8	11.2	**6,212.0**
Carrying amount according to balance sheet as at 31 Dec. 2021	**304.9**	**998.3**	**2,547.4**	**147.1**	**339.3**	**104.1**	**4,441.1**
Gross carrying amount	407.5	4,744.1	4,275.8	212.4	900.8	114.5	**10,655.2**
grants included therein	102.7	3,745.8	1,728.5	65.3	561.5	10.4	**6,214.1**

Investment grants
The cost of purchasing the balance sheet items listed above is presented net of government grants (net method). As at 31 December 2021 these amounted to EUR 6,214.1m (previous year: EUR 6,212.0m). In the 2021 financial year, this reduced amortisation by EUR 315.8m (previous year: EUR 317.8m).

Other changes
Other changes are included in the right-of-use assets column in the cost table and the accumulated depreciation, amortisation and impairment table. This column relates to the one-time change to all lease contracts in the Wiener Stadtwerke Group, which were recalculated using new software. The effect arising from the new values in relation to assets and lease liabilities amounts to EUR 1.3m and is included in sundry other income.

Pledged property, plant and equipment, and other collateral or restricted assets
The carrying amount of property, plant and equipment pledged as collateral was EUR 12.2m (previous year: EUR 13.5m). The carrying amount of other restricted property, plant and equipment was EUR 9.0m (previous year: EUR 10.3m).

Property, plant and equipment under construction
The carrying amount of property, plant and equipment under construction was EUR 339.3m (previous year: EUR 279.0m). The majority of this is attributable to Wiener Netze GmbH (EUR 184.9m; previous year: EUR 171.0m).

Changes in the scope of consolidation
See note 7.1 regarding changes in the scope of consolidation in 2021 and in the previous year.

Recognition and measurement

On recognition, items of property, plant and equipment are measured at cost, including attributable borrowing costs. No borrowing costs in the meaning of IAS 23 were recognised in the consolidated financial statements in the previous year or in 2021. After recognition, assets are measured at cost less any accumulated depreciation and accumulated impairment losses, using the cost model.

Subsequent costs are recognised if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably. Expenses for repairs and maintenance that do not represent a significant investment in replacement parts are recognised in profit or loss in the period in which they are incurred. Regular major inspections are treated as replacements and depreciated over the inspection interval. In this case, the costs of the inspection are recognised.

Investment grants are mostly received from the City of Vienna and the Austrian federal government. These are classified as government grants in accordance with IAS 20, which applies when accounting for them. Government grants are presented as a reduction in the cost of the assets for which they are intended to compensate. They are recognised as soon as there is reasonable assurance that the Group will comply with the conditions attached to them.

Depreciable items of property, plant and equipment are depreciated or amortised on a straight-line basis according to their useful lives. If there is an indication that an asset may be impaired and its carrying amount exceeds the present value of future cash flows, an impairment loss is recognised, reducing the asset's carrying amount to its recoverable amount, in accordance with IAS 36. If an impairment loss recognised in a prior period no longer exists, a reversal is recognised in profit or loss. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

As in the previous year, the following useful lives were applied for depreciation of property, plant and equipment:

	Years
Division-specific property, plant and equipment	
Major construction projects (e.g. tunnels, concrete channels, etc.)	40-80
Energy supply equipment	15-25
Supply infrastructure (grids, power lines, etc.)	2-50
Telecommunication networks	5-33
Vehicles (trams, buses, etc.)	6-30
Other property, plant and equipment	
Production and office buildings	10-100
Other technical equipment	2-35
Fixtures and fittings	2-30

Methods of depreciation, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary. Land is not depreciated.

Impairment of property, plant and equipment
See note 9.5 for information on the assessment of assets for impairment testing purposes in accordance with IAS 36.

9.2 Intangible assets

Changes in intangible assets were as follows:

EUR m	Concessions, including rights	Software and licences	Intangible assets under development	Goodwill	Total
Cost					
As at 1 Jan. 2020	**271.7**	**173.4**	**21.8**	**14.7**	**481.6**
Additions	3.9	22.1	22.5	0.0	**48.5**
Disposals	-26.2	-3.7	-0.2	-0.2	**-30.3**
Transfers	0.3	5.8	-6.1	0.0	**-0.1**
As at 31 Dec. 2020	**249.7**	**197.6**	**37.9**	**14.5**	**499.8**
Additions	1.9	26.0	22.2	0.0	**50.0**
Disposals	-0.1	-1.0	0.4	0.0	**-0.6**
Transfers	1.6	15.3	-16.5	0.0	**0.5**
As at 31 Dec. 2021	**253.2**	**237.9**	**44.0**	**14.5**	**549.6**
Accumulated depreciation, amortisation and impairment					
As at 1 Jan. 2020	**-195.8**	**-120.9**	**0.0**	**-6.6**	**-323.3**
Depreciation and amortisation	-9.6	-22.8	0.0	0.0	**-32.4**
Transfers	0.0	-0.2	0.0	0.0	**-0.2**
Disposals	26.2	3.4	0.0	0.1	**29.7**
As at 31 Dec. 2020	**-179.3**	**-140.4**	**0.0**	**-6.5**	**-326.2**
Depreciation and amortisation	-10.0	-27.9	0.0	0.0	**-37.9**
Disposals	0.1	0.9	0.0	0.0	**1.0**
As at 31 Dec. 2021	**-189.3**	**-167.3**	**0.0**	**-6.5**	**-363.1**
Carrying amount according to balance sheet as at 31 Dec. 2020	**70.4**	**57.2**	**37.9**	**8.0**	**173.6**
Gross carrying amount	108.9	62.1	48.3	8.0	**227.3**
subsidies included therein	38.5	4.9	10.4	0.0	**53.7**
Carrying amount according to balance sheet as at 31 Dec. 2021	**63.9**	**70.6**	**44.0**	**8.0**	**186.5**
Gross carrying amount	107.2	75.4	56.7	8.0	**247.4**
subsidies included therein	43.3	4.8	12.8	0.0	**60.9**

The cost of purchasing intangible assets is presented net of government grants (net method). These amounted to EUR 60.9m (previous year: EUR 53.7m). In the 2021 financial year this reduced amortisation by EUR 2.9m (previous year: EUR 2.5m).

Concessions include easements with a carrying amount before grants of EUR 38.2m (previous year: EUR 34.8m), which have an indefinite useful life. In addition this mainly comprises electricity procurement rights and similar energy use rights.

In the reporting year, EUR 20.2m in development expenditure was capitalised (previous year: EUR 16.6m) and research costs of EUR 4.4m were recognised as expenses (previous year: EUR 3.1m).

Recognition and measurement

Intangible assets with finite useful lives are recognised at cost less accumulated amortisation and impairment losses. No borrowing costs in the meaning of IAS 23 were recognised in 2020 or 2021. See note 9.5 for information on the assessment of assets for impairment testing purposes in accordance with IAS 36.

As in the previous year, the following useful lives were applied for amortisation of intangible assets.

	Years
Concessions, licences, etc.	2-40 or term of contract
Electricity procurement rights and energy use rights	2-99
Software	3-15
Easements	15-25 or indefinite

Methods of depreciation, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary. Easements subject to a one-off acquisition cost are recognised as intangible assets. Easements related to energy supply equipment are amortised over their useful lives. In contrast, easements attributable to Wiener Linien have indefinite useful lives, as they relate to land and are usually entered in the land register.

Goodwill
See note 9.5 for details on the measurement of goodwill as well as impairment testing.

Recognition of development expenditure
Research expenditure is recognised in profit or loss when it is incurred. In accordance with IAS 38, an intangible asset arising from development is only recognised if costs attributable to the intangible asset during its development can be reliably measured, the product or process is technically and commercially feasible, it will generate probable future economic benefits, and the Group intends to complete the intangible asset and use or sell it, and has the ability to do so. Other development expenses are recognised in profit or loss when they are incurred. Intangible assets arising from development are recognised at cost less accumulated amortisation and impairment losses. The Group's assets of this type principally comprise internally-produced software.

Subsequent expenditure
Subsequent expenditure is only added to the carrying amount of an intangible asset if it increases the future economic benefits of the asset in question.

9.3 Leases

Lessee disclosures

The following table shows the carrying amounts of right-of-use assets:

EUR m	31 Dec. 2020	31 Dec. 2021
Land and buildings	98.9	**104.0**
Plant and machinery	19.9	**8.3**
Other equipment	2.8	**2.3**
Less grants for right-of-use assets	-11.2	**-10.4**
Total	**110.4**	**104.1**

Changes in right-of-use assets are presented under property, plant and equipment (note 9.1).

For reasons of materiality, the table above does not include rights of use for construction management offices that are rented during the construction of sections of the Vienna underground network, as depreciation is included in full in the cost of the assets recognised under property, plant and equipment. The carrying amount of EUR 6.0m (previous year: EUR 7.5m) is included in assets under construction (see note 9.1). The useful lives of these rights of use range from one to seven years.

The following amounts were recognised in profit or loss for the reporting period:

EUR m	2020	2021
Interest expense on lease liabilities	-2.0	**-1.9**
Expense relating to variable lease payments not included in measurement of lease liabilities	-1.9	**-2.4**
Income from subleasing right-of-use assets	0.1	**0.0**
Expense relating to short-term leases	-29.0	**-11.7**
Expense relating to leases of low-value assets	-0.7	**-0.9**

Most of the expenses relating to short-term leases or leases of low-value assets relate to short-term leases in the Wiener Lokalbahnen Group. The change compared to the previous year is due to the process for presenting contracts being amended in the Wiener Lokalbahnen Group in 2021.

See also note 11.4 for details of lease liabilities. A summary of future cash outflows of contractual lease payments can be found in note 14 Risk management.

Disclosures on material lease contracts
Rights of use for land and buildings mainly comprise tenancy agreements for office space, other buildings (e.g. Wiener Linien stations) and Wipark's car park leaseholds and tenancy agreements. Many of the latter contain revenue-based rent components, which are included in expenses for variable lease payments.

Rights of use for plant and machinery principally comprise electric locomotives used by Wiener Lokalbahnen Cargo to offer transportation services. Rights of use for other equipment mainly comprise cars leased for use by staff. Some of these contracts include variable payments based on the distance driven. The contracts do not contain residual value guarantees that would need to be included in the lease liability in case of expected payments.

Recognition and measurement

Lease contracts grant the Wiener Stadtwerke Group the right to control and use an asset for a specified period of time in exchange for a specific consideration. Rights of use for intangible assets are not recognised as leases.

Rights of use and lease liabilities
From the date of commencement of a lease, a right-of-use asset reflecting the right to use the underlying asset for the term of the lease, and a lease liability are recognised in the statement of financial position. The lease liability represents the present value of the lease payments. Because lease contracts are a form of financing contract, lease liabilities are presented under financial liabilities and the effective interest method is used for subsequent measurement. Lease payments therefore represent repayment of the lease liability.

The cost of the right-of-use asset comprises the amount of the lease liability as well as any initial direct costs incurred, any lease incentives received, and any costs recognised as a restoration provision (see note 9.6). Right-of-use assets are measured in the same way as property, plant and equipment, and depreciated on a straight-line basis over the lease term; in case of impairment, an impairment loss is recognised.

Lease payments
Lease payments comprise fixed payments, approximate fixed payments, the exercise price of any purchase option and penalties for terminating the lease if the Group is reasonably certain to exercise such options, as well as any amounts expected to be payable under residual value guarantees. Adjustments based on the consumer price index and other price increases are recognised only when they become applicable. In case of amendments to the contract or a change in the lease term, the lease liability is reassessed and the right-of-use asset is adjusted accordingly. Use-based or revenue-based payments are not included in the lease liability, but are recognised in other expenses. For materiality reasons, very small payments that are regularly due in relation to rights of use for land are also recognised in other expenses.

Discount rate

The discount rate for lease payments is an intercompany incremental borrowing rate, as Wiener Stadtwerke is financed at Group level. Negative rates are not used, since they would not be applied even if Wiener Stadtwerke took out refinancing. A discount rate is determined for the term of each lease.

In principle, however, the marginal borrowing rate is only applied if the internal rate of return of the underlying leasing transaction is not known.

Term

The lease term is estimated considering the periods of extension or termination options, depending on whether the Group is reasonably certain to exercise such options. The following is applied in case of leases with indefinite terms: for undeveloped land, the lease term is 40 years, for reasons of materiality. For built-up land, the lease term is based on the remaining useful life of the building, and for plant and machinery it is based on the remaining useful life of the equipment. These methods provide guidance if there is no other way to determine useful life. Lease terms are regularly reviewed and adjusted as necessary.

Depreciation

The right-of-use asset is depreciated over the lease term. In the financial year, depreciation of rights of use amounted to EUR 13.3m (previous year: EUR 12.3m).

EUR m	2020	2021
Total amortisation of rights-of-use leases	12.3	**13.3**
of which land and buildings	8.4	**8.8**
of which plant and machinery	3.4	**3.7**
of which other fixtures and fittings, tools and equipment	0.5	**0.8**

Practical expedients

Wiener Stadtwerke applies the following practical expedients to simplify lease accounting:

- Payments for leases with a term of less than 12 months and for leases of low-value assets (approx. under EUR 5,000) are recognised in other expenses. This mainly relates to the rental of mobile phones, laptops, photocopiers and coffee machines.
- Any service components included in lease payments are not accounted for separately, but as part of the lease payment.

Lessor disclosures

Wiener Stadtwerke Group is also a lessor. All lease contracts are classified as operating leases. The majority of lease income is made up of income from Friedhöfe Wien GmbH, and rental fees paid to Wiener Linien for advertising and retail space. Friedhöfe Wien GmbH's income from grave lease extensions is paid in advance for the full term and reversed annually. A more detailed break-down and information on accounting and measurement methods can be found in note 8.1.

EUR m	2020	2021
Lease income	36.4	**37.1**
Income from variable lease payments not dependent on an index or (interest) rate	1.0	**1.1**

The table below shows the minimum gross lease payments.

EUR m	31 Dec. 2020	31 Dec. 2021
Due in financial year + 1 year	5.7	**11.9**
Due in financial year + 2 years	2.3	**9.3**
Due in financial year + 3 years	2.1	**9.4**
Due in financial year + 4 years	2.1	**9.5**
Due in financial year + 5 years	2.1	**9.3**
Due after financial year + 5 years	7.6	**15.0**
Total	**21.8**	**64.5**

The increase in the gross minimum lease payments for the next few years are due to a Wiener Linien contract. The contract was not included in the previous year's report due to the Covid-19 situation and its effects. However, it is currently assumed that it will be possible to collect the agreed future gross minimum lease payments.

Recognition and measurement

Classification

On inception date of the contract, each lease is classified as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset from Wiener Stadtwerke to the lessee. For example, this is the case when the lease term extends over the material useful life of the underlying asset, when the lessee has the option to purchase the underlying asset at a favourable price, when the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset, or when the underlying asset is of a specialised nature. Wiener Stadtwerke Group is not party to any finance leases.

Recognition of operating leases

Lease payments from operating leases must be recognised as income on a straight-line basis or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished – regardless of when rental/lease payments are received. Costs incurred in earning the lease income, including depreciation, are recognised as an expense. The underlying asset continues to be recognised under property, plant and equipment, or in the case of real estate under investment property, and is measured accordingly.

9.4 Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation and amortisation were as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
Amortisation of intangible assets	32.4	**37.9**
Depreciation of property, plant and equipment incl. IAS 40 investments	262.1	**282.2**
Depreciation of right-of-use ssets	12.3	**13.3**
Total	**306.8**	**333.5**

9.5 Impairment losses and reversals

General approach

Property, plant and equipment and intangible assets, including goodwill, are tested for impairment if there is an indication that an impairment loss may have occurred. Goodwill, and intangible assets with an indefinite useful life, are tested for impairment at least annually.

§ At the Wiener Stadtwerke Group, possible indications of impairment mainly arise from changes in cash flow assumptions (changes in costs or revenue) or changes due to regulatory and supply policy decisions.

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal, and value in use (the present value of future cash flows). If the carrying amount exceeds the recoverable amount, the difference is recognised in profit or loss as an impairment loss. When there is an indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist, a write-up is applied to the asset's carrying amount. This reversal of the impairment loss is recognised in profit or loss.

If an impairment loss is recognised for a cash-generating unit (CGU), the reduction in the carrying amount is applied first to any goodwill. If the impairment loss exceeds the carrying amount of goodwill, the difference is allocated to the carrying amounts of other assets of the CGU on a pro rata basis. The effects of impairment tests on CGUs are presented separately in the statement of profit or loss.

If there is an indication that a specific asset may be impaired, an impairment test is carried out for that asset only. Any impairment loss is recognised in operating profit or loss, or in case of a restructuring, in the related restructuring expenses.

When measuring value in use, estimates of future cash flows for the CGU in question are carried out in accordance with IAS 36. Business planning principally comprises a detailed five-year budget. For individual CGUs, including goodwill, this is supplemented by rough planning for the remainder of the contract term or useful life. A perpetuity is then assumed, or – if shorter – the cash flow over the remaining contract term or useful life. A fixed growth rate is not applied, but budget parameters are indexed in line with a consumer price index.

A discount rate based on the weighted average cost of capital (WACC) is applied. The cost of equity in the WACC comprises the risk-free rate of interest, a country premium and a risk premium incorporating the market risk premium and the beta factor based on peer group capital market data. The cost of debt comprises the base rate of interest, a potential country premium and a risk premium dependent on credit rating. Market values are used to determine the weighting of debt and equity, using an adequate capital structure for the CGU in question based on peer group data. The resulting WACC is used to discount the projected future cash flows for the CGU or asset. The composition of the peer group is reviewed annually and adjusted as necessary by the Group.

Impairment testing is carried out and documented using the Group's WACC tool.

Definition of CGUs

§ The key criterion for definition of a CGU is technical and economic independence in generating cash inflows. For Wiener Stadtwerke, this applies to Wien Energie's district heating system, power generation fleet (combined heat and power, and boilers), hydroelectric plants, wind farms and electricity procurement rights; Wipark's car parks/car park conglomerates; Wiener Netze's electricity and gas grid; and, if no other differentiation is possible, individual companies that contain profit-generating assets (Wiener Linien, individual businesses in the Wiener Lokalbahnen Group and the Funeral Services and Cemeteries division).

All of the Group's reported CGUs are located in Austria.

Wien Energie

Wien Energie calculates value in use in order to determine any impairment.

For the Pottendorf wind farm, which includes goodwill, forecasts to 2035 have been made and the WACC is 4.06%. The recoverable amount is EUR 5.6m higher than the carrying amount. Only an increase in the WACC to around 5.63% would bring the carrying amount to the same level as the value in use.

Wipark
Wipark calculates value in use for all CGUs when there is an indication of impairment. Cash flow projections are limited to the remaining useful life of the car park or car park conglomerate, or the remaining contract term in the case of other rights.

Wiener Netze
The current regulatory framework ensures that Wiener Netze's gas and electricity grid assets are recognised in full when determining tariffs. As this guarantees that assets are fully accounted for, there is currently no indication of impairment of gas and electricity grid assets.

Wiener Linien
Based on the local public transport and funding agreement, the City of Vienna provides Wiener Linien with the necessary funding for the acquisition or creation of assets required to perform the services it provides. In accordance with IAS 20, assets are netted against government grants (net presentation). Impairment tests are carried out for other assets when there is an indication that they may be impaired. There were no such indications in the current reporting period.

Wiener Lokalbahnen
Cash flow return on investment (CFROI) is used to determine whether there is an indication that assets in WLB may be impaired. The CFROI shows the internal rate of return that would be achieved if (gross) capital was invested now and the return earned through net cash from operating activities flows over the useful life of the investment. If the return is higher than the cost of capital, invested capital is covered and there is no indication of impairment. The cost of capital is based on the regulated electricity and gas networks, which have comparable opportunity and risk profiles (due to incentive regulation). There were no indications that assets may be impaired in the reporting period.

Funeral Services and Cemeteries
Impairment tests are not carried out at companies in the Funeral Services and Cemeteries division unless there is an indication of impairment.

Value in use is determined for all companies when carrying out impairment tests.

Impairment losses and reversals were as follows:

EUR m	2020	2021
Impairment losses on property, plant and equipment	-1.0	**-1.7**
Reversals on property, plant and equipment	84.8	**0.1**
Total	**83.8**	**-1.6**

Material amounts relate to the following CGUs:

Wien Energie CGUs
Reversals were recognised for the Simmering 1 power plant in 2020 (EUR 84.2m). The carrying amount for Simmering 1 was written up to the recoverable amount. There were no impairments or reversals in the current financial year.

Other impairment losses and reversals
For the car parks of Wipark, there is a total depreciation requirement of EUR 1.7m for 2021 (previous year: EUR 1.0m). This is predominantly due to a review of the allocation formula and updating this to match actual ratios.

Due to stable parking turnover, also in the area of short-stay parking, a slight upward trend is apparent in other car parks – despite the effects of Covid-19. This results in a need for write-ups totalling EUR 0.1m in the financial year (previous year: EUR 0.6m).

9.6 Other provisions

Changes in provisions were as follows:

EUR m	Guarantees, warranties and product liability	Contingent losses and other contingencies	Legal disputes	Restoration	Other provisions	Total
As at 1 Jan. 2020	**0.1**	**304.0**	**25.2**	**15.8**	**88.1**	**433.4**
Allocations	0.0	0.0	2.2	0.0	3.1	**5.3**
Utilisation	0.0	-277.3	-1.8	-3.9	-11.2	**-294.1**
Reversals	0.0	-25.3	-2.3	0.0	-66.4	**-94.0**
As at 31 Dec. 2020	**0.1**	**1.4**	**23.3**	**12.0**	**13.7**	**50.5**
Allocations	0.0	0.9	18.3	0.0	18.9	**38.1**
Utilisation	0.0	0.0	-0.4	-3.8	-4.6	**-8.8**
Reversals	-0.1	-0.1	-22.5	0.0	-0.6	**-23.1**
Transfers	0.0	0.0	0.0	0.0	0.0	**0.0**
As at 31 Dec. 2021	**0.0**	**2.3**	**18.7**	**8.2**	**27.4**	**56.7**
of which short-term provisions as at 31 Dec. 2020	0.1	1.0	23.3	5.0	12.8	**42.1**
of which long-term provisions as at 31 Dec. 2020	0.0	0.5	0.0	7.0	0.9	**8.4**
of which short-term provisions as at 31 Dec. 2021	**0.0**	**1.9**	**18.7**	**4.9**	**25.8**	**51.3**
of which long-term provisions as at 31 Dec. 2021	**0.0**	**0.4**	**0.0**	**3.3**	**1.6**	**5.4**

Restoration provisions relate mainly to power plant decommissioning obligations.

Energie Control Austria initiated market abuse proceedings relating to the billing of system charges in connection with the netting of metering points for traction power. As it is expected that the Group will have to pay the corresponding environmental levies, a provision of EUR 20.4m was recognised in the 2019 financial year; this was able to be reversed in the current financial year following a court judgement. This was offset by the provision recognised for Wiener Linien for ongoing judicial proceedings in relation to the unequal treatment in relation to ticket sales in the current financial year.

Recognition and measurement

A provision is recognised in accordance with IAS 37 when the Group has a legal or constructive obligation to a third party based on a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the latter can be reliably estimated. All identifiable risks are taken into account when determining the amount of the provision, and any possible rights of recourse are excluded.

For long-term provisions, future cash flow estimates are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Since future cash flow estimates are adjusted for risks, a risk-free discount rate is applied.

Provisions for restoration are recognised as part of the cost of the asset in question and depreciated. Any new estimates that result in a change to the amount for which a provision is recognised are also included in the non-current assets.

10 Employees

10.1 Personnel expenses

The table below provides an analysis of the Group's personnel expenses.

EUR m	2020	2021
Wages	189.2	**177.5**
Salaries	638.8	**672.5**
Total social security expenses	90.5	**278.6**
Expenses for statutory social security contributions	5.4	**167.4**
Expenses for pension obligations	69.6	**95.5**
Expenses for termination benefits	12.0	**12.4**
Other social security contributions and expenses	3.6	**3.4**
Total	**918.5**	**1,128.6**

Social security expenses include EUR 29.9m (previous year: EUR 30.6m) in spending on defined contribution pension plans, as well as EUR 6.5m (previous year: EUR 5.9m) in contributions to the employee pension fund ("new" termination benefits). See note 7.4 for disclosures pursuant to IAS 24.

Expenses for statutory social security contributions fell by EUR 24.5m in the 2021 financial year (previous year: EUR 177.8m) These effects resulted from a dispute with the tax office regarding employer contributions paid in the past (employer contribution to the Family Equalisation Fund [FLAF] and subsequently employer contribution) and regarding the supplementary employer contribution. No material effects on profit are expected to arise from the circumstances surrounding the employer contribution or the supplementary employer contribution.

Under the Federal Finance Court rulings from March to June 2021, the complaints entered for the period July 1999 to 2018 were admitted and the supplementary employer contribution was fixed at zero. The tax office did not lodge any extraordinary appeals against these rulings. Because legally binding decisions have now been made with regard to the employer contribution, the employer contributions paid and credited to taxpayer accounts can be recognised in profit or loss for 2021. As a result of the decisions of the Federal Finance Court, recognised liabilities for potential claims for supplementary employer contributions for 2016 to 2018 were able to be reversed.

The Group's average head count (FTE), excluding employees on parental leave, as well as conscripts and community service workers, was as follows:

EUR m	2020	2021
Local government employees (permanent civil servants and contract staff)	5,579.8	**5,224.5**
Employees of Group companies (subject to collective agreements)	9,175.3	**9,758.2**
Wiener Stadtwerke Group	14,755.1	**14,982.7**
Apprentices	376.3	**395.5**
Total Wiener Stadtwerke Group headcount	**15,131.3**	**15,378.2**

10.2 Employee benefit provisions

The table below shows a breakdown of the employee benefit provisions:

EUR m	31 Dec. 2020	31 Dec. 2021
Pension provisions	4,865.4	**4,851.3**
Provisions for termination benefits	123.6	**121.3**
Provisions for payments in kind	47.2	**44.2**
Provisions for jubilee benefits	74.7	**69.4**
Provisions for anniversary bonuses	24.5	**22.6**
Other personnel provisions	0.1	**0.0**
Total	**5,135.5**	**5,108.7**

Movements in defined benefit **pension** obligation and plan assets were as follows:

	Gross pension provision		Fair value of plan assets	
EUR m	2020	2021	2020	2021
As at 1 Jan.	**5,195.2**	**5,555.9**	**1,014.6**	**1,047.8**
Service cost/additions to plan assets	54.8	**80.4**	3.3	**0.0**
Interest expense	76.4	**55.4**	0.0	**0.0**
Interest income	0.0	**0.0**	15.1	**10.6**
Payments to pensioners	-182.9	**-181.0**	0.0	**0.0**
Employee contributions	10.7	**10.7**	0.0	**0.0**
Remeasurement of defined benefit obligation/plan assets	401.7	**-117.6**	14.8	**21.7**
Effects of changes in demographic assumptions	-32.3	**4.6**	0.0	**0.0**
Effects of changes in actuarial assumptions	462.3	**-110.1**	0.0	**0.0**
Effects of experience adjustments	-28.3	**-12.1**	0.0	**0.0**
As at 31 Dec.	**5,555.9**	**5,403.9**	**1,047.8**	**1,080.1**
Less fair value of plan assets/right to reimbursement	-690.5	**-552.6**	-357.3	**-527.5**
Net pension provisions/net plan assets as at 31 Dec.	**4,865.4**	**4,851.3**	**690.5**	**552.6**

See note 8.8 for an explanation of the right to reimbursement.

Pension payments are expected to total EUR 175.5m in 2022. The average maturity of the pension obligation (average capital commitment period) is 17.12 years (previous year: 17.07 years).

The table below gives a breakdown of the plan assets:

EUR m	31 Dec. 2020	31 Dec. 2021
Shares	199.6	**243.7**
Pensions	772.8	**798.4**
Money market investments	60.9	**28.7**
Other	14.5	**9.3**
Total	**1,047.8**	**1,080.1**

The pension provisions were calculated on the basis of the following actuarial assumptions:

Actuarial assumptions with regard to pension obligations

%	31 Dec. 2020	31 Dec. 2021
Discount rate	1.01	**1.17**
Future wage and salary increases	3.00/1.55*	**3.00/1.60***
Future pension increases	1.55	**1.60**
Expected staff turnover	0.00	**0.00**
Retirement age of women/men (years)	65	**65**
Life expectancy	AVÖ 2018 - P	**AVÖ 2018 - P**

* In addition to future wage and salary increases, the death benefit is valorised at 1.60% (previous year: 1.55%).

The following sensitivity analysis sets out the effects of changes in forward-looking assumptions on the carrying amount of the gross pension provision:

Sensitivity analysis of pension obligations

EUR m	31 Dec. 2020	31 Dec. 2021
Discount rate		
Increase of 0.1% in the discount rate	-96.92	**-91.26**
Reduction of 0.1% in the discount rate	99.54	**93.67**
Future wage and salary increases		
Increase of 0.1% in wage and salary increases	15.69	**13.05**
Reduction of 0.1% in wage and salary increases	-15.56	**-12.95**
Future pension increases		
Increase of 0.1% in pension increases	82.68	**79.69**
Reduction of 0.1% in pension increases	-80.95	**-78.03**

Movements in the **termination benefit** obligation are as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
As at 1 Jan.	**122.7**	**123.6**
Service cost	5.0	**4.9**
Interest expense	1.4	**1.2**
Payments made	-5.2	**-4.1**
Remeasurement of defined benefit obligation	-0.3	**-4.3**
of which effects of changes in actuarial assumptions	1.8	**-2.5**
of which effects of experience adjustments	-2.1	**-1.9**
As at 31 Dec.	**123.6**	**121.3**

Termination benefits are expected to total EUR 3.5m in 2022. The average maturity of the termination benefit obligation (average capital commitment period) is 12.67 years (previous year: 13.22 years).

The termination benefit provisions were calculated on the basis of the actuarial assumptions below:

Actuarial assumptions with regard to termination benefit obligation

%	31 Dec. 2020	31 Dec. 2021
Discount rate	1.01	**1.17**
Future wage and salary increases	3.00	**3.00**
Expected staff turnover	0.00	**0.00**
Retirement age of women/men (years)	60-65/65	**60-65/65**

The sensitivity analysis below sets out the effects of changes in forward-looking assumptions on the carrying amount of the termination benefit obligation.

Sensitivity analysis of termination benefit obligations

EUR m	31 Dec. 2020	31 Dec. 2021
Discount rate		
Increase of 0.1% in the discount rate	-1.60	**-1.51**
Reduction of 0.1% in the discount rate	1.63	**1.54**
Future wage and salary increases		
Increase of 0.1% in wage and salary increases	1.59	**1.50**
Reduction of 0.1% in wage and salary increases	-1.56	**-1.48**

Changes in the provision for **payments in kind** are as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
As at 1 Jan.	**45.3**	**47.2**
Service cost	0.5	**0.8**
Interest expense	0.7	**0.5**
Payments made	-1.5	**-1.4**
Remeasurement of defined benefit obligation	2.3	**-2.9**
of which effects of changes in demographic assumptions	0.3	**-1.8**
of which effects of changes in actuarial assumptions	3.8	**0.1**
of which effects of experience adjustments	-1.8	**-1.3**
As at 31 Dec.	**47.2**	**44.2**

Payments in kind are expected to amount to EUR 1.4m in 2022. The average maturity of the payment-in-kind obligation (average capital commitment period) is 17.53 years (previous year: 16.78 years).

The payment-in-kind obligation was calculated on the basis of the following actuarial assumptions:

Actuarial assumptions with regard to payment-in-kind obligation

%	31 Dec. 2020	31 Dec. 2021
Discount rate	1.01	**1.17**
Ongoing value adjustment	1.00	**1.00**
Expected staff turnover	0.00	**0.00**

Sensitivity

The above sensitivity analyses show the effects of hypothetical changes in the key parameters on the present value of the obligations that are reasonably possible at the end of the reporting period. The calculation of the obligation on the basis of changed parameters mirrored that of the obligation reported in the statement of financial position. One parameter at a time was changed while the others were kept constant. As a result, no account could be taken of any interactions between individual actuarial parameters. However, in reality it is probable that changes in key parameters would also bring about shifts in other parameters.

Recognition and measurement

IAS 19 defines employee benefits as all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The standard thus applies to all employee benefits, in particular those provided under formal plans or other formal agreements with employees or their representatives, including the employer's social security contributions applicable to such benefits.

The Group has defined benefit obligations arising from pension plans, statutory termination benefits, jubilee benefits and anniversary bonuses, and payments in kind.

Pensions

Defined contribution pension plans

Due to the existence of works agreements, there are defined contribution pension commitments, for which the Group makes contributions to a pension fund. These are recognised as personnel expenses. Prepaid contributions are recorded as assets if there is an entitlement to the reimbursement or reduction of future payments.

Defined benefit pension plans

The amount of the obligations arising from defined benefit plans is computed using the projected unit credit method. The calculation is performed annually by a certified actuary. The fair value of plan assets is always deducted from the pension obligation in order to arrive at the provision shown in the statement of financial position. However, rights to reimbursements paid for out-of-plan assets are shown under other assets.

Service cost, comprising current and past service cost, as well as gains and losses on plan curtailments and non-routine settlements, are reported as personnel expenses. Past service cost is recognised as personnel expenses, in profit or loss, at the earliest of the following dates: when a plan amendment or curtailment occurs, or when the Group recognises related restructuring costs.

Net interest is determined by applying the discount rate to the balance of defined benefit obligation and the plan assets held in connection with the defined benefit plan. Net interest expense or income are reported under net finance costs.

Remeasurements of the net pension obligation are shown under other comprehensive income, in the reserve for employee benefit provisions. They are reclassified to profit or loss in subsequent periods. They comprise actuarial gains and losses, any effects of an asset ceiling, and income and expense arising from the measurement of plan assets, other than interest, which is recognised in net finance costs.

Main pension plans and pension entitlements vis-à-vis Vienna City Council

The corporatisation of the Wiener Stadtwerke Group companies in 1999 led to the assignment of the workforce to the hived-off operations without their employment contracts with Vienna City Council being terminated or amended. The pension entitlements of the employees concerned vis-à-vis Vienna City Council are unchanged.

Under the Vienna Public Enterprises Secondment Act, the Group companies are obliged to bear the pension expenditure on behalf of the employees assigned to them (duty to replace pensions). This duty extends both to current pension payments and future pension expense. Due to the assumption of the duty to replace the pensions of assigned staff members, the Group companies concerned have indirect pension obligations. Commitments are made to pay individual employees benefits in given amounts. These pension obligations should therefore be treated as defined benefit obligations according to IAS 19.

Under IFRS, the Group companies affected have a duty to recognise pension provisions for the future benefits. The current salary and pension payments are made directly by Wiener Stadtwerke, even if plan assets exist. Where the latter is the case, this gives rise to a right to reimbursement chargeable against the plan assets. This entitlement is presented as a receivable, under other non-current assets.

Wiener Linien is unaffected as it is not obliged to recognise a provision, owing to the existence of a net pension spending cap agreement with Vienna City Council. Instead, ongoing payments are made to the City of Vienna; these are treated as personnel expenses.

In the course of the integration of Friedhöfe Wien GmbH with Wiener Stadtwerke, a special agreement on the former's permanent civil servants was made with the City of Vienna, under which Wiener Stadtwerke no longer bears any risk and hence it is not necessary to recognise a provision. Friedhöfe Wien GmbH made a one-time payment, shown under accrued and deferred income, and reversed under personnel expenses over the remaining active service of the civil servants concerned.

Plan assets
In 2018, some Wiener Stadtwerke Group companies (Wien Energie GmbH, Wiener Stadtwerke GmbH and Bestattung und Friedhöfe GmbH [B&F Wien]) transferred part of their holdings of fund units to a trustee – Wiener Stadtwerke Planvermögen GmbH, a newly established company set up to perform fiduciary management of the funds – as security for their pension obligations. A long-term investment strategy designed to ensure coverage of future pension payments is pursued with regard to plan assets.

The trust company Wiener Stadtwerke Planvermögen GmbH is the civil-law owner of the WSTW funds transferred to it, while the Group companies remain the beneficial owners.

These assets are earmarked as backing for the duty to replace pensions, and are offset by the defined benefit obligation of the Wiener Stadtwerke Group. They are classified as plan assets in the meaning of IAS 19. The assets designated as plan assets are not shown on the assets side of the statement of financial position, but are offset against the pension provisions.

The ongoing administrative expenses and tax liability charged against the plan assets reduce the income from the latter, and must be recognised as part of the remeasurements of net liabilities, and accordingly carried in other comprehensive income.

Any additional rights to reimbursement reduce the gross value of the plan assets (see section 8.8).

Termination benefits
Depending on their length of service, Austrian employees may have a statutory right to a one-time payment on retirement or termination by the employer ("old" termination benefit). Provisions for termination benefits are recognised to meet this future obligation. The latter arises from a defined benefit plan as defined by IAS 19, which is accounted for in a similar manner to the defined benefit pension plans. There are no plan assets.
For Austrian employees whose employment began after 31 December 2002, employers make a monthly contribution of 1.53% of the gross salary to a pension insurance fund. The latter is a defined benefit plan within the meaning of IAS 19. The employer's payments are recognised as personnel expenses.

Payments in kind
In addition to the above plans, some civil servants are entitled to allotments of energy supplies both during their employment and in retirement. The benefits received during these employees' active service are stated as salary expense. A provision is recognised for post-retirement benefits. As this is inherently a defined benefit plan, the provision is accounted for and measured in the same way as such plans.

Jubilee benefits and anniversary bonuses
Some Group employees have entitlements to Jubilee benefits and anniversary bonuses due to their length of service. Provisions are recognised for these obligations in accordance with the projected unit credit method. Measurement is essentially the same as with the defined benefit pension plans. However, actuarial gains and losses are recorded in profit or loss, not other comprehensive income.

11 Financial instruments

11.1 Effect of financial instruments on earnings

Finance income is broken down as follows:

EUR m	2020	2021
Income from investments	43.4	**75.2**
Equity instruments measured at fair value through other comprehensive income (FVOCI)	43.4	**75.2**
Interest and similar income measured using the effective interest method	6.6	**6.7**
Financial assets measured at amortised cost (AC)	2.9	**2.8**
Financial assets measured at FVOCI	1.8	**1.7**
Financial assets measured at FVPL	1.9	**2.2**
Gains from derecognition	0.0	**0.5**
Financial assets measured at FVOCI	0.0	**0.5**
Net change in fair value, measured at FVPL	10.8	**0.2**
Financial assets mandatorily measured at FVPL (held for trading)	2.1	**0.2**
Financial assets mandatorily measured at FVPL (other)	8.5	**0.0**
Net gains on foreign currency translation	0.0	**0.7**
Total	**60.8**	**83.3**

The net change in the value of financial assets mandatorily measured at FVPL was predominantly related to Wiener Linien foreign currency forwards. Besides changes in fair value, this item also includes dividends paid by the investment funds and dividend equivalents, amounting to EUR 0.0m (previous year: EUR 0.2m).

The breakdown of finance costs was as follows:

EUR m	2020	2021
Interest expense	77.7	**62.8**
Net debt from defined benefit plans	64.5	**47.4**
Financial liabilities measured at AC	11.1	**13.5**
Lease liabilities	2.0	**1.9**
Net change in fair value, measured at FVPL	0.2	**5.3**
Financial assets mandatorily measured at FVPL (held for trading)	0.2	**2.2**
Financial assets mandatorily measured at FVPL (other)	0.0	**3.2**
Losses from the disposal of financial assets	6.7	**0.1**
Net losses on foreign currency translation	0.7	**0.0**
Total	**85.4**	**68.5**

Net gains on financial instruments

Net gains on financial instruments during the reporting period and in the previous period are shown below:

EUR m	Interest and dividends	Fair value measure-ment	Currency translation	Net gains on disposals	Total as at 31 Dec. 2021
Equity instruments					
FVOCI	**75.2**	**2,024.1**	**0.0**	**0.0**	**2,099.3**
Debt instruments					
FVPL	**2.2**	**-3.2**	**0.0**	**0.0**	**-0.9**
FVOCI	**1.7**	**-13.6**	**0.0**	**0.3**	**-11.6**
AC	**2.4**	**0.0**	**0.7**	**0.0**	**3.1**
Derivatives					
FVPL	**0.0**	**-2.0**	**0.0**	**0.0**	**-2.0**
Hedging OCI	**0.0**	**-482.0**	**0.0**	**0.0**	**-482.0**
Liabilities					
AC	**-13.3**	**0.0**	**0.0**	**0.0**	**-13.3**
Total	**68.2**	**1,523.3**	**0.7**	**0.3**	**1,592.6**

EUR m	Interest and dividends	Fair value measure-ment	Currency translation	Net gains on disposals	Total as at 31 Dec. 2020
Equity instruments					
FVOCI	43.4	1,244.9	0.0	0.0	1,288.3
Debt instruments					
FVPL	1.9	8.6	0.0	0.0	10.6
FVOCI	1.8	11.0	0.0	-6.7	6.1
AC	2.9	0.0	-0.7	0.0	2.2
Derivatives					
FVPL	0.0	1.9	0.0	0.0	1.9
Hedging OCI	0.0	-44.0	0.0	0.0	-44.0
Liabilities					
AC	-11.1	0.0	0.0	-0.1	-11.2
Total	**38.9**	**1,222.4**	**-0.7**	**-6.8**	**1,253.8**

11.2 Cash and cash equivalents

This item includes cheques, cash on hand, demand deposits, and short-term investments with fixed maturities of less than three months which are recognised at nominal value.

EUR m	31 Dec. 2020	31 Dec. 2021
Cash on hand	1.6	**2.0**
Balances with credit institutions	379.9	**325.2**
Cash and cash equivalents	**381.5**	**327.2**
of which not included in cash and cash equivalents*	120.3	**104.4**
Cash and cash equivalents recognised in the statement of cash flows	**261.2**	**222.8**

* Classified as restricted cash.

Cash and cash equivalents include amounts held in controlled investment funds. The Group does not have direct immediate access to these amounts. However, the commitment period for these funds may not exceed three months at the time of investment. The remaining cash and cash equivalents are short-term investments related to the cash pooling arrangement, which also have maturities of less than three months.

11.3 Financial assets

The following tables provide an overview of current and non-current financial assets and their classification:

Non-current financial assets

EUR m	31 Dec. 2020	31 Dec. 2021
Equity investments (FVOCI)	4,584.3	**6,565.8**
Loans	47.7	**39.6**
Other financial assets	1,044.6	**1,013.8**
Investment fund units (FVPL)	109.9	**106.7**
Shares (FVOCI)	151.9	**188.7**
Bonds (FVOCI)	782.7	**718.4**
Other securities	0.1	**0.1**
Derivative financial instruments	34.0	**376.2**
Designated as hedging instruments	34.0	**376.2**
Other derivative financial instruments	0.0	**0.0**
Other financial assets	12.1	**11.5**
Total	**5,722.8**	**8,006.9**

Current financial assets

EUR m	31 Dec. 2020	31 Dec. 2021
Loans	62.7	**840.9**
Bonds (FVOCI)	51.4	**85.8**
Time deposits with banks	152.0	**46.0**
Derivative financial instruments	155.5	**2,377.1**
Designated as hedging instruments	154.2	**2,377.1**
Other derivative financial instruments	1.4	**0.0**
Trade receivables	268.6	**462.4**
Total	**690.1**	**3,812.2**

The sharply increased prices for electricity and gas seen on the energy markets are leading to a significant rise in current financial assets from hedging instruments. This item includes the valuation of electricity and gas derivatives as at the measurement date.

Classification of financial assets

The table below shows the classification of financial assets for the reporting period and the previous period:

EUR m	Measured at AC	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Mandatorily measured at FVPL	Total as at 31 Dec. 2021
Non-current financial assets	**38.4**	**718.4**	**6,754.5**	**484.1**	**7,995.4**
Equity instruments	**0.0**	**0.0**	**6,754.5**	**0.0**	**6,754.5**
Debt instruments	**38.4**	**718.4**	**0.0**	**107.9**	**864.7**
Derivative financial instruments	**0.0**	**0.0**	**0.0**	**376.2***	**376.2**
Current financial assets	**886.9**	**85.8**	**0.0**	**2,377.1**	**3,349.8**
Debt instruments	**886.9**	**85.8**	**0.0**	**0.0**	**972.7**
Derivative financial instruments	**0.0**	**0.0**	**0.0**	**2,377.1***	**2,377.1**
Trade receivables	**473.9**	**0.0**	**0.0**	**0.0**	**473.9**
Cash and cash equivalents	**327.2**	**0.0**	**0.0**	**0.0**	**327.2**
Total	**1,726.4**	**804.2**	**6,754.5**	**2,861.1**	**12,146.2**

EUR m	Measured at AC	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Mandatorily measured at FVPL	Total as at 31 Dec. 2020
Non-current financial assets	**46.8**	**782.7**	**4,736.2**	**145.1**	**5,710.7**
Equity instruments	0.0	0.0	4,736.2	0.0	4,736.2
Debt instruments	46.8	782.7	0.0	111.0	940.4
Derivative financial instruments	0.0	0.0	0.0	34.0*	34.0
Current financial assets	**214.7**	**51.4**	**0.0**	**155.6**	**421.6**
Debt instruments	214.7	51.4	0.0	0.0	266.0
Derivative financial instruments	0.0	0.0	0.0	155.6*	155.6
Trade receivables	**280.7**	**0.0**	**0.0**	**0.0**	**280.7**
Cash and cash equivalents	**381.5**	**0.0**	**0.0**	**0.0**	**381.5**
Total	**923.6**	**834.0**	**4,736.2**	**300.6**	**6,794.5**

* The effects arising from the measurement of derivative financial instruments are mostly recorded under other comprehensive income. For more information, see note 11.7 Hedge accounting.

Supplementary disclosures on investments in equity instruments recognised at fair value outside profit or loss

As at 31 December 2021, Wiener Stadtwerke had investments in equity instruments for which, due to the long-term holding intention, it irrevocably elected to present subsequent changes in fair value in other comprehensive income, in accordance with IFRS 9. The breakdown of these equity instruments is described below:

Other investments (FVOCI)
Wiener Stadtwerke holds an interest of 13.44% (previous year: 13.44%) in Verbund AG. This is a strategic investment. The fair value of this investment as at 31 December 2021 was EUR 4,617.1m (previous year: EUR 3,260.9m). In the 2021 financial year, dividends totalling EUR 35.0m (previous year: EUR 32.2m) were received from this investment.

Wiener Stadtwerke acquired a stake in EVN AG of approximately 28.35% in the 2020 financial year and as at 31 December 2021 holds a total of approximately 28.36% in EVN AG. Although a significant influence could be assumed on the basis of the shareholding, the analysis of the indicators listed in IAS 28.6 led to the conclusion that Wiener Stadtwerke GmbH cannot exercise a significant influence on EVN AG in accordance with IAS 28. This primarily results from the position of the majority shareholder, which has been strengthened even further by the articles of association of EVN AG. It is therefore reported under non-current financial assets measured at FVOCI. The Group views this acquisition as a long-term investment and as a financial investment. The fair value of this investment as at 31 December 2021 was EUR 1,357.0m (previous year: EUR 912.1m). In the 2021 financial year, dividends totalling EUR 25.0m (previous year: EUR 0.0m) were received from this investment. As at 31 December 2021, EVN AG's equity totalled EUR 6.5m, with annual results of EUR 0.4m.

Wiener Stadtwerke owns a 2.80% interest in Verbund Hydro Power AG through Wien Energie GmbH. This is also a strategic investment and its fair value as at 31 December 2021 was EUR 572.0m (previous year: EUR 394.8m). In the 2021 financial year, dividends totalling EUR 9.8m (previous year: EUR 7.0m) were received from this investment.

Wiener Stadtwerke holds a 6.59% stake in Burgenland Holding AG through Wien Energie GmbH, also for strategic purposes. The fair value of this investment as at 31 December 2021 was EUR 19.5m (previous year: EUR 16.3m). In the 2021 financial year, dividends totalling EUR 0.7m (previous year: EUR 0.6m) were received from this investment.

In addition to the aforementioned investments, the Group holds other, smaller investments with fair values of less than EUR 0.5m. Dividends and other distributions paid to the Group in 2021 in connection with these investments totalled EUR 0.1m (previous year: EUR 0.1m).

Shares (FVOCI)
As at 31 December 2021, Wiener Stadtwerke held securities in the form of long-term investments in a total of seven special funds. At the end of 2018, special funds WSTW I, II, III and V were designated as plan assets in accordance with IAS 19. The remaining special funds IV, VI and VII will continue to be recognised in Wiener Stadtwerke's consolidated financial statements as at 31 December 2021, in accordance with IFRS 10.

Equity instruments account for a part of the investments held through the special funds. The management of these equity instruments is aimed at replicating a global share index. As the investment strategy is geared towards long-term capital preservation as opposed to achieving short-term profit from changes in share prices, all of the equity instruments held by the Group are classified as measured at fair value, outside profit or loss. However, from a management perspective, reallocations can be made within the portfolio.

As at 31 December 2021, 154 shares (previous year: 145) were designated as investments measured at fair value outside profit or loss, and their fair value amounted to EUR 188.7m (previous year: EUR 113.4m). The breakdown of the investments by region/country in 2020 and 2021 was as follows:

Region	Country	31 Dec. 2020 Share in %	31 Dec. 2021 Share in %
Americas (developed)	USA	44.2	**54.6**
	Canada	3.4	**2.6**
Americas (emerging)	Brazil	0.4	**0.2**
	Mexico	0.8	**0.6**
	Peru	0.4	**0.2**
Europe (developed)	United Kingdom	5.9	**2.4**
	France	2.9	**2.0**
	Germany	2.4	**2.4**
	Austria	0.0	**0.3**
	Netherlands	2.1	**2.3**
	Ireland	0.4	**1.0**
	Norway	1.7	**0.8**
	Sweden	1.7	**1.4**
	Denmark	1.9	**1.9**
	Spain	1.3	**0.9**
	Switzerland	3.5	**1.5**
Europe (emerging)	Russia	0.5	**0.7**
Middle East & Africa (developed)	Israel	0.5	**0.7**
Middle East & Africa (emerging)	South Africa	1.5	**1.0**
	Egypt	0.2	**0.3**
Asia/Pacific (developed)	Japan	10.3	**10.7**
	Hong Kong	0.9	**0.3**
	Australia	0.2	**0.8**
	Cayman Islands	0.8	**0.3**
Asia/Pacific (emerging)	China	6.0	**5.6**
	India	2.1	**1.6**
	South Korea	1.9	**1.2**
	Taiwan	2.2	**1.7**
Total		100.0	**100.0**

In 2021, dividends received from shares (FVOCI) totalled EUR 4.6m (previous year: EUR 3.5m). Due to the portfolio's diversification, the intention is to depict a global share index, and as such targeted purchases and sales of individual securities were made (FVOCI).

Recognition and measurement

Financial assets recognised in accordance with IFRS 9 Financial Instruments are initially recognised on the trading date when the Group becomes a contracting party under the contractual terms of the instrument.
A financial asset is carried at fair value on initial recognition. Transaction costs arising directly from the purchase or disposal of the assets concerned are included in all items not measured at FVPL.

For the purpose of subsequent measurement, a financial asset is allocated to one of the following measurement categories, depending on the business model within which the asset is held and the nature of the contractual cash flows for the asset:

- Measured at AC
- Debt instruments measured at FVOCI
- Equity instruments measured at FVOCI
- Measured at FVPL

With regard to other investments recognised in accordance with IFRS 9 as well as special funds operated within the Group, use was made of the option to recognise subsequent changes in fair value in other comprehensive income. These equity instruments include investments that the Group intends to hold in the long term, as well as investments in shares and share-like instruments held by the special funds for the purpose of achieving long-term increases in value.

Interests in non-consolidated subsidiaries and associates are not covered by IFRS 9. They are included in other assets and are recognised at amortised cost, and impairment losses are recognised where necessary.

Loans and current investments are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. These financial assets are therefore measured at amortised cost using the effective interest method. However, if the contractual cash flows do not solely represent payments of principal and interest under the terms of the contract, measurement at amortised cost is no longer permitted, regardless of the business model within which the assets are held. In this case, the assets are measured at fair value through profit or loss.

Bonds and other debt instruments within the special funds are held in accordance with a business model whose purpose is to collect contractual cash flows and to sell financial assets. Therefore, the assets are measured at fair value through other comprehensive income, not in profit or loss, provided that the contractual terms give rise to cash flows that solely represent payments of principal and interest. If this criterion is not met, measurement is at fair value through profit or loss. For this reason, investment fund units are allocated to the FVPL category.

Financial assets are not reclassified after initial recognition, unless the Group changes the business model under which the assets are managed. As in the previous year, no changes were made to the Group's business model during the reporting period.

Under IFRS 9, derivative financial instruments are always measured at fair value through profit or loss. If financial instruments are used as hedging instruments in a hedging relationship in accordance with IFRS 9, the gains or losses from instruments used as fair value hedges are recognised either in profit or loss or in other comprehensive income, depending on the hedged item. In the case of instruments used as cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness and is recognised in profit or loss.

With effect from 31 December 2018, the Group designated some of the special funds as plan assets in order to hedge its pension obligations. The Group has no control over plan assets. However, under IAS 19, repayments to the company that bears the pension obligation, for the purpose of reimbursing employee benefits already paid by the company, can be recognised as assets. This entitlement to plan assets recognised under non-current financial assets represents receivables from plan assets for benefits already paid to employees, until it is actually exercised by the Group. These receivables are not covered by IFRS 9, and they are recognised in other comprehensive income, not in profit or loss, in accordance with IAS 19. Only the interest income determined by discounting the pension obligation is recognised in profit or loss.

11.4 Financial liabilities

The tables below show the Group's current and non-current financial liabilities and their classification:

Non-current financial liabilities

EUR m	31 Dec. 2020	31 Dec. 2021
Bonds	166.7	**166.8**
Bank loans	550.2	**550.0**
Lease liabilities	116.6	**111.2**
Derivative liabilities	46.7	**447.6**
Hedging instruments	46.3	**446.3**
Other derivative financial instruments	0.4	**1.3**
Other financial liabilities	64.6	**65.1**
Total	**944.9**	**1,340.6**

Current financial liabilities

EUR m	31 Dec. 2020	31 Dec. 2021
Bonds	2.7	**2.7**
Bank loans	1.6	**301.3**
Lease liabilities	16.8	**14.0**
Derivative liabilities	167.8	**2,781.6**
Hedging instruments	167.7	**2,781.2**
Other derivative financial instruments	0.2	**0.3**
Trade payables	536.3	**579.7**
Other financial liabilities	144.7	**454.5**
Total	**869.9**	**4,133.9**

In a similar vein to assets, rising electricity and gas prices on the energy markets also led to increased borrowings from hedging instruments, which are recorded on the liabilities side and include electricity and gas derivatives valued as at the measurement date.

Other current financial liabilities mainly include liabilities of EUR 80.3 (previous year: EUR 136.7m) to non-consolidated Group companies, associates and joint ventures related to the cash pooling arrangement and liabilities related to Wien Energie forward transactions totalling EUR 364.8m in 2021.

Classification of financial liabilities

The classification of financial liabilities for the financial year and the previous year is shown in the tables below:

EUR m	Measured at amortised cost (AC)	Mandatorily measured at FV	IFRS 16	Total as at 31 Dec. 2021
Non-current financial liabilities	**781.9**	**447.6**	**111.2**	**1,340.6**
Bonded loans and bonds	**166.8**	**0.0**	**0.0**	**166.8**
Bank loans	**550.0**	**0.0**	**0.0**	**550.0**
Lease liabilities	**0.0**	**0.0**	**111.2**	**111.2**
Derivative financial instruments	**0.0**	**447.6**	**0.0**	**447.6**
Other financial liabilities	**65.1**	**0.0**	**0.0**	**65.1**
Current financial liabilities	**1,338.3**	**2,781.6**	**14.0**	**4,133.9**
Bonded loans and bonds	**2.7**	**0.0**	**0.0**	**2.7**
Bank loans	**301.3**	**0.0**	**0.0**	**301.3**
Lease liabilities	**0.0**	**0.0**	**14.0**	**14.0**
Derivative financial instruments	**0.0**	**2,781.6**	**0.0**	**2,781.6**
Other financial liabilities	**454.5**	**0.0**	**0.0**	**454.5**
Trade payables	**579.7**	**0.0**	**0.0**	**579.7**
Total	**2,120.2**	**3,229.1**	**125.2**	**5,474.5**

EUR m	Measured at amortised cost (AC)	Mandatorily measured at FV	IFRS 16	Total as at 31 Dec. 2020
Non-current financial liabilities	**781.5**	**46.7**	**116.6**	**944.9**
Bonded loans and bonds	166.7	0.0	0.0	**166.7**
Bank loans	550.2	0.0	0.0	**550.2**
Lease liabilities	0.0	0.0	116.6	**116.6**
Derivative financial instruments	0.0	46.7	0.0	**46.7**
Other financial liabilities	64.6	0.0	0.0	**64.6**
Current financial liabilities	**685.3**	**167.8**	**16.8**	**869.9**
Bonded loans and bonds	2.7	0.0	0.0	**2.7**
Bank loans	1.6	0.0	0.0	**1.6**
Lease liabilities	0.0	0.0	16.8	**16.8**
Derivative financial instruments	0.0	167.8	0.0	**167.8**
Other financial liabilities	144.7	0.0	0.0	**144.7**
Trade payables	536.3	0.0	0.0	**536.3**
Total	**1,466.9**	**214.6**	**133.4**	**1,814.9**

The following tables show the changes in liabilities during the reporting period and in the previous year:

EUR m	Debentures and bonds	Bank loans	Lease liabilities	Other non-current financial liabilities	Other current financial liabilities	Total
As at 31 Dec. 2020	**169.4**	**551.8**	**133.4**	**111.4**	**848.9**	**1,814.9**
Cash inflows from non-current loans	**0.0**	**0.0**	**0.0**	**4.5**	**0.0**	**4.5**
Repayment of non-current loans	**0.0**	**0.0**	**-15.2**	**-1.9**	**0.0**	**-17.1**
Interest on non-current loans paid	**-5.0**	**-6.2**	**0.0**	**0.0**	**0.0**	**-11.2**
Changes in current liabilities	**0.0**	**299.5**	**0.0**	**0.0**	**20.1**	**319.6**
Non-cash assumption of liabilities	**0.0**	**0.0**	**16.3**	**0.3**	**330.8**	**347.3**
Effects of exchange rate change	**0.0**	**0.0**	**0.0**	**0.9**	**0.3**	**1.2**
Changes in fair value	**0.0**	**0.0**	**0.0**	**400.0**	**2,613.4**	**3,013.3**
Other changes in the statement of profit or loss	**0.0**	**0.0**	**-1.1**	**0.0**	**-0.4**	**-1.5**
Increase due to accrued interest	**5.1**	**6.2**	**1.9**	**0.3**	**0.0**	**13.6**
Reclassifications	**0.0**	**0.0**	**0.0**	**-2.7**	**2.7**	**0.0**
Other changes (from contract modifications)	**0.0**	**0.0**	**-10.1**	**0.0**	**0.0**	**-10.1**
As at 31 Dec. 2021	**169.5**	**851.3**	**125.2**	**512.7**	**3,815.8**	**5,474.5**

EUR m	Debentures and bonds	Bank loans	Lease liabilities	Other non-current financial liabilities	Other current financial liabilities	Total
As at 1 Jan. 2020	**179.4**	**72.4**	**127.4**	**60.1**	**553.3**	**992.5**
Cash inflows from non-current loans	0.0	480.0	0.0	4.9	0.0	**484.9**
Repayment of non-current loans	-10.0	0.0	-16.7	-0.5	0.0	**-27.2**
Interest on non-current loans paid	-5.3	-3.6	0.0	0.4	0.0	**-8.5**
Changes in current liabilities	0.0	-0.8	0.0	0.0	249.6	**248.8**
Non-cash assumption of liabilities	0.0	0.0	20.6	2.9	-0.6	**22.8**
Effects of exchange rate changes	0.0	0.0	0.0	-0.2	-0.9	**-1.1**
Changes in fair value	0.0	0.0	0.0	42.5	49.9	**92.4**
Other changes in the statement of profit or loss	0.0	0.0	0.0	-0.9	-0.4	**-1.3**
Increase due to accrued interest	5.3	3.8	2.0	0.3	0.0	**11.4**
Reclassifications	0.0	0.0	0.0	2.0	-2.0	**0.0**
Other changes (from contract modifications)	0.0	0.0	0.1	0.0	0.0	**0.1**
As at 31 Dec. 2020	**169.4**	**551.8**	**133.4**	**111.4**	**848.9**	**1,814.9**

Recognition and measurement

Initial recognition of financial liabilities takes place on the trading date when the Group becomes a contracting party under the contractual terms of the instrument.

Financial liabilities are classified either as measured at amortised cost or as measured at FVPL. Financial liabilities are classified as FVPL if they are held for trading, if they are derivatives, or if they are designated as such on initial recognition.

FVPL financial liabilities are measured at fair value, and net gains or losses including interest expense are recognised in profit or loss.

The effective interest method is used to subsequently measure other financial liabilities at amortised cost. Interest expense and exchange differences are taken to profit or loss. Gains or losses from derecognition are also recognised in profit or loss.

With the exception of derivative financial liabilities mandatorily measured at FVPL, financial liabilities are recognised at amortised cost.

11.5 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented as a net amount in accordance with IAS 32 if there is also a legally enforceable right to offset the recognised amounts at the present time and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In the Energy division in particular, various global netting agreements are concluded in the normal course of business which do not require offsetting in the balance sheet, as the criteria of IAS 32 have not been met.

The following tables show the carrying amounts of financial assets and financial liabilities that are subject to netting agreements and the net amounts that would result if all netting rights were exercised:

Offsetting of financial assets

EUR m	Financial instruments (gross)	Balanced amounts in the balance sheet	Financial instruments in the balance sheet (net)	Liabilities with offsetting rights (not netted)	Net 31 Dec. 2021
Derivative financial instruments	**2,753.2**	**0.0**	**2,753.2**	**-2,334.7**	**418.6**
Trade receivables	**493.9**	**0.0**	**493.9**	**-206.2**	**287.8**
Other offsettable assets	**819.4**	**0.0**	**819.4**	**-812.4**	**6.9**
Total	**4,066.5**	**0.0**	**4,066.5**	**-3,353.3**	**713.2**

Offsetting of financial liabilities

EUR m	Financial instruments (gross)	Balanced amounts in the balance sheet	Financial instruments in the balance sheet (net)	Liabilities with offsetting rights (not netted)	Net 31 Dec. 2021
Derivative financial instruments	**3,227.5**	**0.0**	**3,227.5**	**-2,782.3**	**445.3**
Trade receivables	**584.4**	**0.0**	**584.4**	**-206.2**	**378.2**
Other offsettable assets	**373.8**	**0.0**	**373.8**	**-364.8**	**9.0**
Total	**4,185.7**	**0.0**	**4,185.7**	**-3,353.3**	**832.4**

Offsetting of financial assets

EUR m	Financial instruments (gross)	Balanced amounts in the balance sheet	Financial instruments in the balance sheet (net)	Liabilities with offsetting rights (not netted)	Net 31 Dec. 2020
Derivative financial instruments	188.6	0.0	188.6	-136.5	**52.1**
Trade receivables	299.6	0.0	299.6	-59.7	**239.9**
Other offsettable assets	117.5	0.0	117.5	-76.4	**41.1**
Total	**605.7**	**0.0**	**605.7**	**-272.6**	**333.1**

Offsetting of financial liabilities

EUR m	Financial instruments (gross)	Balanced amounts in the balance sheet	Financial instruments in the balance sheet (net)	Liabilities with offsetting rights (not netted)	Net 31 Dec. 2020
Derivative financial instruments	214.2	0.0	214.2	-210.8	**3.4**
Trade receivables	542.0	0.0	542.0	-59.7	**482.2**
Other offsettable assets	19.1	0.0	19.1	-2.1	**17.0**
Total	**775.2**	**0.0**	**775.2**	**-272.6**	**502.6**

11.6 Fair value disclosures

The determination of the fair values of financial instruments at the Wiener Stadtwerke Group is explained below. Financial instruments are allocated to one of the three levels in the fair value hierarchy specified by IFRS. These provide information on the reliability of the inputs used to measure fair value:

Level 1: This category includes assets and liabilities traded in active markets; their fair value corresponds to the quoted price at the measurement date.

Level 2: This refers to financial instruments for which there is no active market, meaning that the fair value is determined using measurement techniques. Financial instruments are classified as Level 2 if all of the necessary significant inputs are observable.

Level 3: If one or more significant inputs are unobservable, the financial instrument in question is allocated to Level 3.

Transfers between and out of the different levels in the fair value hierarchy are carried out at the end of the reporting period. No transfers took place during the reporting period or during the previous period.

Classifications and fair values of financial instruments

The carrying amounts and fair values of financial assets and liabilities measured at fair value, including their allocation within the fair value hierarchy, in the financial year and the previous year:

EUR m	31 Dec. 2021 Carrying amount	31 Dec. 2021 Fair value	Level 1	Level 2	Level 3
Equity instruments	**6,754.5**	**6,754.5**	**6,182.3**	**0.0**	**572.2**
Equity investments	**6,565.8**	**6,565.8**	**5,993.6**	**0.0**	**572.2**
Shares	**188.7**	**188.7**	**188.7**	**0.0**	**0.0**
Debt instruments	**912.2**	**912.2**	**803.2**	**107.7**	**1.2**
Investment funds	**106.7**	**106.7**	**0.0**	**106.7**	**0.0**
Bonds	**804.2**	**804.2**	**803.1**	**1.1**	**0.0**
Other securities (measured at FV)	**0.1**	**0.1**	**0.1**	**0.0**	**0.0**
Loans (measured at FV)	**1.2**	**1.2**	**0.0**	**0.0**	**1.2**
Derivative financial instruments	**-477.2**	**-477.2**	**336.5**	**-813.7**	**0.0**
Receivables from other derivative financial instruments	**2,753.2**	**2,753.2**	**1,232.9**	**1,520.3**	**0.0**
Liabilities from other derivative financial instruments	**-3,230.4**	**-3,230.4**	**-286.2**	**-2,944.2**	**0.0**

EUR m	31 Dec. 2020 Carrying amount	31 Dec. 2020 Fair value	Level 1	Level 2	Level 3
Equity instruments	**4,736.2**	**4,736.2**	**4,341.2**	**0.0**	**395.0**
Equity investments	4,584.3	4,584.3	4,189.3	0.0	395.0
Shares	151.9	151.9	151.9	0.0	0.0
Debt instruments	**945.3**	**945.3**	**834.1**	**109.9**	**1.2**
Investment funds	109.9	109.9	0.0	109.9	0.0
Bonds	834.0	834.0	834.0	0.0	0.0
Other securities (measured at FV)	0.1	0.1	0.1	0.0	0.0
Loans (measured at FV)	1.2	1.2	0.0	0.0	1.2
Derivative financial instruments	**-26.7**	**-26.7**	**9.6**	**-36.4**	**0.0**
Receivables from other derivative financial instruments	189.5	189.5	22.4	167.1	0.0
Liabilities from other derivative financial instruments	-216.3	-216.3	-12.8	-203.5	0.0

Financial instruments not measured at fair value

The following tables list the financial instruments held by the Group which were not measured at fair value during the reporting period and in the previous period:

EUR m	31 Dec. 2021 Carrying amount	31 Dec. 2021 Fair value	Level 1	Level 2	Level 3
Loans (at cost)	**879.2**	**879.2**	**0.1**	**852.1**	**27.1**
Bonded loans and bonds	**-169.5**	**-166.8**	**0.0**	**0.0**	**-166.8**
Bank loans	**-851.3**	**-850.4**	**0.0**	**-0.2**	**-850.2**

EUR m	31 Dec. 2020 Carrying amount	31 Dec. 2020 Fair value	Level 1	Level 2	Level 3
Loans (at cost)	109.2	109.2	0.1	82.5	26.7
Bonded loans and bonds	-169.4	-166.7	0.0	0.0	-166.7
Bank loans	-551.8	-550.7	0.0	-0.7	-550.0

Short-term time deposits and trade receivables and payables are not included in the tables, as the carrying amount of these items corresponds to the fair value owing to their short-term nature.

The following table outlines the measurement methods and inputs used to determine the fair values of financial instruments:

Level	Financial instruments	Measurement methods	Inputs
1	Other equity investments in Verbund AG, EVN AG, Burgenland Holding AG and sundry other equity investments	Market value-based	Market price
3	Equity investment in Verbund Hydro Power AG and sundry other equity investments	Net present value-based	Payments associated with the financial instruments, weighted average cost of capital
1	Shares purchased as investments by the special fund	Market value-based	Market price
2	Investments by the special funds in investment fund units	Market value-based	Market value calculated on the basis of market prices of the investments held
1	Bonds purchased as investments by the special fund	Market value-based	Market price
1	Other securities (measured at FV)	Market value-based	Market price
3	Loans (measured at FV)	Net present value-based	Payments associated with the financial instruments, yield curve
1	Energy forwards and futures (gas and electricity)	Market value-based	Settlement prices on the exchange
2	Receivables and liabilities arising from derivative financial instruments	Market value-based	Derived from market prices, yield curve, contractual partner's credit risk
3	Loans (at cost)		Cost of taking out loans as best estimate of fair value
1, 2	Bank loans		Payments associated with the financial instruments, yield curve
-	Time deposits with banks		Carrying amounts as best estimate of fair value
-	Trade receivables and payables, cash and cash equivalents		Carrying amounts as best estimate of fair value

In the case of other investments (FVOCI) for which neither the fair value nor the inputs required for measurement are observable on an active market, and which are thus allocated to Level 3 of the fair value hierarchy, a discounted cash flow approach is used in order to determine the present value of the expected benefit from the investments. The main parameters for this approach are the weighted average cost of capital (WACC), calculated on the basis of the capital asset pricing model, of 4.06% (previous year: 3.49%), and the expected revenue growth rates, which are mainly dependent on forecast changes in electricity prices.

Viewed in isolation, a 10% increase in the WACC would lead to an 8% fall (previous year: 10%) in fair value, while a 10% decrease in the WACC would result in a 10% rise (previous year: 12%) in fair value. Viewed in isolation, a 10% increase (decrease) in expected electricity prices would bring about a 14% (previous year: 19%) increase (decrease) in fair value.

In both 2021 and 2020, the change in the fair value of unlisted equity instruments allocated to Level 3 of the fair value hierarchy resulted entirely in measurement results, which were recognised in other comprehensive income and result from the different results of the discounted cash flow methods from period to period.

11.7 Derivative financial instruments and hedge accounting

The Group requires gas mainly for use at its thermal power plants and district heating boilers. In order to ensure the supply of gas around the clock, the Group also operates and actively manages gas storage facilities.

In view of the volatility of gas prices, the Group hedges fluctuations in market prices by means of various strategies which are brought together in the energy trading operations of Wien Energie GmbH. The company collates the required quantities reported by the various divisions and places the necessary orders, taking into account the market transactions concluded with Wien Energie Vertrieb GmbH & Co KG in connection with the latter's gas delivery obligations to its customers.

This hedging strategy ensures that the reported quantities of gas required in the future can be secured, thereby avoiding the need to cover significant shortfalls or put excess quantities on the market.

Both forwards and futures are used as hedging instruments, and product transactions can be concluded at the CEGH, NCG and TTF trading points. It is permitted to initially conclude agreements for products on the most liquid market, then sell the hedged quantity as liquidity increases and fulfil requirements once more at the trading point in question. Transactions are also used to manage counterparty limits.

The Group also hedges sales of electricity produced at its power plants. Hedges are concluded as part of Wien Energie GmbH's energy trading activities, based on the production volumes budgeted by Portfolio Management. As with gas price hedging, the transactions concluded by Wien Energie Vertrieb GmbH & Co KG in connection with its electricity supply obligations to customers are also included in the hedging strategy for electricity price hedging.

Exchange-listed futures and over-the-counter (OTC) forwards are used as hedging instruments. These instruments are generally not covered by the exception under IFRS 9 for own-use contracts, and therefore must be recognised as derivative financial instruments.

Hedge ineffectiveness can arise in particular from the fact that at the time the hedge is concluded, products may only be available on the market for delivery in months different to that specified in the order, so the delivery months must be adjusted in line with actual requirements. Ineffectiveness may also result from differences between the requirements reported by the individual divisions and the batch sizes available on the market. The strategy of concluding agreements for products on the most liquid market wherever possible can also be a source of ineffectiveness. Proxy hedges are concluded on the German electricity market owing to the higher level of liquidity there. Ineffectiveness may also result from differences in price for identical quantities on the Austrian and German markets.

As at 31 December 2021, the Group held the following instruments as hedges against gas and electricity price risks:

EUR m	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Balance of gas forwards and futures as at 31 Dec. 2021				
Total	**15,352,899.9**	**-392.5**	**25.6**	**601.3**
2022	**10,192,710.5**	**-267.5**	**29.4**	**481.4**
of which after 2022	**5,160,189.5**	**-124.9**	**20.0**	**119.9**
Balance of electricity forwards and futures as at 31 Dec. 2021				
Total	**-9,640,755.8**	**813.6**	**84.4**	**-1,075.6**
of which 2022	**-6,368,568.7**	**543.4**	**125.8**	**-885.5**
of which after 2022	**-3,272,187.0**	**270.2**	**66.4**	**-190.1**

The majority of long-dated forwards and futures will mature in 2022.

As at 31 December 2020, the Group held the following instruments as hedges against gas and electricity price risks:

EUR m	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Balance of gas forwards and futures as at 31 Dec. 2020				
Total	14,263,556.5	-205.4	14.1	39.0
of which 2021	8,688,113.0	-120.9	13.6	30.7
of which after 2021	5,575,443.5	-84.5	15.3	8.3
Balance of electricity forwards and futures as at 31 Dec. 2020				
Total	-8,878,232.1	393.2	43.9	-64.9
of which 2021	-5,574,211.6	243.8	43.4	-44.3
of which after 2021	-3,304,020.5	149.4	45.0	-20.6

It is permitted to initially conclude agreements for products on the most liquid market, then sell the hedged quantity as liquidity increases and fulfil requirements once more at the trading point in question. Amounts netted between purchases and sales are therefore presented in the tables above.

The amounts shown in the table below were related to items designated as hedged items as at 31 December 2021:

	31 Dec. 2020		31 Dec. 2021	
EUR m	Change in value as basis for calculating hedge ineffectiveness	Cash flow hedge reserve	Change in value as basis for calculating hedge ineffectiveness	Cash flow hedge reserve
Gas purchases	40.1	-36.2	**-593.0**	**-580.0**
Electricity sales	-68.7	65.1	**1,055.0**	**1,074.6**

The tables below show the amounts related to items designated as hedging instruments, as well as the related hedge ineffectiveness:

Gas forwards and futures

Carrying amount as at 31 Dec. 2021 (EUR m)		Change in 2021 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as cost of materials
1,892.4	**-1,291.1**	**-544.9**	**-20.1**	**28.1**

Carrying amount as at 31 Dec. 2020 (EUR m)		Change in 2020 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as cost of materials
156.0	-117.0	-57.7	3.9	0.0

Electricity forwards and futures

Carrying amount as at 31 Dec. 2021 (EUR m)		Change in 2021 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as cost of materials
860.8	**-1,936.4**	**1,013.2**	**0.1**	**-41.7**

Carrying amount as at 31 Dec. 2020 (EUR m)		Change in 2020 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as cost of materials
32.2	-97.0	102.3	-3.7	0.0

Hedging instruments are reported in the consolidated statement of financial position under the "Derivative financial instruments – designated as hedging instrument" items on the assets and liabilities sides (broken down into current and non-current assets and liabilities). Ineffectiveness is recognised under raw material, consumables and services used in the consolidated statement of profit or loss.

The changes in the cash flow hedge reserve (excluding tax effects) were as follows:

EUR m	Gas	Electricity	Total
As at 1 Jan. 2020	**22.5**	**-40.9**	**-18.4**
Change in fair value	-36.2	65.1	**28.9**
Items subsequently reclassified to profit or loss – cost of materials	-21.5	37.3	**15.8**
As at 31 Dec. 2020	**-35.2**	**61.4**	**26.3**
Change in fair value	-572.9	1,054.9	**482.0**
Items subsequently reclassified to profit or loss – cost of materials	28.1	-41.7	**-13.6**
As at 31 Dec. 2021	**-580.0**	**1,074.6**	**494.6**

12 Equity and debt capital

The Company's share capital and shareholder contributions total EUR 500.0m (previous year: EUR 500.0m). The capital reserves include contributions from the owner.

The items presented under other comprehensive income account for certain changes in equity and related deferred taxation that are not recognised in profit or loss. Examples are unrealised gains and losses on the fair value measurement of financial instruments, the effective portion of the change in the fair value of hedges, and all remeasurements in accordance with IAS 19. The Group's share of the valuation reserves of investments accounted for using the equity method is also credited to this item.

Movements in these reserves were as follows:

EUR m	Employee benefit provision reserve	Cash flow hedge reserve	Financial instruments measurement reserve – equity instruments	Financial instruments measurement reserve – debt instruments	Reserve from other results from investments accounted for using the equity method	Total
As at 1 Jan. 2020	**-367.1**	**19.5**	**1,271.2**	**10.2**	**-143.1**	**790.6**
OCI before tax	-388.9	-44.6	1,243.3	11.0	104.5	**925.3**
Tax effects	0.0	2.8	-77.7	-2.8	0.0	**-77.7**
Reclassified as retained earnings	0.0	0.0	0.0	0.0	0.0	**0.0**
As at 31 Dec. 2020	**-756.0**	**-22.4**	**2,436.8**	**18.5**	**-38.6**	**1,638.2**
OCI before tax	146.6	-468.3	2,024.1	-13.6	865.2	**2,553.9**
Tax effects	0.0	90.1	-122.9	6.2	-206.2	**-232.8**
Reclassified as retained earnings	0.0	0.0	-7.9	0.0	0.0	**-7.9**
As at 31 Dec. 2021	**-609.4**	**-400.7**	**4,330.1**	**11.0**	**620.3**	**3,951.4**

Capital management

In 2021 the Wiener Stadtwerke Group's equity rose by 51.9%, to EUR 7,639.2m (previous year: EUR 5,028.4m). The Group's management aims for a stable equity ratio, and therefore keeps this metric under constant observation. The equity ratio as at the reporting date was 37.5% (previous year: 36.2%), which represents an improvement compared to the previous year.

13 Tax expense

Tax expense is as follows:

EUR m	2020	2021
Current tax expense	-0.7	**-0.5**
Deferred tax expense	0.0	**0.0**
Group tax allocation	0.1	**8.9**
Total	**-0.7**	**8.4**

The increase in tax income from the group allocation is down to the Group and Tax Settlement Agreement concluded in 2021 with Niederösterreichische Landes-Beteiligungsholding GmbH (see disclosures regarding the tax group below).

The table below shows a reconciliation between accounting tax expense and overall tax expense recognised in profit or loss in accordance with IFRS:

EUR m	2020	2021
Earnings before tax (EBT)	640.9	**297.6**
Tax rate	25	**25**
Expected tax expense	**-160.2**	**-74.4**
Tax-free subsidies	115.2	**126.6**
Tax-free investment income	10.4	**17.5**
Non-recognition of tax loss carryforwards	-75.6	**-47.8**
Changes in the valuation of deferred tax assets	113.3	**-7.4**
Transfer of proportionate EVN AG tax income	0.0	**-8.9**
Other effects	-3.7	**2.7**
Total tax expense	**-0.6**	**8.4**

Deferred tax

Deferred tax assets and liabilities are as follows:

	31 Dec. 2020		31 Dec. 2021	
EUR m	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Assets				
Property, plant and equipment	6.7	-58.5	**0.1**	**-57.8**
Intangible assets	0.1	-3.2	**0.1**	**-3.8**
Investments accounted for using the equity method	0.1	0.0	**28.4**	**-206.5**
Non-current financial assets	45.0	-709.5	**64.5**	**-1,372.5**
Other non-current assets	3.7	-4.1	**6.4**	**-3.1**
Non-current regulatory assets	0.0	-290.5	**0.0**	**-271.3**
Inventories	0.0	0.0	**0.0**	**0.0**
Trade receivables	1.0	-0.1	**1.6**	**-0.1**
Current financial assets	0.0	-39.2	**0.0**	**-594.3**
Other current assets	0.4	-1.7	**0.3**	**-1.0**
Current regulatory assets	0.0	-16.3	**0.0**	**-15.8**
Cash and cash equivalents	0.0	-0.5	**0.0**	**0.0**
Capitalised loss carryforwards	540.7	0.0	**908.4**	**0.0**
Total	**597.7**	**-1,123.6**	**1,009.8**	**-2,526.2**
Liabilities				
Non-current financial liabilities	21.3	-2.3	**107.0**	**-2.2**
Employee benefit provisions	301.8	0.0	**428.0**	**0.0**
Other long-term provisions	0.0	-0.7	**0.2**	**0.0**
Other non-current liabilities	24.4	-37.4	**26.7**	**-9.7**
Current financial liabilities	25.0	-0.9	**535.6**	**0.0**
Trade payables	0.7	-0.1	**0.5**	**-0.3**
Other current liabilities	19.4	-5.4	**22.7**	**-5.2**
Total	**392.6**	**-46.9**	**1,120.7**	**-17.3**
Offsetting	-990.2	990.2	**-2,130.4**	**2,130.4**
Total	**0.0**	**-180.2**	**0.0**	**-413.0**

The table below shows movements in deferred tax liabilities:

EUR m	31 Dec. 2020	31 Dec. 2021
Deferred tax (net) as at 1 Jan.	**-102.5**	**-180.2**
Deferred tax recognised in other comprehensive income	-77.7	**-232.8**
Deferred tax (net) as at 31 Dec.	**-180.2**	**-413.0**

Recognition and measurement

Deferred tax is determined in accordance with IAS 12. This means that probable future tax savings and charges are recognised for temporary differences between the carrying amounts in the consolidated financial statements and the tax bases of assets and liabilities.

Expected tax savings from the use of tax loss carryforwards that are judged to be realisable in future are capitalised. Deferred tax assets arising from deductible temporary differences and tax loss carryforwards in excess of the deferred tax arising from taxable temporary differences are only recognised to the extent that it is probable that sufficient taxable income will be generated to allow the realisation of the benefit concerned.

Deferred tax assets and liabilities are offset if they are with the same taxation authority and relate to the same taxable entity or a group of different taxable entities that are assessed together.

The tax loss carryforwards recognised were capitalised and offset against deferred tax liabilities arising on the measurement of financial instruments. These deferred tax liabilities do not take effect until the financial instruments concerned are sold. As these are held as non-current investments, and there is no prospect of disposal and therefore of taxable gains, offsetting against deferred tax assets arising from temporary differences is not possible.

The Group has not recognised tax loss carryforwards of EUR 6,200.0m (previous year: EUR 7,484.1m). These can be carried forward for an unlimited period. In addition, no deferred tax assets have been recognised in respect of deductible temporary differences of EUR 398.7m (previous year: EUR 378.5m).

Deferred tax liabilities arising from interests in subsidiaries – so-called "outside basis differences" – are not recognised as the Group can control their reversal, and the latter is unlikely for the foreseeable future. In consequence, deferred tax liabilities were not recognised in respect of temporary differences of EUR 2,156.4m (previous year: EUR 1,282.2m).

No deferred taxes were recognised in the balance sheet for deductible temporary partial depreciation (over a period of seven years pursuant to Körperschaftsteuergesetz [Austrian Corporation Tax Act – KStG]) in the amount of EUR 10.7m (previous year: EUR 15.1m).

Disclosures regarding the tax group

The main companies included in the consolidated financial statements of Wiener Stadtwerke form a group as defined by Section 9 KStG.

The tax group parent is Wiener Stadtwerke GmbH. There is a tax allocation agreement between the group members and the group parent. This prescribes that the tax allocation to be paid by individual group members shall be 25% of the income that would lead to a pooled profit on the part of the parent company. Group members are obliged to pay the parent a tax allocation of 2.5% of the part of their income flowing into a pooled group loss in recompense for the tax relief gained through group membership. If the parent directly or indirectly holds an interest of less than 95% of the share capital of a group member, the tax allocation is 12.5%, rather than 2.5%.

These percentages are derived from the applicable rate under Section 22(1) KStG. In the event that group members post tax losses, this does not result in a negative allocation. However, a record must be kept of the losses attributed to the parent by the members, and these losses are offset against members' profits attributed to the parent in subsequent years.

On 23 September 2021, Wiener Stadtwerke GmbH and Niederösterreichische Landes-Beteiligungsholding GmbH concluded a Group and Tax Settlement Agreement. The parties to the agreement are Niederösterreichische Landes-Beteiligungsholding GmbH, as the majority associate, and Wiener Stadtwerke GmbH, as the minority associate. This agreement allows Wiener Stadtwerke GmbH to offset its tax losses against the proportionate tax income from EVN AG, thereby enabling all investors to benefit from reduced tax burdens on their shares of EVN AG. As EVN AG's financial year ends on 30 September, it was included in the investment collective for the first time in the 2020/21 financial year.

The concluded tax allocation agreement stipulates that in a given financial year in which EVN AG generates taxable profit, EVN AG must pay to Wiener Stadtwerke GmbH a tax allocation that is based on the imputed taxable profit and is proportionate to the investment relationship. This tax allocation is to be determined on the basis of the applicable corporation tax rate. Of course, if EVN AG generates a tax loss, this will be retained by EVN AG in order to offset this with taxable profits in subsequent years.

14 Risk management

Risk management principles

The Wiener Stadtwerke Group has implemented a comprehensive risk management system that permits early identification of opportunities and risks. These are defined as the possibility of positive and negative deviations from the expected profit or loss for the period. The internal control system (ICS) comprises all measures implemented to ensure the reliability, effectiveness and economic viability of important processes. Compliance is concerned with adherence to external and internal regulations. The Internal Audit Department evaluates the execution of business processes, as well as the internal control and risk management system, in accordance with an annual audit programme approved by the Management Board.

The risk management process follows the internationally accepted framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Ongoing surveying, identification and assessment of the risks to which the Group is exposed lays the groundwork for the regular risk reporting. A fundamental distinction is drawn between qualitatively and quantitatively assessed risks. In the information provided below, the focus is on quantitative reporting. For details of qualitative risks, please consult the operational and financial review.

Reporting on quantitatively assessed risks is embedded in the financial reporting, which is performed by the management control function (integrated reporting). Confidence intervals for future movements in key financial indicators, known as ranges, are derived from the risk management system and included in the management control reporting. A key objective is determining the risk-bearing capacity of individual Group companies. An annual risk and opportunity review is carried out as part of the budget/actual comparison. The original risk and opportunity assessments from the previous year, which were also the basis of the corporate planning, are compared with the actual values. The insights gained feed into the adjustment of the risk catalogue to changed circumstances. The updated risk catalogue is one of the cornerstones of the business planning.

Discussion and coordination of the main opportunities and risks also forms part of the annual business planning retreat at each Group company. The aim is to take a holistic view of the risks and opportunities that are to be expected in coming years, so that they can be properly taken into account in the corporate planning. This gives rise to action plans, and closer monitoring of the budget items concerned.

Responsibility for ensuring adherence to the risk management process lies with the risk controllers at each Group company, who report directly to management on an ongoing basis, and the Group risk management function, which reports to the Wiener Stadtwerke GmbH Management Board.

The ICS encompasses all the salient features of the process-related monitoring measures across the various organisations. It ensures that the material risks associated with the relevant processes are systematically captured and analysed, and minimised by performing periodic checks, and that the key documentation is kept and responsibilities transparently recorded. The minimum standards for compliance with the ICS are laid down by a Group directive, which also clearly defines the roles and remits within the system's control processes. The Wiener Stadtwerke Group's ICS has a decentralised structure, under which the Group companies are responsible for

assigning management control responsibilities and ensuring that transparent documentation is kept. The duty to report to the various management boards and the Group ICS coordinator at regular intervals ensures that the ICS conforms to the standards. Continued refinement of the ICS is the job of the bodies tasked with liaising with Group companies, as well as the risk management and compliance functions.

Compliance with the statutory regulations relevant to the Group is monitored and controlled. The reliability of the financial reporting is assured, as the accounting processes at Wiener Stadtwerke are governed by Group-wide directives and standards.

Wiener Stadtwerke's risk landscape is divided into the following risk groups:

Liquidity risk

Liquidity risk refers to the risk that the Group may be unable to settle its financial liabilities using cash and cash equivalents or other financial assets. The Group's liquidity management processes are designed to ensure that sufficient liquid funds are available at all times so that the Group is able to meet its payment obligations when they fall due under both normal and strained conditions, without suffering contractual losses or damage to the Group's reputation. This is primarily ensured by the Group's cash pooling arrangement.

The following tables show the obligations arising from contractual cash flows for the coming year, the next one to five years and obligations after five years for the current and past financial year:

EUR m	31 Dec. 2021 Carrying amount	31 Dec. 2021 Contractual cash flows	< 1 year	1–5 years	> 5 years
Bonded loans and bonds	**169.5**	**190.3**	**5.0**	**110.4**	**74.9**
Bank loans	**851.3**	**897.2**	**306.4**	**252.0**	**338.8**
Trade payables	**584.2**	**584.2**	**579.7**	**3.7**	**0.8**
Lease liabilities	**125.2**	**150.1**	**14.1**	**53.2**	**82.8**
Other financial liabilities and liabilities from associates	**515.2**	**524.7**	**455.6**	**20.1**	**49.0**
Liabilities from other derivative financial instruments	**3,229.1**	**3,229.1**	**2,781.6**	**447.6**	**0.0**

EUR m	31 Dec. 2020 Carrying amount	31 Dec. 2020 Contractual cash flows	< 1 year	1–5 years	> 5 years
Bonded loans and bonds	169.4	195.3	5.0	113.0	77.4
Bank loans	551.8	604.4	6.7	184.9	412.8
Trade payables	542.1	544.0	538.7	5.3	0.0
Lease liabilities	133.4	152.6	17.2	68.8	66.6
Other financial liabilities and liabilities from associates	203.6	211.5	145.0	15.7	50.7
Liabilities from other derivative financial instruments	214.6	214.6	167.7	46.9	0.0

Credit risk

This relates to the risk of financial losses resulting from the inability of a customer or party to a contract for a financial instrument to meet its contractual obligations. Default risk is mainly concerned with trade receivables and contract assets, as well as bonds and loans held as investments. Bank balances and time deposits are also exposed to credit risk. The carrying amounts of financial assets and contract assets correspond to the maximum credit risk.

IFRS 9 requires entities to recognise loss allowances not only for actual losses but also expected credit losses for financial assets measured at fair value outside profit or loss, such as trade receivables and bonds, as well as for contract assets. The risk exposure as at the end of the reporting period must be determined for each risk group, and provisions recognised on the basis of this exposure, irrespective of whether a loss is actually incurred.

The Group uses the simplified approach to determine impairment allowances and lifetime expected credit losses for trade receivables and contract assets. The probability of default included in this assessment is determined on the basis of the age structure of the respective receivable. For receivables already due, this rate is determined from empirical values and historical default rates of the respective division. The default rate of receivables not yet due is assessed separately, if material. The procedure corresponds to that described in the next paragraph.

Expected losses for all other financial assets are calculated on the basis of the 12-month expected credit losses. When there is a significant increase in default risk, the lifetime expected credit losses and impairment allowances are adjusted accordingly. When determining the credit risk, the individual credit risk rating of the debtors, as well as market-relevant future-related information and historical default rates published by S&P Global are essentially taken into account.

The Treasury and Asset Management department is responsible for current and non-current investments in the WSTW Group. It manages the credit risk from balances with banks and financial institutions. In order to keep risk concentration as low as possible, investments (in the context of cash pooling as well as in the context of non-current investments) may only be made with approved banks, taking into account the limits valid for the respective banks at the time of the investment.

The following table gives an overview of the gross carrying amounts of financial assets in the reporting period and in the previous reporting period, broken down by risk category:

EUR m	Equivalent Moody's rating/ time bands for trade receivables	Bonds (OCI)	Loans (at cost)	Contract receiv-ables	Trade receiv-ables*	Other receiv-ables	Cash and time deposits	Total
Risk exposure class A	up to Aa3/ not overdue or 30 days past due	**278.9**	**0.1**	**4.8**	**449.8**	**107.7**	**357.8**	**1,199.0**
Risk exposure class B	up to A3/ 31-60 days past due	**243.0**	**0.0**	**0.0**	**13.5**	**0.1**	**15.0**	**271.1**
Risk exposure class C	up to Baa3/ 61-90 days past due	**270.4**	**0.0**	**0.0**	**11.3**	**0.3**	**0.0**	**282.1**
Risk exposure class D	below Baa3/ more than 90 days past due	**0.0**	**0.0**	**0.0**	**6.1**	**2.6**	**0.0**	**8.7**
Unrated		**11.9**	**879.2**	**0.0**	**13.0**	**3.5**	**0.3**	**908.0**
Gross carrying amount		**804.2**	**879.2**	**4.8**	**493.9**	**114.2**	**373.2**	**2,669.5**
Impairment allowances for 12-month expected credit losses (Stage 1)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Impairment allowances for lifetime expected credit losses (Stage 2)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Individual impairment allowances (Stage 3)		**0.0**	**0.0**	**0.0**	**-8.8**	**0.0**	**0.0**	**-8.8**
Simplified impairment approach		**0.0**	**0.0**	**0.0**	**-11.1**	**-0.1**	**0.0**	**-11.2**
Carrying amount as at 31 Dec. 2021		**804.2**	**879.2**	**4.8**	**473.9**	**114.1**	**373.1**	**2,649.4**

* The trade receivables shown here include non-current receivables of EUR 11.5m, which are recognised as other financial assets (see note 11.3).

EUR m	Equivalent Moody's rating/time bands for trade receivables	Bonds (OCI)	Loans (at cost)	Contract receiv-ables	Trade receiv-ables*	Other receiv-ables	Cash and time deposits	Total
Risk exposure class A	up to Aa3/ not overdue or 30 days past due	293.2	0.3	3.5	230.0	52.5	369.2	948.6
Risk exposure class B	up to A3/ 31-60 days past due	249.3	0.0	0.0	43.0	1.3	164.0	457.7
Risk exposure class C	up to Baa3/ 61-90 days past due	288.3	0.0	0.0	9.5	0.2	0.0	298.1
Risk exposure class D	below Baa3/ more than 90 days past due	3.2	0.0	0.0	2.1	6.3	0.0	11.7
Unrated		0.0	101.0	0.0	15.0	0.8	0.3	117.0
Gross carrying amount		**834.0**	**101.3**	**3.5**	**299.6**	**61.1**	**533.5**	**1,833.1**
Impairment allowances for 12-month expected credit losses (Stage 1)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment allowances for lifetime expected credit losses (Stage 2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Individual impairment allowances (Stage 3)		0.0	0.0	0.0	-8.1	-2.4	0.0	-10.4
Simplified impairment approach		0.0	0.0	0.0	-10.9	0.0	0.0	-10.9
Carrying amount as at 31 Dec. 2020		**834.0**	**101.3**	**3.5**	**280.7**	**58.8**	**533.5**	**1,811.7**

* The trade receivables shown here include non-current receivables of EUR 12.1m, which are recognised as other financial assets (see note 11.3).

Allocation to the various risk exposure classes is based on the equivalent Moody's rating and the time bands for trade receivables or debtors for whom no ratings are available.

The change in impairment allowances for trade receivables and other receivables was as follows:

EUR m	Individual impairment allowances (Stage 3)	Simplified impairment approach	Total
As at 1 Jan. 2020	**10.7**	**19.1**	**29.8**
Remeasurement	4.9	2.0	**6.9**
Depreciation	-0.4	-0.2	**-0.7**
Reversals	-4.7	-10.0	**-14.7**
As at 31 Dec. 2020	**10.4**	**10.9**	**21.3**
Remeasurement	1.4	1.5	**2.9**
Depreciation	-2.4	-0.2	**-2.6**
Reversals	-0.6	-1.0	**-1.6**
As at 31 Dec. 2021	**8.8**	**11.2**	**20.1**

For reasons of materiality, no impairment allowances are recognised for bonds and overnight deposits.

Financial assets must be derecognised as soon as their uncollectibility is established (bad debt loss). This is the case if the quota has been determined in the course of bankruptcy or composition proceedings or the proceedings have been dismissed for lack of assets. Likewise, uncollectibility is established in the case of waivers (for example, waivers after unsuccessful debt collection), unsuccessful seizure or if there is a court judgement. After expiry of the limitation period, which is usually three years, the claim should also be written off, apart from a few exceptions (e.g. insolvency proceedings).

The customer structure at Wiener Stadtwerke means that no material risk concentrations exist.

Interest rate risk

Such risk can result from changes in the fair value of fixed-interest instruments and in cash flows from variable-rate instruments. The Group is also exposed to reinvestment risk due to its reinvestment of funds from maturing bonds and time deposits, as a result of fluctuations in market interest rates.

Financial assets and liabilities broken down by the type of interest as at 31 December 2021 and 2020 are shown in the tables below:

Carrying amount as at 31 Dec. 2021

EUR m	Fixed-interest instruments	Variable-interest instruments
Financial assets	**1,698.6**	**368.8**
Financial liabilities	**-1,340.6**	**-320.6**
Total	**358.1**	**48.2**

Carrying amount as at 31 Dec. 2020

EUR m	Fixed-interest instruments	Variable-interest instruments
Financial assets	1,058.1	430.4
Financial liabilities	-667.7	-390.5
Total	**390.4**	**39.9**

The majority of the bonds and loans held by the Group have fixed interest rates. Bonds are measured at fair value through other comprehensive income, not in profit or loss, while loans extended are reported at amortised cost. Therefore, only the bonds held by the WSTW investment funds are exposed to the risk of changes in fair value due to fluctuations in market interest rates.

Bond investments are primarily made in euro-denominated bonds, with a focus on the euro investment-grade bond market. Interest rate risk is determined by the average bond duration on the capital market concerned. At year-end 2021, the average duration was 4.0 years (previous year: 4.2 years) on the euro-denominated market. Around one-quarter of the Group's portfolio is not exposed to interest rate risk (e.g. liquid funds and shares), resulting in a portfolio duration of around three years (previous year: five years).

A 100-basis-point (bp) shift in interest rates would result in a pre-tax increase or decrease in equity of EUR 32.2m (previous year: EUR 34.7m) due to the resulting change in the fair values of bonds. This assumes that all other variables, and in particular exchange rates, remain unchanged.

Time deposits are usually short-term, fixed-interest investments. As they are measured at amortised cost, changes in market interest rates do not have an impact on equity, or on profit or loss.

In general, long-term financial liabilities are fixed-interest obligations. Financial liabilities are mainly recognised at amortised cost, so fluctuations in market interest rates that lead to a change in the fair values of fixed-rate financial liabilities do not have any effect on equity or on profit or loss.

Variable-interest financial assets and liabilities are predominantly receivables from the cash pooling arrangement with non-consolidated Group companies, associates and joint ventures, and the associated liabilities and non-current financial liabilities. A change of 100 bp in interest rates at the end of the reporting period, which is a reasonable assumption, would therefore only have a minor effect on equity and profit or loss.

Foreign exchange risk

The Group is exposed to foreign exchange risk mainly in connection with the securities held by the WSTW investment funds.

In line with the Group's strategic targets, the holdings of cash and bonds in the funds' diversified portfolios are subject to strict tolerance thresholds, meaning that the associated currency risk is low. Most of the Group's foreign-currency positions are denominated in Japanese yen and US dollars, with a small proportion in other currencies, in particular Swiss francs.

Investments in shares are mainly based on the benchmark MSCI All Country World Index (ACWI), which contains the world's largest listed companies. As a rule, these securities are listed in the currency of the exchange located in the domicile of the company concerned. Accordingly, the bulk of the Group's global share portfolio is not denominated in euros, and due to the specific characteristics of the stock market, the Group does not take out any currency hedges against the euro. About 61% of the shares in the MSCI ACWI are denominated in USD, approximately 8% in EUR and the remaining 31% in other currencies.

Wiener Linien holds interest-bearing securities denominated in US dollars in connection with its US lease transactions. These are hedged by means of currency swaps. In this case, hedge accounting is not applied. For further details, see note 15.2 Cross-border lease.

The tables below list the assets with carrying amounts denominated partly in foreign currencies.

EUR m	Carrying amount 31 Dec. 2021	Carrying amount in EUR if nominal value in EUR	Carrying amount in EUR if nominal value in USD	Carrying amount in EUR if nominal value in JPY	Carrying amount in EUR if nominal value in CHF	Carrying amount in EUR, other
Loans	**1.2**	**1.2**	**0.0**	**0.0**	**0.0**	**0.0**
Other financial assets	**2,678.4**	**2,482.7**	**136.7**	**20.1**	**2.8**	**36.2**
Bonds (FVOCI)	**85.8**	**85.8**	**0.0**	**0.0**	**0.0**	**0.0**
Cash and cash equivalents	**325.2**	**317.9**	**1.9**	**0.3**	**0.4**	**4.7**

EUR m	Carrying amount 31 Dec. 2020	Carrying amount in EUR if nominal value in EUR	Carrying amount in EUR if nominal value in USD	Carrying amount in EUR if nominal value in JPY	Carrying amount in EUR if nominal value in CHF	Carrying amount in EUR, other
Loans	9.1	1.1	8.0	0.0	0.0	0.0
Other financial assets	2,803.7	2,650.2	106.6	14.3	4.0	28.6
Bonds (FVOCI)	51.4	51.4	0.0	0.0	0.0	0.0
Cash and cash equivalents	379.9	379.9	0.0	0.0	0.0	0.0

The Group has no foreign-currency liabilities, with the exception of derivatives (currency swaps – see note 11.6).

The following exchange rates were applied as at 31 December 2021 and 31 December 2020:

	31 Dec. 2020	31 Dec. 2021
USD	1.2271	**1.1326**
JPY	126.49	**130.38**
CHF	1.0802	**1.0331**

A possible appreciation or depreciation of the US dollar, Japanese yen or Swiss franc against the euro could influence the measurement of financial instruments denominated in foreign currencies. The resulting effects on equity and profit or loss are shown below. It is assumed that all other factors – notably interest rates – remain constant.

	Profit or loss		Equity before tax	
Effects, EUR m	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
31 Dec. 2021				
USD (5% change)	**0.1**	**-0.1**	**7.3**	**-6.6**
JPY (5% change)	**0.0**	**0.0**	**1.1**	**-1.0**
CHF (5% change)	**0.0**	**0.0**	**0.2**	**-0.1**

	Appreciation	Depreciation	Appreciation	Depreciation
31 Dec. 2020				
USD (5% change)	0.4	-0.4	6.0	-5.5
JPY (5% change)	0.0	0.0	0.8	-0.7
CHF (5% change)	0.0	0.0	0.2	-0.2

Raw material price risk

The only division exposed to raw material price risk is Energy. The energy business is subject to risks related to value drivers such as oil, gas, electricity and CO_2 prices, which can have a significant impact on profit. Price risks are minimised by means of forwards and futures, as well as other derivative financial instruments such as swaps and delivery contracts with performance options, which are used exclusively for hedging purposes.

Implementing joint market access for the sales and generating businesses allows the Group to take advantage of synergies, and to centrally manage and monitor all the risks related to energy trading (e.g. market liquidity risk and counterparty risk). The Group has adequate fuel reserves. Fluctuations in temperatures result in higher or lower heating sales. Sophisticated portfolio management enables the Group to continually monitor the market situation and optimise generating operations accordingly. Sales contracts are also continuously monitored for signs of impairment. Counterparties in the energy business are assessed and monitored, and potential risks are managed using a limit system.

The following tables illustrate how concluding supply contracts at prices 10% higher or lower would have affected the results reported in the consolidated statement of profit or loss in 2021 and 2020:

31 Dec. 2021	**Raw material price per unit at the end of the reporting period (EUR)**	**Volumes in 2021 – purchases/(sales), MWh**	**Change in income due to 10% increase in raw material price (EUR m)**	**Change in income due to 10% decrease in raw material price (EUR m)**
Description				
Gas	**89.4**	**10,260,503.7**	**-91.7**	**91.7**
Electricity	**117.5**	**-5,853,866.7**	**68.8**	**-68.8**
CO_2	**79.8**	**1,179,500.0**	**-9.4**	**9.4**

31 Dec. 2020	**Raw material price per unit at the end of the reporting period (EUR)**	**Volumes in 2020 – purchases/(sales). MWh**	**Change in income due to 10% increase in raw material price (EUR m)**	**Change in income due to 10% decrease in raw material price (EUR m)**
Description				
Gas	17.2	14,263,556.5	-24.5	24.5
Electricity	47.8	-8,878,232.1	42.5	-42.5
CO_2	32.0	3,438,000.0	-11.0	11.0

As mentioned above, this risk is managed by means of derivatives, and in some cases by using hedge accounting. The tables below show the changes in the fair values of these derivatives as at 31 December 2021 and 31 December 2020 in the event of a 10% rise or fall in raw material prices.

EUR m	Carrying amount 31 Dec. 2021	Hedged volumes – purchases (TWh)	Hedged volumes – sales (TWh)	Change in fair value due to 10% increase in raw material price	Change in fair value due to 10% decrease in raw material price
Financial assets					
Electricity derivatives – hedge accounting (OCI)	**860.79**	**7.72**	**2.86**	**-43.48**	**43.48**
Gas derivatives – hedge accounting (OCI)	**1,892.43**	**39.78**	**2.51**	**-437.91**	**437.91**
Financial liabilities					
Electricity derivatives – hedge accounting (OCI)	**-1,936.39**	**2.38**	**16.88**	**129.61**	**-129.61**
Gas derivatives – hedge accounting (OCI)	**-1,291.12**	**2.86**	**24.78**	**257.49**	**-257.49**

EUR m	Carrying amount 31 Dec. 2020	Hedged volumes – purchases (TWh)	Hedged volumes – sales (TWh)	Change in fair value due to 10% increase in raw material price	Change in fair value due to 10% decrease in raw material price
Financial assets					
Electricity derivatives – hedge accounting (OCI)	32.18	4.31	1.04	-15.63	15.63
Gas derivatives – hedge accounting (OCI)	156.01	45.19	2.06	-73.96	73.96
Financial liabilities					
Electricity derivatives – hedge accounting (OCI)	-97.04	0.70	12.84	58.10	-58.10
Gas derivatives – hedge accounting (OCI)	-116.97	2.57	31.94	50.36	-50.36

Details on hedge accounting are provided in note 11.7.

15 Supplementary information

15.1 Contingent liabilities and other financial obligations

Contingent liabilities amounted to EUR 89.3m (previous year: EUR 74.2m) at the end of the reporting period. The majority relates to a contingent liability of EUR 41.0m (previous year: EUR 37.1m) to American International Group, Inc. (AIG) connected with the Wiener Linien cross-border leasing deal. See note 15.2 for further information. Other significant contingent liabilities consist of various bank guarantees for construction projects of Wiener Lokalbahnen amounting to EUR 37.4m (previous year: EUR 30.0m), to Gemeinnützigen Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H in the amount of EUR 6.5m (previous year: EUR 4.5m) and several contingent liabilities of Wiener Netze and Wipark in the amount of EUR 4.1m (previous year: EUR 2.1m).

The Wiener Stadtwerke Group has contingent assets from Gemeinnützigen Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H in the amount of EUR 6.5m (previous year: EUR 4.5m), while Wiener Netze has various contingent assets amounting to EUR 1.9m (previous year: EUR 3.8m).

15.2 Cross-border lease

Between 1998 and 2003, Wiener Linien concluded various leasing transactions in the United States. These involved lease agreements for underground trains and trams on a lease-in, lease-out basis. The vehicles were leased to a US trust administered by an American fiduciary under a head-lease agreement. At the same time, Wiener Linien subleased the vehicles back from the trust. The US trust paid the full lease payment in advance. In order to finance this advance payment, the trust raised equity capital from an investor and debt financing from several banks. Wiener Linien used the US trust's lease payment to make allocations to an equity account and a debt account. The allocation to the equity account was identical to the equity portion of the lease payment, and the debt account allocation was equal to the financing provided by the banks. The lease payments to be made by Wiener Linien under the sublease were made using cash flows from the accounts. The difference between the lease payment received and the necessary allocations to the accounts is recognised as a net present value benefit under contract liabilities and reversed over the term of the lease. US leases VI and IIIa were still outstanding at the end of the financial year.

Paragraph B2 IFRS 16 provides for the combination of two or more contracts if certain criteria are met. Several financially related transactions must be assessed in terms of their overall commercial objective and may, under certain circumstances, be treated as a single transaction. As all of the contracts connected with the US leases were negotiated as a package with a single overall commercial objective that cannot be understood without considering the contracts together, in accordance with IFRS 16, the transactions are accounted for as a single transaction. Therefore, a lease in the meaning of IFRS 16 has not been concluded, and the underground trains and trams that are the subject of the US leases will continue to be recognised as property, plant and equipment in the accounts of Wiener Linien GmbH & Co KG., in accordance with IAS 16.

The following assets and liabilities related to the US cross-border leases were included in Wiener Stadtwerke's consolidated statement of financial position on the reporting date:

EUR m	31 Dec. 2020	31 Dec. 2021
Securities (FVOCI)	11.9	**4.8**
Other loans	7.9	**9.2**
Foreign currency forwards (outside hedge accounting)	0.6	**-1.6**
Provisions for contingent losses and other contingencies	0.5	**0.4**
Non-current contract liabilities arising from the cross-border lease	1.3	**0.9**
Current contract liabilities arising from the cross-border lease	0.4	**0.4**

Securities (FVOCI)
The securities (FVOCI) relate to the custody account for the furnishing of additional collateral. AIG provides insurance coverage against the potential risk of default by Wiener Linien on its obligations to the investor. If the rating falls below a certain minimum level, the contract requires furnishing of additional collateral. The opening of a custody account for this purpose became necessary following AIG's downgrade in 2008.

The custody account covers the difference between the termination value, i.e. the amount required to repay the equity portion in the event of termination of the contract, and the equity account, and the balance of the custody account is reduced over time. The custody account, which has been pledged to the investor, is allocated to the "hold to collect and sell" business model and is measured at fair value outside profit or loss.

Other loans
This item refers to a receivable from Bank Austria, which was initially recognised in March 2015. On maturity, the equity portion of the lease liability will be repaid by Bank Austria.

Foreign currency forwards (outside hedge accounting)
Foreign currency forwards were concluded in order to hedge the loans to Bank Austria, which are denominated in US dollars, against exchange rate fluctuations. The loan and the concluded foreign currency forwards are not designated as items in a hedging relationship. The foreign currency forwards are measured at fair value through profit or loss

The translation of the US dollar-denominated loan in the reporting period and in the previous year gave rise to the following foreign exchange result:

EUR m	31 Dec. 2020	31 Dec. 2021
Other finance income	0.0	**0.7**
Other financial expenses	0.7	**2.2**

Provisions for contingent losses and other contingencies
With regard to the contractual parties for which there is no statutory guarantee liability, in the case of a significant deterioration in their credit ratings either impairment losses or provisions must be recognised for the residual credit risk. A provision has been recognised in relation to this risk. In view of AIG's rating, in order to cover this risk it was necessary to recognise provisions for contingent losses and other contingencies as at 31 December 2021 and as at 31 December 2020.

Liabilities arising from the cross-border lease
As a result of the cross-border lease transactions described above, Wiener Linien recognised a net present value benefit resulting from the difference between the advance lease payments made by the US trust and the necessary allocations to the custody account used to cover Wiener Linien's discounted obligations under the sub-lease agreement. This net present value benefit is related to the tax benefit accruing to the investor over the term of the lease in question. As the benefit from the lease accrues to the investor continuously over the term of the agreement, the net present value benefit is realised over time. The benefit over the residual term is recognised as a contract liability and is reversed over the residual term of the agreement concerned on a straight-line basis. The evolution of the net present value benefit is presented below, in accordance with paragraph 116 IFRS 15:

EUR m	31 Dec. 2020	31 Dec. 2021
Contract liabilities from the cross-border lease as at 1 Jan.	2.1	**1.7**
less revenue recognised	-0.4	**-0.4**
Contract liabilities from the cross-border lease as at 31 Dec.	**1.7**	**1.3**

The net present value benefit will be reversed through profit or loss over time as follows:

EUR m	31 Dec. 2020	31 Dec. 2021
In the next year	0.4	**0.4**
In the next 5 years	1.7	**1.3**

The off-balance-sheet assets and liabilities as at 31 December 2021 are shown below:

EUR m	Assets	Liabilities
US lease IIIa	12.1	-12.1
US lease VI (R)	75.1	-75.1
US lease VI (AIG)	37.4	-37.4

The bonds related to US lease IIIa and US lease VI (R), and the loan related to US lease VI, were offset against the associated liabilities. The interest income and interest expenses associated with these assets and liabilities, each in the amount of EUR 6.3m as at 31 December 2021 (previous year: EUR 6.1m), were also netted out for the first time in the 2020 financial year.

15.3 Proposed dividend

It is planned to distribute a dividend of EUR 16.0m (previous year: EUR 16.0m) to the sole shareholder, the City of Vienna.

15.4 Governing bodies

The members of the Management Board are:

- Martin Krajcsir (Chief Executive Officer)
- Peter Weinelt (Deputy Chief Executive Officer)

The members of the Supervisory Board during the reporting period were:

- Erich Hechtner (Chair)
- Dietmar Griebler (First Deputy Chair)
- Andrea Faast (Second Deputy Chair)
- Andreas Bauer
- Elfriede Baumann
- Michael Dedic
- Stefan Freytag (until 31 August 2021)
- Alexander Hauser (since 31 May 2021)
- Kurt Januschke (until 31 May 2021)
- Jutta Löffler (since 19 March 2021)
- Karin Rest
- Thomas Ritt
- Günther Schmalzer (until 19 March 2021)
- Michael Sprengnagl
- Andreas Staribacher
- Kurt Wessely (until 15 September 2021)

No loans or advances have been granted to Management Board or Supervisory Board members.

15.5 Events after the reporting period

The war that broke out in Ukraine on 24 February 2022 as a result of the Russian invasion has caused major upheavals on the energy markets. These have partly been brought about by concerns over reduced gas supplies from Russia, but have also been driven by irrational and speculative market behaviour. While the price of CO_2 has fallen by 40%, electricity and gas prices have risen by several hundred percent. However, gas supplies are currently secured and supply restrictions have not yet been observed. Making use of a strategic gas reserve, financed by public funds, will ensure that customers will be supplied with gas for the coming winter. In this volatile environment characterised by high prices, energy procurement and the transfer of prices to the customer constitute considerable challenges for the months ahead.

The Covid-19 pandemic is still ongoing, but the Wiener Stadtwerke Group has already demonstrated resilience in the past two financial years and is confident in its ability to continue keeping the impact of the crisis on its business and economic result to a minimum.

Vienna, 29 March 2022

The Management Board

Martin Krajcsir
Chief Executive Officer

Peter Weinelt
Deputy Chief Executive Officer

Information

Auditor's report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

WIENER STADTWERKE GmbH, Vienna, Austria,

and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2021, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for Our Opinion
We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Other Matters
The consolidated financial statements of WIENER STADTWERKE GmbH as at 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2021.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result 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 consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate to the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion
In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements.

Statement
Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Engagement Partner

The engagement partner is Mr Mag. Michael Nayer.

Vienna, 1 April 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Michael Nayer
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Glossary

Adjusted EBITDA
This value corresponds to EBITDA adjusted for the foreign procurement right and other one-off or rare expenses and income, and is a key reporting indicator.

Adjusted profit for the year
The adjusted profit for the year eliminates material one-off expenses/income with regard to the employer contribution in the Wiener Stadtwerke Group, along with effects from asset valuation, effects related to the provision for impending losses for electricity procurement rights abroad and resulting from the sale of property and land. The value is a key reporting indicator.

Biodiversity
Biodiversity (biological diversity) is the variety and variability of living organisms of all origins.

Bonded loan
Bonded loans are a form of long-term corporate debt. A loan is extended to a borrower by a large financial intermediary without recourse to the organised capital market. These instruments are only available to companies with impeccable credit ratings.

Capex ratio
The capex ratio is a measure of a company's propensity to invest. It indicates the percentage of revenue that an enterprise reinvests in intangible assets, and property, plant and equipment.

Cash flow
This is a measure of a company's financial strength and its ability to independently generate the resources required for dividend payments, debt servicing and investment spending.

CGU – cash-generating unit
A cash-generating unit is defined in the context of the impairment test as the smallest group of assets that generates cash inflows and outflows independent of the use of other assets or other cash-generating units.

City of Vienna Climate Roadmap
The Climate Roadmap is part of the new Climate Governance Structure and defines the City of Vienna's climate and energy objectives. Alongside the Roadmap, a comprehensive package of measures has been set out that aims to achieve a number of goals, including reducing greenhouse gas emissions per capita by 55% by 2030 and making Vienna climate-neutral by 2040.

Clean Vehicles Directive
The Clean Vehicles Directive (CVD) is a public procurement regulation that promotes clean and energy-efficient road transport vehicles in public spaces. The Directive requires contracting authorities to reach specific quotas in terms of how many zero-emission vehicles are in their fleet upon awarding a contract.

CO_2 emission allowances
These entitle the holder to emit a given amount of CO_2. They are tradeable, and their price is determined by supply and demand.

Combined heat and power (CHP)
The simultaneous generation of electricity and heat (combined heat and power) maximises fuel efficiency.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intragroup equity interests, interim results, receivables and payables and income and expenses are netted.

Decarbonisation
Decarbonisation refers to the reduction of carbon dioxide emissions. In order to drive decarbonisation forwards, the use of fossil fuels must be reduced by making use of low-carbon energy sources, including renewable energy sources such as wind power, solar power, geothermal energy and biomass. The long-term goal is to replace natural gas with hydrogen that is produced using renewable energies and to thereby reduce carbon emissions.

District cooling
This refers to the delivery of a cooling medium used to air-condition buildings. Either a central district cooling station generates the cooling energy and it is transported to consumers via a heat-insulated network, or absorbers at distributed refrigeration centres are used to produce it from the hot water supplied via the district heating network.

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

Energy efficiency
Energy efficiency is the ratio of energy output to energy inputs. (Power generation at power stations inevitably involves the transformation of a large part of the primary energy employed into heat. This heat is used at CHP stations for district heating.)

Environmental Social Governance
Environmental Social Governance (ESG) is another way of referring to Corporate Social Responsibility (CSR). It refers to the evaluation of CSR efforts; in other words, it looks at a company's voluntary contributions to sustainable development that go beyond statutory requirements.

European Green Deal
In December 2019, the European Commission set out the Green Deal – a far-reaching programme that promotes climate and environmental protection within the EU. At the heart of the Green Deal are the objectives of making the EU the world's first greenhouse gas-neutral confederation by 2050, significantly reducing the emission of pollutants, and further promoting a circular economy in Europe.

EU taxonomy
The EU taxonomy is a catalogue of criteria defined by the EU that aims to provide a standard classification of the sustainability of economic activities. When used in conjunction with the EU Disclosures Regulation, the taxonomy will help stakeholders within the financial system, such as investors, to select environmentally friendly financial products and prevent greenwashing. The EU Taxonomy Regulation sets out specific environmental objectives, such as climate change mitigation, climate change adaptation and pollution prevention and control.

Funeral services
The term "funeral services" encompasses all the services that Bestattung Wien provides and charges for. Entire burial and cremation packages make up most of these, but they also include smaller items.

FVOCI, FVPL
Under IFRS 9, all financial assets are divided into two classification categories – those measured at amortised cost and those measured at fair value. If financial assets are measured at fair value, expenses and income may be recognised either in full in profit or loss (at fair value through profit or loss, FVPL) or in other comprehensive income (at fair value through other comprehensive income, FVOCI).

GDPR
The General Data Protection Regulation (GDPR) is a European Union regulation that harmonises the rules for the processing of personal data by private entities and public authorities throughout the EU. It is aimed at protecting personal data within the EU and ensuring the free movement of data within the European single market.

Green gases
Green gases are defined as gases that, when burned to generate energy, do not give off more CO_2 than was previously in the atmosphere. This means that they are virtually climate-neutral. Hydrogen is considered to be a green gas.

IFRS/IAS
International Financial Reporting Standards, International Accounting Standards

Margins
Transactions in derivatives that are not subject to the clearing obligation must be collateralised in the EU. Variation margins and initial margins are considered to be collateral instruments. A variation margin serves to regularly offset value fluctuations of derivatives contracts. An initial margin, on the other hand, covers the current and expected future value fluctuations that can occur between the last exchange of margins and the hedging of the exposure or the liquidation of the position if one of the counterparties defaults (is unable to meet its contractual obligations).

Modal split
This refers to the percentage breakdown of total traffic volume into the various transport modes.

NOx
NOx is the abbreviation for nitrogen oxide, which is the collective term for the gaseous oxides of nitrogen.

OCI – other comprehensive income
Other comprehensive income includes income and expense items that are not recognised in profit or loss under IFRS. These are therefore changes in the value of asset or liability items that are recognised directly in equity and result neither from transactions with shareholders nor from the items included in the income statement.

Photovoltaic system
A system that uses sunlight to produce electricity. If it produces heat, it is called a solar thermal system.

Primary energy
This is energy captured from naturally occurring energy forms or sources which, unlike secondary energy, can be used without first being converted. Besides the fossil fuels – natural gas, oil, lignite and hard coal – this includes renewable energy sources including solar, geothermal, wind, hydropower and biomass.

PT
Public transport

PUC
The projected unit credit (PUC) method is an actuarial method for calculating company pension obligations.

Rating
A rating is an evaluation of the creditworthiness of a debtor (countries, companies, etc.), often carried out by a specialised rating agency. The evaluation is expressed as a kind of grading. It is very similar to a school grading system. The rating systems of the agencies use different grading schemes and their own symbols. See also Standard and Poor's.

Risk management
Risk management is the systematic recognition and evaluation of risk, and the management of responses to identified risks. This process has many areas of application, including the management of business, credit, financial investment, environmental, insurance and technical risk.

Seat kilometres
The seat kilometre is a unit employed in the public transport industry. It refers to the product of the seats offered by a transport company and the distance travelled by the means of transport concerned. It takes no account of whether the seats are occupied.

Smart city
The expression "smart city" refers to a city where information and communication technology, and resource-efficient technologies are systematically deployed in order to conserve resources, enhance citizens' quality of life and the competitiveness of the local economy, and ultimately increase the city's sustainability. At the very least, energy, mobility, urban planning and governance are addressed.

Smart metering
Smart metering combines cutting-edge meter technology with information and communication technology to give consumers near-real-time updates on their power consumption, transmit meter readings to the system operator electronically, and price electricity according to current supply availability.

Statement of cash flows
The statement of cash flows presents movements in cash and cash equivalents during a financial year with a breakdown into three areas: operating activities, investing activities, and financing activities. The aim is to obtain information about the financial strength of the company.

Total heating degrees
The difference between a given room temperature (measured in degrees Celsius) and the average air temperature for a day is referred to as a degree day figure. The total of all the degree days for a year is the total heating degrees. Total heating degrees is the heating demand during a year, and hence an important indicator of energy suppliers' business performance.

UN Climate Change Conference (COP26)
COP stands for "Conference of the Parties" and refers to those party to the UN Framework Convention on Climate Change. COP26 was the 26th conference of the parties to the convention and brought together leading figures from around the world.

VOR
Verkehrsverbund Ost-Region (VOR) Gesellschaft m.b.H. is a public transport service provider in the Eastern Region of Austria. It is responsible for coordinating timetables and prices and for commissioning local trains and regional bus services in the region.

WACC
WACC stands for "weighted average cost of capital" and is used when valuing a company and in conjunction with value-oriented management indicators. It is calculated using the weighted values of a company's equity and debt capital, whereby the weighting is worked out by dividing the equity and debt capital each by the total capital.

Contact and imprint

Imprint

Publisher
Wiener Stadtwerke GmbH
Thomas-Klestil-Platz 13
1030 Vienna
Austria

Design & implementation
Berichtsmanufaktur GmbH, Hamburg

Photos
Title, Severin Wurnig, Vienna
Page 2, Peter Rigaud, Vienna

As at May 2022

Note
The financial report is published in both German and English, but the German version is authoritative. The financial report can also be found at https://www.wienerstadtwerke.at/berichtswelt/.

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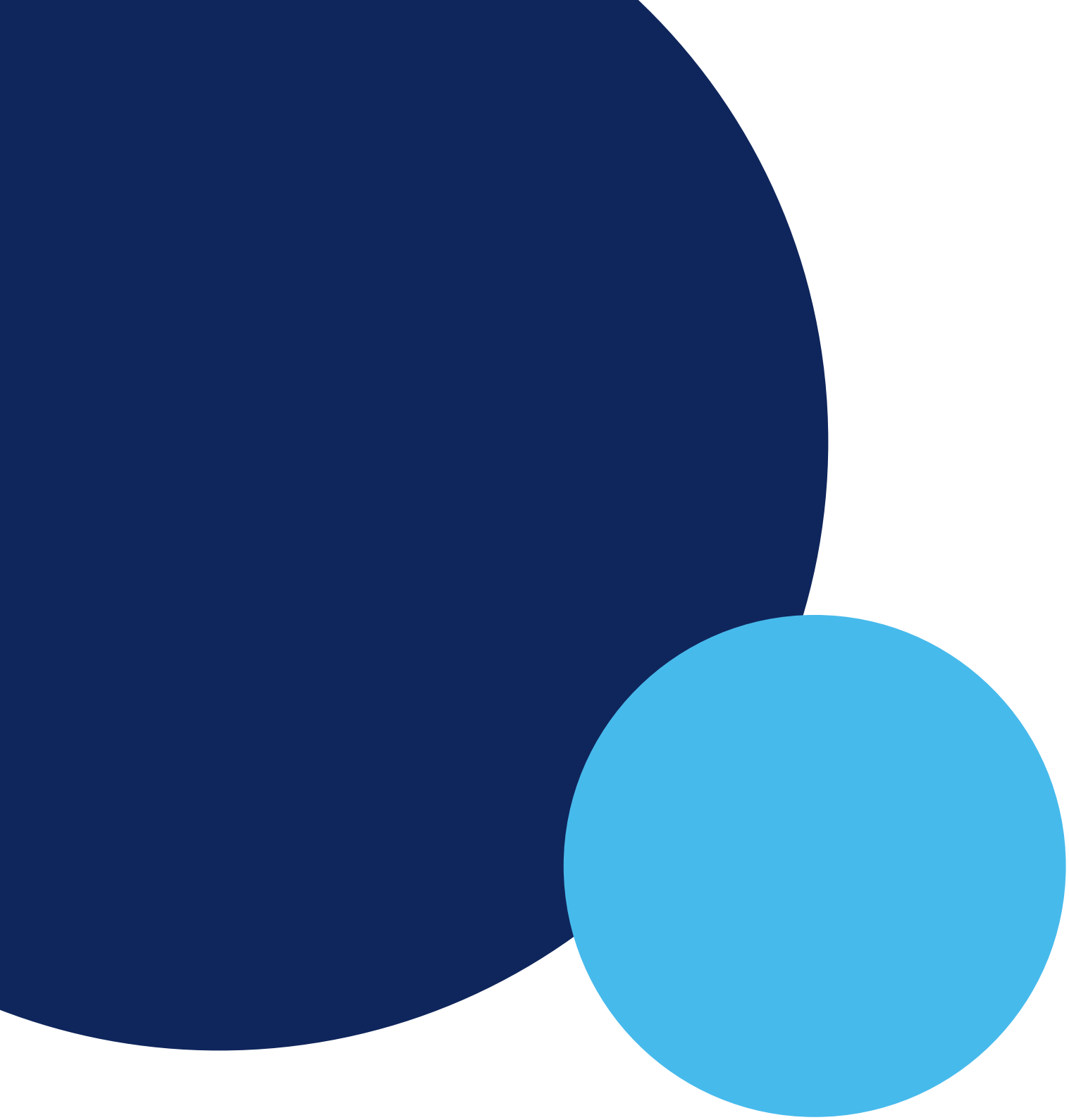

WIENER STADTWERKE