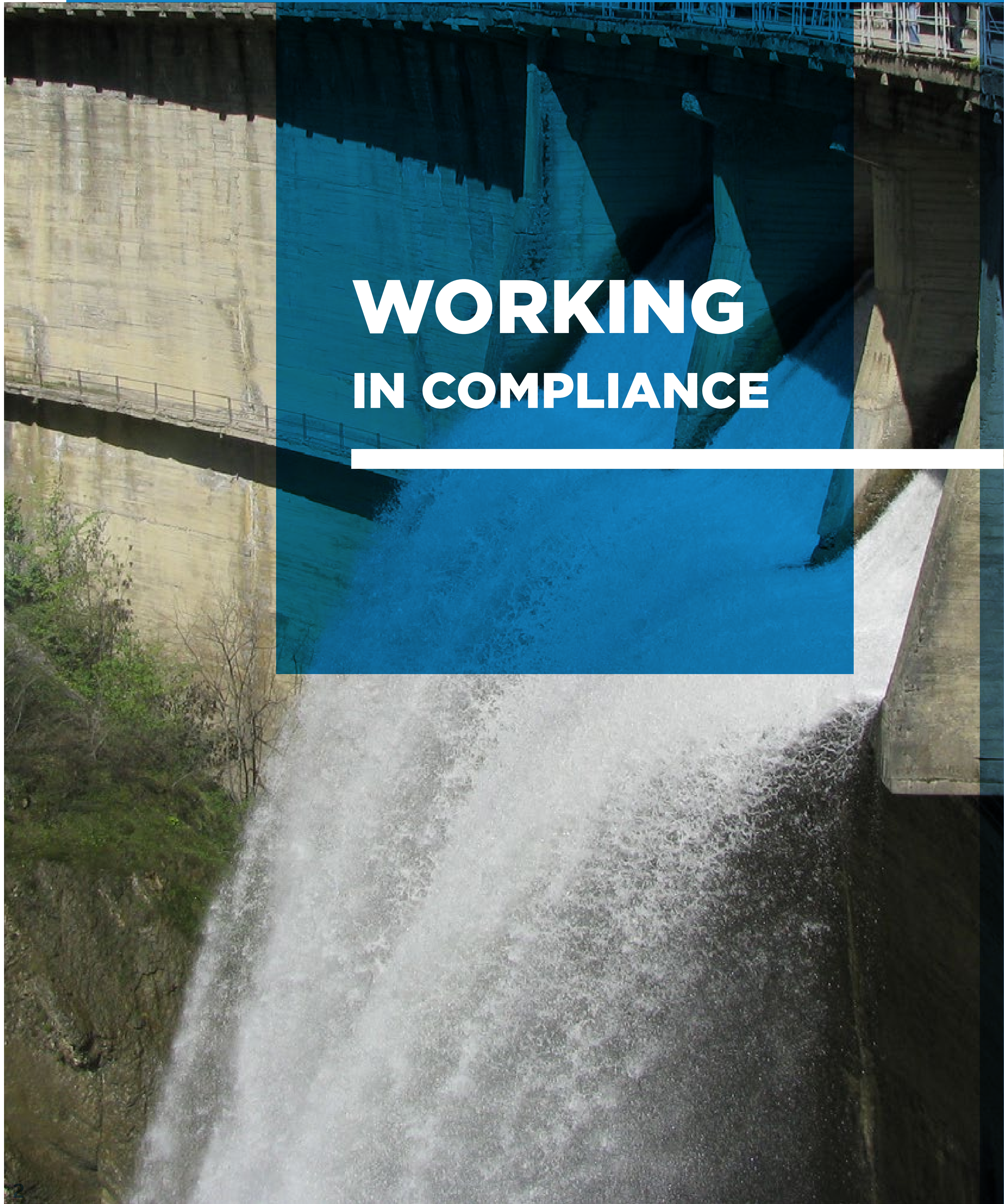
ENERGO-PRO

ANNUAL REPORT 2022

WORKING IN COMPLIANCE WITH NATURE

WORKING IN COMPLIANCE WITH NATURE



ENERGO-PRO

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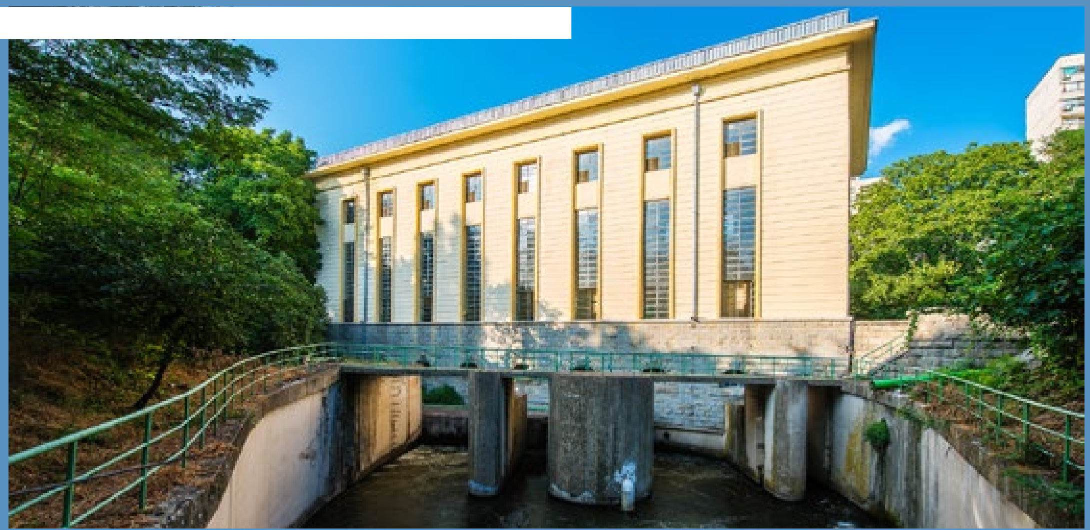

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AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ENERGO - PRO a. s.:

Opinion

We have audited the accompanying consolidated financial statements of ENERGO - PRO a.s. and its controlled undertakings ("the Company"; together with controlled undertakings "the Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company and the Group, see Note 1 and Note 2 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

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Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board 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 opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 - Nove Mesto, has been incorporated in the Commercial Register administered by the Municipal Court in Prague, Section C, entry no. 88504, under Identification No. 26704153.

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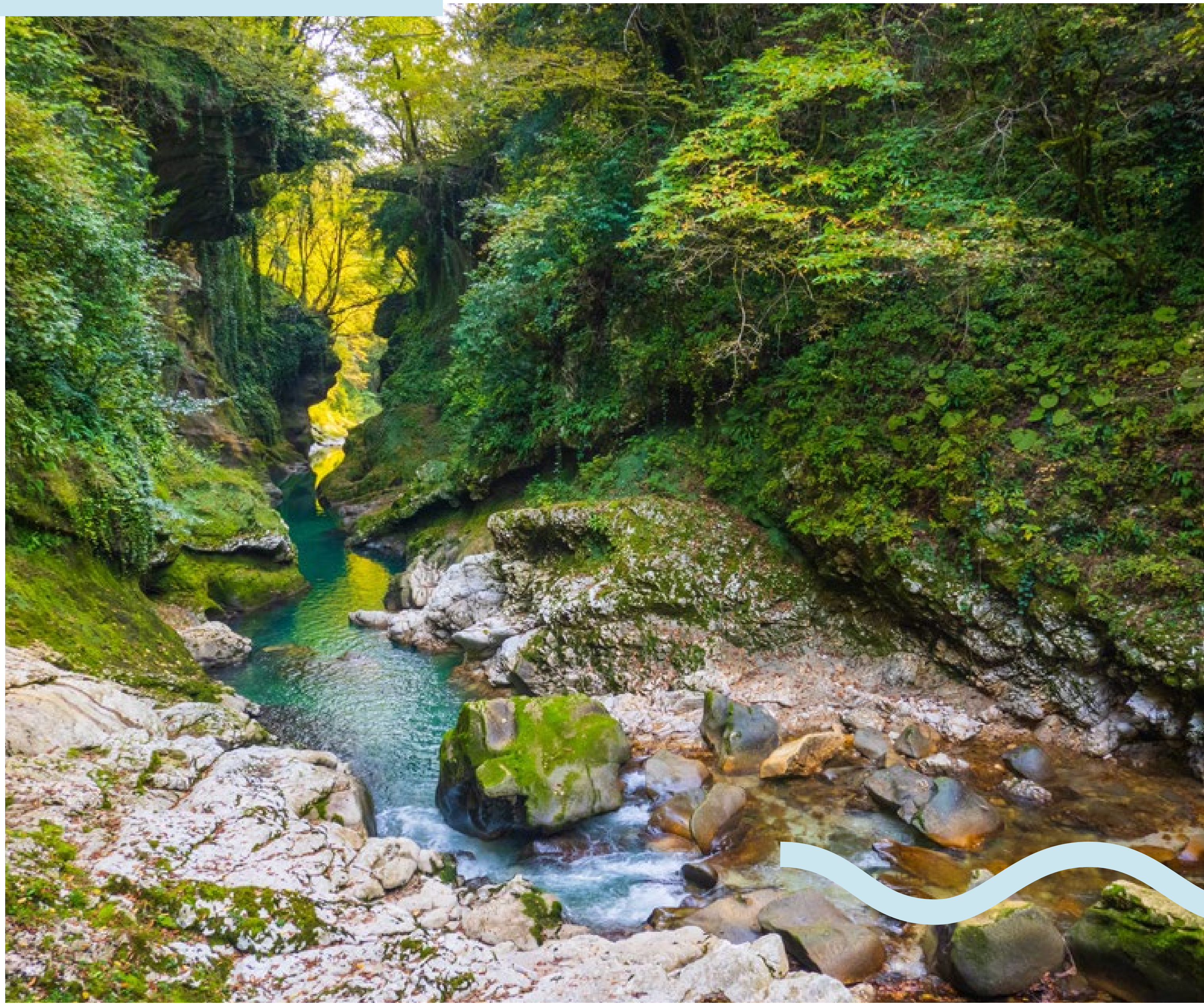
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young Audit, s.r.o.
License No. 401

Jiří Křepelka, Auditor
License No. 2163

3 April 2023
Prague, Czech Republic



MESSAGE FROM THE CEO

Ladies and gentlemen,

I proudly present to you the Annual Report of ENERGO-PRO Group for 2022. We achieved record financial results in the face of slowing global economy and extremely volatile energy markets. These headwinds were mainly caused by geopolitical tensions related to the war in Ukraine, elevated global inflation, and lingering effects of the COVID-19 pandemic. Despite all this we successfully refinanced our EUR 370m Eurobond due 12/22 with a new USD 435m (EUR 379m) Eurobond due 02/27 in February 2022, thereby extending our long-term funding platform. We would like to thank the international investor community for their confidence in our business. Our consolidated EBITDA for 2022 reached more than EUR 307.8 million, which is the best result in the history of ENERGO-PRO Group. All of our businesses contributed to this success, with our generation segment across all three of our operating geographies, and the distribution and supply segment in Georgia, recording particularly strong growth. Last but not least, we took several important steps to improve our sustainability strategy, policies and commitments.

OUR BUSINESS

Overall electricity generation volume increased thanks to improved hydrological conditions in Türkiye and Georgia which offset below-average hydrological conditions in Bulgaria. Average free-market electricity selling prices rose in EUR terms in all our operating geographies. Our generation business in Bulgaria showed particular strength caused by significantly higher average free-market electricity selling prices, with its EBITDA more than doubled compared to 2021. Our generation business in Georgia mostly benefited from the strength of Georgian Lari against the Euro.

The results of our distribution and supply segment also improved compared to 2021, with higher contribution of our Georgian business. Georgian distribution and supply business primarily benefited from appreciation of Georgian Lari against the Euro and, to a smaller extent, from lower costs of purchased electricity in local currency, and higher revenue from electricity distribution and new connections. Bulgarian distribution and supply business also performed well, especially considering the highly volatile pricing environment and its impact on working capital. The free-market supply business benefited from higher realized margins which were only partly offset by lower volumes of electricity sold to end customers while the regulated supply business redorded higher margins on broadly unchanged volumes of electricity sold to end customers.

We acquired project rights to develop two new hydropower projects in the Antioquia region of Colombia: Cuerquia, a run-of-the-river hydropower project on the San Andrés river and Hidroelectrica Sabanas, a run-of-the-river hydropower project on the Penderisco river. Generadora Chorreritas received all necessary permits and designs, and the construction stage started in the first quarter of 2023.

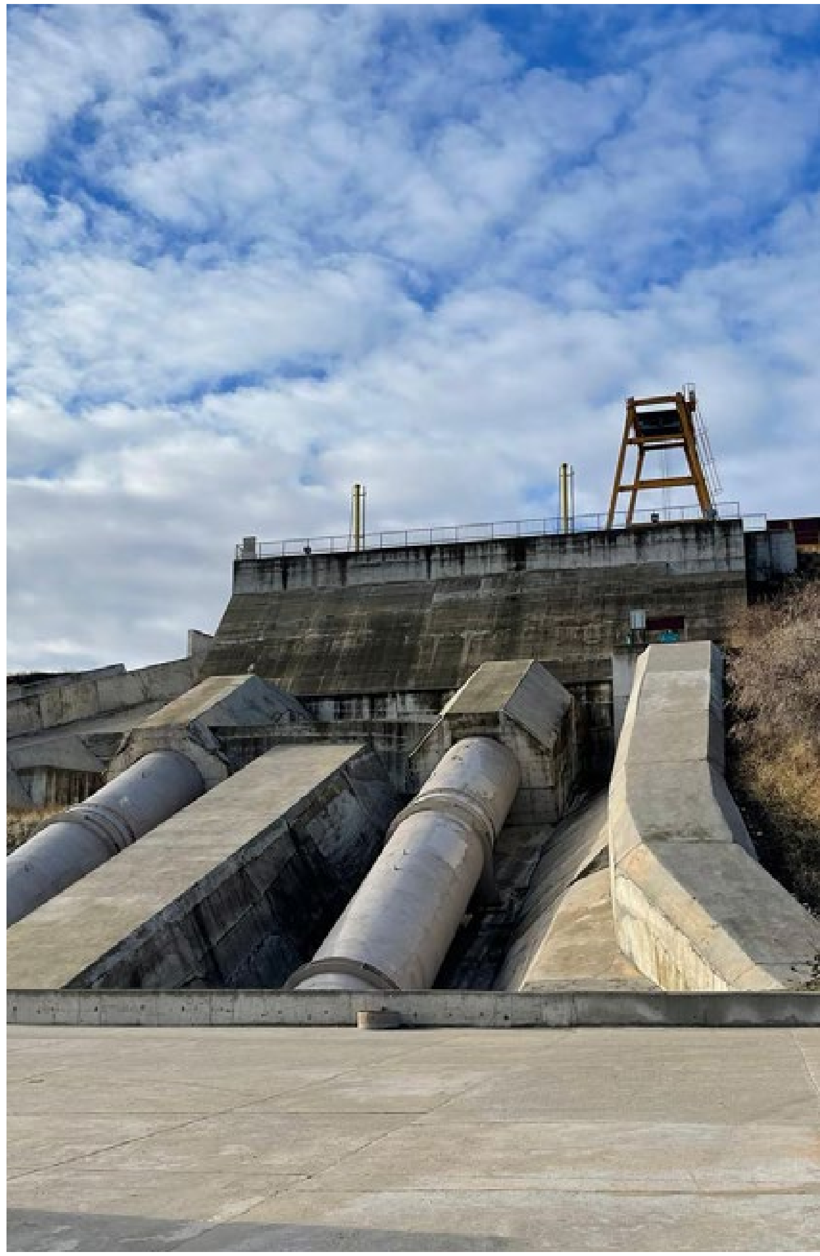
SUSTAINABILITY AND CLIMATE CHANGE INITIATIVES

Our activities in the area of sustainability continued throughout 2022. We published our first Sustainability report, which presented our approach to sustainability and Environmental, Social and Governance ("ESG") and described our efforts to transform into an even more sustainable and resilient business. We received an updated ESG rating from Sustainalytics of 24.9, which represented an improvement by 2.5, and were assessed to be at medium risk of experiencing material financial impacts from ESG factors. We established an internal committee responsible for driving the decarbonization plan. Our generation business is by its nature a low emitter, but some challenges remain in the distribution and supply segment in Bulgaria related to increasing the share of clean energy in this segment. Transitioning this segment to 100% clean energy is challenging due to local regulations but we will continue to look for innovative solutions in collaboration with partners and stakeholders. We understand that we will need to continue evolving our strategy to align with new requirements and emerging challenges so that we can grow our business and deliver green energy that improves people's lives.

CONCLUSION

Our expectations for the future are clearly defined. The resiliency of our business will continue to be tested in the future as conditions and outlook for the electricity sector remain highly dynamic and uncertain. However, we are confident that we will continue to deliver solid results for all our investors. We believe that in our business, growth and sustainability are not mutually exclusive. We are developing sustainable business models that contribute to growth whilst protecting biodiversity and ecosystems, communities, and our workforce and achieving net zero by 2050. In conclusion, I would like to thank our employees, partners and stakeholders for an excellent year.

PETR Z. MILEV
CEO AND MEMBER OF THE BOARD OF DIRECTORS
ENERGO - PRO a.s.



1. ENERGO-PRO GROUP AT A GLANCE

MISSION

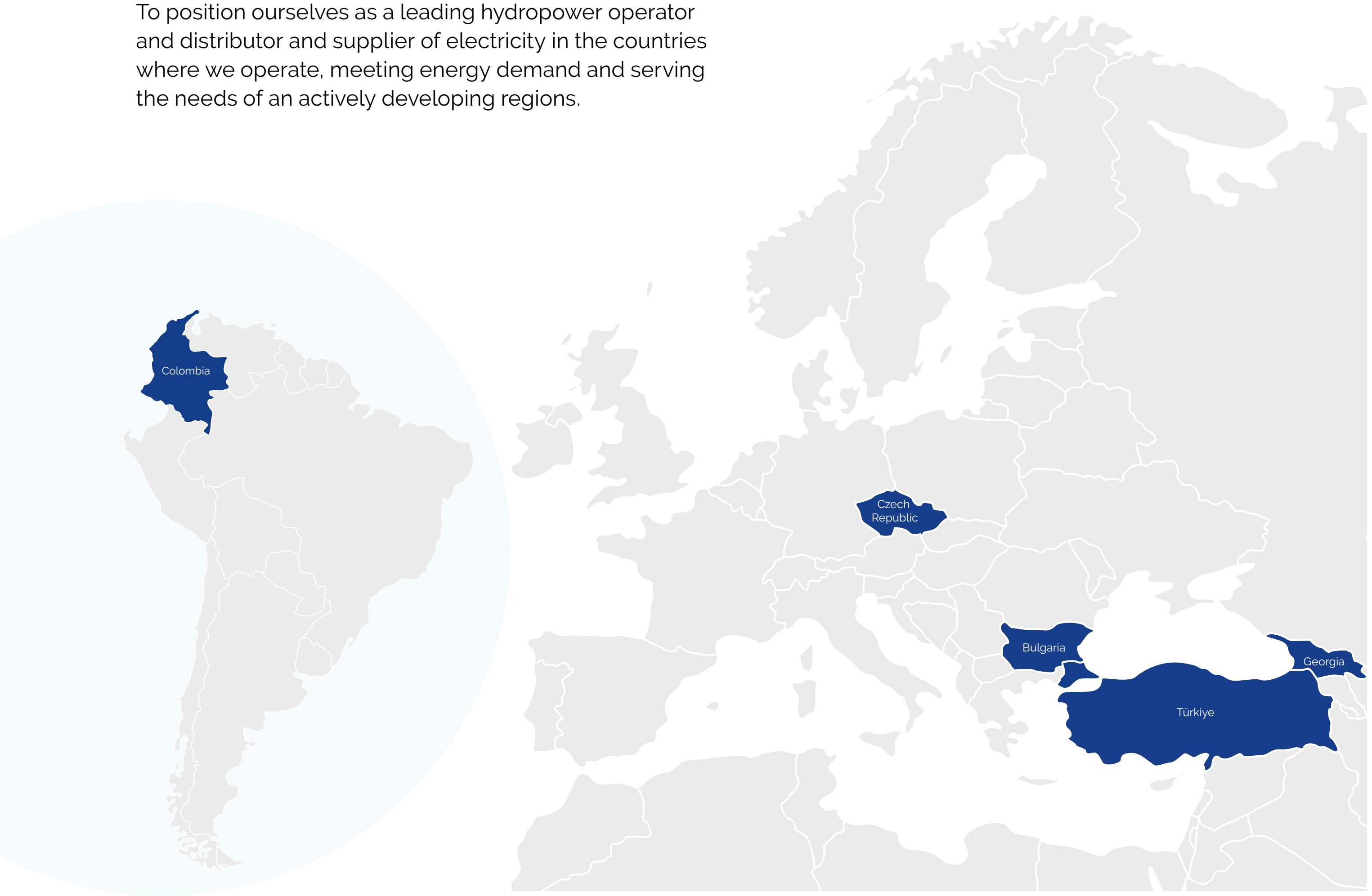
Working in Compliance with Nature

PRESENCE IN COUNTRIES

Czech Republic / Bulgaria / Georgia / Türkiye / Colombia

VISION

To position ourselves as a leading hydropower operator and distributor and supplier of electricity in the countries where we operate, meeting energy demand and serving the needs of an actively developing regions.



PROFILE

We focus on the ownership and operation of generation facilities and distribution grids in Black Sea region and development and construction of hydropower projects Colombia in South America. We follow a strategy of international expansion by building up our asset base and developing it over the long term.

We develop, own, operate, and manage hydroelectric power plants ("HPPs") and infrastructure networks for the distribution and supply of electricity. Our business is conducted in a responsible way in order to achieve a stable financial return balanced with long-term growth and the fulfilment of our commitments to the community and the environment.

CORE VALUES

INTEGRITY

Integrity is one of the key values in conducting our activities. We lead by taking a stand for what we believe is right and complying with the law, ENERGO-PRO's Code of Conduct and corporate policies and standards.

RESPECT

We respect each other and our partners and stakeholders and are aware that we work in a multicultural environment. We create an environment enabling all our staff to treat each other with respect.

TRANSPARENCY

We value transparency in all business undertakings, reporting and verbal communication.

ETHICS

We are committed to high ethical standards. We take responsibility and accountability for each of our individual actions and decisions and behave professionally during our daily activities, whether it is dealing with our business partners or working in a sustainable manner.

OPERATIONAL EXCELLENCE

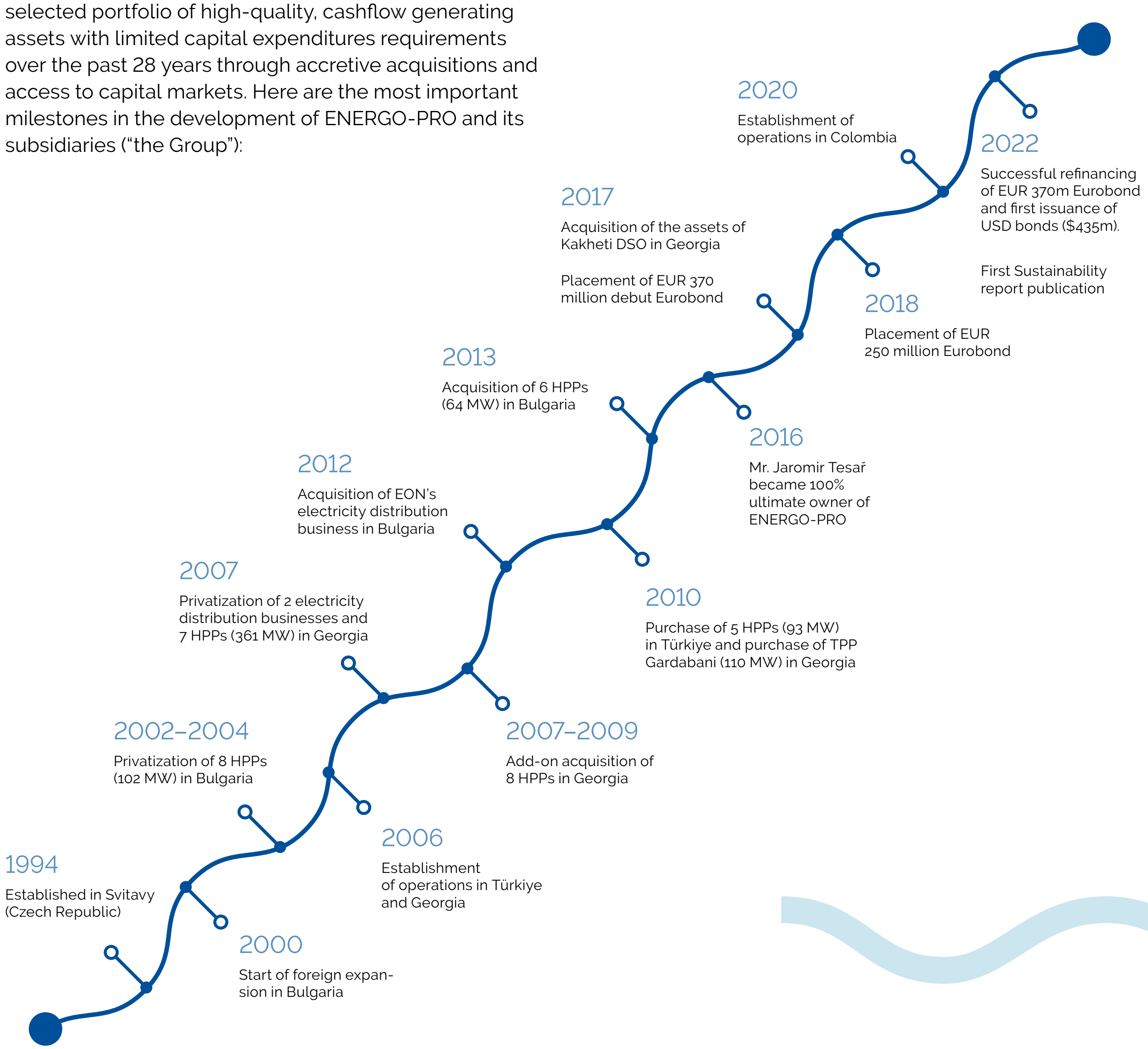
We strive to achieve operational excellence across our businesses, with particular focus on safety, efficiency and reliability across generation, distribution and supply activities in all our countries of operations.

FACTS AND FIGURES

- Established in 1994 in Svitavy, Czech Republic
- Main focus on the Black Sea region and Colombia
- The largest utility in Georgia and the largest privately-owned generator of electricity from hydropower in Bulgaria
- The total installed capacity of 859 MW (34 hydropower plants with an installed capacity of 749 MW and a gas turbine power plant with an installed capacity of 110 MW)
- Environmentally-friendly power generation over 2.6 TWh (98% of electricity generated from hydropower sources)
- Serving more than 2.5 million grid customers with 10.6 TWh of electricity distributed in Georgia and Bulgaria
- Over 9,000 employees
- Engaged in international power trading

HISTORICAL MILESTONES

ENERGO - PRO a.s. ("ENERGO-PRO") has built a carefully selected portfolio of high-quality, cashflow generating assets with limited capital expenditures requirements over the past 28 years through accretive acquisitions and access to capital markets. Here are the most important milestones in the development of ENERGO-PRO and its subsidiaries ("the Group"):



STRATEGIC PRIORITIES

ENERGO-PRO's strategy is focused on generating stable, predictable cash flows from electricity distribution and hydropower generation assets, as well as on selective expansion through development or acquisitions.

ENHANCING GENERATION AND DISTRIBUTION ASSETS	**Distribution & Supply ("D&S" segment)** Carrying out various rehabilitation and re-metering projects throughout ENERGO-PRO's coverage area • Reducing commercial grid losses • Improving the distribution network and quality of supply • Smart grid implementation **Hydro Generation ("Generation" segment)** Cost-effective rehabilitation and modernisation program • Increasing the efficiency of hydropower plants • Improving the reliability and safety of hydropower plants • Prolonging the service lifetime of hydropower plants
FURTHER INCREASING FINANCIAL STABILITY AND FLEXIBILITY	• Consistently aiming to improve profitability by remaining focused on cost reduction while benefiting from the revenue-stabilising effects of regulated tariffs • Geographical and segment diversification, ability to tightly control and adjust discretionary capital expenditures, and a simple capital structure • More flexibility in raising capital and deploying funds to strategic projects
GROWTH THROUGH SELECTIVE ACQUISITIONS AND DEVELOPMENT	• Development-based growth in markets with characteristics favourable for the hydropower sector, as well as adding additional renewable power generation capacity to certain existing assets to optimise operations • Leveraging operational expertise and knowledge of the markets in which the Group currently operates • Diligent and disciplined approach to acquisitions with regards to the strategic fit, purchase price, and opportunities to achieve synergies • Integration of sustainability and ESG into the selection process and ESG due diligence
INTEGRATING ESG ASPECTS INTO THE GROUP'S DAY-TO-DAY OPERATIONS	• The Group aims to further increase its commitment to sustainable development, the protection of the environment, and the well-being of the communities living in the areas of influence of the Group's investments • The focus will be on introduction of external reporting, becoming carbon-neutral by 2050, and establishing and implementing a Decarbonisation Plan • Supporting the Ten Principles of the United Nations Global Compact, committing to advancing the Sustainable Development Goals and reporting to the UN Global Compact through the UN Communication on Progress

2. KEY SUSTAINABILITY HIGHLIGHTS

THREE PILLARS OF ENERGO-PRO

I. PILLAR **CLIMATE CHANGE**	II. PILLAR **ENVIRONMENT AND BIODIVERSITY**	III. PILLAR **SOCIAL**
Reducing our GHG emissions to achieve net zero emissions by 2050 by focussing on reducing our grid losses, removing unsustainable energy generation from our portfolio, increasing investments in clean energy, engaging with partners to increase clean energy of the grid networks, and investing in innovative solutions.	Reducing nature loss by protecting, maintaining and enhancing biodiversity, protecting and reducing dependency on natural resources, rehabilitating our sites, compensation for biodiversity and ecosystems losses, and minimizing impacts on nature during the planning phase of our projects.	Increasing our human and social capital by making health and safety a priority and investing in our employees and communities.

ENERGO-PRO marked a turning point in 2022; concrete actions were developed to align with our sustainability strategy, policies and commitments[2]. We updated and rolled out a number of policies to align with stakeholder expectations and Good International Industry Practice ("GIIP") and we developed new standards. In 2022, ENERGO-PRO took an important step towards transparency and value creation by publicly disclosing our Environmental, Social and Governance ("ESG") and Sustainability performance. Some highlights from 2022 are presented in the articles from below.

SUSTAINABILITY REPORTING

ENERGO-PRO published and disclosed its first Sustainability report[1]. ENERGO-PRO prepared the report is accordance with the Global Reporting Initiative ("GRI") Standards and applying the GRI's reporting principles, undertaking a materiality assessment and presenting the UN's Sustainable Development Goals ("SDGs") material to the Group. In addition, internal processes were established to harmonize and report on monthly key ESG indicators and communicate results at the Group and business unit[3] levels and improved our environmental monthly monitoring in all our business units.

[1] http://www.energo-pro.com/files/policies/sustainability-report-2021.pdf

[2] All ENERGO-PRO's policies are available on http://www.energo-pro.com/en/policies.

[3] Business units – all companies forming ENERGO-PRO Group (Chapter 5).

[4] Sustainalytics, a Morningstar Company, provides high-quality, analytical environmental, social and governance research, ratings and data to institutional investors and companies on a global level.

ENERGO-PRO's ESG RATING

In December 2022, ENERGO-PRO Group received an ESG Risk Rating of 24.9 from Sustainalytics GmbH[4], an improvement of 2.5 from the previous rating and was assessed to be at Medium risk of experiencing material financial impacts from ESG factors (the "ESG Rating"). The ESG Rating[5] puts ENERGO-PRO in the top 24^{th} percentile among all utilities as it ranked 168^{th} out of 708 utilities and in the top 17^{th} percentile among electric utilities as it ranked 48^{th} out of 300 electric utilities.

CLIMATE CHANGE

During the year a big part of our Climate Change work consisted of understanding our greenhouse gas ("GHG") emissions, establishing reduction targets and preparing a decarbonization framework. The exercise showed that ENERGO-PRO is a low emitter, in particular in the generation business. A corporate Climate Change Task Force (an internal Group committee) was created responsible for driving the decarbonization plan and implementing technical solutions.

MEMBERSHIPS

We joined a number of associations and through this we aim to establish partnerships and also demonstrate our commitment to ESG and sustainability continuous performance. In May, we joined the International Hydropower Association[6] ("IHA") and made a commitment to follow the IHA principles and values, we also made a commitment to support the Task Force on Climate-Related Financial Disclosures[7] ("TCFD") and its recommendations and the Task Force on Nature-Related Financial Disclosures[8] ("TNFD").

STAKEHOLDER ENGAGEMENT

Investment in community development is one of the main pillars in our strategic priorities related to sustainability, we prepared a stakeholder engagement standard and a grievance standard to support our engagement with communities. Community investment plans are underway in Colombia and expected to start during the feasibility phase. In Bulgaria, Georgia and Türkiye stakeholder engagement is part of our global in-country strategy aimed at benefitting a wider audience.

We are proud to create a strong brand by building a resilient corporate culture and employee engagement across ENERGO-PRO's operations.

[5] The ESG Rating is available on: https://www.sustainalytics.com/esg-rating/energo-pro as/1035726453

http://www.energo-pro.com/files/2022-12-22_10-39-42_epas_-_sustainalytics_esg_risk_rating_summary_report_(221222).pdf

[6] https://www.hydropower.org/

[7] https://www.fsb-tcfd.org/

[8] https://tnfd.global/

3. FINANCIAL AND OPERATIONAL HIGHLIGHTS ENERGO-PRO GROUP

Financial data are based on the audited Consolidated Financial Statements prepared in accordance with IFRS as adopted by the European Union. All figures, unless otherwise stated, are in EUR thousand as of 31 December of each year and for the year then ended.

HIGHLIGHTS

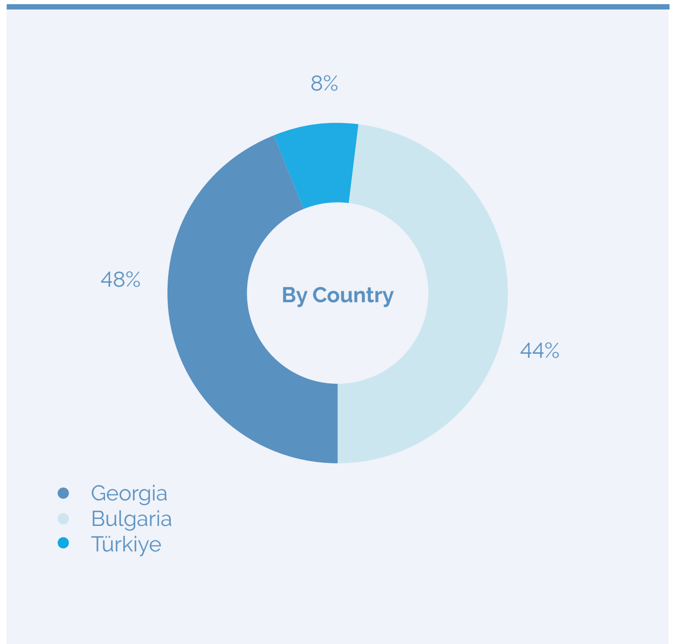
(EUR'000)	2020	2021	2022
Total Revenues	758,351	1,071,591	1,720,916
EBITDA	108,158	206,701	307,821
Income before tax	2,568	105,401	193,477
Income tax expense	(1,976)	(3,237)	(6,999)
Net Income	592	102,164	186,478
Total Assets	1,094,206	1,257,127	1,517,165
Property, Plant and Equipment	422,378	468,116	595,591
Cash & Cash Equivalents	17,677	34,216	80,554
Total Debt	662,727	673,117	683,499
Total Equity	265,107	403,734	653,037
Capital Expenditures	45,978	70,111	96,310
Total net generation of electricity (GWh)*	2,231	2,451	2,576
of which Renewable net generation of electricity (%)	97%	99%	98%
Distributed volume (GWh)	10,053	10,412	10,628
Supplied volume (GWh)	10,626	11,219	10,472
Wheeling volume (GWh)**	10,910	11,301	11,568
Grid Losses (GWh) ***	857	889	941
of which Bulgaria (GWh)	387	358	371
of which Georgia (GWh)	470	531	570
Grid losses (%)***	7.9%	7.9%	8.1%
of which Bulgaria (%)	6.6%	5.9%	6.3%
of which Georgia (%)	9.4%	10.2%	10.0%
Number of connection points ('000)	2,490	2,514	2,551
Number of employees	9,102	9,152	9,204

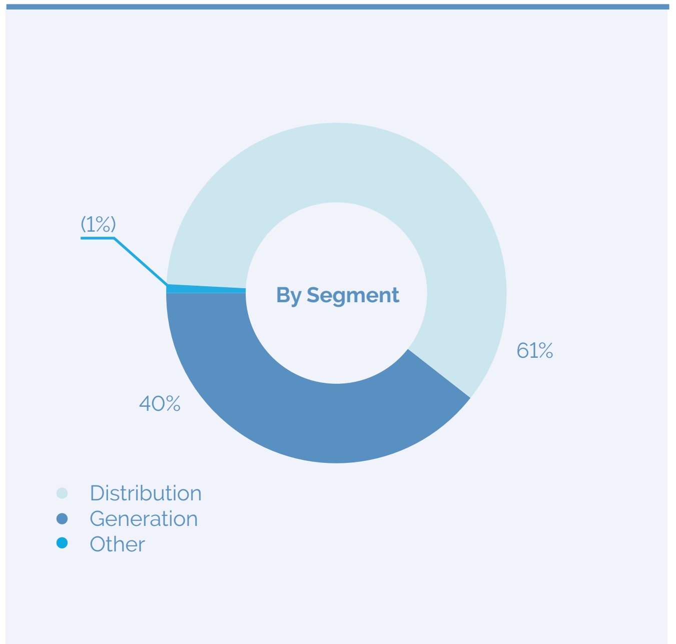
* Includes hydropower plant generation and generation of gPower thermal power plant ("TPP")
** Total grid conduct volume + Grid losses
*** The volume difference between purchased electricity and sold electricity, as well as own consumption

GROUP EBITDA DEVELOPMENT

The Group's EBITDA for 2022 amounted to EUR 307.8 million, a significant increase of EUR 101.1 million compared to 2021 was mainly due to higher electricity merchant prices and improved hydrology, mainly in Bulgaria and Türkiye and solid performance in the D&S segment (especially in Georgia).

GROUP EBITDA SPLIT[9] (2022)





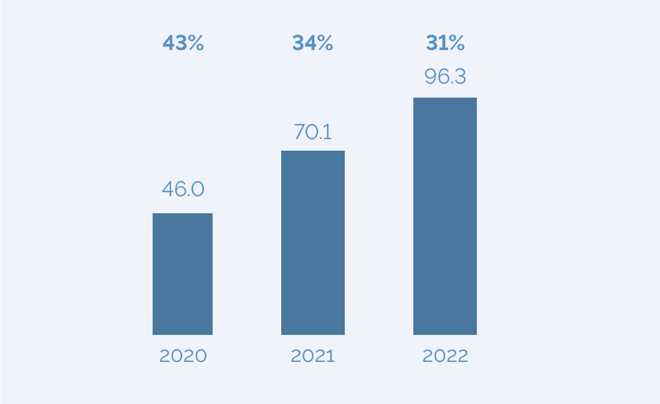
[9] EBITDA breakdown By Country shows only generation segment in Bulgaria, Georgia and Türkiye and D&S segment in Bulgaria and Georgia.

INVESTMENTS

The majority of the Group's capital expenditures or "CAPEX" is related to its distribution business, specifically network upgrades and new connection construction, in both Bulgaria and Georgia. The Group's hydropower plants are very long-life assets with relatively low on-going maintenance expenditures and larger, periodic rehabilitation projects at long time intervals. This provides the Group with flexibility to adjust its capital expenditure schedule in time. In the future, the Group expects to continue investing in the modernisation of its distribution networks in order to further reduce grid losses, improve the quality of the networks as well as customer satisfaction, and also in the general rehabilitation of its hydropower portfolio.

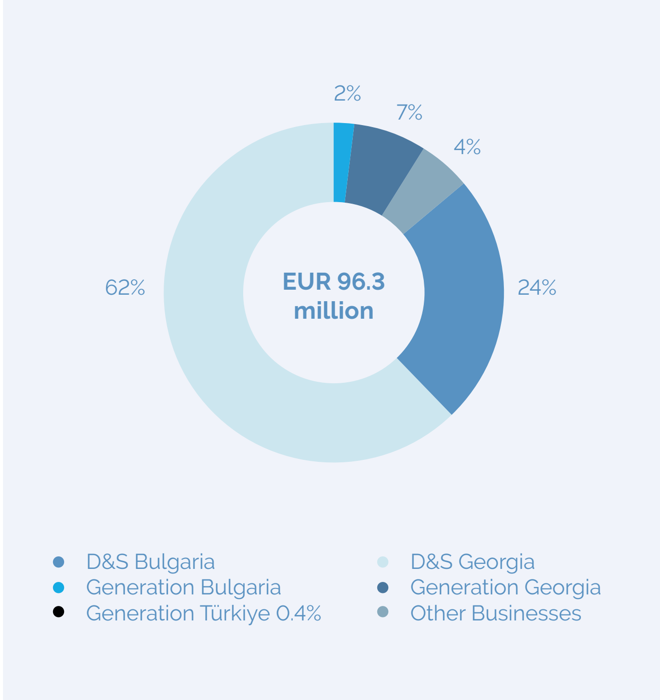
The Group's capital expenditures for 2022 amounted to EUR 96.3 million, increased by EUR 26.2 million compared to 2021. Capital expenditures mainly increased due to higher new connection and network improvements in Georgia (such as rehabilitation of low, medium and high voltage transmission lines and rehabilitation of substations).

CAPEX DEVELOPMENT (IN EUR MILLION), CAPEX TO EBITDA (IN %)

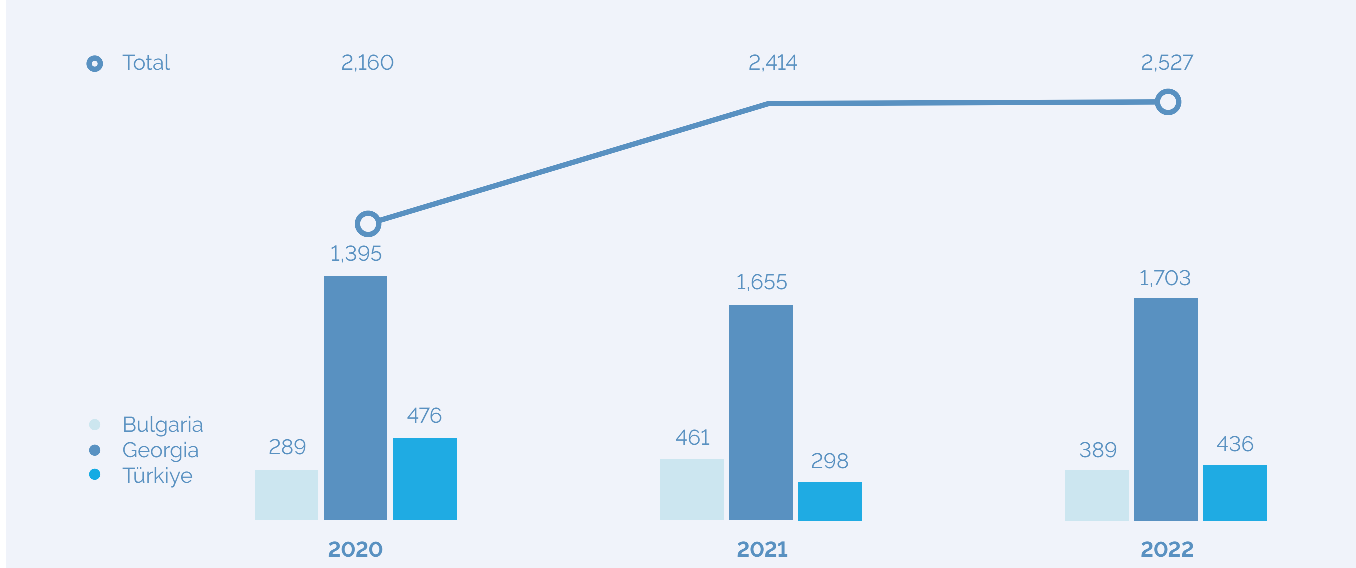


ENERGO-PRO has a well-invested asset base and an efficient deployment of investment programme, underpinned by the long-life cycle of its hydropower plants.

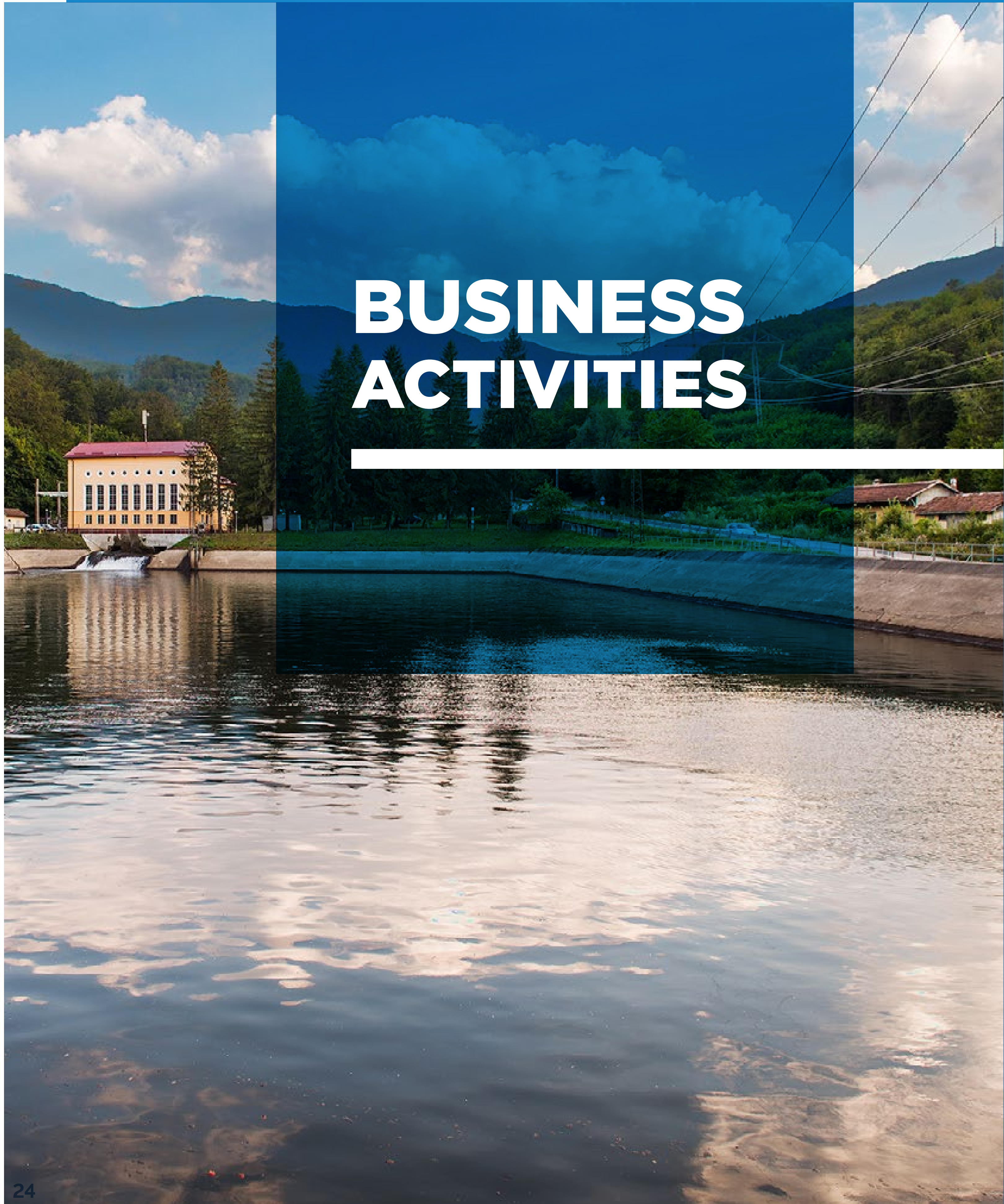
CAPEX SEGMENTATION 2022



ANNUAL HYDROPOWER GENERATION (GWh)



Geographic diversification of the generation portfolio reduces ENERGO-PRO's hydrology-driven volatility.



BUSINESS ACTIVITIES

4

4.1 ENERGO-PRO IN BULGARIA

ENERGO-PRO VARNA EAD

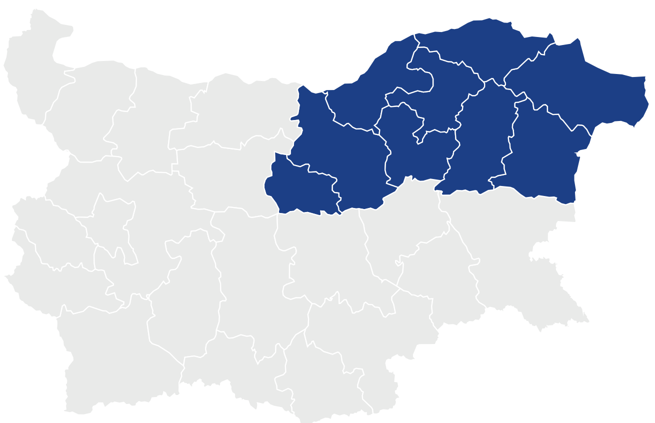
DISTRIBUTION & SUPPLY SEGMENT

ENERGO-PRO Varna EAD ("EP Varna") has been part of the ENERGO-PRO since June 2012. The business of the company is focused on distribution and supply of electricity. EP Varna operates through its subsidiary com-panies, holding licenses for the fo-llowing activities in the energy sector:

- Distribution of electricity – **Electrodistribution North AD** (regulated market)
- Electricity supply – **ENERGO-PRO Sales AD** (regulated market)
- Electricity supply – **ENERGO-PRO Energy Services EAD** (free market)

The licenced territory of Electrodistribution North AD ("EDC North") and ENERGO-PRO Sales AD ("EP Sales") is nearly 30,000 square kilometres and covers nine administrative regions in North-eastern Bulgaria - Varna, Veliko Tarnovo, Gabrovo, Dobrich, Razgrad, Ruse, Silistra, Targovishte and Shumen. EDC North's principal business activities are the operation of the electricity distribution grid (middle and low voltage) and distribution of electricity. The total length of the distribution network is 43,707 km, with 5.5 TWh of distributed electricity in 2022. EP Sales supplies electricity to more than one million customers and provides related services. ENERGO-PRO Energy Services EAD ("EP Energy Services") sells electricity to customers across Bulgaria at freely negotiated prices and is one of the leading suppliers and wholesale traders on the liberalised market. The company has long-standing experience and was among the first traders registered on the Bulgarian electricity market. The company also acts as the business coordinator for the standard balancing group.

EP VARNA – DISTRIBUTION NETWORK COVERAGE



Distributed volume: 5.5 TWh
Area covered: 30,000 sq km
Network length: 43,707 km

- Distribution network coverage

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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HIGHLIGHTS

(EUR'000)	2020	2021	2022
Total Revenues	451,658	736,588	1,249,242
EBITDA	63,636	79,431	75,808
Income before tax	41,873	58,684	53,164
Income tax expense	(3,987)	(5,633)	(5,261)
Net Income	37,886	53,051	47,903
Total Assets	323,333	410,784	386,900
Total Equity	222,652	262,534	281,509
Capital Expenditures	15,347	20,386	23,588
Distributed volume (GWh)*	5,515	5,739	5,497
Supplied volume (GWh)**	6,584	7,350	6,654
Wheeling volume (GWh)*	5,902	6,097	5,868
Grid Losses (GWh)*	387	358	371
Grid Losses (%)*	6.6%	5.9%	6.3%
Number of connection points ('000)*	1,232	1,233	1,240
Number of employees	2,406	2,411	2,467

*EDC North
**EP Sales AD + EP Energy Services

BUSINESS OVERVIEW & KEY FIGURES

In 2022, EP Varna distributed 5.5 TWh of electricity and supply volume reached 6.7 TWh. EBITDA amounted to EUR 75.8 million thus slightly declined compared to prior year, as the positive impact of (i) significantly higher realized margins which were only partly offset by lower volumes of electricity sold to end customers on the free market and, to a smaller extent, (ii) higher realized margins (due to a positive Energy and Water Regulatory Commission's price decision as of 1 July 2022) on broadly unchanged volumes of electricity sold to end customers on the regulated market, these being more than offset by (iii) a one-off loss on the close-out of its electricity forward sales position in the second quarter of 2022.

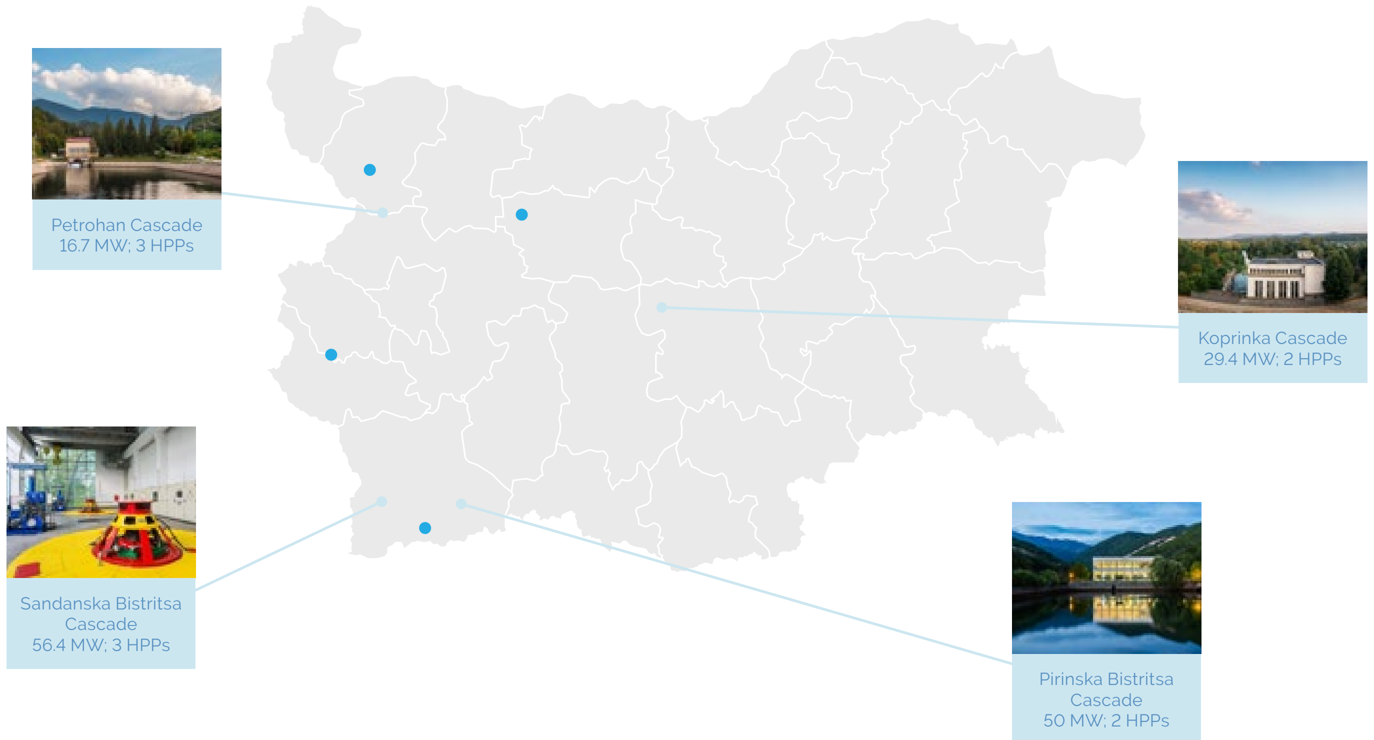
ENERGO-PRO BULGARIA EAD

GENERATION SEGMENT

ENERGO-PRO Bulgaria EAD ("EP Bulgaria") is the largest privately-owned generator of electricity from hydropower in Bulgaria in terms of total installed capacity of 166.2 MW. EP Bulgaria was established in 2000, and currently owns and operates 14 hydropower plants. Ten of these plants are united in four cascades - Sandanska Bistritsa Cascade, Pirinska Bistritsa Cascade, Koprinka Cascade and Petrohan Cascade.

The priority of EP Bulgaria is to increase power generation levels and to improve the reliability of its hydropower plants through cost-effective investments in rehabilitation and modernisation. The company has already achieved stable growth in production rates through technical operation excellence, optimisation of workflow and minimisation of unprocessed water losses. The company is a pioneer participant in the free electricity trade and has established itself as a reliable and flexible source of electricity in the region.

EP BULGARIA'S HYDROPOWER PLANT PORTFOLIO



- Stand-alone HPPs (Ogosta 5.0 MW, Karlukovo 2.4 MW, Samoranovo 2.9 MW, Katuntsi 3.5 MW)

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial data are based on the audited Consolidated Financial Statements prepared in accordance with IFRS as adopted by the European Union. All figures, unless otherwise stated, are in EUR thousand as of 31 December of each year and for the year then ended.

HIGHLIGHTS

(EUR'000)	2020	2021	2022
Revenues	16,675	46,603	103,261
EBITDA	10,150	26,130	65,271
Income before tax	6,912	22,895	62,002
Income tax expense	116	(2,346)	(6,269)
Net Income	7,028	20,549	55,733
Total Assets	74,867	83,944	81,594
Total Equity	71,491	76,854	73,026
Capital Expenditures	1,311	1,625	2,136
HPP Generation of electricity (GWh)	289	461	389
Number of employees	128	127	118

BUSINESS OVERVIEW & KEY FIGURES

In 2022, EP Bulgaria generated 389 GWh of electricity, a decrease of 72 GWh compared to 2021 due to adverse hydrological conditions. EBITDA amounted EUR 65.3 million, an increase of almost EUR 39.1 million compared to 2021. This strong growth was caused by significant increase of the merchant prices in 2022, especially during third quarter.

In June 2022, EP Bulgaria terminated its agreement with Electricity System Security Fund ("ESSF") and its HPPs are no longer eligible for Feed-in Premiums tariffs (was in place until 2024 for all hydropower plants below 10 MW, except for Karlukovo HPP – until 2025) thus its all generation of electricity is solely sold on the free market.

4.2 ENERGO-PRO IN GEORGIA
ENERGO-PRO GEORGIA HOLDING JSC

DISTRIBUTION & SUPPLY SEGMENT

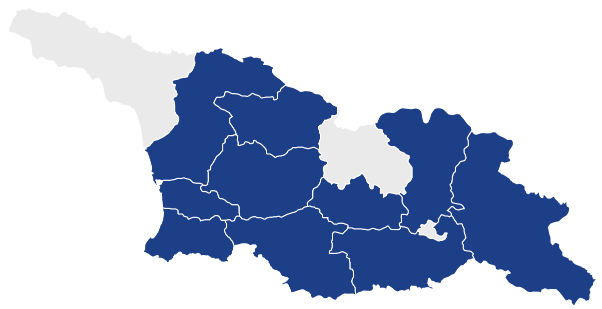
ENERGO-PRO Georgia Holding JSC ("EPG Holding") was established in April 2021 to become a holding company for the ENERGO-PRO's Georgian energy assets in response to legislative and regulatory requirements in Georgia. EPG Holding's principal business activity is a provision of management and shared services. EPG Holding controls and owns interests in the following companies[10]:

- Distribution of electricity – **ENERGO-PRO Georgia JSC** (regulated market)
- Electricity supply – **EP Georgia Supply JSC** (regulated market)
- Generation of electricity - **EP Georgia Generation JSC** and its subsidiary **gPower LLC** (regulated/ free market)

ENERGO-PRO Georgia JSC ("EP Georgia") was established in 2006 and is the largest energy distribution company in Georgia in terms of the number of customers served and its sales and services territory. EP Georgia operates and maintains an electricity distribution network in Georgia with total length of 59,479 km. The licensed area covers approximately 85 per cent of Georgia's territory, which includes the whole country except for the capital Tbilisi and regions not controlled by the Government of Georgia. EP Georgia provided power to more than one million customers and distributed over 5.1 TWh of electricity in 2022. The company has made substantial investments in the modernisation and maintenance of its assets, such as continuous electricity grid rehabilitation and individual re-metering projects through its coverage area.

EP Georgia Supply JSC ("EPG Supply") was established in May 2021 to carry out supply activities as a result of the legal unbundling of distribution and supply activities of EP Georgia. EPG Supply provides electricity to regulated customers within the territory of EP Georgia network and is also nominated as "supplier of last resort"[11].

EP GEORGIA – DISTRIBUTION NETWORK COVERAGE



Distributed volume: 5.1 TWh
Area covered: 58,847 sq km
Network length: 59,479 km

- Distribution network coverage

[10] Detailed shareholder structure of EPG Holding is presented in the Organisational structure in Chapter 5 and in Note 1 of ENERGO – PRO a.s. IFRS Consolidated Financial Statements for the year ended 31 December 2022.

[11] EPG Supply is nominated as "supplier of last resort" until 1 January 2025 which obliges EPG Supply to provide electricity to those customers who either (i) do not have an electricity supplier or (ii) were purchasing electricity on the free market but their electricity provider has subsequently left the free market.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial data are based on the audited Consolidated Financial Statements prepared in accordance with IFRS. All figures, unless otherwise stated, are in EUR thousand as of 31 December of each year and for the year then ended.

HIGHLIGHTS

(EUR'000)	2020*	2021**	2022**
Revenues	191,150	302,190	449,838
EBITDA	2,513	80,174	121,053
Income before tax	(21,616)	63,092	97,874
Income tax expense	–	–	–
Net Income	(21,616)	63,092	97,874
Total Assets	190,586	277,971	415,088
Total Equity	98,446	184,629	328,735
Capital Expenditures	16,745	32,408	60,144
Distributed volume (GWh)	4,538	4,674	5,131
Supplied volume (GWh)	4,042	3,869	3,818
Wheeling volume (GWh)	5,008	5,205	5,700
Grid losses (GWh)	470	531	570
Grid losses (%)	9.4%	10.2%	10.0%
Number of connection points ('000)	1,258	1,281	1,311
Number of employees	5,578	5,611	5,599

*Data for the year 2020 include EP Georgia and gPower LLC
**From 2021, data include EP Georgia, EPG Supply and EPG Holding (related to legislative changes from 2021)

BUSINESS OVERVIEW & KEY FIGURES

In 2022, EP Georgia distributed 5.1 TWh of electricity and supply volume reached 3.8 TWh. EBITDA amounted to EUR 121.1 million, increasing by EUR 40.9 million compared to 2021, mainly as a result of (i) appreciation of Georgian Lari ("GEL") against Euro and, to a smaller extent, (ii) lower costs of purchased electricity in GEL terms thanks to a more favourable purchased electricity mix, and (iii) higher revenue from electricity distribution (thanks to positive price as well as volume effects) and new connections.

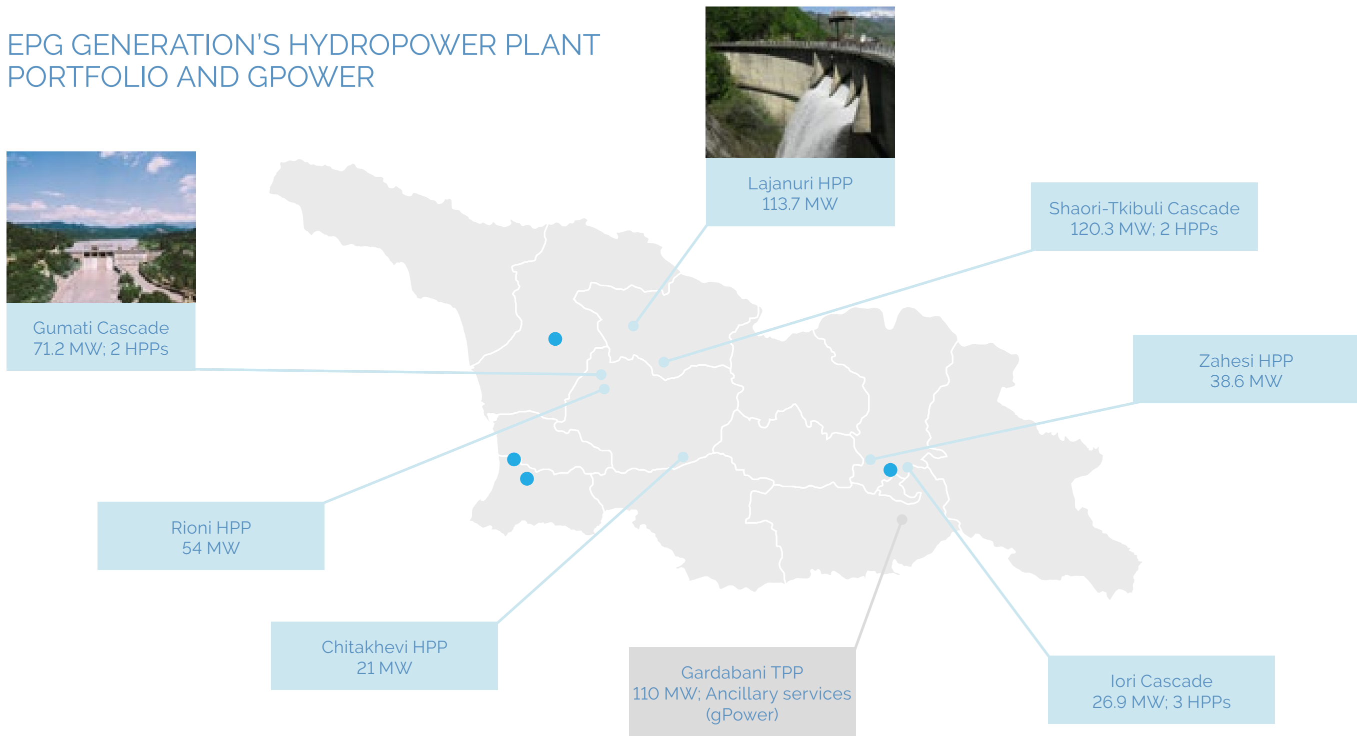
EP GEORGIA GENERATION JSC

GENERATION SEGMENT

EP Georgia Generation JSC ("EPG Generation") was incorporated in 2016 after the reorganisation of EP Georgia's assets in response to the legal unbundling of the Georgian energy market (legal separation of distribution and generation activities). EPG Generation's principal activity is the generation of electricity from its portfolio of 15 hydropower plants with a total installed capacity of 489 MW.

Starting from April 2021, the company also holds gPower LLC ("gPower"), which owns and operates the Gardabani gas turbine power plant (previously a subsidiary of EP Georgia) with an installed capacity of 110 MW. gPower provides guaranteed reserve capacity to ensure stability, security and reliability of Georgia's unified electricity system.

EPG GENERATION'S HYDROPOWER PLANT PORTFOLIO AND GPOWER



- HPPs with installed capacity below 20 MW
(Ortachala 18 MW; Atsi 18.4 MW; Chkhorotsku 6.0 MW; Kinkisha 0.9 MW)

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial data are based on the audited Consolidated Financial Statements prepared in accordance with IFRS as adopted by the European Union. All figures, unless otherwise stated, are in EUR thousand as of 31 December of each year and for the year then ended.

HIGHLIGHTS

(EUR'000)	2020	2021*	2022
Revenues	22,356	31,607	48,264
EBITDA	13,720	24,066	31,250
Income before tax	7,267	23,568	28,806
Income tax expense	-	–	–
Net Income	7,267	23,568	28,806
Total Assets	92,534	136,575	180,188
Total Equity	73,175	109,672	160,733
Capital Expenditures	7,310	12,541	6,389
HPP Generation of electricity (GWh)	1,395	1,655	1,703
TPP Generation of electricity (GWh)	70	36	49
Number of employees	462	483	470

* Data for EPG Generation and gPower (gPower included from 2021)

BUSINESS OVERVIEW & KEY FIGURES

In 2022, EPG Generation produced 1,752 GWh (gPower included) of electricity which was an increase of 60 GWh compared to 2021. EBITDA amounted to EUR 31.3 million which represented an increase of almost EUR 7.2 million compared to 2021. This improvement was a combination of (i) appreciation of Georgian Lari against Euro, and (ii) Rioni HPP being released from public service obligations and selling its generated electricity for free market prices (which are materially higher than regulated prices) since 1 May 2022, partly offset by (iii) lower free market electricity selling prices in GEL terms.

EPG Generation's remaining regulated hydropower plant portfolio (264.9 MW of the installed capacity) will be gradually liberalised according to the agreed schedule by 2027:

Hydropower plant	Installed capacity (MW)	Date of deregulation
Gumati Cascade	71.2	May 2024
Dzevrula HPP (part of Shaori-Tkibuli Cascade)	80	May 2026
Lajanuri HPP	113.7	January 2027

4.3 ENERGO-PRO IN TÜRKIYE

RESADIYE HAMZALI ELEKTRIK ÜRETIM ŞANAYI VE TICARET A.Ş.

GENERATION SEGMENT

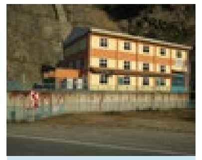
Reşadiye Hamzali Elektrik Üretim Şanayi Ve Ticaret A.Ş. ("Resadiye Hamzali") was founded in 2010 and is headquartered in Ankara. Resadiye Hamzali is focused on the operation of five hydropower plants and selling electricity on the Turkish electricity market. Its total installed capacity is 93.4 MW.

Three of Resadiye Hamzali's hydropower plants are united in the Reşadiye cascade with an aggregate installed capacity of 64.3 MW. Hamzali hydropower plant (16.7 MW) is located in Kalecik, a district of the city of Kırıkkale, using the water resources of the Kızılırmak River. Aralik hydropower plant (12.4 MW) is located in Borcka, a district of the city Artvin, near the Aralik creek.

RESADIYE HAMZALI'S HYDROPOWER PLANT PORTFOLIO

Hamzali HPP
16.7 MW

Resadiye Cascade
64.3 MW; 3 HPPs



Aralik HPP
12.4 MW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial data is based on the audited Consolidated Financial Statements prepared in accordance with IFRS. All figures, unless otherwise stated, are in EUR thousand as of 31 December of each year and for the year then ended.

HIGHLIGHTS

(EUR'000)	2020	2021	2022
Revenues	35,254	14,674	36,821
EBITDA	26,151	9,138	30,266
Income before tax	(6,816)	(37,483)	31,683
Income tax expense	1,743	5,395	3,757
Net Income	(5,073)	(32,088)	35,440
Total Assets	63,205	41,266	55,332
Total Equity	(23,682)	(37,348)	(4,628)
Capital Expenditures	79	79	344
HPP Generation of electricity (GWh)	476	298	436
Number of employees	99	87	86

BUSINESS OVERVIEW & KEY FIGURES

In 2022, Resadiye Hamzali generated 436 GWh of electricity, an increase of 138 GWh compared to 2021. EBITDA amounted to EUR 30.3 million, an increase of EUR 21.1 million compared to 2021 as a result of: (i) significantly higher electricity prices on the free market, and (ii) higher generation volumes caused by improved hydrological conditions. Since 2021, Resadiye Hamzali sells all its generated electricity solely on the free market.

ENERGO-PRO GROUP

4.4 OTHER BUSINESSES

OPPA JSC GROUP ("OPPA")

OPPA has been part of ENERGO-PRO Group since 2014. OPPA provides fast payments and related financial services to companies and individuals in Georgia. Such services include maintenance of pay boxes, pay lines, the connection of Windows and Java platform terminals and other related services. OPPA is the market leader in Georgia, with a 49% market share.

ENERGO-PRO GÜNEY ELEKTRIK TOPTAN SATIŞ ITHALAT IHRACAT VE TICARET A.Ş. ("EP TOPTAN")

For more than 10 years, EP Toptan has been engaged in cross-border electricity trading and supply of electricity to wholesale customers in the energy market of Türkiye. The cross-border trade involves mainly Bulgaria and Georgia due to the geographic focus of ENERGO-PRO Group.

ENERGO PRO İNŞAAT ŞANAYİ VE TİCARET A.Ş. ("EP INSAAT")

EP Insaat was established in 2017 to provide project management and civil construction works primarily in relation to its affiliated Alpaslan II and Karakurt hydropower plants with dams. In 2021, EP Insaat's works in relation to these hydropower plants were completed. In 2022, EP Insaat was a dormant company.

ENERGO PRO TURKEY HOLDING A. Ş. ("EP TURKEY HOLDING")

EP Turkey Holding was established in September 2021 to provide management and shared services (such as human resources, accounting, finance, controlling, legal and project management) to the ENERGO-PRO Group's companies in Türkiye. In 2022, EP Turkey Holding became a 100% holder of EP Toptan's and Resadiye-Hamzali's shares.

ENERGO-PRO COLOMBIA S.A.S. GROUP ("EP COLOMBIA")

EP Colombia was established in 2019 and since 2020 forms a part of ENERGO-PRO Group[12]. Its main activities are identification and development of new hydropower projects in the country. EP Colombia is the parent company of the following companies:

(i) Generadora Chorreritas S.A.S. E.S.P., which is engaged in a development of greenfield run-of-river hydropower project located on San Andrés river (municipality of San Andrés, region of Antioquia).

(ii) Hidroelectrica Sabanas S.A.S., which is engaged in the development of run-of-the-river hydropower project on Penderisco river in Colombia (municipality of Urrao, region of Antioquia).

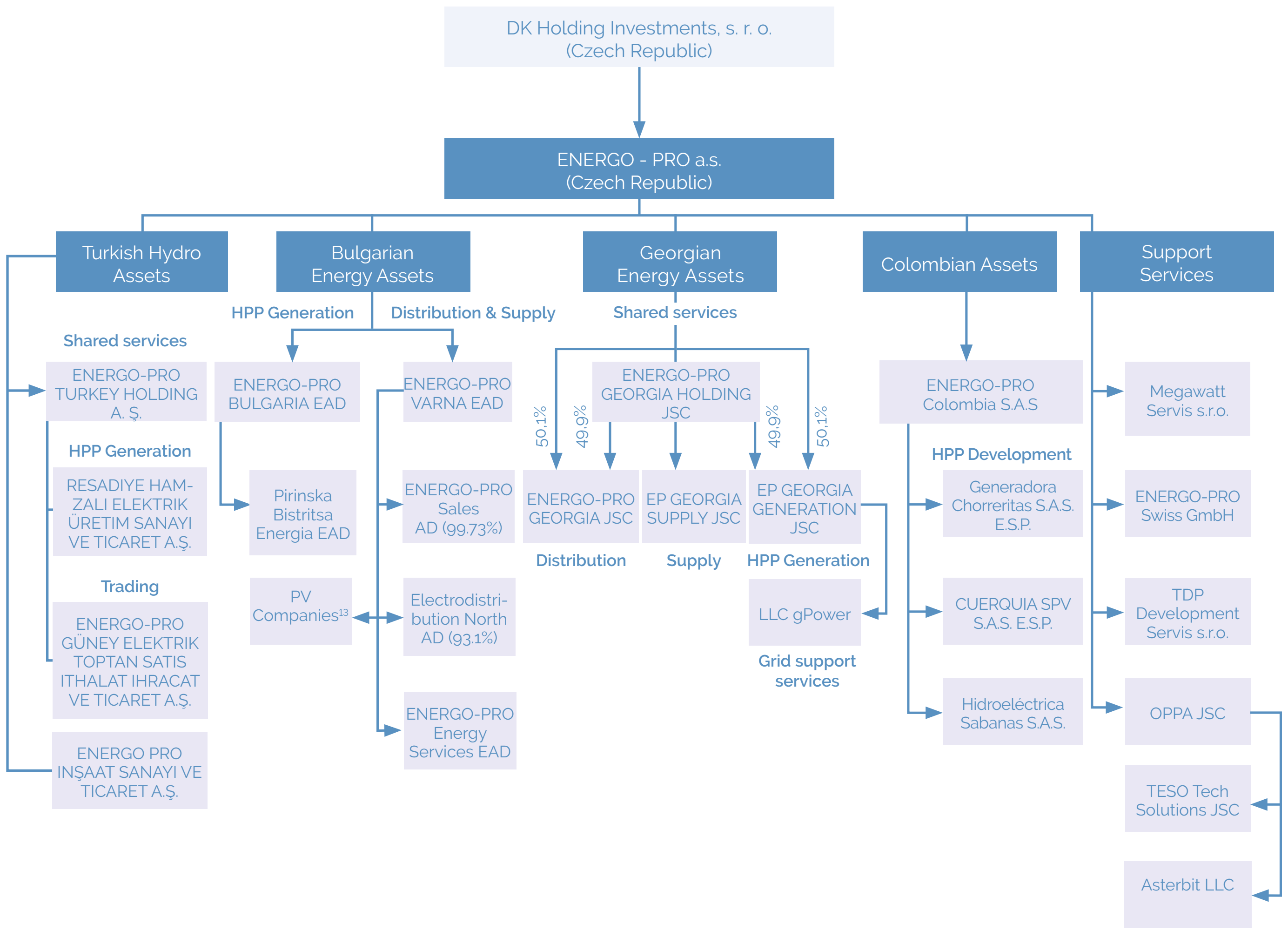
(iii) Cuerquia SPV S.A.S. E.S.P., which is engaged in the development of run-of-the-river hydropower project on San Andrés river in Colombia (municipality San Andrés de Cuerquia, region of Antioquia).

MEGAWATT SERVIS s.r.o. ("Megawatt")

Megawatt was established in 1994 in Prague, Czech Republic. The principal activities of Megawatt are a consultancy in hydro energy sector and the assembling of hydro-technical facilities. The know-how and specialised knowledge of Megawatt's experts are utilised within ENERGO-PRO Group and its affiliated companies.

[12] EP Colombia was established in 2019 by DK Holding Investments, s.r.o. – parent company of ENERGO - PRO a.s.; ENERGO - PRO a.s. became the single shareholder of ENERGO-PRO Colombia S.A.S. in 2020.

5. ORGANISATIONAL STRUCTURE OF ENERGO-PRO GROUP



[13] PV Companies: ENERGO-PRO Solar 1 EOOD (and its subsidiaries), Tierra del Sol 002 EOOD, Sunny Land 003 EOOD, Solare 005 EOOD, ZEUS 007 EOOD (and its subsidiaries) and FreeSol EOOD are SPVs established for solar development projects in Bulgaria.

Ownership interests are 100% unless stated otherwise.

Organisational structure is presented as of 31 December 2022.

6. CONTACT DETAILS

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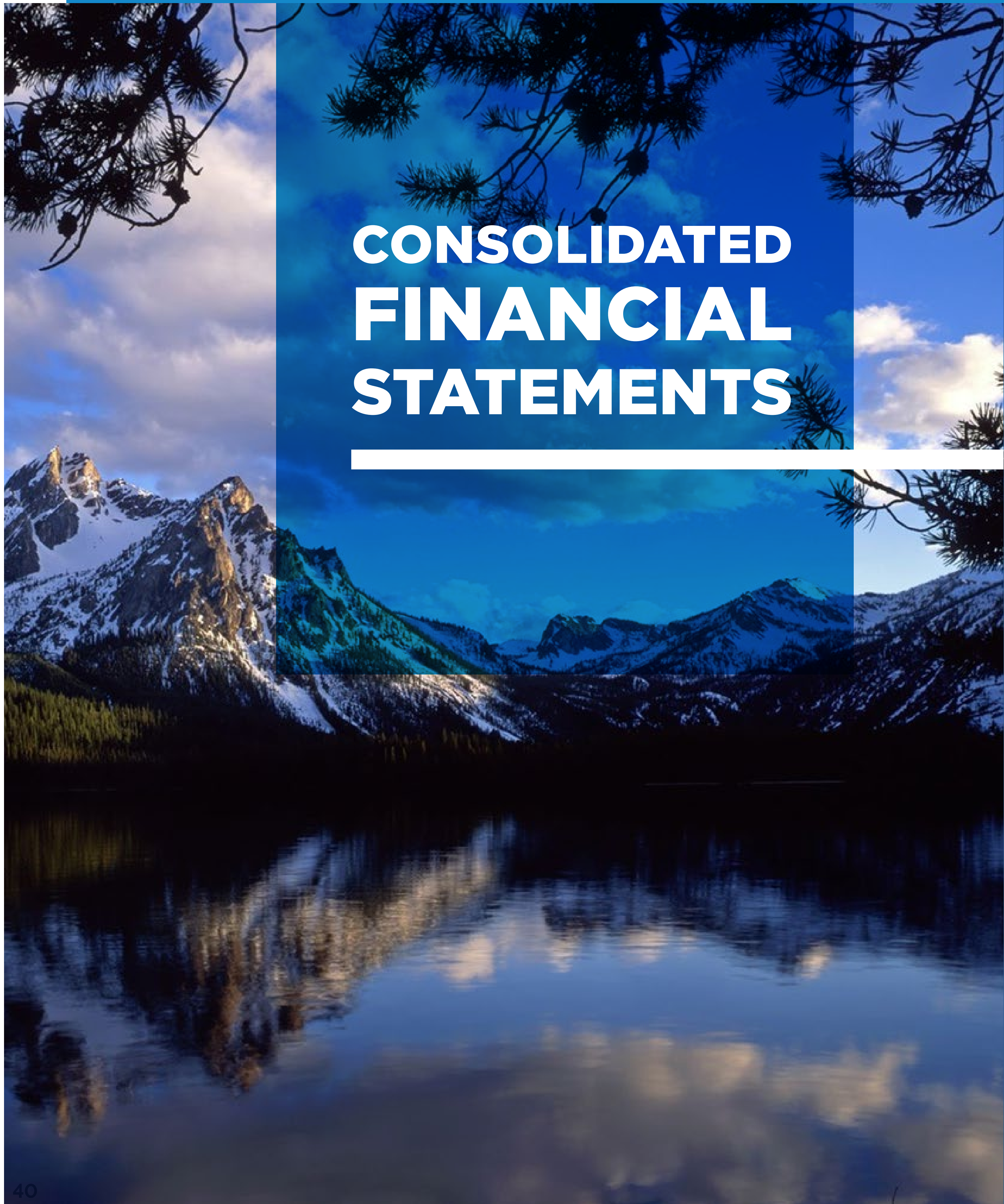
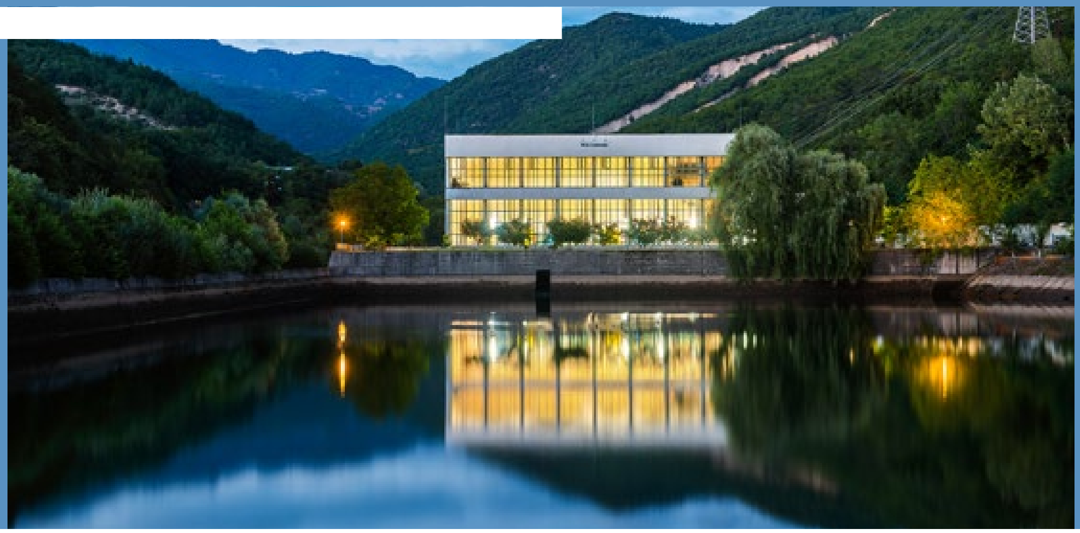


CONSOLIDATED FINANCIAL STATEMENTS

7

CONTENTS

7. ENERGO - PRO a.s. IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2022

(EUR'000)	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	595,591	468,116
Prepayments for property, plant and equipment	6	5,323	4,661
Goodwill	7	63,615	56,252
Other intangible	8	23,226	21,799
Non-current financial assets	10	14,560	14,021
Investment in associate	11	-	28,315
Prepayments for an acquisition of investments	10	-	6,136
Deferred tax assets		12,110	6,995
Non-current portion of issued loans	9	417,200	341,820
Other non-current assets		984	3,414
Total non-current assets		**1,132,609**	**951,529**
Current assets			
Inventories	12	22,691	24,186
Trade and other receivables	13	148,567	148,943
Current income tax asset		1,762	1,232
Current portion of issued loans	9	10,144	3,395
Contract assets		65,009	60,102
Cash and cash equivalents	14	80,554	34,216
Other current assets	15	55,829	33,524
Total current assets		**384,556**	**305,598**
Total assets		**1,517,165**	**1,257,127**

ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

(EUR'000)	Note	31 December 2022	31 December 2021
EQUITY			
Authorised share capital	16	3,569	3,569
Translation reserve	17	(11,129)	(74,460)
Retained earnings	17	636,187	452,458
Equity attributable to the company's owners		**628,627**	**381,567**
Non-controlling interest		24,410	22,167
Total equity		**653,037**	**403,734**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	27	3,042	3,187
Non-current portion of provisions	20	8,789	7,105
Non-current portion of borrowings	21	658,805	269,495
Non-current financial liabilities	18	1,923	2,486
Other non-current liabilities	19	5,407	5,190
Total non-current liabilities		**677,966**	**287,463**
Current liabilities			
Current portion of provisions	20	7,154	6,018
Trade and other payables	22	111,555	121,259
Income tax payable		1,986	3,944
Current portion of borrowings	21	24,694	403,622
Contract liabilities		18,216	11,395
Other current liabilities	23	22,557	19,692
Total current liabilities		**186,162**	**565,930**
Total liabilities		**864,128**	**853,393**
Total liabilities and equity		**1,517,165**	**1,257,127**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(EUR'000)	Note	1 January - 31 December 2022	1 January - 31 December 2021
Revenue			
Sales of electricity in local markets		1,487,212	888,718
Grid components of electricity sales price		168,950	124,618
Services and other		64,754	58,255
Total revenue		**1,720,916**	**1,071,591**
Other income	27	5,737	10,766
Changes in inventory of products and in work in progress		(402)	(521)
Purchased power		(1,167,280)	(682,294)
Service expenses	24	(109,064)	(70,225)
Labour costs		(87,007)	(72,546)
Material expenses		(15,022)	(22,765)
Tax expenses		(9,639)	(8,685)
Other operating expenses	25	(30,418)	(18,620)
Earnings before financial expenses, taxes, depreciation and amortisation (EBITDA)[1]		**307,821**	**206,701**
Depreciation, amortisation and impairment losses	6, 7, 8	(53,934)	(45,209)
Earnings before financial expenses and taxes (EBIT)		**253,887**	**161,492**
Finance income	26	19,107	17,662
Finance costs	26	(79,517)	(73,753)
Finance costs – net		**(60,410)**	**(56,091)**
Income before income tax (EBT)		**193,477**	**105,401**
Income tax	28	(11,960)	(8,751)
Deferred taxes	28	4,961	5,514
Total income tax expense		**(6,999)**	**(3,237)**
Profit/(loss) for the period		**186,478**	**102,164**

[1] EBITDA is a non-gaap measure in the Consolidated Statement of Comprehensive Income (there is no IFRS standard for EBITDA specification). The Group considers EBITDA to be an important indicator of its economic performance. EBITDA is calculated as total revenues minus certain operating expenses, as shown above.

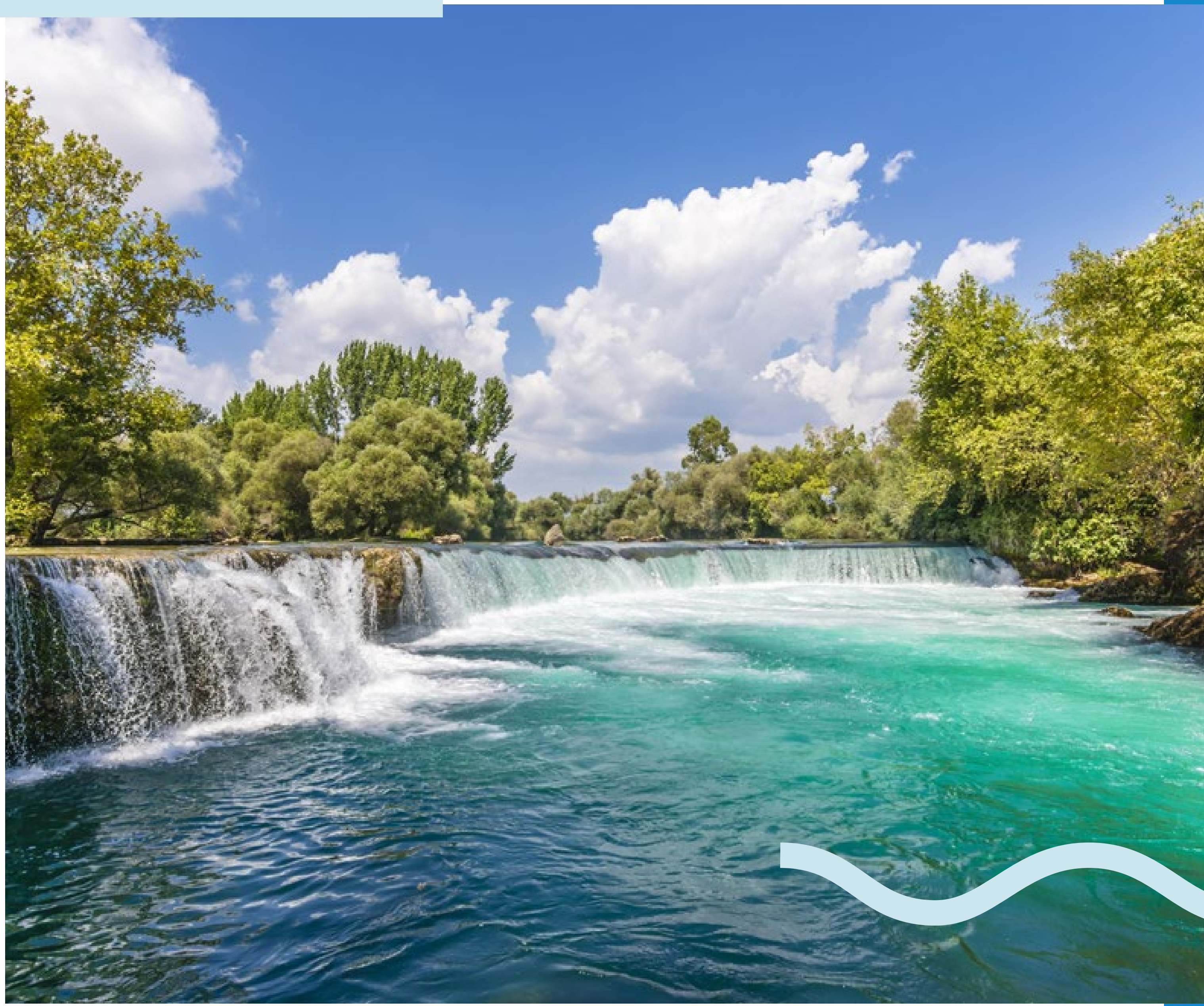
ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

(EUR'000)	Note	1 January - 31 December 2022	1 January - 31 December 2021
Profit/(loss) attributable to:			
- Owners of the company		184,221	99,760
- Non-controlling interest		2,257	2,404
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		63,294	36,503
Items that will not be reclassified to profit or loss:			
Actuarial loss		-	-
Gross amount		(389)	149
Tax effect		-	-
Net amount		(389)	149
Other comprehensive income/(loss)		**62,905**	**36,652**
Total comprehensive income/(loss)		**249,383**	**138,816**
Total comprehensive income attributable to:			
- Owners of the company		247,140	136,404
- Non-controlling interest		2,243	2,412

ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Equity attributable to the company's owners					
(EUR'000)	Authorised ("Unpaid") share capital	Translation reserve	Retained earnings & Other reserves	Total equity without non-controlling interest	Non-controlling interest	Total equity
1 January 2021	**3,569**	**(110,947)**	**352,627**	**245,249**	**19,858**	**265,107**
Net income for the period	-	-	99,760	99,760	2,404	102,164
Other comprehensive income	-	36,503	141	36,644	8	36,652
Comprehensive income for the period	-	36,503	99,901	136,404	2,412	138,816
Other changes in equity	-	(16)	(70)	(86)	(103)	(189)
31 December 2021	**3,569**	**(74,460)**	**452,458**	**381,567**	**22,167**	**403,734**
1 January 2022	**3,569**	**(74,460)**	**452,458**	**381,567**	**22,167**	**403,734**
Net income for the period	-	-	184,221	184,221	2,257	186,478
Other comprehensive income	-	63,294	(375)	62,919	(14)	62,905
Comprehensive income for the period	-	63,294	183,846	247,140	2,243	249,383
Other changes in equity	-	37	(117)	(80)	-	(80)
31 December 2022	**3,569**	**(11,129)**	**636,187**	**628,627**	**24,410**	**653,037**



ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF CASH-FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CASH-FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(EUR'000)	Note	1 January - 31 December 2022	1 January - 31 December 2021
Profit/(loss) before income tax		**193,477**	**105,401**
Adjusted for:			
Depreciation, amortisation and impairment losses	6, 7, 8	53,934	45,209
Unrealised currency translation losses/(gains)		30,297	39,309
Interest income	26	(17,187)	(16,299)
Interest expenses	26	47,797	28,760
Changes in provisions		4,271	623
Assets granted free of charge		(499)	(466)
Inventory surplus		(107)	(777)
(Gain)/Loss on disposal of property, plant and equipment		1,687	1,965
Inventory obsolescence expense		2,246	569
Other changes - difference in rate of exchange etc.		(1,572)	25
Cash inflow from operating activities before changes in operating assets and liabilities		**314,344**	**204,319**
Movements in working capital			
Decrease/(increase) in inventories	12	(3,637)	2,747
Decrease/(increase) in trade accounts receivable	13	1,000	(63,005)
Decrease/(increase) in other current assets	15	3,992	(22,113)
Increase/(decrease) in trade and other payables	22	(32,140)	3,424
Increase/(decrease) in other current liabilities	23	688	(1,280)
Cash outflow from operating activities before interest income received, interest expense paid and income tax paid		**284,247**	**124,092**
Interest received		166	9
Income tax paid	28	(14,414)	(3,696)
Net cash (outflow)/inflow from operating activities		**269,999**	**120,405**

(EUR'000)	Note	1 January - 31 December 2022	1 January - 31 December 2021
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash of entities acquired (-), Disposal of subsidiaries, net of cash of entities disposed		(8,837)	(8,400)
Purchases of property, plant and equipment and intangible assets	6,8	(96,310)	(70,111)
Loans granted	9	(66,843)	(12,224)
Loans repaid	9	514	1,435
Net change in deposits granted		-	624
Net cash outflow from investing activities		**(171,476)**	**(88,676)**
Cash flows from financing activities			
Proceeds from borrowings	21	2,414,440	1,189,309
Repayment of borrowings	21	(2,452,568)	(1,180,364)
Issued bonds	21	379,482	-
Repayment of issued bonds	21	(370,000)	-
Interest paid		(32,875)	(26,928)
Dividends paid to non-controlling interest		-	-
Dividends paid to the shareholders of the parent company		-	-
Net cash used in financing activities		**(61,521)**	**(17,983)**
Net increase/(decrease) in cash and cash equivalents		**37,002**	**13,746**
Cash and cash equivalents at the beginning of the period	**14**	**34,216**	**17,677**
Effect of exchange rate on changes on Cash and Cash equivalents		9,336	2,793
Cash and cash equivalents at the end of the period	**14**	**80,554**	**34,216**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ENERGO-PRO GROUP AND ITS OPERATIONS

ENERGO - PRO a.s. ("EPas") is a joint-stock company ("the Company") established on 23 March 1995. The registered address is Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic, and the identification number of EPas is 63217783. The main activities of the ENERGO - PRO a.s. are power generation from hydro power plants ("HPPs"), electricity distribution and power trading. The ultimate holder of 100% of ENERGO - PRO a.s. shares is the entity DK Holding Investments, s.r.o. ("DKHI") which is wholly owned by Mr. Jaromír Tesař. Full organizational structure EPas and its subsidiaries as of 31 December 2022 is available in Chapter 5 of this annual report. The company has established a solid presence in Central and Eastern Europe, the Black Sea region and the Caucasus:

- Hydropower operations in Bulgaria, Georgia and Türkiye;
- Power distribution activities in Georgia and Bulgaria;
- Trading with electricity on the European market.

EPas is the parent company of the Group of companies ("the EP Group" or "the Group"), which comprises the following entities and their subsidiaries consolidated in these financial statements as of 31 December 2022:

Name	Location	Ownership interest
ENERGO - PRO a.s.	Czechia	parent
MEGAWATT SERVIS s.r.o.	Czechia	100%
TDP Development Services s.r.o.	Czechia	100%
ENERGO-PRO Georgia Holding JSC	Georgia	100%
OPPA JSC	Georgia	100%
ENERGO-PRO Bulgaria EAD	Bulgaria	100%
ENERGO-PRO Varna EAD	Bulgaria	100%
ENERGO PRO İnşaat Şanyi ve Ticaret A.Ş.	Türkiye	100%
ENERGO-PRO Swiss GmbH	Switzerland	100%
Energo Pro Turkey Holding A.Ş. (i)	Türkiye	100%
ENERGO-PRO Colombia S.A.S.	Colombia	100%

Below are summarized the changes in the structure that took place over the period from 1 January to 31 December 2022:

(i) Based on share purchase agreement on 1 July 2022, the parent company EPas sold its 100% stake in Reşadiye Hamzali Elektrik Üretim Sanayi ve Ticaret A.Ş. and ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş. to ENERGO PRO Turkey Holding A.Ş.

The Group is organised and managed based on territory markets in which it operates (Bulgaria, Georgia, Türkiye, Colombia, Switzerland). The Group's business is conducted responsibly to achieve a solid financial return balanced with long-term growth and to fulfill the Group commitments to the community and the environment. The Group has proven operational experience and know-how. The Group successfully implemented large-scale rehabilitation projects in the last years. From electricity distribution, the Group possesses know-how in dealing with large numbers of customers, network planning and optimization. In power trading, the Group has solid experience in cross-border electricity trading and execution of large-scale trade contracts. The Group has had exponential growth during the past several years and turned into a strong player in the acquisition and operation of plants above 100 megawatts (MW) of installed capacity. The Group continues to look for new investment opportunities, focusing on South-Eastern Europe, the Black Sea region and South America.

The number of employees of the Group as of 31 December 2022 and 31 December 2021 was 9,204 and 9,152 respectively.

LIST OF GROUP´S POWER PLANTS AS OF 31 DECEMBER 2022 IS AS FOLLOWS:

Hydropower plants	Installed capacity (MW)
Bulgaria:	
Koprinka	7
Stara Zagora	22
Popina Laka	22
Lilyanovo	20
Sandanski	14
Petrohan	8
Barzia	6
Klisura	4
Pirin	22
Spanchevo	28
Karlukovo	2
Ogosta	5
Katunci	3
Samoranovo	3
Total Bulgaria	**166**
Türkiye:	
Resadiye I	16
Resadiye II	26
Resadiye III	22
Hamzali	17
Aralik	12
Total Türkiye	**93**

Hydropower plants	Installed capacity (MW)
Georgia:	
Atsi	18
Rioni	54
Lajanuri	114
Gumati I	48
Gumati II	23
Shaori	40
Dzevrula	80
Satskhenisi	14
Ortachala	18
Sioni	9
Martkopi	4
Chitakhevi	21
Zahesi	39
Chkhorotsku	6
Kinkisha	1
Total Georgia hydro power plants	**489**
Georgia:	
Gardabani Gas Power Plant (thermal power plant or "TPP")	110
Total Georgia gas-fired plant	**110**
Total hydro power plants	**749**
Total gas-fired power plant	**110**
Total hydro + gas-fired plants	**859**

1.1 SUBSIDIARIES

ENERGO-PRO GEORGIA HOLDING JSC ("EPGH")

EPGH was incorporated on 15 April 2021 and is domiciled in Georgia. EPGH is a joint-stock company limited by shares and was set up in accordance with Georgian legislation. EPGH's establishment was related to legal unbundling of the Georgian energy market and activities of EP Group in Georgia. The aim of the Georgian energy reforms is the creation of a market with high standards of public service and consumer protection that allows customers to freely choose their suppliers. In 2023, liberalization of the Georgian retail market continued, with more non-household customers obliged to move from regulated market to the free market. EPGH's registered address is Zurab Anjaparidze st. 24, 0186 Tbilisi, Georgia. The Company's principal business activity is provision of management and the following shared services to subsidiaries and entities under common control, under service level agreement: financial, legal, regulatory, human resources management, logistics, document management, customer relations, public relations, real estate management, information technologies, security, billing, environmental protection, intenal audit, translation and wholesale trade service. EPGH is the parent company of the group of companies ("EPGH Group"), which comprises the following entities and their subsidiaries consolidated in these financial statements:

		EPGH's ownership interest	
Name	Location	31 December 2022	31 December 2021
JSC Energo - Pro Georgia (i)	Georgia	49.9%	49.9%
EP Georgia Supply JSC	Georgia	100.0%	100.0%
EP Georgia Generation JSC (ii)	Georgia	49.9%	49.9%

(i) EPas owns 50.1% of share of the company JSC Energo - Pro Georgia.
(ii) EPas owns 50.1% of share of the company EP Georgia Generation JSC.

The number of employees of EPGH Group as of 31 December 2022 and 31 December 2021 was 6,069 and 6,094, respectively.

JSC Energo - Pro Georgia ("EPG") was incorporated on 31 July 2006 and is domiciled in Georgia. EPG is a joint-stock company limited by shares and was set up in accordance with the Georgian legislation. On 5 February 2007, EPG signed an agreement with the Government of Georgia for the purchase of the assets of the hydro power plants and electricity distribution companies and obtained 100% control over the assets of United Energy Distribution Company, Adjara Energy Distribution Company and six hydro power plants in Georgia. The investment project of the Group in Georgia was implemented with the financial support of the Czech Export Bank (a state-owned Czech financial institution which is specialized in providing support for export activities and foreign investments of Czech companies) until the issuance of the bonds in 2017. EPG operates electricity distribution business. According to the requirements of the new Law on Energy and Water Supply, the distribution system operator carried out second step to legal unbundling by 16 April 2021 and separated distribution activities from supply business activities (until 1 July 2021 EPG conducted both distribution and supply activities to its end customers). EPG's principal business activity is the distribution of electricity to more than one million customers. EPG's distribution network covers 85% of the territory of Georgia except for the capital city Tbilisi. As part of the legal unbundling changes in Georgia described above, the company LLC gPower was transferred to EP Georgia Generation JSC in April 2021. EPG's registered address is No.24 Zurab Anjaparidze Str. 0186 Tbilisi, Georgia.

EP Georgia Supply JSC ("EPGS") was incorporated on 14 May 2021 and is domiciled in Georgia. EPGS is a joint-stock company limited by shares and was set up in accordance with the Georgian legislation. EPGS's principal activity is supply of electricity to regulated customers connected to EPG's network (following the legal unbundling of the Georgian electricity market). EPGS's registered address is Zurab Anjaparidze st. 24, 0186 Tbilisi, Georgia.

EP Georgia Generation JSC ("EPGG") was incorporated on 23 December 2016 after the reorganization of EPG assets and is domiciled in Georgia. EPGG is a joint-stock company limited by shares and was set up in accordance with the Georgian legislation. EPGG's principal activity is the generation of electricity via its portfolio of fifteen medium and small size hydro power plants. EPGG's registered address is Zurab Anjaparidze st. 24, 0186 Tbilisi, Georgia. EPGG is the parent company in the following entity:

		EPGG's ownership interest	
Name	Location	31 December 2022	31 December 2021
LLC gPower	Georgia	100%	100%

LLC gPower ("gPower") was incorporated on 16 November 2010 and is domiciled in Georgia. As part of the legal unbundling changes in Georgia described above, the company gPower was transferred under EPGG in April 2021. gPower's operating assets mainly comprise four gas power turbines with an installed capacity of 110 MW and other assets required for electricity generation (Gas Turbine Power Station). gPower's principal business activity is provision of guaranteed capacity and generation of electricity. Guaranteed capacity ensures the stable and reliable functioning of a unified electric energy system of Georgia. The period of standby mode and minimum volume of guaranteed capacity is regulated by the Government of Georgia. At the same time, tariffs are determined by Georgian National Energy and Water Supply Regulatory Commission ("GNERC"). gPower's registered address is No.24 Zurab Anjaparidze Str. 0186 Tbilisi, Georgia.

JSC OPPA ("OPPA")

OPPA is a joint stock company and was established on 19 March 2007. Since 7 March 2018, former Nova Technology JSC changed its name and was officially registered as JSC OPPA. OPPA provides a variety of services to companies, commercial establishments and consumers. Such services include maintenance of pay boxes, pay lines, connection of windows based and java terminals and other related services. OPPA's registered address is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia. OPPA is parent company of the following entity:

		OPPA's ownership interest	
Name	Location	31 December 2022	31 December 2021
LLC OPPA Commerce	Georgia	100%	100%
LLC Asterbit	Georgia	100%	-

LLC OPPA Commerce ("OPPA Commerce") was established as a subsidiary company of OPPA in September 2018. Its main activity is optimization of commercial activities of OPPA. The registered address of OPPA Commerce is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia. OPPA's registered address is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia.

In November 2022, OPPA established a subsidiary company LLC Asterbit. The company's business activity is software development. The registered address of Asterbit is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia.

The number of employees of OPPA (including all its subsidiaries) as of 31 December 2022 and 31 December 2021 was 360 and 357, respectively.

ENERGO-PRO BULGARIA EAD ("EPB")

EPB is a joint-stock company established on 13 September 2000. The identification number of the company is 130368870. With a total installed capacity of 166 MW, EPB is the largest private producer from hydropower sources in Bulgaria. Presently, EPB owns and operates fourteen HPPs. Ten of the plants are united in four cascades - Sandanska Bistritsa Cascade, Pirinska Bistritsa Cascade, Koprinka Cascade and Petrohan Cascade. The registered address of the company is Floor 5, 2 Pozitano Sq., p.b. 1000 Sofia, Bulgaria. EPB is the parent company of the following entities:

		EPB's ownership interest	
Name	Location	31 December 2022	31 December 2021
Pirinska Bistritsa Energia AD	Bulgaria	100%	100%

Pirinska Bistritsa Energia AD ("PBE") is duly registered by the Sofia City Court under company file No 10295/2000 with seat 2 Pozitano square, floor. 5, 1000 Sofia, Bulgaria, re-registered with the Commercial register of the Registry Agency. Its main activity is study, design, and construction, funding and operation of hydro power plants. PBE is licensed by the State Energy and Water Regulatory Commission. PBE is the owner of two HPPs, united in one cascade. The plants are in the village of Gorno Spanchevo, close to the village of Pirin.

The number of employees of EPB (including all its subsidiaries) as of 31 December 2022 and 31 December 2021 was 118 and 127, respectively.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

ENERGO-PRO VARNA EAD ("EPV")

EPV was registered on 12 June 2012 in the Trade register to Registration Agency with UIK 202104220 and permanent address Varna, Varna Towers – E, 258 "Vladislav Varnenchik" Blvd. On 5 July 2016, the parent company ENERGO-PRO VARNA EOOD has been transformed by changing the legal form into a single-shareholder joint-stock company (ENERGO-PRO Varna EAD) on the grounds of Art. 264, para. 1 of the Commerce Act with UIC 204146759. After the transformation, the registered capital of the company is in the amount of BGN 35,791,888 (18,300,102 EUR) divided into 35,791,888 ordinary dematerialized shares with a nominal value of BGN 1. EPV is the parent company of the following entities:

		EPV's ownership interest	
Name	Location	31 December 2022	31 December 2021
Electrodistribution North AD	Bulgaria	93.10%	93.10%
ENERGO-PRO Sales AD	Bulgaria	99.73%	99.73%
ENERGO-PRO Energy Services EAD	Bulgaria	100%	100%
Energo-Pro Solar 1 EOOD	Bulgaria	100%	100%
Tierra del Sol 002 EOOD	Bulgaria	100%	100%
Sunny Land 003 EOOD	Bulgaria	100%	100%
Energo-Pro Solar Park 1 EOOD	Bulgaria	100%	100%
ZEUS 007 EOOD	Bulgaria	100%	100%
FreeSol EOOD	Bulgaria	100%	-
Berta Enerji Elektrik Üretim Sanay ve Tic. A.Ş (investment associate)	Türkiye	-	39.76%

Electrodistribution North AD ("ElectroNorth"), former ENERGO-PRO Grid AD, is registered in the Trade Register to the Registration Agency with EIK 104518621 with its permanent address at Varna, Varna Towers – E, 258 "Vladislav Varnenchik" Blvd. ElectroNorth distributes electricity by operating, maintaining and developing the electricity distribution network as well as the auxiliary facilities and networks and transmitting electricity along the grid. ElectroNorth has license L(-138)(-07)/13.08.2004, issued by the Energy and Water Regulations Commission ("EWRC") - for the activity distribution of electricity, amended by Decision No I3-L(-138) / 09.12.2013, with the rights and obligations deriving from the activity of "Coordinator of special balancing group for compensation of losses in the distribution network".

ENERGO-PRO Sales AD ("EPS") is registered in the Trade Register to the Registration Agency with EIK 103533691 with its permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. EPS is engaged in the activity of electricity supply. EPS has a licence, issued by EWRC for the public supply of electricity for a self-contained area, amended by Decision No I1-L(-139)/ 09.12.2013, complemented with the rights and obligations deriving from the activity of the "coordinator of special balancing group" of household and non-household customers, group of producers of electricity from renewable sources and group of producers of electricity from cogeneration plants production and licence for the activity of delivery of electricity from the supplier of last resort.

ENERGO-PRO Energy Services EAD ("EPES") is registered in the Trade Register to the Registration Agency with EIK 131512672 with its permanent address at Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. EPES is engaged in trading with electricity, gas and other energy on the electricity market at freely negotiated prices. EPES has a license issued by EWRC for electricity trade.

Energo-Pro Solar 1 EOOD (previous name: ESV 001 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with UIK 206691758, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. Energo-Pro Solar 1 EOOD is engaged in the development of photovoltaic projects.

Tierra del Sol 002 EOOD (previous name: DES 002 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with UIK 206691733, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. Tierra del Sol 002 EOOD is engaged in the development of photovoltaic projects.

Sunny Land 003 EOOD (previous name: DES 003 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with UIK 206691815, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. Sunny Land 003 EOOD is engaged in the development of photovoltaic projects.

Energo-Pro Solar Park 1 EOOD (previous name: Solare 005 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with UIK 206691719, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. Energo-Pro Solar Park 1 EOOD is engaged in the development of photovoltaic projects.

ZEUS 007 EOOD is registered in October 2021 in the Commercial Register to the Registration Agency with UIK 206688826, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. ZEUS 007 EOOD is engaged in the development of photovoltaic projects.

FreeSol EOOD is registered in February 2022 in the Commercial Register to the Registration Agency with UIK 206811353, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. FreeSol EOOD is engaged in the development of photovoltaic projects.

Below are summarized the changes in the EPV's structure that took place over the period from 1 January to 31 December 2022:

In October 2021, ENERGO-PRO VARNA EAD established the following new companies: Energo-Pro Solar 1 EOOD (previous name: ESV 001 EOOD), Tierra del Sol 002 EOOD, Sunny Land 003 EOOD, Energo-Pro Solar Park 1 EOOD (previous name: Solare 005 EOOD) and ZEUS 007 EOOD and owns a 100% of their share capital.

In February 2022, Frisardi EOOD has established a new company FreeSol EOOD through a non-monetary contribution and subject of activity: the real estate, which was concluded in a Preliminary agreement. In March 2022, EPRV and Frisardi EOOD have concluded a contract for the transfer of a 100% of FreeSol EOOD' shares. With this last contract, the prior obligations of the two companies to sign a final agreement have been executed.

In November 2021, ZEUS 007 EOOD has acquired the following non-controlling interests:

- 50% of Sun Technology 1 OOD's capital (jointly controlled entity);
- 33.33% of Energy Solar Technologies AD's capital (associated entity)

In October 2022, Energo-Pro Solar 1 EOOD (100% owned by EPV) established the following new companies: Solar 01 EOOD, Solar 02 EOOD, Solar 03 EOOD, Solar 04 EOOD, Solar 05 EOOD, Solar 06 EOOD, Solar 07 EOOD, Solar 008 EOOD, Solar 009 EOOD, Solar 010 EOOD and Solar 011 EOOD and owns a 100% of their share capital.

In November 2022, Energo-Pro Solar 1 EOOD has acquired the following new companies: Sun Technology 2 OOD, Sun Technology 3 OOD, Sun Technology 4 OOD, Sun Technology 5 OOD and Sun Technology 6 OOD - 50% of capital (jointly controlled entity).

The number of employees of EPV (including all its subsidiaries) as of 31 December 2022 and 31 December 2021 was 2,467 and 2,411, respectively.

ENERGO PRO TURKEY HOLDING A.Ş. ("EP TK HOLDING")

EP TK Holding was established in September 2021 to provide management and shared services to the Group's companies in Türkiye. The registered address of EP TK Holding is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. Based on share purchase agreement on 1 July 2022, the parent company EPas sold its stake in Reşadiye Hamzali Elektrik Üretim Sanayi ve Ticaret A.Ş. and ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş. to EP TK Holding. EP TK Holding is the parent company of the following entities:

		EP TK Holding's ownership interest	
Name	**Location**	**31 Debember 2022**	**31 December 2021**
Reşadiye Hamzali Elektrik Üretim Sanayi ve Ticaret A.Ş.	Türkiye	100%	-
ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş.	Türkiye	100%	-

Reşadiye Hamzali Elektrik Üretim Sanayi ve Ticaret A.Ş. ("RH") RH is a joint stock company established on 14 August 1986. The registered address of RH is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. The main activities of RH are operation of its HPPs and trading of its generated electricity.

ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş. ("EPToptan") EPToptan was registered on 19 February 2010. The registered address of EPToptan is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. The activities of EPToptan are trading with electricity in the Turkish energy market.

The number of employees of EP Turkey Holding (including all its subsidiaries) as of 31 Debember 2022 and 31 December 2021 was 114 and 88, respectively.

ENERGO PRO İNŞAAT ŞANYI VE TICARET A.Ş. ("EPINSAAT")

EP Insaat was established in 2017 to provide project management and civil construction works primarily in relation to its affiliated Alpaslan II and Karakurt hydropower plants with dams. In 2021, EP Insaat's works in relation to these hydropower plants were completed. The registered address of EPInsaat is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye.

The number of employees of EPInsaat as of 31 December 2022 and 31 December 2021 was 0 and 1, respectively.

MEGAWATT SERVIS S.R.O. ("MGW")

MGW is a limited liability company established on 8 December 1994. The registered address is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. The main activities of MGW are consultancy in the hydro energy sector and the assembling of hydro technical facilities. MGW's activities are predominantly carried out within the Group, in particular in respect of the rehabilitation of the Group's HPPs in Georgia.

The number of employees of MGW as of 31 December 2022 and 31 December 2021 was 34 and 41, respectively.

ENERGO-PRO COLOMBIA S.A.S. (“EP COLOMBIA”)

EP Colombia with registration number: NIT 901.290.829(-1) is a commercial company of the simplified share type established on 5 June 2019 with the registered address of Carrera 43 A # 1 sur – 50 CROSS Business Center, Office 705, Medellin, Antioquia, Colombia. The main activities of EP Colombia are consultancy in the hydro energy sector and identification of the new hydropower projects in the country. Based on the Shares Purchase Agreement with the Parent company DKHI dated 7 December 2020, the EPas became the shareholder of the EP Colombia. EP Colombia is the parent company in the following entity:

		EP Colombia’s ownership interest	
Name	**Location**	**31 December 2022**	**31 December 2021**
Generadora Chorreritas S.A.S. E.S.P.	Colombia	100%	100%
Hidroelectrica Sabanas S.A.S.	Colombia	100%	-
Cuerquia SPV S.A.S. E.S.P.	Colombia	100%	-

Generadora Chorreritas S.A.S. E.S.P. (“Chorreritas”) with registration number: NIT 901.144.893(-7) is a commercial company of the Simplified Share type, and Public Utilities Company, with the registered address of Carrera 43 A # 1 sur – 50 CROSS Business Center, Office 705, Medellin, Antioquia, Colombia. In 2020, Chorreritas acquired the public electricity generation license. Chorreritas is engaged in the development of greenfield run-of-the-river hydropower project on San Andrés River in Colombia (Antioquia region). During 2022, the project achieved the Ready to Build (RTB) status, that includes all the necessary permits and designs. Construction started in first quarter of 2023.

Hidroelectrica Sabanas S.A.S. (“Sabanas”) with registration number: NIT 901.038.749(-0) is a commercial company of the Simplified Share type, with the registered address of Carrera 43 A # 1 sur – 50 CROSS Business Center, Office 705, Medellin, Antioquia. EP Colombia acquired Sabanas on 31 July 2022. Sabanas is engaged in the development of run-of-the-river hydropower project on Penderisco river in Colombia (Urrao, Antioquia region). During 2022, the project’s development stage progressed to enter Environmental and Social permitting process.

Cuerquia SPV S.A.S. E.S.P. (“Cuerquia”) with registration number: NIT 901.557.043(-6) is a commercial company of the Simplified Share type, and Public Utilities Company, with the registered address of Carrera 43 A # 1 sur – 50 CROSS Business Center, Office 705, Medellín, Antioquia. EP Colombia acquired Curquia on 12 July 2022. Cuerquia is engaged in the development of run-of-the-river hydropower project on San Andrés River in Colombia (Antioquia region). During 2022, the project’s development stage progressed to enter Environmental and Social permitting process.

The number of employees of EP Colombia (including all its subsidiaries) as of 31 December 2022 and 31 December 2021 was 9 and 0, respectively.

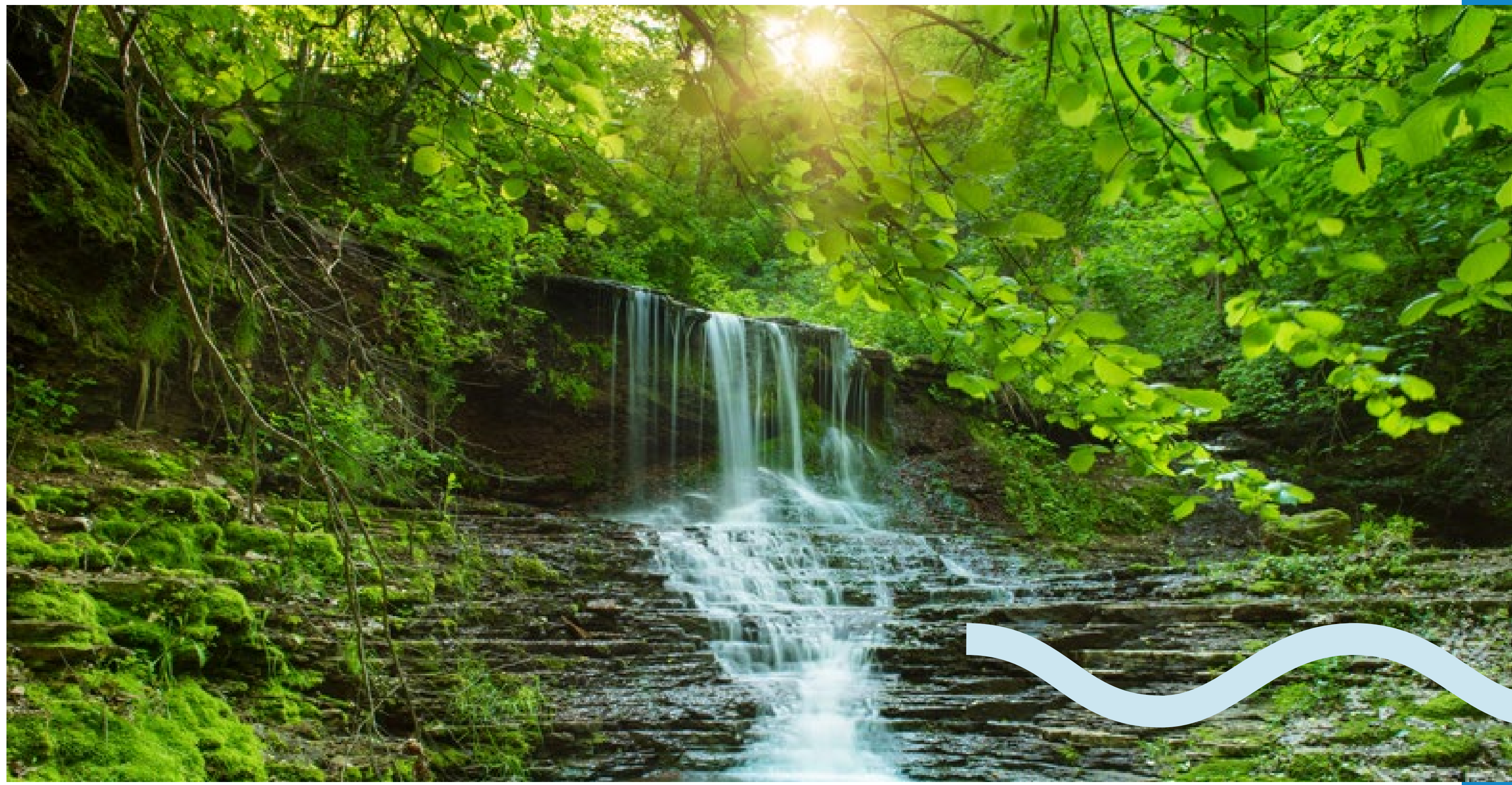
ENERGO-PRO SWISS GMBH (“EP SWISS”)

EP Swiss is a limited liability company established on 27 May 2019 with the registered address of Zürcherstrasse 15, 5400 Baden, Switzerland. The company’s main activity is providing hydro-engineering consulting services. Based on the Shares Purchase Agreement with the Parent company DKHI dated 26 February 2021, the EPas became the unique shareholder of EP Swiss. EP Swiss main activities consist of providing technical consultancy in the hydropower sector (including greenfield development projects), expert supervision and support during the development and implementation of new projects.

The number of employees of EP Swiss as of 31 December 2022 and 31 December 2021 was 2 and 2, respectively.

TDP DEVELOPMENT SERVICES S.R.O. (“TDP”)

TDP is a limited liability company established on 20 March 2019 with registered address of Na poříčí 1079/3, Nové Město, 110 00 Praha 1, Czech Republic. TDP’s business activity is a special purpose vehicle which owns a land plot in Prague and is engaged in development of a real estate project. TDP had no employees as of 31 December 2022 and 31 December 2021.



1.2 RELATED PARTY OWNED BY THE PARENT COMPANY DKHI

ENERGO-PRO CZECHIA S.R.O. ("EPC")

EPC is a limited liability company established on 28 March 2017 with registered address of Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. ENERGO-PRO Czechia s.r.o. changed its business name on 10 September 2020 from ENERGO-PRO Asset Turkey s.r.o. The EPC acquired the companies Dolnolabské elektrárny a.s. and ENERGO - PRO MVE, s.r.o. from the Parent company DKHI in the second half of the year 2020. EPC is the parent company of the following entities:

		EPC's ownership interest	
Name	**Location**	**31 December 2022**	**31 December 2021**
Dolnolabské elektrárny a.s.	Czechia	62%	62%
ENERGO - PRO MVE, s.r.o.	Czechia	100%	100%

Dolnolabské elektrárny a.s. ("DEL") is a joint-stock company established on 15 May 2000. DEL is a company controlled by the shareholders Mr. Jaromír Tesař (which owns 62% of shares), Mr. Petr Tesař (which owns 5% of shares) and Mr. Jan Motlík (which owns 33% of shares). The registered address of the company is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. The main activity of DEL is the operation of HPP Litoměřice on the Labe river in the Czech Republic.

ENERGO - PRO MVE, s.r.o. ("EPMVE") is a limited liability company established on 11 January 2016. The registered address of the company is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. The main activity of EPMVE is the operation of Brandýs nad Labem HPP on the Labe river in the Czech Republic.

ENERGO-PRO TURKISH DEVELOPMENT S.R.O. ("EPTD")

EPTD is a limited liability company established on 6 October 2016 with registered address of Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. EPTD is a parent company of Turkish entity "Bilsev Enerji Üretim ve Ticaret A.S." which manages the Karakurt HPP & dam operation. EPTD is the parent company in the following entity:

		EPTD's ownership interest	
Name	**Location**	**31 December 2022**	**31 December 2021**
Bilsev Enerji Üretim VE Ticaret A.Ş.	Türkiye	100%	100%

Bilsev Enerji Üretim VE Ticaret A.Ş. ("Bilsev") is a joint stock company established on 3 November 2011 in Türkiye. The registered address of the company is at Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye.

ENERGO-PRO HYDRO DEVELOPMENT, S.R.O. ("EPHD")

EPHD is a limited liability company established on 20 February 2017 with registered address of Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. EPHD is a parent company of Turkish entity "Murat Nehri Enerji Üretim A.S." which manages the Alpaslan II HPP & dam operation. EPHD is the parent company in the following entity:

		EPHD's ownership interest	
Name	**Location**	**31 December 2022**	**31 December 2021**
Murat Nehri Enerji Üretim A.Ş.	Türkiye	100%	100%

Murat Nehri Enerji Üretim A.Ş. ("Murat") is a joint stock company established on 31 December 2015 in Türkiye. The registered address of the company is at Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye.

ENERGO-PRO INDUSTRIES, S.R.O. ("EPI")

EPI is a limited liability company established on 5 February 2014. The registered address is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. EP Industries is a parent company of Litostroj Power d.o.o. and its subsidiaries ("LP Group"), LITOSTROJ Holding US, and directly owns 100% of shares in these entities as of the date of these financial statements.

LITOSTROJ Holding U.S. INC. ("LTH US") is a joint-stock company was established on 13 August 2019 in the United States. The registered address of the company is 251 Little Falls Drive, Wilmington, County of New Castle, Delaware, 19808, United States. The company monitors the situation on the local market, promotes products, prepares offers and deals with subcontractors.
LTH US is the parent company of the following entity:

LITOSTROJ U.S. LLC. ("LT US") is a joint-stock company was established on 20 August 2019 in the United States. The registered address of the company is 641 South Lawrence Street, Montgomery, AL 36104, United States. The company monitors the situation on the local market, promotes products, prepares offers and deals with subcontractors.

		LTH US's ownership interest	
Name	**Location**	**31 December 2022**	**31 December 2021**
LITOSTROJ U.S. LLC.	United States	100%	100%

LP Group activities are focused on two major segments – design and production of energy and industrial equipment. LP Group unifies these entities:

- **Litostroj Power d.o.o.** ("LP") is a limited liability company established in Slovenia. The registered address of the company is Litostrojska cesta 50, 1000 Ljubljana, Slovenia. The company is engaged in the design, powerplant engineering and manufacturing of power generation and industrial equipment thought its own production capacity and R&D department.
- **Litostroj Engineering, a.s.** ("LE") is a joint-stock company established in the Czech Republic. The registered address of the company is Čapkova 2357/5, 678 01 Blansko, Czech Republic. As of 1 January 2019, the company changed its name from ČKD Blansko Engineering, a.s. to Litostroj Engineering, a.s. The company has its own hydraulic laboratory and continues the long tradition of Blansko in the research, development, supply and other services for the hydroelectric equipment.
- **Litostroj Hydro Inc.** ("LHI") is a limited liability company established in Canada. The registered address of the company is Rue de Pacifiquie 45, Bromont, Quebec, Canada. The company monitors the situation on the local market, promotes products, prepares offers and deals with subcontractors.

BERTA ENERJI ELEKTRIK ÜRETIM SANAY VE TIC. A.Ş. ("BERTA")

Berta is a joint-stock company established on 11 May 2016 in Türkiye. The registered address of the company is at Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. The main activity of Berta is the greenfield assets project of 3 HPP's and dam development in Türkiye on the river Berta. During 2020, EPV acquired 49% of the ownership in the related company Berta within the DKHI Group. On 25 October 2021, the General assembly of shareholders of Berta decided to increase Berta's share capital to TRY 77,766 million. EPV retained 30,919 shares or 39.76% of Berta's capital. In December 2022 was concluded a Share Purchase Agreement between EPV and DKHI (the ultimate parent company) to sell and transfer 30,919 shares each at the value of 1.000 Turkish liras, representing a direct shareholding of 39.76% in Berta at the total value of EUR 28,700 thousand.

PT ENERGO PRO INDONESIA ("EP INDONESIA")

EP Indonesia is a joint-stock company established on 15 August 2018 with registered address of Jl. Raya Karang Congok No. 8 Kel. Karang Satria, Indonesia. The company's main activity is investigation of the new hydropower project possibilities in the territory. As of 31 December 2022, DKHI owns 95% of ownership and PT Solusi Global Sejahtera owns 5% of ownership.

ENERGO-PRO GREEN FINANCE S.R.O. ("EPGF")

EPGF is a limited liability company established on 3 August 2020. The registered address of the Company is Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic, identification number of the EPGF is 09385801. The main activity of EPGF is the issuance and management of bonds. These bonds are registered on the Prague Stock Exchange.

POZEMKOVÝ HOLDING A.S. ("PH")

PH is a joint-stock company established on 24 October 2022 with registered address of Příkop 843/4, Zábrdovice, 602 00 Brno, Czech Republic, identification number of the PH is 17670446. The main activity of PH is agricultural business. As of 31 December 2022, DKHI owns 100% of ownership in PH.

1.3 RELATED PARTIES OWNED DIRECTLY BY THE ULTIMATE OWNER

TERESTRA-BULGARIA EOOD ("TERESTRA")

Terestra is a limited liability company established in 2002 under the Bulgarian legislation. The registered seat and the address of the company is at 100, G.S.Rakovski street, Sofia, Bulgaria.

Terestra is the parent company of the following entity:

		Terestra's ownership interest	
Name	Location	31 December 2022	31 December 2021
Taurus Consult EOOD	Bulgaria	100%	100%

Taurus Consult EOOD is a limited liability company under the Bulgarian legislation. The registered seat and the address of the company is at 100, G.S.Rakovski street, Sofia, Bulgaria.

TAKEDAKODON, S.R.O. ("TAKEDAKODON")

Takedakodon is a limited liability company established on 28 January 2013 with registered address of Na poříčí 1079/3, Nové Město, 110 00 Praha 1, Czech Republic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION.

The consolidated financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards, adopted by the European Union (IFRS, adopted by EU). The reporting framework "IFRS, adopted by the EU" is essentially the defined national accounting basis IAS adopted by the EU, regulated by the Accounting Act and defined in point 8 of its Additional Provisions. The financial statements are drawn in conformity with the principles of historical price. The preparation of the consolidated financial statements in compliance with IFRS requires implementation of concrete accounting estimates. It also requires that the Management use its own assessment during the implementation of the Group's accounting policies. The elements of the financial statements, whose presentation includes higher-degree subjective assessment or complexity, as well as those elements, for which the suppositions and estimations have a considerable impact on the financial statements as a whole, are separately disclosed in Note 3. Management of the Group has complied with all standards and interpretations that are applicable to its activities and officially adopted for use by the EU at the date of preparation of these financial statements. Management has reviewed the enforced from 1 January 2022 changes to the existing accounting standards and believes that they do not require significant changes to the application in the current year accounting policy.

GOING CONCERN.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The future viability of the Group depends upon the business environment. The Management has no plans or intentions to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. The Management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

MANAGEMENT ASSESSMENT OF THE IMPACT OF COVID-19 PANDEMIC.

The management has performed an assessment of the situation with respect to COVID(-19) pandemic across the countries in which ENERGO-PRO Group operates, as well as the ways in which it could affect the performance of the business. Governments across most of the world are currently removing all restrictive measures and situation is gradually returning to normal. A resurgence of infections, including of new variants of the virus, cannot be excluded, which may elicit further government response. To the extent that the response is similar to actions taken in the past two years this could again lead to a substantial decline in economic activity. ENERGO-PRO Group's management continues to monitor developments in the pandemic, enabling us to respond in a timely manner, thereby minimising health and safety risks and ensuring business continuity. The management will take any measures required in order to mitigate the impact of COVID-19 on the ENERGO-PRO Group's liquidity. Therefore, we assess the probability of COVID-19 related risks having a significant negative impact on ENERGO-PRO Group to be low.

MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE.

On 24 February 2022, Russian Federation launched a large-scale military invasion of Ukraine. Since the start of the war, there has been a significant depreciation of the Russian Ruble against foreign currencies, as well as a significant decline in the value of Russian securities. The sanctions have led to substantial increases in the prices of commodities, such as energy, metals and food in global markets, and to further disruptions in global supply chains. Free market prices of electricity have also risen sharply. The Group does not have direct exposures to related parties and/or key customers or suppliers from those countries. The Group's management considered the potential effects of the invasion on its activities and business and concluded that there is no material effect given that the Group has insignificant relations with these countries.

CONSOLIDATED FINANCIAL STATEMENTS.

Subsidiaries are those companies and other entities (including special purpose entities) in which the Group a) has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("gain from a bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement. The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Group and all of its subsidiaries use uniform accounting policies consistent with the Group's policies. Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. For Business combinations between entities under common control and also for related contingent consideration from acquisitions under common control, the IAS 37 was applied to measurement and recognition of the contingent consideration.

APPLICATION OF IAS 29.

IAS 29 requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within "Other financial income" or "Other financial expense". In accordance with the criteria set out in IAS 29, Türkiye has been classified as a hyperinflationary economy since April 2022. The only entity within the Group to which IAS 29 is applicable as of 31 December 2022 is EPInsaat. In view of the contribution of EPInsaat to the activities of the Group, based on an external study, the Management of the Group has assessed and concluded that the impact of IAS 29 to be immaterial and for the these consolidated financial statements for the year ended, and as of 31 December 2022 have therefore not been applied.

PURCHASES AND SALES OF NON-CONTROLLING INTERESTS.

The Group applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the equity, applying the economic entity approach. Purchases from minority interests result in gains and losses recorded in the equity, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES.

The Group applies accounting for an investment in associate and joint ventures according to IAS 28. The Group recognises an investment in associate and joint ventures if it is an entity over which an investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control), and investments in associates and joint ventures are accounted for using of the equity method. Under the equity method of accounting, an equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the investment in associate and joint ventures. The income statement reflects the Group's share of the results of operations of the associate through the item Other income/(loss). The statement of cash-flows reflects the Group's share of the result of operation of the associate through the item (Income)/Loss share in investment in associates and joint ventures.

DISPOSALS OF SUBSIDIARIES.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the EP Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

FINANCIAL INSTRUMENTS – KEY MEASUREMENT TERMS.

Depending on their classification financial instruments are carried at fair value or amortised cost as described below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis. Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowances for expected impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position. The effective interest method is a method of allocating interest income or interest expense over the relevant period to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

CLASSIFICATION OF FINANCIAL ASSETS.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

All financial instruments and operations performed by the company are pointed to collect contractual cash flows from sales of electricity. This is a main objective and a regular activity for the company. Historically, the company has never sold its financial instruments. Based on the past experience all financial assets are held in order to collect contractual cash flows and are classified into first business model – Held to collect (H2C). The company's cash flows from trade and other receivables pass the SPPI test, because there are not any interest rates for these financial instruments. Issued loans also meet the criterion of solely payments of principal and interests, since all interest rates on issued loans are fixed.

CLASSIFICATION OF FINANCIAL LIABILITIES.

Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

Initial recognition and derecognition of financial instruments. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

De-recognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the EP Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

IMPAIRMENT OF FINANCIAL ASSETS CARRIED AT AMORTISED COST.

IFRS 9 sets out two approaches for recognition of expected credit losses:

General approach:

- For financial instruments in respect of which the credit risk on a financial instrument has not increased significantly since initial recognition, the recognizes the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses;
- For financial instruments in respect of which the credit risk on a financial instrument has increased significantly since initial recognition, the recognised the loss allowance for that financial instrument at an amount equal to lifetime expected credit losses.

Simplified approach:

- For all financial instruments, the recognised loss allowance should equal to lifetime expected credit losses.

With respect to impairment of trade receivables, the Group has used a provision matrix as well as its accumulated experience of credit losses on trade receivables in order to estimate the approximate lifetime expected credit losses of the financial assets. Future cash flows attributable to a group of financial assets that are collectively measured for impairment are determined on the basis of historical information relating to financial assets with credit risk characteristics similar to those of the group of financial assets.

OFFSETTING.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset th e recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

PROPERTY, PLANT AND EQUIPMENT ("PPE").

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is derecognised. At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss for the year within other operating income or expenses.

DEPRECIATION.

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Land and buildings	20 – 100
Technical plant and machinery	25 – 45
Other plants, furniture and fixtures	3 – 6
Other fixed assets	5 – 25

The residual value of an asset is the estimated amount that the EP Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

LEASES.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

RIGHT-OF-USE ASSETS.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follow:

	Useful lives in years
Land and buildings	20 – 100
Technical plant and machinery	25 – 45
Other plants, furniture and fixtures	3 – 6
Other fixed assets	5 – 25

If ownership of the leased asset transfers to The Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

LEASE LIABILITIES.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by The Group and payments of penalties for terminating the lease, if the lease term reflects The Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, The Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is

increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS.

The Group applies the short-term lease recognition exemption to its short-term leases of land and buildings and technical plant and machinery (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

GROUP AS A LESSOR.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

LEASES PREVIOUSLY ACCOUNTED FOR AS OPERATING LEASES.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application/ based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

IFRS 16 was adopted by the EU on 31 October 2017 and enters into force on 1 January 2019. The Group has applied a simplified retrospective approach without adjustments for prior periods. As the Group has operating leases, in the capacity of a lessee, in connection with IFRS 16, as of 31 December 2022, the Group reported right of use assets in the amount of EUR 8,538 thousand (31 December 2021: EUR 7,446 thousand). An average interest rate of 4.68% was used for the calculation. The Group does not present lease liabilities separately in the statement of financial position, the lease liabilities are disclosed in the following notes of these in the statement of financial position include those liabilities:

(EUR'000)	31 December 2022	31 December 2021
Non-Current Financial Liabilities (Note 18)	1,334	2,209
Other Current Liabilities (Note 23)	472	325
Total lease liabilities	**1,806**	**2,534**

GOODWILL.

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

INTANGIBLE ASSETS ("IA").

The Group's intangible assets other than goodwill have definite useful lives and primarily include electricity generation licenses acquired in business combinations. Acquired computer software is capitalised based on the costs incurred to acquire and bring it to use. Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g., its maintenance, are expensed when incurred. Intangible assets are amortised using the straight-line method over their useful lives:
If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

	Useful lives in years
Electricity generation licenses	10 – 45 years
Customer lists	10 years
Software licences and software	1 – 7 years
Other operating licences	3 – 7 years

INCOME TAXES.

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period with respect to tax law of each consolidated entity. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity. Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses. The Group´s liability for current tax is calculated as a sum of tax liability of each consolidated entity. Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded as temporary differences in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised. The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

UNCERTAIN TAX POSITIONS.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

INVENTORIES.

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

TRADE AND OTHER RECEIVABLES.

Trade and other receivables are carried at amortised cost using the effective interest method. Trade receivables represent the unconditional right of the Group to consideration under contracts with customers and other counterparties, i.e. only the passage of time is required before payment of that consideration is due.

CONTRACT ASSET.

The right of the Group to consideration in exchange for the goods or services that it has transferred to the client, but which is not unconditional (accrual of receivables). If, by transferring the goods and / or services, the Group performs its obligation before the client pays the respective consideration and / or before the payment becomes due, the consideration (which is conditional) is recognised as a contract asset. The right to consideration is unconditional if the only condition for the payment to become due is the passage of a certain period of time. Applying a certain methodology, the Group reports as customer contract assets, the accrued amount of electricity volumes delivered to customers, which is not actually measured at the end of the reporting period.

CONTRACT LIABILITIES.

The payments received by the client and / or the unconditional right to receive payment before the Group has performed its obligations under the contract are presented as contract liabilities. Contract liabilities are recognised as income when (or as) the Group meets its obligations to perform under the contract.

Contract assets are presented together with trade receivables in the balance sheet, due to the same nature of assets. They are included in the group of current assets when their maturity is within 12 months and / or are from the normal cycle of the Group, and the rest - as non-current. Assets and liabilities arising from a single contract are presented net in the balance sheet, even if they result from different contractual obligations to perform. Contract liabilities are presented separately from Trade and other payables. Subsequent to initial recognition, trade receivables are reviewed for impairment in accordance with the requirements of IFRS 9.

PREPAYMENTS.

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

CASH AND CASH EQUIVALENTS.

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in non-current assets. The assigned receivables that were subsequently reclassified as a provided loan are presented by the Group as a part of the cash-flow from investing activities.

According to standard IAS 7 par. 26 and 27 cash movements of individual entities in the consolidated cash flow statement are converted from their functional currency to the presentation currency at the average exchange rate (or transaction date exchange rate). The difference between the average exchange rates in cash flow statement and closing exchange rates in balance sheet is shown in this item.

SHARE CAPITAL.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

DIVIDENDS.

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

DIVIDEND DISTRIBUTION.

The distribution of dividends is recognised as liability in the financial statements for the period in which it is approved by the shareholders of the Group.

VALUE ADDED TAX.

Output value added tax related to sales is payable to tax authorities upon delivery of the goods to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

BORROWINGS.

Borrowings are carried at amortised cost using the effective interest method.

CAPITALISATION OF BORROWING COSTS.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at average funding cost on entity level (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

PROVISIONS.

Provisions are determined by the present value of expected costs to settle the obligation using a pre-tax rate that reflects the assessment of the current state of the market value of money and risks specific to the liability. Increases in allowance as a result of time are recognised as interest expense.

TRADE AND OTHER PAYABLES.

Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

GOVERNMENT GRANTS.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the subsidised items. Government grants relating to costs are deferred and recognised in profit or loss for the year over the period necessary to match them with the costs that they are intended to compensate.

RELATED PARTIES.

For the purposes of these financial statements all shareholders, their associated and subsidiary companies, managers and members of the management bodies, as well as their family members are treated as related parties. In the ordinary course of business the Group enters into related parties transactions. Detailed information for these transactions is presented in Note 5.

FOREIGN CURRENCY TRANSLATION.

The functional currency of each of the EP Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Czech Crown ("CZK") and the EP Group's presentation currency is the EURO ("EUR"). EUR as the presentation currency is used because Group operates mainly inside Europe and the results presented in EUR are more comprehensible for financial institutions and business partners. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the National Banks (NB) of the country where each entity operates at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the NB are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss. The currencies in which most of the transactions are denominated are:

EUR – Euro
CZK – Czech Crown
USD – US Dollar
BGN – Bulgarian Leva
GEL – Georgian Lari
TRY – Turkish Lira
COP – Colombian Peso

Loans between group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss. The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); equity is translated at the historical rate; and all resulting exchange differences are recognised in equity (translation reserve) and other comprehensive income. When control over a foreign operation is lost, the exchange differences recognised previously in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

ROUNDING OF AMOUNTS.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

REVENUE RECOGNITION.

Revenues include the fair value of consideration received or receivable payments or remuneration for goods and services sold in the normal course of business of the Group. Revenues were down from a net value-added tax. IFRS 15 introduces the model of the 5 steps for revenue recognition, whereby the underlying principle is that revenue is recognised as a result of the transfer of the promised goods and services to the client to the extent that it reflects the remuneration, which the entity expects to have in return for those goods and services. The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and the specifics of each agreement. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Revenue from sale of electricity

Domestic sale of electricity is recognised based on metered or estimated usage of power by customers and calculated according to the enacted tariffs. Export sale and transit of electricity is recognised based on metered transfer of power and calculated according to the contractual tariffs.

(b) Revenue from sales of services

Revenue from sales of services compromise of the following services:

- Connection fees - consists of charges received from customers and recognised immediately at the time of initial connection (without fixed period) to the electricity network system;
- Other – such as charges to reconnect customers, checking of electrical devices and other.

Sales of other services are recognised when the service is rendered. The Group transfers control over the services over time and therefore satisfies the obligation to perform and recognises revenue over time. In respect with IFRS 15, the Group has reviewed the contracts concluded for connection of new customers to the electricity grid and considers that they are not in compliance with the IFRS 15 criteria for the transfer of control over services over the time and hence does not meet the obligation to implement and recognise revenue over time. Regarding the relationship with customers under connection agreements, the Group's understanding is that the advance payment received from these customers represents the cash received and the corresponding contractual obligation, as defined in IFRS 15, and revenue is recognised after the specified obligation for execution is fulfilled.

(c) Revenue from sale of grid components for electricity distribution

Grid components in the electricity sale price defined by the Regulator comprise of transmission fee and access fee. Some of the entities in the Group operate the gird and provide distribution directly (distribution companies), other entities do not provide distribution but sale (trading companies) but charge the end customers with both fees for distribution and for the distributed energy. Until initial application of IFRS 15, the revenues of grid components in the electricity sales price are recognised in profit and loss on monthly basis after the measurement of electricity used by clients. IFRS 15 specifies that when another party is involved in providing goods or services to a customer, the entity should determine whether the other party is acting as a principal or as an agent. The principal controls the promised goods or services before they are transferred to the client. IFRS 15 provides the following indications for the designation of an agent that is deemed not to control the goods or services before being transferred to the client. When an entity acts as a principal, revenues are recognised as the gross amount of the consideration payable. By contrast, the agent only recognises a commission or a fee. The Group concludes that these indicators provide further evidence that it does not control the specified goods before they are transferred to the customers. As part of reaching that conclusion, the Group considers the following indicator:

- the supplier is not primarily responsible for fulfilling the promise to provide the goods to the customer. The Group is neither obliged to provide the goods if the supplier fails to transfer the goods to the customer, nor responsible for the acceptability of the goods;
- the Group does not take inventory risk at any time before or after the goods are transferred to the customer. The Group does not commit itself to obtain the goods from the supplier before the goods are purchased by the customer and does not accept responsibility for any damaged or returned goods;
- the Group does not have discretion in establishing prices for the supplier's goods. The sales price is set by the supplier.

In respect to the IFRS 15, distribution companies of EPV who trade with electricity (ElectroNorth) have reviewed the contracts concluded for grid components – transmission, access fee, and consider that they are acting as an agent. From 1 January 2018, the Group does not report revenue and (costs) for grid components. In the case of EPGS, this revenue is reported due to the following main differences with Bulgaria in local legislation: (1) EPGS has a contract with the regulated customer; (2) the primary obligor towards the customer is the supply company EPGS.

d) Revenue from customer contracts

Revenues are broken down into operating and financial revenues. Revenue from contracts with customers is recognised in the income statement on the basis of the provisions of the individual sales contract with the customer upon transfer of control of the product and service to the customer in an amount that reflects compensation for which the company and the group considers eligible for such products and services. A five-step model is used to recognise revenue from contracts with customers:

1. definition of the contract with the buyer,
2. definition of enforcement obligations in contracts,
3. determination of the transaction price,
4. the allocation of the transaction price to the enforcement obligations; and
5. recognition of revenue when the enforcement obligation is met.

Revenue is recognised when the company meets its enforcement obligation. This is when a company transfers control of a product or service to a customer. Control means that the customer can direct the use of the asset and receive all the significant benefits from the asset and can also prevent others from using and receiving the benefit from the asset. The transfer of control may occur at a particular time or period. For contracts that are performed over a longer period of time, revenue is recognised gradually over the period of performance but only if one of the following criteria is met:

- the buyer simultaneously accepts and consumes the benefits of the company's implementation during the implementation itself;
- the enterprise's performance creates or increases an asset (eg work in progress) that the customer controls during the creation or expansion;
- the performance of the enterprise does not create an asset that the enterprise can use for other purposes and the enterprise has a recoverable right to payment for the performance completed so far.

If, in accordance with the above provisions, individual contracts / projects meet the condition of a specific product and the company, in case of termination of the contract by the buyer, is entitled to payment for work performed, which includes a reasonable profit, revenue under contracts with customers is recognised gradually (over time). Gradual recognition of revenue is carried out at the stage of completion. The input method, which is based on the costs actually incurred in relation to the estimated costs of completing the project, is used to measure completion. In all other cases, revenue is recognised immediately, ie upon delivery of the product or services provided, which represent the fulfillment of an individual enforcement obligation. The enforcement obligation is linked to the fulfillment of a milestone, which represents the deadline for the delivery of equipment or services provided, set by the buyer / investor.

(e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Revenues from penalty interest for late payment of bills for electricity consumed is recognised at the time of payment of the principal.

(f) Financial income under a corporate guarantee contract

The Group classifies its receivable under a contract for the provision of corporate guarantees as a financial asset because a company from the Group has become a party to a contractual arrangement and as a consequence has the legal right to receive cash. The financial income under the corporate guarantee agreement is rescheduled for the entire term of the contract and subsequently recognised in profit and loss proportionally over time.

BARTER TRANSACTIONS AND MUTUAL CANCELLATIONS.

A portion of sales and purchases are settled by mutual cancellations, barter or non-cash settlements. These transactions are generally in the form of direct settlements by dissimilar goods and services from the final customer (barter), cancellation of mutual balances or through a chain of non-cash transactions involving several companies. Sales and purchases that are expected to be settled by mutual settlements, barter or other non-cash settlements are recognised based on management's estimate of the fair value to be received or given up in non-cash settlements. The fair value is determined with reference to observable market information. Non-cash transactions have been excluded from the consolidated cash flow statement. Investing and financing activities and the total of operating activities represent actual cash flows.

EMPLOYEE BENEFITS.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

(a) Defined contribution retirement plan

The Group does not manage obligatory or voluntary pension funds. Payment of retirement pensions is an obligation of the countries where the Group operates. In accordance with statutory requirements, the Group pays personal income tax and social security contributions, as well as contributions to the pension funds governed by those countries. These expenses are recognised in profit or loss. Once such contributions are made, the Group has no further obligations.

(b) Defined benefit obligations

The valuation of the long-term payables to employees (a lump-sum paid upon retirement) is performed using the unit credit method. The valuation is performed by actuaries, as of the balance sheet date. The payable, recognised in the balance sheet represents the net present value of the payments, as well as any actuarial corrections and expenses for previous employment. The actuary gains and losses, resulting from practical adjustments and changes of the actuary suppositions, are recognised in Other comprehensive income.

PERFORMANCE MEASURES OF THE GROUP.

In order to ensure a fair presentation of the Group's operations, the Group uses Performance measures of the Group that are not defined in IFRS or in the Local Accounting GAAPs. The Performance measures of the Group are described below, including their definitions and how they are calculated. The Performance measures of the Group used are unchanged compared with earlier periods.

(a) Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is specified as a non-gaap measure in these Consolidated financial statements (there is no IFRS standard for EBITDA specification). The Group considers EBITDA to be an important indicator of its economic performance. EBITDA is calculated as total revenues minus certain operating expenses, as shown in Consolidated Statement of Comprehensive Income.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ESTIMATED IMPAIRMENT OF GOODWILL.

The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use or fair value less cost to sell calculations. These calculations require the use of estimates as further detailed in Note 7.

INITIAL RECOGNITION OF RELATED PARTY TRANSACTIONS.

In the normal course of business, the Group enters into transactions with its related parties. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 5.

REVENUE FROM SALE OF ELECTRICITY.

Revenue from sale of electricity is recognised in profit or loss on a monthly basis after measuring the electricity provided to the customers. As the energy meters reading may not be carried out for all customers covering exactly the calendar month, the Group makes the calculation to accrue the revenue from energy supply for the period. Calculations consider past historical data about electricity supply and demand for the short term forecasted.

PROGRAM FOR COMPENSATION OF BUSINESS END CUSTOMERS ON THE ELECTRICITY MARKET.

The Council of Ministers decided on 27 October 2021 (Protocol No 739) to approve a program for compensation of business customers on the electricity market (the Program). The Program sets the mechanism for compensation of business end customers through the traders of electricity, suppliers of last resort, producers of electricity, supplying directly to end business customers and operators on the independent energy exchange (Suppliers). The program is approved by EU. In reference to the Program, the Council of Ministers approved a standard contract with Suppliers. In its capacity as a Supplier, in November 2021 the Group concluded a contract with the Ministry of Energy for the compensation of the end business customers, for the period 1 October 2021 – 31 December 2022. As contracted, the Group is reducing with the compensation the receivables from its end business customers, which are under contract with the Group for a delivery of electricity. On the other hand, the Group receives the compensation from the Ministry of Energy. The compensation of the end business customers has no effect on the revenues from the contracts with the business customers. As far as the compensations are concerned, the Group acts like an agent of the Ministry of Energy for the payment of the compensations.

IMPAIRMENT OF ACCOUNTS RECEIVABLE.

The Management has made an estimation of the volume and timing of expected future cash flows that relate to accounts receivable in the following groups: individually accounts, households and other small customers and receivables under litigation. Due to the inherent uncertainty in this assessment, actual results may differ from expected. The Group's management reviews the estimates from previous years and actual results of the previous year. With regard to the initial application of IFRS 9, the Group has used its accumulated experience of credit losses and has taken into account current conditions and forecasts to reliably estimate the expected credit losses on its trade receivables.

IMPAIRMENT OF INVENTORIES.

Management has estimated the inventory impairment by comparing the carrying amount and their probable net realizable value in assessing the moral and technical obsolescence of inventory items. Due to the inherent uncertainty of this assessment, actual results may differ from expected. Management reviews the estimates from previous years and the actual results of the previous year.

PROVISIONS.

The Management uses significant accounting estimates and judgments in determining the amount of provisions.

(a) Grid access fee provision

The calculation of the provision is based on a methodology given by the Regulator, taking into account the estimated value of the respective assets and the electricity consumption of the supplied customers. It covers potential customer claims for compensations related to the past 3-year period. There is uncertainty incorporated in the calculation of the grid fee provision about the number of customers that might claim this compensation and once claimed about the outcome of the court case. The Group has estimated for all facilities that it is aware they are in use, that it is more likely than not that the amounts will be claimed, and the customers will possibly win in court.

(b) Provision for legal claims

Management assesses the risk of Group's losing legal claims. The estimates are updated periodically to reflect changes in all legal claims and circumstances in regard with them.

DETERMINING THE USEFUL LIFE OF PPE.

The Management reviews the useful life of tangible and intangible assets and its potential increase or decrease based on regular observations and assessments carried out by the technical team. In accordance with the policy for impairment of non-financial assets, the Group annually assesses the indicators for impairment of PPE. The evaluation includes an analysis of external factors, financial indicators for the year and other activity-specific indicators. In the presence of PPE impairment indications, the Group performs an impairment test that includes the determination of the recoverable amount of cash-generating units (CGU), based on a calculation of their value in use.

RETIREMENT BENEFIT OBLIGATIONS.

The present value of the retirement benefit obligations in income depends on several factors, which are defined on the basis of actuarial valuation, using different assessments such as number of salaries defined in Collective labour agreement, their increase and other. Estimates used to determine the net expense/ (income) for the benefits at retirement include the discount factor. Any change in these estimates will affect the carrying amount of retirement benefits obligations. At the end of each year, the Group determines appropriate discount factor. This the interest rate should be used to determine the present value of estimated future outflows needed to meet the obligations of such benefits. In determining the appropriate discount factor, the Group takes into account the rate of government bonds ("GB") with 10-year maturity, issued by the local governments, denominated in the currency in which the income would be paid and terms to maturity similar to the terms of the obligations under the pension income. Since the average retirement term is longer than 10 year, the actuary provides an extrapolation of the data for the effective annual benefit of government bonds.

LEASES.

Determining the lease term of contracts with renewal and termination options – the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

LEASES - ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2022.

The nature and effect of the significant changes as a result of adoption of these new accounting standards are described below:

IFRS 16 LEASES-COVID 19 RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021 (AMENDMENT).

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid(-19) pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.
The amendment had no impact on the financial statements of the Group.

IFRS 3 BUSINESS COMBINATIONS; IAS 16 PROPERTY, PLANT AND EQUIPMENT; IAS 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS WELL AS ANNUAL IMPROVEMENTS 2018(-202)0 (AMENDMENTS).

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss. IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities. Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

These amendments had no impact on the financial statements of the Group.

Standards issued but not yet effective and not early adopted up to the date of issuance of the Group's financial statements are listed below:

IFRS 17: INSURANCE CONTRACTS.

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts.
This standard is expected to have no impact on the financial statements of the Group.

AMENDMENT IN IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS AND IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE.

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT (AMENDMENTS).

The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the COVID(-19) pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

These amendments are expected to have no impact on the financial statements of the Group.

IFRS 16 LEASES: LEASE LIABILITY IN A SALE AND LEASEBACK (AMENDMENTS).

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU.
This amendment is expected to have no impact on the financial statements of the Group.

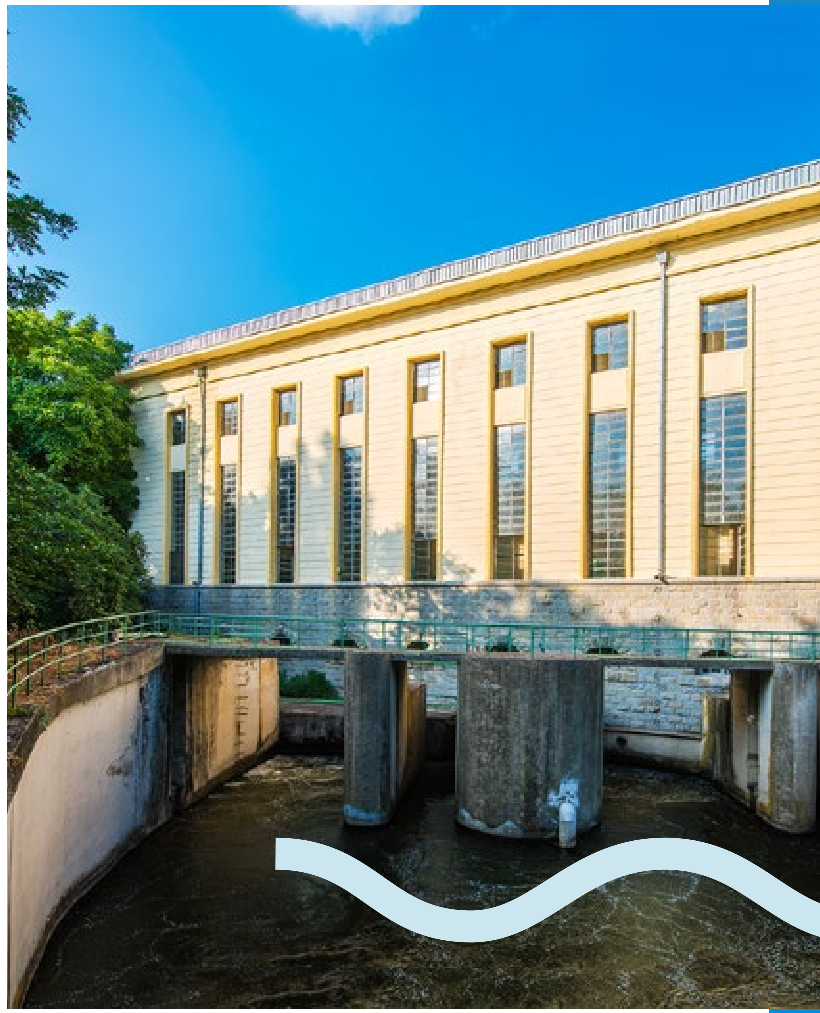
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments). The Amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.
These amendments are expected to have no impact on the financial statements of the Group.

IAS 8 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS: DEFINITION OF ACCOUNTING ESTIMATES (AMENDMENTS).

The amendments become effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors
The Amendments have not yet been endorsed by the EU.
These amendments are expected to have no impact on the financial statements of the Group.

IAS 12 INCOME TAXES: DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (AMENDMENTS).

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.
These amendments are expected to have no impact on the financial statements of the Group.



5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are generally considered to be related if the parties are under common control or if one party could control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. As at 31 December 2022, the outstanding balances with related parties were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Current portion of issued loans	-	10,141
Non-current portion of issued loans	396,653	20,548
of which: Principal	332,803	16,306
of which: Interest	63,850	4,242
Prepayments for property, plant and equipment	-	5,065
Non-current financial fixed assets	-	11,916
Trade and other receivables	663	52,199
Inventories	-	3,872
Other current assets	28,700	36
Other non-current liabilities	-	2,335
Trade and other payables	-	457
Other current liabilities	-	1,455

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Sales of electricity in local markets	-	557
Sales - services and other	13	12,939
Other income	356	52
Purchased power	-	(234)
Services expenses	-	(21)
Materials expenses	-	(2,183)
Other operating expenses	-	(221)
Interest income	15,375	2,273
Interest costs	-	(2)

Entities under common control – "Related parties" section (Note 1).

As at 31 December 2021, the outstanding balances with related parties were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Current portion of issued loans	-	3,360
Non-current portion of issued loans	322,503	19,318
of which: Principal	274,181	15,787
of which: Interest	48,322	3,531
Prepayments for property, plant and equipment	-	4,043
Non-current financial fixed assets	-	11,761
Trade and other receivables	643	51,673
Inventories	-	5,564
Other current assets	-	382
Other non-current liabilities	-	3,273
Trade and other payables	-	489
Other current liabilities	-	1,644

The income and expense items with related parties for the year ended 31 December 2021 were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Sales of electricity in local markets	-	228
Sales - services and other	6	25,465
Other income	-	282
Purchased power	-	(83)
Services expenses	-	(13)
Materials expenses	-	(4,211)
Other operating expenses	-	(25)
Interest income	13,951	2,657
Interest costs	-	(1)

Entities under common control – "Related parties" section (Note 1).

6. PROPERTY, PLANT AND EQUIPMENT & PREPAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment were as follows:

(EUR'000)	Land and Buildings	Technical plant and machinery	Other plant, furniture and fixtures	Assets under construction	Right of use	Other fixed assets	Total
Cost or valuation							
1 January 2022	**88,040**	**706,494**	**18,186**	**41,819**	**7,446**	**19,202**	**881,187**
Reclassification	5,154	(2,552)	4,401	128	(162)	(4,810)	2,159
Additions	8,013	12,996	4,449	75,902	1,068	4,595	107,023
Transfers	1,919	60,741	1,272	(65,533)	-	1,601	-
Disposals	(25)	(9,625)	(836)	(11)	(285)	(151)	(10,934)
Acquisition of subsidiaries	7,699	(24)	(52)	2,085	-	161	9,869
Difference in rate of exchange	12,275	74,459	4,450	5,941	471	916	98,512
31 December 2022	**123,075**	**842,489**	**31,870**	**60,331**	**8,538**	**21,514**	**1,087,816**
Accumulated depreciation							
1 January 2022	**(34,919)**	**(354,273)**	**(10,661)**	**(9)**	**(3,415)**	**(9,794)**	**(413,071)**
Reclassification	(3,478)	2,945	(2,856)	-	-	1,068	(2,321)
Charge for the year	(2,189)	(42,048)	(2,698)	(19)	(1,456)	(2,783)	(51,193)
Disposals	21	8,282	594	5	214	124	9,240
Impairment loss (-)/Reversal of impairment (+)	363	-	-	-	-	-	363
Acquisition of subsidiaries	-	10	(1)	-	1	(2)	8
Difference in rate of exchange	(4,768)	(27,737)	(2,393)	(14)	(222)	(117)	(35,251)
31 December 2022	**(44,970)**	**(412,821)**	**(18,015)**	**(37)**	**(4,878)**	**(11,504)**	**(492,225)**
Net book value							
31 December 2022	**78,105**	**429,668**	**13,855**	**60,294**	**3,660**	**10,009**	**595,591**

(EUR'000)	Land and Buildings	Technical plant and machinery	Other plant, furniture and fixtures	Assets under construction	Right of use	Other fixed assets	Total
Cost or valuation							
1 January 2021	**77,787**	**637,159**	**14,279**	**31,090**	**7,002**	**17,336**	**784,653**
Reclassification	644	(470)	(168)	367	(45)	(373)	(45)
Additions	2,945	15,442	1,483	45,611	399	1,915	67,795
Transfers	339	35,712	1,076	(37,156)	-	29	-
Disposals	(48)	(7,625)	(725)	(63)	(200)	(254)	(8,915)
Acquisition of subsidiaries	-	-	-	(1,429)	-	-	(1,429)
Difference in rate of exchange	6,373	26,276	2,241	3,399	290	549	39,128
31 December 2021	**88,040**	**706,494**	**18,186**	**41,819**	**7,446**	**19,202**	**881,187**
Accumulated depreciation							
1 January 2021	**(31,061)**	**(312,391)**	**(8,079)**	**12**	**(2,189)**	**(8,567)**	**(362,275)**
Reclassification	596	(1,071)	110	-	-	365	-
Charge for the year	(1,971)	(36,457)	(1,922)	(14)	(1,235)	(2,259)	(43,858)
Disposals	30	5,616	455	1	119	727	6,948
Impairment loss (-)/Reversal of impairment (+)	115	-	-	-	-	-	115
Difference in rate of exchange	(2,628)	(9,970)	(1,225)	(8)	(110)	(60)	(14,001)
31 December 2021	**(34,919)**	**(354,273)**	**(10,661)**	**(9)**	**(3,415)**	**(9,794)**	**(413,071)**
Net book value							
31 December 2021	**53,121**	**352,221**	**7,525**	**41,810**	**4,031**	**9,408**	**468,116**

Assets under construction include costs for distribution companies EPV and EPG for construction and connection of PPE from the investment program of the Group. Based on the review for impairment of PPE, the Group's management has not established indicators that the carrying amount of assets exceeds their recoverable amount.

Prepayments for property, plant and equipment as of 31 December 2022 in the amount of EUR 5,323 thousand (31 December 2021: EUR 4,661 thousand) are mainly linked to the rehabilitation and modernization of the distribution networks in EPG.

7. GOODWILL

Movements in goodwill arising on the acquisition of subsidiaries and change in the exchange rate are stated below:

(EUR'000)	31 December 2021	Acquisitions / Disposals	Exchange differences	Impairment loss	31 December 2022
EPB (a)	24,849	-	-	-	24,849
EPGG (b)	19,681	-	4,227	-	23,908
OPPA (c)	5,836	-	-	-	5,836
RH (d)	4,086	-	248	-	4,334
EP Colombia (e)	1,396	4,816	(602)	(1,413)	4,197
EPG (f)	404	-	87	-	491
Carrying amount	**56,252**	**4,816**	**3,960**	**(1,413)**	**63,615**

(a) EPB Goodwill

(EUR'000)	31 December 2022	31 December 2021
Gross book value at 1 January	24,849	24,849
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**24,849**	**24,849**
Acquisitions/ Disposals	-	-
Exchange differences	-	-
Gross book value at 31 December	24,849	24,849
Impairment loss	-	-
Carrying amount at 31 December	**24,849**	**24,849**

ALLOCATION.

All goodwill is allocated to EPB as a single cash-generating unit ("CGU") that is expected to benefit from the synergies of the respective business combinations.

IMPAIRMENT TEST.

Annually in order to assess the reimbursable value of the goodwill formed upon acquisition of hydrotechnical and hydropower plants to the amount of EUR 24,849 thousand (BGN 48,600 thousand), the EPB used an external assessor possessing the respective qualification and experience. Upon reporting the specifics of valued assets, a "value in use" was determined for the purposes of the assessment. The value in use is the current value of future cash flows, as expected from an asset or a unit generating cash flows. The value in use reflects reasonable and argumented assumptions of EPB's Management regarding the economic conditions expected to be present during the remaining economic life of the asset. The economic life of the assets is predetermined by the license duration. It was assumed that the company will extend the license term. Thus, the economic life of the assets is assumed to be infinite. The income approach was applied in order to deduct the value in use of the manufacturing properties, machinery and installations together with their adjoining goodwill. This amount, as set based on an income approach for deduction to the amount into use, maintains the value of the goodwill, and there was no impairment identified. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2022	2021
Discount rate	5.95% p.a.	5.60% p.a.
Terminal growth rate	0.90% p.a.	0.57% p.a.

(b) EPGG Goodwill

(EUR'000)	31 December 2022	31 December 2021
Gross book value at 1 January	19,681	17,140
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**19,681**	**17,140**
Exchange differences	4,227	2,541
Gross book value at 31 December	23,908	19,681
Impairment loss	-	-
Carrying amount at 31 December	**23,908**	**19,681**

ALLOCATION.

Total goodwill is allocated to the Group as a single CGU that is expected to benefit from the synergies of the respective business combinations.

IMPAIRMENT TEST.

The recoverable amount of CGU was determined based on value-in-use calculations split between generation and distribution companies as this is how they will operate in future. These calculations use cash flow projections based on financial forecasts prepared by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2022	2021
Discount rate	15.4% p.a.	15.4% p.a.
Annual sales growth	15.0% p.a.	6.8% p.a.
Growth rate beyond three years	1.0% p.a.	1.0% p.a.

(c) OPPA Goodwill

(EUR'000)	31 December 2022	31 December 2021
Gross book value at 1 January	5,836	5,836
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**5,836**	**5,836**
Exchange differences	-	-
Gross book value at 31 December	5,836	5,836
Impairment loss	-	-
Carrying amount at 31 December	**5,836**	**5,836**

ALLOCATION.
All goodwill is allocated to OPPA as a single CGU that is expected to benefit from the synergies of the respective business combinations.

IMPAIRMENT TEST.
The recoverable amount of CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a three-year period. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2022	2021
Discount rate	15.1% p.a.	16.7% p.a.
Growth rate beyond three years	3.0% p.a.	3.0% p.a.

(d) RH Goodwill

(EUR'000)	31 December 2022	31 December 2021
Gross book value at 1 January	4,086	6,660
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**4,086**	**6,660**
Exchange differences	248	(2,574)
Gross book value at 31 December	4,086	4,086
Impairment loss	-	-
Carrying amount at 31 December	**4,334**	**4,086**

ALLOCATION.
The goodwill was allocated to RH as a single CGU that is expected to benefit from the synergies of the respective business combinations.

IMPAIRMENT TEST.
The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a ten-year period. The economic life of the assets is predetermined by the license duration. It was assumed that the company will extend the license term. Thus, the economic life of the assets is assumed to be infinite. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2022	2021
Discount rate	9.4% p.a.	16.4% p.a.
Growth rate beyond ten years	1.0% p.a.	1.0% p.a.
Annual sales growth within the ten years	3.0% p.a.	3.0% p.a.

(e) EP Colombia Goodwill

(EUR'000)	31 December 2022	31 December 2021
Gross book value at 1 January	1,396	1,429
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**1,396**	**1,429**
Acquisitions / Disposal	4,816	-
Exchange differences	(602)	(33)
Gross book value at 31 December	5,610	1,396
Impairment loss	(1,413)	-
Carrying amount at 31 December	**4,197**	**1,396**

ALLOCATION.
The goodwill was allocated to EP Colombia as the sum of three CGUs (Chorreritas, Sabanas, Cuerquia) that is expected to benefit from the synergies of the respective business combinations.

IMPAIRMENT TEST.
The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a ten-year period. The economic life of the assets is predetermined by the license duration. It was assumed that the company will extend the license term. Thus, the economic life of the assets is assumed to be infinite. The Group considers the relationship between its value-in use calculation and its book value, among other factors, when reviewing for indicators of impairment. As of 31 December 2022, the market capitalisation of the CGUs was below the book value, indicating impairment of goodwill. The Group recorded impairment of goodwill in the amount of EUR 1,413 thousand as of 31 December 2022.

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were (Chorreritas, Sabanas, Cuerquia):

	2022	2021
Discount rate	20.2% p.a.	10.0% p.a.
Growth rate beyond ten years	2.0% p.a.	2.0% p.a.
Annual sales growth within the ten years	2.0% p.a.	2.0% p.a.

(f) EPG Goodwill

(EUR'000)	31 December 2022	31 December 2021
Gross book value at 1 January	404	352
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**404**	**352**
Exchange differences	87	52
Gross book value at 31 December	404	352
Impairment loss	-	-
Carrying amount at 31 December	**491**	**404**

ALLOCATION.

Total goodwill is allocated to EPG as a single CGU that is expected to benefit from the synergies of the respective business combinations.

IMPAIRMENT TEST.

The recoverable amount of CGU was determined based on value-in-use calculations split between generation and distribution companies as this is how they will operate in future. These calculations use cash flow projections based on financial forecasts prepared by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2022	2021
Discount rate	15.4% p.a.	15.4% p.a.
Annual sales growth	1.0% p.a.	6.5% p.a.
Growth rate beyond three years	1.0% p.a.	1.0% p.a.

8. OTHER INTANGIBLE ASSETS

Movements in the carrying amount of intangible assets were as follows:

(EUR'000)	Electricity generation licenses	Software	Customer list	Other	Total
Cost or valuation					
1 January 2022	**27,246**	**5,600**	**19,158**	**1,571**	**53,575**
Reclassification	15	(232)	-	217	-
Additions	24	324	-	1,336	1,684
Transfers	-	44	-	(44)	-
Disposals	-	-	-	(16)	(16)
Acquisition of subsidiaries	(17)	-	-	-	(17)
Difference in rate of exchange	989	296	-	337	1,622
31 December 2022	**28,257**	**6,032**	**19,158**	**3,401**	**56,848**
Accumulated depreciation					
1 January 2022	**(8,806)**	**(3,205)**	**(19,108)**	**(657)**	**(31,776)**
Reclassification	(20)	(189)	-	209	-
Charge for the period	(704)	(267)	(53)	(304)	(1,328)
Disposals	-	-	-	23	23
Impairment loss (-)/Reversal of impairment (+)	-	-	-	-	-
Acquisition of subsidiaries	4	-	-	-	4
Difference in rate of exchange	(268)	(168)	3	(112)	(545)
31 December 2022	**(9,794)**	**(3,829)**	**(19,158)**	**(840)**	**(33,622)**
Net Book Value					
31 December 2022	**18,463**	**2,203**	**-**	**2,561**	**23,226**

According to the provisions of IAS 36 Impairment of assets at the end of each reporting period impairment test is carried out as to establish whether there is any indication that an individual asset of the intangible assets may be impaired. If there is any indication that an asset may be impaired, recoverable amount and the impairment loss shall be estimated for the individual asset. The Group has a fully amortized intangible asset that is still in use in the amount of EUR 19,158 thousand as of 31 December 2022 (31 December 2021: EUR 19,108 thousand). As of 31 December 2022, and 31 December 2021, no indicators have been established that the carrying amount of intangible assets exceeds their recoverable amount and as a result, no impairment loss has been recognised in the financial statements.

(EUR'000)	Electricity generation licenses	Software	Customer list	Other	Total
Cost or valuation					
1 January 2021	**37,078**	**4,963**	**19,158**	**1,227**	**62,426**
Reclassification	-	-	-	8	8
Additions	3	469	-	207	679
Transfers	8	7	-	(15)	-
Disposals	-	-	-	(29)	(29)
Difference in rate of exchange	(9,843)	161	-	173	(9,509)
31 December 2021	**27,246**	**5,600**	**19,158**	**1,571**	**53,575**
Accumulated depreciation					
1 January 2021	**(10,407)**	**(2,903)**	**(19,055)**	**(480)**	**(32,845)**
Reclassification	7	(7)	-	-	-
Charge for the period	(937)	(212)	(53)	(149)	(1,351)
Disposals	-	-	-	32	32
Impairment loss (-)/Reversal of impairment (+)	-	-	-	-	-
Difference in rate of exchange	2,531	(83)	-	(60)	2,388
31 December 2021	**(8,806)**	**(3,205)**	**(19,108)**	**(657)**	**(31,776)**
Net Book Value					
31 December 2021	**18,440**	**2,395**	**50**	**914**	**21,799**

9. NON-CURRENT AND CURRENT ISSUED LOANS

(EUR'000)	31 December 2022	31 December 2021
Non-current portion of issued loans:		
Shareholders - DKHI (i) (ii)	396,653	322,503
EP MVE	11,867	11,135
EPI	8,446	8,182
Energy Solar Technologies AD (Investment in associate - 33.33%)	234	-
Total non-current portion of issued loans	**417,200**	**341,820**
Current portion of issued loans:		
Terestra Bulgaria EOOD	4,656	2,561
SUN TECHNOLOGY 1(-3) OOD (Joint venture - 50%)	4,465	-
Taurus Konsult EOOD	897	780
Energy Solar Technologies AD (Investment in associate - 33.33%)	102	-
EPI	21	19
Other	3	35
Total current portion of issued loans	**10,144**	**3,395**
Total issued loans	**427,344**	**345,215**

(i) Issued loans to the parent company DKHI include a principal of EUR 332,803 thousand as of 31 December 2022 (31 December 2021: EUR 274,181 thousand).

(ii) Issued loans to the parent company DKHI are carried at amortized cost with the application of the calculation of expected credit losses ("ECL"). The calculated value of ECL was at the amount of EUR 1,696 thousand as of 31 December 2022 (31 December 2021: EUR 958 thousand). For the purposes of ECL calculation, the Group used the following most significant assumptions for the calculation: Probability of default – "PD") – 0.48%; Loss given by default - "LGD") – 90%. The assumptions were established based on a study that deals with the comparison, according to the assigned rating, of EPas.

Movements in issued loans were as follows:

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
At the beginning of the period	**345,215**	**318,177**
Interest income accrued during the period	16,221	14,652
Loans issued during the period	66,843	12,224
Principal repayments	(514)	(1,435)
Interest received during the period	(166)	(9)
Exchange rate difference	(255)	1,908
Other	-	(302)
At the end of the period	**427,344**	**345,215**

10. NON-CURRENT FINANCIAL ASSETS & PREPAYMENT FOR AN ACQUISITION OF INVESTMENTS

NON-CURRENT FINANCIAL ASSETS

(EUR'000)	31 December 2022	31 December 2021
Receivable from Bilsev for corporate guarantee fee (i)	11,916	11,761
Investments Fund	2,108	1,154
Other	536	1,106
Total non-current financial assets	**14,560**	**14,021**

(i) EPas is a guarantor of a loan dated 29 June 2016 between Bilsev and AKBANK Tic A.S. ("Akbank") in the amount of USD 141,000 thousand (EUR 132,196 thousand). EPas is entitled to receive a guarantee fee of 2% p.a. of the guaranteed loan amount. On 18 February 2019, EPas signed Amended Finance Documents with respect to this facility. According to Amended Finance Documents, the total amount that may be claimed under the EPas guarantee is limited to USD 50,000 thousand (EUR 46,878 thousand). EPas classifies this receivable as a financial asset because EPas is a party to the contractual arrangement and therefore, has a legal right to receive cash. The EPas recognises this financial asset at fair value on initial recognition.

PREPAYMENTS FOR AN ACQUISITION OF INVESTMENTS

In June 2021, EPV and Frisardi EOOD had concluded a Preliminary agreement for a transfer of real estate / investments in the amount of EUR 7.2 million. EPV had paid in advance the amount of EUR 6.1 million.

In February 2022, Frisardi EOOD has established a new company FreeSol EOOD through a non-monetary contribution and subject of activity: the real estate, which was concluded in the above Preliminary agreement. In March 2022, EPV and Frisardi EOOD have concluded a contract for the transfer of a 100% of FreeSol EOOD's shares. With this last contract, the prior obligations of the two companies to sign a final agreement have been executed.

11. INVESTMENTS IN ASSOCIATE

(EUR'000)	31 December 2022	31 December 2021
Purchase of 39.76% of the shares of Berta (2021: 39.76%) (i)	-	28,315
Total investments in associate	**-**	**28,315**

(i) In June 2017, EPV signed a contract for the purchase of 49% of the shares of Berta with DKHI in the amount of EUR 27,000 thousand (BGN 52,807 thousand). Pursuant to the agreement, EPV has made advance payment for the full amount. The transfer of 49% of Berta's capital will be made subject to the following conditions: 1. Issuance of a license for electricity production and 2. Obtaining approval by the Regulatory Council for the Energy Market in the Republic of Türkiye. On April 25, 2019, a license for electricity production was issued for a period of 49 years. On May 5, 2020, the Energy Market Regulatory Board of the Republic of Türkiye approved the change in the capital structure of Berta. As both of the above conditions were met in 2020, in May 2020, the EPV acquired 30,919 shares or 49.00% of Berta's capital (TRY 63,100 million). On 25 October 2021, the General assembly of shareholders of Berta decided to increase Berta's share capital to TRY 76,766 million. EPV retained 30,919 shares or 39.76% of Berta's capital. On 30 December 2022 was concluded a Share Purchase Agreement between EPV and DKHI (the ultimate parent company) to sell and transfer 30,919 shares each at the value of 1.000 Turkish liras, representing a direct shareholding of 39.76% in Berta at the total value of EUR 28,700 thousand. EPV realised profit from sale of Investment associate in the amount of EUR 356 thousand.

12. INVENTORIES

(EUR'000)	31 December 2022	31 December 2021
Prepayments for inventories	6,704	8,343
Electrical equipment	4,727	4,292
Spare parts	2,286	1,860
Cables and wires	2,054	3,498
Inventory related to Paybox Installation	1,478	1,108
Tools and bolts	1,391	1,930
Scrap & Damaged Inventory	521	401
Other (i)	3,530	2,754
Total inventories	**22,691**	**24,186**

(i) The item Other is mainly related to Oil and lubricants, Overalls and special clothes and Other spare parts.

Movements in inventories were as follows:

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
At the beginning of the period	**24,186**	**25,118**
Purchase of inventories	30,169	24,728
Payment of prepayments for inventories	9,654	12,276
Inventory differences	107	777
Capitalisation of inventories (i)	(12,578)	(17,745)
Use of prepayments for inventories	(11,458)	(17,044)
Sale of inventories	(12,582)	(4,838)
Exchange rate difference	(2,561)	1,546
Impairment for inventories - additions (-) / release (+)	(2,246)	(632)
At the end of the period	**22,691**	**24,186**

(i) The item Capitalisation of inventories (-) is related to EPG and EPV. The item represents the credit movement and includes materials useful for routine repairs, investment projects available and the cost of fuel and other material costs.

13. TRADE AND OTHER RECEIVABLES

(EUR'000)	31 December 2022	31 December 2021
Receivables from commercial sector	93,507	90,252
Receivables from households	45,125	35,726
Receivables from transmission	4,576	2,862
Other trade receivables	4,644	7,467
Less: provision for impairment	(10,630)	(10,307)
Total trade receivables	**137,222**	**126,000**
Guarantee deposits	10,260	21,052
Advance payments	796	1,172
Restricted bank deposit	212	464
Deposits granted	-	42
Other	77	213
Total trade and other receivables	**148,567**	**148,943**

Movements in the impairment provision for trade and other receivables are as follows:

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
Provision for impairment at the beginning of the period	**10,307**	**11,404**
Impairment charge	1,849	2,424
Reversal of impairment during the period	(1,735)	(2,755)
Amounts written off during the year as uncollectible	(324)	(1,116)
Exchange rate difference	533	350
Provision for impairment at the end of the period	**10,630**	**10,307**

Analysis by credit quality of trade receivables is as follows:

(EUR'000)	31 December 2022	31 December 2021
Total neither past due not impaired:	**126,024**	**103,603**
Past due but not impaired		
- less than 30 days overdue	5,893	6,538
- 31 to 90 days overdue	1,478	4,635
- 91 to 180 days overdue	367	6,162
- over 181 days overdue	3,550	5,062
Total past due not impaired	**11,288**	**22,397**
Past due and impaired		
- current and impaired	40	28
- less than 30 days overdue	310	200
- 31 to 90 days overdue	649	339
- 91 to 180 days overdue	835	517
- over 181 days overdue	8,706	9,223
Total past due and impaired	**10,540**	**10,307**
Less: provision for impairment	(10,630)	(10,307)
Total current trade receivables, net	**137,222**	**126,000**

14. CASH AND CASH EQUIVALENTS

(EUR'000)	31 December 2022	31 December 2021
Cash on hand	46	46
Cash with banks:		
- EUR denominated	50,803	20,750
- GEL denominated	20,124	9,314
- BGN denominated	6,778	2,789
- CZK denominated	890	259
- USD denominated	561	244
- TRY denominated	247	157
- Other currencies denominated	1,207	1,033
Restricted cash (i)	(102)	(376)
Total cash and cash equivalents	**80,554**	**34,216**

(i) Restricted cash represents blocked cash in the bank accounts as collateral on legal cases and collateral on issued bank guarantees in favour of third parties.

15. OTHER CURRENT ASSETS

(EUR'000)	31 December 2022	31 December 2021
Receivable from the sale of 39.76% shares in Berta to DKHI (Note 11) (i)	28,700	-
Advance payments (ii)	12,162	12,973
VAT receivables	7,569	5,914
Prepaid insurance	3,027	1,363
Compensation from Ministry of Energy (EPV) (iii)	1,069	11,019
Other	3,302	2,255
Total other current assets	**55,829**	**33,524**

(i) On 30 December 2022 a Share Purchase Agreement was concluded between EPV and DKHI (the ultimate parent company) to sell and transfer 30,919 shares each at the value of 1,000 Turkish liras, representing a direct shareholding of 39.76% in Berta at the total value of EUR 28,700 thousand. According to the terms of the contract, EUR 7,000 thousand will be paid within 60 days from the date of the contract and EUR 21,700 thousand within 12 months from the date of the contract.

(ii) Advance payments to suppliers in EPV for the purchase of electricity.

(iii) As disclosed in Note 2, the Council of Ministers decided on 30 December 2021 (Protocol No 893) to compensate in full the grid companies for the period 1 July 2021 – 31 December 2021. With Protocol No 92 / February 25, 2022 and Protocol No 202 / April 6, 2022, the Council of Ministers decided to extend the deadline for the full compensation of grid companies to 31 December 2022. For the period ended 31 December 2022, EPV reports the compensation from the Ministry of Energy as a reduction in the technological losses in the amount of EUR 34,992 thousand (31 December 2021: EUR 14,172 thousand).

As disclosed in Note 3, the Council of Ministers decided on 27 October 2021 (Protocol No 739) to approve a program for compensation of business customers on the electricity market (the Program). In reference to the Program, the Council of Ministers approved a standard contract with Suppliers. In their capacity as Suppliers, two of the companies of the Group concluded contracts with the Ministry of Energy for the compensation of business end customers, for the period 1 October 2021– 31 December 2022.

16. SHARE CAPITAL

The Company has one class of ordinary shares with a par value of CZK 250 thousand carrying one vote per share and a right to dividends. As of 31 December 2022, and 31 December 2021, authorised share capital consisted of 380 ordinary shares in the total amount of EUR 3,569 thousand.

17. RETAINED EARNINGS

Part of retained earnings according to the statutory financial statements is available for distribution subject to the legal reserve requirement and subject to restrictive covenants contained in the Terms and Conditions of the Bonds.

18. NON-CURRENT FINANCIAL LIABILITIES

(EUR'000)	31 December 2022	31 December 2021
Financial lease liabilities	1,334	2,209
Other	589	277
Total non-current financial liabilities	**1,923**	**2,486**

19. OTHER NON-CURRENT LIABILITIES

(EUR'000)	31 December 2022	31 December 2021
Deferred income from remuneration of guaranteed commitment (Bilsev) (Note 10)	2,335	3,272
Government grants (i)	1,828	1,443
Other	1,244	475
Total other non-current liabilities	**5,407**	**5,190**

(i) Government grants are mainly received in the form of transfer of non-monetary assets such as land and electricity equipment. The government grants are related to the company EPG. The EPG has a number of government grants where it has fulfilled the commitment of rehabilitation and has an obligation of maintenance and security of the granted property. This obligation is borne by the EPG by the terms of the electricity distribution license.

20. NON-CURRENT AND CURRENT PROVISIONS

(EUR'000)	31 December 2022	31 December 2021
Non-current:		
Retirement benefits (c)	4,500	3,416
Grid access fee provision (a)	3,406	3,463
Other non-current provisions (d)	883	226
Total non-current provisions	**8,789**	**7,105**
Current:		
Legal claims (b) (i)	5,386	4,134
Retirement benefits (c)	774	498
Other current provisions (d)	994	1,386
Total non-current provisions	**7,154**	**6,018**
Total provisions	**15,943**	**13,123**

The movements of the provisions are as follows:

(EUR'000)	Grid access fee	Legal claims	Retirement benefits	Other	Total
As at 1 January 2021	**3,677**	**2,577**	**4,065**	**3,084**	**13,403**
Reclassification	-	1,678	-	-	1,678
Paid	-	(400)	(193)	(360)	(953)
Accrued	-	1,891	350	573	2,814
Financial expense	(64)	-	(18)	-	(82)
Reversed	(149)	(1,273)	-	(1,060)	(2,482)
Actuarial loss/ (profit)	-	-	(182)	-	(182)
Difference in rate of exchange	(1)	(339)	(108)	(625)	(1,073)
As at 31 December 2021	**3,463**	**4,134**	**3,914**	**1,612**	**13,123**
Reclassification	-	-	-	-	-
Paid	-	(447)	(397)	(187)	(1,031)
Accrued	-	2,640	1,280	803	4,723
Financial expense	8	-	-	-	8
Reversed	(65)	(807)	-	(108)	(980)
Actuarial loss/ (profit)	-	-	389	-	389
Difference in rate of exchange	-	(134)	88	(243)	(289)
As at 31 December 2022	**3,406**	**5,386**	**5,274**	**1,877**	**15,943**

(i) The amount represents the estimate of the potential legal fees that would be paid to 3rd parties in case court cases are lost. These court cases are disputed receivables under protocols for theft of electricity and the Group experience with these indicates high probability of loss as well as history of payments of such amounts.

(a) Grid access fee provision

EPV

Following the provisions of art.117, para 7 of Energy act, a provision has been made in order to cover potential future losses from the obligation to compensate the owners of certain grid assets for using their facilities to supply other customers with electricity. The calculation of the provision is based on a methodology given by EWRC taking into account the estimated value of the respective assets and the electricity consumption of the supplied customers. The Group distributes electricity through its own and foreign facilities. It covers potential customer claims for compensations related to the three-year period.

(b) Provision for legal claims
The Group is exposed to risk of losing legal claims. The estimates are updated periodically to reflect changes in all legal claims and circumstances around them. The Group considers that as of 31 December 2022, it has sufficient financial resources to settle its obligations under provisioned lawsuits amounted to EUR 5,386 thousand.

(c) Retirement benefits

BENEFITS AT RETIREMENT FOR ILLNESS

Amounts represent EPV's obligation as an employer regarding the payment of retirement benefits for illness. EPV estimated the expected cost of accumulating compensated leaves as additional amount that EPV expects to pay as a result of the unused entitlement that has accrued at the balance sheet date. The principal actuarial assumptions are as follows:

	2022	2021
Discount rate	5.5%	0.6%
Future salary increases	3.2%	3.0%

RATES OF EMPLOYEE TURNOVER AND EARLY ILLNESS RETIREMENT

To investigate better the dynamics of the employment leaves depending on the age, the employees are divided into five age groups. For each of the age group, the turnover of personnel in the last years from the previous years. Based on research experience and Group's confirmed assumptions, in the actuary model have been defined the following degrees of withdrawal. In the actuary model are determined early illness degrees, defined based on statistics from National Center of Health Information.

Personnel degree of withdrawal in age groups:

Age group	Degree of withdrawal
18 – 30	12.0%
31 – 40	8.0%
41 – 50	5.0%
51 – 60	2.0%
Over 60	0.0%

DEMOGRAPHIC ASSUMPTIONS ABOUT THE FUTURE CHARACTERISTICS OF EMPLOYEES

Mortality assumptions are prepared on basis of National Statistical Institute data on the total mortality of Group countries population for the period 2019 – 2021.

INTEREST RATE FOR DETERMINING THE DISCOUNT FACTOR

For the purpose of discounting is used effective annual interest rate in the amount of 5.5% (2020: 0.60%). It is based on the yield on government securities with a 10-year maturity in line with the recommendations of paragraph 83 of IAS 19. Given that the average time until retirement is more than 10 years, the actuary has determined the effective annual discount rate by extrapolation of the data for the effective annual yield of government bonds, following the regulations of paragraph 86 of IAS 19.

WAGE GROWTH IN THE COMING YEARS

Assumptions about future wage growth in the Group are in accordance with the development plan of Group.

2023– 10% compared to the level in 2022;
2024 – 3.2% compared to the level in 2023;
2025 and the following – 3.2% compared to the level in previous year.

(d) Provision for other obligations

PROVISION FOR UNUSED PAID LEAVES

Amounts represent the Group obligation as an employer for unused days of paid annual leave and include salary and social security and health insurance. The Group estimated the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accrued to the balance sheet date.

CONSTRUCTION SUBCONTRACTORS

During the year 2020, The Group used the services of several construction subcontractors. The Group identified the potential business issues with the potential financial impact. The Group recognised the provision in the amount of EUR 717 thousand as of 31 December 2022 (31 December 2021: EUR 974 thousand).

21. NON-CURRENT AND CURRENT BORROWINGS

Compliance with covenants. The Group is subject to certain covenants related to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including increase in the cost of borrowings and declaration of default. The Group was in compliance with the covenants as of 31 December 2022, and as of 31 December 2021.

(EUR'000)	31 December 2022	31 December 2021
Non-Current portion of borrowings:		
Issued Bonds (i)	652,947	256,145
KBC Bulgaria EAD (ii)	5,856	-
DSK Bank EAD (iv)	-	12,461
Other	2	889
Total non-current portion of borrowings	**658,805**	**269,495**
Current portion of borrowings:		
Issued Bonds (i)	21,584	369,703
KBC Bulgaria EAD (ii)	-	19,851
UniCredit Bulbank AD (iii)	3,073	13,857
Other	37	211
Total current portion of borrowings	**24,694**	**403,622**
Total borrowings	**683,499**	**673,117**

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

Proceeds from borrowings and Repayment of borrowings, which are shown in the Consolidated Statement of Cash-flows, represent movements in cash drawdowns, repayments and/or refinancing of existing loans within the year.

(i) Issued Bonds

(EUR'000)	31 December 2022	31 December 2021
4% Notes due 2022		
Principal	-	370,000
Accrued Interest	-	974
Unrealised costs	-	(1,271)
Carrying amount of 4% Notes due 2022	**-**	**369,703**
8.5% Notes due 2027		
Principal	407,960	-
Accrued Interest	14,156	-
Unrealised costs	(4,262)	-
Carrying amount of 8.5% Notes due 2027	**417,854**	**-**
4.5% Notes due 2024		
Principal	250,000	250,000
Accrued Interest	7,428	7,428
Unrealised costs	(751)	(1,283)
Carrying amount of 4.5% Notes due 2024	**256,677**	**256,145**
Total carrying amount of issued bonds	**674,531**	**625,848**

4% NOTES DUE 2022

On 7 December 2017, the Company issued first Eurobonds (ISIN: XS1731657141) with a total face value of EUR 370 million, maturity of 5 years and a fixed coupon of 4% p.a. payable annually on 7 December each year. The bonds have been admitted to trading on the unregulated market of the Irish Stock Exchange (Euronext Dublin). The issue price of the bonds was 100% of the nominal value. The effective interest rate was calculated at 4.38%. The carrying value of these bonds as at 31 December 2021 was EUR 369,703 thousand. The bonds carried no pre-emption or exchange rights. The bonds were freely tradeable, and their transferability was not limited.

8.5% NOTES DUE 2027

On 4 February 2022, the Company issued bonds (ISIN: XS2412048550) with a total face value of USD 435 million (EUR 379 million – calculated using EUR/USD FX rate as of the bond issue date of 1.1478), maturity of 5 years and a fixed coupon of 8.5% p.a. payable semi-annually on 4 August and on 4 February each year. The proceeds of the issuance were used to repay the Company's EUR 370 million bonds with a fixed coupon of 4% p.a. due 2022 (including interest accrued thereon), to pay related fees and expenses, and to repay certain credit facilities. The bonds have been admitted to trading on the unregulated market of the Irish Stock Exchange (Euronext Dublin). The issue price of the bonds was 100% of their nominal value. The effective interest rate was calculated at 8.97%. The carrying value of these bonds as at 31 December 2022 was EUR 417,854 thousand. The bonds carry no pre-emption or exchange rights. The bonds are freely tradeable, and their transferability is not limited. The Company has the right to repay the bonds before their scheduled maturity date. The guarantors of these bonds are EPV, EPGH, EPG, EPGG, EPGS, EP Turkey Holding and RH. The terms and conditions of the bonds (including a detailed description of all covenants) are available at the registered office of the Company and on its website (www.energo-pro.com/en/pro-investory).

4.5% NOTES DUE 2024

On 4 May 2018, the Company issued second Eurobonds (ISIN: XS1816296062) with a total face value of EUR 250 million, maturity of 6 years and a fixed coupon of 4.5% p.a. payable annually on 4 May each year. The bonds have been admitted to trading on the unregulated market of the Irish Stock Exchange (Euronext Dublin). The issue price of the bonds was 100% of their nominal value. The effective interest rate was calculated at 4.74%. The carrying value of these bonds as at 31 December 2022 was EUR 256,677 thousand (EUR 256,145 thousand as at 31 December 2021). The bonds carry no pre-emption or exchange rights. The bonds are freely tradeable, and their transferability is not limited. The Company has the right to repay the bonds before their scheduled maturity date. The guarantors of these bonds are EPV, EPG, EPGG and RH. The terms and conditions of the bonds (including a detailed description of all covenants) are available at the registered office of the Company and on its website (www.energo-pro.com/en/pro-investory).

The Company continuously reviews its funding and maturity profile and monitors debt capital markets to ensure that it is well positioned for any refinancing opportunities, including for its 4.5% Notes due 2024.

(ii) KBC Bank Bulgaria EAD (former Raiffeisenbank EAD) (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2022 (EUR ´000)	Final maturity date
KBC Bank Bulgaria EAD	BGN	Reference rate with 1.09% margin, minimum 1.09%	Overdraft	5,856	Oct-24

In December 2021, ElectroNorth and KBC Bank Bulgaria EAD (formerly Raiffeisenbank EAD) signed a facility agreement with respect to BGN 39,000 thousand (EUR 19,942 thousand) loan. The facility was provided for general corporate purposes. On 14 October 2022 the loan agreement was terminated and a new facility agreement was signed with respect to BGN 70,000 thousand (EUR 35,897 thousand) loan with maturity date 4 October 2024.

(iii) UniCredit Bulbank AD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2022 (EUR ´000)	Final maturity date
UniCredit Bulbank AD 1	BGN	Variable interest rate index equal to average deposit index 0.02% and margin 1.15%	Overdraft + guarantees	-	July-23
UniCredit Bulbank AD 2	BGN	Variable interest rate index equal to average deposit index 0.02% and margin 1.05%	Overdraft	3,073	July-23

UniCredit Bulbank AD 1: On 29 April 2021, EPES and UniCredit Bulbank AD signed a facility agreement with respect to a BGN 60,000 thousand (EUR 30,678 thousand) loan. On 27 July 2022, the maturity date of the loan was extended to 31 July 2023. The facility was provided for general corporate purposes.

UniCredit Bulbank AD 2: On 22 April 2021, EPS and UniCredit Bulbank AD signed a facility agreement with respect to a BGN 15,000 thousand (EUR 7,669 thousand) loan. On 27 July 2022, the maturity date of the loan was extended to 31 July 2023. The facility was provided for general corporate purposes.

(iv) DSK Bank EAD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2022 (EUR ´000)	Final maturity date
DSK Bank EAD	BGN	1-month EURIBOR with 2.4% margin, minimum 2.4%	Overdraft + guarantees	-	Sep-24

On 20 April 2021, EPES and DSK Bank EAD signed a facility agreement with respect to a BGN 30,000 thousand (EUR 15,338 thousand) loan. As of 7 April 2022, the credit limit was increased up to BGN 85,000 thousand (EUR 43,460 thousand) and the interest rate was changed to 1-month EURIBOR with 2% margin. On 6 December 2022, the credit line was extended until 30 September 2024 and the interest rate was changed to 1-month EURIBOR with 2.4% margin. The facility was provided for general corporate purposes.

(iv) Eurobank Bulgaria AD (Postbank) (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2022 (EUR ´000)	Final maturity date
Eurobank Bulgaria AD (Postbank)	BGN	PRIME with 1.00% margin, minimum 1.70%	Overdraft + guarantees	-	Jan-24

On 5 December 2022, EPS and Eurobank Bulgaria AD signed a facility agreement with respect to a BGN 60,000 thousand (EUR 30,678 thousand) loan and bank guarantee limit. As of 31 December 2022, the overdraft was BGN 20,000 thousand (EUR 10,226 thousand), which would increase to BGN 60,000 thousand (EUR 30,678 thousand) after the EWRC approval has been received. On 1 February 2023 the Company received EWRC approval and the overdraft was increased to BGN 60,000 thousand (EUR 30,678 thousand). The facility was provided for general corporate purposes.

22. TRADE AND OTHER PAYABLES

(EUR'000)	31 December 2022	31 December 2021
Trade payables	102,791	109,235
Deposits	5,210	3,380
Other	3,554	8,644
Total trade and other payables	**111,555**	**121,259**

23. OTHER CURRENT LIABILITIES

(EUR'000)	31 December 2022	31 December 2021
Taxes payable	11,367	5,944
Payable to personnel	5,990	8,709
Deferred income from remuneration of guarantee commitment (Bilsev) (Note 10)	1,455	1,644
Lease liabilities	472	325
Other liabilities	3,273	3,070
Total other current liabilities	**22,557**	**19,692**

24. SERVICE EXPENSES

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
Technological losses of electricity (i)	(65,465)	(27,340)
Professional service fees	(7,397)	(11,145)
Commissions	(6,755)	(5,739)
Dispatch and transmission	(4,866)	(5,917)
Repairs and maintenance	(4,806)	(3,766)
Insurance expense	(3,777)	(3,175)
Rent expense	(2,342)	(1,866)
Security expense	(2,192)	(1,956)
Encashment fee	(2,059)	(2,025)
Connection fee to ESO	(1,837)	(1,026)
Other	(7,568)	(6,270)
Total service expenses	**(109,064)**	**(70,225)**

(i) The Council of Ministers decided on 30 December 2021 (Protocol No 893) to compensate in full the grid companies for the period 1 July 2021 – 31 December 2021. With Protocol No 92 / 25 February 2022 and Protocol No 202 / 6 April 2022, the Council of Ministers decided to extend the deadline for the full compensation of grid companies to 31 December 2022. For the period, ended 31 December 2022, EPV reports the compensation from the Ministry of Energy as a reduction in the technological losses in the amount of EUR 34,992 thousand (31 December 2021: EUR 14,172 thousand).

25. OTHER OPERATING EXPENSES

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
Business trip expenses	(8,419)	(7,376)
Cost of inventory sold	(5,289)	-
Electricity System Security Fund (ESSF) regulatory expense	(4,692)	(2,326)
Target contribution ESSF	(2,886)	-
Provision for expenses	(2,046)	474
Provision for impairment and bad debt write-off	(920)	(3,970)
Provision for impairment and bad debt write-off of receivables for court cases	(558)	(1,055)
Court expenses	(169)	(587)
Office supplies consumed	(153)	(396)
Other	(5,286)	(3,384)
Total other operating expenses	**(30,418)**	**(18,620)**

26. FINANCE COSTS – NET

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
Interest expenses bonds	(47,349)	(28,055)
Net foreign exchange losses (i)	(23,840)	(39,011)
of which: Unrealised net foreign exchange (losses)	(30,297)	(39,309)
of which: Realised net foreign exchange gains / (losses)	6,457	298
Prolongation fees on factored payables	(2,905)	(4,091)
Expected credit loss provision (Note 9)	(1,696)	-
Interest expense from bank borrowings	(448)	(705)
Interest expense on lease liabilities	(258)	(220)
Other finance costs	(3,021)	(1,671)
Finance costs	**(79,517)**	**(73,753)**
Interest income on issued loans	16,221	14,652
Other financial income	2,886	3,010
Finance income	**19,107**	**17,662**
Net finance costs	**(60,410)**	**(56,091)**

(i) Net foreign exchange losses (mainly represented by unrealised net foreign exchange losses) are related to the issued bonds and the translation of foreign currency loans into the functional currency of the relevant entity at the FX at the end of the reporting period.

27. OTHER INCOME

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
Rental income	1,536	1,509
Revenue from customers for reconstruction of network and provision for requested capacity (EPG)	1,900	1,347
Profit from sale of Investment associate	356	-
Income from penalties and fines	333	90
Surplus from inventory and PPE counts	220	193
Gains less losses on disposal of PPE and IA	56	200
Profit / (Losses) in shares in Investment in associate and Joint venture	39	(193)
Income from insurance claims (i)	22	5,237
Other income	1,275	2,383
Total other income	**5,737**	**10,766**

(i) Decrease between the years 2022 and 2021 is associated with EPGG's and its subsidiary gPower, in the first half of 2021 the company received insurance recovery for a damaged turbine.

28. INCOME TAXES

(a) Components of income tax expense

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
Current tax	(11,960)	(8,751)
Deferred tax	4,961	5,514
Income tax expense for the year	**(6,999)**	**(3,237)**

The reconciliation between the expected and actual taxation charge is provided below:

(EUR'000)	1 January - 31 December 2022	1 January - 31 December 2021
(Profit) / Loss before tax	(193,477)	(105,401)
Tax at statutory tax rate (i)	36,761	20,026
Effect of different tax rates in individual jurisdictions (ii)	33,591	(792)
Effective tax rate (iii)	3.6%	3.1%
Current tax:		
Additional tax payments (+) / refund (-)	(174)	(20)
Tax incentives, tax credits (-)	755	1,178
Deferred tax:		
Deduction of tax loss	(559)	2,700
Adjustments to deferred tax attributable to changes in tax rates and laws	-	655
Effect of IAS 21	(9,932)	-
Effect of not recognized deferred tax asset	6,557	3,008
Non-tax expenses (+) / income (-) from which deferred tax isn't calculated:		
Increase (+) / release (-) provisions	69	56
Non-deductible expenses (+) / income (-)	(23,308)	(3,548)
Hypothetical tax on non-tax expenses and income	**(23,239)**	**(3,492)**
= Calculated income tax expense	**(6,999)**	**(3,237)**

(i) Tax at statutory tax rate of 19% as enacted in the Czech Republic.
(ii) Individual countries in which the Group operates have different enacted tax rates, i.e. Czech Republic 19%, Bulgaria 10%, Georgia 0% subject to distribution of Profit outside the Georgia, Türkiye 23%, Colombia 35% (31 December 2021: Czech Republic 19%, Bulgaria 10%, Georgia 0% subject to distribution of Profit outside the Georgia, Türkiye 25%, Colombia 31%).
(iii) The effective tax rate has been determined as Income tax expense for the year divided by (Profit)/Loss before tax.

The reconciliation between the expected and actual taxation charge by countries for the year 2022 is provided below:

(EUR'000)	Bulgaria	Georgia	Türkiye	Colombia	Czechia	Intra-group	TOTAL/ Average
EBT	115,166	101,206	16,707	(2,890)	95,294	(132,006)	193,477
Corporate Income Tax ("CIT") rate	10%	0%	23%	35%	19%	0%	15%
Theoretical tax charge (EBT / CIT rate)	(11,517)	-	(3,843)	-	(18,106)	-	(28,054)
Effective tax rate (EBT / Income tax expense)	10%	0%	(26%)	0%	0%	0%	4%
Income tax expense	(11,530)	-	4,339	-	192	-	(6,999)
Tax paid (CF)	(13,869)	-	(222)	(26)	(297)	-	(14,414)

The reconciliation between the expected and actual taxation charge by countries for the year 2021 is provided below:

(EUR'000)	Bulgaria	Georgia	Türkiye	Colombia	Czechia	Intra-group	TOTAL/ Average
EBT	81,579	87,019	(37,483)	(635)	19,619	(44,698)	105,401
Corporate Income Tax ("CIT") rate	10%	0%	25%	32%	19%	0%	14%
Theoretical tax charge (EBT / CIT rate)	(8,158)	-	-	-	(3,728)	-	(15,107)
Effective tax rate (EBT / Income tax expense)	10%	0%	14%	0%	3%	0%	3%
Income tax expense	(7,979)	-	5,267	-	(525)	-	(3,237)
Tax paid (CF)	(3,407)	-	(287)	(2)	-	-	(3,696)

(b) Deferred taxes

Deferred income tax assets and liabilities are presented gross, and amounts are as follows:

EUR'000	1 January - 31 December 2022	1 January - 31 December 2021
Deferred income tax assets:		
- Deferred income tax asset to be recovered after more than 12 months	12,058	6,947
- Deferred income tax asset to be recovered within 12 months	52	48
Deferred income tax assets	**12,110**	**6,995**
Deferred tax liabilities:		
- Deferred income tax liability to be recovered after more than 12 months	(3,042)	(3,187)
- Deferred income tax liability to be recovered within 12 months	-	-
Deferred tax liabilities	**(3,042)**	**(3,187)**
Net deferred income tax assets/(liabilities)	**9,068**	**3,808**

(c) Deferred taxes analysed by type of temporary difference

The movement in deferred income tax assets and liabilities during the year ended 31 December 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(EUR'000)	1 Jan 2022	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2022
Tax effect of taxable temporary differences				
PPE & Intangible assets	(7,332)	559	(187)	(6,960)
Trade receivables	2,141	-	(564)	1,577
Non-current and Current Borrowings	(39)	(80)	(4)	(123)
Other current assets	(66)	(8)	(4)	(78)
Other temporary differences	(252)	195	(13)	(70)
Total deferred tax liability	**(5,548)**	**666**	**(772)**	**(5,654)**

(EUR'000)	1 Jan 2022	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2022
Tax effect of deductible temporary differences				
Inventories	(16)	-	-	(16)
Allowances for trade receivables	888	38	3	929
Trade and other payables	7	4	(6)	5
Non-current and Current Borrowings	-	-	-	-
Deferred income	-	-	(3)	(3)
Non-current and Current Provisions	1,350	53	(33)	1,370
Carry forwards tax losses	6,491	3,095	351	9,937
Unutilised investment incentives	1,887	755	103	2,745
Non-current and Current Issued loans	-	323	5	328
Other temporary differences	(1,251)	27	651	(573)
Total deferred tax assets	**9,356**	**4,295**	**1,071**	**14,722**
Net deferred tax asset	**3,808**	**4,961**	**299**	**9,068**

The movement in deferred income tax assets and liabilities during the year ended 31 December 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(EUR'000)	1 Jan 2021	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2021
Tax effect of taxable temporary differences				
PPE & Intangible assets	(9,483)	235	1,916	(7,332)
Trade receivables	(337)	3,300	(822)	2,141
Non-current and Current Borrowings	(100)	46	15	(39)
Other current assets	(111)	3	42	(66)
Other temporary differences	(305)	(235)	288	(252)
Total deferred tax liability	**(10,336)**	**3,349**	**1,439**	**(5,548)**

(EUR'000)	1 Jan 2021	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2021
Tax effect of deductible temporary differences				
Inventories	(16)	-	-	(16)
Allowances for trade receivables	978	(90)	-	888
Trade and other payables	10	-	(3)	7
Non-current and Current Borrowings	-	-	-	-
Deferred income	2	-	(2)	-
Provisions	1,083	385	(118)	1,350
Carry forwards tax losses	5,270	4,477	(3,256)	6,491
Unutilised investment incentives	1,709	1,178	(1,000)	1,887
Other temporary differences	1,843	(3,785)	691	(1,251)
Total deferred tax assets	**10,879**	**2,165**	**(3,688)**	**9,356**
Net deferred tax asset	**543**	**5,514**	**(2,249)**	**3,808**

In the context of the Group's current structure, tax liabilities and current tax assets of different group companies may not be offset against current tax liabilities and taxable profits of other group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity. Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

29. DIVIDENDS

During the period ended 31 December 2022, and 31 December 2021, the sole owner of the capital of EPas (parent company) did not declare dividends.

30. CONTINGENCIES AND COMMITMENTS

a) Legal Proceedings

EPB

As at 31 December 2022, a legal claim for EUR 1,226 thousand related to liability - expenses for balancing power against the EPB was initiated from National Electricity Company EAD ("NEK EAD") in 2017. This claim is contested by the EPB. The NEK's claim was partially upheld for EUR 285 thousand as principal plus EUR 78 thousand interests by the 1st and 2nd instance courts. Both, EPB and NEK appealed before the Court of Cassations in 2021. The case is still pending.

EPB is plaintiff in 4 administrative cases:

- Against the Council of Ministers' Regulation for water use -EPB challenged the Regulation newly introduced specific requirement for submission of a document for establishment of the right to construct an HPP and/or intake into the river bed when the holder of water usage permit submits an application for its prolongation.
- Against the Energy and Water regulatory commission for damages caused from its price decisions (C(-5)/2015 and C(-14)/2019 in relation to C(-10)/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 3,627 thousand (BGN 7,094 thousand) for HPP Koprinka.
- Against the Energy and Water regulatory commission for damages caused from its price decisions (C(-12)/201in relation to C(-10)/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 643 thousand (BGN 1,258 thousand) for HPP Koprinka – additional claim.
- Against the Energy and Water regulatory commission for damages caused from its price decisions (C(-5)/2015, C(-14)/2019 and C(-12)/2021 in relation to C(-10)/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 2,984 thousand (BGN 5,836 thousand) for HPP Samoranovo.

PBE is plaintiff in 2 administrative cases:

- Against the Energy and Water regulatory commission for damages caused from its price decisions (C(-5)/2015 and C(-14)/2019 in relation to C(-10)/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 3,639 thousand (BGN 7,117 thousand) for HPP Ogosta.
- Against the Energy and Water regulatory commission for damages caused from its price decisions (C(-12)/201in relation to C(-10)/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 512 thousand (BGN 1,001 thousand) for HPP Ogosta.

Based on its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

EPV

In regard with the separation of EDC Gorna Oryahovitsa (former name of Electro North) and EDC Varna (former name of EPS from the NEK EAD effected in the year 2000, the companies from the EPV acquired certain land and buildings with insufficient ownership deeds. As of 31 December 2022, the EPV's net book value of such assets is EUR 688 thousand (31 December 2021: EUR 793 thousand). The EPV's companies are in process of acquiring of the necessary title deeds. In these financial statements no liabilities have been recognised in relation to these assets. Based on the information available the management is not able to estimate the amount of such liabilities as at the balance sheet date.

EPG

On May 2019 JSC Georgia Railway began to dispute against EPG about the lost interest income in the amount of EUR 554. According to the decision of the Tbilisi City Court of 23 July 2021, the plaintiff, in accordance with article 102 of the Code of Civil Procedure, failed to present evidence of damage in the form of unearned income, which is the basis for refusing to pay the disputed amount (EUR 554 thousand). On 26 August 2021 the decision was appealed by JSC Georgian Railway. Based on the EPG's initial assessment it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

b) Tax legislation

Tax legislation is subject to varying interpretations, and changes, which can occur frequently in **Bulgaria**. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. It is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties, and interest may be assessed.

The taxation system in **Georgia** is relatively new and is characterised by frequent changes in legislation, official pronouncements, and court decisions, which are often unclear, contradictory, and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a few government bodies, which have the authority to impose severe fines, penalties, and interest charges. Management believes that it has implemented internal controls to follow transfer pricing rules and principles ("TP legislation"). Given that the practice of implementation of the Georgian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may be significant to the financial conditions and/or the overall operations of the Group. These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this financial information, if the authorities were successful in enforcing their own interpretations, could be significant to the Group.

In **Turkish** direct taxation system, rights, burdens, ways of implementing mandates and carrying out duties along with principals of accrual are regulated by the Tax Procedure (TP) Law. This Law comprises procedural and formal provisions of all tax laws. Taxes, duties and charges, and the ones that belong to provincial private administrations and municipalities are within the scope of the Law. A corporate is a subject of income tax on its income and earnings. The rules concerning the taxation of corporations are contained in the Corporate Income Tax (CIT) based on the CIT Law introduced in 2006. The corporate tax is levied on the income and earnings derived by corporations and corporate bodies. In other words, the CIT Law sets provisions and rules applicable to the income resulted from the activities of corporations and corporate bodies. Management of the Group has no information for any circumstances which may lead to tax payables in excess of tax liabilities recognised.

c) Environmental matters

The enforcement of environmental regulation in each country where Group operates is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage. More information regarding Environmental, Social and Governance ("ESG") is available on the Company's website (www.energo-pro.com/en/pro-investory).

d) Contingent liabilities

EPAS GUARANTEE BILSEV

EPas has provided a guarantee and certain other undertakings to Akbank (Türkiye) in connection with USD 141,000 thousand (EUR 132,196 thousand) loan to Bilsev for the construction of the Karakurt dam and related HPP. As of 31 December 2022, USD 101,520 thousand (EUR 95,181 thousand) was drawn under this facility. On 18 February 2019, EPas signed Amended Finance Documents with respect to this facility. According to Amended Finance Documents, the total amount that may be claimed under the EPas guarantee is limited to USD 50,000 thousand (EUR 46,878 thousand) as of 31 December 2022.

EPAS GUARANTEE LE

EPas has issued a guarantee in favour of Komercni banka a.s. in connection with revolving facility in the amount of EUR 770 thousand for Litostroj Engineering a.s. The guarantee is for 100% of the drawn amount as of 31 December 2022.

EPAS GUARANTEE LP

On 12 February 2020, EPas issued guarantees for the performance of manufacturing contracts carried out by LP in the amount of EUR 28,632 thousand as of 31 December 2022 (31 December 2021: EUR 7,136 thousand).

EPV

Unicredit Bulbank AD has issued in the name of EPES bank guarantees to various suppliers (IBEX EAD, ESO EAD) in the amount EUR 26,481 thousand as of 31 December 2022 (31 December 2021: 14,941 thousand).

RH

RH issued guarantee letters amounting to EUR 2,334 thousand as of 31 December 2022 (31 December 2021: EUR 585 thousand). Guarantee letters issued are mainly given to the EMRA, TEİAŞ and various electricity distribution institutions.

EPTOPTAN

EPToptan issued guarantee letters amounting to EUR 554 thousand as of 31 December 2022 (31 December 2021: EUR 96 thousand). Guarantee letters issued are mainly given to the EMRA, TEİAŞ and various electricity distribution institutions.

EPGS

According to Georgian Electricity (capacity) Market Rules and letter from Electricity Market Operator ("ESCO") Public/Universal services suppliers are obliged to issue bank guarantee in order to compensate guaranteed capacity fee, ESCO service fee and electricity balancing market price. On 30 March 2022, EP Georgia Supply JSC issued a guarantee to ESCO in amount of EUR 4,611 thousand (31 December 2021: EUR 5,986 thousand), which is valid till 9 February 2023 Guarantee was taken from Georgian commercial bank.

e) Commitments

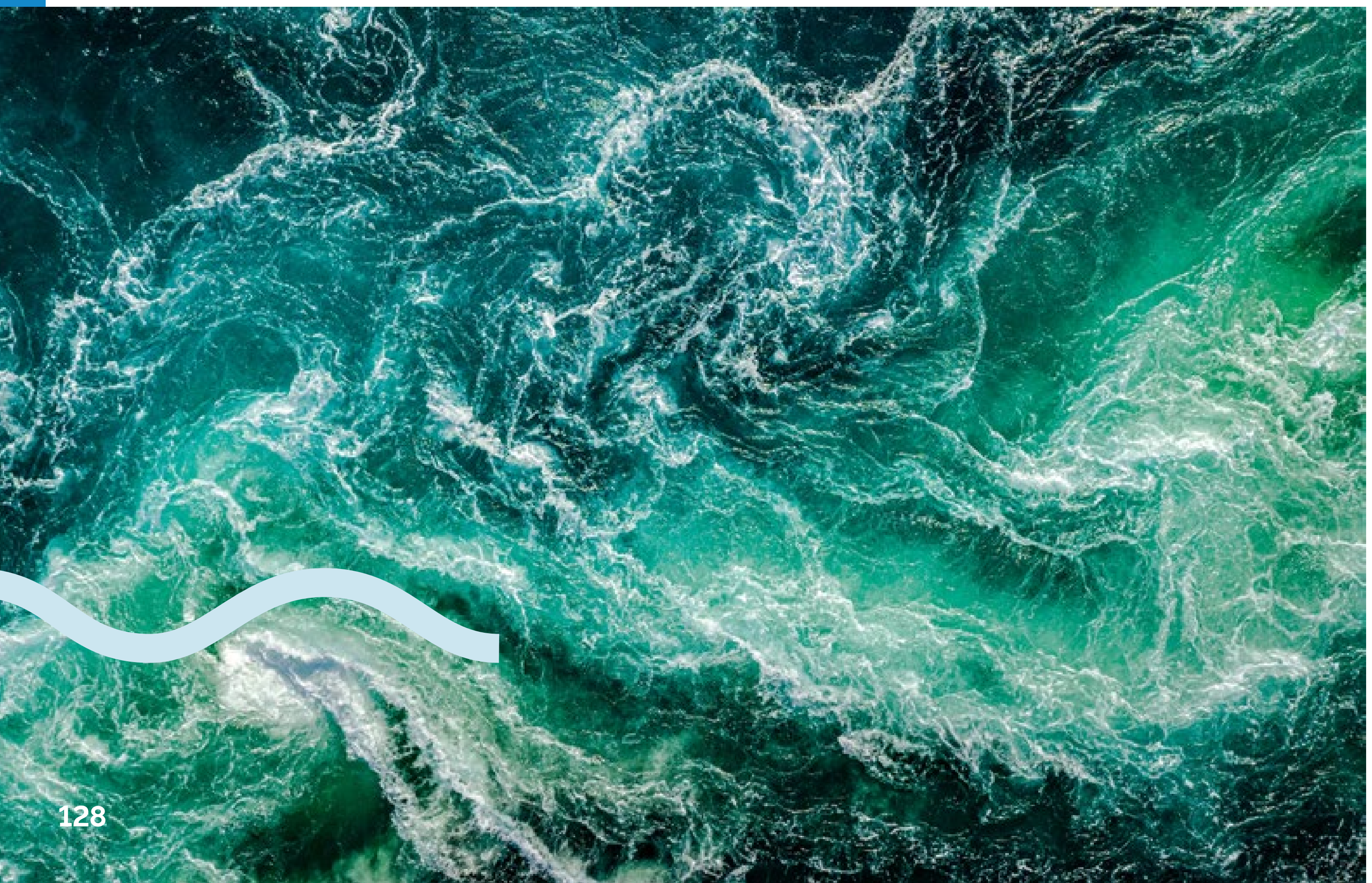
EPV

Purchase of energy facilities

According to paragraph 4 of Closing decrees of the Energy law the Group is required within 8 years as from the coming into force of the Energy Law to purchase energy facilities, comprising elements of the transportation or distribution network, owned by individuals or legal entities. The deadline for the purchase of energy facilities which are owned by users expired in December 2015. Management has made an assessment of the fair value of energy facilities, which are owned by consumers, which as at 31 December 2022 amounted to EUR 8,303 thousand (31 December 2021: EUR 8,832 thousand). The Management is unable to predict when energy facilities that are not redeemed by 31 December 2022 will be purchased. In 2022 a company from the Group has entered into connection agreements for 129 connection facilities (31 December 2021: 128 connection facilities) under which the counter party is obliged to build the facilities. The Group has committed to purchase these facilities after they have been finished. The Management of the company is not in a position to reliably assess these capital commitment as it does not have information on the expected value of the facilities to be built. The average value of the connected facilities for the period 2021 – 2022 is EUR 23 thousand (2020 – 2021 - EUR 20 thousand).

EPG & EPGG

Pursuant to the "Sale agreement of the assets of the hydro power plants and the electricity distribution companies" concluded between the Government of Georgia and EPG in 2007, the Company has inherited a commitment to maintain 85% of the capacity of the purchased hydro power plants installed at that time. In case EPG breaches this obligation, it may result in the imposition of administrative penalties and/or sanctions, or cancellation of one or more licenses by the respective State Authorities pursuant to the Law of Georgia on Privatization and other Legal Framework in Effect. As at 31 December 2022 and 2021, EPG & EPGS were in compliance with this commitment.



31. FINANCIAL RISK MANAGEMENT

The risk management function within the Group is carried out in respect of financial risks, operational risks, and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

CREDIT RISK.

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's principal financial assets are bank balances, cash, trade receivables and issued loans. The credit risk on liquid funds is limited because the counterparties are banks with positive credit ratings (A to B). The risk on issued loans is limited because the main part consists of loans provided to the shareholders. Issued loans to the parent company DKHI are carried at amortized cost with the application of the calculation of ECL. The calculated value of ECL was at the amount of EUR 1,696 thousand as of 31 December 2022 (31 December 2021: EUR 958 thousand). For the purposes of ECL calculation, the Group used the following most significant assumptions for the calculation: Probability of default – "PD") – 0.48%; Loss given by default - "LGD") – 90%. The assumptions were established based on a study that deals with the comparison, according to the assigned rating, of EPas. Trade receivables include a large number of customers from various geographical and industry segments and Group considers the credit risk arising from the failure of one or more companies to pay as not significant, and within the manageable risk. The internal analysis of age structure of trade receivables shows no significant value of overdue receivables. For free customers, the Group assesses the credit quality of the customers by assessing the financial position of the customers, past experiences, and other factors as a part of its credit risk management program. As at 31 December 2022, and 31 December 2021, the Group is not exposed to credit risk to related parties.

(EUR'000)	31 December 2022	31 December 2021
Non-current financial assets (Note 10)		
- Restricted bank deposit	-	60
Trade and other receivables (Note 13)		
- Trade receivables	137,222	126,000
Issued loans (Note 9)		
- Loans issued	427,344	345,215
Cash and cash equivalents (Note 14)		
- Bank balances payable on demand	80,554	34,216
Total	**645,120**	**505,491**

MARKET RISK.

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

CURRENCY RISK.

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use in the year 2022 and 2021 any derivatives to manage foreign currency risk exposure, at the same time the management of the Group is seeking to mitigate such risk by managing monetary assets and liabilities in foreign currencies at the Group level. The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2022			31 December 2021		
(EUR'000)	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
EUR	507,086	269,157	237,929	371,185	673,183	(301,998)
TRY (i)	8,313	7,081	1,232	54,058	6,217	47,841
USD (i)	21,916	423,094	(401,178)	17,079	929	16,150
GEL (i)	68,134	41,645	26,489	40,181	62,654	(22,473)
Total	**605,449**	**740,977**	**(135,528)**	**482,503**	**742,983**	**(260,480)**

(i) Denominated in EUR

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk. The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

	31 December 2022	31 December 2021
(EUR'000)	Impact on profit or (loss)	Impact on profit or (loss)
EURO strengthening by 10%	23,793	(30,200)
EURO weakening by 10%	(23,793)	30,200
TRY strengthening by 10%	123	4,784
TRY weakening by 10%	(123)	(4,784)
US Dollar strengthening by 10%	(40,118)	1,615
US Dollar weakening by 10%	40,118	(1,615)
GEL strengthening by 10%	2,649	(2,247)
GEL weakening by 10%	(2,649)	2,247

The exposure was calculated only for monetary balances denominated in significant currencies other than the functional currency of the respective entity of the Group.

INTEREST RATE RISK.

Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group does not use any derivatives to manage interest rate risk exposure, at the same time a significant proportion of the Group's financial assets and liabilities are at fixed rates and thus the risk is limited. The Group does not analyse the interest rate risk, as the Group primarily has interest on Issued Bonds at a fixed interest rate.

LIQUIDITY RISK.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Group's cash flows. The Group seeks to maintain a stable funding base primarily consisting of borrowings. The Group's liquidity portfolio comprises cash and cash equivalents. Management estimates that the liquidity portfolio of cash and bank deposits except for the restricted cash can be realised in cash within a day in order to meet unforeseen liquidity requirements. The tables below show liabilities as of 31 December 2022 and 31 December 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period. The maturity analysis of financial liabilities as of 31 December 2022 is as follows:

(EUR'000)	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings (Note 21)	3,110	5,858	-	**8,968**
Trade and other payables (Note 22)	111,450	-	-	**111,450**
Other non-current financial liabilities & Other non-current liabilities (Note 18,19)	725	3,261	-	**3,986**
Other current liabilities (Note 23)	15,804	-	-	**15,804**
Issued Bonds (Note 21)	21,584	652,947	-	**674,531**
Contingent liabilities – financial guarantees (Note 30e)	47,648	-	-	**47,648**
Total future payments, including future principal and interest payments	**200,321**	**662,066**	**-**	**862,387**

The maturity analysis of financial liabilities as of 31 December 2021 is as follows:

(EUR'000)	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings (Note 21)	46,429	907	-	**47,336**
Trade and other payables (Note 22)	120,615	60	115	**120,790**
Other non-current financial liabilities & Other non-current liabilities (Note 18,19)	204	4,699	-	**4,903**
Other current liabilities (Note 23)	9,704	-	-	**9,704**
Issued Bonds (Note 21)	377,131	248,717	-	**625,848**
Contingent liabilities – financial guarantees (Note 30e)	47,919	-	-	**47,919**
Total future payments, including future principal and interest payments	**602,002**	**254,383**	**115**	**856,500**

CAPITAL MANAGEMENT.

Capital management is performed by the owners of the Group based on their requirements with respect to optimal capital structure of the Group. The Group only manages its capital structure with respect to legal requirements in the jurisdictions where the Group operates. Management considers equity as presented in these consolidated financial statements, excluding non-controlling interest, as the Group's capital.

PRICE RISK.

As the Group operates on a regulated market, the Management is not able to influence the decisions of regulatory authorities. For the companies of the Group operating in the free market, price risk is associated with the ability to find new clients by securing normal profit transactions. The Management monitors and controls the prices at which electricity is supplied.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has no financial instruments measured at fair value (except Issued bonds as shown in the table below) in the consolidated statement of financial position. The fair value for the purposes of disclosure of the following financial instruments is assumed as reasonably close to their carrying value:

- Trade and other receivables;
- Cash and cash equivalents;
- Loans (except Issued bonds);
- Trade and other payables.

ISSUED BONDS

The fair value of bonds is based on the quoted market price for the same or similar issues or on the current rates available for bonds with the same maturity profile. Carrying amounts and estimated fair values of financial instruments as of 31 December 2022, are as follows:

(EUR'000)	Carrying amount (Note 21)	Fair Value	Interest	Total Fair Value
8.5% Notes due 2027	417,854	372,847	14,156	387,003
4.5% Notes due 2024	256,677	232,165	7,428	239,593
Total	**674,531**	**605,011**	**21,584**	**626,595**

Carrying amounts and estimated fair values of financial instruments as of 31 December 2021, are as follows:

(EUR'000)	Carrying amount (Note 21)	Fair Value	Interest	Total Fair Value
4% Notes due 2022	369,703	367,278	974	**368,252**
4.5% Notes due 2024	256,145	247,656	7,428	**255,084**
Total	**625,848**	**614,934**	**8,402**	**623,336**

33. BUSINESS PERFORMANCE – SEGMENT ACCOUNTS

For the years 2022 and 2021, the Group reports results broken down into the main operating business segments, which are represented in the following tables. Please find a more detailed description of the individual companies in Note 1 - ENERGO-PRO Group and its Operations.

(i) Other Business includes companies EPas, MGW, EPInsaat, EPToptan, OPPA and EP Colombia as of 31 December 2022: (31 December 2021: EPas, MGW, EPInsaat, EPToptan, OPPA and EP Colombia). The following table shows the Income statement (business performance) of individual companies of the Group in the year 2022:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Türkiye RH	Other businesses (i)	Intra-group	TOTAL
Revenue	**1,249,242**	**103,261**	**449,838**	**48,264**	**36,821**	**98,306**	**(264,816)**	**1,720,916**
Other income	395	471	12,091	304	274	439	(8,237)	5,737
Changes in inventory of products and in work in progress	-	-	-	-	-	(1,388)	986	(402)
Purchased power	(1,039,231)	(21,898)	(292,329)	(2,318)	(2,061)	(41,165)	231,722	(1,167,280)
Services expenses	(83,327)	(5,633)	(11,790)	(6,858)	(3,157)	(17,927)	19,628	(109,064)
Labour costs	(38,561)	(2,778)	(28,223)	(2,982)	(1,580)	(12,883)	-	(87,007)
Materials expenses	(3,322)	(618)	(1,293)	(101)	-	(32,448)	22,760	(15,022)
Other tax expenses	(526)	-	(3,748)	(3,948)	(31)	(1,378)	(8)	(9,639)
Other operating expenses	(8,862)	(7,534)	(3,493)	(1,111)	-	(9,420)	2	(30,418)
EBITDA	**75,808**	**65,271**	**121,053**	**31,250**	**30,266**	**(17,864)**	**2,037**	**307,821**
Depreciation, amortisation and impairment losses	(23,784)	(3,349)	(19,118)	(4,310)	(1,152)	(2,221)	-	(53,934)
EBIT	**52,024**	**61,922**	**101,935**	**26,940**	**29,114**	**(20,085)**	**2,037**	**253,887**

The following table shows the Other items of individual companies of the Group as of 31 December 2022 and for the year ended 31 December 2022 which are important for management decision making process:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Türkiye RH	Other businesses (i)	Intra-group	TOTAL
Other items								
Total non-current assets	172,495	67,501	318,040	167,821	40,332	622,466	(256,046)	**1,132,609**
Total current assets	214,405	14,093	97,048	12,367	15,000	297,597	(265,954)	**384,556**
TOTAL ASSETS	**386,900**	**81,594**	**415,088**	**180,188**	**55,332**	**920,063**	**(522,000)**	**1,517,165**
Number of employees (FTE)	2,467	118	5,599	470	86	464	-	**9,204**
Capital Expenditures	23,588	2,136	60,144	6,389	344	3,709	-	**96,310**
Income tax expense	(5,261)	(6,269)	-	-	564	3,967	-	**(6,999)**

The following table shows the Income statement (business performance) of individual companies of the Group in the year 2021:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Türkiye RH	Other businesses (i)	Intra-group	TOTAL
Revenue	**736,588**	**46,603**	**302,190**	**31,607**	**14,674**	**65,704**	**(125,775)**	**1,071,591**
Other income	(193)	1,933	8,572	5,242	748	216	(5,752)	**10,766**
Changes in inventory of products and in work in progress	-	-	-	-	-	(4,443)	3,922	**(521)**
Purchased power	(572,525)	(12,797)	(192,531)	(1,887)	(903)	(3,731)	102,080	**(682,294)**
Services expenses	(43,289)	(3,970)	(6,871)	(6,330)	(3,259)	(18,554)	12,048	**(70,225)**
Labour costs	(36,670)	(3,114)	(20,064)	(2,278)	(1,913)	(8,507)	-	**(72,546)**
Materials expenses	(2,315)	(335)	(809)	(46)	-	(30,744)	11,484	**(22,765)**
Other tax expenses	(491)	-	(5,364)	(1,060)	(129)	(1,641)	-	**(8,685)**
Other operating expenses	(1,674)	(2,190)	(4,949)	(1,182)	(80)	(8,613)	68	**(18,620)**
EBITDA	**79,431**	**26,130**	**80,174**	**24,066**	**9,138**	**(10,313)**	**(1,925)**	**206,701**
Depreciation, amortisation and impairment losses	(23,250)	(3,204)	(13,350)	(2,925)	(1,517)	(963)	-	**(45,209)**
EBIT	**56,181**	**22,926**	**66,824**	**21,141**	**7,621**	**(11,276)**	**(1,925)**	**161,492**

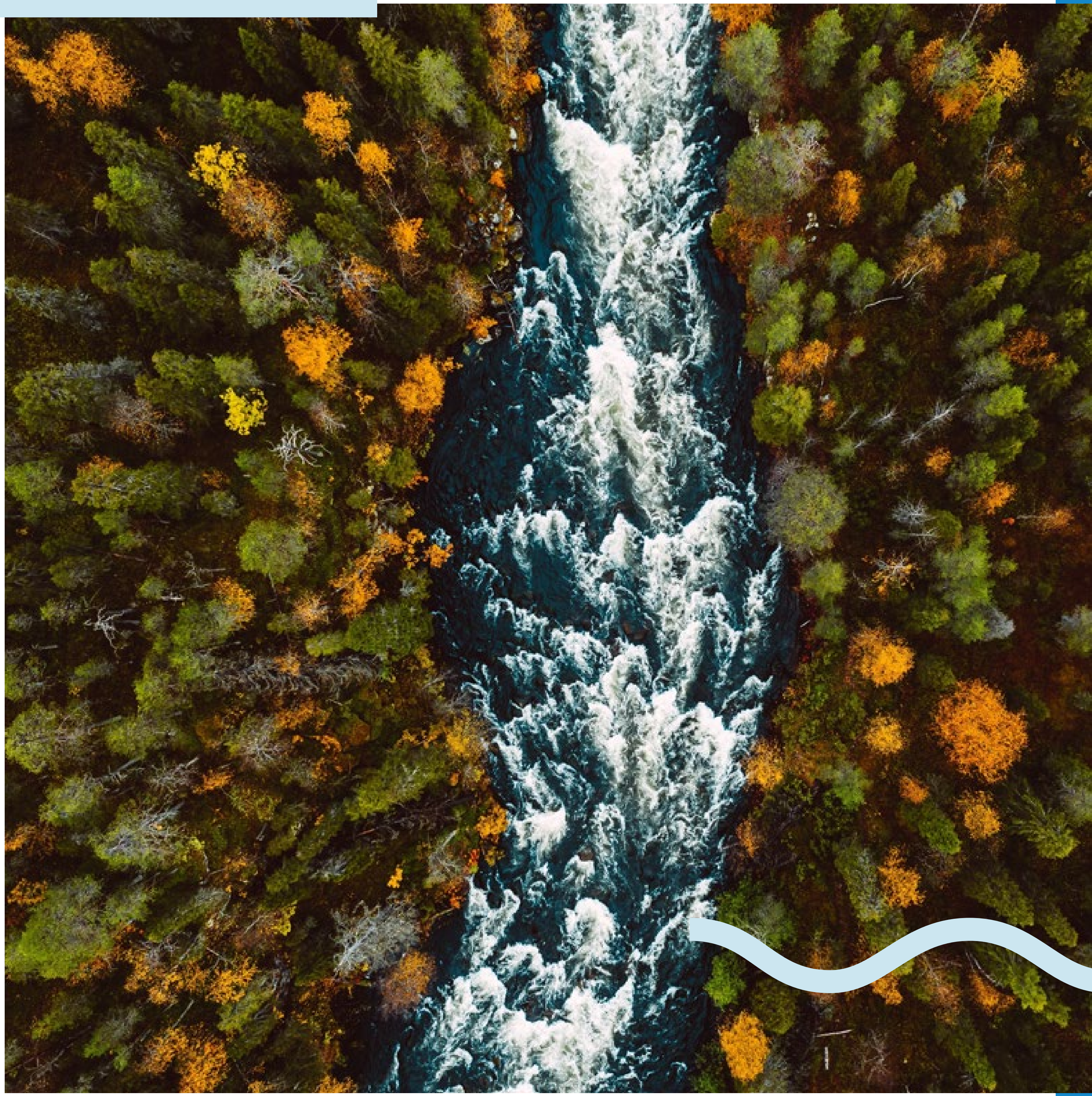
The following table shows the Other items of individual companies of the Group as of 31 December 2021 and for the year ended 31 December 2021 which are important for management decision making process:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Turkey RH	Other busi-nesses (i)	Intra-group	TOTAL
Other items								
Total non-current assets	192,362	68,874	193,552	124,163	35,595	740,363	(400,973)	953,936
Total current assets	218,422	15,070	84,419	12,412	5,671	102,460	(132,856)	305,598
TOTAL ASSETS	**410,784**	**83,944**	**277,971**	**136,575**	**41,266**	**842,823**	**(533,829)**	**1,259,534**
Number of employees (FTE)	2,411	127	5,611	483	87	433	-	**9,152**
Capital Expenditures	20,386	1,625	32,408	12,541	79	3,072	-	**70,111**
Income tax expense	(5,633)	(2,346)	-	-	5,395	(653)	-	**(3,237)**

34. EVENTS AFTER THE REPORTING PERIOD

In January 2023, EPas provided a loan to UNICAPITAL ENERGY s.r.o. in the amount of CZK 250,000 thousand (EUR 10,367 thousand) with a maturity date of 31 December 2024 and interest rate of 12-month PRIBOR plus 5% margin.

No other significant events have occurred since the balance sheet date that would have an impact on the annual financial statements.



35. AUTHORISATION BY THE BOARD OF DIRECTORS

The Board of Directors have considered and adopted this Annual report of ENERGO – PRO a.s. for the financial year 1 January – 31 December 2022. To the best of our knowledge, the Annual report gives a true and fair view of the financial position, business activities, and financial results of its consolidated group for the current and past financial years. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

The consolidated financial statements and Annual report were authorised for issue on 3 April 2023 in Prague, Czech Republic.

Ing. Vlastimil Ouřada, MBA
CFO and Member of the Board of Directors
ENERGO - PRO a.s.

ENERGO-PRO

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