

**ENERGO - PRO a.s.**

**Condensed Consolidated Interim Financial Statements and  
Independent Auditor's Report**

**for the nine months ended 30 September 2023**



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(EUR'000)	Note	30 September 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	640,589	595,591
Prepayments for property, plant and equipment	6	4,181	5,323
Goodwill	7	59,828	63,615
Other intangible assets	8	33,915	23,226
Non-current financial assets	10	44,395	14,560
Deferred tax assets		3,125	12,110
Non-current portion of issued loans	9	560,482	417,200
Other non-current assets		489	984
<b>Total non-current assets</b>		<b>1,347,004</b>	<b>1,132,609</b>
<b>Current assets</b>			
Inventories	11	33,958	22,691
Trade and other receivables	12	134,201	148,567
Current income tax asset		2,057	1,762
Current portion of issued loans	9	11,186	10,144
Contract assets		24,949	65,009
Cash and cash equivalents	13	90,989	80,554
Other current assets	14	34,068	55,829
<b>Total current assets</b>		<b>331,408</b>	<b>384,556</b>
<b>Total assets</b>		<b>1,678,412</b>	<b>1,517,165</b>
<b>EQUITY</b>			
Authorised share capital		3,569	3,569
Translation reserve		6,121	(11,129)
Retained earnings		813,777	636,187
<b>Equity attributable to the company's owners</b>		<b>823,467</b>	<b>628,627</b>
Non-controlling interest		27,213	24,410
<b>Total equity</b>		<b>850,680</b>	<b>653,037</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		4,729	3,042
Non-current portion of provisions	15	8,789	8,789
Non-current portion of borrowings	16	681,144	658,805
Non-current financial liabilities		1,132	1,923
Other non-current liabilities		5,433	5,407
<b>Total non-current liabilities</b>		<b>701,227</b>	<b>677,966</b>
<b>Current liabilities</b>			
Current portion of provisions	15	5,963	7,154
Trade and other payables	17	55,222	111,555
Income tax payable		7,178	1,986
Current portion of borrowings	16	7,727	24,694
Contract liabilities		20,665	18,216
Other current liabilities	18	29,750	22,557
<b>Total current liabilities</b>		<b>126,505</b>	<b>186,162</b>
<b>Total liabilities</b>		<b>827,732</b>	<b>864,128</b>
<b>Total liabilities and equity</b>		<b>1,678,412</b>	<b>1,517,165</b>

**ENERGO - PRO a.s.**  
**Condensed Consolidated Interim Statement of Comprehensive Income**  
**for the nine months ended 30 September 2023**



(EUR'000)	Note	1 January - 30 September 2023	1 January - 30 September 2022
<b>Revenue</b>			
Sales of electricity in local markets		752,868	1,082,080
Grid components of electricity sales price		141,908	115,247
Services and other		49,103	48,322
<b>Total revenue</b>		<b>943,879</b>	<b>1,245,649</b>
Other income		6,006	3,956
Changes in inventory of products and in work in progress		72	-
Purchased power		(479,608)	(838,016)
Service expenses	19	(75,585)	(56,362)
Labour costs		(80,200)	(61,229)
Material expenses		(7,159)	(11,878)
Other tax expenses		(18,659)	(8,280)
Other operating expenses		(27,115)	(27,147)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)<sup>1</sup></b>		<b>261,631</b>	<b>246,693</b>
Depreciation, amortisation and impairment losses	6,8	(42,168)	(38,519)
<b>Earnings before interest and taxes (EBIT)</b>		<b>219,463</b>	<b>208,174</b>
Finance income	20	37,577	14,137
Finance costs	20	(56,632)	(102,904)
<b>Finance costs – net</b>		<b>(19,055)</b>	<b>(88,767)</b>
<b>Income before income tax (EBT)</b>		<b>200,408</b>	<b>119,407</b>
Income tax		(9,720)	(11,354)
Deferred taxes		(10,484)	(228)
<b>Total income tax expense</b>		<b>(20,204)</b>	<b>(11,582)</b>
<b>Profit/(loss) for the period</b>		<b>180,204</b>	<b>107,825</b>
Profit/(loss) attributable to:			
- Owners of the company		177,401	105,826
- Non-controlling interest		2,803	1,999
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		17,250	90,455
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial loss		-	-
Gross amount		-	-
Tax effect		-	-
Net amount		-	-
<b>Other comprehensive income/(loss)</b>		<b>17,250</b>	<b>90,455</b>
<b>Total comprehensive income/(loss)</b>		<b>197,454</b>	<b>198,280</b>
Total comprehensive income attributable to:			
- Owners of the company		194,651	196,281
- Non-controlling interest		2,803	1,999

<sup>1</sup> EBITDA is a non-GAAP measure in the Condensed 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.

(EUR'000)	Equity attributable to the Company's owners						Total equity
	Authorised share capital	Translation reserve	Retained earnings	Total equity without non-controlling interest	Non-controlling interest	Total equity	
<b>1 January 2022</b>	<b>3,569</b>	<b>(74,460)</b>	<b>452,458</b>	<b>381,567</b>	<b>22,167</b>	<b>403,734</b>	
Net income for the period	-	-	105,826	105,826	1,999	107,825	
Other comprehensive income	-	90,455	-	90,455	-	90,455	
Comprehensive income for the period	-	90,455	105,826	196,281	1,999	198,280	
Other changes in equity	-	37	(119)	(82)	-	(82)	
<b>30 September 2022</b>	<b>3,569</b>	<b>16,032</b>	<b>558,165</b>	<b>577,766</b>	<b>24,166</b>	<b>601,932</b>	
<b>1 January 2023</b>	<b>3,569</b>	<b>(11,129)</b>	<b>636,187</b>	<b>628,627</b>	<b>24,410</b>	<b>653,037</b>	
Net income for the period	-	-	177,401	177,401	2,803	180,204	
Other comprehensive income	-	17,250	-	17,250	-	17,250	
Comprehensive income for the period	-	17,250	177,401	194,651	2,803	197,454	
Other changes in equity	-	-	189	189	-	189	
<b>30 September 2023</b>	<b>3,569</b>	<b>6,121</b>	<b>813,777</b>	<b>823,467</b>	<b>27,213</b>	<b>850,680</b>	

ENERGO - PRO a.s.  
Condensed Consolidated Interim Statement of Cash-flows  
for the nine months ended 30 September 2023



(EUR'000)	Note	1 January - 30 September 2023	1 January - 30 September 2022
<b>Profit/(loss) before income tax</b>		<b>200,408</b>	<b>119,407</b>
<b>Adjusted for:</b>			
Depreciation, amortisation and impairment losses	6,8	42,168	38,519
Unrealised currency translation losses/(gains)		19,293	67,704
Interest income	20	(32,348)	(12,556)
Interest expenses	20	35,787	35,123
Changes in provisions and impairment		147	964
Assets granted free of charge		(716)	(82)
Inventory surplus		(180)	(156)
(Gain)/Loss on disposal of property, plant and equipment		1,182	1,613
Inventory obsolescence expense		2,937	3,508
Other changes - difference in rate of exchange and other		(2,882)	(1,707)
<b>Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities</b>		<b>265,796</b>	<b>252,337</b>
<b>Movements in working capital</b>			
Decrease/(increase) in inventories	11	(7,136)	(3,738)
Decrease/(increase) in trade accounts receivable	12	53,306	12,219
Decrease/(increase) in other current assets	14	21,598	7,299
Increase/(decrease) in trade and other payables	17	(67,696)	(49,444)
Increase/(decrease) in other current liabilities	18	4,433	4,044
<b>Cash (outflow)/inflow from operating activities before interest income received, interest expense paid and income tax paid</b>		<b>270,301</b>	<b>222,717</b>
Interest received		22	-
Income tax paid		(4,809)	(9,985)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>265,514</b>	<b>212,732</b>
<b>Cash flows from investing activities</b>			
(Acquisition of subsidiaries, net of cash of entities acquired)/Disposal of subsidiaries, net of cash of entities disposed		(34,705)	(9,312)
Purchases of property, plant and equipment and intangible assets		(73,058)	(74,181)
Loans granted	9	(120,293)	(38,058)
Loans repaid	9	6,362	28
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(221,694)</b>	<b>(121,523)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	16	822,987	1,838,356
Repayment of borrowings	16	(837,683)	(1,884,122)
Issued bonds	16	300,000	379,482
Repayment of issued bonds	16	(250,000)	(370,000)
Fees related to issued bonds	16	(25,816)	(4,474)
Interest paid		(47,920)	(32,799)
Dividends paid to non-controlling interest		-	-
Dividends paid to the shareholders of the parent company		-	-
<b>Net cash (used in)/provided by financing activities</b>		<b>(38,432)</b>	<b>(73,557)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,388</b>	<b>17,652</b>
<b>Cash and cash equivalents at the beginning of the period</b>	13	<b>80,554</b>	<b>34,216</b>
Effect of exchange rate on changes in Cash and Cash equivalents		5,047	13,315
<b>Cash and cash equivalents at the end of the period</b>	13	<b>90,989</b>	<b>65,183</b>

## Notes to Condensed Consolidated Interim Financial Statements

### 1. ENERGO - PRO a.s. 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. 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.

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.

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 30 September 2023 and for the nine months ended 30 September 2023:

<b>Name</b>	<b>Segment (Note 24)</b>	<b>Location</b>	<b>Ownership interest</b>
ENERGO - PRO a.s.	Other	Czechia	parent
MEGAWATT SERVIS s.r.o.	Other	Czechia	100%
TDP Development Services s.r.o.	Other	Czechia	100%
ENERGO-PRO Georgia Holding JSC	Distribution & Supply; Generation	Georgia	100%
OPPA JSC	Other	Georgia	100%
ENERGO-PRO Bulgaria EAD	Generation	Bulgaria	100%
ENERGO-PRO Varna EAD	Distribution & Supply	Bulgaria	100%
ENERGO PRO İnşaat Şanyı ve Ticaret A.Ş.	Other	Türkiye	100%
ENERGO-PRO Swiss GmbH	Not consolidated	Switzerland	100%
Energo Pro Turkey Holding A.Ş.	Generation	Türkiye	100%
ENERGO-PRO Colombia S.A.S.	Other	Colombia	100%
ENERGO-PRO Brazil Ltda.	Other	Brazil	100%

The number of employees of the Group as of 30 September 2023 and 31 December 2022 was 9,366 and 9,204 respectively.

List of Group's power plants as of 30 September 2023 is as follows:

<b>Hydropower plants</b>	<b>Installed capacity (MW)</b>
<b>Bulgaria:</b>	
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
<b>Total Bulgaria</b>	<b>166</b>
<b>Türkiye:</b>	
Resadiye I	16
Resadiye II	26
Resadiye III	22
Hamzali	17
Aralik	12
<b>Total Türkiye</b>	<b>93</b>
<b>Georgia:</b>	
Atsi	18
Rioni	54
Lajanuri (i)	116
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
<b>Total Georgia hydro power plants</b>	<b>491</b>
<b>Georgia:</b>	
Gardabani Gas Power Plant (thermal power plant or "TPP")	110
<b>Total Georgia gas-fired plant</b>	<b>110</b>
<b>Total hydro power plants</b>	<b>750</b>
<b>Total gas-fired power plant</b>	<b>110</b>
<b>Total hydro + gas-fired plants</b>	<b>860</b>

(i) The installed capacity of HPP Lajanuri HPP increased after its rehabilitation from 114 MW to 116 MW in September 2023.



## 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, internal 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:

Name	Location	EPGH’s ownership interest	
		30 September 2023	31 December 2022
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.

**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:

Name	Location	EPGG’s ownership interest	
		30 September 2023	31 December 2022
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.

The number of employees of EPGH (including all its subsidiaries) as of 30 September 2023 and 31 December 2022 was 6,229 and 6,069, respectively.

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:

Name	Location	OPPA’s ownership interest	
		30 September 2023	31 December 2022
Teso Tech Solution JSC	Georgia	100%	100%
LLC Asterbit	Georgia	100%	100%

Teso Tech Solution JSC (“Teso”) 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 Teso 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 Teso is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia.

The number of employees of OPPA (including all its subsidiaries) as of 30 September 2023 and 31 December 2022 was 358 and 360, 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:

Name	Location	EPB’s ownership interest	
		30 September 2023	31 December 2022
Pirinska Bistritsa Energia EAD	Bulgaria	100%	100%

**Pirinska Bistritsa Energia EAD (“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 three HPPs, two of which united in one cascade. The Cascade’s plants are in the village of Gorno Spanchevo, close to the village of Pirin. The third HPP is HPP Ogosta, situated in the city of Montana.

The number of employees of EPB (including all its subsidiaries) as of 30 September 2023 and 31 December 2022 was 118 and 118, respectively.

#### **ENERGO-PRO VARNA EAD (“EPV”)**

EPV was registered on 12 June 2012 in the Trade register to Registration Agency with UIC 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:

Name	Location	EPV's ownership interest	
		30 September 2023	31 December 2022
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%
Energopro Solar 1 EOOD	Bulgaria	100%	100%
Tierra del Sol 002 EOOD	Bulgaria	100%	100%
Sunny Land 003 EOOD	Bulgaria	100%	100%
Energopro Solar Park 1 EOOD	Bulgaria	100%	100%
ZEUS 007 EOOD	Bulgaria	100%	100%
FreeSol EOOD	Bulgaria	100%	-

**Electrodistribution North AD** (“ElectroNorth”), former ENERGO-PRO Grid AD, is registered in the Trade Register to the Registration Agency with UIC 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 licence 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 UIC 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 UIC 201398872 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.

**Energopro Solar 1 EOOD** (previous name: ESV 001 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with UIC 206691758, with permanent address Varna, Varna Towers – G, 258 “Vladislav Varnenchik” Blvd. Energopro 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 UIC 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 UIC 206691815, with permanent address Varna, Varna Towers – G, 258 “Vladislav Varnenchik” Blvd. Sunny Land 003 EOOD is engaged in the development of photovoltaic projects.

**Energopro Solar Park 1 EOOD** (previous name: Solare 005 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with UIC 206691719, with permanent address Varna, Varna Towers – G, 258 “Vladislav Varnenchik” Blvd. Energopro 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 UIC 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 UIC 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 2022 to 30 September 2023:

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 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, EPV 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 October 2022, Energopro 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, Energopro 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).

In March 2023, a change has been registered in the Commercial Register for a transfer of 50 % of the capital of the following companies of ENERGO-PRO Solar 1 EOOD ( a subsidiary): Sun Technology 4 OOD, Sun Technology 5 OOD and Sun Technology 6 OOD, to GREEN ENERGY 23 EOOD. With this change, GREEN ENERGY 23 EOOD became the sole owner of the share capital of Sun Technology 4 OOD, Sun Technology 5 OOD and Sun Technology 6 OOD.

In March 2023, a change has been registered in the Commercial Register for a transfer of 50 % of the capital of Sun Technology 3 OOD in regard of ENERGO-PRO Solar 1 EOOD. With this change, ENERGO-PRO Solar 1 EOOD becomes the sole owner of the share capital of Sun Technology 3 EOOD.

In April 2023, a change has been registered in the Commercial Register for a transfer of 50 % of the capital of Sun Technology 2. With this change, ENERGO-PRO Solar 1 EOOD becomes the sole owner of the share capital of Sun Technology 2 EOOD.

In May 2023, a change has been registered in the Commercial Register for a transfer of 50 % of the capital of Sun Technology 1 OOD. With this change, ZEUS 007 EOOD becomes the sole owner of the share capital of Sun Technology 1 EOOD.

The number of employees of EPV (including all its subsidiaries) as of 30 September 2023 and 31 December 2022 was 2,454 and 2,467, respectively.

**Energopro 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 the share purchase agreement on 1 July 2022, the parent company EPas sold its stake in Reşadiye Hamzalı Elektrik Üretim Sanayi ve Ticaret A.Ş. and ENERGO-PRO Güney Elektrik Toptan Satış İthalat İhracat ve Ticaret A.Ş. to EP TK Holding. EP TK Holding is the parent company of the following entities:

Name	Location	EP TK Holding’s ownership interest	
		30 September 2023	31 December 2022
Reşadiye Hamzalı Elektrik Üretim Sanayi ve Ticaret A.Ş.	Türkiye	100%	100%
ENERGO-PRO Güney Elektrik Toptan Satış İthalat İhracat ve Ticaret A.Ş.	Türkiye	100%	100%

**Reşadiye Hamzalı 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 Satış İthalat İhracat 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 30 September 2023 and 31 December 2022 was 113 and 114, respectively.

**ENERGO PRO İnşaat Şanyı ve Ticaret A.Ş. (“EPİnsaat”)**

EP İnşaat 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 İnşaat’s works in relation to these hydropower plants were completed. The registered address of EPİnsaat is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. EPİnsaat had no employees as of 30 September 2023 and 31 December 2022.

**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 30 September 2023 and 31 December 2022 was 39 and 34, 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, Medellín, 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:

Name	Location	EP Colombia’s ownership interest	
		30 September 2023	31 December 2022
Generadora Chorreritas S.A.S. E.S.P.	Colombia	100%	100%
Hidroeléctrica Sabanas S.A.S.	Colombia	100%	100%
Cuerquia SPV S.A.S. E.S.P.	Colombia	100%	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, Medellín, 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 has started in first quarter of 2023.

**Hidroeléctrica 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, Medellín, 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 (Urao, Antioquia region).

**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).

The number of employees of EP Colombia (including all its subsidiaries) as of 30 September 2023 and 31 December 2022 was 23 and 9, 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 30 September 2023 and 31 December 2022 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 Pořiči 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 30 September 2023 and 31 December 2022.

#### **ENERGO-PRO Brazil Ltda. (“EP Brazil”)**

EP Brazil is a limited liability company established on 17 August 2023 with registered address of Rua Itacema 65 Apt 18, Itaim Bibi, Sao Paulo, Brazil. EP Brazil’s main activity is investigation of the new hydropower project possibilities in the territory. EP Brazil had no employees as of 30 September 2023.

## 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:

Name	Location	EPC's ownership interest	
		30 September 2023	31 December 2022
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 Litomeřice 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:

Name	Location	EPTD's ownership interest	
		30 September 2023	31 December 2022
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:

Name	Location	EPHD's ownership interest	
		30 September 2023	31 December 2022
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:

Name	Location	LTH US's ownership interest	
		30 September 2023	31 December 2022
LITOSTROJ U.S. LLC.	United States	100%	100%

**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.

**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 Pacifique 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. As of 30 September 2023, DKHI was 100% owner of Berta.

#### **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 30 September 2023, 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.

**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:

Name	Location	Terestra’s ownership interest	
		30 September 2023	31 December 2022
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 Material Accounting Policies**

**Basis of preparation.** These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) for the period of the nine months ended 30 September 2023 for ENERGO-PRO a.s. and its subsidiaries (together referred to as the “Group”). These condensed consolidated interim financial statements have been prepared under the historical cost convention. 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 2023 changes to the existing accounting standards and believes that they do not require material 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 lingering COVID-19 pandemic across the countries in which ENERGO-PRO Group operates. Governments across most of the world removed most of restrictive measures and situation is gradually returning to normal. ENERGO-PRO Group’s management continues to monitor the actual situation about the COVID-19 disease and the WHO’s and government’s recommendations, enabling us to respond in a timely manner if necessary, thereby minimizing 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 material 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 and 30 September 2023 is EPİnsaat. In view of the contribution of EPİnsaat to the activities of the Group, the Management of the Group has assessed and concluded that the impact of IAS 29 to be immaterial and for these consolidated financial statements for the year ended, and as of 31 December 2022 and 30 September 2023 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 material 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 re-pricing 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 period (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 the 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 period. 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 period 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:

	<b>Useful lives in years</b>
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:

	<b>Useful lives in years</b>
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 in substance 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 30 September 2023, the Group reported right of use assets in the amount of EUR 8,523 thousand (31 December 2022: EUR 8,538 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)	30 September 2023	31 December 2022
Non-Current Financial Liabilities	666	1,334
Other Current Liabilities (Note 18)	551	472
<b>Total lease liabilities</b>	<b>1,217</b>	<b>1,806</b>

**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:

	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

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.

**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 period 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 period.

**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.

In the current period, to provide a clearer view of our financial position and performance, The Company reports in its Statement of cash-flows, specifically cash flow from financing activities, the item Fees related to issued bonds, which consist of all fees incurred in connection with the issuance of bonds, including underwriting fees, legal fees and other costs directly attributable to the bond issuance process. In the previous period, there were no changes with the material impact to the consolidated financial statements.

**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 period 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 period 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 comprise 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 grid 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 material 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 (e.g. 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, i.e., upon delivery of the product or services provided, which represent the fulfilment of an individual enforcement obligation. The enforcement obligation is linked to the fulfilment 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. Material 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 material effect on the amounts recognised in the financial statements and estimates that can cause a material 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 October 27, 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, the Group concluded contracts with the Ministry of Energy for the compensation of the end business customers, for the period 01 October 2021– 30 June 2022. The Group concluded contracts with the Energy System Security Fund for the compensation of the end business customers.

As per National Assembly of Republic of Bulgaria's decision ( Protocol No 90/dated 11.11.2022, and updated Protocol No 98/09.12.2022) the Council of Ministers approved a program for compensation of business customers on the electricity market (the Program). The Program sets the mechanism for compensation of business end customers as per art. 36b, para.1/4 from the Energy Act for the period from 1 January 2023 to 31 December 2023. The Council of Ministers decided on 2 February 2023 (Protocol No 104) to approve a program for compensation of business customers on the electricity market for the purchase of electricity for technological losses for the period from 1 January 2023 to 31 March 2023. The Council of Ministers decided on 2 February 2023 (Protocol No 688) to

approve a program for compensation of business customers on the electricity market for the purchase of electricity for technological losses for the period from 1 September 2023 to 31 December 2023.

The Group concluded contracts with the Energy System Security Fund. 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 material 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 period 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 years, 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 material 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 material leasehold improvements or material 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 in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statement as of 31 December 2022. As of 1 January 2023, the Group did not adopt any new International Financial Reporting Standard that would have a material impact on Group's interim consolidated financial statements, apart from IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments) as follows:

### **The standards/amendments that are effective and they have been endorsed by the European Union**

#### **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 discretionary participation contracts. The Group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the Group's financial performance, financial position or cash flows.

#### **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. The amendments had an impact on the financial statements of the Group in the change of nomenclature as ordered by the amendment.



**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 had 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. The amendments had no impact on the financial statements of the Group.

**The standards/amendments that are effective, but they have not yet been endorsed by the European Union**

**IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The amendments have not yet been endorsed by the EU. The amendments had no material impact on the financial statements of the Group.

**Standards issued but not yet effective and not early adopted**

**IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity

must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. The Management has assessed that these amendments are expected to have a no material impact of 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 1 January 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. The Management has assessed that these amendments are expected to have a no material impact of the financial statements of the Group.

**IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose as at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. The Management has assessed that these amendments are expected to have a no material impact of 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. The Management has assessed that these amendments are expected to have a no material impact of 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 material 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 30 September 2023, the outstanding balances with related parties were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Current portion of issued loans	-	22
Non-current portion of issued loans	527,542	21,309
<i>of which: Principal</i>	<i>435,695</i>	<i>16,001</i>
<i>of which: Interest</i>	<i>94,146</i>	<i>5,308</i>
Prepayments for property, plant and equipment	-	3,332
Non-current financial fixed assets	-	11,694
Trade and other receivables	657	53,143
Inventories	-	2,286
Other current assets	21,700	155
Other non-current liabilities	-	1,640
Trade and other payables	-	355
Other current liabilities	-	1,235

The income and expense items with related parties for the nine months ended 30 September 2023 were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Sales - services and other	9	8,173
Other income	-	18
Services expenses	-	(5)
Materials expenses	-	(1,224)
Other operating expenses	-	(56)
Other financial income	-	1,477
Interest income	30,269	1,187

(i) Entities under common control – “Related parties” section (Note 1).

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
<i>of which: Principal</i>	<i>332,803</i>	<i>16,306</i>
<i>of which: Interest</i>	<i>63,850</i>	<i>4,242</i>
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 nine months ended 30 September 2022 were as follows:

<b>(EUR'000)</b>	<b>Shareholders</b>	<b>Entities under common control (i)</b>
Sales of electricity in local markets	-	259
Sales - services and other	9	10,796
Other income	-	76
Purchased power	-	(140)
Services expenses	-	(11)
Materials expenses	-	(1,881)
Other operating expenses	-	(130)
Interest income	11,231	1,724
Interest costs	-	(4)

(i) Entities under common control – “Related parties” section (Note 1).

## 6. Property, Plant and Equipment & Prepayments for property, plant and equipment

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
<b>Net book value</b>							
31 December 2022	78,105	429,668	13,855	60,294	3,660	10,009	595,591
30 September 2023	77,883	442,444	15,494	91,666	2,829	10,273	640,589

Assets under construction mainly 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 30 September 2023 in the amount of EUR 4,181 thousand (31 December 2022: EUR 5,323 thousand) are mainly linked to the rehabilitation of EPGG, and modernization of the distribution networks of EPG and in smaller extent to EPV.

## 7. Goodwill

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

(EUR'000)	31 December 2022	Reclassification (i)	Exchange differences	Impairment loss	30 September 2023
EPB	24,849	-	-	-	24,849
EPGG	23,908	-	355	-	24,263
OPPA	5,836	-	-	-	5,836
EP Turkey Holding	4,334	-	48	-	4,382
EP Colombia	4,197	(4,197)	-	-	-
EPG	491	-	7	-	498
<b>Carrying amount</b>	<b>63,615</b>	<b>(4,197)</b>	<b>410</b>	<b>-</b>	<b>59,828</b>

For the period ended on 30 September 2023 no material changes in the Group's operating activity leading to impairment indications of goodwill arose.

(i) In the previous period, EP Colombia recognized Goodwill provisionally related to the Sabanas and Cuerquia projects. EP Colombia reassessed the Goodwill to the categories of Other Intangible Assets, specifically Asset under construction, according to the purchase price allocations within one year from the acquisitions with no material impact to prior year.

## 8. Other Intangible Assets

The intangible assets were as follows:

(EUR'000)	Electricity generation licenses	Software	Assets under construction (i)	Other	Total
<b>Net Book Value</b>					
<b>31 December 2022</b>	<b>18,463</b>	<b>2,203</b>	<b>435</b>	<b>2,125</b>	<b>23,226</b>
<b>30 September 2023</b>	<b>18,071</b>	<b>2,307</b>	<b>11,330</b>	<b>2,207</b>	<b>33,915</b>

(i) The increase is related to the acquisitions on EP Colombia related to environmental licenses and permits for HPP projects.

According to the provisions of IAS 36, Impairment of assets at the end of each reporting period impairment test is carried out 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. As of 30 September 2023, 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.

## 9. Non-current and Current Issued Loans

(EUR'000)	30 September 2023	31 December 2022
<b>Non-current portion of issued loans:</b>		
Shareholders - DKHI (i)	527,542	396,653
EP MVE	12,455	11,867
EPI	8,854	8,446
Energy Solar Technologies AD (Investment associate - 33.33%)	1,360	234
Other	10,271	-
<b>Total non-current portion of issued loans</b>	<b>560,482</b>	<b>417,200</b>
<b>Current portion of issued loans:</b>		
Terestra Bulgaria EOOD	9,957	4,656
Taurus Konsult EOOD	999	897
Energy Solar Technologies AD (Investment associate - 33.33%)	205	102
EPI	22	21
SUN TECHNOLOGY 1 OOD; SUN TECHNOLOGY 2 OOD; SUN TECHNOLOGY 3 OOD	-	4,465
Other	3	3
<b>Total current portion of issued loans</b>	<b>11,186</b>	<b>10,144</b>
<b>Total issued loans</b>	<b>571,668</b>	<b>427,344</b>

(i) Issued loans to the parent company DKHI include a principal of EUR 435,695 thousand as of 30 September 2023 (31 December 2022: EUR 332,803 thousand). 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 2,298 thousand as of 30 September 2023 (31 December 2022: EUR 1,696 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 Non-current and Current Issued Loans were as follows:

(EUR'000)	1 January - 30 September 2023	1 January - 31 December 2022
<b>At the beginning of the period</b>	<b>427,344</b>	<b>345,215</b>
Interest income accrued during the period	31,644	16,221
Loans issued during the period	120,293	66,843
Principal repayments	(6,362)	(514)
Interest received during the period	(22)	(166)
Exchange rate difference	(1,229)	(255)
<b>At the end of the period</b>	<b>571,668</b>	<b>427,344</b>

## 10. Non-current Financial Assets

(EUR'000)	30 September 2023	31 December 2022
Prepayment for the acquisition of XEAL (Note 25)	30,281	-
Receivable from Bilsev for corporate guarantee fee (i)	11,694	11,916
Investments Fund	2,025	2,108
Other	395	536
<b>Total non-current financial assets</b>	<b>44,395</b>	<b>14,560</b>

(i) EPas is a guarantor of a loan dated 29 June 2016 between Bilsev and Akbank T.A.Ş. ("Akbank") in the amount of USD 141,000 thousand (EUR 133,094 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 47,197 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.

## 11. Inventories

(EUR'000)	30 September 2023	31 December 2022
Electrical equipment	14,570	4,727
Prepayments for inventories	4,051	6,704
Work in progress	3,587	-
Spare parts	2,338	2,286
Cables and wires	1,986	2,054
Inventory related to Paybox Installation	1,713	1,478
Tools and bolts	1,509	1,391
Oil and lubricants	790	745
Overalls and special clothes	370	385
Scrap & Damaged Inventory	498	521
Other (i)	2,546	2,400
<b>Total inventories</b>	<b>33,958</b>	<b>22,691</b>

(i) The item Other is mainly related to Other spare parts and Work in progress.

Movements in Inventories were as follows:

(EUR'000)	1 January - 30 September 2023	1 January - 31 December 2022
<b>At the beginning of the period</b>	<b>22,691</b>	<b>24,186</b>
Change of work in progress	3,549	-
Purchase of inventories	35,788	30,169
Payment of prepayments for inventories	4,813	9,654
Inventory differences	180	107
Capitalisation of inventories	(11,393)	(12,578)
Use of prepayments for inventories	(7,406)	(11,458)
Sale of inventories	(11,308)	(12,582)
Exchange rate difference	(19)	(2,561)
Impairment for inventories - additions (-) / release (+)	(2,937)	(2,246)
<b>At the end of the period</b>	<b>33,958</b>	<b>22,691</b>

## 12. Trade and Other Receivables

(EUR'000)	30 September 2023	31 December 2022
Receivables from commercial sector	93,110	93,507
Receivables from households	37,354	45,125
Receivables from transmission	3,999	4,576
Other trade receivables	4,648	4,644
Less: provision for impairment	(11,098)	(10,630)
<b>Total trade receivables</b>	<b>128,013</b>	<b>137,222</b>
Guarantee deposits	4,815	10,260
Advance payments	262	796
Restricted bank deposit	407	212
Other	704	77
<b>Total trade and other receivables</b>	<b>134,201</b>	<b>148,567</b>

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

(EUR'000)	1 January - 30 September 2023	1 January - 31 December 2022
<b>Provision for impairment at the beginning of the period</b>	<b>10,630</b>	<b>10,307</b>
Impairment charge	1,838	1,849
Reversal of impairment during the period	(1,325)	(1,735)
Amounts written off during the year as uncollectible	(84)	(324)
Exchange rate difference	39	533
<b>Provision for impairment at the end of the period</b>	<b>11,098</b>	<b>10,630</b>



Analysis by credit quality of trade receivables is as follows:

(EUR'000)	30 September 2023	31 December 2022
<b>Total neither past due not impaired:</b>	<b>108,209</b>	<b>126,024</b>
Past due but not impaired		
- less than 30 days overdue	5,822	5,893
- 31 to 90 days overdue	3,376	1,478
- 91 to 180 days overdue	3,052	367
- over 181 days overdue	8,114	3,550
<b>Total past due not impaired</b>	<b>20,364</b>	<b>11,288</b>
Past due and impaired		
- current and impaired	28	40
- less than 30 days overdue	298	310
- 31 to 90 days overdue	459	649
- 91 to 180 days overdue	665	835
- over 181 days overdue	9,088	8,706
<b>Total past due and impaired</b>	<b>10,538</b>	<b>10,540</b>
Less: provision for impairment	(11,098)	(10,630)
<b>Total current trade receivables, net</b>	<b>128,013</b>	<b>137,222</b>

### 13. Cash and Cash Equivalents

(EUR'000)	30 September 2023	31 December 2022
Cash on hand	50	46
Cash with banks:		
- BGN denominated	39,618	6,778
- GEL denominated	24,307	20,124
- EUR denominated	22,301	50,803
- CZK denominated	982	890
- USD denominated	950	561
- TRY denominated	221	247
- Other currencies denominated	2,659	1,207
Restricted cash (i)	(99)	(102)
<b>Total cash and cash equivalents</b>	<b>90,989</b>	<b>80,554</b>

### 14. Other Current Assets

(EUR'000)	30 September 2023	31 December 2022
Receivable from the sale of 39.76% shares in Berta to DKHI (i)	21,700	28,700
Advance payments (ii)	3,704	12,162
Prepaid insurance	3,107	3,027
VAT receivables	3,447	7,569
Compensation from Ministry of Energy (EPV) (iii)	-	1,069
Other	2,110	3,302
<b>Total other current assets</b>	<b>34,068</b>	<b>55,829</b>

(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. 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 25 April 2019, a license for electricity production was issued for a period of 49 years. On 5 May 2020, the Energy Market Regulatory Board of the Republic of Türkiye approved the change in the capital structure of Berta. As both

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. The part of the sale price was paid in the first quarter of 2023.

(ii) The decrease of advance payments to suppliers is related to 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. The period for full compensation of the grid companies has been extended up until December 31st, 2022 - Protocol No 92/ February 25, 2022; Protocol No 202/April 6, 2022; Agreement No4 / August 9, 2022 and Agreement No4-2/ October 20, 2022. The Council of Ministers decided on 2 February 2023 (Protocol No 104) to approve a program for compensation of business customers on the electricity market for the purchase of electricity for technological losses for the period from 1 January 2023 to 31 March 2023. The Council of Ministers decided on 2 February 2023 (Protocol No 688) to approve a program for compensation of business customers on the electricity market for the purchase of electricity for technological losses for the period from 1 September 2023 to 31 December 2023. The Group concluded contracts with the Energy System Security Fund. The Group has purchased electricity for technological losses at purchased prices below the established by EWRS prices for technological losses and for that reason the Group didn't receive a compensation for the period 1 January - 30 September 2023 and respectfully didn't report a reduction of the technological losses with a compensation (1 January - 31 December 2022: EUR 34,992 thousand). For the same reason, as at 30 September 2023, there are no receivables from the Energy System Security Fund (31 December 2022: EUR 1,069 thousand).

## 15. Current and Non-current Provisions

(EUR'000)	30 September 2023	31 December 2022
<b>Non-current:</b>		
Retirement benefits (c)	4,190	4,500
Grid access fee provision (a)	3,355	3,406
Other non-current provisions (d)	1,244	883
<b>Total non-current provisions</b>	<b>8,789</b>	<b>8,789</b>
<b>Current:</b>		
Legal claims (b) (i)	3,793	5,386
Retirement benefits (c)	716	774
Other current provisions (d)	1,454	994
<b>Total current provisions</b>	<b>5,963</b>	<b>7,154</b>
<b>Total provisions</b>	<b>14,752</b>	<b>15,943</b>

Movements of the Current and Non-current Provisions were as follows:

(EUR'000)	Grid access fee	Legal claims (i)	Retirement benefits	Other	Total
<b>As at 31 December 2021</b>	<b>3,463</b>	<b>4,134</b>	<b>3,914</b>	<b>1,612</b>	<b>13,123</b>
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)
<b>As at 31 December 2022</b>	<b>3,406</b>	<b>5,386</b>	<b>5,274</b>	<b>1,877</b>	<b>15,943</b>
Paid	-	(437)	(415)	(63)	(915)
Accrued	-	376	82	1,085	1,543
Financial expense	57	-	-	-	57
Reversed	(108)	(1,447)	-	(7)	(1,562)
Difference in rate of exchange	-	(85)	(35)	(194)	(314)
<b>As at 30 September 2023</b>	<b>3,355</b>	<b>3,793</b>	<b>4,906</b>	<b>2,698</b>	<b>14,752</b>

(i) The amount represents the estimate of the potential legal fees that would be paid to third 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 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 considering 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 30 September 2023, it has sufficient financial resources to settle its obligations under provisioned lawsuits amounted to EUR 3,793 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 were 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	6.0%
41 – 50	1.0%
51 – 60	2.0%
Over 60	1.0%

*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% (2021: 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

The provision represents 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 recognized the provision in the amount of EUR 496 thousand as of 30 September 2023 (31 December 2022: EUR 717 thousand).

## 16. Current and Non-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 growth in the cost of borrowings and declaration of default. The Group was in compliance with the covenants as of 30 September 2023 and 31 December 2022.

(EUR'000)	30 September 2023	31 December 2022
<b>Non-Current portion of borrowings:</b>		
Issued Bonds (i)	681,144	652,947
KBC Bulgaria EAD (ii)	-	5,856
Other	-	2
<b>Total non-current portion of borrowings</b>	<b>681,144</b>	<b>658,805</b>
<b>Current portion of borrowings:</b>		
Issued Bonds (i)	7,725	21,584
UniCredit Bulbank AD (iv)	-	3,073
Other	2	37
<b>Total current portion of borrowings</b>	<b>7,727</b>	<b>24,694</b>
<b>Total borrowings</b>	<b>688,871</b>	<b>683,499</b>

The EP 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 listed in the Consolidated Statement of Cash-flows, are represented by cash movements involving the drawdown of existing operating loans, operating loan balances and refinancing of operating loans within the existing year.

### (i) Issued Bonds

(EUR'000)	30 September 2023	31 December 2022
<b>8.5% Notes due 2027</b>		
Principal	410,462	407,960
Accrued Interest	5,448	14,156
Unrealised costs	(3,813)	(4,262)
<b>Carrying amount of 8.5% Notes due 2027</b>	<b>412,097</b>	<b>417,854</b>
<b>4.262% Notes due 2035</b>		
Principal	300,000	-
Accrued Interest	2,277	-
Unrealised costs	(25,505)	-
<b>Carrying amount of 4.262% Notes due 2035</b>	<b>276,772</b>	<b>-</b>
<b>4.5% Notes due 2024</b>		
Principal	-	250,000
Accrued Interest	-	7,428
Unrealised costs	-	(751)
<b>Carrying amount of 4.5% Notes due 2024</b>	<b>-</b>	<b>256,677</b>
<b>Total carrying amount of issued bonds</b>	<b>688,869</b>	<b>674,531</b>

### 8.5% Notes due 2027

On 4 February 2022, the Company issued bonds (ISIN: XS2412048550 / XS2436913383) 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 30 September 2023 was EUR 412,097 thousand (EUR 417,854 thousand as at 31 December 2022). The bonds carry no pre-emption or exchange rights. These 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 upstream 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](http://www.energo-pro.com/en/pro-investory)).

#### **4.262% Notes due 2035**

On 27 July 2023, the Company issued bonds (ISIN: XS2656461667 / XS2656462806) with a total face value of EUR 300 million. The bonds, which benefit from a guaranty from the United States International Development Finance Corporation ("DCF"), carry a fixed coupon of 4.262% p.a. payable annually on 27 July each year. The guaranty is provided as part of DFC's work to support energy and energy-related investments in eligible European and Eurasian countries under the European Energy Security and Diversification Act. In consideration of the provision of the DFC guaranty, the Company has undertaken to carry out certain capital investments in its assets in Bulgaria and Georgia, enhance its Environmental and Social policies and practices, and pay an annual guaranty fee. The bonds have a 12-year final maturity, with principal amortizing in equal annual payments following a 4-year interest-only period. The proceeds of the issuance were used to repay the Company's EUR 250 million bonds with a fixed coupon of 4.5% p.a. due 2024 (including interest accrued thereon), to pay related fees and expenses, and for general corporate purposes. The bonds are rated Aa1 with a negative outlook by Moody's. 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 5.24%. The carrying value of these bonds as at 30 September 2023 was EUR 276,773 thousand. The bonds carry no pre-emption or exchange rights. These 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 Company has the right to repay the bonds before their final maturity date. The upstream 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](http://www.energo-pro.com/en/pro-investory)).

#### **(ii) United Bulgarian Bank (former KBC Bank Bulgaria EAD) (EPV)**

<b>Lender</b>	<b>Original currency</b>	<b>Interest rate</b>	<b>Facility type</b>	<b>Outstanding balance as at 30 September 2023 (EUR'000)</b>	<b>Final maturity date</b>
United Bulgarian Bank AD 1	BGN	Reference rate with 1.10% margin, minimum 1.09%	Overdraft	-	October 2024
United Bulgarian Bank AD 2	BGN	Reference rate with 1.45% margin, minimum 1.45%	Overdraft + guarantees	-	June 25

United Bulgarian Bank AD 1: In December 2021, ElectroNorth and United Bulgarian Bank AD (former KBC Bank Bulgaria EAD) signed a facility agreement with respect to BGN 39,000 thousand (EUR 19,942 thousand). On 14 October 2022 the loan agreement was terminated and a new facility agreement was signed with respect to BGN 70,000 thousand (EUR 35,790 thousand) loan with maturity date 4 October 2024. The facility was provided for general corporate purposes.

United Bulgarian Bank AD 2: In June 2023, EP Energy Services and United Bulgarian Bank AD signed a facility agreement with respect to a BGN 60,000 thousand (EUR 30,678 thousand) overdraft and bank guarantee limit. The facility was provided for general corporate purposes.

(iii) DSK Bank EAD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 30 September 2023 (EUR'000)	Final maturity date
DSK Bank EAD	BGN	1-month EURIBOR with 2% margin, minimum 2%	Overdraft	-	September 2025

On 16 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 11 October 2021, the credit limit was increased up to BGN 50,000 thousand (EUR 25,564 thousand). As of 23 December 2021, the credit limit was increased up to BGN 65,000 thousand (EUR 33,234 thousand). 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. On 27 September 2023, the credit line was extended until 30 September 2025 and the interest rate was changed to 1-month EURIBOR with 2% margin. The facility was provided for general corporate purposes.

(iv) UniCredit Bulbank AD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 30 September 2023 (EUR'000)	Final maturity date
UniCredit Bulbank AD 1	BGN	Variable interest rate index equal to Base Interest Rate (BIR) and margin 1.15%	Overdraft + guarantees	-	July 2024
UniCredit Bulbank AD 2	BGN	Variable interest rate index equal to Base Interest Rate (BIR) and margin 1.05%	Overdraft	-	July 2024

UniCredit Bulbank AD 1: On 10 August 2020, EPES and UniCredit Bulbank AD signed a facility agreement with respect to a BGN 45,000 thousand (EUR 23,008 thousand) loan. On 28 July 2022, the limit was increased to a BGN 60,000 thousand (EUR 30,678 thousand). On 14 July 2023, the maturity date of the loan was extended to 31 July 2024 and the interest rate was changed to Base Interest Rate (BIR) with 1.15% margin. The facility was provided for general corporate purposes.

UniCredit Bulbank AD 2: On 23 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 14 July 2023, the maturity date of the loan was extended to 31 July 2024 and the interest rate was changed to Base Interest Rate (BIR) with 1.15% margin. The facility was provided for general corporate purposes.

(iiv) Eurobank Bulgaria AD (Postbank) (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 30 September 2023 (EUR'000)	Final maturity date
Eurobank Bulgaria AD (Postbank)	BGN	PRIME Business clients with 0.7% margin, minimum 1.70%	Overdraft + guarantees	-	January 2024

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.

## 17. Trade and Other Payables

(EUR'000)	30 September 2023	31 December 2022
Trade payables	47,540	102,791
Deposits	5,063	5,210
Other	2,619	3,554
<b>Total trade and other payables</b>	<b>55,222</b>	<b>111,555</b>

## 18. Other Current Liabilities

(EUR'000)	30 September 2023	31 December 2022
Taxes payable	16,173	11,367
Payable to personnel	8,425	5,990
Deferred income from remuneration of guarantee commitment (Bilsev) (Note 10)	1,235	1,455
Lease liabilities	551	472
Other liabilities	3,366	3,273
<b>Total other current liabilities</b>	<b>29,750</b>	<b>22,557</b>

## 19. Service Expenses

(EUR'000)	1 January - 30 September 2023	1 January - 30 September 2022
Technological losses of electricity (i)	(43,230)	(31,480)
Professional service fees	(5,163)	(5,776)
Repairs and maintenance	(4,239)	(2,670)
Insurance expense	(3,160)	(2,665)
Dispatch and transmission	(2,757)	(3,287)
Services for construction of energy facilities	(1,938)	(1,271)
Encashment fee	(1,645)	(1,590)
Security expense	(1,547)	(1,620)
Rent expense	(1,498)	(1,213)
Other	(10,408)	(4,790)
<b>Total service expenses</b>	<b>(75,585)</b>	<b>(56,362)</b>

(i) 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. The period for full compensation of the grid companies has been extended up until December 31st, 2022 - Protocol No 92/ February 25, 2022; Protocol No 202/April 6, 2022; Agreement No4 / August 9, 2022 and Agreement No4-2/ October 20, 2022. The Council of Ministers decided on 2 February 2023 (Protocol No 104) to approve a program for compensation of business customers on the electricity market for the purchase of electricity for technological losses for the period from 1 January 2023 to 31 March 2023. The Council of Ministers decided on 2 February 2023 (Protocol No 688) to approve a program for compensation of business customers on the electricity market for the purchase of electricity for technological losses for the period from 1 September 2023 to 31 December 2023. The Group concluded contracts with the Energy System Security Fund. The Group has purchased electricity for technological losses at purchased prices below the established by EWRS prices for technological losses and for that reason the Group didn't receive a compensation for the period 1 January - 30 June 2023 and respectfully didn't report a reduction of the technological losses with a compensation (1 January - 31 December 2022: EUR 34,992 thousand). For the same reason, as at 30 June 2023, there are no receivables from the Energy System Security Fund (31 December 2022: EUR 1,069 thousand)



## 20. Finance Costs – Net

(EUR'000)	1 January - 30 September 2023	1 January - 30 September 2022
Interest expenses bonds	(35,758)	(34,730)
Net foreign exchange losses (i)	(17,137)	(60,676)
<i>of which: Unrealised net foreign exchange / (losses)</i>	<i>(19,293)</i>	<i>(67,704)</i>
<i>of which: Realised net foreign exchange gains / (losses)</i>	<i>2,156</i>	<i>7,028</i>
Prolongation fees on factored payables	(837)	(2,633)
Changes in ECL	(598)	-
Interest expense on lease liabilities	(148)	(151)
Interest expense from bank borrowings	(29)	(393)
Other finance costs	(2,125)	(4,321)
<b>Finance costs</b>	<b>(56,632)</b>	<b>(102,904)</b>
Interest income on issued loans	31,644	11,827
Other financial income	5,933	2,310
<b>Finance income</b>	<b>37,577</b>	<b>14,137</b>
<b>Net finance costs</b>	<b>(19,055)</b>	<b>(88,767)</b>

(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.

## 21. Contingencies and Commitments

### a) Legal Proceedings

#### EPB

As at 30 September 2023, 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 5 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 riverbed when the holder of water usage permit submits an application for its prolongation. The Supreme administrative court ruled in EPB favour on 11th of April 2023. The decision is final. The specific requirements were proclaimed null and void.
- 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-12/2011 in 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.

- 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 3,680 thousand (BGN 7,198 thousand) for HPP Katunci.

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-12/2019 in 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 30 September 2023, the EPV's net book value of such assets is EUR 660 thousand (31 December 2022: EUR 668 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 683. 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 683 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, material 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 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 material to the Group. Tax fillings remain open to review by tax authorities for three years.

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 resulting from the activities of corporations and corporate bodies. The 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 because of changes in existing regulations, civil litigation, or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, The Management believes that there are no material liabilities for environmental damage.

### **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 133,094 thousand) loan to Bilsev for the construction of the Karakurt dam and related HPP. As of 30 September 2023, USD 93,060 thousand (EUR 87,842 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 47,197 thousand) as of 30 September 2023.

#### **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 30 September 2023.

#### **EPas guarantee LP**

EPas issued guarantees for the performance of manufacturing contracts carried out by LP in the amount of EUR 26,997 thousand as of 30 September 2023. (31 December 2022: EUR 28,632 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 26,823 thousand as of 30 September 2023 (31 December 2022: 26,481 thousand).

#### **RH**

RH issued guarantee letters amounting to EUR 1,641 thousand as of 30 September 2023 (31 December 2022: EUR 2,334 thousand). Guarantee letters issued are mainly given to the EMRA, TEİAŞ and various electricity distribution institutions.

#### **EPToptan**

EPToptan issued guarantee letters amounting to EUR 22 thousand as of 30 September 2023 (31 December 2022: EUR 554 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 8 August 2023, EP Georgia Supply JSC amended issued guarantee to ESCO in amount of EUR 1,888 thousand as of 30 September 2023 (31 December 2022: EUR 4,611 thousand), which is valid till 15 November 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 30 September 2023 amounted to EUR 7,839 thousand (31 December 2022: EUR 8,303 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 30 September 2023 and 31 December 2022, EPG & EPGG were in compliance with this commitment.

## **22. 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 2,298 thousand as of 30 September 2023 (31 December 2022: EUR 1,696 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 material 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 30 September 2023 and 31 December 2022, the Group is not exposed to credit risk to related parties.

**Market risk.** The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, 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.

**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 did not use in the year 2022 and for the nine months of ended 30 September 2023 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.

**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 certain proportion of the Group's financial assets and liabilities are at fixed rates and thus the risk is limited.

**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. The Management estimates that the liquidity portfolio of cash and bank deposits except for the restricted cash can be realised in cash within a day to meet unforeseen liquidity requirements.

**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.

### 23. Fair Value of Financial Instruments

The Group has no financial instruments measured at fair value in the condensed 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 30 September 2023, are as follows:

(EUR'000)	Carrying amount (Note 16)	Fair Value	Interest	Total Fair Value
8.5% Notes due 2027	412,097	403,011	5,448	408,459
4.262% Notes due 2035	276,773	274,496	2,277	276,773
<b>Total</b>	<b>688,870</b>	<b>677,507</b>	<b>7,725</b>	<b>685,232</b>

Carrying amounts and estimated fair values of financial instruments as of 31 December 2022, are as follows:

(EUR'000)	Carrying amount (Note 16)	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
<b>Total</b>	<b>674,531</b>	<b>605,012</b>	<b>21,584</b>	<b>626,596</b>

## 24. Business Performance – Segment Accounts

For the periods from 1 January to 30 September 2023 and 2022, and as of 31 December 2022, 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. The following table shows the Income statement (business performance) of individual companies of the Group for the nine months ended 30 September 2023:

(EUR'000)	Distribution & Supply ("D&S")	Generation	D&S	Generation	Generation	Other	Intra- group	TOTAL
	Bulgaria	Bulgaria	Georgia	Georgia	Türkiye	businesses		
	EPV	EPB	EPG	EPGG	RH	(i)		
<b>Revenue</b>	<b>592,049</b>	<b>38,550</b>	<b>373,811</b>	<b>47,790</b>	<b>27,007</b>	<b>54,657</b>	<b>(189,985)</b>	<b>943,879</b>
Other income / (expense)	(59)	59	9,875	533	321	2,118	(6,841)	6,006
Changes in inventory of products and in work in progress	-	-	-	-	-	(2,922)	2,994	72
Purchased power	(403,259)	(342)	(222,509)	(3,013)	(510)	-	150,025	(479,608)
Services expenses	(59,657)	(2,929)	(9,857)	(4,789)	(3,018)	(10,214)	14,878	(75,586)
Labour costs	(37,486)	(2,087)	(24,241)	(2,559)	(2,432)	(11,396)	1	(80,200)
Materials expenses	(3,530)	(278)	(849)	(72)	-	(29,066)	26,636	(7,159)
Other tax expenses	(438)	-	(13,257)	(3,851)	(168)	(945)	-	(18,659)
Other operating expenses	(5,619)	(2,578)	(4,041)	(747)	(17)	(14,853)	741	(27,114)
<b>EBITDA</b>	<b>82,001</b>	<b>30,395</b>	<b>108,932</b>	<b>33,292</b>	<b>21,183</b>	<b>(12,621)</b>	<b>(1,551)</b>	<b>261,631</b>
Depreciation, amortisation and impairment losses	(17,058)	(2,512)	(17,138)	(3,733)	(918)	(809)	-	(42,168)
<b>EBIT</b>	<b>64,943</b>	<b>27,883</b>	<b>91,794</b>	<b>29,559</b>	<b>20,265</b>	<b>(13,430)</b>	<b>(1,551)</b>	<b>219,463</b>

The following table shows the Other items of individual companies of the Group as of 30 September 2023 and the nine months ended 30 September 2023 which are important for management decision making process:

(EUR'000)	D&S	Generation	D&S	Generation	Generation	Other	Intra- group	TOTAL
	Bulgaria	Bulgaria	Georgia	Georgia	Türkiye	businesses		
	EPV	EPB	EPG	EPGG	RH	(i)		
<b>Other items</b>								
Total non-current assets	178,261	66,411	315,501	156,645	31,801	957,237	(358,852)	<b>1,347,004</b>
Total current assets	242,252	16,509	186,177	49,147	6,850	149,727	(319,254)	<b>331,408</b>
<b>TOTAL ASSETS</b>	<b>420,513</b>	<b>82,920</b>	<b>501,678</b>	<b>205,792</b>	<b>38,651</b>	<b>1,106,964</b>	<b>(678,106)</b>	<b>1,678,412</b>
Number of employees (FTE)	2,454	118	5,709	520	85	480	-	<b>9,366</b>
Capital Expenditures	16,251	1,424	41,496	8,560	145	5,182	-	<b>73,058</b>
Total income tax expense	(6,572)	(2,673)	-	-	(10,673)	(286)	-	<b>(20,204)</b>

(i) Other Business includes companies EPas, MGW, EPInsaat, EPToptan, OPPIA, TDP, EP Brazil and EP Colombia as of 30 September 2023 and for the nine months ended 30 September 2023.

The following table shows the Income statement (business performance) of individual companies of the Group for the nine months ended 30 September 2022:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Turkey RH	Other businesses (i)	Intra- group	TOTAL
<b>Revenue</b>	<b>886,808</b>	<b>85,328</b>	<b>327,012</b>	<b>36,228</b>	<b>27,350</b>	<b>71,442</b>	<b>(188,519)</b>	<b>1,245,649</b>
Other income / (expense)	62	161	8,269	198	230	714	(5,678)	3,956
Changes in inventory of products and in work in progress	-	-	-	-	-	-	-	-
Purchased power	(754,066)	(18,689)	(208,701)	(1,044)	(1,340)	(18,494)	164,318	<b>(838,016)</b>
Services expenses	(44,570)	(4,385)	(8,484)	(4,948)	(1,926)	(6,472)	14,423	<b>(56,362)</b>
Labour costs	(27,527)	(1,991)	(18,714)	(2,017)	(1,058)	(9,919)	(3)	<b>(61,229)</b>
Materials expenses	(2,495)	(413)	(943)	(71)	-	(25,709)	17,753	<b>(11,878)</b>
Other tax expenses	(387)	-	(3,335)	(3,546)	(29)	(982)	(1)	<b>(8,280)</b>
Other operating expenses	(7,330)	(3,727)	(1,942)	(826)	-	(13,336)	14	<b>(27,147)</b>
<b>EBITDA</b>	<b>50,495</b>	<b>56,284</b>	<b>93,162</b>	<b>23,974</b>	<b>23,227</b>	<b>(2,756)</b>	<b>2,307</b>	<b>246,693</b>
Depreciation, amortisation and impairment losses	(17,820)	(2,510)	(13,666)	(3,116)	(564)	(843)	-	<b>(38,519)</b>
<b>EBIT</b>	<b>32,675</b>	<b>53,774</b>	<b>79,496</b>	<b>20,858</b>	<b>22,663</b>	<b>(3,599)</b>	<b>2,307</b>	<b>208,174</b>

The following table shows the Other items of individual companies of the Group at the end of the year 2022 and for the nine months ended 30 September 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 Turkey RH	Other businesses (i)	Intra- group	TOTAL
<b>Other items</b>								
Total non-current assets	197,522	68,113	290,165	155,433	39,901	822,170	(423,231)	<b>1,150,073</b>
Total current assets	174,044	31,198	116,828	26,967	3,716	341,420	(368,703)	<b>325,470</b>
<b>TOTAL ASSETS</b>	<b>371,566</b>	<b>99,311</b>	<b>406,993</b>	<b>182,400</b>	<b>43,617</b>	<b>1,163,590</b>	<b>(791,934)</b>	<b>1,475,543</b>
Number of employees (FTE)	2,434	114	5,569	475	86	453	-	<b>9,131</b>
Capital Expenditures	19,129	1,881	45,643	4,335	43	3,150	-	<b>74,181</b>
Income tax expense	(3,291)	(5,414)	-	-	(685)	(2,192)	-	<b>(11,582)</b>

(i) Other Business includes companies EPas, MGW, EPInsaat, EPToptan, OPPA, TDP and EP Colombia for the nine months ended 30 September 2022 (31 December 2022: EPas, MGW, EPInsaat, EPToptan, OPPA, TDP and EP Colombia).



## 25. Events after the reporting period

(i) Based on SPA dated 4 October 2023, the Company completed the acquisition of a 100% equity interest in Xallas Electricidad y Aleaciones, S.A.U. (“Xeal”) and Feroe Ventures & Investments, S.L.U. (“Feroe”) from Sixth Street Partners, LLC. Xeal comprises 10 HPPs with 167 MW of installed capacity and two ferroalloy plants located in Galicia, Spain, while Feroe owns a project to potentially build a 400 MW pumped-storage facility. The HPP portfolio is located in Galicia, one of the rainiest regions in Europe, fully controlling the Xallas river. The HPPs have remaining weighted average concession life of 37 years. To finance the acquisition, the Company entered into EUR 300 million bridge facility with J.P. Morgan and Goldman Sachs and the acquisition price was fully paid.

Xeal owns and operates a portfolio of 10 HPPs on the river Xallas and Grande in the region of Galicia, Spain. As of the date of these financial statements, the total installed capacity of these HPPs is 166.6 MW and their annual net generation is 488 GWh (P50). In the year ended 31 December 2022, Xeal’s HPPs generated 386 GWh of electricity. In addition, Xeal owns and operates two ferroalloy plants, Cee and Dumbria, with a capacity of 138,000 tons (three modern furnaces) and 77,000 tons (two modern furnaces), respectively. These plants are operated under a long-term, exclusive tolling agreement with Ferroglobe plc. The tolling agreement expires in 2060, which is linked to the concessions of the hydropower generation business and can only be terminated early, subject to significant penalties. Under the tolling agreement, Ferroglobe plc is principally responsible for the commercialization of output as well as for the reimbursement of all fixed costs, projected variable costs and capital expenditures as per budgets to be mutually agreed on an annual basis. Ferroglobe plc also pays Xeal a fixed mark-up per year. Xeal, on the other hand, is principally responsible for managing the plants’ production and day-to-day operations. To the date of these financial statements, Xeal had no material contingent consideration arrangements, indemnification assets and material contingent liabilities. The table below provides the last available audited financial information according to Spanish GAAP in respect of Xeal as of and the years ended 31 December 2022, 2021 and 2020, to provide a more transparent overview on how the acquired business will contribute to the Group:

<b>(EUR million)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenue	185	141	68
EBITDA	45	23	15
Total assets	204	253	195
Total liabilities	115	207	134
Capital expenditures	5	6	3

**Feroe** is considered by the Company to be immaterial. To date of these financial statements, Feroe was an empty holding company established in October 2022. Feroe had no employees or financial movements and was established only for the purpose of applying for a concession for project to potentially build a 400 MW pumped-storage facility.

The Company is in the process of preparing a purchase price allocation together with an external valuer. Closer details within the framework of IFRS 3 are not yet available and will be supplemented in the annual report for the year 2023.

(ii) On 2 November 2023, the Company issued bonds (ISIN: XS2706258352 / XS2706258436) with a total face value of USD 300 million, maturity of 5 years and a fixed coupon of 11.0% p.a. payable semi-annually on 2 May and 2 November each year. The proceeds of the issuance were used, together with cash on hand, to repay the EUR 300 million bridge facility used to finance the acquisition by the Company of Xeal and Feroe, and to pay related fees and expenses. 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 bonds carry no pre-emption or exchange rights. These 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 upstream 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](http://www.energo-pro.com/en/pro-investory)).

(iii) On 10 November 2023 EPGS increased the guarantee amount to ESCO to EUR 6,889, which is valid till 15 February 2024. (Note 21 – e)

(iv) Legal Proceedings – EPB

EPB is the plaintiff against the Energy and Water Regulatory Commission for damages caused by 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. On 23 November 2023, the first instance court awarded EPB EUR 3,778 thousand (BGN 7,389 thousand), including interest. Management expects a final decision to be made in the second half of the year 2024. (Note 21 – a)

No other material events have occurred since the balance sheet date that would have an impact on these condensed consolidated interim financial statements.

## **26. Authorisation by the Board of Directors**

The Board of Directors has considered and adopted these condensed consolidated interim financial statements of ENERGO – PRO a.s. for the for the nine months ended 30 September 2023. To the best of our knowledge, these condensed consolidated interim financial statements 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. these condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

These condensed consolidated interim financial statements were authorised for an issue on 14 December 2023 in Prague, Czech Republic.



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

## Report on Review of Interim Financial Information

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

### *Introduction*

We have reviewed the accompanying Condensed Consolidated Interim Financial Statements of ENERGO - PRO a.s. and its subsidiaries ("ENERGO - PRO Group"), which comprise the Condensed Consolidated Interim Statement of Financial Position as at 30 September 2023, and the related Condensed Consolidated Interim Statement of Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Equity and Condensed Consolidated Interim Statement of Cash-Flows for the nine-month period then ended, including a material accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of Condensed Consolidated Interim Financial Statements in accordance with International Financial Reporting Standard IAS 34 - Interim Financial Reporting as adopted by European Union ("IAS 34"). Our responsibility is to express a conclusion on the accompanying Condensed Consolidated Interim Financial Statements based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Condensed Consolidated Interim Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these Condensed Consolidated Interim Financial Statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements of ENERGO - PRO Group are not prepared, in all material respects, in accordance with IAS 34.

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



Jiří Křepelka, Auditor  
License No. 2163

14 December 2023  
Prague, Czech Republic