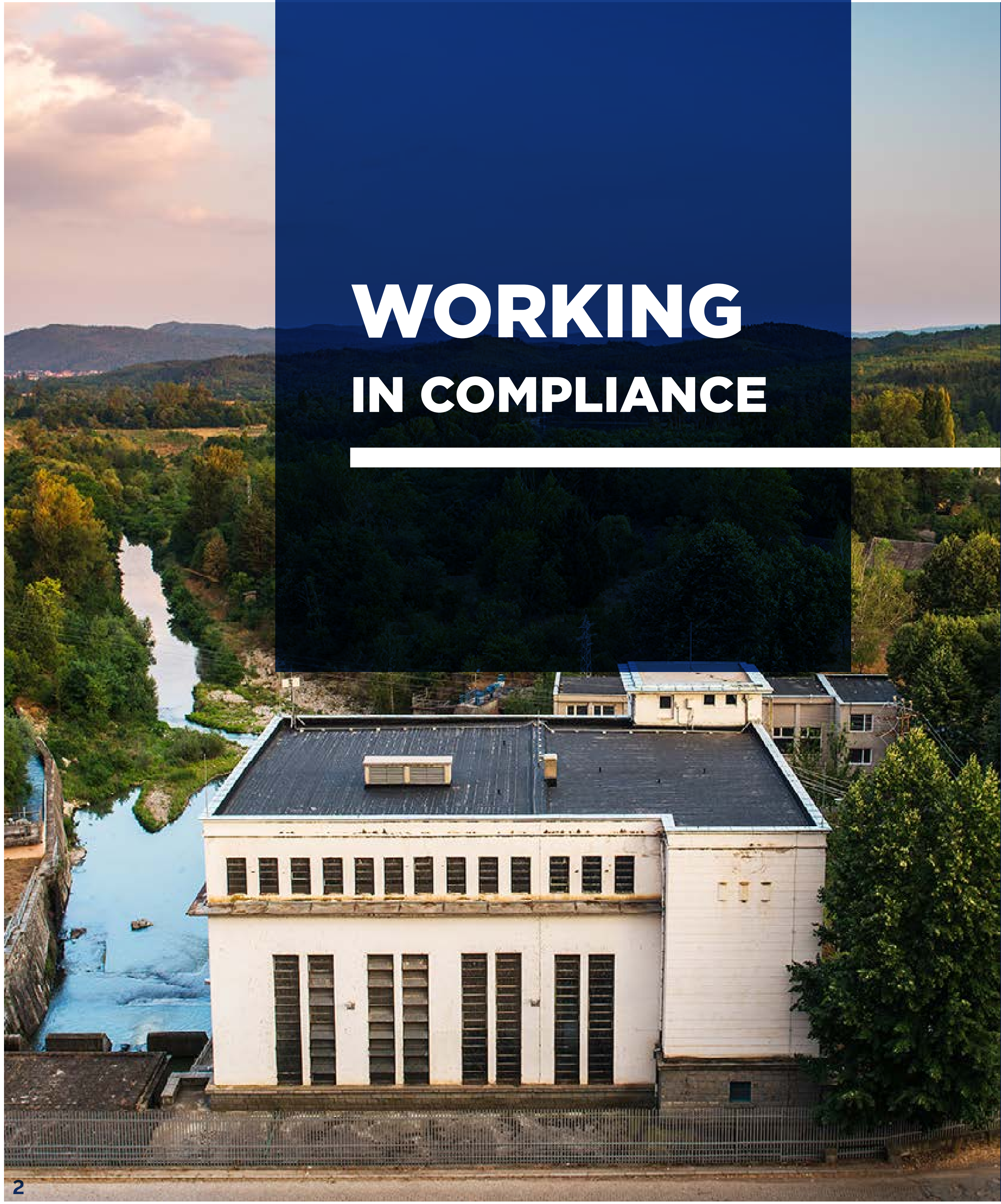
ANNUAL REPORT 2023

WORKING IN COMPLIANCE WITH NATURE



WORKING IN COMPLIANCE WITH NATURE

ENERGO-PRO

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Building a better working world

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of ENERGO - PRO a.s. and its controlled undertakings ("the Company"; together with controlled undertakings "the Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information. For details of the Company and the Group, see Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Other Information

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

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

Building a better working world

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

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

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

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

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Building a better working world

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Jiří Křepelka, Auditor
License No. 2163

5 April 2024
Prague, Czech Republic

MESSAGE FROM THE CEO

Ladies and Gentlemen,

It is my great pleasure to share with you the 2023 Annual Report of ENERGO-PRO Group. Our achievements this year are a confirmation of our strategy and commitment. We delivered record performance with EBITDA exceeding EUR 300 million for the second consecutive year. The majority of our business lines contributed to these excellent results.

KEY HIGHLIGHTS

The highlight of the year, however, was our acquisition of Xallas Electricidad y Aleaciones S.A.U. ("Xeal") in Spain, which owns and operates a portfolio of ten hydropower plants with 167 MW of installed capacity as well as two ferroalloy plants. The facilities are located in Galicia, Spain's north-western – and rainiest – region, which offers favourable conditions for operating hydropower plants. The acquisition represents a complementary addition to our Group, with a well-maintained portfolio of hydropower plants with a long concession life, as well as four reservoirs and a cascade system to optimise generation revenue. The acquisition provides geographical diversification to our earnings, exposure to a developed western European market, and increases the share of hard currencies in our EBITDA. The key success factors contributing to the transaction were our speed and flexibility in the negotiation process as well as our ability to raise interim acquisition financing and quickly refinance it in the Eurobond market.
Another notable transaction took place in July when we became the first European company to issue bonds guaranteed by the United States International Development Finance Corporation ("DFC"). We are honoured to have gained such a reputable partner in DFC. Through this transaction, we were able to access very long-term financing at a highly attractive all-in cost during a period of prolonged volatility in the international capital markets. We mainly used the proceeds to refinance our outstanding Eurobonds scheduled to mature in 2024.
Last but not least, in January 2024, we executed an important step in our long-term strategy by acquiring the Alpaslan 2 dam and hydropower plant ("Alpaslan 2") situated on the Murat River in Türkiye. Alpaslan 2 is a large hydropower asset with a total installed capacity of 280 MW which benefits from a fixed, US dollar-denominated feed-in tariff for its entire production until 2030. We acquired Alpaslan 2 in a non-cash transaction from our sole shareholder, DK Holding Investments, s.r.o., which had built the asset and successfully commissioned it in 2020. Bringing Alpaslan 2 into the ENERGO-PRO Group will increase our green electricity generation volume and our USD revenues.

OUR BUSINESS

Our generation business recorded very good results in 2023, supported by increased total electricity generation volumes compared to 2022. Volumes increased due to improved hydrology conditions in Türkiye and Georgia, while those in Bulgaria were stable. The favourable hydrological conditions were largely offset by reduced average free market sales price in Bulgaria and, to a lesser extent, a reduction in the average electricity sales price in Türkiye. The decline of revenues in Bulgaria and Türkiye was partly compensated by improved results in our Georgian generation business, mainly due to the release of Rioni HPP from public service obligations, enabling it to sell generated electricity for free market prices from 1 May 2022, and supported by appreciation of Georgian Lari against the Euro. Also, Xeal contributed positively to the results of our generation business for the first time, with its results being part of our consolidation starting in the fourth quarter of the year.
Our distribution and supply segment overall saw a notable improvement in results in 2023, mainly thanks to our Bulgarian operations where profitability in 2022 was adversely affected by a one-off loss on the close-out of an electricity forward position. Our distribution and supply business in Georgia also reported better results, driven mainly by appreciation of Georgian Lari against the Euro and, to a lesser extent, reduced costs of purchased electricity in the local currency.

SUSTAINABILITY AND CLIMATE CHANGE INITIATIVES

In 2023, we made continued progress on our sustainability journey, also improving in the areas of governance and compliance. As part of the DFC financing we undertook to create and implement a detailed environmental and social action plan intended to bring our ESG and health and safety policies and procedures to the level of international best practice. We also continued partnering with Morningstar Sustainalytics in respect of our ESG Risk Rating and are proud to report that our overall ESG Risk Rating has continued to improve and currently stands at 19.4, moving us to low risk category. During the course of last year we also updated a number of corporate policies to align with the expectation of our partners and stakeholders and in order to comply with changes in law. Finally, we recognize that climate change is one of the most pressing global challenges of our time and are playing our part through our Climate Change Task Force. In 2023, we developed our Group climate change strategy, updated our climate change decarbonization plan, and created a climate change adaptation risk assessment and action plan to minimize climate change related risks.

CONCLUSION

In 2023, we continued to perform well despite the volatile environment, managing to deliver exceptional results and value. We pursue a strategy focussed on growth and diversification while at the same time working to protect our planet's biodiversity, support local communities and ensure the welfare of our employees. I would like to extend my gratitude to all our employees, partners and stakeholders for contributing to a truly outstanding year.

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

1. ENERGO-PRO GROUP AT A GLANCE

MISSION

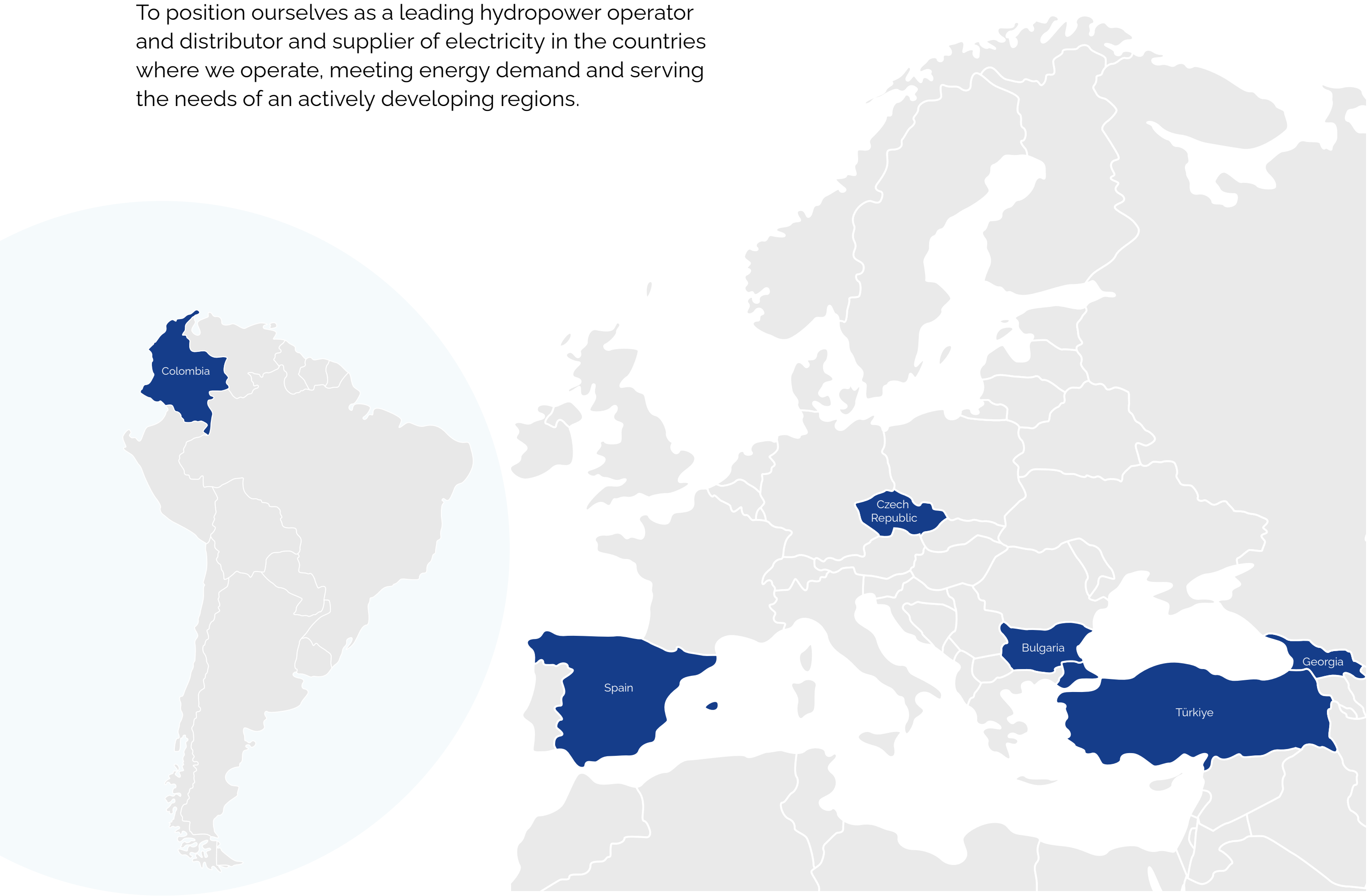
Working in Compliance with Nature

PRESENCE IN COUNTRIES

Czech Republic / Bulgaria / Georgia / Türkiye / Colombia / Spain

VISION

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



PROFILE

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

CORE VALUES

INTEGRITY

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

RESPECT

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

TRANSPARENCY

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

ETHICS

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

OPERATIONAL EXCELLENCE

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

FACTS AND FIGURES

- Established in 1994 in Svitavy, Czech Republic
- Main countries of presence: Bulgaria, Georgia, Türkiye and Spain
- Developing activities in Latin America
- The largest utility in Georgia and the largest privately-owned generator of electricity from hydropower in Bulgaria
- Total installed capacity of 1,027 MW[1]: 44 hydropower plants with an installed capacity of 917 MW and a gas-fired power plant ("TPP" – "Gardabani" or "gPower") with an installed capacity of 110 MW
- Environmentally-friendly power generation of 3 TWh (97% of electricity generated from hydropower sources)
- Serving more than 2.6 million grid customers with 10.4 TWh of electricity distributed in Georgia and Bulgaria
- Over 9,600 employees
- Engaged in international power trading

[1] The total installed capacity excludes Alpaslan 2 (with an installed capacity of 280 MW), which the Group acquired on 8 January 2024..

2023 OPERATIONAL HIGHLIGHTS

ENERGO-PRO

Bulgaria	Georgia	Türkiye[2]	Spain
44 HYDROPOWER PLANTS			
14	15	5	10
1,027 MW[1] CAPACITY INSTALLED (MW)			
166	601[3]	93	167
2,913 GWh ELECTRICITY HPP GENERATION[4] (GWh)			
388	1,819	503	203
ELECTRICITY DISTRIBUTED & SUPPLIED[2] (TWh)			
5.5 & 6.6	5 & 3.9	-	-

[2] The total installed capacity excludes Alpaslan 2 (with an installed capacity of 280 MW), which the Group acquired on 8 January 2024.

[3] 601 MW installed capacity in Georgia includes 110 MW capacity of gas turbine power plant. The capacity of hydropower plants of the Georgian facilities is 491 MW.

[4] Xeal's (Spain) generation is included from 1 October 2023 to 31 December 2023.

HISTORICAL MILESTONES

ENERGO - PRO a.s. ("ENERGO-PRO") has built a carefully selected portfolio of high-quality, cashflow generating assets with limited capital expenditures requirements over the past 29 years through accretive acquisitions and access to capital markets. Here are the most important milestones in the development of ENERGO-PRO and its subsidiaries ("the Group"):

1994
Established in Svitavy (Czech Republic)

2000
Start of foreign expansion in Bulgaria

2002–2004
Privatization of 8 HPPs (102 MW) in Bulgaria

2006
Establishment of presence in Türkiye and Georgia

2007
Privatization of 2 electricity distribution businesses and 7 HPPs (361 MW) in Georgia

2007–2009
Add-on acquisition of 8 HPPs in Georgia

2010
Purchase of 5 HPPs (93 MW) in Türkiye and purchase of TPP Gardabani (110 MW) in Georgia

2012
Acquisition of EON's electricity distribution business in Bulgaria

2013
Acquisition of 6 HPPs (64 MW) in Bulgaria

2016
Mr. Jaromír Tesař became 100% ultimate owner of ENERGO-PRO

2017
Acquisition of the assets of Kakheti DSO in Georgia
Placement of EUR 370 million debut Eurobond

2018
Placement of EUR 250 million Eurobond

2020
Establishment of presence in Colombia

2022
Successful refinancing of EUR 370 million Eurobond and first issuance of USD bonds (USD 435 million)
First Sustainability report publication

2023
Establishment of presence in Brazil

2023
Placement of EUR 300 million Eurobond issue guaranteed by the United States International Development Finance Corporation with proceeds used to repay the EUR 250 million Eurobond

2023
Placement of USD 300 million Eurobond with proceeds to fund the acquisition of 10 HPPs (167 MW) in Galicia, Spain, together with two ferroalloy plants

STRATEGIC PRIORITIES

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

ENHANCING GENERATION AND DISTRIBUTION ASSETS

Distribution & Supply ("D&S" segment)

Carrying out various rehabilitation and re-metering projects throughout ENERGO-PRO's coverage area

- Reducing commercial grid losses
- Improving the distribution network and quality of supply
- Smart grid implementation

Hydro Generation ("Generation" segment)

Cost-effective rehabilitation and modernisation program

- Increasing the efficiency of hydropower plants
- Improving the reliability and safety of hydro-power plants
- Prolonging the service lifetime of hydropower plants

FURTHER INCREASING FINANCIAL STABILITY AND FLEXIBILITY

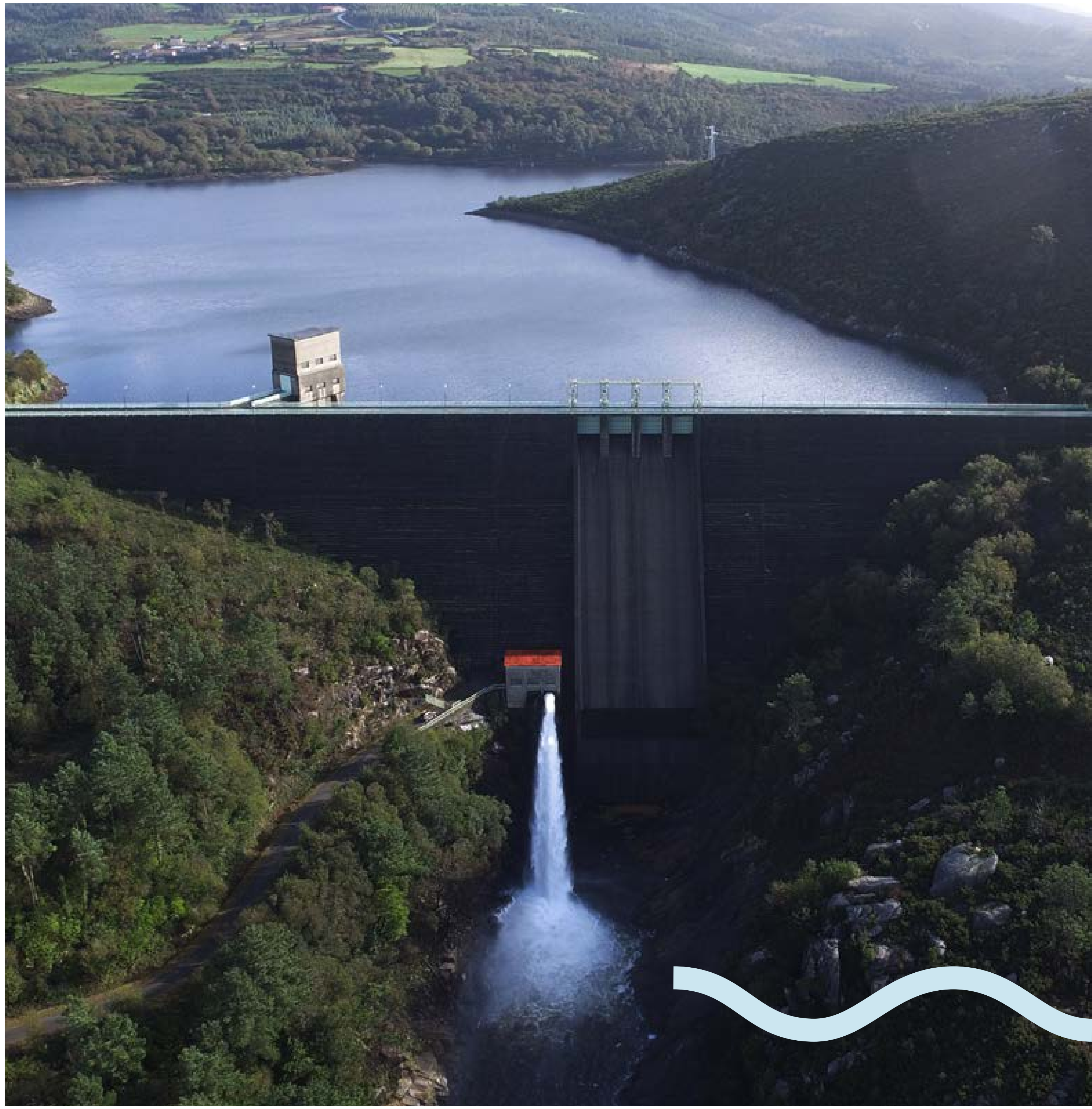
- Consistently aiming to improve profitability by remaining focused on cost reduction while benefiting from the revenue-stabilising effects of regulated tariffs
- Geographical and segment diversification, ability to tightly control and adjust discretionary capital expenditures, and a simple capital structure
- More flexibility in raising capital and deploying funds to strategic projects

GROWTH THROUGH SELECTIVE ACQUISITIONS AND DEVELOPMENT

- Development-based growth in markets with characteristics favourable for the hydropower sector, as well as adding additional renewable power generation capacity to certain existing assets to optimise operations
- Leveraging operational expertise and knowledge of the markets in which the Group currently operates
- Diligent and disciplined approach to acquisitions with regards to the strategic fit, purchase price, and opportunities to achieve synergies

INTEGRATING ESG ASPECTS INTO THE GROUP'S DAY-TO-DAY OPERATIONS

- The Group aims to further increase its commitment to sustainable development, the protection of the environment, and the well-being of the communities living in the areas of influence of the Group's investments
- The focus will be on introduction of external reporting, becoming carbon-neutral by 2050, and establishing and implementing a Decarbonisation Plan
- Supporting the Ten Principles of the United Nations Global Compact, committing to advancing the Sustainable Development Goals and reporting to the UN Global Compact through the UN Communication on Progress



2. KEY SUSTAINABILITY HIGHLIGHTS

THREE PILLARS OF ENERGO-PRO

I. PILLAR

CLIMATE CHANGE

Reducing our GHG emissions to achieve net zero by 2050 by focussing on reducing our grid losses, increasing investments in clean energy, engaging with partners to increase clean energy of the grid networks, and investing in innovative solutions.

II. PILLAR

ENVIRONMENT AND BIODIVERSITY

Reducing nature loss by protecting, maintaining and enhancing biodiversity, protecting and reducing dependency on natural resources, rehabilitating our sites, compensation for biodiversity and ecosystems losses, and minimizing impacts on nature during the planning phase of our projects.

III. PILLAR

SOCIAL

Increasing our human and social capital by making health and safety a priority and investing in our employees and communities.

SUSTAINABILITY REPORTING

We published our second Sustainability Report[5] in 2023 (for the year 2022) and demonstrated how the Group embraces the UN Global Compact principles by adhering to its principles and committing to supporting the United Nations Sustainable Development Goals. The report published in 2023 was prepared in accordance with the Global Reporting Initiative standards ("GRI"); the Universal Standards (2021), Topic Standards (2016-2020) and Sectoral Standards (2021). We are making provisions in our Sustaintability Report for the year 2023 to voluntarily prepare the report in accordance with the GRI and the EU Corporate Sustainability Reporting Directive[6] ("CSRD"). We also undertook a due diligence exercise at the Group and key business units[5] level to understand the gaps with our Sustainability Framework[7] and the International Finance Corporation Policy on Environmental and Social Sustainability. This exercise will support the updating of our Sustainability Framework and management systems and align with Good International Industry Practise ("GIIP"). We received an improved ESG Risk Rating of Sustainalytics, which currently stands at level of 19.4., from the previous level of 24.9. Sustainalytics also changed its assessment of the risk that the Group would experience material financial impacts from ESG factors from Medium to Low[8].

BIODIVERSITY

We are committed to biodiversity protection and environmental conservation. We have ongoing programmes within our business units as part of our continuous environmental performance including rehabilitation programmes, reforestation, fish and bird protection programmes, monitoring and evaluation and many others. In 2023 we made a commitment, as part of the early adopters programme, to start adopting the Taskforce on Nature-related Financial Disclosures[9] ("TNFD") by 2025.

OCCUPATIONAL HEALTH AND SAFETY ("OHS")

We made significant progress in our occupational health and safety performance. We aligned our definitions across the business units to ensure more accountability within the business units and continued sharing incidents across the Group and strengthening our OHS systems. In 2023, we are pleased to report that we did not have any occupational health and safety fatalities in 2023.

CLIMATE CHANGE

In 2023 we communicated, through our Sustainability Report our efforts to reduce our greenhouse gas emissions ("GHG"); we announced that our total emissions decreased by 27.7% from our baseline year. Our 2023 GHG emissions will be communicated in our Sustainability Report for 2023, to be published in 2024.
Also, in 2024 we will be revising our climate change baseline year to account for the new acquisitions we made in Spain in 2023.

SOCIAL

Our community programs continued in 2023, and included community education, biodiversity awareness, community investment including the construction of small projects to provide access to water, livelihood restoration programs and others.

[5] Sustainability Report 2022
[6] Directive (EU) 2022/2464
[7] Business units – all companies forming ENERGO-PRO Group (Chapter 5).
[8] ESG Risk Rating
[9] Taskforce on Nature-related Financial Disclosures

3. KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

HIGHLIGHTS

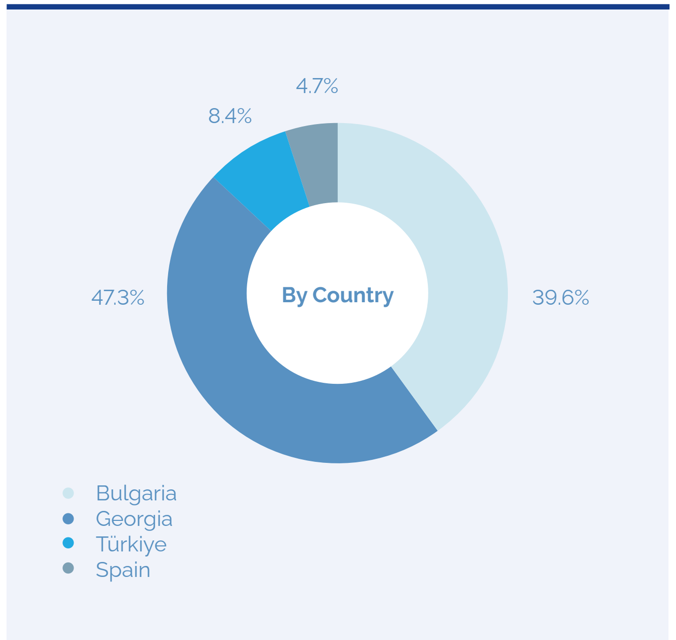
(EUR'000)	2021	2022	2023
Total Revenues	1,071,591	1,720,916	1,269,340
EBITDA	206,701	307,821	322,763
Income before tax	105,401	193,477	256,821
Income tax expense	(3,237)	(6,999)	(6,263)
Net Income	102,164	186,478	250,558
Total Assets	1,257,127	1,517,165	2,091,201
Property, Plant and Equipment	468,116	595,591	724,365
Cash & Cash Equivalents	34,216	80,554	120,906
Total Debt	673,117	683,499	954,152
Total Equity	403,734	653,037	900,067
Capital Expenditures	70,111	96,310	102,230
Total net generation of electricity (GWh)*	2,451	2,576	2,999
of which Renewable net generation of electricity (%)	99%	98%	97%
Distributed volume (GWh)	10,412	10,628	10,445
Supplied volume (GWh)	11,219	10,472	10,490
Wheeling volume (GWh)**	11,301	11,568	11,376
Grid losses (GWh)***	889	941	932
of which Bulgaria (GWh)	358	371	356
of which Georgia (GWh)	531	570	576
Grid losses (%)***	7.9%	8.1%	8.2%
of which Bulgaria	5.9%	6.3%	6.1%
of which Georgia	10.2%	10.0%	10.4%
Number of connection points ('000)	2,514	2,551	2,580
Number of employees	9,152	9,204	9,680

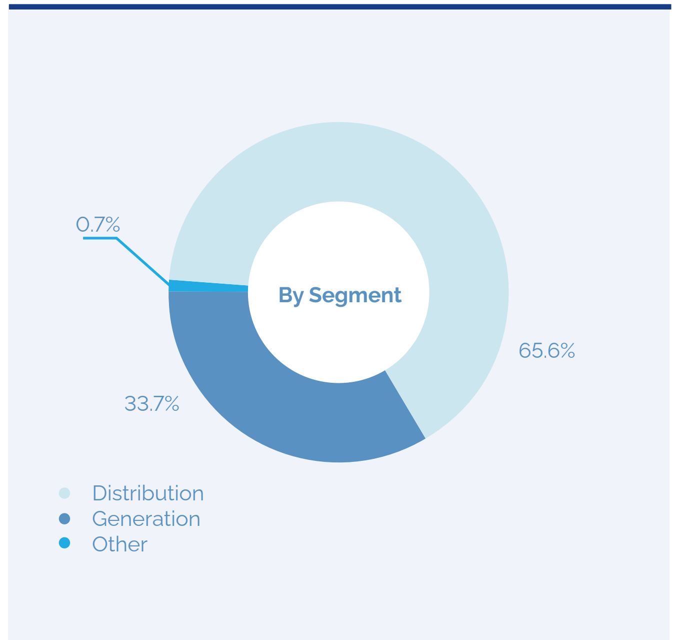
* Includes hydropower plant generation and generation of gPower (thermal power plant)
** Total grid conduct volume + Grid losses
*** The volume difference between purchased electricity and sold electricity, as well as own consumption; The percentage of Grid losses is calculated as grid losses divided by wheeling volume

GROUP EBITDA DEVELOPMENT

The Group's EBITDA for 2023 amounted to EUR 322.8 million, an increase of EUR 15 million compared to 2022. The growing performance was driven primarily by Bulgaria's distribution and supply business. The continued strength of the GEL, was the principal driver of our performance in Georgia, both for the distribution and supply and generation businesses.

GROUP EBITDA SPLIT (2023)



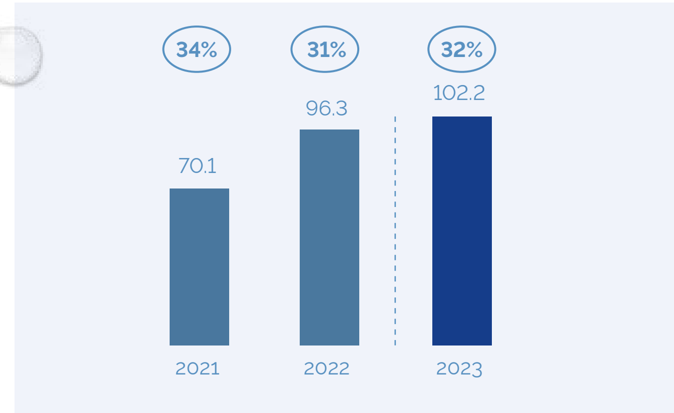


INVESTMENTS

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

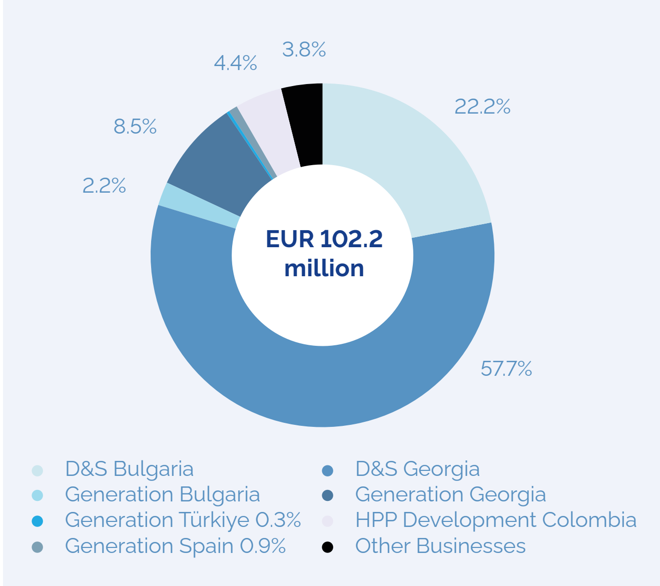
CAPEX DEVELOPMENT (IN EUR MILLION), CAPEX TO EBITDA (IN %)

The Group's capital expenditures for 2023 amounted to EUR 102.2 million, an increase by EUR 6 million compared to 2022, mainly in the distribution and supply segment. The highest portion of the total capital expenditures related to network improvement and new customers connections (such as rehabilitation of low, medium and high voltage transmission lines and rehabilitation of substations), both in Georgia and Bulgaria. The Generation segment invested mainly to HPP rehabilitation in Georgia (in order to increase the efficiency and service lifetime across the HPP portfolio) and to construction of Chorreritas HPP in Colombia.

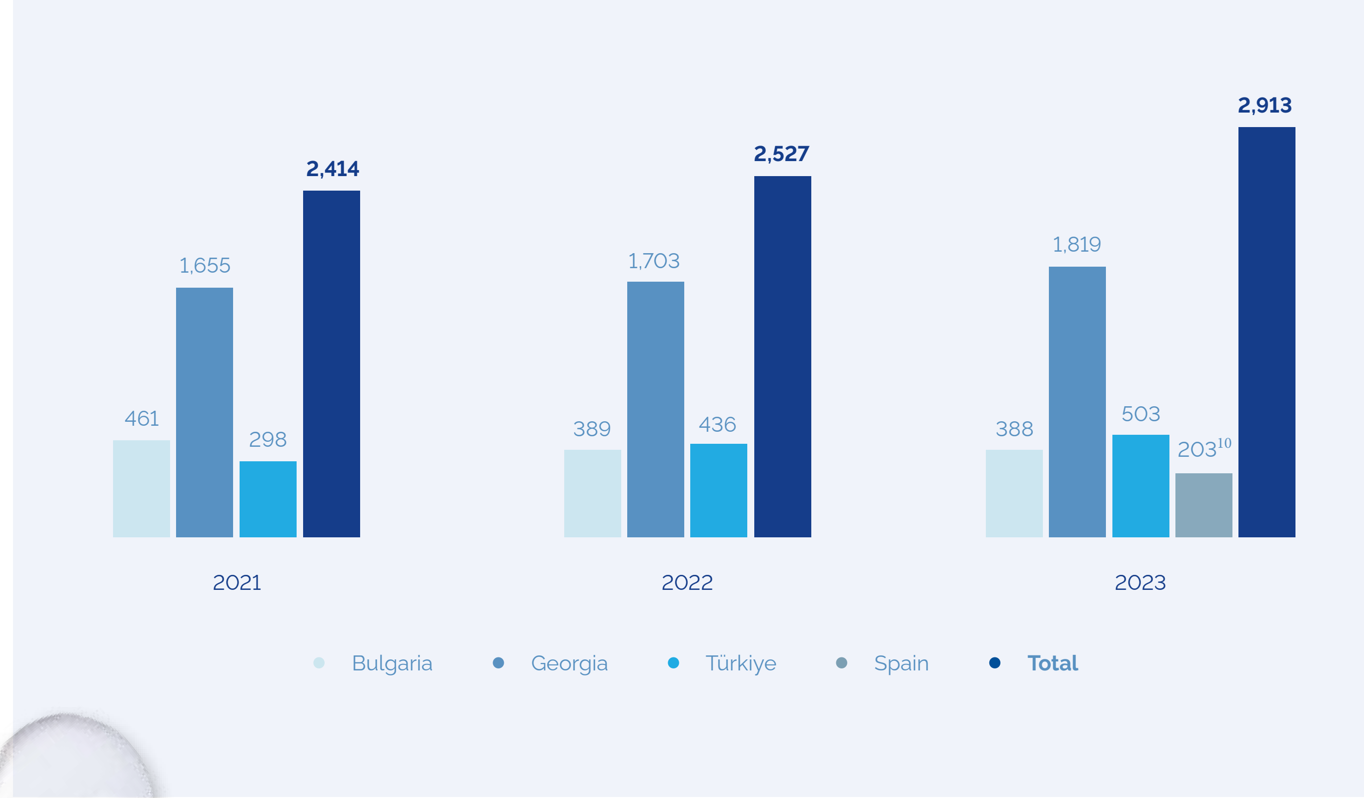


ENERGO-PRO has a well-invested asset base and an efficient deployment of investment programme, underpinned by the long-life cycle of its hydropower plants.

CAPEX SEGMENTATION 2023

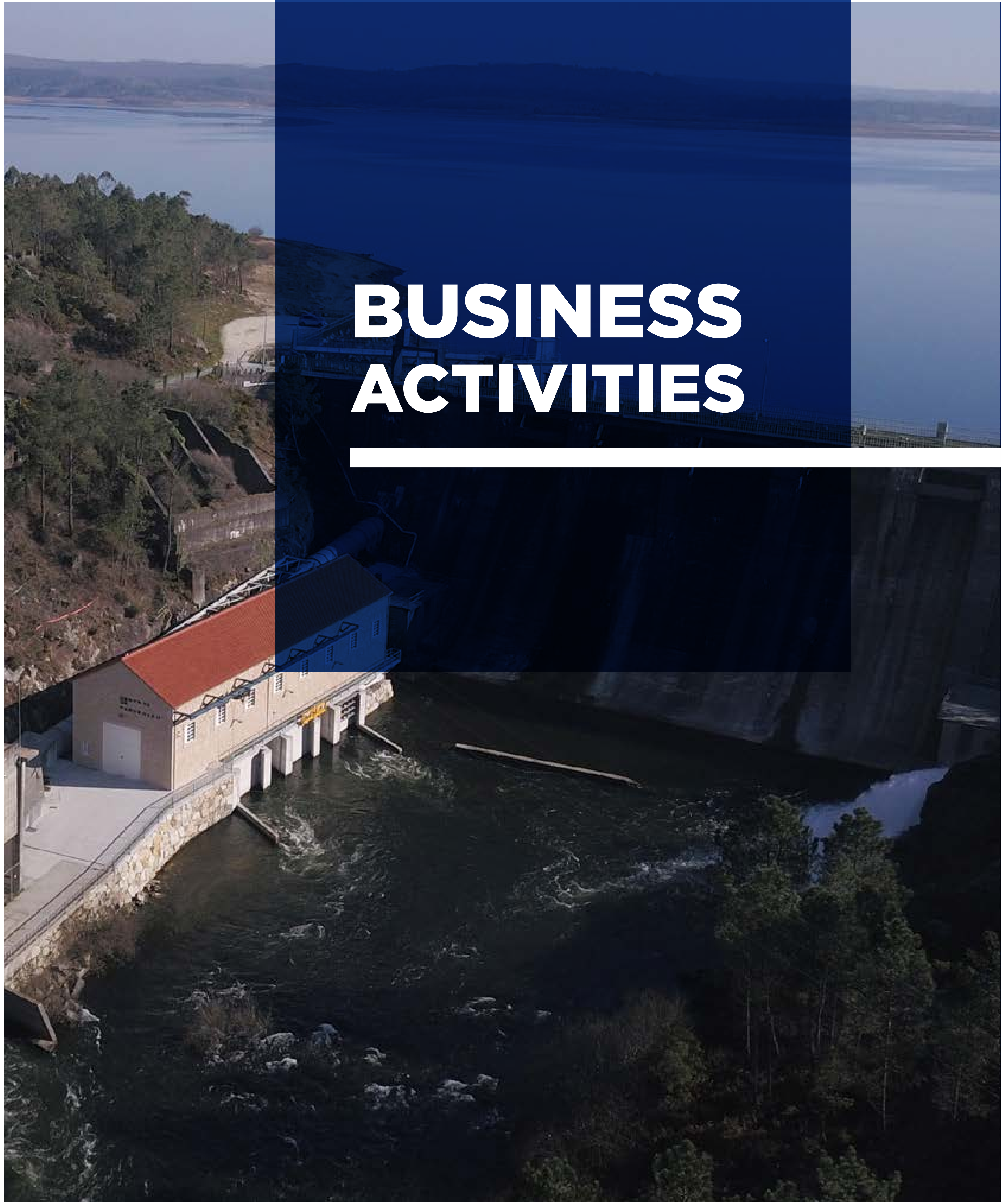


ANNUAL HYDROPOWER GENERATION (GWh)



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

[10] Inludes Xeal (Spain) hydropower generation from 1 October 2023 to December 2023.



4 BUSINESS ACTIVITIES

ENERGO-PRO

4.1 ENERGO-PRO IN BULGARIA

ENERGO-PRO VARNA EAD

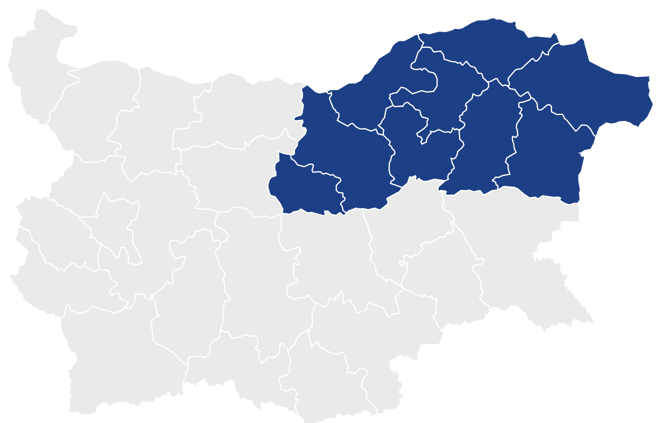
DISTRIBUTION & SUPPLY SEGMENT

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

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

The licenced territory of Electrodistribution North AD ("EDC North") and ENERGO-PRO Sales AD ("EP Sales") is nearly 30,000 square kilometres and covers nine administrative regions in North-eastern Bulgaria - Varna, Veliko Tarnovo, Gabrovo, Dobrich, Razgrad, Ruse, Silistra, Targovishte and Shumen. EDC North's principal business activities are the operation of the electricity distribution grid (middle and low voltage) and distribution of electricity. The total length of the distribution network is 43,883 km, with 5.5 TWh of distributed electricity in 2023. EP Sales supplies electricity to more than one million customers and provides related services. ENERGO-PRO Energy Services EAD ("EP Energy Services") sells electricity to customers across Bulgaria at freely negotiated prices and is one of the leading suppliers and wholesale traders on the liberalised market. The company has long-standing experience and was among the first traders registered on the Bulgarian electricity market. The company also acts as the business coordinator for the standard balancing group.

EP VARNA – DISTRIBUTION NETWORK COVERAGE



Distributed volume: 5.5 TWh
Area covered: 30,000 sq km
Network length: 43,883 km

- Distribution network coverage

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

HIGHLIGHTS

(EUR'000)	2021	2022	2023
Total Revenues	736,588	1,249,242	786,768
EBITDA	79,431	75,808	101,900
Income before tax	58,684	53,164	82,003
Income tax expense	(5,633)	(5,261)	(8,047)
Net Income	53,051	47,903	73,956
Total Assets	410,784	386,900	462,937
Total Equity	262,534	281,509	350,961
Capital Expenditures	20,386	23,588	22,694
Distributed electricity (GWh)*	5,739	5,497	5,466
Supplied electricity (GWh)**	7,350	6,654	6,626
Wheeling volume (GWh)*	6,097	5,868	5,821
Grid Losses (GWh)*	358	371	356
Grid Losses (%)*	5.9%	6.3%	6.1%
Number of connection points ('000)*	1,233	1,240	1,248
Number of employees	2,411	2,467	2,472

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

BUSINESS OVERVIEW & KEY FIGURES

In 2023, EP Varna distributed 5.5 TWh of electricity and supply volume reached 6.6 TWh. EBITDA amounted to EUR 101.9 million in 2023 which represents increase of EUR 26.1 million compared to 2022 results. This increase was mainly because in the second quarter of 2022 EP Varna recorded a one-off loss on the close-out of its electricity forward sales position (which significantly negatively affected EP Varna's EBITDA for previous year). Excluding the effects of the one-off loss in 2022, EBITDA of EP Varna for the year 2023 (decrease by approx. EUR 11 million) was mainly affected by: significantly lower EBITDA in the free market supply business mainly due to lower free market electricity prices, partly offset by higher EBITDA in the distribution business (mainly due to higher distribution tariffs from 1 July 2022) and higher EBITDA in the regulated supply business (mainly due to the release of provisions and lower balancing costs).

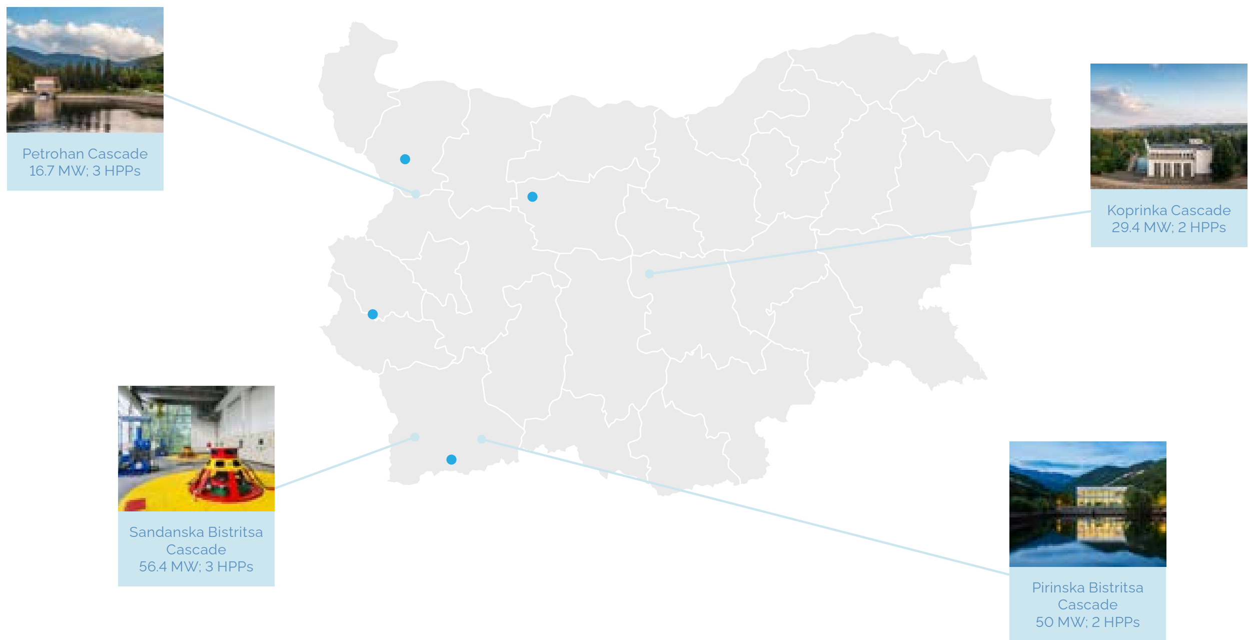
ENERGO-PRO BULGARIA EAD

GENERATION SEGMENT

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

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

EP BULGARIA'S HYDROPOWER PLANT PORTFOLIO



- Stand-alone HPPs (Ogosta 5 MW, Karlukovo 2.4 MW, Samoranovo 2.9 MW, Katuntsi 3.5 MW)

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

HIGHLIGHTS

(EUR'000)	2021	2022	2023
Revenues	46,603	103,261	48,978
EBITDA	26,130	65,271	34,660
Income before tax	22,895	62,002	31,529
Income tax expense	(2,346)	(6,269)	(3,053)
Net Income	20,549	55,733	28,476
Total Assets	83,944	81,594	86,706
Total Equity	76,854	73,026	67,030
Capital Expenditures	1,625	2,136	2,232
Generation of electricity (GWh)	461	389	388
Number of employees	127	118	114

BUSINESS OVERVIEW & KEY FIGURES

In 2023, EP Bulgaria generated 388 GWh of electricity, a level similar to 2022. EBITDA amounted EUR 34.7 million, decrease of almost EUR 30.6 million compared to 2022. This decline was caused by significantly lower free market electricity sales prices from the very elevated levels recorded in 2022.

4.2 ENERGO-PRO IN GEORGIA

ENERGO-PRO GEORGIA HOLDING JSC

DISTRIBUTION & SUPPLY SEGMENT

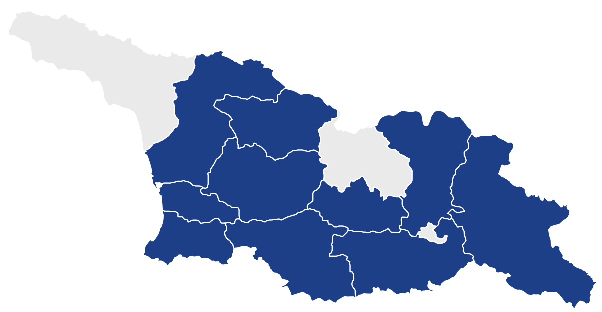
ENERGO-PRO Georgia Holding JSC ("EPG Holding") was established in April 2021 to become a holding company for the ENERGO-PRO's Georgian energy assets. EPG Holding's principal business activity is a provision of management and shared services. EPG Holding owns interests in the following companies[11]:

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

ENERGO-PRO Georgia JSC ("EP Georgia") was established in 2006 and is the largest energy distribution company in Georgia in terms of the number of customers served, sales and service territory. EP Georgia operates and maintains an electricity distribution network in Georgia with total length of 52,955 km. The licensed area covers approximately 85 per cent of Georgia's territory, which includes the whole country except for the capital Tbilisi and regions not controlled by the Government of Georgia. EP Georgia provided power to more than one million customers and distributed over 5 TWh of electricity in 2023. The company has made substantial investments in the modernisation and maintenance of its assets, such as continuous electricity grid rehabilitation and individual re-metering projects through its coverage area.

EP Georgia Supply JSC ("EPG Supply") was established in May 2021 to carry out supply activities as a result of the legal unbundling of distribution and supply activities of EP Georgia. EPG Supply provides electricity to regulated customers within the territory of EP Georgia network and is also nominated as "supplier of last resort"[12] .

EP GEORGIA – DISTRIBUTION NETWORK COVERAGE



Distributed volume: 5 TWh
Area covered: 58,847 sq km
Network length: 52,955 km

- Distribution network coverage

[11] Detailed shareholder structure of EPG Holding is presented in the Organisational structure in Chapter 5 and in Note 1 of ENERGO – PRO a.s. IFRS Consolidated Financial Statements for the year ended 31 December 2023.

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

HIGHLIGHTS

(EUR'000)	2021	2022	2023
Revenues	302,190	449,838	494,717
EBITDA	80,174	121,053	123,241
Income before tax	63,092	97,874	110,335
Income tax expense*	–	–	–
Net Income	63,092	97,874	110,335
Total Assets	277,971	415,088	547,103
Total Equity	184,629	328,735	424,068
Capital Expenditures	32,408	60,144	58,998
Distributed electricity (GWh)	4,674	5,131	4,979
Supplied electricity (GWh)	3,869	3,818	3,864
Wheeling volume (GWh)	5,205	5,700	5,555
Grid losses (GWh)	531	570	576
Grid losses (%)	10.2%	10.0%	10.4%
Number of connection points ('000)	1,281	1,311	1,332
Number of employees	5,611	5,599	5,769

*Georgia has a "distribution tax regime" whereby taxation is not applied at the point of income generation but at the point of income distribution to the parent company

BUSINESS OVERVIEW & KEY FIGURES

In 2023, distribution & supply segment in Georgia distributed 5 TWh of electricity and supplied 3.9 TWh of electricity. EBITDA amounted to EUR 123.2 million, increasing by EUR 2.1 million compared to 2022, mainly as a result of appreciation of Georgian Lari ("GEL") against Euro (higher revenue from electricity distributed despite of distributed volumes were 152 GWh less compared to the prior year), higher volumes of electricity supplied (increase of 46.3 GWh compared to prior year) and lower GEL/MWh prices paid for purchased electricity.

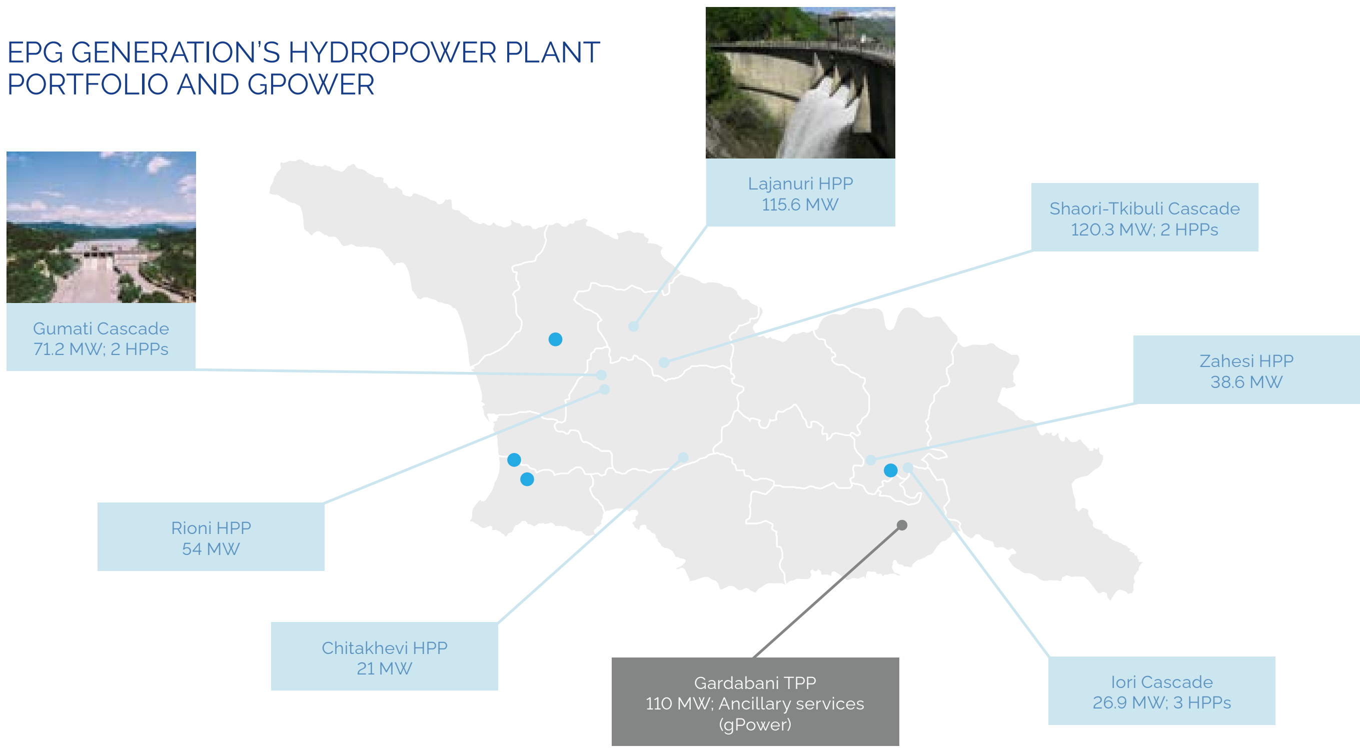
EP GEORGIA GENERATION JSC

GENERATION SEGMENT

EP Georgia Generation JSC ("EPG Generation") was incorporated in 2016 after the reorganisation of EP Georgia's assets in response to the legal unbundling of the Georgian energy market (legal separation of distribution and generation activities). EPG Generation's principal activity is the generation of electricity from its portfolio of 15 hydropower plants with a total installed capacity of 491 MW[13] .

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

EPG GENERATION'S HYDROPOWER PLANT PORTFOLIO AND GPOWER



- HPPs with installed capacity below 20 MW
  (Ortachala 18 MW; Atsi 18.4 MW; Chkhorotsku 6 MW; Kinkisha 0.9 MW)

[13] Total installed capacity of the EPG Generation's hydropower plants was increased to 491 MW during 2023 due to ongoing rehabilitation projects (concretely Lajanuri HPP was increased to 115.6 MW).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

HIGHLIGHTS

(EUR'000)	2021	2022	2023
Revenues	31,607	48,264	61,925
EBITDA	24,066	31,250	38,353
Income before tax	23,568	28,806	35,333
Income tax expense*	–	–	–
Net Income	23,568	28,806	35,333
Total Assets	136,575	180,188	219,571
Total Equity	109,672	160,733	189,567
Capital Expenditures	12,541	6,389	8,691
HPP Generation of electricity (GWh)	1,655	1,703	1,819
TPP Generation of electricity (GWh)	36	49	86
Number of employees	483	470	528

* Georgia has a "distribution tax regime" whereby taxation is not applied at the point of income generation but at the point of income distribution to the parent company

BUSINESS OVERVIEW & KEY FIGURES

In 2023, EPG Generation generated 1,905 GWh (gPower included) of electricity which was an increase of 153 GWh compared to 2022. EBITDA amounted to EUR 38.4 million which represented an increase of EUR 7.1 million compared to prior year. This improvement was primarily the result of Rioni HPP being released from public service obligations and selling its generated electricity for free market prices (since 1 May 2022), which are materially higher than regulated prices (in GEL terms), appreciation of Georgian Lari against the Euro and, to a smaller extent, more favourable hydrological conditions and resulting higher generation volumes.

Hydropower plant	Installed capacity (MW)	Date of deregulation
Gumati Cascade	71.2	1 May 2024
Dzevrula HPP (part of Shaori-Tkibuli Cascade)	80	1 May 2026
Lajanuri HPP	115.6	1 January 2027

4.3 ENERGO-PRO IN TÜRKIYE

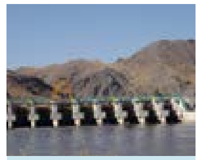
RESADIYE HAMZALI ELEKTRIK ÜRETIM ŞANAYI VE TICARET A.Ş.

GENERATION SEGMENT

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

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

RESADIYE HAMZALI'S HYDROPOWER PLANT PORTFOLIO



Hamzali HPP
16.7 MW

Resadiye Cascade
64.3 MW; 3 HPPs

Aralik HPP
12.4 MW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

HIGHLIGHTS

(EUR'000)	2021	2022	2023
Revenues	14,674	36,821	37,178
EBITDA	9,138	30,266	28,954
Income before tax	(37,483)	31,683	18,044
Income tax expense	5,395	3,757	8,552
Net Income	(32,088)	35,440	26,596
Total Assets	41,266	55,332	54,640
Total Equity	(37,348)	(4,628)	(15,402)
Capital Expenditures	79	344	352
Generation of electricity (GWh)	298	436	503
Number of employees	87	86	85

BUSINESS OVERVIEW & KEY FIGURES

In 2023, Resadiye Hamzali generated 503 GWh of electricity, an increase of 67 GWh lower than in 2022. EBITDA amounted to EUR 29 million, a fell by EUR 1.3 million compared to 2022, primarily as a result of higher operating costs which were only partly offset by more favourable hydrological conditions and resulting higher generation volumes.

4.4 ENERGO-PRO IN SPAIN

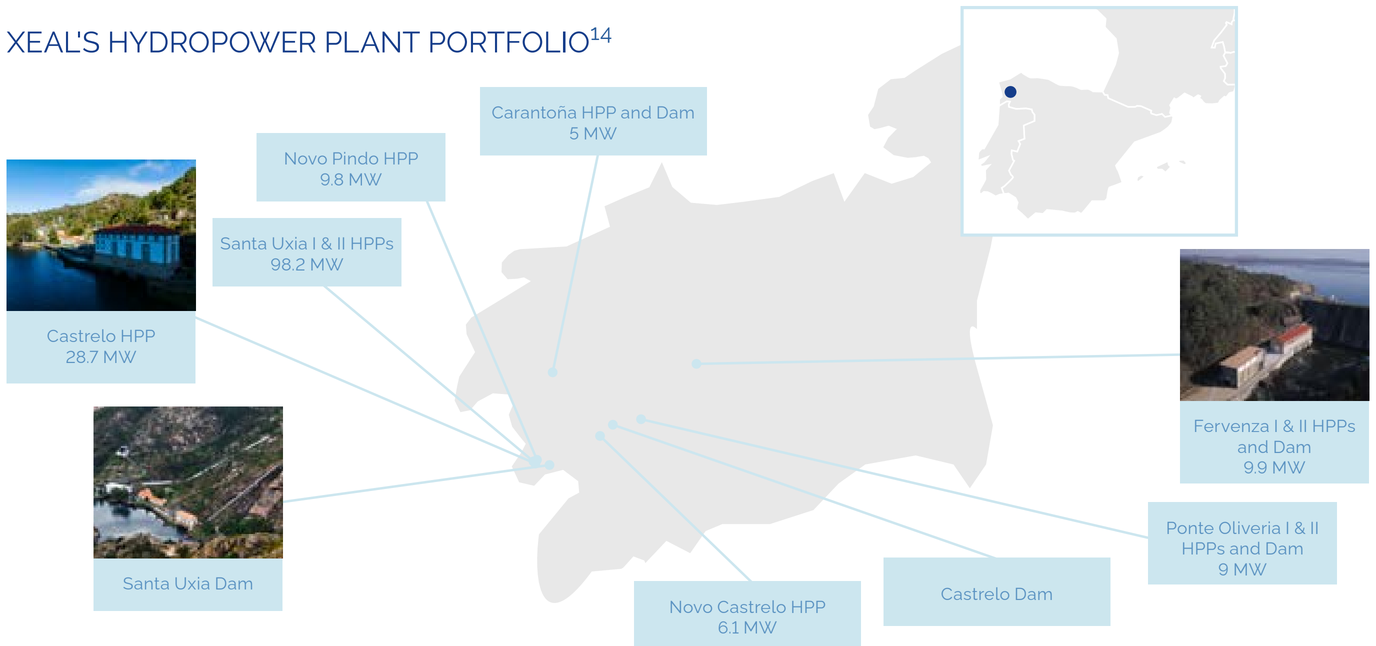
XALLAS ELECTRICIDAD Y ALEACIONES S.A.U.

GENERATION SEGMENT

Xallas Electricidad y Aleaciones S.A.U. ("Xeal") was acquired by ENERGO – PRO a.s. in October 2023. Xeal owns and operates a portfolio of ten well-maintained HPPs with long concession life on the rivers Xallas and Grande in northwest Spain's rainiest region, Galicia. The total installed capacity of these HPPs is 167 MW. Nine of Xeal's HPPs are located in the Xallas river basin (municipality of Dumbria), and the tenth is in the Grande river basin (municipality of Vimianzo). Generation is optimized through the combination of four reservoirs and a cascade system which allows full control of the Xallas river basin. Xeal is also responsible for the management of two dams and three weirs that allow the regulation of the flows of both rivers and the safe and efficient management of their water resources.

In addition, Xeal owns and operates two ferroalloy plants located in the municipalities of Cee and Dumbria in Galicia, with a total capacity of 215,000 tons, currently operating under a long-term offtake contract. Final customers of the ferroalloy business are main steelmakers in Spain and Europe.

XEAL'S HYDROPOWER PLANT PORTFOLIO[14]



[14] Map - region of Galicia in Spain

FINANCIAL AND OPERATIONAL HIGHLIGHTS

HIGHLIGHTS

(EUR'000)	2022*	2023*	4Q 2023**
Revenues	184,669	100,924	17,072
of which Generation segment	*45,304*	*49,377*	*16,065*
EBITDA	45,415	47,551	16,270
of which Generation segment	*38,363*	*41,165*	*13,621*
Income before tax	32,815	37,725	14,020
Income tax expense	(8,162)	(9,472)	(3,515)
Net Income	24,653	28,253	10,505
Total Assets	204,402	194,515	194,515
Total Equity	89,514	121,070	121,070
Capital Expenditures	5,212	5,434	2,197
of which Generation segment	*1,988*	*2,325*	*875*
Generation of electricity (GWh)	386	462	203
Number of employees	249	230	230
of which Generation segment	*30*	*34*	*34*

* Financial information for the years ended 31 December 2023 and 2022 is based on audited financial statements in Spanish GAAP

** 4Q 2023 audited IFRS results since the acquistion of Xeal by the Group

BUSINESS OVERVIEW & KEY FIGURES

From its acquisition by the Group in October until December 2023, Xeal generated 203 GWh of electricity. EBITDA for the fourth quarter of 2023 amounted to EUR 16.3 million of which the major part is a contribution of Generation segment of Xeal.

4.5 OTHER BUSINESSES

OPPA JSC GROUP („OPPA")

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

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

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

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

EP Insaat was established in 2017 to provide project management and civil construction works primarily in relation to its affiliated Alpaslan II and Karakurt hydropower plants with dams. In 2021, EP Insaat's works in relation to these hydropower plants were completed. As of the end of 2023, EP Insaat was a dormant company.

ENERGO PRO TURKEY HOLDING A. Ş. („EP Turkey Holding")

EP Turkey Holding was established in September 2021 to provide management and shared services (such as human resources, accounting, finance, controlling, legal and project management) to the ENERGO-PRO Group's companies in Türkiye.

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

EP Colombia was established in 2019 and its main activities are identification and development of new hydropower projects in the country. EP Colombia is the parent company of the following companies:

(i) **Generadora Chorreritas S.A.S. E.S.P.**, which is engaged in the construction of greenfield run-of-river hydropower project located on San Andrés river (municipality of San Andrés, region of Antioquia). During 2022, the project achieved the ready to build status, that includes all the necessary permits and designs. Construction started in first quarter of 2023; during 2023, the project moved forward with the construction of the tunnels, roads, and bridges. Civil works related to intake and powerhouse started in 2024.

(ii) **Hidroelectrica Sabanas S.A.S.**, which is engaged in the development of run-of-the-river hydropower project on Penderisco river in Colombia (municipality of Urrao, region of Antioquia). During 2022, the project's development stage progressed to enter Environmental and Social permitting process. During 2023, two licenses and rights were acquired (HPP La Loma, and HPP Penderisco II), incorporating to the project additional capacity that after merging, will allow the development of a one combined project with lower environmental impact.

(iii) **Cuerquia SPV S.A.S. E.S.P.**, which is engaged in the development of run-of-the-river hydropower project on San Andrés river in Colombia - just upstream to Generadora Chorreritas S.A.S. E.S.P. (municipality San Andrés de Cuerquia, region of Antioquia). During 2022, the project's development stage progressed to enter Environmental and Social permitting process. During 2023, the Environmental Alternatives Diagnosis was carried out, and its assessment were made by the Environmental Authority.

MEGAWATT SERVIS S.R.O. („MEGAWATT")

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

ENERGO PRO BRAZIL LTDA. („EP Brazil")

EP Brazil was established in August 2023 and its main activities are identification of suitable hydropower assets in the country.

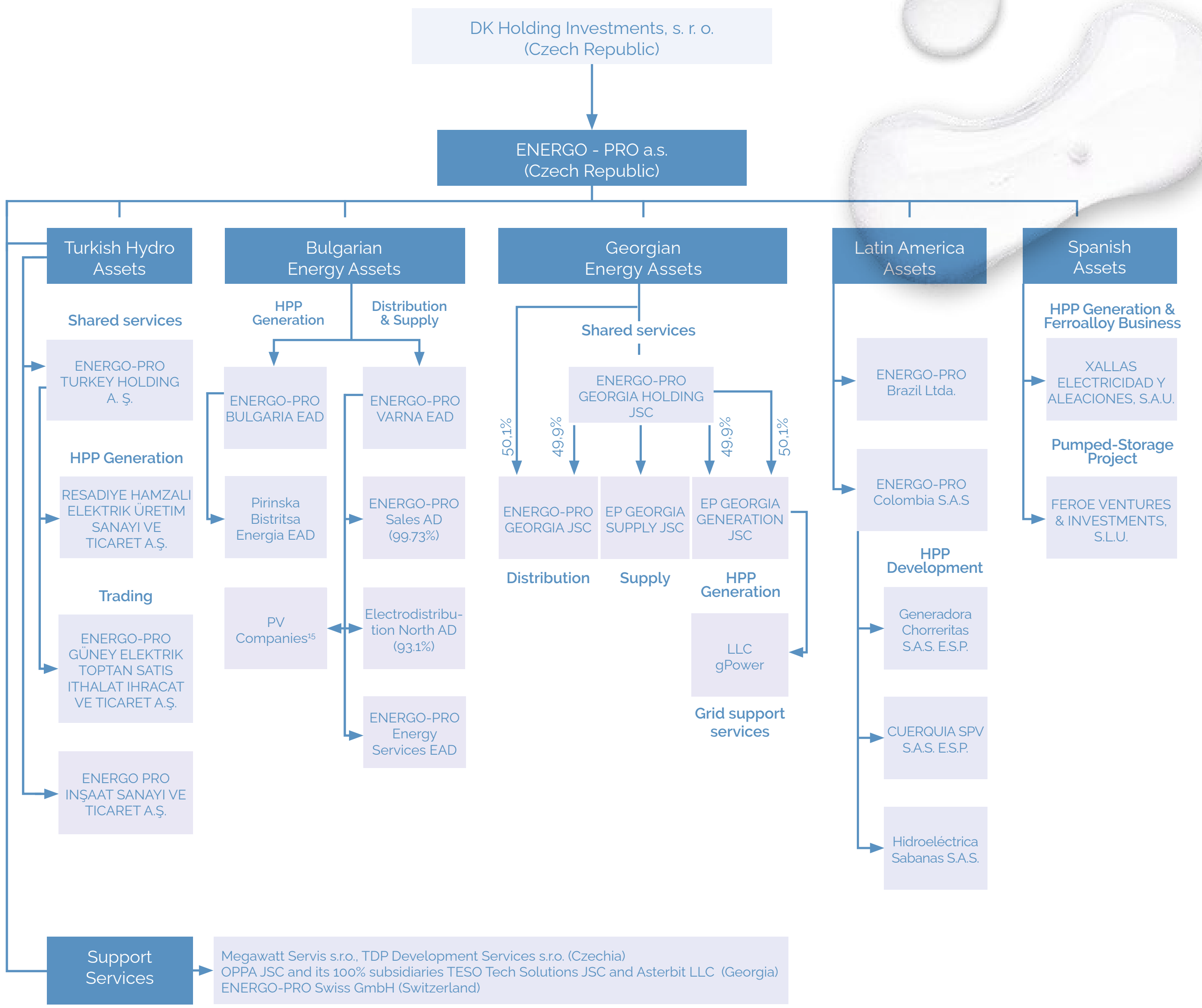
TDP Development Services s.r.o. („TDP")

TDP was established in March 2019 as is engaged in development of a real estate project.

Feroe Ventures & Investments S.L.U. („Feroe")

Feroe was acquired by ENERGO – PRO a.s. together with the Spanish Xeal in October 2023. Feroe is applying for a new water concession at Santa Uxía dam (Xallas river) for a pumped-storage facility in Mazaricos, Galicia. The project involves the construction of a reversible pumped storage hydropower plant in Monte da Ruña, located next to the Santa Uxía Dam.

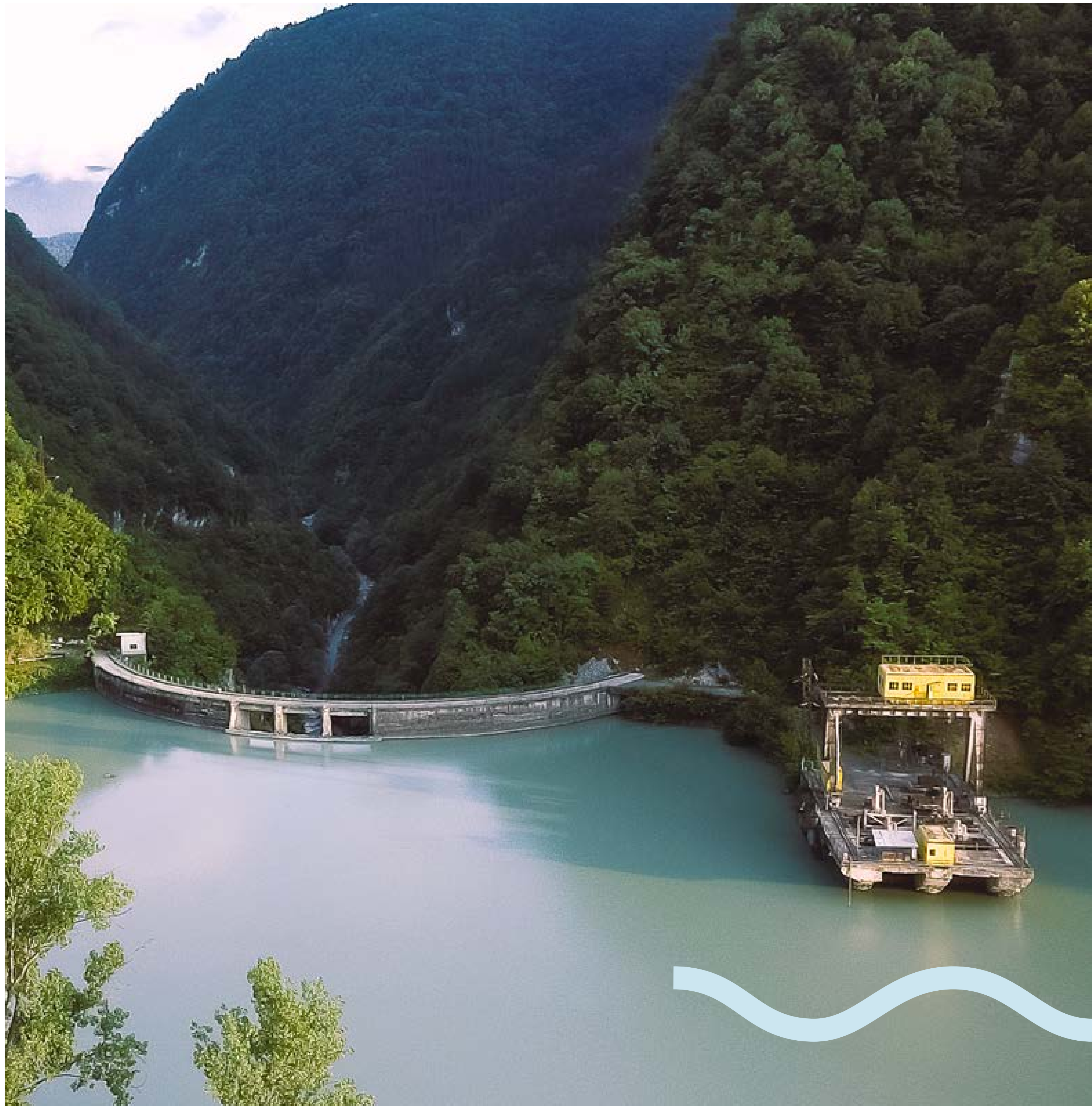
5. ORGANISATIONAL STRUCTURE OF ENERGO-PRO GROUP



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

Ownership interests are 100% unless stated otherwise.

Source: Company information as of 31 December 2023



6. CONTACT DETAILS

ENERGO - PRO a.s. HEADQUARTERS PRAGUE OFFICE

Na Poříčí 1079/3a
110 00 Praha 1
Czech Republic
Phone: +420 222 310 245
E-mail: info@energo-pro.com
Web: **www.energo-pro.com**

ENERGO-PRO VARNA EAD

Varna Towers, Tower G
258, Vladislav Varnenchik Bul.
9009 Varna
Bulgaria
Customer service:
Call center: 0700 161 61
E-mail: service@energo-pro.bg
Web: **www.energo-pro.bg**

ENERGO-PRO BULGARIA EAD

Perform Business Center
2, Pozitano Sq., fl. 5
1000 Sofia
Bulgaria
Phone: +359 2 981 7050
E-mail: bulgaria@energo-pro.com
Web: **www.energo-pro.com**

ENERGO-PRO GEORGIA HOLDING JSC

24 Zurab Anjaparidze Str.
0186 Tbilisi
Georgia
Phone: +995 53 2319 800
E-mail: info@energo-pro.ge
Web: **www.energo-pro.ge**

RESADIYE HAMZALI ELEKTRIK ÜRETIM SANAYI VE TICARET A.Ş.

Besa Kule, Çukurambar Mah. 1480
Sokak No:2 Kat:12
Çankaya/Ankara 06530
Türkiye
Phone: +90 312 468 00 57
E-mail: turkey@energo-pro.com
Web: **www.energo-pro.com.tr**

XALLAS ELECTRICIDAD Y ALEACIONES S.A.U.

Calle Diego de León, 59
280 06 Madrid
Spain
Phone: +34 981 706 300
E-mail: info@energo-pro.com
Web: **www.xeal.es**

ENERGO-PRO COLOMBIA S.A.S.

Cra 43A #1Sur-50, Oficina 705
Edificio Cross, Medellin
Antioquia
Colombia
Phone: +57 304 6802051
E-mail: info@energo-pro.com
Web: **www.energo-pro.com**

ENERGO-PRO SWISS GMBH

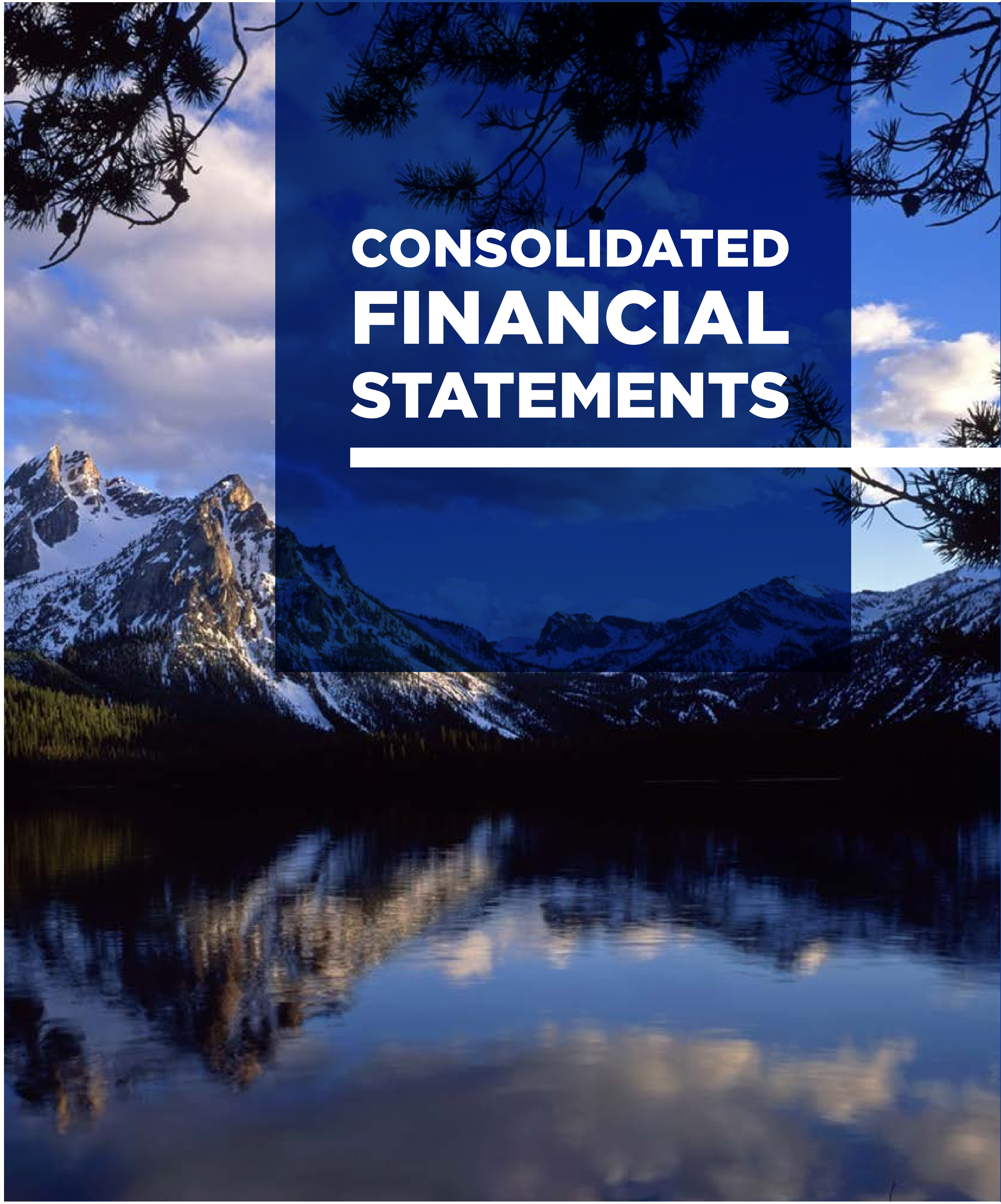
Zürcherstrasse 15
5400 Baden
Switzerland
Phone: + 41 56 544 35 31
E-mail: info@energo-pro.com
Web: **www.energo-pro.com**

ENERGO PRO BRAZIL LTDA.

Rua Itacema 65, Apt. 18
Sao Paolo
Brazil
Phone: + 55 11 99986 1810
E-mail: info@energo-pro.com
Web: **www.energo-pro.com**

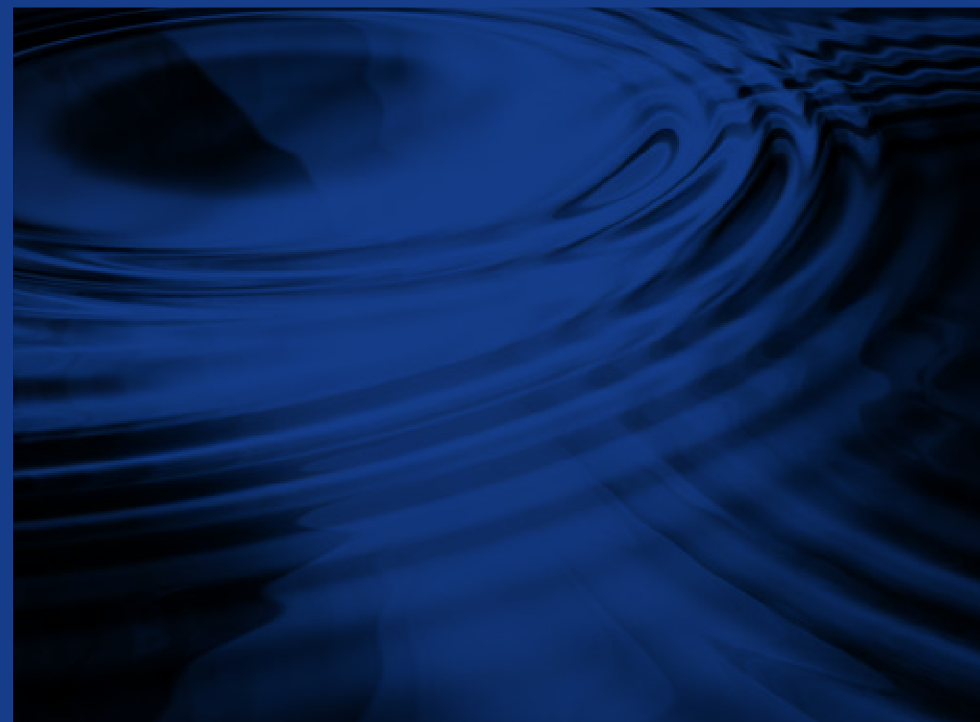
OPPA JSC

15 Al. Kazbegi Ave.
0160 Tbilisi
Georgia
Phone: +995 32 2244 500
E-mail: info@oppa.ge
Web: **www.oppa.ge**



CONSOLIDATED FINANCIAL STATEMENTS

7



CONTENTS

7. ENERGO - PRO A.S. CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2023

(EUR'000)	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	724,365	595,591
Prepayments for property, plant and equipment	6	3,206	5,323
Goodwill	7	283,808	63,615
Other intangible assets	8	34,522	23,226
Non-current financial assets	10	14,061	14,560
Deferred tax assets		21,436	12,110
Non-current portion of issued loans	9	596,062	417,200
Other non-current assets		217	984
Total non-current assets		**1,677,677**	**1,132,609**
Current assets			
Inventories	11	41,666	22,691
Trade and other receivables	12	149,869	148,567
Current income tax asset		1,283	1,762
Current portion of issued loans	9	26,506	10,144
Contract assets		39,014	65,009
Cash and cash equivalents	13	120,906	80,554
Other current assets	14	34,280	55,829
Total current assets		**413,524**	**384,556**
Total assets		**2,091,201**	**1,517,165**
EQUITY			
Authorised share capital	15	3,569	3,569
Translation reserve		(14,114)	(11,129)
Retained earnings	16	882,934	636,187
Equity attributable to the company's owners		**872,389**	**628,627**
Non-controlling interest		27,678	24,410
Total equity		**900,067**	**653,037**

ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

(EUR'000)	Note	31 December 2023	31 December 2022
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	27	9,739	3,042
Non-current portion of provisions	19	9,694	8,789
Non-current portion of borrowings	20	930,165	658,805
Non-current financial liabilities	17	2,379	1,923
Other non-current liabilities	18	5,352	5,407
Total non-current liabilities		**957,329**	**677,966**
Current liabilities			
Current portion of provisions	19	16,576	7,154
Trade and other payables	21	135,463	111,555
Income tax payable		2,870	1,986
Current portion of borrowings	20	23,987	24,694
Contract liabilities		19,973	18,216
Other current liabilities	22	34,936	22,557
Total current liabilities		**233,805**	**186,162**
Total liabilities		**1,191,134**	**864,128**
Total liabilities and equity		**2,091,201**	**1,517,165**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(EUR'000)	Note	1 January - 31 December 2023	1 January - 31 December 2022
Revenue			
Sales of electricity in local markets		1,018,545	1,487,212
Grid components of electricity sales price		184,639	168,950
Services and other		66,156	64,754
Total revenue		**1,269,340**	**1,720,916**
Other income	26	18,731	5,737
Changes in inventory of products and in work in progress		(488)	(402)
Purchased power		(660,080)	(1,167,280)
Service expenses	23	(112,595)	(109,064)
Labour costs		(118,840)	(87,007)
Material expenses		(15,287)	(15,022)
Tax expenses		(33,734)	(9,639)
Other operating expenses	24	(24,284)	(30,418)
Earnings before financial expenses, taxes, depreciation and amortisation (EBITDA)[1]		**322,763**	**307,821**
Depreciation, amortisation and impairment losses	6,7,8	(58,320)	(53,934)
Earnings before financial expenses and taxes (EBIT)		**264,443**	**253,887**
Finance income	25	50,241	19,107
Finance costs	25	(57,863)	(79,517)
Finance costs – net		**(7,622)**	**(60,410)**
Income before income tax (EBT)		**256,821**	**193,477**
Income tax	27	(13,198)	(11,960)
Deferred taxes	27	6,935	4,961
Total income tax expense		**(6,263)**	**(6,999)**

[1] 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.

ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

(EUR'000)	Note	1 January - 31 December 2023	1 January - 31 December 2022
Profit/(loss) for the period		**250,558**	**186,478**
Profit/(loss) attributable to:			
- Owners of the company		247,259	184,221
- Non-controlling interest		3,299	2,257
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(2,985)	63,294
Items that will not be reclassified to profit or loss:			
Actuarial loss		-	-
Gross amount		(640)	(389)
Tax effect		-	-
Net amount		(640)	(389)
Other comprehensive income/(loss)		**(3,625)**	**62,905**
Total comprehensive income/(loss)		**246,933**	**249,383**
Total comprehensive income attributable to:			
- Owners of the company		243,665	247,140
- Non-controlling interest		3,268	2,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity attributable to the Company's owners					
(EUR'000)	Authorised ("Unpaid") share capital	Translation reserve	Retained earnings & Other reserves	Total equity without non-controlling interest	Non-controlling interest	Total equity
1 January 2022	**3,569**	**(74,460)**	**452,458**	**381,567**	**22,167**	**403,734**
Net income for the period	-	-	184,221	184,221	2,257	186,478
Other comprehensive income	-	63,294	(375)	62,919	(14)	62,905
Comprehensive income for the period	-	63,294	183,846	247,140	2,243	249,383
Other changes in equity	-	37	(117)	(80)	-	(80)
31 December 2022	**3,569**	**(11,129)**	**636,187**	**628,627**	**24,410**	**653,037**
1 January 2023	**3,569**	**(11,129)**	**636,187**	**628,627**	**24,410**	**653,037**
Net income for the period	-	-	247,259	247,259	3,299	250,558
Other comprehensive income	-	(2,985)	(609)	(3,594)	(31)	(3,625)
Comprehensive income for the period	-	(2,985)	246,650	243,665	3,268	246,933
Other changes in equity	-	-	97	97	-	97
31 December 2023	**3,569**	**(14,114)**	**882,934**	**872,389**	**27,678**	**900,067**

ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

ENERGO - PRO a.s.
CONSOLIDATED STATEMENT OF CASH-FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH-FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(EUR'000)	Note	1 January – 31 December 2023	1 January – 31 December 2022
Profit/(loss) before income tax		**256,821**	**193,477**
Adjusted for:			
Depreciation, amortisation and impairment losses	6,8	58,320	53,934
Unrealised currency translation losses/(gains)		(8,636)	30,297
Interest income	25	(46,512)	(17,187)
Interest expenses	25	54,624	47,797
Changes in provisions and impairment		4,918	4,271
Assets granted free of charge		(5,293)	(499)
Inventory surplus		(47)	(107)
(Gain)/Loss on disposal of property, plant and equipment		1,658	1,687
Inventory obsolescence expense		3,976	2,246
Other changes - difference in rate of exchange etc.		(2,201)	(1,572)
Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities		**317,628**	**314,344**
Movements in working capital			
Decrease/(increase) in inventories	11	(3,875)	(3,637)
Decrease/(increase) in trade accounts receivable	12	21,744	1,000
Decrease/(increase) in other current assets	14	21,633	8,535
Increase/(decrease) in trade and other payables	21	(10,775)	(32,140)
Increase/(decrease) in other current liabilities	22	3,361	688
Cash (outflow)/inflow from operating activities before interest income received, interest expense paid and income tax paid		**349,716**	**288,790**
Interest received		2,436	166
Income tax paid	27	(15,818)	(14,414)
Net cash (outflow)/inflow from operating activities		**336,334**	**274,542**

(EUR'000)	Note	1 January – 31 December 2023	1 January – 31 December 2022
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash of entities acquired (-), Disposal of subsidiaries, Net of cash of entities disposed		(283,949)	(8,837)
Purchases of property, plant and equipment and Intangible assets	6,8	(102,230)	(96,310)
Loans granted	9	(159,037)	(66,843)
Loans repaid	9	6,286	514
Net cash (outflow)/inflow from investing activities		**(538,930)**	**(171,476)**
Cash flows from financing activities			
Proceeds from borrowings	20	1,414,358	2,414,440
Repayment of borrowings	20	(1,431,182)	(2,452,568)
Issued bonds	20	581,399	379,482
Repayment of issued bonds	20	(250,000)	(370,000)
Fees related to issued bonds	20	(33,169)	(4,543)
Interest paid		(49,235)	(32,875)
Dividends paid to non-controlling interest		-	-
Dividends paid to the shareholders of the parent company		-	-
Net cash (used in)/provided in financing activities		**232,171**	**(66,064)**
Net increase/(decrease) in cash and cash equivalents		**29,575**	**37,002**
Cash and cash equivalents at the beginning of the period	13	**80,554**	**34,216**
Effect of exchange rate on changes on Cash and Cash equivalents		10,777	9,336
Cash and cash equivalents at the end of the period	13	**120,906**	**80,554**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ENERGO-PRO GROUP AND ITS OPERATIONS

ENERGO - PRO a.s. ("EPas") is a joint-stock company ("the Company") established on 23 March 1995. The registered address is Na Poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic, and the identification number of EPas is 63217783. The main activities of the ENERGO - PRO a.s. are power generation from hydro power plants ("HPPs"), electricity distribution and power trading. The ultimate holder of 100% of ENERGO - PRO a.s. shares is the entity DK Holding Investments, s.r.o. ("DKHI") which is wholly owned by Mr. Jaromír Tesař. Full organizational structure of EPas and its subsidiaries as of 31 December 2023 is available in Chapter 5 of this annual report.

EPas is the parent company of the group of companies ("the EP Group" or "the Group"), which comprises the following entities and their subsidiaries consolidated in these financial statements as of 31 December 2023 and for the year ended 31 December 2023:

Name	Segment (Note 33)	Location	Ownership interest
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 Şanyi 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%
Xallas Electricidad y Aleaciones S.A.U. (Note 30)	Generation; Other	Spain	100%
Feroe Ventures & Investments S.L.U. (Note 30)	Not consolidated	Spain	100%

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The Group comprised the following entities and their subsidiaries consolidated in the financial statements as of 31 December 2022 and for the year ended 31 December 2022:

Name	Segment (Note 33)	Location	Ownership interest
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 Şanyi 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%

The number of employees of the Group as of 31 December 2023 and 31 December 2022 was 9,680 and 9,204 respectively.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

LIST OF GROUP´S POWER PLANTS AS OF 31 DECEMBER 2023 IS AS FOLLOWS:

Hydropower plants	Installed capacity (MW)
Bulgaria:	
Koprinka	7
Stara Zagora	22
Popina Laka	22
Lilyanovo	20
Sandanski	14
Petrohan	8
Barzia	6
Klisura	4
Pirin	22
Spanchevo	28
Karlukovo	2
Ogosta	5
Katunci	3
Samoranovo	3
Total Bulgaria	**166**
Spain:	
Fervenza I	4
Fervenza II	6
Ponte Olveira I	3
Ponte Olveira II	6
Novo Castrelo	6
Castrelo	29
Santa Uxia I	49
Santa Uxia II	49
Novo Pindo	10
Carantoña	5
Total Spain	**167**

Hydropower plants	Installed capacity (MW)
Türkiye:	
Resadiye I	16
Resadiye II	26
Resadiye III	22
Hamzali	17
Aralik	12
Total Türkiye	**93**
Georgia:	
Atsi	18
Rioni	54
Lajanuri	116
Gumati I	48
Gumati II	23
Shaori	40
Dzevrula	80
Satskhenisi	14
Ortachala	18
Sioni	9
Martkopi	4
Chitakhevi	21
Zahesi	39
Chkhori	6
Kinkisha	1
Total Georgia hydropower plants	**491**
Georgia:	
Gardabani Gas Power Plant (TPP)	110
Total Georgia gas-fired power plant	**110**
Total hydropower plants	**917**
Total gas-fired power plant	**110**
Total hydro + gas-fired power plants	**1,027**

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:

		EPGH's ownership interest	
Name	Location	31 December 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.

The number of employees of EPGH (including all its subsidiaries) as of 31 December 2023 and 31 December 2022 was 6,297 and 6,069, respectively.

JSC Energo - Pro Georgia ("EPG") was incorporated on 31 July 2006 and is domiciled in Georgia. EPG is a joint-stock company limited by shares and was set up in accordance with the Georgian legislation. On 5 February 2007, EPG signed an agreement with the Government of Georgia for the purchase of the assets of the hydro power plants and electricity distribution companies and obtained 100% control over the assets of United Energy Distribution Company, Adjara Energy Distribution Company and six hydro power plants in Georgia. The investment project of the Group in Georgia was implemented with the financial support of the Czech Export Bank (a state-owned Czech financial institution which is specialized in providing support for export activities and foreign investments of Czech companies) until the issuance of the bonds in 2017. EPG operates electricity distribution business. According to the requirements of the new Law on Energy and Water Supply, the distribution system operator carried out second step to legal unbundling by 16 April 2021 and separated distribution activities from supply business activities (until 1 July 2021 EPG conducted both distribution and supply activities to its end customers). EPG's principal business activity is the distribution of electricity to more than one million customers. EPG's distribution network covers 85% of the territory of Georgia except for the capital city Tbilisi and regions, temporarily not controlled by the Government of Georgia. 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 established on 14 May 2021 to carry out supply activities as a result of the legal unbundling of distribution and supply activities of EP Georgia. Pursuant to the decision of Government of Georgia dated 25 May 2021, EP Georgia Supply was nominated to carry out public service obligations ("PSO") from 1 July 2021 until 1 January 2023, which was further extended to 1 January 2025. PSO is an obligation imposed on an energy company by the Law on Energy and Water Supply to provide a service of general interest. EP Georgia Supply provides electricity to regulated customers within the territory of EP Georgia's network. EP Georgia Supply is also nominated as "supplier of last resort" until 1 January 2025 which obliges EP Georgia Supply to provide electricity to those customers who either: (i) do not have an electricity supplier; or (ii) were purchasing electricity on the free market but their electricity supplier has subsequently left the free market. EPGS's registered address is Zurab Anjaparidze st. 24, 0186 Tbilisi, Georgia.

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

		EPGG's ownership interest	
Name	Location	31 December 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.

JSC OPPA ("OPPA")

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

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

Teso Tech Solution JSC was established as a subsidiary company of OPPA in September 2018. In fourth quarter of 2023, the entity changed its name from OPPA Commerce JSC to Teso Tech Solution JSC. Its main activity is optimization of commercial activities of OPPA. The registered address of Teso Tech Solution JSC is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia. OPPA's registered address is 15 Al. Kazbegi Ave., 0160 Tbilisi, Georgia.

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

The number of employees of OPPA (including all its subsidiaries) as of 31 December 2023 and 31 December 2022 was 356 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, according to the Bulgarian Sustainable Energy Development Agency. Presently, EPB owns and operates fourteen HPPs. Ten of the plants are united in four cascades - Sandanska Bistritsa Cascade, Pirinska Bistritsa Cascade, Koprinka Cascade and Petrohan Cascade. The registered address of the company is Floor 5, 2 Pozitano Sq., p.b. 1000 Sofia, Bulgaria. EPB is the parent company of the following entities:

		EPB's ownership interest	
Name	Location	31 December 2023	31 December 2022
Pirinska Bistritsa Energia AD	Bulgaria	100%	100%

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

The number of employees of EPB (including all its subsidiaries) as of 31 December 2023 and 31 December 2022 was 114 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:

		EPV's ownership interest	
Name	Location	31 December 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%
Energo-Pro Solar 1 EOOD	Bulgaria	100%	100%
Tierra del Sol 002 EOOD	Bulgaria	100%	100%
Sunny Land 003 EOOD	Bulgaria	100%	100%
Energo-Pro Solar Park 1 EOOD	Bulgaria	100%	100%
ZEUS 007 EOOD	Bulgaria	100%	100%
FreeSol EOOD	Bulgaria	100%	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 license L-138-07/13.08.2004, issued by the Energy and Water Regulations Commission ("EWRC") - for the activity distribution of electricity, amended by Decision No I3-L-138 / 09.12.2013, with the rights and obligations deriving from the activity of "Coordinator of special balancing group for compensation of losses in the distribution network".

ENERGO-PRO Sales AD ("EPS") is registered in the Trade Register to the Registration Agency with 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 20139887 with its permanent address 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 holds a license to trade in electricity issued by EWRC that is valid until 2031. The license also gives EP Energy Services certain rights and imposes on it certain obligations related to its role as "standard balancing group coordinator" and "combined balancing group coordinator". The license is not restricted to a certain territory in Bulgaria. The license enables EP Energy Services to buy and sell electricity at freely negotiated prices and to supply electricity to end customers across Bulgaria.

Energo-Pro 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. Energo-Pro Solar 1 EOOD is engaged in the development of photovoltaic projects.

Tierra del Sol 002 EOOD (previous name: DES 002 EOOD) is registered in October 2021 in the Commercial Register to the Registration Agency with 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.

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

ZEUS 007 EOOD is registered in October 2021 in the Commercial Register to the Registration Agency with 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 UIK 206811353, with permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. FreeSol EOOD is engaged in the development of photovoltaic projects.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The number of employees of EPV (including all its subsidiaries) as of 31 December 2023 and 31 December 2022 was 2,472 and 2,467, respectively.

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

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

		EP TK Holding's ownership interest	
Name	**Location**	**31 December 2023**	**31 December 2022**
Reşadiye Hamzali Elektrik Üretim Sanayi ve Ticaret A.Ş.	Türkiye	100%	100%
ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş.	Türkiye	100%	100%

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

ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş. ("EPToptan") EPToptan was registered on 19 February 2010. The registered address of EPToptan is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. EP Toptan's activities are focused on wholesale electricity trading and the import and export of electricity.

The number of employees of EP Turkey Holding (including all its subsidiaries) as of 31 December 2023 and 31 December 2022 was 113 and 114, respectively.

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

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

The number of employees of EPInsaat as of 31 December 2023 and 31 December 2022 was 0 and 1, respectively.

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

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

The number of employees of MGW as of 31 December 2023 and 31 December 2022 was 36 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. EP Colombia is the parent company in the following entities:

		EP Colombia's ownership interest	
Name	Location	31 December 2023	31 December 2022
Generadora Chorreritas S.A.S. E.S.P.	Colombia	100%	100%
Hidroelectrica 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). In 2022, the project achieved the Ready to Build (RTB) status, having obtained all the necessary permits and designs. Construction started in first quarter of 2023.

Hidroelectrica Sabanas S.A.S. ("Sabanas") with registration number: NIT 901.038.749-0 is a commercial company of the Simplified Share type, with the registered address of Carrera 43 A # 1 sur – 50 CROSS Business Center, Office 705, 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 (Urrao, 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 Cuerquia 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 31 December 2023 and 31 December 2022 was 25 and 9, respectively.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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, and it also acts as the Group's hydropower engineer.
The number of employees of EP Swiss as of 31 December 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 Poříčí 1079/3, Nové Město, 110 00 Praha 1, Czech Republic. TDP's business activity is a special purpose vehicle which owns a land plot in Prague and is engaged in development of a residential real estate project. TDP had no employees as of 31 December 2023 and 31 December 2022.

ENERGO-PRO BRAZIL LTDA. ("EP BRAZIL")

EP Brazil is a limited liability company established on 17 August 2023 and the registered office of which is located at Rua Itacema 65, Itaim Bibi, São Paulo/SP – Brazil, CEP 04560-050 1. EP Brazil's main activity is identification of suitable hydropower assets in the country. EP Brazil had no employees as of 31 December 2023.

XALLAS ELECTRICIDAD Y ALEACIONES, S.A.U. ("XEAL")

On 4 October 2023, the Company completed the acquisition of a 100% equity interest in Xeal. Xeal owns and operates a portfolio of 10 HPPs on the river Xallas and Grande in the region of Galicia, Spain. The registered office of Xeal is Calle Diego de Leon, 59, Madrid, Spain. Total installed capacity of these HPPs is 167 MW. In addition, Xeal owns and operates two ferroalloy plants, Cee and Dumbria, with capacity of 138,000 tons (three modern furnaces) and 77,000 tons (two modern furnaces), respectively.
The number of employees of Xeal as of 31 December 2023 was 230.

FEROE VENTURES & INVESTMENTS, S.L.U. ("FEROE")

On 4 October 2023, the Company completed the acquisition of a 100% equity interest in Feroe. The registered office of Feroe is Calle Diego de Leon, 59, Madrid, Spain. Feroe is, as of date of these financial statements, applying for a new water concession at Santa Uxia dam (Xallas river) for a pumped-storage facility in Mazaricos, Galicia. The project involves the construction of a reversible pumped storage hydropower plant in Monte da Ruña, located next to the Santa Uxía Dam.

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

		EPC's ownership interest	
Name	Location	31 December 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 Litoměřice on the Labe river in the Czech Republic.

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

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

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

		EPTD's ownership interest	
Name	Location	31 December 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:

		EPHD's ownership interest	
Name	Location	31 December 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 Litostroj Hydro Inc. 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:

		LTH US's ownership interest	
Name	Location	31 December 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.

Litostroj Hydro Inc. ("LHI") is a limited liability company established in Canada. The registered address of the company is Rue de Pacifiquie 45, Bromont, Quebec, Canada. The company monitors the situation on the local market, promotes products, prepares offers and deals with subcontractors.

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 Technická 3029, Královo pole, 616 00, Brno, 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 with long tradition in the research, development, supply and other services for the hydroelectric equipment.

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.

PT ENERGO PRO INDONESIA ("EP INDONESIA")

EP Indonesia is a joint-stock company established on 15 August 2018 with registered address of Jl. Raya Karang Congok No. 8 Kel. Karang Satria, Indonesia. The company's main activity is investigation of the new hydropower project possibilities in the territory. As of 31 December 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 were repaid in fourth quarter of the year 2023.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

AGRO LAND LEASE S.R.O.

AGRO Land Lease s.r.o. is a limited liability company established on 14 September 2023 with registered address of Na Poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic, identification number of the company is 19728395. The main activity of AGRO Land Lease s.r.o. is the rental of agricultural real estate.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1.3 RELATED PARTIES OWNED DIRECTLY BY THE ULTIMATE OWNER

TERESTRA-BULGARIA EOOD ("TERESTRA")

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

Terestra is the parent company of the following entity:

		Terestra's ownership interest	
Name	**Location**	**31 December 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.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards, adopted by the European Union (IFRS, adopted by EU). The reporting framework "IFRS, adopted by the EU" is essentially the defined national accounting basis IAS adopted by the EU, regulated by the Accounting Act and defined in point 8 of its Additional Provisions. The financial statements are drawn in conformity with the principles of historical price. The preparation of the consolidated financial statements in compliance with IFRS requires implementation of concrete accounting estimates. It also requires that the Management use its own assessment during the implementation of the Group's accounting policies. The elements of the financial statements, whose presentation includes higher-degree subjective assessment or complexity, as well as those elements, for which the suppositions and estimations have a considerable impact on the financial statements as a whole, are separately disclosed in Note 3. Management of the Group has complied with all standards and interpretations that are applicable to its activities and officially adopted for use by the EU at the date of preparation of these financial statements. Management has reviewed the enforced from 1 January 2023 changes to the existing accounting standards and believes that they do not require significant changes to the application in the current year accounting policy.

GOING CONCERN

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

MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE

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 exposure to related parties and/or key customers or suppliers from those countries. The Group's management considered the potential effects of the invasion on its activities and business and concluded that there is no material effect given that the Group has insignificant relations with these countries.

CONSOLIDATED FINANCIAL STATEMENTS

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

APPLICATION OF IAS 29

'Financial Reporting in Hyperinflationary Economies' 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 2023 and as fo 31 December 2022 was EPInsaat. In view of the contribution of EPInsaat to the activities of the Group, based on an external study, the Management of the Group has assessed and concluded that the impact of IAS 29 to be immaterial and for these consolidated financial statements for the year ended, and as of 31 December 2023 and 31 December 2022 have therefore not been applied. Subsequent to the year ending 31 December 2023, the Group anticipates the application of IAS 29 for the year 2024, in relation to our recent acquisition of the Alpaslan II Dam and HPP in Türkiye.

PURCHASES AND SALES OF NON-CONTROLLING INTERESTS

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

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

INITIAL RECOGNITION AND DERECOGNITION OF FINANCIAL INSTRUMENTS

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

DE-RECOGNITION OF FINANCIAL ASSETS

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

IMPAIRMENT OF FINANCIAL ASSETS CARRIED AT AMORTISED COST

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

General approach:

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

Simplified approach:

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

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

OFFSETTING

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

PROPERTY, PLANT AND EQUIPMENT ("PPE")

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

DEPRECIATION

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

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

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

LEASES

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

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

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

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

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

LEASE LIABILITIES

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

Short-term leases and leases of low-value assets

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

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

LEASES PREVIOUSLY ACCOUNTED FOR AS OPERATING LEASES

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

The Group also applied the available practical expedients wherein it:

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

IFRS 16 was adopted by the EU on 31 October 2017 and enters into force on 1 January 2019. The Group has applied a simplified retrospective approach without adjustments for prior periods. As the Group has operating leases, in the capacity of a lessee, in connection with IFRS 16, as of 31 December 2023, the Group reported right of use assets in the amount of EUR 10,369 thousand (31 December 2022: EUR 8,538 thousand). An average interest rate of 9.45% as of 31 December 2023 was used for the calculation (31 December 2022: 4.68%). The Group does not present lease liabilities separately in the statement of financial position, the lease liabilities are disclosed in the following notes of these in the statement of financial position include those liabilities:

(EUR'000)	31 December 2023	31 December 2022
Non-Current Financial Liabilities (Note 17)	1,878	1,334
Other Current Liabilities (Note 22)	625	472
Total lease liabilities	**2,503**	**1,806**

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:

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

UNCERTAIN TAX POSITIONS

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

INVENTORIES

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

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

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

Inventories are stated at the lower of cost and net realizable value. Cost at consumption/ writing-offs is determined using the "weighted average" method. Net realizable value is equal to the estimated selling price in the ordinary course of business, less direct sale.

CO_2 emission rights accounting treatment is described in detail in the Note 11 Inventories.

TRADE AND OTHER RECEIVABLES

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

CONTRACT ASSET

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

CONTRACT LIABILITIES

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

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

PREPAYMENTS

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

CASH AND CASH EQUIVALENTS

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

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

SHARE CAPITAL

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

DIVIDENDS

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

DIVIDEND DISTRIBUTION

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

VALUE ADDED TAX

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

BORROWINGS

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

CAPITALISATION OF BORROWING COSTS

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

PROVISIONS

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

TRADE AND OTHER PAYABLES

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

GOVERNMENT GRANTS

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

RELATED PARTIES

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

FOREIGN CURRENCY TRANSLATION

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

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

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

ROUNDING OF AMOUNTS

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

REVENUE RECOGNITION

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

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

(b) Revenue from sales of services
Revenue from sales of services compromise of the following services:

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

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

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

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

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

d) Revenue from customer contracts
Revenues are broken down into operating and financial revenues. Revenue from contracts with customers is recognised in the income statement on the basis of the provisions of the individual sales contract with the customer upon transfer of control of the product and service to the customer in an amount that reflects compensation for

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

which the company and the group considers eligible for such products and services. A five-step model is used to recognise revenue from contracts with customers:

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

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

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

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

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

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

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

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

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

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

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

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

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 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

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

RETIREMENT BENEFIT OBLIGATIONS

The present value of the retirement benefit obligations in income depends on several factors, which are defined on the basis of actuarial valuation, using different assessments such as number of salaries defined in Collective labour agreement, their increase and other. Estimates used to determine the net expense/ (income) for the benefits at retirement include the discount factor. Any change in these estimates will affect the carrying amount of retirement benefits obligations. At the end of each year, the Group determines appropriate discount factor. This the interest rate should be used to determine the present value of estimated future outflows needed to meet the obligations of such benefits. In determining the appropriate discount factor, the Group takes into account the rate of government bonds ("GB") with 10-year maturity, issued by the local governments, denominated in the currency in which the income would be paid and terms to maturity similar to the terms of the obligations under the pension income. Since the average retirement term is longer than 10 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 significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of 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).

JOINTLY CONTROLLED TRANSACTIONS INVOLVING THE SALE OF SHARES IN ASSOCIATES

Based on the discussions of the Interpretations Committee, the Group's Management believes that there are two possible approaches to accounting for the acquisition of an investment in an associate by a jointly controlled entity in applying the equity method. As IAS 28 is not clear, the recipient entity has a choice of accounting policy between:

- **Acquisition method** - the requirements of IAS 28 apply, as the acquisition of an interest in an associate or joint venture by an entity under common control is not excluded from the scope of the standard. The recipient / investor compares the cost of the investment with its share of the net fair value of the assets and liabilities in which it is invested at the acquisition date to identify any goodwill or gain on the transaction. Goodwill is included in the carrying amount of the investment.
- **Method of pooling interests** - by analogy, the exclusion from the scope of IFRS 3 of business combinations under common control and the acquisition of an interest in an associate or joint venture by an entity under common control applies. This is based on the fact that IAS 28 states that the concepts applied to accounting for acquisitions of investments in associates or joint ventures are similar to those applied to acquisitions of subsidiaries. The receiving entity / investor may recognize the investment in the associate or joint venture at the carrying amount recognized in equity of its predecessor at the acquisition date. Any difference between this amount and the remuneration given is reported as equity or distribution.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2023. 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 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 discretional 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)

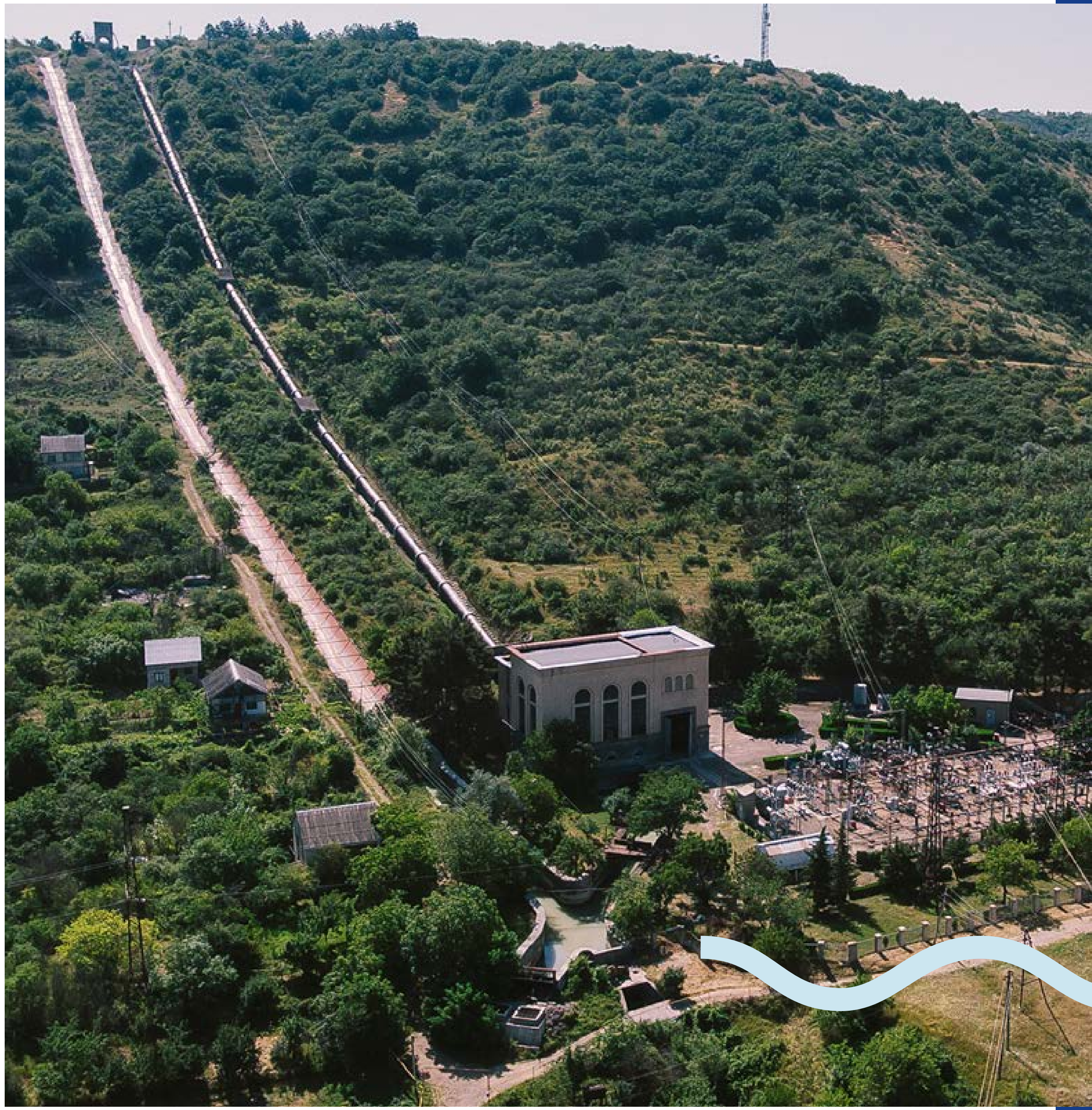
The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, 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.



ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 31 December 2023, the outstanding balances with related parties were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Current portion of issued loans	-	13,645
Non-current portion of issued loans (Note 34)	574,500	21,562
of which: Principal	*468,424*	*15,838*
of which: Interest	*106,076*	*5,724*
Prepayments for property, plant and equipment	-	2,664
Non-current financial fixed assets	-	11,124
Trade and other receivables	969	54,558
Inventories	-	165
Other current assets	21,700	202
Non-current financial liabilities	-	178
Other non-current liabilities	-	1,346
Trade and other payables	-	208
Other current liabilities	-	1,168

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

(EUR'000)	Shareholders	Entities under common control (i)
Sales - services and other	12	9,265
Other income	-	15
Services expenses	-	(55)
Materials expenses	-	(1,288)
Other operating expenses	-	(56)
Interest income	42,405	3,566
Interest costs	-	(8)

As at 31 December 2022, the outstanding balances with related parties were as follows:

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

As at 31 December 2022, the outstanding balances with related parties were as follows:

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

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

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

(EUR'000)	Land and Buildings	Technical plant and machinery	Other plant, furniture and fixtures	Assets under construction	Right of use	Other fixed assets	Total
Cost or valuation							
1 January 2023	**123,075**	**842,489**	**31,870**	**60,331**	**8,538**	**21,513**	**1,087,816**
Reclassification	(2,946)	(325)	(34)	(282)	75	37	(3,475)
Additions	1,058	21,562	4,270	87,921	2,424	3,001	120,236
Transfers	3,249	67,658	1,838	(73,472)	-	727	-
Disposals	(196)	(10,394)	(2,039)	-	(526)	(237)	(13,392)
Acquisition of subsidiaries (Note 30)	25,456	209,836	-	9,467	-	-	244,759
Difference in rate of exchange	(2,338)	(17,931)	(1,077)	86	(142)	(152)	(21,554)
31 December 2023	**147,358**	**1,112,896**	**34,828**	**84,051**	**10,369**	**24,889**	**1,414,391**
Accumulated depreciation							
1 January 2023	**(44,970)**	**(412,821)**	**(18,015)**	**(37)**	**(4,878)**	**(11,504)**	**(492,225)**
Reclassification	(143)	130	26	-	-	(2)	11
Charge for the year	(3,265)	(45,714)	(2,978)	(7)	(1,577)	(3,139)	(56,680)
Disposals	64	9,763	1,510	-	219	178	11,734
Impairment loss (-)/ Reversal of impairment (+)	9	-	-	-	-	-	9
Acquisition of subsidiaries (Note 30)	(5,365)	(155,619)	-	-	-	-	(160,984)
Difference in rate of exchange	925	6,485	559	2	91	47	8,109
31 December 2023	**(52,745)**	**(597,776)**	**(18,898)**	**(42)**	**(6,145)**	**(14,420)**	**(690,026)**
Net book value							
31 December 2023	**94,613**	**515,120**	**15,930**	**84,009**	**4,224**	**10,469**	**724,365**

(EUR'000)	Land and Buildings	Technical plant and machinery	Other plant, furniture and fixtures	Assets under construction	Right of use	Other fixed assets	Total
Cost or valuation							
1 January 2022	**88,040**	**706,494**	**18,186**	**41,819**	**7,446**	**19,202**	**881,187**
Reclassification	5,154	(2,552)	4,401	128	(162)	(4,810)	2,159
Additions	8,013	12,996	4,449	75,902	1,068	4,595	107,023
Transfers	1,919	60,741	1,272	(65,533)	-	1,601	-
Disposals	(25)	(9,625)	(836)	(11)	(285)	(152)	(10,934)
Acquisition of subsidiaries (Note 30)	7,699	(24)	(52)	2,085	-	161	9,869
Difference in rate of exchange	12,275	74,459	4,450	5,941	471	916	98,512
31 December 2022	**123,075**	**842,489**	**31,870**	**60,331**	**8,538**	**21,513**	**1,087,816**
Accumulated depreciation							
1 January 2022	**(34,919)**	**(354,273)**	**(10,661)**	**(9)**	**(3,415)**	**(9,794)**	**(413,071)**
Reclassification	(3,478)	2,945	(2,856)	-	-	1,068	(2,321)
Charge for the year	(2,189)	(42,048)	(2,698)	(19)	(1,456)	(2,783)	(51,193)
Disposals	21	8,282	594	5	214	124	9,240
Impairment loss (-)/ Reversal of impairment (+)	363	-	-	-	-	-	363
Acquisition of subsidiaries (Note 30)	-	10	(1)	-	1	(2)	8
Difference in rate of exchange	(4,768)	(27,737)	(2,393)	(14)	(222)	(117)	(35,251)
31 December 2022	**(44,970)**	**(412,821)**	**(18,015)**	**(37)**	**(4,878)**	**(11,504)**	**(492,225)**
Net book value							
31 December 2022	**78,105**	**429,668**	**13,855**	**60,294**	**3,660**	**10,009**	**595,591**

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 31 December 2023 in the amount of EUR 3,206 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.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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)	Acquisitions / Disposals	Exchange differences	Impairment loss	31 December 2023
XEAL (a)	-	-	225,313	-	-	225,313
EPB (b)	24,849	-	-	-	-	24,849
EPGG (c)	23,908	-	-	(731)	-	23,177
OPPA (d)	5,836	-	-	-	-	5,836
RH (e)	4,334	-	-	(177)	-	4,157
EP Colombia (f)	4,197	(4,197)	-	-	-	-
EPG (g)	491	-	-	(15)	-	476
Carrying amount	**63,615**	**(4,197)**	**225,313**	**(923)**	**-**	**283,808**

(a) XEAL Goodwill (Note 30)

(EUR'000)	31 December 2023
Gross book value at 1 January	-
Accumulated impairment losses at 1 January	-
Carrying amount at 1 January	**-**
Exchange differences	-
Gross book value at 31 December	225,313
Impairment loss	-
Carrying amount at 31 December	**225,313**

ALLOCATION

Total goodwill is provisionally allocated to XEAL as a single CGU that is expected to benefit from the synergies of the respective business combinations. The Company is in the process of preparing a purchase price allocation together with an external valuer. The measurement period will not exceed one year from the acquisition date.

(b) EPB Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	24,849	24,849
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**24,849**	**24,849**
Acquisitions/ Disposals	-	-
Exchange differences	-	-
Gross book value at 31 December	24,849	24,849
Impairment loss	-	-
Carrying amount at 31 December	**24,849**	**24,849**

ALLOCATION

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

IMPAIRMENT TEST

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

	2023	2022
Discount rate	9.90% p.a.	5.95% p.a.
Annual sales growth	1.99% p.a.	1.90% p.a.

(c) EPGG Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	23,908	19,681
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**23,908**	**19,681**
Exchange differences	(731)	4,227
Gross book value at 31 December	23,177	23,908
Impairment loss	-	-
Carrying amount at 31 December	**23,177**	**23,908**

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

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

	2023	2022
Discount rate	15.7% p.a.	15.4% p.a.
Annual sales growth	17.0% p.a.	15.0% p.a.
Annual sales growth beyond three years	1.0% p.a	1.0% p.a.

(d) OPPA Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	5,836	5,836
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**5,836**	**5,836**
Exchange differences	-	-
Gross book value at 31 December	5,836	5,836
Impairment loss	-	-
Carrying amount at 31 December	**5,836**	**5,836**

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

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

	2023	2022
Discount rate	13.8% p.a.	15.1% p.a.
Annual sales growth	3.0% p.a.	3.0% p.a.

(e) RH Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	4,334	4,086
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**4,334**	**4,086**
Exchange differences	(177)	248
Gross book value at 31 December	4,157	4,086
Impairment loss	-	-
Carrying amount at 31 December	**4,157**	**4,334**

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

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

	2023	2022
Discount rate	10.3% p.a.	9.4% p.a.
Annual sales growth	3.0% p.a.	3.0% p.a.
Annual sales growth beyond ten years	1.0% p.a.	1.0% p.a.

(f) EP Colombia Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	4,197	1,396
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**4,197**	**1,396**
Acquisitions / Disposal	-	4,816
Reclassifications (i)	(4,197)	-
Exchange differences	-	(602)
Gross book value at 31 December	-	5,610
Impairment loss	-	(1,413)
Carrying amount at 31 December	**-**	**4,197**

(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 Assets under construction, according to the purchase price allocations within one year from the acquisitions with no material impact to prior year.

(g) EPG Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	491	404
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**491**	**404**
Exchange differences	(15)	87
Gross book value at 31 December	476	404
Impairment loss	-	-
Carrying amount at 31 December	**476**	**491**

ALLOCATION

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

IMPAIRMENT TEST

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

	2023	2022
Discount rate	15.4% p.a	15.4% p.a.
Annual sales growth	1.0% p.a	1.0% p.a.
Annual sales growth beyond three years	1.0% p.a	1.0% p.a.

8. OTHER INTANGIBLE ASSETS

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

(EUR'000)	Electricity generation licenses	Software	Customer list	Assets under construction (i)	Other	Total
Cost or valuation						
1 January 2023	**28,257**	**6,032**	**19,158**	**435**	**2,966**	**56,848**
Reclassification	-	-	-	4,065	132	4,197
Additions	4	276	-	6,293	549	7,122
Transfers	-	116	-	(116)	-	-
Disposals	-	(224)	-	-	(29)	(253)
Acquisition of subsidiaries (Note 30)	2,000	215	-	-	-	2,215
Difference in rate of exchange	(683)	(52)	-	1,820	(28)	1,057
31 December 2023	**29,578**	**6,363**	**19,158**	**12,497**	**3,590**	**71,186**
Accumulated depreciation						
1 January 2023	**(9,794)**	**(3,829)**	**(19,158)**	**-**	**(841)**	**(33,622)**
Reclassification	-	-	-	-	-	-
Charge for the period	(689)	(384)	-	(103)	(464)	(1,640)
Disposals	-	224	-	-	29	253
Impairment loss (-)/Reversal of impairment (+)	-	-	-	-	-	-
Acquisition of subsidiaries (Note 30)	(1,853)	(75)	-	-	-	(1,928)
Difference in rate of exchange	209	44	-	(15)	35	273
31 December 2023	**(12,127)**	**(4,020)**	**(19,158)**	**(118)**	**(1,241)**	**(36,664)**
Net Book Value						
31 December 2023	**17,451**	**2,343**	**-**	**12,379**	**2,349**	**34,522**

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(EUR'000)	Electricity generation licenses	Software	Customer list	Assets under construction (i)	Other	Total
Cost or valuation						
1 January 2022	**27,246**	**5,600**	**19,158**	**44**	**1,527**	**53,575**
Reclassification	15	(232)	-	-	217	-
Additions	24	324	-	435	901	1,684
Transfers	-	44	-	(44)	-	-
Disposals	-	-	-	-	(16)	(16)
Acquisition of subsidiaries (Note 30)	(17)	-	-	-	-	(17)
Difference in rate of exchange	989	296	-	-	337	1,622
31 December 2022	**28,257**	**6,032**	**19,158**	**435**	**2,966**	**56,848**
Accumulated depreciation						
1 January 2022	**(8,806)**	**(3,205)**	**(19,108)**	**-**	**(657)**	**(31,776)**
Reclassification	(20)	(189)	-	-	209	-
Charge for the period	(704)	(267)	(53)	-	(304)	(1,328)
Disposals	-	-	-	-	23	23
Impairment loss (-)/Reversal of impairment (+)	-	-	-	-	-	-
Acquisition of subsidiaries (Note 30)	4	-	-	-	-	4
Difference in rate of exchange	(268)	(168)	3	-	(112)	(545)
31 December 2022	**(9,794)**	**(3,829)**	**(19,158)**	**-**	**(841)**	**(33,622)**
Net Book Value						
31 December 2022	**18,463**	**2,203**	**-**	**435**	**2,125**	**23,226**

(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 as to establish whether there is any indication that an individual asset of the intangible assets may be impaired. If there is any indication that an asset may be impaired, recoverable amount and the impairment loss shall be estimated for the individual asset. The Group has a fully amortized intangible asset that is still in use in the amount of EUR 19,158 thousand as of 31 December 2023 (31 December 2022: EUR 19,158 thousand). As of 31 December 2023, and 31 December 2022, 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)	31 December 2023	31 December 2022
Non-current portion of issued loans:		
Shareholders - DKHI (i) (ii) (Note 34)	574,501	396,653
EP MVE	12,537	11,867
EPI	9,024	8,446
Other	-	234
Total non-current portion of issued loans	**596,062**	**417,200**
Current portion of issued loans:		
Terestra Bulgaria EOOD	12,612	4,656
Other	13,894	5,488
Total current portion of issued loans	**26,506**	**10,144**
Total issued loans	**622,568**	**427,344**

(i) Issued loans to the parent company DKHI include a principal of EUR 468,424 thousand as of 31 December 2023 (31 December 2022: EUR 332,803 thousand).

(ii) Issued loans to the parent company DKHI are carried at amortized cost with the application of the calculation of expected credit losses ("ECL"). The calculated value of ECL was at the amount of EUR 2,848 thousand as of 31 December 2023 (31 December 2022: EUR 1,696 thousand). For the purposes of ECL calculation, the Group used the following most material assumptions for the calculation: Probability of default – "PD" – 0.55%; Loss given by default – "LGD" – 90%. The assumptions were established based on a study that deals with the comparison, according to the assigned rating, of EPas.

Movements in issued loans were as follows:

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
At the beginning of the period	**427,344**	**345,215**
Interest income accrued during the period	45,575	16,221
Loans issued during the period	159,037	66,843
Principal repayments	(6,286)	(514)
Interest received during the period	(2,436)	(166)
Changes in ECL	(1,197)	(1,696)
Exchange rate difference	531	1,441
At the end of the period	**622,568**	**427,344**

10. NON-CURRENT FINANCIAL ASSETS

(EUR'000)	31 December 2023	31 December 2022
Receivable from Bilsev for corporate guarantee fee (i)	11,124	11,916
Investments Fund	2,411	2,108
Other	526	536
Total non-current financial assets	**14,061**	**14,560**

(i) EPas is a guarantor of a loan dated 29 June 2016 between Bilsev and AKBANK Tic A.S. ("Akbank") in the amount of USD 141,000 thousand (EUR 127,602 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 45,249 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)	31 December 2023	31 December 2022
Electrical equipment (i)	14,802	4,727
CO2 emission rights (ii)	5,469	-
Spare parts	4,841	2,286
Work in progress	3,549	-
Ferroalloys Raw Materials	2,520	-
Cables and wires	2,081	2,054
Tools and bolts	1,447	1,391
Inventory related to Paybox Installation	1,340	1,478
Prepayments for inventories	1,285	6,704
Oil and lubricants	763	745
Scrap & Damaged Inventory	398	521
Overalls and special clothes	328	385
Other	2,843	2,400
Total inventories	**41,666**	**22,691**

(i) The increase in the item Electrical equipment is connected to the Solar development projects on EPV.

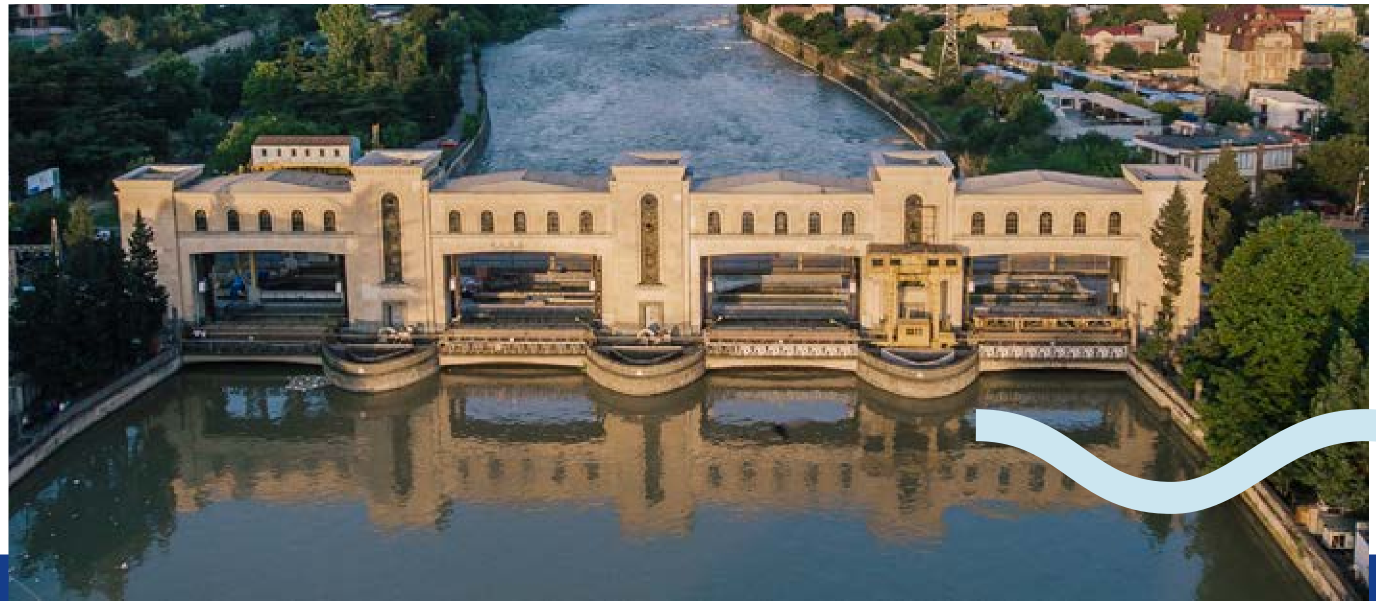
(ii) CO2 emission rights are related to Xeal, which operates two ferroalloy plants, Cee and Dumbria. The company receives yearly a free allocation of CO2 emission rights, based on prior years production level. CO2 emission rights, whether intended to be used in the production process or held for the purpose of sale, are classified as inventories. In the case of emission rights free allowance in accordance with the National Allocation Plan in Spain, under the provisions of Law 1/2007 of 9 March, they are valued at fair value (market price). When received, allocation of rights is booked as inventory and at the same time, a liability for the same amount is recognised as a balancing entry under Other Current Liabilities, net of taxes. At the end of the period, a liability is recorded for the CO2 emitted and liability is reduced in the same amount. At the end of the period, Xeal assesses the market value of the emission rights and level of emission and adjusts the value of the inventory and emission liability. CO2 emission rights expenses are recognised under Other operating expenses in the Income statement and give rise to a corresponding provision for liabilities and charges, which is recognised as Provisions for CO2 emission rights consumption under Current portion of provisions in the balance sheet. This provision will be maintained until such time as Xeal is required to settle the obligation by delivering the corresponding CO2 emission rights. The expenses on CO2 emission rights are accrued as the greenhouse gases are emitted. For the CO2 emission rights allocated free of charge, at the same time as the expense is recognised, the corresponding part of the deferred income account is cancelled, using an operating income account as a balancing entry. In the case of CO2 emission rights swaps and given that the CO2 emission rights held by Xeal are all acquired free of charge, the accounting treatment adopted by Xeal is that corresponding to swaps of a non-trading nature. Xeal derecognises CO2 emission rights delivered at their carrying amount and the value received is recognised at fair value at the time of delivery. The difference between the two valuations is recognised under "Other current liabilities in the balance sheet. CO2 emission

rights expenses are recognised in the income statement, and a corresponding provision is created, which is recognised as "Provisions for CO2 emission rights consumption" under "Current portion provisions" in the balance sheet. This provision is maintained until such time as Xeal is required to settle the obligation by delivering the corresponding CO2 emission rights, when the CO2 emission rights are returned to the government.

Movements in issued loans were as follows:

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
At the beginning of the period	**22,691**	**24,186**
Change of work in progress	3,549	-
Purchase of inventories	43,188	30,169
Payment of prepayments for inventories	6,657	9,654
Inventory differences	47	107
Capitalisation of inventories (i)	(20,798)	(12,578)
Use of prepayments for inventories	(11,994)	(11,458)
Sale of inventories	(20,002)	(12,582)
Business combination (Note 30)	23,092	-
Exchange rate difference	(371)	(2,561)
Impairment for inventories - additions (-) / release (+)	(4,393)	(2,246)
At the end of the period	**41,666**	**22,691**

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



12. TRADE AND OTHER RECEIVABLES

(EUR'000)	31 December 2023	31 December 2022
Receivables from commercial sector	99,924	93,507
Receivables from households	45,505	45,125
Receivables from transmission	4,233	4,576
Other trade receivables	4,370	4,644
Less: provision for impairment	(10,816)	(10,630)
Total trade receivables	**143,216**	**137,222**
Guarantee deposits	5,860	10,260
Advance payments	306	796
Restricted bank deposit	-	212
Other	487	77
Total trade and other receivables	**149,869**	**148,567**

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

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Provision for impairment at the beginning of the period	**10,630**	**10,307**
Impairment charge	1,926	1,849
Reversal of impairment during the period	(1,477)	(1,735)
Amounts written off during the year as uncollectible	(147)	(324)
Exchange rate difference	(116)	533
Provision for impairment at the end of the period	**10,816**	**10,630**

Analysis by credit quality of trade receivables is as follows:

(EUR'000)	31 December 2023	31 December 2022
Total neither past due not impaired:	**135,056**	**126,024**
Past due but not impaired		
- less than 30 days overdue	3,874	5,893
- 31 to 90 days overdue	478	1,478
- 91 to 180 days overdue	212	367
- over 181 days overdue	3,596	3,460
Total past due not impaired	**8,160**	**11,198**
Past due and impaired		
- current and impaired	29	40
- less than 30 days overdue	210	310
- 31 to 90 days overdue	407	649
- 91 to 180 days overdue	485	835
- over 181 days overdue	9,685	8,796
Total past due and impaired	**10,816**	**10,630**
Less: provision for impairment	(10,816)	(10,630)
Total current trade receivables, net	**143,216**	**137,222**

13. CASH AND CASH EQUIVALENTS

(EUR'000)	31 December 2023	31 December 2022
Cash on hand	56	46
Cash with banks:		
- EUR denominated	72,220	50,803
- BGN denominated	40,222	6,778
- GEL denominated	5,774	20,124
- CZK denominated	945	890
- USD denominated	235	561
- TRY denominated	118	247
- Other currencies denominated	1,612	1,207
Restricted cash (i)	(276)	(102)
Total cash and cash equivalents	**120,906**	**80,554**

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

14. OTHER CURRENT ASSETS

(EUR'000)	31 December 2023	31 December 2022
Receivable from the sale of 39.76% shares in Berta to DKHI (i)	21,700	28,700
Advance payments (ii)	3,568	12,162
VAT receivables	2,598	3,027
Prepaid insurance	2,483	7,569
Compensation from Energy System Security Fund (EPV) (iii)	-	1,069
Other	3,931	3,302
Total other current assets	**34,280**	**55,829**

(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. With Annex No. 1 dated 8 September 2023 the due date was prolonged to 30 June 2024.

(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 31 December 2023, there are no receivables from the Energy System Security Fund (31 December 2022: EUR 1,069 thousand).

15. AUTHORISED SHARE CAPITAL

The Company has one class of ordinary shares with a par value of CZK 250 thousand carrying one vote per share and a right to dividends. As of 31 December 2023, and 31 December 2022, authorised share capital consisted of 380 ordinary shares in the total amount of EUR 3,569 thousand.

16. RETAINED EARNINGS

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

17. NON-CURRENT FINANCIAL LIABILITIES

(EUR'000)	31 December 2023	31 December 2022
Financial lease liabilities	1,878	1,334
Other	501	589
Total non-current financial liabilities	**2,379**	**1,923**

18. OTHER NON-CURRENT LIABILITIES

(EUR'000)	31 December 2023	31 December 2022
Deferred income from remuneration of guaranteed commitment (Bilsev) (Note 10)	3,147	2,335
Government grants (i)	1,346	1,828
Other	859	1,244
Total other non-current liabilities	**5,352**	**5,407**

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

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

19. NON-CURRENT AND CURRENT PROVISIONS

(EUR'000)	31 December 2023	31 December 2022
Non-current portion of provisions:		
Retirement benefits (c)	5,393	4,500
Grid access fee provision (a)	3,315	3,406
Other non-current provisions (d)	986	883
Total non-current provisions	**9,694**	**8,789**
Current portion of provisions:		
Legal claims (b) (i)	6,445	5,386
Provisions for CO2 emission rights consumption (e)	5,368	-
Provisions for Economic Activities Tax (IAE) (f)	2,628	-
Retirement benefits (c)	931	774
Other current provisions (d)	1,204	994
Total current provisions	**16,576**	**7,154**
Total provisions	**26,270**	**15,943**

(EUR'000)	Grid access fee	Legal claims (i)	Retirement benefits	Provisions for CO2 emission rights consumption	Provisions for Local Taxes (IAE) (Xeal)	Other	Total
As at 31 December 2021	**3,463**	**4,134**	**3,914**	**-**	**-**	**1,612**	**13,123**
Paid	-	(447)	(397)	-	-	(187)	(1,031)
Accrued	-	2,640	1,280	-	-	803	4,723
Financial expense	8	-	-	-	-	-	8
Reversed	(65)	(807)	-	-	-	(108)	(980)
Actuarial loss/ (profit)	-	-	389	-	-	-	389
Difference in rate of exchange	-	(134)	88	-	-	(243)	(289)
As at 31 December 2022	**3,406**	**5,386**	**5,274**	**-**	**-**	**1,877**	**15,943**
Paid	-	(643)	(1,141)	-	-	(73)	(1,857)
Accrued	-	845	746	3,383	2,628	785	8,387
Financial expense	53	-	-	-	-	-	53
Reversed	(145)	(1,394)	-	(2,506)	-	(22)	(4,067)
Actuarial loss/ (profit)	-	-	422	-	-	40	462
Acquisition of subsidiaries	-	2,445	915	4,489	-	-	7,849
Difference in rate of exchange	1	(194)	108	2	-	(417)	(500)
As at 31 December 2023	**3,315**	**6,445**	**6,324**	**5,368**	**2,628**	**2,190**	**26,270**

(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 31 December 2023, it has sufficient financial resources to settle its obligations under provisioned lawsuits amounting to EUR 6,445 thousand.

(C) RETIREMENT BENEFITS

Benefits at retirement for illness

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

	2023	2022
Discount rate	4.5%	5.5%
Future salary increases	2.2%	3.2%

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 in Bulgaria.

Personnel degree of withdrawal in age groups:

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

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2020 – 2022.

Interest rate for determining the discount factor

For the purpose of discounting is used effective annual interest rate in the amount of 4.5% (2022: 5.5%). 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.

2024 – 2.2% compared to the level in 2023;
2025 and the following – 2.2% compared to the level in previous year.

(D) PROVISION FOR OTHER OBLIGATIONS

Provision for unused paid leaves

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

Construction subcontractors

During the year 2020, The Group used the services of several construction subcontractors. The Group identified the potential business issues with the potential financial impact. The Group recognized the provision in the amount of EUR 439 thousand as of 31 December 2023 (31 December 2022: EUR 717 thousand).

(E) CO2 EMISSION RIGHTS PROVISIONS

CO2 emission rights expenses are recognised under Other operating expenses in the Income statement on a monthly basis, as the greenhouses gases are emitted, and give rise to a corresponding accrual for liabilities and charges, which is recognised as Provisions for CO2 emission rights consumption under Current portion of provisions in the balance sheet. This provision will be maintained until such time as Xeal is required to settle the obligation by delivering the corresponding CO2 emission rights (April of the following year).

(F) PROVISIONS FOR ECONOMIC ACTIVITIES TAX (IAE)

Impuesto sobre Actividades Económicas (IAE), or Tax on Economic Activities, is a tax levied on the exercise of certain economic activities within the country. The tax is based on the concept of municipal economic activities and is administered at the local level by municipal or provincial authorities. The tax rate varies depending on the type of activity, the size of the company, and the location where the activity is conducted. It is calculated based on objective criteria such as the company's turnover, the number of employees, the type of premises used, or the power of machinery and equipment. In this regard, Xeal was subject of an inspection on such tax, and as a consequence received a notification from the authorities requesting and additional tax payment of EUR 2,628 thousand for the years 2018-2023 and an accrual was booked for the liability.

20. NON-CURRENT AND CURRENT BORROWINGS

Compliance with covenants. The Group is subject to certain covenants related to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including increase in the cost of borrowings and declaration of default. The Group was in compliance with the covenants as of 31 December 2023 and as of 31 December 2022.

(EUR'000)	31 December 2023	31 December 2022
Non-Current portion of borrowings:		
Issued Bonds (i)	930,165	652,947
United Bulgarian Bank AD (ii)	-	5,856
Other	-	2
Total non-current portion of borrowings	**930,165**	**658,805**
Current portion of borrowings:		
Issued Bonds (i)	23,987	21,584
UniCredit Bulbank AD (iii)	-	3,073
Other	-	37
Total current portion of borrowings	**23,987**	**24,694**
Total borrowings	**954,152**	**683,499**

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.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(I) ISSUED BONDS

(EUR'000)	31 December 2023	31 December 2022
11% Notes due 2028		
Principal	271,498	-
Accrued Interest	4,827	-
Unrealised costs	(6,426)	-
Carrying amount of 11% Notes due 2028	**269,899**	**-**
4.262% Notes due 2035		
Principal	300,000	-
Accrued Interest	5,500	-
Unrealised costs	(25,092)	-
Carrying amount of 4.262% Notes due 2035	**280,408**	**-**
8.5% Notes due 2027		
Principal	393,673	407,960
Accrued Interest	13,660	14,156
Unrealised costs	(3,488)	(4,262)
Carrying amount of 8.5% Notes due 2027	**403,845**	**417,854**
4.5% Notes due 2024		
Principal	-	250,000
Accrued Interest	-	7,428
Unrealised costs	-	(751)
Carrying amount of 4.5% Notes due 2024	**-**	**256,677**
Total carrying amount of issued bonds	**954,152**	**674,531**

11% NOTES DUE 2028

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 effective interest rate was calculated at 11.96%. The carrying value of these bonds as at 31 December 2023 was EUR 269,899 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 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).

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 31 December 2023 was EUR 280,408 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).

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 31 December 2023 was EUR 403,845 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).

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(II) UNITED BULGARIAN BANK (FORMER KBC BANK BULGARIA EAD) (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2023 (EUR'000)	Final maturity date
United Bulgarian Bank AD 1 (former KBC Bank Bulgaria EAD)	BGN	Reference rate with 1.60% margin, minimum 1.60%	Overdraft	-	October 2024
United Bulgarian Bank AD 2	BGN	Reference rate with 1.60% margin, minimum 1.60%	Overdraft + guarantees	-	October 2024

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 5 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) UNICREDIT BULBANK AD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 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.

(IV) DSK BANK EAD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2023 (EUR´000)	Final maturity date
UniCredit Bulbank AD 1	BGN	1-month EURIBOR with 2% margin, minimum 2%	Overdraft	-	December 2024

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 December 2024 and the interest rate was changed to 1-month EURIBOR with 2% margin. The facility was provided for general corporate purposes.

(V) EUROBANK BULGARIA AD (POSTBANK) (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2023 (EUR´000)	Final maturity date
Eurobank Bulgaria AD (Postbank)	BGN	PRIME with 0.70% margin, minimum 1.70%	Overdraft + guarantees	-	January 2025

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). On 29 December 2023, the credit line was extended until 5 January 2025. The facility was provided for general corporate purposes.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

21. TRADE AND OTHER PAYABLES

(EUR'000)	31 December 2023	31 December 2022
Trade payables	127,472	102,791
Deposits	6,240	5,210
Other	1,751	3,554
Total trade and other payables	**135,463**	**111,555**

22. OTHER CURRENT LIABILITIES

(EUR'000)	31 December 2023	31 December 2022
Taxes payable	14,910	11,367
Payable to personnel	10,086	5,990
Tolling advance	3,634	-
Deferred income from remuneration of guarantee commitment (Bilsev) (Note 10)	1,112	1,455
Lease liabilities	625	472
Other liabilities	4,569	3,273
Total other current liabilities	**34,936**	**22,557**

23. SERVICE EXPENSES

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Technological losses of electricity (i)	(53,470)	(65,465)
Repairs and maintenance	(8,326)	(4,806)
Professional service fees	(9,008)	(7,397)
Commissions	(7,349)	(6,755)
Insurance expense	(5,058)	(3,777)
Dispatch and transmission	(4,575)	(4,866)
Rent expense	(2,824)	(2,342)
Services for construction of energy facilities	(2,437)	(1,837)
Security expense	(2,179)	(2,192)
Encashment fee	(2,061)	(2,059)
CO2 emission rights (Note 11)	(878)	-
Other	(14,430)	(7,568)
Total service expenses	**(112,595)**	**(109,064)**

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 31 December 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 31 December 2023, there are no receivables from the Energy System Security Fund (31 December 2022: EUR 1,069 thousand).

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

24. OTHER OPERATING EXPENSES

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Business trip expenses	(9,581)	(8,419)
Cost of inventory sold	(3,695)	(5,289)
Electricity System Security Fund (ESSF) regulatory expense	(3,340)	(4,692)
Provision for impairment and bad debt write-off	(586)	(920)
Target contribution ESSF	(443)	(2,886)
Office supplies consumed	(182)	(153)
Other	(6,639)	(8,212)
Total other operating expenses	**(24,284)**	**(30,418)**

25. FINANCE COSTS – NET

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Interest expenses bonds	(53,034)	(47,349)
Net foreign exchange gains / (losses) (i)	11,406	(23,840)
of which: Unrealised net foreign exchange gains / (losses)	*8,636*	*(30,297)*
of which: Realised net foreign exchange gains / (losses)	*2,770*	*6,457*
Fees related to issued bonds	(6,764)	(64)
Expected credit loss provision (Note 9)	(1,197)	(1,696)
Prolongation fees on factored payables	(1,081)	(2,905)
Interest expense on lease liabilities	(269)	(258)
Interest expense from bank borrowings	(1,590)	(448)
Other finance costs	(5,334)	(2,957)
Finance costs	**(57,863)**	**(79,517)**
Interest income on issued loans	45,575	16,221
Other financial income	4,666	2,886
Finance income	**50,241**	**19,107**
Net finance costs	**(7,622)**	**(60,410)**

(i) Net foreign exchange gains / (losses) are mainly 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.

26. OTHER INCOME

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Revenue from CO2 emmision rights (Xeal)	8,498	-
Rental income	1,974	1,536
Active Demand Response Service (SRAD) (Xeal)	1,269	-
Revenue from customers for reconstruction of network and provision for requested capacity (EPG)	1,068	1,900
Income from penalties and fines	474	333
Surplus from inventory and PPE counts	302	220
Income from insurance claims	235	22
Other	4,911	1,726
Total other income	**18,731**	**5,737**

27. INCOME TAXES

(A) COMPONENTS OF INCOME TAX EXPENSE

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Current tax	(13,198)	(11,960)
Deferred tax	6,935	4,961
Income tax expense for the year	**(6,263)**	**(6,999)**

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

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
(Profit) / Loss before tax	(256,821)	(193,477)
Tax at statutory tax rate (i)	48,796	36,761
Effect of different tax rates in individual jurisdictions (ii)	20,260	33,591
Effective tax rate (iii)	2.4%	3.6%
Current tax:		
Additional tax payments (+) / refund (-)	-	(174)
Tax incentives, tax credits (-)	-	755
Deferred tax:		
Deduction of tax loss	(2,619)	(559)
Adjustments to deferred tax attributable to changes in tax rates and laws	(19,103)	-
Effect of IAS 21	2,245	(9,932)
Effect of not recognized deferred tax asset	642	6,557
Non-tax expenses (+) / income (-) from which deferred tax isn't calculated:		
Increase (+) / release (-) provisions	(90)	69
Non-deductible expenses (+) / income (-)	4,928	(23,308)
Hypothetical tax on non-tax expenses and income	**4,838**	**(23,239)**
= Calculated income tax expense	**(6,263)**	**(6,999)**

(i) Tax at statutory tax rate of 19% as enacted in the Czech Republic.

(ii) Individual countries in which the Group operates have different enacted tax rates, i.e. Czech Republic 19%, Bulgaria 10%, Georgia 0% subject to distribution of Profit outside the Georgia, Türkiye 25%, Spain 25% and Colombia 35% (31 December 2022: Czech Republic 19%, Bulgaria 10%, Georgia 0% subject to distribution of Profit outside the Georgia, Türkiye 23%, Colombia 35%).

(iii) The effective tax rate has been determined as Income tax expense for the year divided by (Profit)/Loss before tax.

IMPACT OF PILLAR TWO LEGISLATION ON INCOME TAXES

The Group has conducted a comprehensive review of the potential impacts of the Pillar Two legislation as proposed by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). This legislation introduces a global minimum tax rate of 15% for multinational enterprises, aimed at ensuring these entities pay a minimum level of tax on their income globally. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation and engaging with tax authorities and advisors to understand the implications. The assessment that is being carried out is based on the latest available tax filings and country-by-country reporting for 2022, and the latest financial information for 2023. In certain jurisdictions, information required for the assessment is still being gathered and, therefore, the assessment is not complete.

While the precise impact will depend on the final implementation of these rules in each jurisdiction where Group operates. Based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in Bulgaria and Georgia where the expected Pillar Two effective tax rate is likely to be lower than 15%. The potential exposure is expected to come from the constituent entities (mainly operating subsidiaries) in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is in progress.

Quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. The Group has evaluated the impact of the Pillar Two legislation on our deferred tax positions. Given the complexity and evolving nature of the regulations, the Group continues to assess the potential deferred tax implications as more detailed guidance emerges from each jurisdiction. The Group is committed to complying with the Pillar Two legislation and is preparing for the additional reporting and compliance requirements. The Group recognize that the implementation of Pillar Two legislation is a dynamic process, with varying effective dates and transitional rules across different jurisdictions. The Group is committed to transparently reporting the impacts of these rules on our financial statements and will provide updates as more information becomes available and as the legislation is enacted in the jurisdictions where we operate. This note provides an overview of the potential impacts of the Pillar Two legislation on our financial statements for the year ended 31 December 2023.

The reconciliation between the expected and actual taxation charge by countries for the year 2023 is provided below:

(EUR'000)	Bulgaria	Georgia	Türkiye	Spain	Colombia	Czechia	Intra-group	TOTAL/ Average
EBT	113,532	146,160	15,177	14,020	(1,305)	9,319	(40,082)	**256,821**
Corporate Income Tax ("CIT") rate	10%	0%	25%	25%	35%	19%	0%	**16%**
Theoretical tax charge (EBT / CIT rate)	(11,353)	-	(3,794)	(3,505)	-	(1,771)	-	**(41,825)**
Effective tax rate (EBT / Income tax expense)	10%	0%	(57%)	25%	0%	3%	0%	**2%**
Income tax expense	(11,100)	-	8,626	(3,515)	-	(274)	-	**(6,263)**
Tax paid (CF)	(10,740)	-	-	(5,338)	175	85	-	**(15,818)**

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

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

(B) DEFERRED TAXES

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

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Deferred income tax assets:		
- Deferred income tax asset to be recovered after more than 12 months	20,829	12,058
- Deferred income tax asset to be recovered within 12 months	607	52
Deferred income tax assets	**21,436**	**12,110**
Deferred tax liabilities:		
- Deferred income tax liability to be recovered after more than 12 months	(9,124)	(3,042)
- Deferred income tax liability to be recovered within 12 months	(615)	-
Deferred tax liabilities	**(9,739)**	**(3,042)**
Net deferred income tax assets / (liabilities)	**11,697**	**9,068**

(C) DEFERRED TAXES ANALYSED BY TYPE OF TEMPORARY DIFFERENCE

The movement in deferred income tax assets and liabilities during the year ended 31 December 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(EUR'000)	1 Jan 2023	Business combination (Note 30)	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2023
Tax effect of taxable temporary differences					
PPE & Intangible assets	(6,960)	-	567	112	(6,281)
Trade receivables	1,577	-	-	(614)	963
Non-current and current borrowings	(123)	-	2,832	(73)	2,636
Other current assets	(78)	(7,468)	(16)	4	(178)
Other temporary differences	(70)	-	568	3	(6,879)
Total deferred tax liability	**(5,654)**	**(7,468)**	**3,951**	**(568)**	**(9,739)**

(EUR'000)	1 Jan 2023	Business combination (Note 30)	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2023
Tax effect of deductible temporary differences					
Inventories	(16)	-	-	-	(16)
Allowances for trade receivables	929	-	(93)	-	836
Trade and other payables	5	-	-	(1)	4
Non-current and current borrowings	-	-	-	-	-
Deferred income	(3)	-	-	-	(3)
Non-current and current provisions	1,370	-	(145)	(47)	1,178
Carry forwards tax losses	9,937	3,826	2,803	(544)	16,022
Unutilised investment incentives	2,745	-	-	(112)	2,633
Non-current and current issued loans	328	-	229	(15)	542
Other temporary differences	(573)	-	190	623	240
Total deferred tax assets	**14,722**	**3,826**	**2,984**	**(96)**	**21,436**
Net deferred tax asset	**9,068**	**(3,642)**	**6,935**	**(664)**	**11,697**

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

(EUR'000)	1 Jan 2023	Business combination (Note 30)	Charged/ (credited) to profit or loss	Exchange differences
Tax effect of taxable temporary differences				
PPE & Intangible assets	(7,332)	559	(187)	(6,960)
Trade receivables	2,141	-	(564)	1,577
Non-current and Current Borrowings	(39)	(80)	(4)	(123)
Other current assets	(66)	(8)	(4)	(78)
Other temporary differences	(252)	195	(13)	(70)
Total deferred tax liability	**(5,548)**	**666**	**(772)**	**(5,654)**

(EUR'000)	1 Jan 2022	Business combination (Note 30)	Charged/ (credited) to profit or loss	31 Dec 2022
Tax effect of deductible temporary differences				
Inventories	(16)	-	-	(16)
Allowances for trade receivables	888	38	3	929
Trade and other payables	7	4	(6)	5
Non-current and current borrowings	-	-	-	-
Deferred income	-	-	(3)	(3)
Non-current and current provisions	1,350	53	(33)	1,370
Carry forwards tax losses	6,491	3,095	351	9,937
Unutilised investment incentives	1,887	755	103	2,745
Non-current and current issued loans	-	323	5	328
Other temporary differences	(1,251)	27	651	(573)
Total deferred tax assets	**9,356**	**4,295**	**1,071**	**14,722**
Net deferred tax asset	**3,808**	**4,961**	**299**	**9,068**

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

28. DIVIDENDS

During the period ended 31 December 2023 and 31 December 2022, the sole owner of the capital of EPas (parent company) did not declare dividends.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

29. CONTINGENCIES AND COMMITMENTS

A) LEGAL PROCEEDINGS

EPB

As at 31 December 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 4 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 3,627 thousand (BGN 7,094 thousand) for HPP Koprinka.
- Against the Energy and Water regulatory commission for damages caused from its price decisions
- (C-12/201in relation to C-10/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 643 thousand (BGN 1,258 thousand) for HPP Koprinka – additional claim.
- Against the Energy and Water regulatory commission for damages caused from its price decisions
- (C-5/2015, C-14/2019 and C-12/2021 in relation to C-10/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 2,984 thousand (BGN 5,836 thousand) for HPP Samoranovo.
- 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-12/2019in relation to C-10/2011) proclaimed null and void by the Supreme administrative court amounting to EUR 512 thousand (BGN 1,001 thousand) for HPP Ogosta.

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

EPV

In regard with the separation of EDC Gorna Oryahovitsa (former name of Electro North) and EDC Varna (former name of EPS from the NEK EAD effected in the year 2000, the companies from the EPV acquired certain land and buildings with insufficient ownership deeds. As of 31 December 2023, the EPV's net book value of such assets is EUR 656 thousand (31 December 2022: EUR 668 thousand). The EPV's companies are in process of acquiring 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 653. 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 653 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 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 as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage. More information regarding Environmental, Social and Governance ("ESG") is available on the Company's website (www.energo-pro.com/en/pro-investory).

D) CONTINGENT LIABILITIES

EPAS GUARANTEE BILSEV

EPas has provided a guarantee and certain other undertakings to Akbank (Türkiye) in connection with USD 141,000 thousand (EUR 127,602 thousand) loan to Bilsev for the construction of the Karakurt dam and related HPP. As of 31 December 2023, USD 84,600 thousand (EUR 76,561 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 45,249 thousand) as of 31 December 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 31 December 2023.

EPAS GUARANTEE LP

EPas issued guarantees for the performance of manufacturing contracts carried out by LP in the amount of EUR 28,463 thousand as of 31 December 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 26,867 thousand as of 31 December 2023 (31 December 2022: 26,481 thousand).

RH

RH issued guarantee letters amounting to EUR 1,442 thousand as of 31 December 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 21 thousand as of 31 December 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 10 November 2023, EP Georgia Supply JSC amended issued guarantee to ESCO in amount of EUR 6,889 thousand as of 31 December 2023 (31 December 2022: EUR 4,611 thousand), which is valid till 15 February 2024. Guarantee was taken from Georgian commercial banks.

E) COMMITMENTS

EPV

Purchase of energy facilities
According to paragraph 4 of Closing decrees of the Energy law the Group is required within 8 years as from the coming into force of the Energy Law to purchase energy facilities, comprising elements of the transportation or distribution network, owned by individuals or legal entities. The deadline for the purchase of energy facilities which are owned by users expired in December 2015. Management has made an assessment of the fair value of energy facilities, which are owned by consumers, which as at 31 December 2023 amounted to EUR 7,783 thousand (31 December 2022: EUR 8,303 thousand). The Management is unable to predict when energy facilities that are not redeemed by 31 December 2023 will be purchased. In 2023 a company from the Group has entered into connection agreements for 153 connection facilities (31 December 2022: 129 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 2022 – 2023 is EUR 32 thousand (2021 – 2022 - EUR 23 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 & EPGG breaches this obligation, it may result in the imposition of administrative penalties and/or sanctions, or cancellation of one or more licenses by the respective State Authorities pursuant to the Law of Georgia on Privatization and other Legal Framework in Effect. As at 31 December 2023 and 31 December 2022, EPG & EPGG were in compliance with this commitment.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

30. BUSINESS COMBINATION

Based on SPA dated 4 October 2023, the Company completed the acquisition of a 100% equity interest in Xeal and 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. The acquisition has been accounted for as a business combination under IFRS 3.

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 167 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.

Feroe is, as of date of these consolidated financial statements, applying for a new water concession at Santa Uxia dam (Xallas river) for a pumped-storage facility in Mazaricos, Galicia. The project involves the construction of a reversible pumped storage hydropower plant in Monte da Ruña, located next to the Santa Uxía Dam. No decision has been taken by the Group on whether the project will be developed. 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. In these consolidated financial statements, the Group has decided not to include Feroe in the consolidation scope. This decision is based on the assessment that Feroe's activities, or lack thereof, are immaterial to the Group's overall financial position and performance. Feroe has been identified as a non-active entity within the Group, with no material operations, assets, liabilities, revenues, or expenses during the reporting period. As such, its inclusion would not provide additional information to the users of the consolidated financial statements and would not alter the understanding of the Group's financial health, performance, or cash-flows.

In these consolidated financial statements, the Company recognises the acquisition of Xeal as 1 October 2023, despite the official acquisition date being 4 October 2023. This approach is taken to align with our reporting period and facilitate a more streamlined consolidation process. The decision to account for the acquisition from 1 October 2023, is based on assessment that the three-day difference is immaterial to the consolidated financial statements and does not materially affect the accuracy or the reliability of the financial reporting. The Company considers these three days to be immaterial in the context of our annual reporting period, and this judgment is in line with the principles of materiality as defined by IFRS. To the date of these consolidated financial statements, Xeal had no material contingent consideration arrangements, indemnification assets and material contingent liabilities. Since the acquisition date, Xeal contributed EUR 17,072 thousand to consolidated revenue, EUR 16,270 thousand to consolidated EBITDA and EUR 10,505 thousand to consolidated net profit for the year. In regard of unaudited Pro Forma information, had the acquisition occurred at the beginning of the year, consolidated revenue would have been EUR 1,370,264 thousand, consolidated EBITDA would have been EUR 370,314 thousand and net profit for the year would have been EUR 278,811 thousand.

The Company is in the process of preparing a purchase price allocation together with an external valuer. The Company has calculated goodwill as the excess of consideration transferred and the net identifiable assets EUR 70,727 thousand acquired and is provisionally recognized at the amount of EUR 225,313 thousand. Recognised provisional amounts include Non-current assets in the amount of EUR 86,280 thousand, Current assets in the amount of EUR 37,362 thousand, Non-current liabilities in the amount of EUR 11,011 thousand and Current liabilities in the amount of EUR 41,904 thousand. The fair value of certain assets and liabilities are subject to adjustment within the measurement period. The final allocation of assets and recognition of goodwill may therefore differ. The provisional amounts recognized will be adjusted retrospectively if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period will not exceed one year from the acquisition date. Acquisition-related costs amounted to EUR 3,397 thousand and were expensed as incurred, included in the Finance costs line in the income statement.

Feroe is, as of date of these financial statements, applying for a new water concession at Santa Uxía dam (Xallas river) for a pumped-storage facility in Mazaricos, Galicia. The project involves the construction of a reversible pumped storage hydropower plant in Monte da Ruña, located next to the Santa Uxia Dam. No decision has been taken by the Group on whether the project will be developed. 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. The Company has accounted for the allocation of assets and recognized goodwill in the amount of EUR 225,313 thousand based on the performed provisional procedures according to IFRS 3, and the valuation for the purchase price allocation will be finalized during 2024. The final allocation of assets and recognition of goodwill may therefore differ.

31. FINANCIAL RISK MANAGEMENT

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

CREDIT RISK

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's principal financial assets are bank balances, cash, trade receivables and issued loans. The credit risk on liquid funds is limited because the counterparties are banks with positive credit ratings (A to B). The risk on issued loans is limited because the main part consists of loans provided to the shareholders. Issued loans to the parent company DKHI are carried at amortized cost with the application of the calculation of ECL. The calculated value of ECL was at the amount of EUR 2,848 thousand as of 31 December 2023 (31 December 2022: EUR 1,696 thousand). For the purposes of ECL calculation, the Group used the following most material assumptions for the calculation: Probability of default – "PD" – 0.55%; 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 31 December 2023 and 31 December 2022, the Group is not exposed to credit risk to related parties.

(EUR'000)	31 December 2023	31 December 2022
Non-current financial assets (Note 10)		
- Restricted bank deposit	-	-
Trade and other receivables (Note 12)		
- Trade receivables	143,216	137,222
Issued loans (Note 9)		
- Loans issued	622,568	427,344
Cash and cash equivalents (Note 13)		
- Bank balances payable on demand	120,906	80,554
Total	**886,690**	**645,120**

MARKET RISK

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more material market movements. Sensitivities to market risks included are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CURRENCY RISK

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use in the year 2023 and 2022 any derivatives to manage foreign currency risk exposure, at the same time the management of the Group is seeking to mitigate such risk by managing monetary assets and liabilities in foreign currencies at the Group level. The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2023			31 December 2022		
(EUR'000)	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
EUR	648,299	337,818	310,481	507,086	269,157	237,929
TRY (i)	2,757	(258)	3,015	8,313	7,081	1,232
USD (i)	35,940	800,951	(765,011)	21,916	423,094	(401,178)
GEL (i)	40,337	60,161	(19,824)	68,134	41,645	26,489
Total	**727,333**	**1,198,672**	**(471,339)**	**605,449**	**740,977**	**(135,528)**

(i) Denominated in EUR

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

	31 December 2023	31 December 2022
(EUR'000)	Impact on profit or (loss)	Impact on profit or (loss)
EUR strengthening by 10%	31,048	23,793
EUR weakening by 10%	(31,048)	(23,793)
TRY strengthening by 10%	302	123
TRY weakening by 10%	(302)	(123)
US Dollar strengthening by 10%	(76,501)	(40,118)
US Dollar weakening by 10%	76,501	40,118
GEL strengthening by 10%	(1,982)	2,649
GEL weakening by 10%	1,982	(2,649)

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

INTEREST RATE RISK

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

LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Group's cash flows. The Group seeks to maintain a stable funding base primarily consisting of borrowings. The Group's liquidity portfolio comprises cash and cash equivalents. Management estimates that the liquidity portfolio of cash and bank deposits except for the restricted cash can be realised in cash within a day in order to meet unforeseen liquidity requirements. The tables below show liabilities as of 31 December 2023 and 31 December 2022 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period. The maturity analysis of financial liabilities as of 31 December 2023 is as follows:

(EUR'000)	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings (Note 20)	-	-	-	-
Trade and other payables (Note 21)	135,460	-	-	135,460
Other non-current financial liabilities & Other non-current liabilities (Note 17,18)	152	2,498	-	2,650
Other current liabilities (Note 22)	23,906	-	-	23,906
Issued Bonds (Note 20)	23,987	655,257	274,908	954,152
Contingent liabilities – financial guarantees (Note 29e)	46,019	-	-	46,019
Total future payments, including future principal and interest payments	**229,524**	**657,755**	**274,908**	**1,162,187**

ENERGO - PRO a.s.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The maturity analysis of financial liabilities as of 31 December 2022 is as follows:

(EUR'000)	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings (Note 20)	3,110	5,858	-	8,968
Trade and other payables (Note 21)	111,450	-	-	111,450
Other non-current financial liabilities & Other non-current liabilities (Note 17,18)	725	3,261	-	3,986
Other current liabilities (Note 22)	15,804	-	-	15,804
Issued Bonds (Note 20)	21,584	652,947	-	674,531
Contingent liabilities – financial guarantees (Note 29e)	47,648	-	-	47,648
Total future payments, including future principal and interest payments	**200,321**	**662,066**	**-**	**862,387**

CAPITAL MANAGEMENT

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

PRICE RISK

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

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Inventories (CO2 emission rights)
- Trade and other receivables (Derivatives);
- Cash and cash equivalents;
- Loans (except Issued bonds);
- Trade and other payables.

CO2 EMISSION RIGHTS

CO2 emission rights are related to Xeal, which operates two ferroalloy plants, Cee and Dumbria. The company receives yearly a free allocation of CO2 emission rights, based on prior years production level. CO2 emission rights, whether intended to be used in the production process or held for the purpose of sale, are classified as inventories. In the case of emission rights free allowance in accordance with the National Allocation Plan in Spain, under the provisions of Law 1/2007 of 9 March, they are valued at fair value (market price). At the end of the period, Xeal assesses the market value of the emission rights and level of emission and adjusts the value of the inventory and emission liability.

ISSUED BONDS

The fair value of bonds is based on the quoted market price for the same or similar issues or on the current rates available for bonds with the same maturity profile. Carrying amounts and estimated fair values of financial instruments as of 31 December 2023 are as follows:

(EUR'000)	Carrying amount (Note 20)	Fair Value	Interest	Total Fair Value
11% Notes due 2028	269,899	289,813	4,827	**294,640**
4.262% Notes due 2035	280,408	274,908	5,500	**280,408**
8.5% Notes due 2027	403,845	385,678	13,660	**399,338**
Total	**954,152**	**950,399**	**23,987**	**974,386**

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

(EUR'000)	Carrying amount (Note 20)	Fair Value	Interest	Total Fair Value
8.5% Notes due 2027	417,854	372,847	14,156	387,003
4.5% Notes due 2024	256,677	232,165	7,428	239,593
Total	**674,531**	**605,011**	**21,584**	**626,595**

33. BUSINESS PERFORMANCE – SEGMENT ACCOUNTS

For the years 2023 and 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.

(i) The Group's Other business segments included across all periods: EPas, MGW, EPInsaat, OPPA, EP Colombia and TDP. Since 1 October 2023, Xeal's Ferroalloy segment has been included. Since 1 January 2023, EP Brazil has been included. Until 31 December 2022, it had also included EPToptan and EP TK Holding. Since 1 January 2023, EPToptan and EP TK Holding have been included in the Generation Türkiye segment.

The following table shows the Income statement (business performance) of individual companies of the Group in the year 2023:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Türkiye RH	Generation Spain Xeal	Other businesses (i)	Intra-group	Total
Revenue	**786,768**	**48,978**	**494,717**	**61,925**	**37,178**	**16,065**	**79,459**	**(255,750)**	**1,269,340**
Other income / (expense)	(59)	83	13,030	585	402	(2)	13,774	(9,082)	18,731
Changes in inventory of products and in work in progress	-	-	-	-	-	-	(6,693)	6,205	(488)
Purchased power	(543,709)	(4,038)	(307,994)	(3,603)	(390)	-	-	199,654	(660,080)
Services expenses	(76,874)	(3,703)	(13,222)	(6,515)	(4,458)	(1,520)	(27,192)	20,889	(112,595)
Labour costs	(54,090)	(3,006)	(36,410)	(3,855)	(3,566)	(566)	(17,348)	1	(118,840)
Materials expenses	(5,584)	(400)	(1,268)	(100)	-	(130)	(43,134)	35,329	(15,287)
Other tax expenses	(597)	-	(20,175)	(8,600)	(184)	(224)	(3,955)	1	(33,734)
Other operating expenses	(3,955)	(3,254)	(5,437)	(1,484)	(28)	(2)	(10,087)	(37)	(24,284)
EBITDA	**101,900**	**34,660**	**123,241**	**38,353**	**28,954**	**13,621**	**(15,175)**	**(2,790)**	**322,763**
Depreciation, amortisation and impairment losses	(22,836)	(3,349)	(22,678)	(5,014)	(1,224)	(1,431)	(1,788)	-	(58,320)
EBIT	**79,064**	**31,311**	**100,563**	**33,339**	**27,730**	**12,190**	**(16,964)**	**(2,790)**	**264,443**

The following table shows the Other items of individual companies of the Group as of 31 December 2023 and for the year ended 31 December 2023 which are important for management decision making process:

(EUR'000)	D&S Bulgaria EPV	Generation Bulgaria EPB	D&S Georgia EPG	Generation Georgia EPGG	Generation Türkiye RH	Generation Spain Xeal	Other businesses (i)	Intra-group	Total
Total non-current assets	196,637	66,524	432,408	191,795	46,934	62,784	1,421,166	(740,571)	**1,677,677**
Total current assets	266,300	20,182	114,695	27,776	7,706	23,840	170,208	(217,183)	**413,524**
TOTAL ASSETS	**462,937**	**86,706**	**547,103**	**219,571**	**54,640**	**86,624**	**1,591,374**	**(957,754)**	**2,091,201**
Number of employees (FTE)	2,472	114	5,769	528	85	34	678	-	**9,680**
Capital Expenditures	22,694	2,232	58,998	8,691	352	875	8,388	-	**102,230**
Income tax expense	(8,047)	(3,053)	-	-	8,552	5,291	(9,006)	-	**(6,263)**

The following table shows the Income statement (business performance) of individual companies of the Group in the year 2022:

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

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

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

34. EVENTS AFTER THE REPORTING PERIOD

AGREEMENT TO ACQUIRE ALPASLAN 2 DAM AND HPP

As of 8 January 2024, The Company acquired 100% of shares in ENERGO-PRO Hydro Development, s.r.o. from the Company's sole shareholder, DK Holding Investments s.r.o. EP Hydro Development holds 100% of indirect ownership rights over the Alpaslan II dam and HPP. Alpaslan II is situated on the Murat River in Türkiye and has a total installed capacity of 280 MW. The purchase price was EUR 476.0 million and was settled on a non-cash basis by a set-off against the corresponding amount of the Company's issued loans against DKHI (Note 9), which arose as a result of distributions in prior periods. To assist in determining the fair market value of EP Hydro Development, the Company engaged PricewaterhouseCoopers Česká republika, s.r.o.

EPGS

On 15 February 2024, EP Georgia Supply JSC increased the guarantee amount to ESCO to EUR 7,593, valid till 15 August 2024.

No other material events have occurred since the balance sheet date that would impact the consolidated financial statements.

35. AUTHORISATION BY THE BOARD OF DIRECTORS

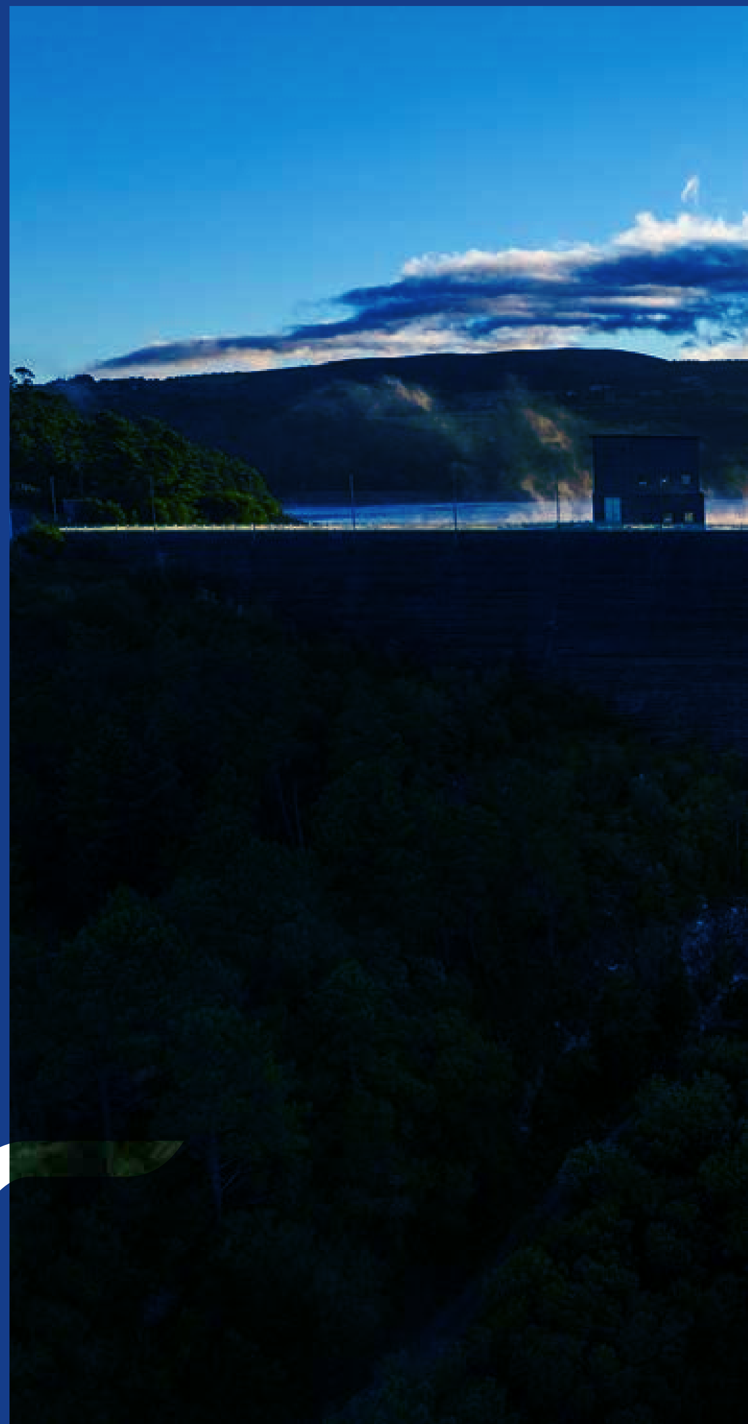
The Board of Directors have considered and adopted this Annual report of ENERGO – PRO a.s. for the financial year 1 January – 31 December 2023. To the best of our knowledge, the Annual report gives a true and fair view of the financial position, business activities, and financial results of its consolidated group for the current and past financial years. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

THE CONSOLIDATED FINANCIAL STATEMENTS AND ANNUAL REPORT WERE AUTHORISED FOR ISSUE ON 5 APRIL 2024 IN PRAGUE, CZECH REPUBLIC.

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

ENERGO-PRO

Company Name: ENERGO - PRO a.s.
Period: January 1, 2023 to December 31, 2023
Date of Publication: April 8, 2024
Address: ENERGO - PRO a.s.
Headquarters Prague Office
Na Poříčí 1079/3a
110 00 Praha 1, Czech Republic
Contact Information:
Phone: +420 222 310 245
E-mail: info@energo-pro.com
Web: www.energo-pro.com
Design and Print: Agentura Better;
Printed by Indigo Print s.r.o.



www.energo-pro.com