DK Holding Investments, s.r.o.

Consolidated Annual Report 2023

Consolidated Annual Report 2023 of the company DK Holding Investments, s.r.o.

The consolidated annual report has been prepared for the year ended 31 December 2023 for the company DK Holding Investments, s.r.o. ("the Company", "DKHI") and its subsidiaries (together referred to as the "the Group").

BUSINESS DESCRIPTION

DKHI:
- limited liability company
- established on 16 December 2015
- registered address Na poříčí 1079/3a, Nové Město, 110 00, Praha 1, Czech Republic
- identification number 04645740
- the main activity is holding shares in its subsidiary companies listed in detail in Note 1 of the Notes to the Consolidated Financial Statements

MANAGEMENT
As of 31 December 2023, the company DKHI is represented by the Company Executive Directors Mr. Jaromír Tesař and Mr. Petr Tesař and by the Manager, Mr. Jaromír Tesař. The subsidiary companies within the Group are managed by its legal bodies according to the legal form of the entity and the local legislation.

CURRENT YEAR RESULTS
The Group has achieved a satisfactory financial result in 2023. In the following years, the Group will continue to maintain a steady trend and remain strict in cost controlling costs and overseeing its investments.

RESPONSIBILITIES OF THE MANAGEMENT
The Management confirms that appropriate accounting policies have been used and applied consistently and that reasonable and prudent judgements and valuation of assets, liabilities, revenues and expenses have been made in the preparation of the consolidated financial statements for the year ended 31 December 2023. The Management also confirms that applicable accounting standards have been followed.

RESEARCH AND DEVELOPMENT (R&D)
The Group does perform R&D activities through its subsidiary Litostroj Engineering, a.s. The company has its own hydraulic laboratory and continues the long tradition of Blansko in the R&D, supply and other services for the hydroelectric equipment.

ENVIROMENTAL PROTECTION
The Group makes significant efforts in health protection for its employees and environmental protection. Currently, the Group complies with all environmental protection standards set for this type of business. The companies within the Group are periodically monitored for compliance with the environmental standards of the countries in which they operate.

LABOUR RELATIONS
The Group complies with all legal regulations in the Czech Republic and the other countries in which it operates.

The Consolidated financial statements and Annual report were authorised for issue on 25 July 2024 in Prague, Czech Republic.

DK Holding Investments, s.r.o.

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor's Report

For the year ended 31 December 2023

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Consolidated Statement of Financial Position

(EUR'000)	Note	31 December 2023	Restated 31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,329,001	1,211,789
Prepayments for property, plant and equipment		542	275
Goodwill	8	297,393	77,200
Other intangible assets	9	36,294	25,362
Non-current financial assets	11	4,034	3,765
Prepayments for an acquisition of investments		-	15,072
Deferred tax assets	28	22,642	12,916
Non-current portion of issued loans	10	36,283	281
Other non-current assets		6,086	7,414
Total non-current assets		**1,732,275**	**1,354,074**
Current assets			
Inventories	12	53,197	26,848
Trade and other receivables	13	106,214	105,262
Current income tax asset		3,757	2,114
Current portion of issued loans	10	26,668	14,512
Contract assets		49,089	80,524
Cash and cash equivalents	14	185,065	149,739
Other current assets	15	22,055	37,707
Total current assets		**446,045**	**416,706**
Total assets		**2,178,320**	**1,770,780**
EQUITY			
Authorised share capital	16	7	7
Additional paid-in capital		293,330	340,000
Hyperinflationary effect - IAS 29	2	382,802	243,848
Translation reserve		(350,543)	(225,533)
Retained earnings/(losses) & Other reserves	17	300,657	106,770
Equity attributable to the company's owners		**626,253**	**465,092**
Non-controlling interest		36,495	32,868
Total equity		**662,748**	**497,960**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	28	11,534	4,095
Non-current portion of provisions	20	15,992	12,657
Non-current portion of borrowings	21	1,127,979	892,415
Non-current financial liabilities	18	3,442	2,548
Other non-current liabilities	19	14,215	18,957
Total non-current liabilities		**1,173,162**	**930,672**
Current liabilities			
Current portion of provisions	20	17,552	8,211
Trade and other payables	22	151,588	124,230
Income tax payable		3,495	3,023
Current portion of borrowings	21	77,035	122,680
Contract liabilities		41,417	34,216
Other current liabilities to shareholder	23	7,294	23,804
Other current liabilities	23	44,029	25,984
Total current liabilities		**342,410**	**342,148**
Total liabilities		**1,515,572**	**1,272,820**
Total liabilities and equity		**2,178,320**	**1,770,780**

Consolidated Statement of Comprehensive Income of Comprehensive Income

(EUR'000)	Note	1 January - 31 December 2023	Restated 1 January - 31 December 2022
Revenue			
Sales of electricity in local markets		1,092,926	1,573,560
Grid components of electricity sales price		184,639	168,950
Services and other		128,117	107,038
Total revenue		**1,405,682**	**1,849,548**
Other income	27	21,019	5,899
Changes in inventory of products and in work in progress		(756)	574
Purchased power		(660,230)	(1,167,520)
Service expenses	24	(146,504)	(135,297)
Labour costs		(136,289)	(105,301)
Material expenses		(34,820)	(28,482)
Other tax expenses		(34,826)	(9,848)
Other operating expenses	25	(31,834)	(44,271)
Earnings before interest, taxes, depreciation and amortization (EBITDA)[1]		**381,442**	**365,302**
Depreciation, amortisation and impairment losses	7,8,9	(85,115)	(74,896)
Earnings before interest and taxes (EBIT)		**296,327**	**290,406**
Finance income	26	6,832	4,716
Finance costs	26	(203,353)	(177,045)
Hyperinflationary effect - IAS 29 – Monetary items gains/(losses)	2	106,040	113,124
Finance costs – net		**(90,481)**	**(59,205)**
Income before income tax (EBT)		**205,846**	**231,201**
Income tax	28	(14,353)	(15,148)
Deferred taxes	28	6,040	5,392
Total income tax expense		**(8,313)**	**(9,756)**
Profit/(loss) for the year		**197,533**	**221,445**
Profit/(loss) attributable to:			
- Owners of the company		193,875	218,430
- Non-controlling interest		3,658	3,015
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(125,015)	37,095
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)		**(125,655)**	**36,706**
Total comprehensive income/(loss)		**71,878**	**258,151**
Total comprehensive income attributable to:			
- Owners of the company		68,251	255,150
- Non-controlling interest		3,627	3,001

[1] EBITDA is a non-GAAP measure in this 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.

Consolidated Statement of Changes in Equity

	Equity attributable to the company's owners							
(EUR'000)	Authorised share capital	Additional paid-in capital	Hyperinflationary effect - IAS 29 (Note 2)	Translation reserve	Retained earnings & Other reserves	Total equity without non-controlling interest	Non-controlling interest	Total equity
1 January 2022	**7**	**340,000**	**-**	**(262,643)**	**(111,268)**	**(33,904)**	**29,867**	**(4,037)**
Net income for the period	-	-	-	-	218,430	218,430	3,015	221,445
Other comprehensive income	-	-	-	37,095	(375)	36,720	(14)	36,706
Comprehensive income for the period	-	-	-	37,095	218,055	255,150	3,001	258,151
Other changes in equity	-	-	-	15	(17)	(2)	-	(2)
Hyperinflationary effect – IAS 29 (Note 2)	-	-	243,848	-	-	243,848	-	243,848
31 December 2022 Restated	**7**	**340,000**	**243,848**	**(225,533)**	**106,770**	**465,092**	**32,868**	**497,960**
1 January 2023	**7**	**340,000**	**243,848**	**(225,533)**	**106,770**	**465,092**	**32,868**	**497,960**
Net income for the period	-	-	-	-	193,875	193,875	3,658	197,533
Other comprehensive income	-	-	-	(125,015)	(609)	(125,624)	(31)	(125,655)
Comprehensive income for the period	-	-	-	(125,015)	193,266	68,251	3,627	71,878
Other changes in equity (i)	-	(46,670)	-	5	621	(46,044)	-	(46,044)
Hyperinflationary effect – IAS 29 (Note 2)	-	-	138,954	-	-	138,954	-	138,954
31 December 2023	**7**	**293,330**	**382,802**	**(350,543)**	**300,657**	**626,253**	**36,495**	**662,748**

(i) Other changes in equity amounting to EUR 46,670 thousand are related to the return of Additional paid-in capital in May 2023.

Consolidated Statement of Cash-flows

(EUR'000)	Note	1 January - 31 December 2023	Restated 1 January - 31 December 2022
Profit/(loss) before income tax		**205,846**	**231,201**
Adjusted for:			
Depreciation, amortisation and impairment losses	7,8,9	85,115	74,896
Unrealised currency translation losses/(gains)		110,433	105,939
Interest income	26	(3,378)	(284)
Interest expenses	26	81,360	70,316
Changes in provisions and impairment		5,536	10,065
Assets granted free of charge		(5,293)	(499)
Inventory surplus		(47)	(107)
(Gain)/Loss on disposal of property, plant and equipment		1,702	1,803
Inventory obsolescence expense		3,976	2,246
(Income)/Loss on disposal of subsidiaries		-	(467)
Hyperinflationary effect - IAS 29 - Monetary items (gains)/losses	2	(106,040)	(113,124)
Hyperinflationary effect - IAS 29 - Non-cash adjustments of Statement of comprehensive income items	2	11,172	6,037
Other changes - difference in rate of exchange etc.		3,419	(405)
Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities		**393,801**	**387,617**
Movements in working capital			
Decrease/(increase) in inventories	12	(14,873)	(806)
Decrease/(increase) in trade accounts receivable	13	24,131	6,650
Decrease/(increase) in other current assets	15	13,679	19,016
Increase/(decrease) in trade and other payables	22	(15,722)	(33,387)
Increase/(decrease) in other current liabilities	23	3,486	191
Cash (outflow)/inflow from operating activities before interest income received, interest expense paid and income tax paid		**404,502**	**379,281**
Interest received		2,436	196
Income tax paid	28	(19,451)	(19,690)
Net cash (outflow)/inflow from operating activities		**387,487**	**359,787**
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)	(19,268)
Purchases of property, plant and equipment and intangible assets	7,9	(115,124)	(108,089)
Proceeds from sale of property plant and equipment	7,9	-	54
Loans granted	10	(54,945)	(11,985)
Loans repaid	10	6,540	1,206
Net cash (outflow)/inflow from investing activities		**(447,478)**	**(138,082)**
Cash flows from financing activities			
Proceeds from borrowings	21	1,426,854	2,414,440
Repayment of borrowings	21	(1,537,840)	(2,526,883)
Issued bonds	21	581,399	379,482
Repayment of issued bonds	21	(294,154)	(370,000)
Fees related to issued bonds		(33,169)	(4,586)
Interest paid		(70,801)	(53,688)
Dividends paid to non-controlling interest		-	-
Dividends paid to the shareholders of the parent company		-	-
Net cash (used in)/provided by financing activities		**72,289**	**(161,235)**
Net increase/(decrease) in cash and cash equivalents		**12,298**	**60,470**
Cash and cash equivalents at the beginning of the period	14	**149,739**	**83,220**
Effect of exchange rate on changes on Cash and Cash equivalents		23,028	6,049
Cash and cash equivalents at the end of the period	14	**185,065**	**149,739**

Notes to Consolidated Financial Statements

1. DK Holding Investments, s.r.o. Group and its Operations

DK Holding Investments, s.r.o. ("The Company") is a limited liability company established on 16 December 2015. The registered address of the Company is Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic, identification number of the company is 04645740. The ultimate owner and the manager of the Company is Mr. Jaromír Tesař. The Company is represented by the Company Executive Directors Mr. Jaromír Tesař and Mr. Petr Tesař. The Company is a parent company of the group of companies, which comprises the following entities and their subsidiaries consolidated in these financial statements:

(i) ENERGO-PRO Industries, s.r.o. Group
(ii) ENERGO-PRO a.s. Group
(iii) Other subsidiaries of DKHI Group and related party companies

The number of employees of the DKHI Group as of 31 December 2023 and 2022 was 10,127 and 9,612, respectively.

1.1 Subsidiaries

(i) ENERGO-PRO Industries, s.r.o. Group ("EPI Group")

ENERGO-PRO Industries, s.r.o. Group is organised and managed based on territory markets in which it operates (Czech Republic, Slovenia, Canada, US, Turkey and other territories) and is focused on two major segments – design and production of energy and industrial equipment.

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 Hydro Inc. and LITOSTROJ Holding US, and directly owns 100% of shares in these entities.

LITOSTROJ Holding U.S. INC. ("LTH US") is a joint-stock company 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 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 Čapkova 2357/5, 678 01 Blansko, Czech Republic. As of 1 January 2019, the company changed its name from ČKD Blansko Engineering, a.s. to Litostroj Engineering, a.s. The company has its own hydraulic laboratory and continues the long tradition of Blansko in the research, development, supply and other services for the hydroelectric equipment.

The number of employees of ENERGO-PRO Industries, s.r.o. Group as of 31 December 2023 and 2022 was 382 and 340, respectively.

(ii) ENERGO-PRO a.s. and its subsidiaries ("EP Group")

ENERGO - PRO a.s. ("EPas") is a joint stock 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 EPas are power generation from hydro power plants ("HPPs"), electricity distribution and power trading. The ultimate holder of 100% of EPas shares is the entity DKHI.

- Hydro power operations in Bulgaria, Georgia, Spain and Turkey;
- Power distribution activities in Georgia and Bulgaria;
- Trading with the electricity on the European market.

EPas is the parent company of the Group of companies ("the EP Group"), which comprises the following entities and their subsidiaries as of 31 December 2023:

Name	Segment	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%

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

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

		EPV's ownership interest	
Name	Location	**31 December 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 at Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. EPES is engaged in trading with electricity, gas and other energy on the electricity market at freely negotiated prices. EPES 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.

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

		EP TK Holding's ownership interest	
Name	**Location**	**31 Debember 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. The activities of EPToptan are trading with electricity in the Turkish energy market.

The number of employees of EP Turkey Holding (including all its subsidiaries) as of 31 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 its affiliated Alpaslan II and Karakurt hydropower plants with dams. In 2021, EP Insaat's works in relation to these hydropower plants were completed. The registered address of EPInsaat is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Türkiye. EPInsaat had no employees as of 31 December 2023.

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. Based on the Shares Purchase Agreement with the Parent company DKHI dated 7 December 2020, the EPas became the shareholder of the EP Colombia. EP Colombia is the parent company in the following entity:

		EP Colombia's ownership interest	
Name	**Location**	**31 December 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 Swiss GmbH ("EP Swiss")

EP Swiss is a limited liability company established on 27 May 2019 with the registered address of Zürcherstrasse 15, 5400 Baden, Switzerland. The company's main activity is providing hydro-engineering consulting services. Based on the Shares Purchase Agreement with the Parent company DKHI dated 26 February 2021, the EPas became the unique shareholder of EP Swiss. EP Swiss main activities consist of providing technical consultancy in the hydropower sector (including greenfield development projects), expert supervision and support during the development and implementation of new projects. The number of employees of EP Swiss as of 31 December 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 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 investigation of the new hydropower project possibilities in the territory. 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 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.

(iii) Other subsidiaries of DKHI Group

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 Litomeřice on the Labe river in the Czech Republic.

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

ENERGO-PRO Turkish Development s.r.o. ("EPTD")

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

		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.

Berta Enerji Elektrik Üretim Sanay ve Tic. A.Ş.

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

PT ENERGO PRO Indonesia ("EP Indonesia")

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

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.

1.2 Related parties owned directly by the ultimate owner

Pozemkový Holding a.s. (“PH”)

PH is a joint-stock company established on 24 October 2022 with registered address of Příkop 843/4, Zábrdovice, 602 00 Brno, Czech Republic, identification number of the PH is 17670446. The main activity of PH is agricultural business. The company was sold to the ultimate owner of DKHI in May 2023.

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.

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. The Group, therefore, continues to apply the going concern basis in preparing its financial statements.

Military conflict between Russia and Ukraine

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

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

Application of IAS 29. IAS 29 requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within the Finance costs – Net in the line Monetary gains/(losses). In the Consolidated Statement of Cash-flows, the Group reports the effect of IAS 29 on the line "Hyperinflationary effect - IAS 29 - Monetary items (gains)/losses" and "Hyperinflationary effect - IAS 29 - Non-cash adjustments of Statement of comprehensive income items", which is part of non-cash items. The line "Hyperinflationary effect - IAS 29 - Non-cash adjustments of Statement of comprehensive income items" shows the effect of indexation or current remeasuring at the balance sheet date on individual items in the Statement of comprehensive income, the effects on EBITDA and Depreciation, amortisation and impairment losses, Finance income and Finance costs items are shown in the table below. In accordance with the criteria set out in IAS 29, Türkiye has been classified as a hyperinflationary economy since April 2022. The entities within the Group to which IAS 29 is applicable as of 31 December 2023 are Murat, Bilsev, Berta and 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 costs of calculation of the impacts would exceed the benefits for the users of these consolidated financial statements for the year ended, and as of 31 December 2023 have therefore not been applied. Adjustments for companies Murat, Bilsev and Berta have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2023. The terms of IAS 29 require that financial statements prepared in the currency in the economy with hyperinflation should be expressed the terms of the measurement unit valid at the balance sheet date and the amounts in previous periods should be arranged in the same way. For the year ended 31 December 2023, all amounts were translated into the presentation currency (EUR) using the closing exchange rate as of 31 December 2023. For the year ended 31 December 2022, all amounts stated in the Statement of the Comprehensive Income were initially translated into the presentation currency (EUR) using the average exchange rate for the year ended 31 December 2022 instead of the closing exchange rate as it is required by IAS 21.42 for the hyperinflationary subsidiaries consolidated to non-hyperinflationary parent company. The Group has decided to restate all amounts for the year 2022 aligning with the IAS 21 and IAS 29 and recalculated the comparative figures using the closing exchange rate. Furthermore, the management incorrectly used incorrect exchange rate for translation of the equity components and also restated the equity components on the Consolidated Statement of Financial Position using the closing exchange rate applying the same paragraph of IAS 21. Prospectively, the Group will continue to apply the closing exchange rate for translation into the presentation currency (EUR). The net assets in the subsidiary's local financial statements were adjusted for changes in the price level. Pursuant to IAS 21 'Effects of Changes in Foreign Exchange Rates,' paragraph 42, due to that the parent company has presentation currency that is non-hyperinflationary, the comparative amounts of the previous reporting period were not restated for the Turkish lira. One of the requirements for the application of IAS 29 is a three–year compound inflation rate approaching or exceeding 100%. Coefficient obtained from Consumer Price Index in Turkey published by Turkish Statistical Institute (TUIK). Since the beginning of 2021, inflation in Turkey has increased significantly. With the cumulative effect of increase in inflation in recent three years, it has become necessary for entities operating in Turkey to apply IAS 29 - from 30 June 2022. Pursuant to IAS 21 'Effects of Changes in Foreign Exchange Rates,' paragraph 42, the comparative amounts of the previous reporting period were not restated for the Turkish lira. The indices and coefficients used to prepare the consolidated financial statements are as follows:

The indices and coefficients used to prepare the consolidated financial statements are as follows:

Date	**Index**	**Adjustment Coefficient**	**Three years compound inflation rates**
31 December 2023	1,859	1,648	268%
31 December 2022	1,128	1,643	156%
31 December 2021	686	1,361	74%

The following is a summary of the main items for the above-mentioned adjustments:

- Monetary assets and liabilities are not adjusted as they are presented in the current purchasing power as of the balance sheet date.
- Non-monetary assets and liabilities are recalculated in terms of the current measuring unit at the balance sheet date, using the increase in the general price index from the transaction date when they arose to the balance sheet date.
- All items in the consolidated statement of profit or loss and other comprehensive income are expressed in terms of the current measuring unit at the balance sheet date.
- Inflation indexing for deposits subject to contractual price changes has been offset by net monetary gains / (losses).

The effects of IAS 29 on Statement of financial position and Statement of Comprehensive Income are shown for the twelve months ended 31 December 2023 in the table below:

(EUR '000)	**1 January – 31 December 2023**
Movements on Statement of financial position	
Assets:	
Property, plant and equipment	226,304
Other intangible assets	456
Other current assets	917
Total equity:	
Hyperinflationary effect - IAS 29	138,954
Liabilities:	
Borrowings	(6,145)
Hyperinflationary effect - IAS 29 on Statement of financial position	**94,868**
Statement of Comprehensive Income	
Monetary items gains/(losses)	106,040
Non-cash adjustment of Statements of comprehensive income items	(11,172)
of which: Non-cash adjustments of EBITDA	*7,841*
of which: Non-cash adjustments of Depreciation, amortisation and impairment losses, Finance income and Finance costs	*(19,016)*
Hyperinflationary effect - IAS 29 on Statement of Comprehensive Income	**94,868**

The effects of IAS 29 on Statement of financial position and Statement of Comprehensive Income are shown for the twelve months ended 31 December 2022 in the table below:

(EUR '000)	**1 January – 31 December 2022**
Assets:	
Property, plant and equipment	346,710
Other intangible assets	881
Other current assets	1,832
Total equity:	
Hyperinflationary effect – IAS 29	243,848
Liabilities:	
Borrowings	(1,512)
Hyperinflationary effect - IAS 29 on Statement of financial position	**107,087**
Statement of Comprehensive Income	
Monetary items gains/(losses)	113,124
Non-cash adjustment of Statements of comprehensive income items	(6,037)
of which: Non-cash adjustments of EBITDA	*7,165*
of which: Non-cash adjustments of Depreciation, amortisation and impairment losses, Finance income and Finance costs	*(13,202)*
Hyperinflationary effect - IAS 29 on Statement of Comprehensive Income	**107,087**

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.

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

And

- 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 the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Property, plant and equipment ("PPE"). Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is derecognised. At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the 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 in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by The Group and payments of penalties for terminating the lease, if the lease term reflects The Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, The Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

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

The Group also applied the available practical expedients wherein it:

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

IFRS 16 was adopted by the EU on October 31, 2017, and entered into force on January 1, 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 8,538 thousand (31 December 2022: EUR 8,538 thousand). An average interest rate of 9.45% as of 31 December 2023 (31 December 2022: 4.68%) was used for the calculation. The Group does not present lease liabilities separately in the statement of financial position, the lease liabilities are disclosed in the following notes of these in the statement of financial position include those liabilities:

(EUR'000)	**31 December 2023**	**31 December 2022**
Non-Current Financial Liabilities (Note 18)	2,353	1,334
Other Current Liabilities (Note 23)	822	472
Total lease liabilities	**3,175**	**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:

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

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 is 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 assets are presented separately from trade receivables in the balance sheet. 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.

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.

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.

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 6.

Foreign currency translation. The functional currency of each of the DKHI 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 DKHI 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
CAD – Canadian Dollar

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. Since January 1, 2018, the Group does not report revenue and (costs) for grid components.

d) Revenue from customer contracts

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

A five-step model is used to recognise revenue from contracts with customers:

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

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

- the buyer simultaneously accepts and consumes the benefits of the company's implementation during the implementation itself

- the enterprise's performance creates or increases an asset (eg work in progress) that the customer controls during the creation or expansion

- the performance of the enterprise does not create an asset that the enterprise can use for other purposes and the enterprise has a recoverable right to payment for the performance completed so far.

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

(e) Interest income

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

(f) Financial income under a corporate guarantee contract

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

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

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

(a) Defined contribution retirement plan

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

(b) Defined benefit obligations

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

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

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

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

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Estimated impairment of goodwill. The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use or fair value less cost to sell calculations. These calculations require the use of estimates as further detailed in Note 8.

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 6.

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

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

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

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

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

(a) Grid access fee provision

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

(b) Provision for legal claims

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

c) Provision for energy efficiency

EP Group's company the EPV is on the list of obligated persons under the Energy Efficiency Act (EEA) and have individual goals for energy savings. The EPV recognises a provision in connection with its obligation to meet these individual objectives.

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

Retirement benefit obligations. The present value of the retirement benefit obligations in income depends on several factors, which are defined on the basis of actuarial valuation, using different assessments such as number of salaries defined in Collective labour agreement, their increase and other. Estimates used to determine the net expense / (income) for the benefits at retirement include the discount factor. Any change in these estimates will affect the carrying amount of retirement benefits obligations. At the end of each year, the Group determines appropriate discount factor. This the interest rate should be used to determine the present value of estimated future outflows needed to meet the obligations of such benefits. In determining the appropriate discount factor, the Group takes into account the rate of government bonds ("GB") with 10-year maturity, issued by the local governments, denominated in the currency in which the income would be paid and terms to maturity similar to the terms of the obligations under the pension income. Since the average retirement term is longer than 10 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 significant leasehold improvements or significant customisation to the leased asset).
Leases - estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable

rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. Adoption of New or Revised Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 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 2024 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. Based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in Bulgaria, Georgia and Türkiye 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.

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.

IAS 21 Lack of exchangeability (Amendments)
The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. IAS 21 sets out the requirements for determining the exchange rate to be used for recording a foreign currency transaction into the functional currency and translating a foreign operation into a different currency. If a currency lacks exchangeability, it can be difficult to determine an appropriate exchange rate to use. While relatively uncommon, a lack of exchangeability might arise when a government imposes foreign exchange controls that prohibit the exchange of a currency or that limit the volume of foreign currency transactions. The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The Management has assessed that these amendments are expected to have a no material impact on the Condensed Consolidated Interim Financial Statements of the Group.

5. Prior period restatements and reclassifications

Prior period omissions and errors. The Group corrects prior period material omissions and errors retrospectively in the consolidated financial statements upon their discovery by restating the comparative amounts for the prior period presented in which the omission and error occurred. If the error occurred before the earliest prior period presented, the Group restates the opening balances of the respective assets, liabilities, and equity for the earliest prior period presented.

Prior period reclassifications. Certain reclassifications have been made to the financial statements as at 31 December 2022 to conform to the presentation as at 31 December 2023. These reclassifications have affected the consolidated statement of financial position, consolidated statement of comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2022.

The Group has identified and retrospectively corrected errors and made reclassifications in respect of the following line items of Statement of Financial Position:

(EUR ’000)	As reported 31 December 2022	Effect of Restatement (i)	As restated 31 December 2022
Equity:			
Hyperinflationary effect - IAS 29	331,084	(87,236)	243,848
Translation reserve	(323,108)	97,575	(225,533)
Retained earnings/(losses) & Other reserves	117,109	(10,339)	106,770

The Group has identified and retrospectively corrected errors and made reclassifications in respect of the following line items of Statement of Comprehensive Income of Comprehensive Income:

(EUR ’000)	As reported for the twelve months ended 31 December 2022	Effect of Restatement (i)	As restated for the twelve months ended 31 December 2022
Sales of electricity in local markets	1,585,403	(11,843)	1,573,560
Services and other	106,908	130	107,038
Total revenue	**1,861,261**	**(11,713)**	**1,849,548**
Other income	5,938	(39)	5,899
Service expenses	(136,008)	711	(135,297)
Labour costs	(105,455)	154	(105,301)
Other tax expenses	(9,872)	24	(9,848)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**376,165**	**(10,863)**	**365,302**
Depreciation, amortisation and impairment losses	(77,205)	2,309	(74,896)
Earnings before interest and taxes (EBIT)	**298,960**	**(8,554)**	**290,406**
Finance income	4,625	91	4,716
Finance costs	(191,817)	14,772	(177,045)
Monetary Items gains/(losses) - Hyperinflationary effect - IAS 29	129,772	(16,648)	113,124
Finance costs – net	**(57,420)**	**(1,785)**	**(59,205)**
Income before income tax (EBT)	**241,540**	**(10,339)**	**231,201**
Profit/(loss) for the year	**231,784**	**(10,339)**	**221,445**
Profit/(loss) attributable to:			
- Owners of the company	228,769	(10,339)	218,430
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	(60,480)	97,575	37,095
Other comprehensive income/(loss)	**(60,869)**	**97,575**	36,706
Total comprehensive income/(loss)	**170,915**	**87,236**	**258,151**
Total comprehensive income attributable to:			
- Owners of the company	167,914	87,236	255,150

The Group has identified and retrospectively corrected errors and made reclassifications in respect of the following line items of Consolidated Statement of Cash-flows:

(EUR '000)	As reported for the twelve months ended 31 December 2022	Effect of Restatement (i)	As restated for the twelve months ended 31 December 2022
Profit/(loss) before income tax	**241,540**	**(10,339)**	**231,201**
Adjusted for:			
Depreciation, amortisation and impairment losses	77,205	(2,309)	74,896
Unrealised currency translation losses/(gains)	118,433	(12,494)	105,939
Interest expenses	72,454	(2,138)	70,316
(Gain)/Loss on disposal of property, plant and equipment	1,809	(6)	1,803
Hyperinflationary effect - IAS 29 - Monetary items (gains)/losses	(129,772)	16,648	(113,124)
Hyperinflationary effect - IAS 29 - Non-cash adjustments of Statement of comprehensive income items	-	6,037	6,037
Other changes - difference in rate of exchange etc.	(2,321)	1,916	(405)
Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities	**390,302**	**(2,685)**	**387,617**
Movements in working capital			
Decrease/(increase) in trade accounts receivable	6,677	(27)	6,650
Decrease/(increase) in other current assets	17,064	1,952	19,016
Cash (outflow)/inflow from operating activities before interest income received, interest expense paid and income tax paid	**380,041**	**(760)**	**379,281**
Net cash (outflow)/inflow from operating activities	**360,547**	**(760)**	**359,787**
Purchases of property, plant and equipment and intangible assets	(109,749)	1,660	(108,089)
Net cash (outflow)/inflow from investing activities	**(139,742)**	**1,660**	**(138,082)**
Net increase/(decrease) in cash and cash equivalents	**59,570**	**900**	**60,470**
Effect of exchange rate on changes on Cash and Cash equivalents	6,949	(900)	6,049

(i) The Group has identified and retrospectively corrected errors and made reclassifications in connection with IAS 29 "Financial Reporting in Hyperinflationary Economies" concerning the Turkish subsidiaries Murat, Bilsev, and Berta. This involves translating financial statements of these companies from the functional currency (Turkish lira) to the presentation currency (EUR). For the year ended 31 December 2022, all amounts stated in the Statement of the Comprehensive Income were initially translated into the presentation currency (EUR) using the average exchange rate for the year ended 31 December 2022 instead of the closing exchange rate as it is required by IAS 21.42 for the hyperinflationary subsidiaries consolidated to non-hyperinflationary parent company. The Group has decided to restate all amounts for the year 2022 aligning with the IAS 21 and IAS 29 and recalculated the comparative figures using the closing exchange rate. Furthermore, the management incorrectly used incorrect exchange rate for translation of the equity components and also restated the equity components on the Consolidated Statement of Financial Position using the closing exchange rate applying the same paragraph of IAS 21. Prospectively, the Group will continue to apply the closing exchange rate for translation into the presentation currency (EUR).

6. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party could control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

(EUR'000)	Note	Shareholder	Entities under common control and Related parties
Current portion of issued loans	10	-	13,623
Non-current portion of issued loans	10	-	36,256
Other liabilities to shareholder	23	7,294	-

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

(EUR'000)	Note	Shareholder	Entities under common control and Related parties
Interest income	10	-	2,095
Interest costs		(6)	-

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

(EUR'000)	Note	Shareholder	Entities under common control and Related parties
Current portion of issued loans	10	-	9,506
Other liabilities to shareholder	23	23,804	-

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

(EUR'000)	Note	Shareholder	Entities under common control and Related parties
Interest income	26	-	251
Interest costs	26	(631)	-

Other current liabilities to the shareholder amounting to EUR 7,294 thousand as of 31 December 2023 (31 December 2022: EUR 23,804 thousand) are liabilities to the owner of the Company. Liabilities to the shareholder of the Company have a flexible date of maturity, and it is expected that these liabilities will be offset against issued loans to Terestra and Taurus (Note 23, Note 17, Note 10).

7. Property, Plant and Equipment

(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	**417,550**	**814,939**	**26,838**	**38,308**	**7,559**	**19,550**	**1,324,744**
Hyperinflationary effect - IAS 29 and Reclassifications (Restated)	310,692	46,599	4,772	128	(161)	(4,317)	357,713
Additions(Restated)	8,097	13,292	4,641	86,985	1,068	4,694	118,777
Transfers (Restated)	12,642	60,741	1,577	(76,561)	-	1,601	-
Disposals (Restated)	(55)	(9,682)	(1,254)	(78)	(399)	(190)	(11,658)
Acquisition of subsidiaries	(1,973)	(5,199)	(956)	2,085	-	161	(5,882)
Difference in rate of exchange	(55,900)	60,139	4,382	5,785	471	823	15,700
31 December 2022	**691,053**	**980,829**	**40,000**	**56,652**	**8,538**	**22,322**	**1,799,394**
Hyperinflationary effect - IAS 29 and Reclassifications	198,359	35,814	281	(218)	75	302	234,613
Additions	1,455	22,688	4,614	98,249	3,154	2,977	133,137
Transfers	13,283	67,658	2,032	(83,700)	-	727	-
Disposals	(197)	(11,517)	(2,286)	(98)	(469)	(251)	(14,818)
Acquisition of subsidiaries	25,456	209,836	-	9,467	-	-	244,759
Difference in rate of exchange	(201,891)	(54,276)	(1,406)	(108)	(166)	(432)	(258,279)
31 December 2023	**727,518**	**1,251,032**	**43,235**	**80,244**	**11,132**	**25,645**	**2,138,806**
Accumulated depreciation							
1 January 2022	**(65,359)**	**(391,268)**	**(17,800)**	**(9)**	**(3,514)**	**(9,922)**	**(487,872)**
Hyperinflationary effect - IAS 29 and Reclassifications (Restated)	(10,694)	1,685	(3,055)	-	-	900	(11,164)
Charge for the year (Restated)	(17,105)	(47,111)	(3,139)	(19)	(1,463)	(2,882)	(71,719)
Disposals (Restated)	35	8,339	953	5	320	144	9,794
Impairment loss (-)/Reversal of impairment (+)	363	-	-	-	-	-	363
Acquisition of subsidiaries (+)	4,238	2,420	308	-	1	(2)	6,965
Difference in rate of exchange (Restated)	(3,493)	(27,797)	(2,362)	(14)	(222)	(84)	(33,972)
31 December 2022	**(92,017)**	**(453,732)**	**(25,095)**	**(37)**	**(4,878)**	**(11,846)**	**(587,605)**
Hyperinflationary effect - IAS 29 and Reclassifications	(9,652)	(1,850)	(150)	-	-	(121)	(11,773)
Charge for the year	(17,770)	(57,218)	(3,272)	(11)	(1,607)	(3,210)	(83,088)
Disposals	64	10,856	1,757	-	219	220	13,116
Impairment loss (-)/Reversal of impairment (+)	9	-	-	-	-	-	9
Acquisition of subsidiaries	(5,365)	(155,619)	-	-	-	-	(160,984)
Difference in rate of exchange	10,667	8,857	744	2	92	158	20,520
31 December 2023	**(114,064)**	**(648,706)**	**(26,016)**	**(46)**	**(6,174)**	**(14,799)**	**(809,805)**

Net book value							
31 December 2022	**599,036**	**527,097**	**14,905**	**56,615**	**3,660**	**10,476**	**1,211,789**
31 December 2023	**613,454**	**602,326**	**17,219**	**80,198**	**4,958**	**10,846**	**1,329,001**

The year-on-year change in the items Land and Building, Technical plant and machinery, Other plant, furniture and fixtures is caused mainly of hyperinflationary accounting IAS 29 on Turkish entities Murat and Bilsev. (Note 2)

As of 31 December 2023, no other indicators have been established that the carrying amount of PPE exceeds their recoverable amount and as a result.

8. 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	31 December 2023
ENERGO-PRO Group (i)	63,615	(4,197)	225,313	(923)	283,808
DK Holding Investments Group (ii)	13,585	-	-	-	13,585
Total carrying amount	**77,200**	**(4,197)**	**225,313**	**(923)**	**297,393**

(EUR'000)	31 December 2021	Acquisitions/ Disposals	Exchange differences	Impairment loss	31 December 2022
ENERGO-PRO Group (i)	56,252	4,816	3,960	(1,413)	63,615
DK Holding Investments Group (ii)	13,585	-	-	-	13,585
Total carrying amount	**69,837**	**4,816**	**3,960**	**(1,413)**	**77,200**

(i) ENERGO–PRO Group

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 (ii) (Note 30)	Exchange differences	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**

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

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

	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 ten years	1.0% p.a.	1.0% p.a.

(ii) DK Holding Investments Group

(a) Berta Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	3,535	3,535
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**3,535**	**3,535**
Exchange differences	-	-
Gross book value at 31 December	3,535	3,535
Impairment loss	-	-
Carrying amount at 31 December	**3,535**	**3,535**

Allocation. Total goodwill is allocated to the Berta as a single cash-generating unit ("CGU") that is expected to benefit from the synergies of the respective business combinations. **Impairment test.** The recoverable amount of CGU of Berta is determined by calculating the value in use, based on a 46-year period. These forecasts reflect the specifics of the business sector, as well as the most current expectations of the Management for its development during the forecast period. The value of the CGU after the determined forecast period is based on the calculation of its terminal value. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2023	2022
Discount rate	10.8% p.a.	11.2% p.a.
Annual sales growth	2.0% p.a.	2.0% p.a.

(b) DEL Goodwill

(EUR'000)	31 December 2023	31 December 2022
Gross book value at 1 January	10,050	10,050
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**10,050**	**10,050**
Exchange differences	-	-
Gross book value at 31 December	10,050	10,050
Impairment loss	-	-
Carrying amount at 31 December	**10,050**	**10,050**

Allocation. Total goodwill is allocated to the DEL 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. This calculation uses cash flow projection based on financial forecasts prepared by management covering a fifteen-year period. Cash flows beyond the fifteen-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 calculation to which the recoverable amount is most sensitive were:

	2023	2022
Discount rate	7.5% p.a.	6.6% p.a.
Annual sales growth	2.0% p.a.	2.0% p.a.

9. Other Intangible Assets

(EUR'000)	Electricity generation licenses	Software	Research & Development ("R&D")	Assets under construction (i)	Other	Total
Cost or valuation						
1 January 2022	**29,886**	**6,155**	**5,003**	**44**	**20,756**	**61,844**
Hyperinflationary effect - IAS 29 and Reclassifications (Restated)	924	(202)	(488)	1	221	456
Charge for the year	24	324	-	445	901	1,694
Disposals	-	44	-	(44)	-	-
Impairment loss	-	(6)	-	-	(16)	(22)
Acquisition of subsidiaries (Restated)	(17)	-	-	-	(65)	(82)
Difference in rate of exchange (Restated)	872	305	-	-	336	1,513
31 December 2022 Restated	**31,689**	**6,620**	**4,515**	**446**	**22,133**	**65,403**
Hyperinflationary effect - IAS 29 and Reclassifications	490	20	-	4,065	134	4,709
Charge for the year	4	276	-	6,303	549	7,132
Disposals	21	116	-	(137)	-	-
Impairment loss	(31)	(224)	-	-	(29)	(284)
Acquisition of subsidiaries	-	215	-	-	2,000	2,215
Difference in rate of exchange	(1,168)	(88)	1	1,819	(30)	534
31 December 2023	**31,005**	**6,935**	**4,516**	**12,496**	**24,757**	**79,709**
Accumulated depreciation						
1 January 2022	**(10,554)**	**(3,743)**	**(4,121)**	**-**	**(19,832)**	**(38,250)**
Hyperinflationary effect - IAS 29 and Reclassifications	(75)	(193)	486	-	209	427
Charge for the year (Restated)	(849)	(271)	(285)	-	(359)	(1,764)
Disposals	-	6	-	-	23	29
Impairment loss	-	-	-	-	-	-
Acquisition of subsidiaries	4	-	-	-	65	69
Difference in rate of exchange (Restated)	(260)	(182)	-	-	(110)	(552)
31 December 2022 Restated	**(11,734)**	**(4,383)**	**(3,920)**	**-**	**(20,004)**	**(40,041)**
Hyperinflationary effect - IAS 29 and Reclassifications	(56)	-	-	-	-	(56)
Charge for the year	(836)	(391)	(232)	(103)	(465)	(2,027)
Disposals	31	224	-	-	29	284
Impairment loss	-	-	-	-	-	-
Acquisition of subsidiaries	-	(75)	-	-	(1,853)	(1,928)
Difference in rate of exchange	264	67	-	(15)	37	353
31 December 2023	**(12,331)**	**(4,558)**	**(4,152)**	**(118)**	**(22,256)**	**(43,415)**
Net Book Value						
31 December 2022	**19,955**	**2,237**	**595**	**446**	**2,129**	**25,362**
31 December 2023	**18,674**	**2,377**	**364**	**12,378**	**2,501**	**36,294**

(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.

10. Non-current and Current Issued Loans

(EUR'000)	31 December 2023	31 December 2022
Non-current portion of issued loans:		
Mr. Petr Tesař (related party)	24,523	-
KEY CITY DEVELOPMENT s.r.o. (related party)	9,250	-
BELANDRA s.r.o. (related party)	2,484	-
Other	26	281
Total non-current portion of issued loans	**36,283**	**281**
Current portion of issued loans:		
Terestra-Bulgaria EOOD (related party)	12,612	4,656
KEY CITY DEVELOPMENT s.r.o. (related party)	-	3,140
BELANDRA s.r.o. (related party)	-	813
Taurus Konsult EOOD (related party)	1,011	897
Other	13,045	5,006
Total current portion of issued loans	**26,668**	**14,512**
Total issued loans	**62,951**	**14,793**

Movements in issued loans were as follows:

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
As at the beginning of the period	**14,793**	**3,924**
Interest income accrued during the year	3,378	284
Loans issued during the year	52,446	11,985
Principal repayments	(6,540)	(1,206)
Interest received during the year	(2,436)	(196)
Exchange rate difference	1,310	2
As at the end of the period	**62,951**	**14,793**

11. Non-current Financial Assets and Prepayments for an acquisition of investments

(EUR'000)	31 December 2023	31 December 2022
Investments Fund	2,411	2,108
Other	1,623	1,657
Total non-current financial assets	**4,034**	**3,765**

12. Inventories

(EUR'000)	31 December 2023	31 December 2022
Work in progress	17,520	11,605
Electrical equipment (i)	14,802	4,727
Material and raw material	5,648	2,269
CO2 emission rights (ii)	5,469	-
Spare parts	4,841	2,286
Prepayments for inventories	3,625	4,919
Cables and wires	2,081	2,054
Tools and bolts	1,447	1,391
Inventory related to Paybox Installation	1,340	1,478
Oil and lubricants	763	745
Scrap & Damaged Inventory	398	521
Other (i)	3,587	2,786
Less: provision for obsolete and slow-moving inventories	(8,324)	(7,933)
Total inventories	**53,197**	**26,848**

(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 inventories were as follows:

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
At the beginning of the period	**26,848**	**36,978**
Purchase of inventories	53,834	39,870
Own production of inventories	2,584	558
Payment of prepayments for inventories	13,445	12,894
Inventory differences	47	107
Capitalisation of inventories	(14,985)	(12,663)
Use of prepayments for inventories	(14,648)	(16,714)
Sale of inventories	(29,732)	(23,139)
Exchange rate difference	(2,895)	(2,907)
Business combination (Note 30)	23,092	-
Impairment for inventories - additions (-) / release (+)	(4,393)	(8,136)
At the end of the period	**53,197**	**26,848**

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

13. Trade and Other Receivables

(EUR'000)	31 December 2023	31 December 2022
Distribution to households	45,505	45,125
Distribution to commercial sector	40,517	37,265
Short-term account receivable	10,317	9,332
Receivables from transmission	4,233	4,576
Other trade receivables	9,908	9,006
Less: provision for impairment	(11,539)	(12,007)
Total trade receivables	**98,941**	**93,297**
Guarantee deposits	5,860	10,260
Restricted bank deposit	306	212
Other	1,107	1,493
Total trade and other receivables	**106,214**	**105,262**

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	**12,007**	**11,036**
Impairment charge	2,728	2,435
Reversal of impairment during the year	(1,531)	(1,741)
Amounts written off during the year as uncollectible	(1,013)	(324)
Exchange rate difference	(652)	601
Provision for impairment at the end of the period	**11,539**	**12,007**

Analysis by credit quality of trade receivables is as follows:

(EUR'000)	31 December 2023	31 December 2022
Total neither past due not impaired:	**85,544**	**73,137**
Past due but not impaired		
- less than 30 days overdue	7,801	11,058
- 31 to 90 days overdue	1,094	2,320
- 91 to 180 days overdue	212	634
- over 181 days overdue	4,291	6,148
Total past due not impaired	**13,398**	**20,160**
Past due and impaired		
- current and impaired	29	40
- less than 30 days overdue	210	310
- 31 to 90 days overdue	407	703
- 91 to 180 days overdue	485	835
- over 181 days overdue	10,408	10,119
Total past due and impaired	**11,539**	**12,007**
Less: provision for impairment	(11,539)	(12,007)
Total current trade receivables, net	**98,941**	**93,297**

14. Cash and Cash Equivalents

(EUR'000)	31 December 2023	31 December 2022
Cash on hand	64	53
Cash with banks:		
- EUR denominated	119,279	93,231
- GEL denominated	5,774	20,124
- CZK denominated	4,436	19,529
- USD denominated	11,630	6,971
- BGN denominated	40,222	6,778
- CAD denominated	1,577	989
- TRY denominated	450	583
- Other currencies denominated	1,633	1,481
Total cash and cash equivalents	**185,065**	**149,739**
- of which EUR denominated Restricted cash (i)	21,627	22,473

(i) This amount represents the cash proceeds of ALPASLAN-II Project financing (Note 21) held in a segregated account of Murat. The release of this cash is subject to a number of conditions and its use is restricted to funding expenses relating to the construction of the ALPASLAN-II Project.

15. Other Current Assets

(EUR'000)	31 December 2023	31 December 2022
Advance payments (i)	3,795	12,156
VAT receivables (i)	5,867	9,276
Prepaid insurance	5,379	4,286
Deferred VAT receivables	452	2,804
Restricted cash	926	2,442
Compensation from Ministry of Energy (EPV) (ii)	-	1,069
Other	5,630	5,674
Total other current assets	**22,049**	**37,707**

(i) Items Advance payments and VAT receivables consist mainly prepaid construction payments connected for reconstruction and rehabilitation projects within DKHI Group.

(ii) 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).

16. Share Capital

The Company has authorized share capital of EUR 7 thousand (CZK 200 thousand) as of 31 December 2023, and as of 31 December 2022.

17. Retained Earnings/(Losses) and Other Reserves

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.

The item Retained Earnings/(Losses) and Other Reserves as of 31 December 2023 and 31 December 2022 includes EUR 21,978 thousand related to a capitalisation of 'Liability arising from the acquisition' owed to its 100% owner under the share purchase agreement pursuant to which the Company acquired the shares of EPas in 2016, as a result of an amendment of the share purchase agreement. (Note 23)

18. Non-current Financial Liabilities

(EUR'000)	31 December 2023	31 December 2022
Financial lease liabilities	2,353	1,334
Other	1,089	1,214
Total non-current financial liabilities	**3,442**	**2,548**

19. Other Non-current Liabilities

(EUR'000)	31 December 2023	31 December 2022
Long-term liabilities arising from the acquisition of the company EPas (i)	9,130	8,722
Government grants (ii)	3,147	1,828
Liabilities for consulting services	-	6,500
Other	1,938	1,907
Total other non-current liabilities	**14,215**	**18,957**

(i) The amount represents the obligation arising from the payment of the purchase price for the purchase of the share in EPas. This liability has a maturity date in 2026.

In 2018, the Company capitalised 'Liability arising from the acquisition' owed to its 100% owner under the share purchase agreement pursuant to which the Company acquired the shares of EPas in 2016, as a result of an amendment of the share purchase agreement. (Note 23).

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

20. Non-current and Current Provisions

(EUR'000)	31 December 2023	31 December 2022
Non-current:		
Retirement benefits (c)	5,542	5,433
Grid access fee provision (a)	3,315	3,406
Legal claims (b) (i)	2,135	-
Provision for guarantees given (e)	2,033	1,301
Other non-current provisions (d)	2,967	2,517
Total non-current provisions	**15,992**	**12,657**
Current:		
Legal claims (b) (i)	6,445	5,386
Provisions for CO2 emission rights consumption (f)	5,368	-
Provisions for Economic Activities Tax (IAE) (g)	2,628	-
Retirement benefits (c)	963	781
Provision for guarantees given (e)	263	384
Other current provisions (d)	1,885	1,660
Total current provisions	**17,552**	**8,211**
Total provisions	**33,544**	**20,868**

The movement of the provisions is as follows:

(EUR'000)	Grid access fee	Legal claims	Provisions for CO2 emission rights consumption	Provisions for Local Taxes (IAE)	Retirement benefits	Provision for guarantees given	Other	Total
As at 1 January 2023	**3,406**	**5,386**	**-**	**-**	**6,214**	**1,685**	**4,177**	**20,868**
Reclassification	-	(20)	-	-	-	-	74	54
Paid	-	(643)	-	-	(1,259)	(235)	(672)	(2,809)
Accrued	-	2,980	2,628	3,383	835	1,339	1,021	12,186
Financial expense	53	-	-	-	-	-	-	53
Reversed	(145)	(1,394)	-	(2,506)	51	(484)	(22)	(4,500)
Actuarial loss/ (profit)	-	-	-	-	422	-	40	462
Acquisition of subsidiaries	-	2,445	-	4,489	102	-	813	7,849
Difference in rate of exchange	1	(174)	-	2	140	(9)	(579)	(619)
As at 31 December 2023	**3,315**	**8,580**	**2,628**	**5,368**	**6,505**	**2,296**	**4,852**	**33,544**

(EUR'000)	Grid access fee	Legal claims (i)	Retirement benefits	Provision for guarantees given	Other	Total
As at 1 January 2022	**3,463**	**4,374**	**5,033**	**2,007**	**2,230**	**17,107**
Reclassification	-	(40)	1	(1)	40	-
Paid	-	(687)	(463)	(290)	(595)	(2,035)
Accrued	-	2,640	1,377	259	2,910	7,186
Financial expense	8	-	-	-	-	8
Reversed	(65)	(807)	(76)	(294)	(108)	(1,350)
Actuarial loss/ (profit)	-	-	263	-	-	263
Difference in rate of exchange	-	(94)	79	4	(300)	(311)
As at 31 December 2022	**3,406**	**5,386**	**6,214**	**1,685**	**4,177**	**20,868**

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

(b) Provision for legal claims

The Group is exposed to risk of losing legal claims. The estimates are updated periodically to reflect changes in all legal claims and circumstances around them. The Group considers that as of 31 December 2023, it has sufficient financial resources to settle its obligations under provisioned lawsuits amounted to EUR 8,580 thousand (31 December 2022: EUR 5,386 thousand).

(c) Retirement benefits

Benefits at retirement for illness

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

	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. Personnel degree of withdrawal in age groups:

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

Demographic assumptions about the future characteristics of employees

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

Provision for retirement benefits and jubilee benefits within LP Group

Provisions for retirement benefits and jubilee benefits are formed for estimated liabilities for retirement and jubilee benefits as a result of long-term employee service, as at the balance sheet date, discounted to the present value. Provisions for jubilee and retirement bonuses in the parent company were created under the assumptions of 241 employees (229 on permanent employment contract), an estimated future long-term salary increase of 3.5 % per year, a nominal long-term interest rate of 4.1 %, a 16.1 % employer's contribution, and fluctuation of people calculated from the present fluctuation, realistic expectations of the owner for the future and experience in fluctuation in the Republic of Slovenia. The calculation was prepared by an authorized actuary.

(e) Provisions for guarantees given

The provision for warranty guarantees for products sold are created based on experience and costs of complaints in the past and are disbursed during the warranty period of the respective project. The full amount of the provisions for guarantees is related to LP Group.

(f) 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).

(g) 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.

21. Non-current and Current Borrowings

Compliance with covenants. The Group is subject to certain covenants related to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth 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
ALPASLAN-II PROJECT FINANCE (Turkey) (ii)	94,147	115,271
AKBANK (Turkey) (iii)	53,985	72,451
UniCredit Bank Czech Republic & Slovakia - loan (Czech Republic) (iv)	30,755	33,723
Banka CREDITAS, a.s. (Czech Republic) (vi)	11,527	3,526
Komerční banka, a.s. - loan (Czech Republic) (v)	7,370	8,639
KBC Bulgaria EAD (Bulgaria) (vii)	-	5,856
Other	30	2
Total non-current portion of borrowings	**1,127,979**	**892,415**
Current portion of borrowings:		
Issued Bonds (i)	23,987	65,615
ALPASLAN-II PROJECT FINANCE (Turkey) (ii)	24,233	23,791
AKBANK (Turkey) (iii)	22,073	22,594
Banka CREDITAS, a.s. (Czech Republic) (vi)	4,044	4,147
Unicredit Bulbank AD (Bulgaria (i)	-	3,073
UniCredit Bank Czech Republic & Slovakia - loan (Czech Republic) (iv)	1,547	1,436
Komerční banka, a.s. - guarantee (Czech Republic)	770	770
Komerční banka, a.s. - loan (Czech Republic) (v)	372	340
Other	9	914
Total current portion of borrowings	**77,035**	**122,680**
Total borrowings	**1,205,014**	**1,015,095**

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

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

(i) Issued Bonds

(EUR'000)	31 December 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**
6.5% Notes due 2023		
Principal	-	43,956
Accrued Interest	-	476
Unrealised costs	-	(401)
Carrying amount of 6.5% Notes due 2023	**-**	**44,031**
Total carrying amount of issued bonds	**954,152**	**718,562**

11% Notes due 2028

On 2 November 2023, EPas 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 EPas 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. EPas 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 EPas and on its website (www.energo-pro.com/en/pro-investory).

4.262% Notes due 2035
On 27 July 2023, EPas 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, EPas 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 EPas'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. EPas has the right to repay the bonds before their scheduled maturity date. EPas 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 EPas and on its website (www.energo-pro.com/en/pro-investory).

8.5% Notes due 2027
On 4 February 2022, EPas 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 EPas'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. EPas 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 EPas and on its website (www.energo-pro.com/en/pro-investory).

6.5% Notes due 2023
On 30 October 2020, EPGF issued bonds (ISIN: CZ0003527749) with a total face value of CZK 530 million (EUR 22.0 million) with the possibility of an increase of 100% in the expected total face value of the bond issue to CZK 1,060 million (EUR 44.0 million), the issued bonds have maturity of 3 years and a fixed coupon of 6.5% p.a. The bonds were admitted to trading on the regulated market of the Prague Stock Exchange. The issue price of the bonds was 100% of nominal value. On 7 May 2021, EPGF increased the 6.5% Notes due 2023 (ISIN: CZ0003527749) by another CZK 530 million (EUR 22.0 million) bond issue. The total face value of issued bonds is CZK 1,060 million (EUR 44.0 million) as of the issuance of these financial statements. The issued bonds had maturity of 3 years and a fixed coupon of 6.5% p.a. The average effective interest rate was calculated at 7.98% as of 31 December 2022. The carrying value of these bonds as at 31 December 2022 was EUR 44,031 thousand. The bonds were carry no pre-emption or exchange rights. The bonds were freely tradeable, and their transferability was not limited. EPGF had the right to repay the bonds before their scheduled maturity date. The guarantor of these bonds was DKHI. The bonds were secured on shares representing a minority stake in EPas. 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 (http://www.energo-pro.com/en/pro-dkhi-investory). The bonds were repaid in October 2023.

(ii) Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A., acting in a fiduciary capacity, and Česká exportní banka a.s. (Murat)

Lenders	Original currency	Facility type	Outstanding balance as at 31 December 2023 (EUR ´000)	Final maturity Date
Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A., acting in a fiduciary capacity, and Česká exportní banka a.s.	EUR	Term loan	118,380	October-2030

On 8 November 2019, Murat and MUFG Securities EMEA Plc (as Facility Agent) signed a facility agreement with respect to a EUR 175,000 thousand loan. The facility was provided for the construction of the Alpaslan II dam and related HPP.

(iii) AKBANK (Bilsev)

Lender	Original currency	Facility type	Outstanding balance as at 31 December 2023 (EUR ´000)	Final maturity Date
AKBANK	USD	Term loan	76,058	December-2026

On 29 June 2016, Bilsev and AKBANK signed a facility agreement with respect to a USD 166,000 thousand loan. The facility was provided for the construction of the Karakurt dam and related HPP.

(iv) UniCredit Bank Czech Republic and Slovakia, a.s. (DEL)

Lender	Original currency	Facility type	Outstanding balance as at 31 December 2023 (EUR ´000)	Final maturity Date
UniCredit Bank Czech Republic and Slovakia, a.s.	CZK	Term loan	32,302	March-2029

On 27 March 2019, DEL and Unicredit Bank Czech Republic and Slovakia, a.s. signed a facility agreement with respect to a CZK 1,050,000 thousand loan. The proceeds were used for refinancing of existing indebtedness and general corporate purposes.

(v) Komerční banka, a.s. - loan (EPMVE)

Lender	Original currency	Facility type	Outstanding balance as at 31 December 2023 (EUR ´000)	Final maturity Date
Komerční banka, a.s.	CZK	Term loan	7,742	December-2033

EPMVE and Komerční banka, a.s. signed a facility agreement with respect to a CZK 280,000 thousand loan. The facility was provided for general corporate purposes.

(vi) Banka CREDITAS, a.s. (DKHI)

Lender	Original currency	Facility type	Outstanding balance as at 31 December 2022 (EUR ´000)	Final maturity Date
Banka CREDITAS, a.s.	CZK	Term loan	15,571	December-2027

On 21 June 2018, DKHI and Banka CREDITAS, a.s. signed a facility agreement with respect to a CZK 300,000 thousand loan. The facility was provided for general corporate purposes. The facility is being repaid in 12 equal quarterly instalments of CZK 25,000 thousand each starting from September 2019. On 27 January 2023, the principal of the loan increased to CZK 485,000 thousand.

(vii) 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.

(viii) 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.

(ix) DSK Bank EAD (EPV)

Lender	Original currency	Interest rate	Facility type	Outstanding balance as at 31 December 2023 (EUR ´000)	Final maturity date
DSK Bank EAD	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.

(x) 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.

Other borrowings

Remaining loans not described above are primarily associated with the EPI Group. These credits are mainly used for operational financing. (please find details in Note 29).

22. Trade and Other Payables

(EUR'000)	31 December 2023	31 December 2022
Trade payables	142,536	114,802
Deposits	5,659	5,211
Payables for legal disputes	363	363
Other	3,030	3,854
Total trade and other payables	**151,588**	**124,230**

23. Other Current Liabilities and Other Current Liabilities to Shareholder

Other current liabilities

(EUR'000)	31 December 2023	31 December 2022
Taxes payable	16,382	12,471
Payable to personnel	11,841	7,435
Accrued costs and expenses	3,719	2,157
Tolling advance	3,634	-
Lease liabilities	822	472
Other	7,631	3,449
Total other non-current liabilities	**44,029**	**25,984**

Other Current Liabilities to Shareholder

Other current liabilities to the shareholder amounting to EUR 7,294 thousand as of 31 December 2023 (31 December 2022: EUR 23,804 thousand) are liabilities to the owner of the Company. Liabilities to the shareholder of the Company have a flexible date of maturity, and it is expected that these liabilities will be offset against issued loans to Terestra and Taurus (Note 19, Note 10).

24. Service Expenses

(EUR'000)	1 January - 31 December 2023	Restated 1 January - 31 December 2022
Technological losses of electricity (i)	(53,470)	(65,465)
Professional service fees	(21,767)	(18,075)
Dispatch and transmission	(8,924)	(6,853)
Repairs and maintenance	(9,068)	(5,388)
Commissions	(8,138)	(6,755)
Production services	(7,343)	(7,122)
Insurance expense	(7,236)	(5,447)
Rent expense	(3,361)	(2,891)
Security expense	(2,576)	(2,551)
Services for construction of energy facilities	(2,437)	(1,837)
Encashment fee	(2,061)	(2,059)
CO2 emission rights	(878)	-
Other	(19,336)	(11,565)
Total service expenses	**(146,504)**	**(136,008)**

(i) As disclosed in Note 2, the Council of Ministers decided on 30 December 2021 (Protocol No 893) to compensate in full the grid companies for the period 1 July 2021 – 31 December 2021. The period for full compensation of the grid companies has been extended up until 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).

25. Other Operating Expenses

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Business trip expenses	(9,582)	(8,419)
Net change of impairment allowance of assets and trade receivables and bad debt write-off	(5,920)	(12,001)
Cost of invetory sold	(3,695)	(5,289)
Electricity System Security Fund (ESSF) regulatory expense	(3,340)	(4,692)
Target contribution ESSF	(443)	(2,886)
Other	(8,854)	(10,984)
Total other operating expenses	**(31,834)**	**(44,271)**

26. Finance Costs – Net

(EUR'000)	1 January - 31 December 2023	Restated 1 January - 31 December 2022
Net foreign exchange gains/(losses) (i)	(107,149)	(99,704)
of which: Unrealised net foreign exchange (losses)	*(110,443)*	*(105,939)*
of which: Realised net foreign exchange gains	*3,284*	*6,235*
Interest expenses bonds	(55,829)	(49,878)
Interest expense from bank borrowings	(25,531)	(20,438)
Prolongation fees on factored payables	(1,081)	(2,905)
Insurance expense	(311)	(304)
Interest expense on lease liabilities	(278)	(258)
Fees related to issued bonds	(6,817)	(88)
Other finance costs	(6,357)	(3,470)
Finance costs	**(203,353)**	**(177,045)**
Interest income on issued loans	3,378	284
Interest income on cash and cash equivalents	2,044	590
Interest income on deposit account	503	34
Other financial income	907	3,808
Finance income	**6,832**	**4,716**
Hyperinflationary effect - IAS 29 - Monetary gains/(losses)	**106,040**	**113,124**
Net finance costs	**(90,481)**	**(59,205)**

(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.

27. Other income

(EUR'000)	1 January - 31 December 2023	Restated 1 January - 31 December 2022
Revenue from CO2 emission rights	8,498	-
Revenue from customers for reconstruction of network and provision for requested capacity	1,974	1,536
Active Demand Response Service (SRAD)	1,269	-
Subsidies and grants	844	542
Income from penalties and fines	814	1,541
Surplus from inventory and PPE counts	315	287
Other	7,305	1,993
Total other income	**21,019**	**5,899**

28. Income Taxes

(a) Components of income tax expense

The income tax expense comprises the following:

(EUR'000)	1 January - 31 December 2023	1 January - 31 December 2022
Current tax	(14,353)	(15,148)
Deferred tax	6,040	5,392
Income tax expense for the year	**(8,313)**	**(9,756)**

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

(EUR'000)	1 January - 31 December 2023	Restated 1 January - 31 December 2022
(Profit) / Loss before tax	(205,846)	(231,201)
Tax at statutory tax rate (i)	39,111	43,928
Effect of different tax rates in individual jurisdictions (ii)	**15,240**	**44,107**
Effective tax rate (iii)	4.0%	4.2%
Current tax:		
Additional tax payments (+) / refund (-)	-	(171)
Tax incentives, tax credits (-)	(5,518)	755
Income tax paid in other countries (+)	7	73
Total current tax	**(5,511)**	**657**
Deferred tax:		
Deduction of tax loss	(2,750)	(606)
Effect of the different % used to calculate DT	(344)	(3)
Adjustments to deferred tax attributable to changes in tax rates and laws	(18,759)	-
Effect of written of DTL	2,245	(9,932)
Effect of not recognized deferred tax asset	(450)	(9,505)
Total deferred tax	**(20,058)**	**(20,046)**
Non-tax expenses (+) / income (-) from which deferred tax isn't calculated:		
Net value of non-current tangible/intangible assets	-	53
Increase (+)/release (-) of financial investments	-	2,046
Increase (+)/release (-) of trade receivables impairment	810	585
Increase (+) / release (-) provisions	192	(2,720)
Interest income (-) / expense (+)	9,036	4,445
Other non-deductible expenses (+) / income (-)	8,604	(19,371)
Total hypothetical tax on non-tax expenses and income	**18,642**	**(14,962)**
= Calculated income tax expense	**8,313**	**9,756**

(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.

(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	21,590	12,413
- Deferred income tax asset to be recovered within 12 months	1,052	503
Deferred income tax assets	**22,642**	**12,916**
Deferred tax liabilities:		
- Deferred income tax liability to be recovered after more than 12 months	(10,919)	(4,095)
- Deferred income tax liability to be recovered within 12 months	(615)	-
Deferred tax liabilities	**(11,534)**	**(4,095)**
Net deferred income tax assets/(liabilities)	**11,108**	**8,821**

(c) Deferred taxes analysed by type of temporary difference

The movements 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, are 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	(7,924)	-	(311)	172	(8,063)
Trade receivables	1,612	-	-	(649)	963
Non-current and Current Borrowings	(146)	-	2,872	(68)	2,658
Other current assets	(295)	(7,468)	(16)	250	(7,529)
Deferred income	(4)	-	133	(28)	101
Issued loans	(36)	-	36	-	-
Other temporary differences	(2)	-	583	(245)	336
Total deferred tax liability	**(6,795)**	**(7,468)**	**3,297**	**(568)**	**(11,534)**

(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					
PPE & Intangible assets	25	-	-	(25)	-
Inventories	(13)	-	-	(3)	(16)
Allowances for trade receivables	934	-	(97)	(1)	836
Trade and other payables	(2)	-	-	(3)	(5)
Borrowings	-	-	-	-	-
Issued loans	365	-	192	(15)	542
Deferred income	619	-	-	(182)	437
Provisions	947	-	(164)	395	1,178
Carry forwards tax losses	10,136	3,826	2,830	(713)	16,074
Unutilised investment incentives	2,741	-	-	9	2,750
FX balance on CIP account	7	-	-	(25)	(18)
Other current assets	(19)	-	-	19	-
Other temporary differences	(124)	-	(13)	1,001	864
Total deferred tax assets	**15,616**	**3,826**	**2,743**	**457**	**22,642**
Net deferred tax asset	**8,821**	**(3,642)**	**6,040**	**(111)**	**11,108**

The movements 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, are as follows:

(EUR'000)	1 Jan 2022	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2022
Tax effect of taxable temporary differences				
PPE & Intangible assets	(8,741)	1,092	(275)	(7,924)
Trade receivables	2,176	-	(564)	1,612
Non-current and Current Borrowings	(9)	(170)	33	(146)
Other current assets	(266)	(8)	(21)	(295)
Deferred income	(1)	-	(3)	(4)
Issued loans	-	(56)	20	(36)
Other temporary differences	(212)	221	(11)	(2)
Total deferred tax liability	**(7,053)**	**1,079**	**(821)**	**(6,795)**

(EUR'000)	1 Jan 2022	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2022
Tax effect of deductible temporary differences				
PPE & Intangible assets	23	-	2	25
Inventories	(13)	-	-	(13)
Allowances for trade receivables	893	38	3	934
Trade and other payables	-	4	(6)	(2)
Borrowings	50	-	(50)	-
Issued loans	2	379	(16)	365
Deferred income	620	-	(1)	619
Provisions	927	12	8	947
Carry forwards tax losses	6,710	3,095	331	10,136
Unutilised investment incentives	1,927	755	59	2,741
FX balance on CIP account	7	-	-	7
Other current assets	(19)	-	-	(19)
Other temporary differences	(871)	30	717	(124)
Total deferred tax assets	**10,256**	**4,313**	**1,047**	**15,616**
Net deferred tax asset	**3,203**	**5,392**	**226**	**8,821**

In the context of the Group's current structure, tax losses 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 tax losses to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

With regard to Turkish companies Murat, Bilsev and Berta, the accumulated tax losses or carry forwards losses, which can be utilized in the future years, are based on the local records and tax declarations. As of 31 December 2023, the accumulated tax losses were on Murat in the amount EUR 31,488 thousand, Bilsev in the amount of EUR 59,563 thousand and Berta in the amount of EUR 16 thousand. The Group expects sufficient taxable profits in future years with regard to these accumulated tax losses.

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. 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.

29. Contingencies and Commitments

a) Legal proceedings

From time to time and in the normal course of business, claims against the Group may be initiated. On the basis of 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.

EPB

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.

LHI
Actions for damages in a total value of EUR 3,740 thousand as of 31 December 2023 (31 December 2022: EUR 3,589 thousand) were filed against LHI. Based on attorneys' opinion, the company's management estimated that no conditions occurred that would require the legal claims to be recognized as provisions or liabilities in the Balance Sheet.

LP Group
Končar KET has filed a lawsuit against the LP for the amount of EUR 6,777 thousand for reimbursement of costs incurred on the project Koyna. Based on the current court procedure and based on received legal opinion the management adopted a decision to make provisions in amount of EUR 2,135 thousand as of 31 December 2023.

b) Tax legislation

Tax legislation is subject to varying interpretations, and changes, which can occur frequently in **Bulgaria**. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. It is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. The taxation system in **Georgia** is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a few government bodies, which have the authority to impose severe fines, penalties and interest charges. Management believes that it has implemented internal controls to follow transfer pricing rules and principles ("TP legislation"). Given that the practice of implementation of the Georgian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may be significant to the financial conditions and/or the overall operations of the Group. These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this financial information, if the authorities were successful in enforcing their own interpretations, could be significant to the Group. In **Turkish** direct taxation system, rights, burdens, ways of implementing mandates and carrying out duties along with principals of accrual are regulated by the Tax Procedure (TP) Law. This Law comprises procedural and formal provisions of all tax laws. Taxes, duties and charges, and the ones that belong to provincial private administrations and municipalities are within the scope of the Law. A corporate is a subject of income tax on its income and earnings. The rules concerning the taxation of corporations are contained in the Corporate Income Tax (CIT) based on the CIT Law introduced in 2006. The corporate tax is levied on the income and earnings derived by corporations and corporate bodies. In other words, the CIT Law sets provisions and rules applicable to the income resulted from the activities of corporations and corporate bodies. The management of the Group has no information for any circumstances which may lead to tax payables in excess of tax liabilities recognized.

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 EPas's website (www.energo-pro.com/en/pro-investory).

d) Contingent assets

LP Group
Guarantees received
The guarantees and counter-guarantees received represented advance guarantees, performance bonds and warranty guarantees to the benefit of Litostroj Power d.o.o. The guarantees received amounted to EUR 2,314 thousand as of 31 December 2023 (as of 31 December 2022: EUR 541 thousand).

e) Contingent liabilities

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

LP Group and LHI

(EUR'000)	2023	2022
Guarantees given	3,146	2,173
Securities given	-	-
Bills of exchange issued	1,366	222
Letters of credit	-	3,104

Guarantees given
Guarantees given (bid bonds, advance guarantees, performance bonds, warranty guarantees, customs guarantees and guarantees for timely payments) were recognized by LP as of 31 December 2023 in the amount of EUR 689 thousand (31 December 2022: EUR 1,201 thousand) and by LE in the amount of EUR 2,456 thousand (31 December 2022: EUR 973 thousand).

Bills of exchange issued
On 31 December 2023, the LP Group recognized bills of exchange issued in the total amount of EUR 1,366 thousand (31 December 2022: EUR 222 thousand).

Letters of credit
The letters of credit were related to LHI and represent framework loans intended for providing cover for issued performance and warrantee guarantees for projects in Canada.

f) 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.

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 166.6 MW and their annual net generation is 488 GWh (P50). In the year ended 31 December 2022, Xeal's HPPs generated 386 GWh of electricity. In addition, Xeal owns and operates two ferroalloy plants, Cee and Dumbria, with a capacity of 138,000 tons (three modern furnaces) and 77,000 tons (two modern furnaces), respectively. These plants are operated under a long-term, exclusive tolling agreement with Ferroglobe plc. The tolling agreement expires in 2060, which is linked to the concessions of the hydropower generation business and can only be terminated early, subject to significant penalties. Under the tolling agreement, Ferroglobe plc is principally responsible for the commercialization of output as well as for the reimbursement of all fixed costs, projected variable costs and capital expenditures as per budgets to be mutually agreed on an annual basis. Ferroglobe plc also pays Xeal a fixed mark-up per year. Xeal, on the other hand, is principally responsible for managing the plants' production and day-to-day operations.

Feroe is, as of date of these consolidated 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 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 1,489,534 thousand, consolidated EBITDA would have been EUR 412,723 thousand and net profit for the year would have been EUR 215,281 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.

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. The uncertainties associated with the restart of the economy have had a profound impact on the business environment, both on the global and domestic markets. Constant changes in the international business environment and the internationalization of sales and production capacities increase our exposure to various types of risks. Risk management has gained additional importance in the new operating circumstances. It is becoming increasingly important for the company's long-term development and growth to identify and respond to potential threats by preparing corrective measures in advance to protect the company from potential and/or detected risks. Reducing our exposure to risks is a clear goal of the company. The assessment, prediction and management of risks in all business areas falls within the responsibility of all stakeholders within the company and is part of the everyday work process.

Business risks. Business risks comprise the risks associated with the capability of a company to create short- and long-term operating revenues, to control operating costs and expenses and operating liabilities and to maintain the value of its assets. Our external risks are risks associated with macroeconomic developments in the key electricity markets and with unstable political situation on certain electricity markets. Diversifying our operations around the globe is thus a logical necessity and our way of managing the external risks. Because of slow recovery of the economy, we believe that our external risks are at a moderate level. Investment risks are managed through economic planning, through careful planning and realization of investment projects and by monitoring the effects of investments. We assess our exposure to investment risks to be at a moderate level. In recent times, our sales risks have been strongly associated with low electricity market prices and spreads, and with emerging new direct and indirect suppliers and providers of services, and new sales channels. This has resulted in increased competition for tendered projects. In addition, our sales risks are associated with the market strategy and firm negotiating position of major customers. We have managed these risks through adequate marketing activities and a great number of customers, by diversifying our products and services and by constant improving technical characteristics. We believe our exposure to technical risks to be moderate.

Asset and liability risks. Asset and liability risks pertain to the management of asset and transport risks and risks arising from liability for our activities. We systematically lower our key asset and liability risks by passing them on to insurance companies and business partners. In addition to property insurance (movable and immovable property), we also have combined liability insurance that covers general liability with extensions, product liability, employer's liability, and environmental liability. We believe that our exposure to asset and liability risks is not an issue.

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 from loans provided to the shareholders. Trade receivables include a large number of customers from various geographical and industry segments and Group considers the credit risk arising from the failure of one or more companies to pay as not significant, and within the manageable risk. The internal analysis of age structure of trade receivables shows no significant value of overdue receivables. For free customers, the Group assesses the credit quality of the customers by assessing the financial position of the customers, past experiences and other factors as a part of its credit risk management program.

(EUR'000)	31 December 2023	31 December 2022
Trade and other receivables (Note 13)		
- Trade receivables	106,214	105,262
Issued loans (Note 10)		
- Loans issued	62,951	14,793
Cash and cash equivalents (Note 14)		
- Bank balances payable on demand	163,438	127,266
Total	**332,603**	**247,321**

Several departments and processes are systematically and actively involved in the credit risk management process, and employees constantly monitor the performance and financial situation of individual business partners and take suitable measures to limit our exposure to them. Taking into consideration our business policy, we believe that the company is exposed to relatively moderate credit risk.

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

Insolvency risk. Insolvency risk is the risk of running into problems that will cause the company to be unable to settle its short-term and long-term liabilities. We manage our exposure to short-term insolvency risk by maintaining an active solvency management policy, carefully planning cash flows, managing costs to prevent mismatches of inflows and outflows, managing credit risk to ensure the prompt payment of receivables, matching the maturities of assets and liabilities, diversifying the maturities of liabilities and providing for credit lines that enable funds to be drawn down according to the needs. We assess the company's exposure to insolvency risk to be at a moderate level.

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 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 (the 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):

	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	724,452	418,345	306,106	565,228	451,702	113,526
TRY (i)	17,705	3,685	14,020	25,944	16,576	9,369
USD (i)	38,101	877,691	(839,590)	23,726	531,722	(507,995)
GEL (i)	40,337	60,161	(19,824)	68,134	41,645	26,489
CAD (i)	-	(164)	164	3,749	3,876	(127)
Other currencies (i)	52	(8,139)	8,191	299	114	185
Total	**820,647**	**1,351,580**	**(530,933)**	**687,081**	**1,045,635**	**(358,554)**

(i) Denominated in EUR

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)
EURO strengthening by 10%	30,611	11,353
EURO weakening by 10%	(30,611)	(11,353)
TRY strengthening by 10%	1,402	937
TRY weakening by 10%	(1,402)	(937)
US Dollar strengthening by 10%	(83,959)	(50,800)
US Dollar weakening by 10%	83,959	50,800
GEL strengthening by 10%	(1,982)	2,649
GEL weakening by 10%	1,982	(2,649)
CAD strengthening by 10%	16	(13)
CAD weakening by 10%	(16)	13
Other currencies strengthening by 10%	819	19
Other currencies weakening by 10%	(819)	(19)

The exposure was calculated only for monetary balances denominated in 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 certain proportion of the Group's financial assets and liabilities are at fixed rates and thus the risk is limited.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings. The Group's liquidity portfolio comprises cash and cash equivalents. 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 at 31 December 2023 and at 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 at 31 December 2023 is as follows:

(EUR'000)	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings (Note 21)	53,048	164,142	33,672	**250,862**
Trade and other payables (Note 22)	151,563	-	-	**151,563**
Other non-current financial liabilities & Other non-current liabilities (Note 18,19)	-	2,053	-	**2,053**
Other current liabilities (Note 23)	31,613	-	-	**31,613**
Issued Bonds (Note 21)	23,987	655,257	274,908	**954,152**
Total future payments, including future principal and interest payments	**260,211**	**821,452**	**308,580**	**1,390,243**

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

(EUR'000)	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings (Note 21)	57,065	190,165	49,303	**296,533**
Trade and other payables (Note 22)	124,230	-	-	**124,230**
Other non-current financial liabilities & Other non-current liabilities (Note 18,19)	492	8,064	-	**8,556**
Other current liabilities (Note 23)	25,984	-	-	**25,984**
Issued Bonds (Note 21)	65,615	652,947	-	**718,562**
Total future payments, including future principal and interest payments	**273,386**	**851,176**	**49,303**	**1,173,865**

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.

32. Fair Value of Financial Instruments

The Group has no financial instruments measured at fair value in the condensed consolidated statement of financial position. The fair value for the purposes of disclosure of the following financial instruments is assumed as reasonably close to their carrying value:

• 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 at 31 December 2023, are as follows:

(EUR'000)	Carrying amount (Note 21)	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 at 31 December 2022, are as follows:

(EUR'000)	Carrying amount (Note 21)	Fair Value	Interest	Total Fair Value
8.5% Notes due 2027	417,853	372,847	14,156	**387,003**
4.5% Notes due 2024	256,678	232,165	7,428	**239,593**
6.5% Notes due 2023	44,031	44,315	476	**44,791**
Total	**718,562**	**649,327**	**22,060**	**671,387**

33. Events after the Reporting Period

(i) On 29 March 2024, EPGG and TBC Bank JSC signed a facility agreement with respect to a EUR 30,000 thousand loan limit. The maturity of the facility agreement is 29 March 2026. The facility was provided for general corporate purposes.

(ii) On 20 May 2024, EPG and Bank of Georgia JSC signed a facility agreement with respect to a EUR 10,000 thousand loan limit. The maturity of the facility agreement is 20 May 2025. The facility was provided for general corporate purposes.

(iii) On 2 May 2024, Pirinska Bistritsa Energia EAD has been merged into the EPB.

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

34. Authorisation by the Board of Directors

Company Executive Director have considered and adopted this Annual report of DK Holding Investments, s.r.o. for the financial year 1 January – 31 December 2023. 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 25 July 2024 in Prague, Czech Republic.

Jaromír Tesař
Company Executive Director
DK Holding Investments, s.r.o.

Building a better
working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of DK Holding Investments, s.r.o.:

Opinion

We have audited the accompanying consolidated financial statements of DK Holding Investments, s.r.o., 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 Statutory Representative 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.

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 Statutory Representative for the Consolidated Financial Statements

The Statutory Representative 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 Statutory Representative 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 Statutory Representative 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 Statutory Representative either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 Statutory Representative.

- Conclude on the appropriateness of the Statutory Representative' 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 Statutory Representative 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

Radek Pav, Auditor
License No. 2042

25 July 2024
Prague, Czech Republic