ANNUAL REPORT 2022

Elevion Group

MEMBER OF CEZ GROUP

Energy.
Solutions.
Together.

As a 360° technology and energy service provider, the Elevion Group is one of Europe's leading ESCO companies. Individual solutions that significantly support the lasting success and sustainability of buildings and facilities are at the core of our services.

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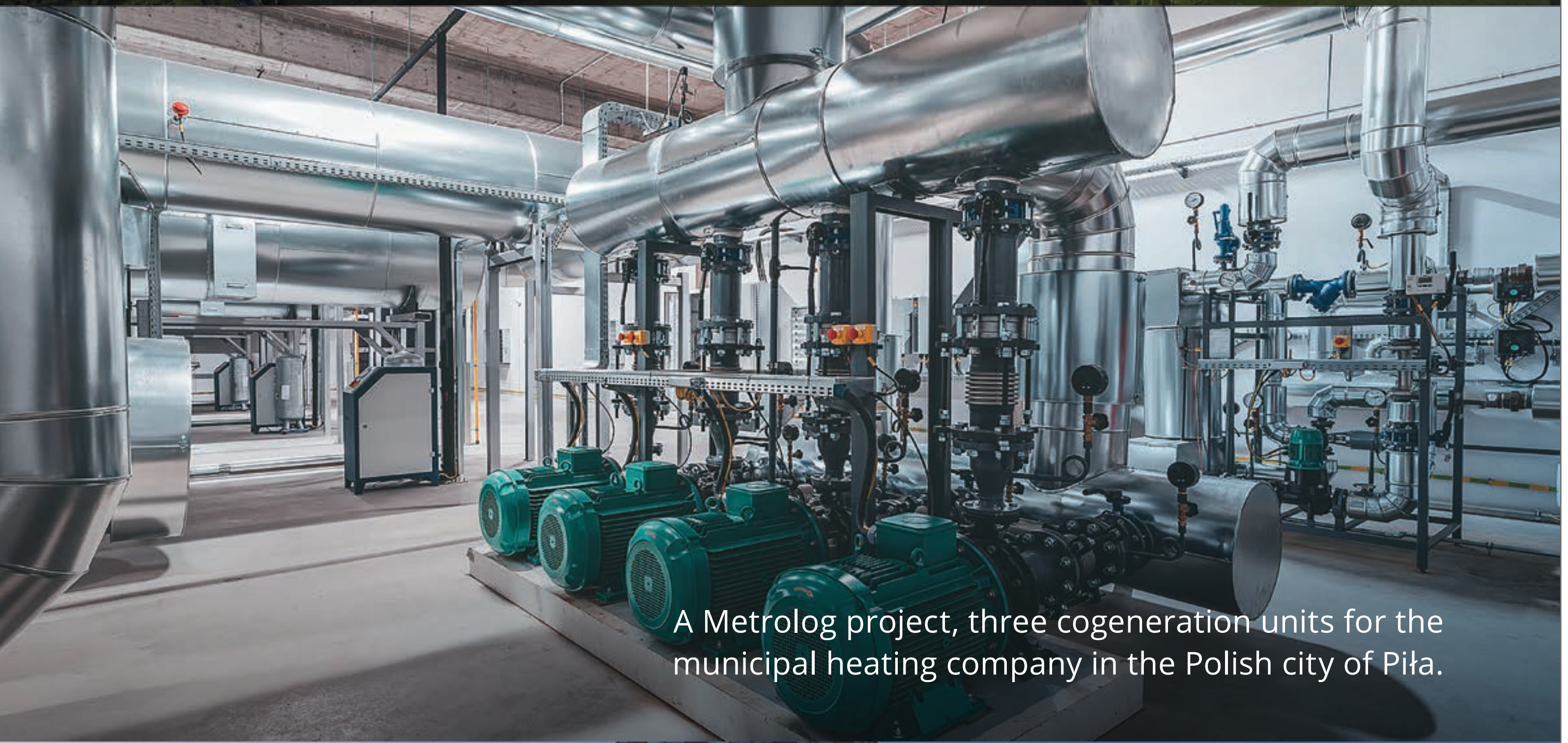
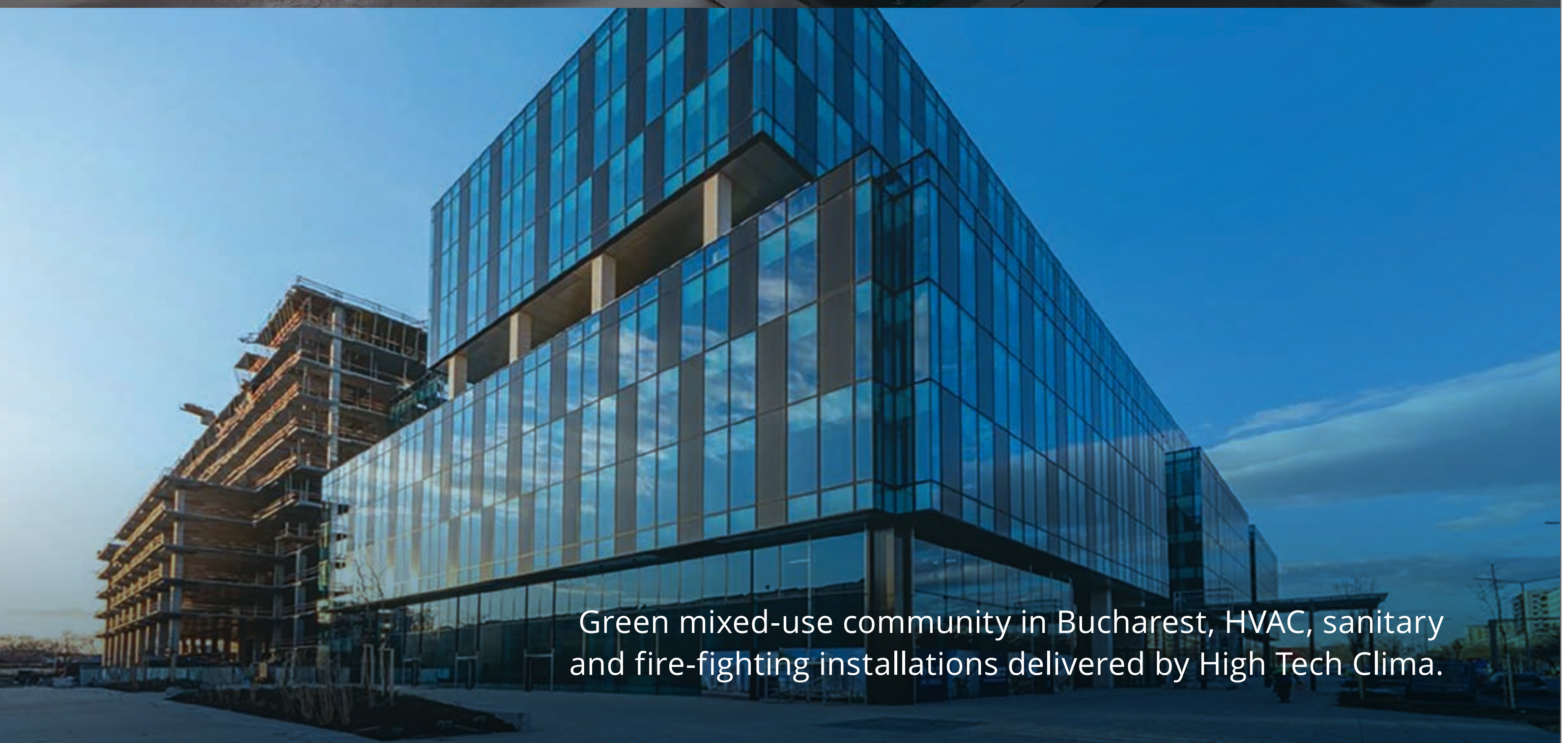
One of the biggest solar farms in Germany by BELECTRIC.



A Metrolog project, three cogeneration units for the municipal heating company in the Polish city of Piła.



Green mixed-use community in Bucharest, HVAC, sanitary and fire-fighting installations delivered by High Tech Clima.

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MANAGEMENT REPORT 2022

Elevion Group

MEMBER
OF CEZ GROUP

IF YOU WANT TO GO FAST, FLY ALONE. IF YOU WANT TO GO FAR, **FLY TOGETHER**.

Just like us...
...with over 60 consolidated companies under the wing of the Elevion Group.

The Elevion Group is one of Europe's leading energy service company for all tasks relating to the intelligent use of energy and decarbonisation. ...

GROUP AT A GLANCE

kEUR	2022	2021	YoY%	2020
Revenues	899,258	684,492	31%	608,059
Adjusted EBITDA	57,181	37,044	54%	17,559
Adjusted EBITDA margin	6.4%	5.4%	17%	2.9%
Order backlog	1,226,236	833,797	47%	504,767
Total assets	996,161	982,086	2%	766,162

Highlights

- Robust EBITDA and sales growth, with the strongest order backlog in the Group's history
- BELECTRIC Group successfully commissioned Tramm-Göthen, one of the largest solar parks in Germany (172 MWp)
- ETS Germany started construction of a high-tech project for Škoda Auto - construction of a turbine for aerodynamic testing of vehicles - in Mladá Boleslav in the Czech Republic
- Synecotec Austria successfully rolled out its rooftop photovoltaic business by leveraging experience from ZOHD Group
- First projects executed in battery storage solutions in the Netherlands

Adjusted EBITDA margin increase
+17%

Revenue increase
+31%

Adjusted EBITDA increase
+54%

Order backlog
+47%

Total revenue in 2022
899 mEUR

Countries
12

Projects
6000+

Locations
117

Employees (headcount)
4099

MWp of new photovoltaics per year
500

MWp of Photovoltaics O&M
2000

MWp of floating photovoltaics
65+

Consolidated companies
62

New aquisitions
4

LETTER FROM THE CEO

Dear all,

The Elevion Group started the year 2022 optimistically as COVID-19 finally was under control. Unfortunately, the war in Ukraine began in February and brought even more challenges than the pandemic. Europe is facing a situation it has not seen for over 70 years. So far, it has brought thousands of casualties, and significantly impacted life and the economic outlook in Europe.

I appreciate that our companies thrive even in these difficult times, and we achieved significant year-over-year growth. Adjusted EBITDA grew by **+54%** YoY and there was a **+17%** YoY improvement in EBITDA margins that reached pre-COVID-19 levels. In consolidated revenues, **+31%** YoY growth was achieved.

Major achievements took place in all our 3 segments:

At the end of last year, we welcomed and successfully integrated the leading European PV company **BELECTRIC** into our Group, which helped us to strengthen the Green Energy segment. This new Elevion Group member has achieved very good results and has an extensive pipeline of projects for the coming years. In 2022, BELECTRIC completed the largest independent solar power plant in Germany, in Tramm-Göthen, with a capacity of 172 MWp, and is constructing innovative floating solar power plants in Israel.

I am also delighted that we managed to increase cross-border cooperation e.g. with the roll-out of roof-top PV solutions in Austria by **Synecotec Austria** based on **ZOHD Group's** experience.

As well as combined purchasing of PV panels for Austria and the Czech Republic by BELECTRIC and ZOHD Group, there were rooftop PV efforts between Germany and the Netherlands. Utilisation of batteries originated in Czech Republic in Netherland's projects.

Our Polish **OEM** significantly grew their trading segment (by 57% YoY) and **inewa** continued to expand our Italian biogas portfolio.

Thanks to our companies' various photovoltaic projects, we saved our customers 326,813 tonnes of CO_2 in 2022.

I expect the Green Energy segment's role in our group to increase further, as Europe needs to boost its generation capacity that is not dependent on external fuels, and companies need to shift to carbon-neutral energy sources.

The year 2022 brought many high-profile projects in the Building Energy Solutions segment too. Specifically, I would like to point out the German **ETS**, which carried out air technology works for Unibail-Rodamco-Westfield in the southwest and southeast areas of the new Hamburg-Überseequartier district. They also won a tender for a high-tech project for Škoda Auto - construction of a turbine for aerodynamic testing of vehicles.

Another project worth mentioning comes from **EAB**, which won a tender to equip the prestigious "KREISLER" building in Frankfurt in the train station district with electrical equipment. In the meantime, **Rudolf Fritz** is working on a contract for the execution of electrical work, measurement and inspection together with automation within a multifunctional administrative building for ABB in Mannheim. The value of the project is about 16.2 mEUR and the work is to be completed in October 2023. In Poland, it is worth mentioning the largest project in the history of **Euroklimat**, which has been implementing mechanical and electrical installations for a manufacturing hall for Footprint worth over 14 mEUR.

Our Romanian firm **High-Tech Clima** won a contract for mechanical and electrical HVAC installations in the tallest and largest Eastern Orthodox church building in the world.

In the Energy for Industry segment, I am proud that our Polish member **Metrolog** has been able to overcome the lack of gas co-generations projects to become the leader in water treatment facilities installation while working on more than a dozen such projects.

We also put effort into the complex energy solutions project for Federal Mogul in Italy, and strengthened our German team to streamline the delivery of complex energy and decarbonisation solutions to our clients. **Hermos** also broadened our decarbonisation offer in both building and industry solutions by adapting its market-leading FIS system to support companies on their path to carbon neutrality. We are starting the next year fully loaded with projects, with the biggest order backlog ever.

We are in the best market position we could be in the current situation. Companies that want to operate, get external financing, and make profits in the EU will have to become carbon-neutral and energy-efficient and, we have all the capabilities and experience concentrated in the Elevion Group to help them to do so. Also, the strong financial position of our shareholder will make it much easier for us to operate in an environment of high interest rates that can be challenging for our competitors.

Our main goals for 2023 are to implement the contracted projects with high quality while simultaneously achieving planned margins, to continue growing (both organically and by acquisitions), and to streamline decarbonisation services, including improving our own ESG (environment, social, and governance) profile.

I believe our projects will help Europe to become more independent, sustainable and competitive.

JAROSLAV MACEK
CEO of the Elevion Group

OUR VISION

"…As Europe's leading solution provider for integrated energy services and highly efficient energy systems, we make a significant contribution to the technical and ecological safety and economic success of our customers.

We are pioneers and innovators in decarbonisation, the prevention of CO_2 emissions and the protection of natural energy resources…"

OUR MISSION

"…With its focus on integrated energy services (ESCO), the Elevion Group provides its customers with solutions that seamlessly combine sustainable CO_2 reduction, continuous improvement of energy efficiency, significant savings in energy costs, and all areas of technical building equipment and services. With the Elevion Group, customers find an energy service provider that responds to the tasks and requirements that arise with regard to energy production, energy consumption and energy efficiency as sustainable, future-proof and pragmatic solutions…"

ELEVION GROUP EXECUTIVE MANAGEMENT

JAROSLAV MACEK

Managing Director & Chief Executive Officer

- Jaroslav Macek graduated from Charles University in Prague.
- He started his career in 2000 in the Advisory Department of Pricewaterhouse Coopers in the Czech Republic, where he was responsible for developing the area of operational effectiveness and finance function effectiveness. He managed projects for multinational and national clients in various industries including energy and utilities, finance, telecommunications and automotive in many countries, including the Czech Republic, USA, Romania, Ukraine and Russia.
- Before joining CEZ Group, he was a member of the management team of UKRSIBBANK (BNP Paribas Group in Ukraine) and was responsible for the bank's Corporate Development Division, including the preparation of its strategy and the implementation of strategic initiatives.
- Jaroslav has been managing the foreign ESCO activities of CEZ Group since 2017. He joined CEZ Group in 2009 and worked in various top management positions in the area of CEZ foreign operations both at the HQ in Prague and abroad (e.g. Head of the International Operations Department, Country Manager).

JIŘÍ PECKA

Chief Financial Officer

- After earning degrees from Charles University and the University of Economics in Prague, Jiří Pecka started his career in 2007, when he joined Ernst & Young and later PricewaterhouseCoopers.
- In 2012, Jiří moved to Basel in Switzerland, where he leveraged his financial expertise in a managerial position at the corporate headquarters of the multinational Swiss chemical company Clariant. His responsibilities included managing tax & transfer pricing, M&A, controlling, financial reporting and valuation.
- After his return to the Czech Republic in 2016, Jiří joined CEZ Group where he started working as a finance manager for foreign CEZ distribution companies.
- In 2017, Jiří transferred to ESCO International within CEZ, which transformed itself into the Elevion Group, where he took over the function of CFO.

MICHAL JANDA

Chief Commercial Officer

- Michal Janda started his career in 1997 at PricewaterhouseCoopers Prague, where he was responsible for E-business advisory services.
- In 2003, he moved to Moscow, where he served as Member of the Board of Probusiness Bank, leading its strategy and M&A department. As Head of Strategy, Michal was responsible for developing a retail eBanking community hub from a venture fund, the integration of acquired banks and marketing strategy development.
- In 2005, Michal continued his international career when he moved to Kyiv, where he became Deputy Chairman at UKRSIBBANK, 51% of which was later sold to BNP Paribas. He was responsible for corporate development, M&A, strategic marketing and product development, advertising and promotion, strategic project portfolios and IT development.
- In 2014, Michal was appointed Member of the Management Board of Bayadera Group, where he led business development and several new product launches in the CIS region and worldwide. He also supervised projects in main business directions, sales, distribution and marketing.
- In 2017, Michal joined CEZ Group, where he was initially appointed as an international asset director, responsible for foreign subsidiaries' asset management.
- In 2017, Michal became Chief Commercial Officer of the Elevion Group B.V.

PAULÍNA FRIEDOVÁ

Head of Group Marketing & ESG

- Following her studies in Business Administration and Management at the University of Economics in Prague, she embarked on her marketing career with a prominent FMCG company.
- With a career spanning over 12 years, she has occupied diverse marketing roles within leading international companies. For the past 7 years, she excelled at Brown-Forman, assuming the role of Senior Brand Manager with responsibility for the Czech market.
- In 2021, she transitioned to the Elevion Group B.V. as the Head of Group Marketing, overseeing both internal and external communication strategies for the Elevion Group brand.
- In response to the growing importance of sustainability and ESG considerations, Paulína enthusiastically embraced this evolving landscape. She has spearheaded the integration of ESG principles across the group, exemplifying her commitment to progress.

ELEVION GROUP BOARD MEMBERS

JAROSLAV MACEK

Managing Director
& Chief Executive Officer

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MIROSLAV ŠINDELÁŘ

Managing Director

- Miroslav Šindelář earned a degree in International Relations and also graduated from the Faculty of Law at Charles University.
- He has served in a number of diplomatic missions, including several diplomatic positions in the Balkan countries, as well as at the Ministry of Foreign Affairs of the Czech Republic in Prague.
- In 2000, Miroslav was appointed Ambassador Extraordinary and Plenipotentiary of the Czech Republic to the Republic of Albania.
- After leaving the diplomatic service in 2007, he served as Managing Partner and CEO of Morton Consulting in Prague, focusing primarily on business advisory for operations in the Western Balkans.
- In 2012, Miroslav joined CEZ Group as Director of Corporate Affairs in CEZ Albania, where he utilised his diplomatic experience from the same country.
- In 2014, he moved to Amsterdam, where he worked in numerous senior executive positions at CEZ Group companies located in the Netherlands.
- Since 2020, Miroslav has been working as Head of Procurement and Administration of Elevion Group B.V.

DERK BEREND BLIK

Managing Director

- Following his studies in Utrecht in the Netherlands, Derk started working for a Dutch accounting and tax advisory firm.
- Since 2010, he has been the director of several Dutch companies in the oil & gas and energy markets. Derk's main focus is to keep the Dutch company in good standing according to Dutch regulations for all legal, accounting and tax matters.
- During his career, he has continuously attended courses in the field of (Dutch) taxes and accounting.
- In 2012, Derk became involved in CEZ Group's Dutch companies as a local director.
- He is responsible for Dutch legal accounting and tax affairs.

MARTINA KUBEŠOVÁ

Managing Director

- Martina Kubešová graduated from the University of Economics in Prague, Faculty of Finance and Accounting.
- She started her career with General Insurance in 1997, holding the position of controller.
- After 2002, she worked abroad for T-Systems Nova, where she utilised her experience with the implementation of SAP. Later, at Deloitte Advisory, she held a managerial position in the Management Consulting department.
- In 2007, she joined CEZ Group as a manager in the Controlling Department, where she was responsible for the preparation and consolidation of the Group's annual budget. Subsequently, she worked as a manager in the Project Portfolio Management Department, participating - among other things - in setting up and managing the process of investment fund allocation within the Group.
- In 2015, she became a member of the Board of Directors of CEZ ESCO.
- Since 2019, Martina has been working as Head of Performance Management within CEZ Group.

VGP MUNICH

rudolf fritz
Innovation in Technik
MEMBER OF ELEVION GROUP

- Industrial and logistics park
- Significant project for entire region
- Planning, installation and commissioning of the whole electrical infrastructure

COMPANY PROFILE & STRUCTURE

- Strong financial power
- Full service provider
- Highly specialised companies
- Customer proximity
- Sustainable solutions
- International know-how

Registered company name	Elevion Group B.V., Seat: Herikerberweg 157, 1101CN Amsterdam, The Netherlands
Prague branch office	Duhová 1444/2, Michle, 140 00 Prague 4, Czech Republic
CCI No.	65782267
EUID	NLNHR.65782267
Date of last deed	20.5.2020
Board members	Mgr. Jaroslav Macek, Ing. Martina Kubešová, Mgr. Miroslav Šindelář, Derk Berend Blik
Members of the Supervisory board	Ing. Pavel Cyrani MBA, Ing. Martin Novák MBA, Mgr. Martina Skopová

Elevion Group B.V., a 100% subsidiary of CEZ Holdings B.V., is an energy solutions provider (ESCO, Energy Service Company) for all tasks related to the intelligent use of energy. With a focus on integrated energy services, the Elevion Group provides its customers with solutions that seamlessly combine sustainable CO_2 reduction, continuous improvement of energy efficiency, significant savings in energy costs and all areas of technical building equipment and services. The Elevion Group belongs to CEZ Group, as CEZ Holdings B.V. is a 100% subsidiary of ČEZ, a. s. (CEZ Group). CEZ Group is one of the ten largest energy companies in Europe. This enables the Elevion Group to generate and leverage synergies and benefits for customers and partners across Europe.

ELEVION GROUP SERVICES

The Group provides its customers with a range of solutions. The portfolio can be clustered into 3 pillars.

Building Energy Solutions combine design & build, a comprehensive range of services for technical building equipment including HVAC, electrical installations and solutions for industrial automation, decarbonisation with execution and installation and all segments of maintenance and repair.

Our **Green Energy** portfolio provides services related to the generation of energy from renewable sources, energy management solutions, and other sustainable and tailor-made solutions for decarbonisation and energy transition.

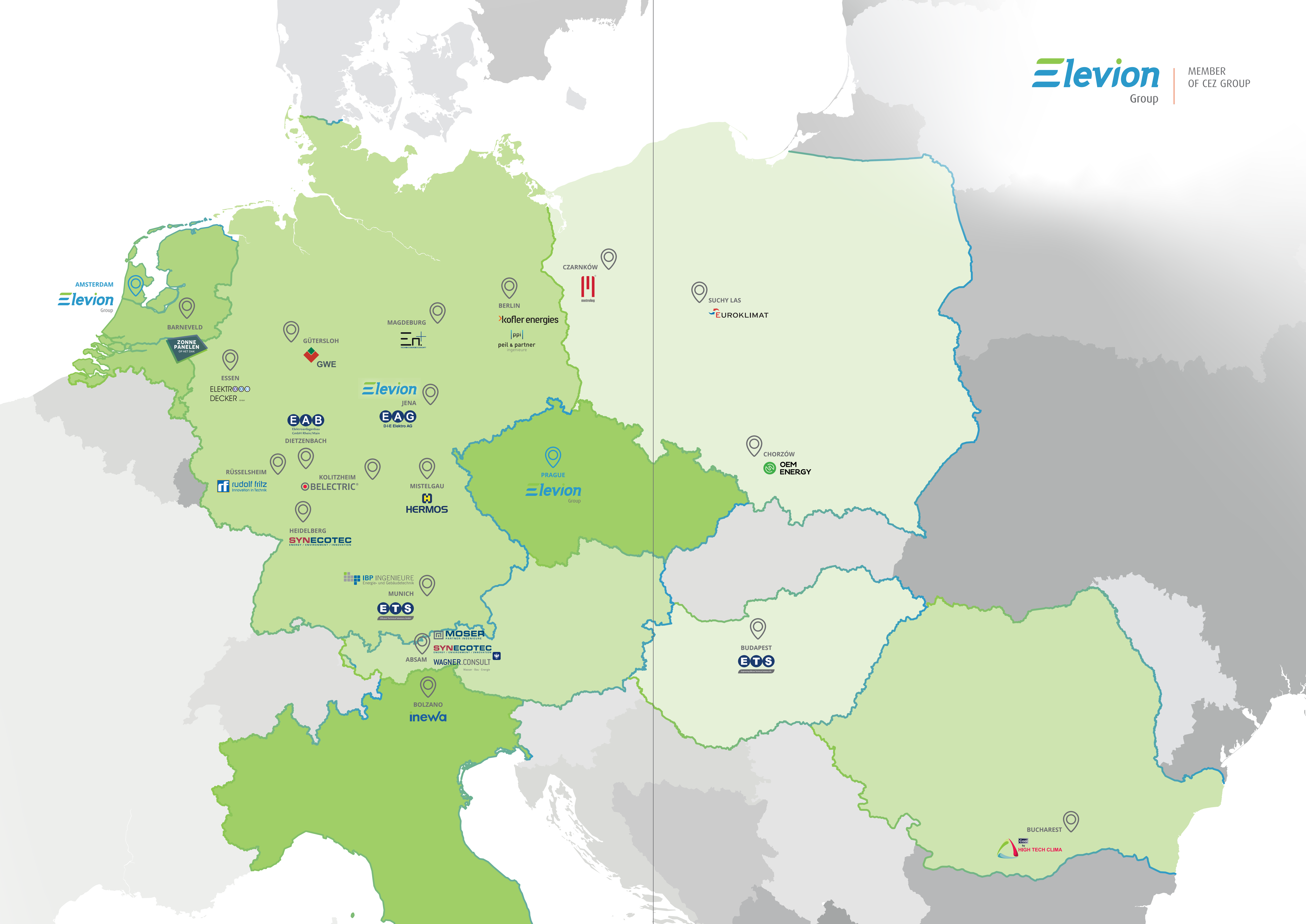
Energy for Industry services provide energy-efficient solutions for industry from planning to completion, such as decarbonisation, comprehensive implementation of investments in the field of thermal energy, as well as the construction of water treatment systems to provide energy-saving and ecological, safety and functionality-oriented solutions.

STRUCTURE OF COMPANIES UNDER ELEVION GROUP B.V.

The subsidiaries under the umbrella of the Elevion Group are successful, regionally rooted and highly specialised companies with decades of experience, whose core competencies span all market segments from Building Energy Solutions, Energy for Industry to Green Energy services.

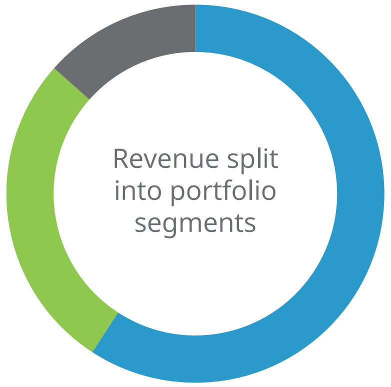
We are an internationally active group that generates and utilises synergies and benefits for customers and partners across Europe. The operational foundation of the Elevion Group is effectively supported by a lean organisational structure.

Elevion Group B.V., headquartered in Amsterdam, acts as the strategic holding company for the Elevion Group.


Elevion Group
MEMBER OF CEZ GROUP
AMSTERDAM
Elevion Group
BARNEVELD
ZONNE PANELEN
ESSEN
ELEKTRO DECKER
GÜTERSLOH
GWE
MAGDEBURG
BERLIN
kofler energies
ppi
peil & partner
CZARNKÓW
SUCHY LAS
EUROKLIMAT
Elevion
JENA
EAG
EAB
DIETZENBACH
RÜSSELSHEIM
rudolf fritz
Innovation in Technik
KOLITZHEIM
BELECTRIC
MISTELGAU
HERMOS
PRAGUE
Elevion Group
CHORZÓW
OEM ENERGY
HEIDELBERG
SYNECOTEC
IBP INGENIEURE
MUNICH
ETS
MOSER
ABSAM
SYNECOTEC
WAGNER.CONSULT
BOLZANO
inewa
BUDAPEST
ETS
BUCHAREST
HIGH TECH CLIMA

360° TECHNOLOGY AND ENERGY SERVICES IN 3 SOLUTION CLUSTERS

As a solution provider, the focus of our activities is on the lifecycle assessment of buildings and systems, coupled with the demand for maximum efficiency in the generation and use of energy. The 360° service portfolio within the Elevion Group (from design and planning to execution and maintenance, financing and contracting) provides all the "tools" for the individual and customer-specific implementation of these high demands.



*Including BELECTRIC Group, acquired in December 2021

Green Energy

- Photovoltaic solutions
- Heat pumps
- Biogas & biomethane solutions
- Hydrogen solutions
- Energy storage
- E-mobility solutions

Building Energy Solutions

- Energy efficiency & decarbonization solutions for buildings
- Mechanical and electrical services, operation & maintenance
- Building & process automation
- Design & engineering solutions
- Hard facility management

Energy for Industry

- Energy efficiency & decarbonisation solutions for industry
- Water treatment solutions
- Tri / Cogeneration solutions
- Industry parks and local energy distribution networks
- Industrial automation

CEZ GROUP'S PROFILE

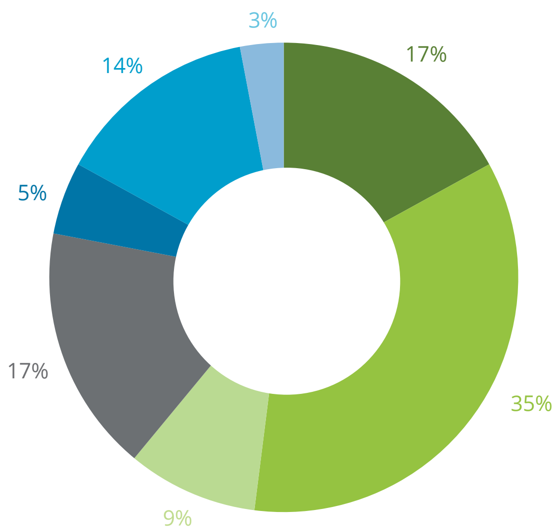
CEZ Group is a stable energy group, one of the largest economic entities in Czechia and Central Europe, contributing significantly to the development of the region's energy sector. In addressing the energy crisis in 2022, CEZ Group proved that it remains a safe and reliable harbour for its customers and has been able to ensure the maximum energy supply for Czechia and its neighbouring countries.

In its activities, CEZ Group emphasises the implementation of global climate goals, decarbonisation, and the impact of business activities on the environment in general. It focuses on developing nuclear and renewable energy and innovation in the energy sector to provide reliable and sustainable services to its customers.

The core value is generated from emission-free generation, distribution, and sale of electricity and heat. Other significant activities include commodity trading, natural gas distribution and sales, mining, and, most importantly, the provision of comprehensive energy and advanced technology services. CEZ Group employs nearly 29,000 people and supplies power and modern energy solutions to millions of customers in Czechia, Germany, Poland, and Slovakia. Outside Central Europe, it operates mainly in France, Italy, the Netherlands, and Austria.

THE SHARE OF CEZ GROUP'S MAIN ACTIVITIES IN EBITDA 2022

	%
GENERATION-Trading	17
GENERATION-Nuclear Sources	35
GENERATION-Renewable Sources	9
GENERATION-Emission Sources	17
MINING	5
DISTRIBUTION	14
SALES	3
TOTAL	100



VISION AND CORPORATE RESPONSIBILITY

CEZ Group's long-term vision is to bring innovations for addressing energy needs and help improve the quality of life. The "VISION 2030—Clean Energy of Tomorrow" strategy is aimed at a dynamic transformation of the generation portfolio to low-emission and achieving full climate neutrality by 2040. This includes a commitment to phase out coal-fired heat generation and substantially reduce coal-fired electricity generation by 2030.

The development of nuclear power and the construction of 6,000 MW of new renewable energy facilities as early as 2030 are fundamental to the zero-emission vision and the priority of energy self-sufficiency. By the end of 2024, the goal is to select a contractor to build at least one new large nuclear unit in Czechia in coordination with the government. At the same time, preparations for constructing of small modular nuclear reactors have been accelerated, the first of which is to be located at the Temelín site.

In distribution and sales, the core objective is to provide the most advantageous energy solutions and the best customer experience on the market. Therefore, CEZ Group invests significantly in modernizing and digitizing its distribution grids, aims to be the most reliable supplier of energy and modern comprehensive energy services, and intends to be a leader in the energy transformation and decarbonisation of industry in Czechia and Central Europe. CEZ Group's business activities are governed by strict ethical standards that include responsible behaviour toward employees, society, and the environment. It adheres to the principles of sustainable development with an emphasis on ESG (Environmental, Social, Governance) as an integral part of the company-wide management. CEZ Group supports energy efficiency, promotes new technologies and innovations, and focuses on investments in modern technologies, science, and research. The corporate culture emphasises safety, internal efficiency in order to promote the growth of CEZ Group's value, and creating an environment for employees' career development and equal opportunities. One of the priorities is close cooperation with communities and the most customer-friendly approach. The overarching goal is to be in the top 20% of ESG ratings by 2023.

The largest shareholder of the parent company ČEZ is Czechia with a nearly 70% stake in the company's stated capital. ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. As at 31 Dec. 2022, the market capitalisation of ČEZ was CZK 413 billion, and during its existence, ČEZ paid nearly CZK 369 billion in dividends to its shareholders. CEZ Group has long been one of the largest taxpayers in Czechia and one of the main pillars of the Czech economy. In the 30 years since its establishment as a joint-stock company, ČEZ has paid more than CZK 800 billion to the Czech state in dividends, taxes, donations, and payments for emission allowances.

ONE OF THE BIGGEST SOLAR FARMS IN GERMANY

BELECTRIC® | MEMBER OF ELEVION GROUP

- One of Germany’s largest independent solar farms
- Total capacity: 172 megawatts peak
- Green energy for plenty of households
- CO_2 reduction of 111,609 tonnes/year

MAJOR EVENTS 2022

1ST QUARTER

MULTIPLE GROUP MEMBERS RECEIVE MAJOR PROJECTS AT FAIR

Three members of the Elevion Group (ETS, HERMOS and Rudolf Fritz) scored project success with FAIR GmbH (Facility for Antiproton and Ion Research in Europe GmbH) in Darmstadt. Each of them is delivering different solutions within their expertise for this international megaproject, with a total cost estimated at around 2,000 mEUR. ETS installs ventilation and air-conditioning technology, HERMOS delivers building and process automation, while Rudolf Fritz participated on a project from the year 2019 by providing special crane systems.

RUSSIA INVADES UKRAINE

On 24 Feb. Russian forces invaded the territory of Ukraine. This had an impact on the availability of natural gas, caused a rapid increase in energy costs and supply shocks. Many companies were forced to cut costs. This resulted on the one hand in project cancellations, but made our solutions offering major energy savings even more attractive and in demand.

KOFLER ENERGIES STARTS WORK ON THE BUNDESBANK PROJECT

Kofler Energies Engineering started work on remodeling the headquarters and campus of the German Federal Reserve Bank. The German company is responsible for planning the entire technical infrastructure of the main building and parts of the campus for 5,000 employees in Frankfurt am Main.

BELECTRIC ENTERS THE DANISH SOLAR POWER MARKET

BELECTRIC won a contract to construct its first solar park (12.6 MWp) in Denmark. Cutting-edge technology is used to attain the highest yields possible, which is crucial for the future of solar energy in the Nordic countries.

2ND QUARTER

BELECTRIC LAUNCHES OPERATION OF THE TRAMM-GÖTHEN PROJECT

BELECTRIC started the operation of a large-scale solar power plant in Germany's Tramm-Göthen. With a nominal capacity of 172 MWp, it is one of the largest power plants ever constructed by the company.

ELEVION GROUP JOINS LINKEDIN

The Elevion Group launched its profile on LinkedIn to further strengthen brand awareness on the relevant markets, take advantage of synergies, and get closer to both customers and employees. The cumulative reach was 1 million users and the profile gained 1,650 followers in the first year.

ETS PROJECT FOR ŠKODA

ETS launched works on a high-tech project for Škoda Auto in the Czech Republic. The aim of the deal is to construct customised test benches and altitude chambers for a range of vehicle tests. They will be able to simulate various climatic conditions, such as the effects of wind, cold and rain. Furthermore, the influence of the sun or high altitude will also be replicated, allowing the most thorough testing of new Škoda models possible. The 14 mEUR project is to be completed by November 2023. ETS is one of only a few companies in the world that has experience with such a project.

3RD QUARTER

EUROKLIMAT STARTS THE BIGGEST PROJECT IN COMPANY HISTORY

Polish Euroklimat started work on the project in Silesia for an American packaging company. Euroklimat is providing complete electrical, mechanical and sanitary installations for the production hall and office, worth 14.2 mEUR, making it the largest project in the company's history. Scheduled completion is in 2023.

CHIEF INFORMATION OFFICER APPOINTED

Elevion Group B.V. appointed Jiří Halouzka to the role of Group Chief Information Officer as of 1 May 2022. Jiří has overall responsibility for IT functions in the group and his objective is to manage the right balance between local IT autonomy and group objectives. His initial focus and responsibilities included the preparation and implementation of the Elevion Group IT strategy and IT governance, as well as leading our CRM and ERP implementation efforts.

ZOHD PROVIDES BATTERY STORAGE SERVICES

ZOHD Group began providing battery storage services ranging from 50 kWh to 350 kWh. Some of the batteries were supplied by CEZ ESCO in exchange for solar panels and inverters from ZOHD Group. Customers use the storage solution for peak saving and day-night consumption to attain savings and revenue. The Dutch company intends to make this innovative solution an important part of its portfolio, including smart Energy Management Systems.

INEWA PROJECT FOR FEDERAL MOGUL

inewa completed an integrated energy efficiency project for one of the Italian facilities of Federal Mogul, a leading worldwide group in the automotive components sector. The intervention allows for on-site power generation and greater overall efficiency, being able to meet electrical, thermal and refrigeration needs simultaneously and reducing emissions by more than 1,300 tonnes of CO_2 per year.

RUDOLF FRITZ GIESSEN PROJECT

Rudolf Fritz will execute a contract for the supply of electrical installations for an industrial and commercial park project in Giessen for a total of 16.1 mEUR.

ETS STARTS ÜBERSEEQUARTIER PROJECT

ETS started works on a large project worth 35 mEUR in Hamburg for Unibail-Rodamco-Westfield. The German company is responsible for air conditioning equipment for the complex in the southwest and southeast area of the block. The integrated district is located in Hamburg's HafenCity and with scheduled completion in 2024, is bound to become a vibrant meeting place for locals and tourists.

4TH QUARTER

HTC PROJECT FOR NATIONAL CATHEDRAL IN BUCHAREST

High-Tech Clima won the tender and launched works as the MEP general contractor for the National Cathedral in Bucharest. The cathedral will be the largest Eastern Orthodox church in the world. HTC is supplying HVAC, fire equipment, plumbing, ELV and EELV, with the project being the biggest in the company's history. The work, valued at over 50 mEUR should be completed in 2025.

BELECTRIC COMPLETES THE LARGEST FLOATING PV PLANT ON A FISH FARMING RESERVOIR IN ISRAEL

BELECTRIC accomplished the construction of one of the most challenging projects in its class - Israel's largest floating photovoltaic plant built on a water reservoir for fish farming pools. The 19.3 MWp project was built near Lohamei HaGeta'ot in the north of the country for EDF Renewables Israel.

SYNECOTEC CONCLUDES PROJECT FOR TIGAS

SYNECOTEC implemented a heat recovery system from the cooling process for TIGAS-Erdgas Tirol GmbH in Innsbruck. The Austrian natural gas supplier is a versatile, regionally operating energy service company. The installed system pumps of total 2.4 MW of cooling water from the hospital's circulation system and feeds the extracted heat at a temperature of 85 degrees Celsius into the local district heating network, saving 2,600 tonnes of CO_2 per year.

BELECTRIC RE-ENTERS THE UK MARKET

By constructing two large-scale solar farms for Vantage RE Limited in England, BELECTRIC returned to the United Kingdom as an EPC service provider. The photovoltaic systems will have a combined capacity of more than 100 MWp.

ACQUISITION OF AMPRO

In order to further strengthen the market position in the Building Energy Solutions segment, the Elevion Group acquired Ampro, a leading German company engaged in security alarms and acoustics for buildings.

BELECTRIC WINS CONTRACT FOR REPOWERING

BELECTRIC won a contract for a repowering project to perform upgrade works to increase the capacity of the Halutziot solar park in Israel from 55 MW to 88 MW, including 65 MW batteries. The customer, Enlight, is investing around 65-70 mEUR.

FIT FOR 55 APPROVED

As part of the Czech Presidency of the Council of the European Union, all climate-related parts of the Fit for 55 Package were approved. The package is a part of the EU Green Deal and will ensure that the EU's increased decarbonisation and climate targets (in particular a 55% reduction in CO_2 emissions by 2030 compared to 1990) are met.

METROLOG AGAIN AMONG THE MOST DYNAMIC SMEs IN POLAND

For the 23rd time, the Polish economic daily Puls Biznesu published a list of the most dynamic Polish enterprises in the SME sector, with Metrolog again included in this prestigious ranking. The ranking is based on the criteria of financial results.

MACRO & INDUSTRY ENVIRONMENT 2022

GERMANY

In 2022, for the first time ever, GDP growth exceeded its pre-pandemic level. It increased despite difficult conditions in the global economy, including the ongoing COVID-19 pandemic, delivery bottlenecks, price rises and the war in Ukraine.

Economic situation in Building Energy Solutions

In 2022, the construction industry in Germany was impacted by the war in Ukraine and characterised by increasing prices for building materials, shortages of building materials, a lack of skilled workers, high inflation and the lingering effects of the coronavirus pandemic.

Economic situation in Green Energy

Germany's power production from renewable energy increased in 2022. It accounts for 46% of German power consumption. In 2021, it was 43%.

The power generated by solar power plants in 2022 was particularly remarkable. This was because of a sharp increase in installations as well as very sunny weather. Over the course of the year, the power generated by photovoltaics accounted for approximately 11% of Germany's gross electricity consumption.

The German government also initiated numerous changes to laws and regulations. The plan is for more open spaces to be available for use in the future.

Economic situation in Energy for Industry

Due to Russia's war against Ukraine, the shift away from natural gas towards decarbonisation was one of the most important tasks for the Energy for Industry segment in 2022. The industrial sector looked for complex solutions - combining energy savings with the environmental impact of the solutions.

OUR GERMAN SUBSIDIARIES

The Elevion Group in Germany, part of Elevion Group B.V. and controlled by Elevion GmbH and CEZ ESCO II GmbH, is one of the market leaders in building energy solutions, green energy and energy for industry.

Building Energy Solutions

Rudolf Fritz GmbH (Rudolf Fritz), founded in 1919. Building on its core competence in electrical and data technology, the company offers complete services at numerous locations in Germany in the areas of measurement and testing technology, automation technology, drive and conveyor technology, high-voltage switchgear, test bench systems as well as technical building equipment and technical building management. The company is also a specialist in the repair of electrical and electro-mechanical aircraft components. Rudolf Fritz GmbH is represented in Koblenz by the traditional Elektro Thomas branch.

ETS Efficient Technical Solutions GmbH (ETS)
As a comprehensive service provider of technical building services, ETS offers a complete range of services including concept design, planning, construction, maintenance and repair using specialist expertise from a single source.

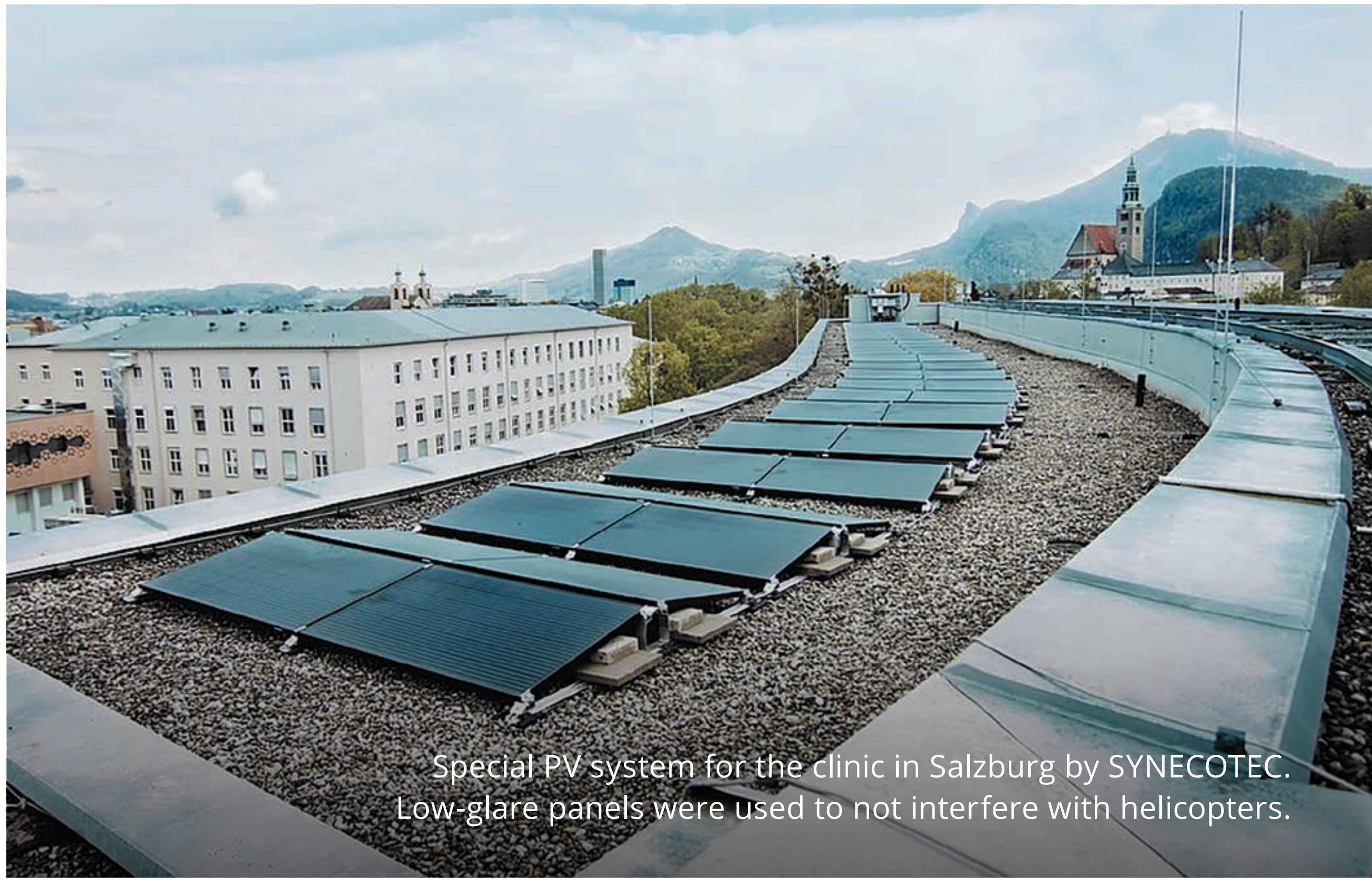
In addition to the core focus of building services, ETS offers services in special sectors such as test benches, energy technology and automation technology. ETS is internationally represented in China and Hungary.

The founding of Eberlein Elektrotechnik in 1921 was the first step in a successful company history. Today, EAG unites several traditional companies under one roof - such as the Berlin-based company Altmann & Böhning, founded in 1937. Since then, **D-I-E Elektro AG (EAG)** has steadily expanded its range of services. Today, the company offers comprehensive electrical, building and automation technology from a single source at eight locations in Germany - from Hamburg to Munich - from planning and optimisation to implementation and maintenance.

Germany's power production from renewable energy increased by 8.5% in 2022.

Since its foundation in 1999, **EAB Elektroanlagenbau GmbH Rhein/Main (EAB)** has consistently optimised its range of services in electrical engineering at the highest level and today occupies a leading market position in the Rhine-Main area in Germany.

Founded in Essen in 1946, **Elektro Decker GmbH (Electro Decker)** has developed into one of the largest electrical engineering companies in the Ruhr area. The range of services, from planning to implementation, includes electrical and energy technology, data, communication and security technology, technical building management as well as service and maintenance as part of the technical building equipment. With its subsidiary H&R Elektromontagen GmbH (Essen), Elektro Decker is



Special PV system for the clinic in Salzburg by SYNECOTEC.
Low-glare panels were used to not interfere with helicopters.


Increasing energy efficiency for Connecthub's logistics centre, a project by inewa. The tailor-made solution saves over 900,000 kWh of electricity per year.

expanding its existing service portfolio to include industrial maintenance and repair as well as I&C technology.

En.plus GmbH (En.plus) stands for complex tasks in the technical equipment of buildings and industrial plants. All building technology trades are processed, also as a technical general contractor.

IBP Ingenieure GmbH (IBP) Founded in 1999, the Pertler engineering office is a powerful and flexible consultant for building owners and architects. In the field of energy and building services engineering, it develops sustainable concepts and plans for projects in the areas of health, science, social, commercial and residential - for new buildings, conversions or existing renovations.

As an owner-managed engineering firm, **Peil und Partner Ingenieure GmbH (PPI)** is centrally located in the heart of Berlin. Founded in 1993, the company is an established partner in the field of energy-efficient, economical and sustainable supply technology. In holistic planning, PPI implements complete engineering services for the technical equipment of buildings and energy centres across all service phases in a targeted manner. Exciting and varied projects throughout Germany are managed both in the field of electrical engineering and in the areas of heating, sanitary, cooling and ventilation technology.

Kofler Energies Ingenieurgesellschaft GmbH (KEI) is an engineering service provider for technical building equipment and stands holistically for the “energy-efficient planning” business field. Throughout Germany, around 220 engineers and designers develop building service concepts and solutions for buildings. The range of services covers all facility groups and service phases of the HOAI through to complete project management.

Furthermore, at the end of the year we acquired **Ampro Group**, a leading company for the installation and management of security sounding and acoustic solutions for buildings. The Group’s market position in the Building Energy Solutions segment was strengthened thanks to this acquisition.

Green Energy

BELECTRIC GmbH together with other Belectric entities in the UK, Italy, Israel and France (BELECTRIC) is one of Europe’s leading companies in the development, construction and operation of ground-mounted solar power plants. The solar energy specialist boasts over 20 years of experience in solar power plant construction and has built over 480 PV projects with over 4.4 gigawatts of capacity worldwide. As one of the world's largest O&M service providers, BELECTRIC also guarantees its customers decades of plant operation.

Energy for Industry

HERMOS AG (HERMOS) is an international group of companies active in the fields of automation and information processing. The core competences of HERMOS are automation and integration solutions for machines and plants in the areas of industry, plants & buildings, energy, environment, and track & trace and switchgear, for which it develops and implements the best possible solutions. These solutions are based on HERMOS’s own software platform FIS#, as well as self-developed RFID components.

HERMOS Schaltanlagen GmbH (HERMOS Schaltanlagen) deals with the production and servicing of switchgears. With over 40 years of project experience, a production and usable area of more than 16,500 m² and around 220 employees, the service portfolio ranges from power distributors, UL-certified switchgears, to complex control cabinets for mechanical and plant engineering for all industries.

GWE Wärme- und Energietechnik GmbH (GWE) has been successfully operating as a specialist planner for heat and energy technology on the German market for 35 years. As an independent planning and engineering office, it deals with the technical and energy-related issues of energy conversion and distribution. The focus is on efficient energy supply solutions for industry with a focus on energy centres.

Kofler Energies Energieeffizienz GmbH (KEE) is an established energy partner for customers from the manufacturing industry and the medium-sized real estate sector. The focus is on identifying potential savings and developing, financing and implementing optimal solutions for the decentralised generation of electricity, steam, heat and cooling.

POLAND

The year 2022 was economically challenging also for Poland. The pandemic on the one hand (especially the lockdowns in China and problems in global logistics), and the consequences of the war in Ukraine on the other, have significantly slowed down business. In the past year, the Polish economy has also struggled with inflation and rising interest rates.

Economic situation in the Building Energy Solutions segment

Investments in the construction industry were delayed due to the pandemic. This was accompanied by rapidly rising prices for construction services, material, and supply chain issues. Some investments were even stopped to receive additional financing or to implement projects with lower-than-expected margins. Industrial and warehouse construction remains the largest segment of the non-residential sector. This is mainly due to the rapid growth of the e-commerce market. In 2022, new industrial and warehouse buildings were commissioned in Poland (increase by 5.1%), and 575 buildings were expanded (increase by 1.2%).

Economic situation in the Green Energy segment

In the photovoltaics segment, a slight decline was observed due to the end of direct state support for individual electricity consumers. On the other hand, heat pump sales were up +35%.

Economic situation in the Energy for Industry segment

In 2022, the thermal energy market faced problems resulting from the war in Ukraine, namely the shortage and high price of coal, which is the primary fuel in the Polish power sector, and high gas prices. Most decisions on CHP construction were postponed, while upgrades and renovations to existing district heating infrastructure were kept to the necessary minimum. As a result, we have seen a significant decrease in investment in the district heating sector. On the other hand, the energy transformation of the Polish district heating sector, which is moving towards the construction of distributed hybrid energy sources that combine heat pumps with photovoltaics, heat recovery and gas CHP, has accelerated.

Due to climate change and relatively old infrastructure in Poland, the water treatment segment grew dynamically in 2022. The dynamic ratio amounted to nearly 500%, which was a result of government subsidies from the Polski Ład program. In 2023, the market value of investments is estimated to be 20% higher than in 2022, and in coming years the investment level will slowly deteriorate due to expiration of government grants.

OUR POLISH SUBSIDIARIES

The Elevion Group provides ESCO services through **Euroklimat**, **Metrolog** and **OEM Energy**.

METROLOG Sp. z o.o. (Metrolog) is one of the leading manufacturers of compact heat substations on the Polish Energy for Industry market and offers the comprehensive implementation of investments in the field of thermal energy, as well as the construction of water treatment plants. Based on the experience gained, it offers energy-saving and ecological, safety- and function-oriented solutions. As part of its production, service and trading activities, the company carries out investments throughout the country and in selected European markets.

Euroklimat Sp. z o.o. (Euroklimat) is a leading company with an established position in the Polish market, operating in the construction sector as a supplier of large civil engineering general contracts for HVAC (heating-ventilation air conditioning) and electrical installations. Euroklimat works mainly according to the "Design and Build" formula, offering customers professional and reliable service at every stage of the investment - from offer to design, execution, warranty and post-warranty service.

OEM Energy Sp. z o.o. (OEM Energy) is a general distributor of renewable energy systems (RES) and has been offering products and services related to renewable energy sources across Poland since 2012. OEM Energy cooperates with the best manufacturers in the renewable energy sector and has exclusive rights to KBB solar collectors and Kronoterm heat pumps in Poland. OEM Energy is the general distributor of Joule stainless steel tanks, Kyoto photovoltaic modules, Fronius inverters and tech brand controllers.

OTHER MARKETS

In **Italy**, GDP growth was driven by a return to growth in household consumption, partly due to an improved epidemiological situation and an increase in investments and exports.

In 2022, the Italian government supported the production of biomethane for use in transport, heating, industry and residences, as well as in the service and agricultural sectors.

In Italy, the Elevion Group is represented by **inewa** with its headquarters in South Tyrol. It focuses on a wide range of energy services - from planning and consulting to subsequent operation and maintenance.

inewa also operates 3 biogas units - Budrio GFE 312 Società Agricola S.r.l. (Budrio), AxE AGRICOLTURA PER L'ENERGIA SOC. AGR. (AxE) (with total installed capacity of 3.3 MW el). The aim is to upgrade them into biomethane plants. In 2022, inewa continued to expand its bioenergy portfolio with the acquisition of 100% of Societa' Agricola B.T.C S.r.l (BTC) and its biogas plant.

In **Austria**, as other countries, the market recovered from the COVID-19 pandemic leading to a strong uptick in services and industrial production, as well as a significant increase in consumer spending in 2022.

Renewables represent over 85% of domestic energy production. The photovoltaics sector specifically showed record growth in 2022.

Three subsidiaries of the Elevion Group operate in Austria, namely **Syneco tec GmbH**, **Moser & Partner Ingenieurbüro GmbH** and **Wagner Consult GmbH (IWC)**.

Syneco tec GmbH (Syneco tec) offers the design, planning, execution, maintenance, and servicing of ESCO projects completely from one source. It is an energy consulting and service company that accompanies its customers through all project phases. In addition to its core business, photovoltaic and heat pump systems, Syneco tec implements economical solutions for clean and sustainable supply through close networking with research institutions. With the incorporation of Elektrotechnik Huber, Syneco tec expanded its existing portfolio to include electrical engineering.

Moser & Partner Ingenieurbüro GmbH (MPI) designs, plans and advises investors, builders and architects and develops optimised solutions for the indoor climate, production, lighting and safety requirements for projects - including room climate simulation. The conceptual design and planning of sustainable energy supply concepts for entire neighbourhoods is another successful pillar of MPI.

To complete the portfolio of services offered, Wagner Consult GmbH (IWC) was acquired in 2022. It has been one of the leading engineering companies in the field of wastewater treatment and energy efficiency solutions in Tyrol for almost 50 years. Over the years, IWC has expanded its know-how and offers further services in special areas such as flood protection, renaturing of the landscape and water bodies, and biogas utilisation.

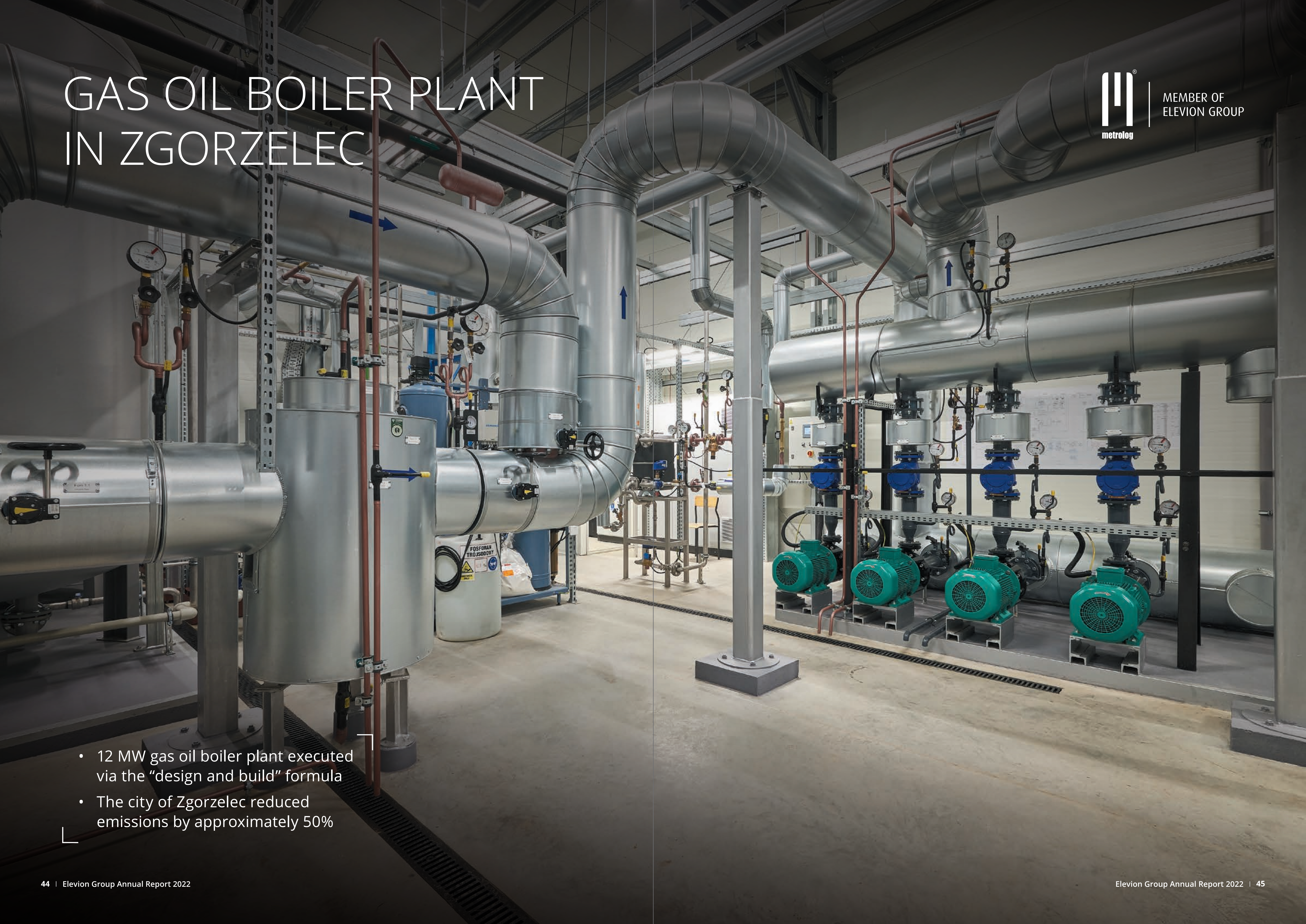
In 2022, the **Romanian** construction market saw some projects postponed and investments decline due to uncertainty. There are multiple causes - strong inflation, increased energy costs and the negative impact on people's incomes. All of this affects the entire supply chain, resulting in reduced purchasing power.

In Romania, the Elevion Group provides ESCO services through **High-Tech Clima S.A. (HTC)**. This is a leading company in the Romanian market in the field of HVAC systems (heating, ventilation and air conditioning) and electrical installation works for owners of commercial facilities. It also operates as an industrial supplier in production facilities, logistics parks, business offices, buildings and shopping centres.

The **Dutch** economy was stable in 2022, although the impact of high inflation is significant, especially on businesses that are highly dependent on fossil fuels. Sustainability makes companies less vulnerable to these high energy costs.

The Netherlands is the European leader in the installation of solar photovoltaic systems. With an installed solar PV capacity of 1,000 Wp per capita, the Netherlands has the highest PV capacity in Europe. In 2022, the Netherlands produced 15% more renewable energy than in 2021, a total of 3.68 GW. Much of the growth in renewable energy comes from solar power.

The Elevion Group is present in the Netherlands through Zonnenpanelen op het Dak Group (**ZOHD Group**), which provides services in the field of rooftop photovoltaic systems. In 2022, the company started to provide battery storage services and pilot projects were installed.

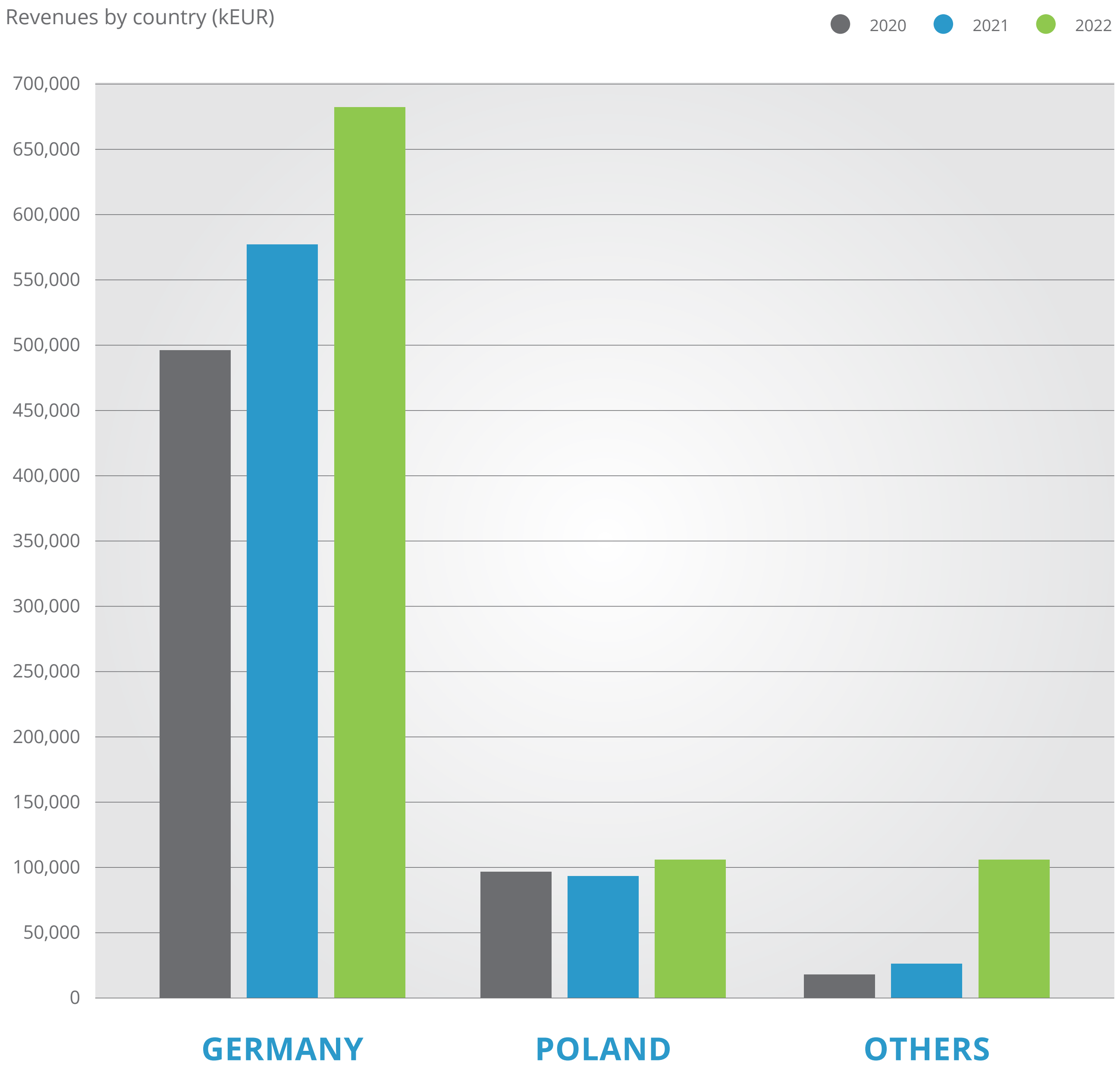


GAS OIL BOILER PLANT IN ZGORZELEC

metrolog | MEMBER OF ELEVION GROUP

- 12 MW gas oil boiler plant executed via the “design and build” formula
- The city of Zgorzelec reduced emissions by approximately 50%

BUSINESS REVIEW AND OUTLOOK




1,400 solar panels with a total capacity of 532,000 watts peak on Huib and Bart Vermue's farm in Zeeland. A project by the Dutch company Zonnepanelen op het dak B.V.

BUSINESS OVERVIEW

The Group continued its robust growth in both performance and sales in 2022. This is attributable to the progressive streamlining of internal commercial processes, the boosting of sales channels and the successful restructuring of businesses that performed below expectations. We also significantly improved the order backlog compared to 2021, as a strong basis for sales and performance in 2023.

Despite significant disruptions in supply chain and increased prices of materials and labour costs exacerbated by the war in Ukraine, the Group has implemented successful mechanisms to promote margin improvements and sustainable growth (e.g. by stocking specific types of materials). The direct impact of the war was minor, as the Group only had a limited business presence in Russia. Except for one project of Hermos AG, none of the Group projects needed to be abandoned due to the sanctions internationally imposed against Russia.

The Group believes the war in Ukraine will have a largely favourable impact on the acceleration of energy transition in Europe. Significant efforts will continue to be made to cut off dependence on Russian fossil fuels and increase the share of the renewable energy sector. We also expect a boom in initiatives leading to energy savings in buildings and industry. We expect to further solidify our position as one of the leading players in the European ESCO market with high added value for our shareholders.

We continued to strengthen our international cross-selling initiatives. The rooftop PV business in Austria marked a solid growth, also due to leveraging the expertise of ZOHD Group. The Group also fostered growth in centralised procurement not only within the Elevion Group, but also towards the Czech ČEZ affiliates, e.g. in the procurement of solar panels.

The Group succeeded in optimizing back-office processes and support functions at the central level, e.g. through a centralised approach to bank and insurance guarantees or further roll out of the group cash pool. Indeed, the group cash pool solution won the prestigious award for best treasury project of 2022.

Moreover, in 2022 the Group selected unified group-wide CRM solutions to further enable cross-selling and ERP and bolster its transformation into intelligent business. The aim is to harmonise and standardise these systems and relevant processes over the long term within the Group.

GERMANY

Our German entities, which are our main market with a share of more than 70% of the Group's sales, recorded a further increase in both turnover (up 19.9% year-over-year) and EBITDA (up 44.2% year-over- year) in 2022. This was achieved despite the impact of the war in Ukraine, which led to a significant rise in material and energy prices.

Building Energy Solutions

To further strengthen our market position in the Building Energy Solutions segment, we acquired the German AMPRO Group, a leading company for security sounding and acoustics for buildings.

Rudolf Fritz is finishing a contract for the execution of electrical work, measurement and control together with automation within a new office building for ABB (for 1,200 employees on an area of 24,000 m²) in the city of Mannheim worth 16.2 mEUR. Building on its core competence in electrical and data technology, the company offers complete services at numerous locations in Germany in the areas of measurement and testing technology, automation technology, drive and conveyor technology, high-voltage switchgear and test bench systems, as well as technical building equipment and management.

In cooperation with Unibail-Rodamco-Westfield Germany, **ETS**, a provider of design, planning, execution, maintenance and servicing, was responsible for installing air conditioning at the new "Überseequartier" in Hamburg. They also won a tender for a high-tech project for Škoda Auto - construction of a turbine for aerodynamic testing of vehicles.

EAB won a tender in 2022 to equip the prestigious "KREISLER" building in the Frankfurt train station district with electrical equipment.

D-I-E Elektro is involved in the construction of a rehabilitation centre for Waldkliniken Eisenberg. The company is building the technical facilities, among other things in cooperation with En.Plus. The project started in March 2021 and is due to be completed in September 2023.

Elektro Decker has become one of the largest electrical engineering companies in the Ruhr area. In cooperation with Rudolf Fritz and ETS, Elektro Decker successfully completed the project of a student dormitory for Pro Immobilia. Due to the joint and successful execution of the project, exchange meetings with ETS have taken place every 8 weeks since to explore ventures together and act uniformly and as a group towards customers. The order was worth about 1.3 mEUR.

Additionally, our planning and engineering companies were able to grow their relevant businesses.

Peil und Partner Ingenieure managed varied projects throughout Germany, both in the field of electrical engineering and in the areas of heating, sanitary, cooling and ventilation technology.

Green Energy

In 2022, **BELECTRIC Group** expanded its presence on its core markets in Germany, the Netherlands and Israel. In Germany, the company successfully commissioned its 172-Megawatt Peak (MWp) large-scale project in Tramm-Göthen, for example, and has furthermore secured five contracts for over 180 MWp of solar capacity. In the Netherlands, the solar energy specialist succeeded in gaining a new, important partner in addition to expanding business relationships with existing customers. The first joint solar farms with the new customer have a total capacity of 53 MWp and are currently under construction.

Building a photovoltaic system for a nursing home in Tyrol. SYNECOTEC took care of all subsidies, approvals, planning, installation, and integration into the energy management system.

In Israel, BELECTRIC Group won a contract for the country's largest repowering project and continued to focus on floating PV installations. The largest of the installed systems has a capacity of 19 MWp. Consequently, BELECTRIC Group continues to be at the forefront of the rapidly growing industry of floating photovoltaics with numerous benchmark projects in Israel.

Furthermore, BELECTRIC Group entered the Danish solar power market in January by constructing and commissioning its first solar farm in the country.

Towards the end of the year, the company also re-entered the United Kingdom as an EPC (Engineering, Procurement, Construction) service provider by securing three contracts to construct over 160 MWp of solar capacity in England. According to Wikisolar, BELECTRIC Group is among the Top 10 EPC service providers worldwide.

In the upcoming year, BELECTRIC Group will further expand its presence in the above-mentioned countries and re-enter the Italian EPC market. Another important step in BELECTRIC Group's strategy is the increased focus on innovative PV applications such as agrivoltaic installations, floating solar power plants, hybrid systems including battery storage and the repowering of old solar power plants.

Finally, the founding of BELECTRIC Greenvest marks another milestone in the solar company's history. In the future, solar farms constructed by BELECTRIC Group will not only be sold to investors but also kept in the company's own portfolio.

Energy for Industry

HERMOS AG, an international group of companies active in the fields of automation and IT solutions for industry, energy, environmental technology and buildings, has successfully acquired further orders of RFID products for various industries (for example production of microchips) and Track & Trace devices in the tobacco industry. HERMOS AG also widened their decarbonisation offer in both building and industry solutions by adapting its market-leading FIS system to support companies on their path to carbon neutrality.

HERMOS Schaltanlagen, a producer and service provider in the field of customised switchgear, was awarded "Employer of the Future" by the German Innovation Institute for Sustainability and Digitalisation (DIND) in December 2022.

Kofler Energies Energieeffizienz, a provider of efficient energy supply solutions for industry with a focus on energy centres, has suffered from the drop in demand for gas-based solutions as a consequence of the Ukraine war.

GWE Wärme- und Energietechnik, a specialist planner for decarbonisation solutions for industrial customers, also struggled with the disruptive effects of the Ukraine crisis and shifted its focus towards holistic concepts for CO_2 reduction measures.

POLAND

During 2022, **Euroklimat** supplied HVAC and electrical systems. By completing the largest projects in its history and doubling sales in the electrical segment, the company achieved its highest ever sales and recorded a 30% increase over the previous year. This growth was concurrent with an increase in EBITDA (51% increase in absolute terms) and EBITDA margin. The company was able to deliver such results in extremely difficult market conditions caused primarily by the war in Ukraine, with resource shortages and volatile material and subcontractor prices.

OEM Energy is a general distributor of renewable energy products and systems throughout Poland. OEM Energy distributes storage tanks, enamel and stainless-steel tanks, photovoltaic modules, inverters and heat pumps. In general, a large increase was observed in the trading segment, which achieved 57% higher sales compared to 2021. The supply segment for municipal capital projects was still below the planned level due to limited state funding.

By offering hybrid heat sources and hybrid transfer stations, **Metrolog** is one of the architects of the transformation of the Polish heating industry and is promoting efficiency-oriented solutions that are aimed at eliminating coal from Poland's energy mix. As a result of the hydrological drought affecting a large part of the Polish territory, Metrolog has also developed the potential to build and upgrade municipal and community drinking water treatment systems, leading the company to implement multiple projects in this area. At the same time, this segment has become an important pillar of the company's operations.

OTHERS

Italian **inewa** continued to expand its bioenergy portfolio with the acquisition of 100% of SOCIETA' AGRICOLA B.T.C. S.R.L. and its biogas plant. Unfortunately, extreme drought impacted the biogas plant's results in 2022.

Additionally, inewa has expanded its solar assets and built a large portfolio of photovoltaic projects with a total capacity of 60 MWp, which will be implemented mainly in industrial areas in the coming years. inewa also successfully completed an energy efficiency project for one of the Italian plants of Federal Mogul, a leading manufacturer in the automotive components sector.

In Austria, **Syneco tec** expanded its activities during 2022 to include the installation of rooftop photovoltaic systems. In view of the high attractiveness of this segment in the context of the current market situation in Austria, it plans to intensively pursue this activity in 2023.

The companies operating on the Austrian market also plan to continue devoting themselves to engineering, consulting and planning activities in the field of energy efficiency, HVAC and heat pumps, primarily for local municipalities and companies. They will be building on, for example, the successful HVAC planning project for Sigma-Aldrich and the newly built Königshof hotel in Munich, or the IHNES project for energy efficiency and savings in hospitals.

To complete the portfolio of services offered, **Wagner Consult GmbH** was acquired in 2022. Wagner Consult has been one of the leading engineering companies in the field of wastewater treatment and energy efficiency solutions in Tyrol for almost 50 years.

In Romania, **High-Tech Clima** stabilised its operations with new projects and the development of new capabilities in the field of electrical installation work. The National Cathedral in Bucharest is the most significant project. It started in Q4 2022 and has had a positive impact on the company's result in both 2022 and 2023.

ZOHD Group is active in the Netherlands and provides services in the field of rooftop photovoltaic systems. In 2022, the company started providing battery storage services and the first pilot projects were installed.

RESEARCH & DEVELOPMENT

The Group is well aware of the necessity to invest into innovation, which is one of the key drivers of future growth. The Group primarily incurs R&D expenditure in development of IT systems for its ESCO activities, mainly through the HERMOS and BELECTRIC Groups. HERMOS Group focuses primarily on energy management software and software for customised industrial and environmental automations (FIS), whereas BELECTRIC Group develops monitoring and control software for its constructed solar power plants (through SCADA software). The total R&D spend for 2022 was 3.5 mEUR in 2022 (2.8 mEUR in 2021), whereas the majority is formed by development costs. The Group is firmly committed to at least maintain its current R&D spend in the future.

FINANCIAL REVIEW

Group's order backlog

The order backlog increased by 47% when compared to the previous year and amounted to 1,226 mEUR as at 31 Dec. 2022 (2021: 834 mEUR). The order backlog is defined as the project value for the next three years that remains to be completed (based on IFRS) and has been agreed with the customer in a binding manner. The order backlog in relevant segments can be executed over several years due to the long-term character of the projects. Splitting of the order backlog into individual years is based on linear interpolation depending on the projected end of the project.

The increase in the order backlog is driven mainly through organic activity, most notably through acquisitions of large projects.

ORDER BACKLOG PER COUNTRY

kEUR	31 Dec. 2022			31 Dec. 2021
Assets	Organic	Inorganic	Total	Total
Germany	981,896	0	981,896	649,890
Poland	78,802	0	78,802	69,292
Italy	58,189	7,479	65,668	25,683
Israel	53,017	0	53,017	15,873
Other	46,740	112	46,852	73,059
Total	**1,218,644**	**7,591**	**1,226,236**	**833,797**

ORDER BACKLOG PER BUSINESS SEGMENT

kEUR	31 Dec. 2022			31 Dec. 2021
Assets	Organic	Inorganic	Total	Total
Building Energy Solutions	711,416	0	711,416	515,363
Green Energy	378,521	7,591	386,112	220,163
Energy for Industry	128,708	0	128,708	98,271
Total	**1,218,644**	**7,591**	**1,226,236**	**833,797**

ORDER BACKLOG PER BUSINESS SEGMENT AND YEAR OF COMPLETION

kEUR	31 Dec. 2022			
Assets	2023	2024	2025	Total
Building Energy Solutions	537,586	151,840	21,990	711,416
Green Energy	252,606	108,384	25,122	386,112
Energy for Industry	89,948	26,286	12,473	128,708
Total	**880,140**	**286,511**	**59,585**	**1,226,236**

GROUP'S OVERALL PERFORMANCE

The Group's consolidated revenues amounted to 899,258 kEUR in 2022 (2021: 684,492 kEUR), representing a year-over-year increase of 31.4%. The increase in revenues is primarily related to Green Energy (year-over-year growth of 379.1%), namely BELECTRIC Group, due to full-year consolidation, but the other two operating segments also experienced robust year-over-year growth, 7.9% in Building Energy Solutions, respectively 18.5% in Energy for Industry.

kEUR	2022	2021	YoY %
Revenues	899,258	684,492	31.4%
EBITDA	55,386	33,385	65.9%
Adjusted EBITDA	57,181	37,044	54.4%
Adjusted EBITDA margin	**6.4%**	**5.4%**	
Net income	5,364	-3,245	n/a
Adjusted net income	18,942	7,021	169.8%
Cash-flow from operations	35,845	59,664	-39.9%
Cash conversion ratio	**64.7%**	**178.7%**	

In the table above, the Group also reports non-GAAP key performance indicators, such as EBITDA, adjusted EBITDA or adjusted net income. Their definition is included into Glossary section and reconciliation of adjustments (non-operating items) is included in Chapter [26] of the Consolidated Financial Statements.

Adjusted EBITDA showed robust growth at 57,181 kEUR (2021: 37,044 kEUR), corresponding to year-over-year growth of 54.4%. This is primarily driven by increased revenues but also related to improvement of the EBITDA margin in Building Energy Solutions - see details below in Operating Segment Performance.

Non-operating items reflected in EBITDA of 1,795 kEUR are (i) due diligence and SPA costs related mainly to the acquisition of AMPRO Group and Societa' Agricola BTC, as well as several ongoing or not completed acquisitions, and (ii) restructuring costs, and thus represent non-recurring items.

The Group's adjusted net income amounted to 18,942 kEUR in 2022 (2021: 7,021 kEUR), representing year-over-year growth of 169.8%. The net income has been positively affected by reduced financial expenses (due to cash pool implementation) compared to 2021, but negatively impacted by higher depreciation charges related to fixed assets and leases (as a result of the BELECTRIC Group acquisition) and increased tax expense (due to increased earnings before taxes). The adjustments to net income, in addition to the EBITDA-relevant items mentioned above, include amortisation of newly identified intangibles from acquisitions (including the related deferred tax impact), which are non-operating in nature and are not cash relevant.

Cash flow from operations amounted to 35,845 kEUR (2021: 59,664 kEUR), representing a 39.9% year-over-year decrease. The main driver for such decrease is the extraordinarily good cash flow from operations in 2021, where large prepayments at the beginning of the project were received, mostly in Germany as part of the Building Energy Solutions segment. As a result, the conversion ratio, defined as adjusted EBITDA divided by cash flow from operations, fell to 64.7% in 2022 (2021: 178.7%). The Group also improved its liquidity by further integrating entities into its cash pool. As a result thereof and also due to strong operating cash flow, the Group recognised a cash pool asset against CEZ Group for a total of 9.7 mEUR at 31 Dec. 2022 (compared to liability of 69.3 mEUR at 31 Dec. 2021). The Group expects CEZ Group to continue supporting the Group's net working capital and capital expenditure needs in the future.

The split between organic EBITDA and inorganic EBITDA (related to acquisitions effectuated in 2022) is shown in the table below, including the annualised normalised results of such acquisitions for 2022 and 2021, respectively. The inorganic EBITDA impact of 214 kEUR in 2022 relates to the Societa' Agricola BTC, Wagner Consult and AMPRO Group acquisitions. The slight year-over-year deterioration in EBITDA is attributable to the extraordinary influence of the Tramm-Göthen project executed in 2021 by BELECTRIC Group (one-off positive impact of ca 12 mEUR in 2021).

	2022					2021		
kEUR	Organic	Inorganic	Reported	Annualisation	Total annualised	Reported	Total annualised	YoY growth (reported)
Revenues	897,356	1,902	**899,258**	3,669	**902,927**	684,492	893,948	31.4%
Adjusted EBITDA	56,967	214	**57,181**	-416	**56,766**	37,044	59,115	54.4%
Adjusted EBITDA margin	**6.3%**	**11.2%**	**6.4%**	**-11.3%**	**6.3%**	**5.4%**	**6.6%**	

PERFORMANCE OF OPERATING SEGMENTS

kEUR	2022			2021		
Operating segments	BES	EFI	GE	BES	EFI	GE
Revenues	575,078	138,098	188,646	532,748	116,522	39,377
Adjusted EBITDA	35,695	11,100	13,298	26,737	9,950	3,376
Adjusted EBITDA margin	**6.2%**	**8.0%**	**7.0%**	**5.0%**	**8.5%**	**8.6%**

*Combined, not consolidated figures.

Building Energy Solutions (BES)

Revenues amounted to 575,078 kEUR in 2022 (2021: 532,748 kEUR), representing significant year-over-year growth of 7.9%. The strong revenue growth comes in particular from Germany (namely Rudolf Fritz and EAB).

Adjusted EBITDA rebounded considerably to 35,695 kEUR (2021: 26,737 kEUR), constituting year-over-year growth of 33.5%. Absolute adjusted EBITDA growth is attributable not only to topline growth but also to the improved adjusted EBITDA margin of 6.2% (2021: 5.0%). The improved EBITDA margin is mainly driven by a significant improvement of margins in ETS, which again achieved positive EBITDA result after two years of restructuring, and other companies in Germany that have returned to pre-COVID-19 levels despite continuous supply chain issues, after focused restructuring and supply chain management efforts.

Green Energy (GE)

Revenues amounted to 188,646 kEUR in 2022 (2021: 39,377 kEUR), representing huge year-over-year growth of 379.1%. Such growth is related mainly to the full-year consolidation of BELECTRIC Group, which was acquired in December 2021 and not consolidated at all in 2021.

Adjusted EBITDA of 13,298 kEUR in 2022 (2021: 3,376 kEUR) was impacted by the same driver as revenues. However, the adjusted EBITDA margin deteriorated to 7.0% (2021: 8.6%), reflecting a year-over-year change in the service mix due to the BELECTRIC acquisition and supply chain issues at Italian biogas plants due to extreme drought.

Energy for Industry (EfI)

Revenues amounted to 138,098 kEUR in 2022 (2021: 116,522 kEUR), representing robust year-over-year growth of 18.5%, attributable to HERMOS AG and HERMOS Schaltanlagen.

Adjusted EBITDA improved to 11,100 kEUR (2021: 9,950 kEUR), constituting year-over-year growth of 11.6%. The adjusted EBITDA margin decreased slightly to 8.0% (2021: 8.5%), which is largely attributable to HERMOS Group, where HERMOS Schaltanlagen continued to have supply chain problems and HERMOS AG decreased its share of Track & Trace services, mainly due to the geopolitical situation.

RISK MANAGEMENT

The aim of the Elevion Group is to systematically and efficiently design control mechanisms to identify, assess, evaluate, manage and monitor risks so that business objectives can be achieved. The risk management process occurs both top down as well as bottom up. Risk controls are addressed in the Group's policies, guidelines and standards. The Group regularly conducts internal audits in cooperation with CEZ Group to assess environment, internal controls, risk management and susceptibility to fraud of the Group entities.

The key risks faced by the Elevion Group in 2022 were price increases and unavailability of materials caused by the war in Ukraine and persevering effects of the coronavirus pandemic. The Group implemented successful mechanisms to overcome such risk factors, e.g. by including contingencies for increased inflation in project calculations or price adjustment clauses in customer agreements, or by stocking important materials (e.g. solar pannels).

The Group further works on streamlining business processes and strengthening risk management through the implementation of group-wide ERP and CRM solutions for all Group entities, which were initiated in 2022 and should be finalised by 2026-2028.

The following cluster risks are relevant for the Group's operations: (i) strategic risks (relating to achievement of long-term strategies and objectives), (ii) operational risks (which threaten achievement of the business plan and short-term objectives), (iii) financial and reporting risks (which can have a negative impact on financial assets/liabilities and integrity of financial reporting) and (iv) regulatory risks (resulting in non-compliance with applicable laws and regulations). The Group views all the below as essential in its risk management strategies and, therefore, all the risks are assigned low-risk appetite.

STRATEGIC RISKS

Risk factor	Risk description	Potential impact	Mitigation actions	Risk appetite
Lack of personnel	Problems in talent attraction and retention (lack of desired skills/expertise both for blue/white collar workers)	• Decrease of productivity • Difficulties in executing projects leading to financial losses and damage to reputation	The Elevion Group is increasing its online presence to attact talent. We also established the Elevion Academy to leverage cooperation with trainees. We have also implemented management development programs to ensure continuous successor planning and retentioned of management personnel.	Low
Market changes	EU ceases to support energy transition	• Product offerings can become obsolete and existence of lost opportunities for new products • Investments can become impaired	We actively work with our clients to understand their current, as well as prospective business needs in light of energy efficiency, and we also try to influence policymakers to keep supporting energy transition through involvement in various associations. We promote close contact with universities and presence at innovative fairs. In cooperation with proven consultants, we regularly update corporate strategy to address new product / geographical markets in line with the latest trends and confirm existing business strategies.	Low

FINANCIAL REPORTING RISKS

Risk factor	Risk description	Potential impact	Mitigation actions	Risk appetite
Reporting integrity, completeness and accuracy	Risks affecting reliability of internal and external reporting, estimation of fair value, degree of subjectivity and design of internal systems	• Incorrectness and incompleteness of financial statements • Misinterpretation of financial statements by the users of financial statements • Damage to reputation • Insufficient internal controls to detect fraud and other irregularities	The Group's accounting policies, including usage of estimates and judgement, are described in Chapter 2 of the Consolidated Financial Statements. The Group's approach to valuation of financial instruments is described in Chapter 16 of the Consolidated Financial Statements. The Group provides disclosures on its Consolidated Financial Statements in line with IFRS requirements to decrease room for misinterpretation of the financial statements by its users. The Group has started the ERP unification process for all its Group entities with the aim of full harmonisation by the end of 2026 to further harmonise reporting/accounting processes within the Group.	Low

OPERATIONAL RISKS

Risk factor	Risk description	Potential impact	Mitigation actions	Risk appetite
Project management	Project miscalculations leading to increased costs. Poor selection of projects.	• Project losses and delays • Damage to reputation • Falling margins • Fines and claims for damages	Project risks are assessed before a project is approved and starts. Vigourous project reporting was implemented to ensure early detection of potential problems and promote continuous risk assessment. Through uniform ERP initiative, we aim to streamline project management processes within the Elevion Group and share best practice.	Low
IT security	Risk of cyber attacks and damage to IT systems	• Data security and GDPR breaches • Ransomware and hacking • Shutdown of IT systems	Elevion has implemented IT governance and information security guidelines to ensure a common group approach towards cyber risks. The Group engages in common practices such as penetration testing and e-mail filtering, as well as regular reviews of all relevant IT incidents. The Group also regularly trains IT users and has hired a chief information security officer to further boost the Group's resilience to IT threats.	Low
Supply chain risk	Unavailability of materials or contracting of suppliers with inadequate expertise / resources to complete subcontractors' work.	• Project losses and delays • Damage to reputation • Falling margins • Fines and claims for damages	In light of disruptions in the supply chains caused by the Ukrainian war and other factors, the Elevion Group decided to stock critical components (such as solar panels). The Group has also implemented a vigorous procurement framework to govern the supplier selection process.	Low
Environmental impact	Adverse environmental effects in operations and supply chain leading to pollution, contamination etc.	• Damage to environment and local community • Damage to reputation • Increased costs • Fines and claims for damages	Group entities are obliged to adhere to relevant ISO standards. Employees of the Elevion Group are regularly trained to increase awareness of environmental risks and suppliers are screened for potential environmental breaches.	Low

FINANCIAL RISKS

Risk factor	Risk description	Potential impact	Mitigation actions	Risk appetite
Please refer to Chapter 16 Financial Risk Management in the Consolidated Financial Statement for details on foreign exchange risk, interest rate risk, credit risk and liquidity risk, including the Group's approach to hedging.				

REGULATORY RISKS

Risk factor	Risk description	Potential impact	Mitigation actions	Risk appetite
Breaches of applicable laws, bribery and ethical behaviour	Breaches of applicable bribery and corruption laws, procurement law and competition law	• Damage to reputation • Fines and penalties	The Elevion Group is obliged to follow the Code of Conduct published by its ultimate parent company, ČEZ, a. s., which also deals with anti-bribery measures, whistleblowing and ethical behaviour in general. Employees are regularly trained on this Code of Conduct, with relevant employee training avalailable also for other areas, such as procurement and competition law.	Low
Compliance with tax laws	Risks related to paying taxes to local governments in accordance with local tax laws and tax non-compliance	• Damage to reputation • Fines and penalties	In 2023, the Group will publish the Group Tax Princples on its website, which provide guidance on the Group's tax governance framework. The Group has also published its internal tax / transfer pricing policies to ensure compliance with local tax laws. Relevant financial personnel are also trained regularly to follow the latest tax developments.	Low

SOCIAL ASPECTS AND ETHICS

Culture and behaviour

We strive to have a positive impact on the world, which means having a positive impact on the people around us. We are trying to achieve that by supporting our employees, communities, and by delivering products that can make our client operations greener and thus our lives more sustainable. Because, at the end, it is all about people.

Employee care

Elevion's Human Resources strategy is based on the strategy of CEZ Group. It aims to support the overall strategy of our companies by coming up with an appropriate mix of tools and methods. We are trying to achieve that by fostering people's talents, meeting their aspirations and supporting corporate culture. We ensure an inclusive environment that aims to promote employee engagement. The primary objective is to come up with a strategy that ensures a suitable working environment, talent development, and is able to identify and secure external talents. One of the tasks of the HR department is, within the framework of determining the Elevion Group HR concept for the future, to transfer good practices from abroad.

Employee satisfaction

A questionnaire survey to determine employee job satisfaction is gradually being implemented across the entire group. Surveys are already underway in some companies, and the results are generally positive.

Education & training

To keep up with the dynamic and demanding energy industry, we must be 100% certain that our employees are well prepared to face new challenges. In the field of employee development and training, our goal is to combine the personal aspirations of every individual with the company's targets.

Gender diversity

The Group recognises the benefits of diversity, including gender balance. The Group, respectively the parent company, has the following representation of men and women in its Management Board, Supervisory Board and extended management (which the Group determines to be the Executive Committee) at the end of 2022.

	Number of men	Number of women	Percentage of men	Percentage of women
Management Board	3	1	75.0%	25.0%
Supervisory Board	2	1	66.7%	33.3%
Executive management	3	1	75.0%	25.0%

The Group is firmly committed to maintaining or gradually achieving the minimum of 33% in terms of women's representation in all of its central executive and supervisory functions as a long-term goal. This will be achieved by extending top management positions held by female representatives once such candidates have been identified. The Group further aims to strengthen gender diversity diversity not only at the central level, but also in the management boards of the local Elevion entities.

Within CEZ Group, the Board of Directors meets for a round table where the staffing of key positions within the subsidiaries is discussed.

The aim is to look for synergies in terms of staffing the positions with suitable employees transfer, and growth of employees, also considering gender diversity. The same roundtable is also being held within the Elevion Group.

Code of Conduct

The Group follows the Code of Conduct issued by CEZ Group as published on its website in the corporate goverance section (Code of Ethics | CEZ Group). The purpose of this Code of Conduct is to cover the basic forms of conduct, behaviour and responsibility of each person within the Company, and thus set clear principles and boundaries.

OUTLOOK

The year 2023 is expected to be further impacted by the Ukraine war. Price increases as well as higher interest rates will have a negative impact on the building sector. However, we have secured contracts for a very high proportion of our expected revenues with customers in the building sector. The goals of a successful energy transition can only be achieved through a significant growth in energy-efficient renovations. Digitalisation and sustainability are the most important topics that open new opportunities for the construction industry. Therefore, we expect another strong year in terms of business performance and profitability.

The Group still sees the inorganic component as a major source of its high growth ambitions, especially in Germany, Poland and Italy. The pipeline of M&A targets remains strong, but increasing interest rates and related requirements on expected returns may render the potential acquisition of some targets unattractive. The Group aims to finance its future acquisitions through capital contributions from CEZ Group, whereas inorganic CAPEX was already committed to the Group as part of its five-year business plan. The Group focuses on bolt-on acquisitions - mostly medium-sized enterprises, usually in the same line of business, that present strategic value to the Group. The Group also aims at long-term cooperation with previous owners and key managers, by incentivizing them with earn-out and option mechanisms.

In addition to inorganic activity, the Group plans to boost its organic growth, in particular in the Energy for Industry and Green Energy segments, also through investments into asset heavy projects (such as contracting solutions / operation of photovoltaic power plants, batteries, heat pumps etc). In addition to ramping up of revenues, the Group also intends to focus on improving of EBITDA and EBIT margins through further streamlining of its operations and processes. The Group is also reviewing potential entry into other geographical markets, such as the United Kingdom or Spain.

The Group expects further increases in personnel numbers due to anticipated revenue growth, both organically and inorganically. The environment the Group operates in is primarily a people-driven-business. Therefore, the Group aims at further investment into personnel in order to foster future growth and pave the way for talent attraction and retention.

Construction of a new energy centre with a combined heat and power plant, three condensing boilers and other technical systems. FC Union Stadium in Berlin.

CASALEONE BIOGAS PLANT

inewa | MEMBER OF ELEVION GROUP

- Production of biogas from agricultural and agri-food byproducts
- Modernisation and upgrade for future biomethane production
- Enough green fuel to power a heavy-duty truck for over 4.5 million km
- CO_2 reduced by 8,259 tonnes/year

LETTER FOR THE ESG STANDARDS ACTIVITY REPORT

As a leading energy service company, the Elevion Group has committed itself to driving the European energy transformation to an environmentally sound and sustainable society within the scope of the EU Green Deal by supporting its partners and clients to become carbon-neutral while maintaining and enhancing their competitiveness.

The commitment of the Elevion Group is aligned and intertwined with the vision of CEZ Group, which has published its VISION 2030 - Clean Energy of Tomorrow strategy, with a significant focus on ESG (Environmental, Social, Governance) strategies.

The Elevion Group and its subsidiaries are aware of pressure from investors, markets, and competitors, which is why they strive to maintain and expand high sustainability standards.

ESG is crucial in the eyes of the management. By applying ESG standards to its business activities, the Elevion Group commits to increasing its companies´ perception of sustainable development in their business strategies as a growth opportunity. In 2022, the Elevion Group started with the preparation of a group strategy that will be covering ESG topics. This effort resulted in the definition of 5 key strategic areas:

1. Green energy
2. Innovative solutions
3. GHG emissions
4. Sustainable procurement
5. Workforce

Specific KPIs and deadlines for their fulfilment are currently being prepared for these strategic areas.

The Elevion Group has started transparently and efficiently communicating and reporting all relevant data and information to our shareholders and stakeholders. In 2023, the Elevion Group is planning to publish its first Sustainability Report on a consolidated level, which will contain all detailed information regarding ESG performance in 2022.

Furthermore, the group is working towards reaching its very first ESG rating in the near future.

This management report was approved for issuance by the Board of Directors on 5 Oct. 2023.

Jaroslav Macek
Managing Director
& Chief Executive Officer

Miroslav Šindelář
Managing Director

Martina Kubešová
Managing Director

Derk Berend Blik
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with the International Financial Reporting Standards as at 31 Dec. 2022

CONSOLIDATED BALANCE SHEET AS AT 31 DEC. 2022

kEUR

Assets	Note	31.12.2022	31.12.2021	01.01.2021
Non-current assets		**547,071**	**555,550**	**447,058**
Property, plant and equipment	3	70,245	61,915	52,236
Right-of-use assets	20	42,281	42,717	37,807
Goodwill	6	300,925	297,650	262,819
Intangible assets - other	5	99,511	112,704	76,372
Non-current net investment in the lease	20	4,335	5,557	7,148
Non-current financial assets	4	579	473	-212
Other non-current assets	12	235	251	308
Deferred tax assets	25	28,960	34,281	10,579
Current assets		**449,091**	**426,536**	**319,104**
Cash and cash equivalents	9	41,930	108,137	77,365
Inventories	11	65,129	25,380	10,390
Trade and other receivables	10	143,159	114,892	97,131
Contract assets	13	158,026	156,362	119,726
Income tax receivables		8,158	6,911	817
Current net investment in the lease	20	1,416	1,453	1,692
Current financial assets	4	10,972	721	4,066
Other assets	12	20,299	12,681	7,917
TOTAL ASSETS		**996,161**	**982,086**	**766,162**

Equity and liabilities	Note	31.12.2022	31.12.2021	01.01.2021
EQUITY		**441,860**	**412,599**	**248,356**
Equity attributable to owners of the parent	14	441,880	412,538	248,334
Non-controlling interests	14	-20	61	21
Non-current liabilities		**184,412**	**192,031**	**242,237**
Non-current financial liabilities	15	91,724	92,430	168,721
Non-current lease liability	20	37,182	35,650	37,284
Defined benefit obligations	17	1,288	1,843	1,859
Non-current provisions	18	4,616	4,891	4,565
Deferred tax liabilities	25	49,602	57,217	29,808
Other non-current liabilities		0	0	0
Current liabilities		**369,890**	**377,456**	**275,570**
Current financial liabilities	15	8,853	74,985	91,957
Current lease liability	20	10,430	14,367	9,032
Trade payables		105,307	73,296	52,586
Contract liabilities	13	135,323	112,006	72,398
Income tax liabilities		6,183	4,529	408
Current provisions	18	59,770	49,818	30,757
Other current liabilities	19	44,023	48,456	18,431
TOTAL EQUITY AND LIABILITIES		**996,161**	**982,086**	**766,162**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED ON 31 DEC. 2022

Consolidated income statement

kEUR	Note	2022	2021	2020
Revenue	29	899,258	684,492	608,059
Cost of sales	21	-747,799	-567,494	-507,859
Gross margin		**151,459**	**116,998**	**100,200**
Gross margin		**16.8%**	**17.1%**	**16.5%**
Selling and administrative expenses	23	-121,614	-101,107	-98,231
Other operating expenses	23	-29,455	-18,636	-27,160
Other operating income	23	15,613	8,186	10,497
Earnings before interest and taxes (EBIT)		**16,003**	**5,442**	**-14,694**
Financial income	24	4,277	2,549	9,475
Financial expenses	24	-13,559	-14,158	-13,150
Earnings before taxes (EBT)		**6,721**	**-6,167**	**-18,369**
Income taxes	25	-1,357	2,922	6,104
Earnings after taxes (EAT)		**5,364**	**-3,245**	**-12,265**

Non-GAAP KPIs

The Group uses the following non-GAAP KPIs to assess its performance. The adjustments (non-operating items) are further dealt with in Section 26).

kEUR	2022	2021	2020
Adjusted earnings after tax (EAT)	18,942	7,021	-801
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55,386	33,385	14,867
Adjusted EBITDA	**57,181**	**37,044**	**17,559**
Adjusted EBITDA margin	**6.4%**	**5.4%**	**2.9%**

Statement of comprehensive income

kEUR	2022	2021
Profit or loss	5,364	-3,245
Other comprehensive income	**-1,157**	**-539**
Items that will not be reclassified subsequently to profit or loss	**677**	**-4**
Gains and losses from the revaluation of property, plant and equipment and intangible assets	0	0
Gains and losses from the remeasurement of the net defined benefit liability	677	-4
Gains and losses on financial assets measured at FVTOCI (equity instruments)	0	0
Share of other comprehensive income of associates and joint ventures	0	0
Items that may be reclassified subsequently to profit or loss	**-1,834**	**-535**
Remeasurement of option liabilities	0	0
Gains and losses from hedging instruments	0	0
Gains and losses from differences from foreign currency translation	-1,834	-535
Share of other comprehensive income of associates and joint ventures	0	0
Comprehensive income	**4,207**	**-3,784**

Comprehensive income attributable to owners of the parent	4,207	-3,784
Comprehensive income attributable to non-controlling interests	0	0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31 DEC. 2022

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
kEUR	Share capital	Capital reserves	Other reserves	Retained earnings	Total		
Balance as at 1 Jan. 2021	**10**	**303,300**	**-4,068**	**-50,907**	**248,334**	**21**	**248,356**
Net income	0	0	0	-3,270	-3,270	25	-3,245
Other comprehensive income	0	0	-4	0	-4	0	-4
Other comprehensive income - currency	0	-49	-535	50	-535	0	-535
Total comprehensive income	**10**	**303,251**	**-4,607**	**-54,127**	**244,526**	**46**	**244,572**
Capital increase	0	168,012	0	0	168,012	15	168,027
Other	0	49	0	-49	1	0	1
Balance as at 31 Dec. 2021	**10**	**471,312**	**-4,607**	**-54,176**	**412,538**	**61**	**412,599**
Net income	0	0	0	5 444	5,444	-80	5,364
Other comprehensive income	0	0	677	0	677	0	677
Other comprehensive income - currency	0	0	-1,834	0	-1,834	0	-1,834
Total comprehensive income	**10**	**471,312**	**-5,764**	**-48,732**	**416,826**	**-20**	**416,806**
Capital increase	2,990	22,064	0	0	25,054	0	25,054
Balance as at 31 Dec. 2022	**3,000**	**493,376**	**-5,764**	**-48,732**	**441,880**	**-20**	**441,860**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 DEC. 2022

kEUR	2022	2021
Earnings before interest and taxes (EBIT)	**16,003**	**5,442**
Total depreciation and amortisation	23,554	18,832
Increase (-) / decrease (+) in trade receivables	-28,221	-4,604
Increase (+) / decrease (-) in trade payables	32,253	3,235
Increase (-) / decrease (+) in inventories and WIP	-17,599	12,021
Increase (+) / decrease (-) in provisions	2,635	2,285
Increase (-) / decrease (+) in other assets	-8,186	-2,249
Increase (+) / decrease (-) in other liabilities	409	15,590
Gain or loss on disposals	31	-205
Amortisation related to IFRS 3	14,966	9,317
Cash generated from operations	**35,845**	**59,664**
Financial expenses paid / Financial income received	-7,056	-11,609
Income tax paid	-3,461	-1,301
Total operating cash flow	**25,328**	**46,754**
Organic CAPEX	-28,691	-28,769
Inorganic CAPEX	-7,130	-91,122
Cash acquired in acquisition	590	25,494
Proceeds from disposals/sale	-458	161
Total investing cash flow	**-35,690**	**-94,237**
Change in borrowing	-1,046	-153,425
Contribution to share capital or capital funds	24,560	168,024
Changes in lease receivables / liabilities	-2,279	-1,861
Changes in other financial assets / liabilities	1,632	-32
Change in cash pool position	-78,255	65,398
Total financing cash flow	**-55,389**	**78,106**
Total cash flow	**-65,751**	**30,623**
Cash and cash equivalents at beginning of period	108,137	77,365
FX differences in cash and cash equivalents	-456	149
Cash and cash equivalents at end of period	41,930	108,137

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DEC. 2022

1. IDENTIFICATION OF THE ENTITY

Elevion Group B.V. (the "Parent Company") and its consolidated subsidiaries (the "Group Companies" and together the "Group") are European leaders in offering energy efficiency solutions to customers and are present mainly in Germany, Poland, Italy and the Netherlands, as well as in Israel.

Elevion Group B.V. is a private limited liability company (in Dutch besloten vennootschap) incorporated and domiciled in the Netherlands, entered into the Netherlands Chamber of Commerce under number 65782267. The address of its registered office is Herikerberweg 157, 1101CN Amsterdam, The Netherlands. The sole shareholder is CEZ Holdings B.V., with registered office Herikerberweg 157, 1101CN Amsterdam, The Netherlands. The Parent Company is part of the ČEZ Group, with the ultimate shareholder ČEZ, a. s., with registered office Duhová 1444/2, 140 00 Prague, Czech Republic, a company listed on the stock exchange.

2. ACCOUNTING POLICIES

2.1. BASIS OF COMPILING

The consolidated financial statements of the Group for the reporting period ended on 31 Dec. 2022 were compiled according to the International Financial Reporting Standards (IFRS), as well as the interpretations by the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC), as adopted by the European Union (EU).

The reporting period of the Group and its Group Companies corresponds to the calendar year.

The amounts in the statements do not always match the actual amounts due to rounding differences. The amounts herein are rounded off to the nearest thousand, unless stated otherwise.

Use of judgement and estimates

Compiling the financial statements in accordance with the IFRS requires the management to make certain judgements and estimates, as well as assumptions having an impact on the accounting principles and measurement of assets, liabilities, revenue and expenses, as well as on disclosures. Actual outcomes may differ from these estimates, judgements and assumptions. Estimates and assumptions are subject to regular review by the Group.

Changes in estimates are recognised in the period when the change occurs or in future periods, if the change affects both the current period and future periods. The Group makes significant estimates when determining contract assets and contract liabilities, as well as the recoverability of accounts receivable. A description of key assumptions for significant estimates is included in the relevant sections Notes.

The accounting principles described herein have been applied consistently for all periods that are presented in the consolidated financial statements, unless otherwise indicated.

2.2. CHANGES IN ACCOUNTING POLICIES

Adoption of new IFRS standards in 2022

The accounting policies adopted are consistent with those of the previous financial year, except for as follows. The Group has adopted the following new or amended standards and interpretations endorsed by the EU as of 1 Jan. 2022:

IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been amended and clarifies which costs are to be included when assessing onerous contracts. The application of this amendment did not have a significant impact to the Group's financial statements.

Other amendments of standards and interpretations (e.g. Amendments to IAS 16 Property, Plant and

Equipment, IFRS 3 Business Combinations) that entered into force on 1 Jan. 2022 did not have any significant effect on the Group's financial statements either.

The IASB has issued amendments applicable from 1 Jan. 2023:

- IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current or non-current where a right in the agreement to defer settlement determines how the liability is to be classified, and regarding disclosure of material accounting policies,
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of accounting estimates, and
- IAS 12 Income Taxes, which clarifies that the exemption from reporting deferred tax on certain transactions no longer applies.

The Group does not expect early adoption of any of the above-mentioned standards, improvements or amendments.

2.3. SCOPE OF CONSOLIDATION

Subsidiaries (IFRS 10): The consolidated financial statements include the accounts of the Parent Company and the companies in which the Parent Company has a direct or indirect controlling interest. A controlling interest exists when the investor has power over the business, or when it has rights to or is exposed to variable returns from its involvement with the investment and has the ability to affect those returns through its power over the investment.

Acquired companies are fully consolidated from the convenience date, which is either the end (or the beginning) of the month in which the acquisition occurs (i.e. meaning not from the actual acquisition date).

Similarly, divested companies are fully consolidated up to and including the convenience date.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety in the consolidated financial statements. Unrealised gains / losses from intra-Group transactions are also eliminated in their entirety.

Associates (IAS 28): Companies in which the entity exercises a significant but not a controlling influence (which is presumed in cases when the Group's holding is between 20% and 50% of the voting rights), are reported as associated companies and are consolidated based on the equity method.

The Group currently does not have any associates or joint ventures.

Joint Arrangements (IFRS 11): A joint arrangement is an arrangement in which two or more parties have joint control. The joint arrangement may be either a joint operation or a joint venture. A joint arrangement that is not structured through the formation of a separate company is a joint operation. Contracting projects executed in cooperation with external contracting companies, with joint and several liability - such as consortiums (ARGE) in Germany - are reported by the Group as joint operations. If the co-owners of the joint arrangement only have rights to the net assets of the arrangement, it is a joint venture. Classification of a joint arrangement is dependent on its legal form, the terms of the contractual arrangement between the co-owners, and other circumstances.

The revenue, costs, assets and liabilities of the joint operation are included in the consolidated financial statements according to the Group's interest in the joint operation. On the other hand, the equity method is used for joint ventures when compiling the consolidated financial statements. The Group currently does not have any joint ventures.

2.4. PRESENTATION OF FINANCIAL STATEMENTS

Financial statements are presented in line with the requirements of IAS 1.

Income statement

Items recognised as revenue are: project and service revenue, sale of goods and other operating revenue. Revenue from the sale of fixed assets is recognised on a net basis, i.e. the sale price is netted against the carrying amount of the asset. Cost of sales includes direct and directly attributable conversion costs (cost of internal labour and cost of external subcontractors / materials). Also included is depreciation on directly attributable machinery and equipment used in project management / implementation.

Selling and administrative expenses include general administrative expenses, costs of the procurement / logistics department and selling / marketing expenses, as well as depreciation of property, machinery and equipment insofar used in selling and administrative processes. Goodwill / intangible asset impairment losses are also reported as part of the selling and administrative expenses.

Financial income includes interest income, dividends and other financial items. Financial expense include interest expenses and other financial items, such as cost of bank / insurance guarantees. The change in fair value of derivatives and net amount of exchange rate differences are recognised either as financial income or financial expense.

Comprehensive income

Other comprehensive income includes translation differences, remeasurement related to pension-linked assets and tax on these items.

Statement of financial position

Assets

Assets are divided between current assets and non-current assets. Current assets are expected to be realised within 12 months after the reporting period or realised in the entity's normal operating cycle. The operating cycle includes the period from the signing of a contracting project until the project is finally inspected and invoiced. Since the Group executes large contracting projects over several periods, the operating cycle criterion means that many more assets (in particular contract assets) are designated as current assets than if only taking into consideration the criterion of 12 months.

Cash and cash equivalents comprise all cash or other assets that are readily convertible into cash. Cash and cash equivalents that cannot be readily converted into cash are reported as current assets (current receivables), if the restriction will cease within 12 months from the reporting period. In other cases, cash and cash equivalents are reported as non-current assets.

Equity

The Group's equity is allocated between share capital, reserves, retained earnings/loss and non-controlling interests.

Liabilities

Liabilities are divided between current liabilities and non-current liabilities. Current liabilities are expected to be realised within 12 months after the reporting period or realised in the entity's normal operating cycle. The operating cycle includes the period from the signing of a contracting project until the project is finally inspected and invoiced. Since the Group executes large contracting projects over several periods, the operating cycle criterion means that many more liabilities (in particular contract liabilities) are designated as current liabilities than if only taking into consideration the criterion of 12 months.

2.5. BUSINESS COMBINATIONS

Business combinations, which are mergers and acquisitions of separate entities or operations, are accounted for in line with the requirements of IFRS 3. If the acquisition does not constitute a business, IFRS 3 is not applied, meaning the acquisition cost is allocated to the individual identifiable assets and liabilities based on their fair values on the acquisition date, without recognizing goodwill or any related deferred tax asset / tax liability resulting from the acquisition.

Acquisitions of businesses are recognised according to the purchase method of accounting, meaning the cost of the acquisition is attributable to the fair value of exisiting / newly identified acquired identifiable tangible / intangible assets decreased by the fair value of liabilities and contingent liabilities assumed. The difference between the cost of acquisition and the fair value of net assets (including contingent liabilities) is represented by goodwill. If non-controlling interests remain after the acquisition, goodwill is normally calculated based only on the fair value method, i.e. its fair value incorporates the part attributable to the Group, as well as to the non-controlling interest. Transaction costs relating to business combinations are expensed immediately.

Contingent consideration, such as earn-out, is recognised on the acquisition (convenience) date at fair value. The fair value of contingent consideration is determined based on present value of future cash flows, which the Group expects to pay in connection with the acquisition of the subsidiary, and is assessed internally by the management. The amount of the payment depends on the future financial results of the acquired company. If there is a subsequent change in the amount of the contingent consideration, the remeasurement is taken into profit or loss as financial income or expense. Goodwill is attributed to cash-generating units and measured at cost less accumulated impairment losses, whereas the impairment tests are carried out annually in accordance with IAS 36.

2.6. FOREIGN EXCHANGE RATES

Exchange rate differences are recognised in line with the requirements of IAS 21, The Effect of Changes in Foreign Exchange Rates. The functional currency of the Group is EUR and is derived from the currency of the primary economic environment inherent in the Group's operating activity. EUR is also the reporting currency of the Group and hence the financial reports are also presented in this currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured and reported using that functional currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate effective on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate effective at the end of the reporting period. Exchange rate differences arising through remeasurement are recognised in profit or loss.

Non-monetary assets and liabilities recognised at historic cost are translated at the exchange rate effective on the transaction date.

Group Companies

Assets and liabilities in Group Companies, including goodwill and newly identified intangibles, are translated to EUR at the exchange rate effective at the end of reporting period. Revenue and expenses, as well as the cash flow statement, are translated to EUR at the average exchange rate.

Translation differences arising in connection with a foreign net investment and on borrowings are recognised in equity in other comprehensive income. When divesting a Group Company, the related accumulated translation differences are transferred to the Group's profit or loss.

Closing rates	31.12.2022	31.12.2021	01.01.2021
PLN per 1 EUR	4.6808	4.5969	4.5597
RON per 1 EUR	4.9495	4.9490	4.8683
CNY per 1 EUR	7.3582	7.1947	8.0225
RSD per 1 EUR	n/a	117.5790	117.5655
MYR per 1 EUR	4.6984	4.7184	4.9601
ILS per 1 EUR	3.7554	3.5159	3.9447
GBP per 1 EUR	0.8869	0.8403	0.8990
CZK per 1 EUR	24.1150	24.8600	26.2450

Average rates	31.12.2022	31.12.2021	01.01.2021
PLN per 1 EUR	4.6841	4.5639	4.4431
RON per 1 EUR	4.9316	4.9209	4.8379
CNY per 1 EUR	7.0797	7.6339	7.8667
RSD per 1 EUR	n/a	117.4588	117.6623
MYR per 1 EUR	4.6289	4.7598	3.5834
ILS per 1 EUR	3.5357	3.8184	3.9216
GBP per 1 EUR	0.8537	0.8598	0.8885
CZK per 1 EUR	24.565	25.645	26.444

2.7. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers are recognised in line with the requirements of IFRS 15, the core principles of which are delivered in a five-step model framework.

Step one is to identify the contract with a customer. Two or more contracts should be combined if they are economically dependent and entered into at the same time. A contract modification exists if the parties agree on the extension of the exisiting scope and/or price, unless the added goods or services are distinct and reflect standalone prices for the additional goods or services, thus constituting a separate contract.

Step two involves identifying the separate performance obligations in the contract. A performance obligation is a promise to the customer to either transfer the goods or service (or bundle of goods or services) that are distinct, or a series of distinct goods or services that are essentially the same and follow the same pattern for transfer to the customer.

The goods or service are distinct if the customer can benefit from the goods or service on its own or in conjunction with other readily available resources, and the entity's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract. The Group's customer contracts usually do not require categorisation into two or more performance obligations but additional orders are quite common. However, in most cases the added goods or service are not distinct, thus constituting a single performance obligation and reported as being a part of the existing contract.

Step three involves determination of the transaction price. The transaction price includes the fixed agreed price and variable consideration such as contingent considerations, soft claims, price concessions, performance bonuses and penalties. Additional contingent claims towards the customer must be either approved in writing / orally or follow from customary business practice / legal framework.

In step four, the transaction price is allocated to the separate performance obligations in the contract if more than one obligation exists. If the contract includes a significant financing component, the transaction price is to be adjusted for the effect of the time value of money.

Step five deals with revenue recognition as control is passed, which can happen (i) over time or (ii) at a point in time, when the customer gains control of the asset. Revenue is realised over time if one of the following criteria is met: (i) the customer simultaneously receives and consumes the benefits (e.g. typical for services, such as operation and maintenance), (ii) the entity's performance creates or enhances the asset controlled by the customer (e.g. typical for the Group's contract projects in electrical and mechanical engineering), or (iii) the entity does not create an asset with an alternative use to the entity and the entity has the enforceable right to payment for performance completed to date (which is typical for the construction of customer-tailored heat pumps / cogeneration units / photovoltaics). The Group uses the cost-to-cost method to determine the stage of completion of the contract activity, if revenue is realised over time.

If none of the above criteria are met, the obligation is fulfilled at a point in time. Factors that may indicate the point in time at which control passes include the following: the entity has a present right to payment for the asset, the customer a legal title to the asset, the entity has transferred physical possession of the asset, the customer has the material risks and rewards associated with ownership of the asset or the customer has accepted the asset.

Contract costs

Costs incurred to fulfil a contract are recognised as an asset if and only if all of the following criteria are met: (i) the costs relate directly to a contract (or a specific anticipated contract), (ii) the costs generate or enhance the resources of the entity that will be used in satisfying performance obligations in the future, (iii) the costs are expected to be recovered. These include costs such as direct labour (both internal and subcontractors), direct materials and directly attributable overheads such as depreciation of tools, equipment or production plant, directly attributable transportation costs, etc. The incremental costs related to obtaining a contract are recognised as an asset only if the entity expects to have those expenses covered. The above costs are reported under the rows Contract assets and Contract liabilities.

The following costs are capitalised into work in progress:

a. Direct labour (salaries of employees directly providing services to customer), including directly attributable personnel overheads (e.g. site supervision), if specifically charged to clients
b. Costs of external subcontractors
c. Direct materials
d. Other gross margin items such as
    - Transportation costs of direct labour (i.e. costs connected to travel to construction sites)
    - Outbound freight (costs of shipping goods to the customer)
    - Commissions paid
    - Depreciation of tools (including CAD software) / production halls

Contract asset / liabilities

A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the entity performing by transferring the related goods or service to the customer. On the other hand, where the entity has performed by transferring the goods or service to the customer and the customer has not yet paid the related consideration, a contract asset is presented in the statement of financial position.

Construction contracts often allow for invoicing in advance (through partial invoices) based on the agreed milestones. To this extent, the Group Company has an enforeable right to be compensated for work completed to date. Once an amount has been invoiced, a trade receivable is recognised (also for partial invoices).

Loss contracts are expensed immediately and provisions for losses are made for the remaining work to be done and recognised in accordance with IAS 37.

2.8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised in line with the requirements of IAS 16. They can be recognised as assets only if it is probable that future economic benefits from them will flow to the Group and the cost of the assets can be reliably calculated. Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses, i.e. the cost model as per IAS 16 is applied. Impairment losses are subject to the requirements of IAS 36.

Cost includes the historical acquisition or production costs in case of self-created assets, plus expenses directly attributable to the asset in order to bring it to the location and condition to be used in the intended manner. Direct expenses related to a self-created asset (which is applicable to the Group's self-created photovoltaic plants, heat pumps, cogeneration units, etc.) includes the internal cost of architects, engineers or constructors, cost of subcontractors or cost of materials. Examples of directly attributable expenses are delivery and handling costs, costs of installation, advisory and legal services, cost of project calculations, and the estimated cost of dismantling and removing the asset and restoring the site (whereas a corresponding provision for dismantling is reflected as a liability in such cases).

External borrowing costs on qualifying assets (i.e. assets that take a substantial period of time to get ready for their intended use or sale) are included in the cost of property, plant and equipment produced in line with IAS 23 (Borrowing Costs) in the Group's consolidated statement of financial position (if applicable). Any government grants or subsidies decrease the cost of the asset.

The Elevion Group depreciates the cost of property, plant, and equipment less their residual value using the straight-line method over the estimated useful life. Each part of an item of property, plant and equipment that is significant in relation to the total amount of the asset is recognised and depreciated separately. The estimated useful life of property, plant and equipment is determined as follows:

Property, plant and equipment	Depreciation period (years)
Building	2-40
ESCO projects	2-30
Technical and other equipment	2-15

2.9. INTANGIBLE ASSETS, INCLUDING RESEARCH AND DEVELOPMENT

Intangible assets are governed by the requirements of IAS 38. There are identifiable non-monetary assets without physical substance. For recognition as an intangible asset, whether purchased or self-created, it is necessary that it be probable that future economic benefits attributable to the asset will flow to the entity and that the cost can be reliably calculated.

Goodwill arising upon acquisition of companies is recognised in accordance with the rules of IFRS 3. It is not amortised, but tested annually for impairment as required by IAS 36 (Impairment of Assets).

Intangible assets other than goodwill are recognised at cost minus accumulated amortisation and impairment losses subject to the requirements of IAS 36.

Specific internally generated assets such as brand name, customer list, order backlog or operating licences are reflected in profit or loss. However, if they are acquired in a business combination, they are capitalised and amortised using a straight-line method over their remaining useful lives as follows:

Intangible assets	Depreciation period (years)
Software, patents and licences	2-20
Development costs	2-5
Brand name	10-20
Customer list	5-10
Order backlog	2-18

Research expenses are recognised in profit or loss. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Other development expenses are reported in profit or loss.

Externally purchased software is capitalised. Internally developed software (whether for use or sale) is reflected in profit or loss until technological feasibility, probable future benefits, intent and ability to use or sell the software, and resources to complete the software are proven, and the cost can be measured reliably.

2.10. IMPAIRMENT OF ASSETS

Impairment of assets is performed in line with the requirements of IAS 36, which is applicable to property, plant and equipment, intangible assets and investments in subsidiaries, associates and joint ventures. At the end of each reporting period, the Group assesses in line with the requirements of IAS 36 whether there is any internal or external indication that a relevant asset (meaning property, plant and equipment or intangible asset) may be impaired in the Group's consolidated statement of financial position. Impairment occurs when the carrying amount of the asset is higher than its recoverable amount, which is the higher of fair value less costs of disposal and value in use. Goodwill, however, is tested for impairment annually.

The recoverable amount should be determined for the individual asset, if possible. If not, the recoverable amount for the asset's cash-generating unit (CGU) should be identified. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For goodwill, the cash-generating unit is mainly the same as the Group's unit reporting to the Parent Company. The recoverable amount of goodwill is based on value in use, which is calculated by discounting expected future cash flows by the weighted average cost of capital (WACC).

Impairment of assets attributable to a cash-generating unit is allocated first to goodwill. Afterwards, a proportionate impairment loss is applied to other assets included in the CGU.

Goodwill impairment is not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions on which the estimate of the recoverable amount was based (and only up to the carrying amount calculated should the impairment loss not have occured).

2.11. BIOLOGICAL ASSETS

Biological assets and agricultural produce fall under the requirements of IAS 41. The Group grows agricultural produce as annual crops (annual or short-lived perennial grains such as corn, triticale or sorghum) in its Italian operations, which is used for biomass in biogas / biomethane plants and also sold on external markets. The agricultural produce is measured at fair value less costs of sale at the point of harvest and thereafter IAS 2 (Inventories) is applied. In practice, this means that at the reporting date, there is no agricultural produce, as the Group recognises only inventories (and not agricultural produce) and harvest has been completed by then. Given the annual or short-lived perennial character of the grains, the Group views the fair market value attributable to these biological assets at the reporting date as immaterial and no disclosures as per IAS 41 are made.

The gain or loss arising from initial recognition of agricultural produce is included in profit or loss.

2.12. LEASES

Leases, both operating and finance, are recognised in line with the requirements of IFRS 16.

Group as a lessee

Leases, except for leases with a term of less than 12 months or where the underlying asset is of low value, are recognised in the statement of financial position as right-of-use assets and as interest-bearing lease liabilities.

At the inception of the lease, a right-of-use asset and a lease liability are recognised in the statement of finacial position. The asset is initially measured at the amount of the lease liability plus any initial direct costs incurred.

Rights of use for property, plant and equipment are depreciated over the lease term, including an estimation of contractually agreed optional extension periods, whose exercise is deemed to be reasonably certain, as follows:

Right of use assets	Depreciation period (years)
Lands & buildings	2-15
Vehicles, machinery and equipment	2-5

The lease liability is initially measured at the present value of the lease payments payable over the lease term, including variable lease payments depending on an index at the commencement date. As the rate implicit in the lease cannot be readily determined, the incremental borrowing rate is used to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow, over a similar term and with similar collateral, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the incremental interest rate using observable inputs, such as market interest rates.

Lease liabilities are subject to remeasurement to reflect possible changes in the lease terms.

Group as a lessor

The Group leases out its tangible assets to customers (e.g. photovoltaic plants, cogeneration units, heat pumps, etc). The Group classifies such leases as either financial or operating leases. Operating leases are such arrangements, in which the Group does not substantively transfer all the risk and incidental rewards to ownership of an asset. This refers, for example, to cases where the Group retains the right to feed excess electricity to the grid, bears performance or other major economic risks on the underlying assets, is able to transfer the asset to the lessee at fair market value at the end of the lease term, or where multiple customers are involved.

Lease income from operating leases is recognised according to contract terms over the lease period and included as operating revenue in profit or loss.

Leases where the Group acts as the lessor are classified as financial assets in the statement of financial position and measured at the present value of lease payments to be made over the lease term, increased by any unguaranteed residual value of the leased asset at the end of the lease. In calculating the present value of net investment in the lease, the Group uses the interest rate implicit in the lease.

2.13. FINANCIAL INSTRUMENTS

Financial instruments are governed mainly by IFRS 9 and by IAS 32 (Presentation) and IFRS 7 (Disclosures). Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities shall not be offset, unless a legally enforeable right for offsetting exists. Contract assets and liabilities, as well as pension obligations, do not constitute financial instruments and fall under IFRS 15 and IAS 19, respectively.

IFRS 9 defines the following main financial instruments: (i) financial assets/liabilities measured at amortised costs, (ii) financial assets/liabilities measured at fair value through other comprehensive income and (iii) financial assets/liabilities measured at fair value through profit or loss.

A financial asset shall be measured at amortised costs if (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset should be measured at fair value through other comprehensive income if (i) the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flow and selling a financial asset and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets not classified as measured at amortised costs or at fair value through other comprehensive income shall be measured at fair value through profit or loss.

Financial instruments are initally measured either at fair value adjusted by transaction costs, or at the transaction price in case of trade receivables (except for trade receivables with a significant financing component).

Financial instruments are subsequently measured either at amortised cost, fair value through profit or loss or fair value through other comprehensive income depending on the classification of the financial instrument.

The Group uses foreign exchange derivatives to hedge its foreign currency exposure (classified as financial instruments measured at fair value through profit or loss). The value changes are recognised in profit or loss in financial income / expenses, as hedge accounting is not applied.

The Group also writes put options (and receives call options) on non-controlling interests to motivate former owners as part of the acquisition process to stay in the acquired company until the share options vest. The Group uses the anticipated acquisition method, meaning no non-controlling interest share of net assets is recognised, and the put option is recognised instead as part of the financial liabilities measured at fair value through profit or loss. The initially recognised put option liability is subsequently remeasured to fair value at each reporting date and the remeasurement is recorded through profit or loss. It is a deviation from the CEZ Group accounting policy, where the remeasurement is recorded into equity.

Impairment of financial assets

The Group applies the impairment requirement to expected credit losses on financial assets, the impairment of which falls under IFRS 9. The Group uses a simplified approach, meaning that the lifetime expected loss allowance is applied for trade receivables and lease receivables. The Group measures expected credit losses, taking into account an objective and information about past events, current conditions and macroeconomic factors. The Group recognises impairment in selling, general and administrative costs in profit or loss.

2.14. INVENTORIES

Inventories are accounted for in line with the requirements of IAS 2. They are recognised at the lower of cost and net realisable value (NRV). Cost includes expenditure arising on purchase (e.g. taxes, transport and handling) net of trade discounts received, expenditure arising on conversion (e.g. fixed and variable manufacturing overheads), and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is established either on a first-in, first-out (FIFO) basis or weighted average cost formulas. The Group deems different cost formulas as justified, given that various groups of inventories have different characteristics.

2.15. INCOME TAXES

Income taxes are recognised in line with IAS 12. The impact of income taxes is recognised in profit or loss unless the underlying transaction is recognised in "Other comprehensive income," where the recognition follows the accounting treatment of the underlying asset.

The taxable profits (losses) of the Group are calculated in accordance with the tax laws of the countries in which the Group Companies operate and based on the prevailing local income tax rates.

Deferred tax is calculated according to the comprehensive balance sheet method based on temporary differences arising between IFRS accounting measurement and the tax values of assets and liabilities, by using the tax rate expected to be effective upon realisation of the underlying asset or settlement of the liability.

No deferred tax is calculated upon initial recognition of goodwill, but deferred tax for temporary differences relating to goodwill is recognised (e.g. if goodwill is deductible for tax purposes). No deferred tax is recorded for temporary differences on investments in Group Companies either (e.g. on withholding tax on undistributed profits), provided that the investor Parent Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are assessed for recoverability as at the reporting date. Deferred tax assets related to loss carryforwards are recognised only to the extent that, based on the business plans of the respective subsidiaries, it is deemed probable that the tax losses are recoverable in the foreseeable future and it is likely that they can be utilised. Deferred tax assets and liabilities of Group Companies are not offset in the balance sheet and are not discounted.

2.16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Based on the requirements of IAS 37, a provision is recognised when the Group has a legal or informal obligation as the result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be estimated reliably.

The Group makes provisions for warranty obligations according to construction contracts that involve a liability for the contractor to rectify errors and omissions in the warranty period. The Group also creates provisions for additional works after approval in the final inspection of the work (other than warranty costs). A provision is also created for potential disputes with customers when the requirements of IAS 37 are met.

Provisions for restructuring charges are recognised insofar as a detailed restructuring plan has been adopted and the restructuring has either been implemented or publicly announced.

Contingent assets / liabilites

Contingent liabilities are possible obligations depending on whether some uncertain future event occurs, or present obligations where payment is not probable or the amount cannot be measured reliably.

In the construction industry, security is often required by the customer in the form of an advance payment, completion or warranty guarantee from a bank or insurance company or from the Parent Company. The issuer of the guarantee, in contrast, usually receives indemnity from the contracting entity, Parent Company or ultimate owner of the Group, ČEZ, a. s. These liabilities are not deemed contingent liabilities by the Group, as it considers the possibility of an outflow of economic resources to be remote.

Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. In the construction industry, claims for additional compensation from the customer are quite common. Additional contingent claims towards customers must either be approved in writing / orally or follow from customary business practice or the legal framework in accordance with IFRS 15. It is not practicable to provide information about such additional claims, unless they are of substantial importance to the Group.

2.17. EMPLOYEE BENEFITS

Employee benefits are recognised in line with the requirements of IAS 19. The Group offers various employment and post-employment schemes to its employees, including both defined benefits and defined contribution pension plans and other advantages.

Post-employment benefits

Contributions to defined contribution plans are recorded to profit or loss in the period as they arise.

In the defined benefit plans, the pension contribution is determined using the projected unit credit method and based on actuarial valuations carried out on an annual basis. The retirement benefit obligations recognised in the statement of financial position are shown as the present value of the obligations at the end of the reporting period less the fair value of the plan assets. Actuarial assumptions about the discount rate, wage or salary increases, inflation and life expectancy are considered.

The return on plan assets, except for amounts reflected in net interest income, and actuarial gains and losses are reflected in the equity in other comprehensive income as they arise. Past service costs are recognised immediately in the income statement.

The defined benefit plans of Group Companies are organised with the insurance company, but are still deemed to be defined benefit plans under IAS 19.

Employment benefits

Short-term employee benefits are employee benefits that are due within twelve months after the end of the reporting period (such as annual employee bonuses).

Long-term employee benefits are employee benefits that are not due within twelve months after the end of the reporting period (such as multi-annual bonuses or jubilee bonuses).

2.18. OPERATING SEGMENTS

An operating segment is defined by IFRS 8 as a component of the Group carrying out business operations, whose operating income is evaluated regularly by the entity's chief operating decision-maker and about which discrete financial information is available.

The Elevion Group's operating segments consist of the following: Building Energy Solutions, Energy for Industry, and Green Energy. The Group also discloses about the Central segment, but it is not deemed an operating segment as per IFRS 8.

The Group accounts for intersegment revenues at fair value, i.e. as if the revenues were realised vis-à-vis third parties. The related intragroup profits are subsequently eliminated during the consolidation process. Acquisition goodwill and newly identified intangibles are reported in the operating segment to which they belong.

2.19. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets held for sale and discontinued operations are recognised in line with the requirements of IFRS 5. Discontinued operations constitute a part of the company's operation that represents a separate line of business or major operations in a geographical area and which is part of a single coordinated plan to dispose of a separate line of business or major operations in a geographical area, or constitute a subsidiary acquired exclusively with a view to resell.

Classification as a discontinued operation occurs upon divestment, or at an earlier date when the operation meets the criteria to be classified as held for sale. A disposal group that is to be shut down can also qualify as a discontinued operation if it meets the above criteria. If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, the Group management must take steps towards the sale of the asset or group of assets. The asset or disposal group must also be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year.

Assets held for sale or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Discontinued operations are listed separately from continuing operations in the financial statements.

Property, plant and equipment and non-current intangible assets classified as held for sale are not depreciated or amortised.

2.20. OTHER RELEVANT REPORTING FRAMEWORK

Cash flow statement (IAS 7)

The Group uses an indirect method to calculate cash flow, which involves the adjustment of net income with changes in the balance sheet accounts and non-cash transactions. The Group differentiates between operating, investing and financing cash flow. Interest and taxes are treated as part of the operating cash flow, whereas dividends are part of the financing cash flow.

Related party disclosures (IAS 24)

Based on the requirements of this standard, the entity shall provide information about related entities i.e. its parent and ultimate controlling entity, as well as about key management personnel compensation - see Note 26.

Events after the reporting period (IAS 10)

Events after the end of the reporting period that confirm a situation that existed at the end of the reporting period are considered when the financial reports are compiled.

The Group also discloses other events that occur after the reporting period if they are of such importance that nondisclosure would affect the ability of statement users to make proper evaluations and decisions. The financial statements were compiled based on the going concern principle.

3. PROPERTY, PLANT AND EQUIPMENT

For details about the accounting policy related to property, plant and equipment ("PPE"), including useful life and depreciation methods, refer to Note 2.8 Accounting Policies.

Reclassification from PPE under construction to other PPE items occurs when the PPE has been brought to working condition for its intended use.

The overview of property, plant and equipment as at 31 Dec. 2022 is as follows:

kEUR	Lands and buildings	ESCO projects	Technical and other equipment	Projects under construction	Total
Accumulated cost at 1 Jan. 2022	**24,948**	**23,223**	**41,407**	**6,160**	**95,738**
Additions	709	3,570	7,293	6,910	18,481
Disposals	-68	-173	-2,398	-213	-2,852
Acquisition of subsidiaries	336	1,704	576	0	2,616
Reclassification and other	0	2,884	2,085	-4,924	45
Currency translation differences	-106	0	-130	-1	-237
Accumulated cost at 31 Dec. 2022	**25,820**	**31,208**	**48,832**	**7,931**	**113,790**
Accumulated depreciation and impairment at 1 Jan. 2022	**-2,438**	**-10,760**	**-20,625**	**0**	**-33,824**
Additions	-1,049	-2,131	-6,699	0	-9,879
Disposals	0	108	1,814	0	1,922
Impairment losses	**0**	**0**	**-855**	**0**	**-855**
Acquisition of subsidiaries	**-25**	**0**	**-479**	**0**	**-505**
Reclassification and other	0	-24	-427	0	-450
Currency translation differences	-2	0	48	0	46
Accumulated depreciation and impairment at 31 Dec. 2022	**-3,515**	**-12,807**	**-27,223**	**0**	**-43,545**
Carrying amount as at 31 Dec. 2022	**22,305**	**18,401**	**21,608**	**7,931**	**70,245**

The overview of property, plant and equipment as at 31 Dec. 2021 is as follows:

kEUR	Lands and buildings	ESCO projects	Technical and other equipment	Projects under construction	Total
Accumulated cost at 1 Jan. 2021	**21,211**	**16,359**	**35,048**	**6,675**	**79,293**
Additions	1,320	2,940	6,648	2,380	13,289
Disposals	-8	-693	-3,103	-107	-3,911
Acquisition of subsidiaries	127	3,247	2,574	0	5,948
Reclassification and other	2,362	1,371	231	-2,802	1,163
Currency translation differences	-64	0	9	12	-43
Accumulated cost at 31 Dec. 2021	**24,948**	**23,223**	**41,407**	**6,160**	**95,738**
Accumulated depreciation and impairment at 1 Jan. 2021	**-1,284**	**-9,390**	**-16,382**	**0**	**-27,057**
Additions	-965	-1,010	-5,718	0	-7,692
Disposals	3	383	2,203	0	2,588
Acquisition of subsidiaries	0	0	-484	0	-484
Reclassification and other	-191	-743	-240	0	-1,174
Currency translation differences	-1	0	-4	0	-5
Accumulated depreciation and impairment at 31 Dec. 2021	**-2,438**	**-10,760**	**-20,625**	**0**	**-33,824**
Carrying amount as at 31 Dec. 2021	**22,510**	**12,463**	**20,782**	**6,160**	**61,915**

Property, plant and equipment saw a net increase to 70,245 kEUR as at 31 Dec. 2022 (61,915 kEUR as at 31 Dec. 2021). Such increase is predominantly driven by a ramp-up in ESCO projects (18,401 kEUR as at 31 Dec. 2022 vs 12,463 kEUR as at 31 Dec. 2021), namely through additions of organic asset heavy projects in Italy (5,387 kEUR) and Austria (878 kEUR) (rooftop PV / cogeneration projects as part of contracting solutions for customers), as well as through the inorganic acquisition of Societa' Agricola BTC (1,704 kEUR).

The split of depreciation between cost of sales and operating expenses related to property, plant and equipment is detailed below:

kEUR	2022	2021
Cost of sales	-7,374	-6,010
Selling and administration	-3,361	-1,683
Total	**-10,735**	**-7,692**

Additional disclosure related to PPE

The Group did not capitalise any interest costs in 2022 and 2021, as qualified assets were financed internally, either through equity or intercompany loans.

- The Group's property, plant and equipment pledged as security for off balance sheet liabilities as at 31 Dec. 2022 and 2021 is 18,749 kEUR and 13,963 kEUR, respectively, mainly in Italian Green Energy companies, as well as the Polish companies Metrolog and Euroklimat.
- The Group recognised grants related to property, plant and equipment of 0 kEUR in 2022 (22 kEUR in 2021) as reductions to their cost.
- The Group did not receive any significant compensation from third parties for property, plant and equipment if damaged, lost or impaired during 2022 and 2021.
- In 2022, the Group recognised an impairment loss of 855 kEUR related to FER projects in Italy. No impairment loss on property, plant and equipment was recognised in 2021.
- The Group has no obligations to acquire property, plant and equipment.

4. FINANCIAL ASSETS

The Group's financial assets consist mainly of a cash pool receivable towards ČEZ, a. s. (which is attributable to the improved cash position due to cash pool implementation) and FX derivatives.

Other investments are mainly related to unconsolidated SPVs.

The are no financial assets that have been pledged as collateral for liabilities or contingent liabilities.

	31.12.2022			31.12.2021			01.01.2021		
kEUR	Total	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term
Other investments	579	579	0	473	473	0	-212	-212	0
Cash pool receivable	9,720	0	9,720	687	0	687	3,734	0	3,734
Other current financial assets	166	0	166	33	0	33	332	0	332
Total financial assets measured at amortised cost	**10,465**	**579**	**9,886**	**1,194**	**473**	**721**	**3,854**	**-212**	**4,066**
FX forward receivable	1,086	0	1,086	0	0	0	0	0	0
Total financial assets measured at fair value through profir or loss	**1,086**	**0**	**1,086**	**0**	**0**	**0**	**0**	**0**	**0**
Total financial assets	**11,551**	**579**	**10,972**	**1,194**	**473**	**721**	**3,854**	**-212**	**4,066**

Additional disclosure related to financial assets:

The maturity of financials assets is shown in below table below:

kEUR	31.12.2022	31.12.2021	01.01.2021
Within 1 year	10,972	721	4,066
Between 1 year and 2 years	0	0	0
Between 2 and 3 years	0	0	0
Between 3 and 4 years	0	0	0
Between 4 and 5 years	0	0	0
Thereafter	0	0	0
Total financial assets without other investments	**10,972**	**721**	**4 066**

The interest rates applicable to the individual financial assets are shown in the table below:

kEUR	31.12.2022	31.12.2021	01.01.2021
Interest rate lower than 2.00%	10,972	721	4,066
Interest rate 2.00% to 2.99%	0	0	0
Interest rate 3.00% to 3.99%	0	0	0
Interest rate 4.00% to 4.99%	0	0	0
Interest rate 5.00% to 5.99%	0	0	0
Interest rate 6.00% to 6.99%	0	0	0
Total financial assets without other investments	**10,972**	**721**	**4,066**

5. INTANGIBLE ASSETS

For more information about intangible assets including useful life and depreciation method applied, see Note 2.9 Accounting Policies.

The overview of intangible assets as at 31 Dec. 2022 is as follows:

kEUR	Software, patents and licences	Newly identified intangible assets - brand	Newly identified intangible assets - order backlog & customer list	Newly identified intangible assets - other	Development costs	Intangibles in progress	Total
Accumulated cost at 1 Jan. 2022	**19,010**	**53,126**	**71,448**	**7,377**	**6,861**	**2,229**	**160,051**
Additions	1,174	0	0	0	3,195	109	4,479
Disposals	-1,528	0	0	698	0	-2,143	-2,973
Acquisition of subsidiaries	90	1,325	806	-3	0	0	2,218
Reclassification and other	-1	0	0	0	0	0	-1
Currency translation differences	-4	-112	-481	3	0	-2	-595
Accumulated cost at 31 Dec. 2022	**18,741**	**54,339**	**71,773**	**8,075**	**10,056**	**194**	**163,179**
Accumulated depreciation and impairment at 1 Jan. 2022	**-12,247**	**-12,224**	**-23,082**	**1,078**	**-871**	**0**	**-47,347**
Additions	-1,382	-3,403	-10,066	-1,478	-504	0	-16,834
Disposals	1,003	0	0	-698	0	0	305
Acquisition of subsidiaries	-51	0	0	3	0	0	-49
Reclassification and other	-6	0	0	0	0	0	-6
Currency translation differences	5	48	211	-3	0	0	261
Accumulated depreciation and impairment at 31 Dec. 2022	**-12,679**	**-15,580**	**-32,937**	**-1,099**	**-1,375**	**0**	**-63,669**
Carrying amount as at 31 Dec. 2022	**6,063**	**38,760**	**38,836**	**6,977**	**8,681**	**194**	**99,511**

The overview of intangible assets as at Dec. 31, 2021 is as follows:

kEUR	Software, patents and licences	Newly identified intangible assets - brand	Newly identified intangible assets - order backlog & customer list	Newly identified intangible assets - other	Development costs	Intangibles in progress	Total
Accumulated cost at 1 Jan. 2021	**14,445**	**48,654**	**39,361**	**8,400**	**3,553**	**51**	**114,463**
Additions	5,454	0	0	0	2,441	2,173	7,259
Disposals	-1,928	0	0	0	0	0	-1,928
Acquisition of subsidiaries	3,848	689	32,145	0	867	6	40,364
Reclassification and other	0	0	0	0	0	0	0
Currency translation differences	-4	-47	-58	2	0	-1	-107
Accumulated cost at 31 Dec. 2021	**21,814**	**49,296**	**71,448**	**8,402**	**6,861**	**2,229**	**160,051**
Accumulated depreciation and impairment at 1 Jan. 2021	**-11,923**	**-9,021**	**-18,558**	**1,679**	**-269**	**0**	**-38,091**
Additions	-1,159	-3,381	-4,575	-1,361	-603	0	-11,079
Disposals	1,874	1,430	0	-1,430	0	0	1,874
Acquisition of subsidiaries	-975	-3	0	939	0	0	-38
Reclassification and other	-68	-20	0	0	0	0	-88
Impariment losses reversed	0	0	0	0	0	0	0
Currency translation differences	3	23	51	-2	0	0	75
Accumulated depreciation and impairment at 31 Dec. 2021	**-12,247**	**-10,972**	**-23,082**	**-174**	**-871**	**0**	**-47,347**
Carrying amount as at 31 Dec. 2021	**9,567**	**38,324**	**48,366**	**8,228**	**5,989**	**2,229**	**112,704**

Intangible assets decreased to 99,511k kEUR as at 31 Dec. 2022 (2021: 112,704 kEUR) mainly due to gradual unwinding of the newly identified assets as per IFRS 3.

Development costs include in particular:

- Development by HERMOS AG related to the following software for commercial use:

  - HITS (Track & Trace) - software used for tracking production items of manufacturing companies (e.g. in the tobacco industry)

  - RFID (Radio-Frequency Identification) - technology enabling warehouse management, logistics applications or production monitoring

  - FIS software platform for highly customised industrial and environmental automations.

- SCADA software for monitoring PV plants as developed by BELECTRIC Group.

Additional disclosures related to intangible assets

- All intangible assets (except for goodwill) are amortised, as they have a limited useful life.
- There was no impairment of intangible assets in 2022 and 2021.
- The Group had intangible assets pledged as collateral for liabilities of 43 kEUR as at 31 Dec. 2022 and 45 kEUR as at 31 Dec. 2021, respectively.
- Research and development costs, net of grants and subsidies received, which are not eligible for capitalisation and are expensed as incurred, amounted to 215 kEUR in 2022 and 338 kEUR in 2021.
- As at 31 Dec. 2022 and 2021, there were no capitalised interest costs.

The split of depreciation between cost of sales and selling and administration expenses related to intangible assets is detailed below:

kEUR	2022	2021
Cost of sales	-1,474	-1,286
Selling and administration	-15,360	-9,793
Total	**-16,834**	**-11,079**

6. GOODWILL

Please refer to Notes 2.5 and 2.10, respectively, in Accounting Policies regarding goodwill and its potential impairment.

kEUR	Goodwill
Accumulated cost at 1 Jan. 2022	**297,650**
Additions	0
Disposals	0
Acquisition of subsidiaries	4,187
Reclassification and other	0
Currency translation differences	-912
Accumulated cost at 31 Dec. 2022	**300,925**
Accumulated depreciation and impairment at 1 Jan. 2022	**0**
Additions	0
Disposals	0
Acquisition of subsidiaries	0
Reclassification and other	0
Currency translation differences	0
Accumulated depreciation and impairment at 31 Dec. 2022	**0**
Carrying amount as at 31 Dec. 2022	**300,925**

kEUR	Goodwill
Accumulated cost at 1 Jan. 2021	**262,819**
Additions	2,805
Disposals	-1
Acquisition of subsidiaries	32,343
Reclassification and other	0
Currency translation differences	-316
Accumulated cost at 31 Dec. 2021	**297,650**
Accumulated depreciation and impairment at 1 Jan. 2021	**0**
Additions	0
Disposals	0
Acquisition of subsidiaries	0
Reclassification and other	0
Currency translation differences	0
Accumulated depreciation and impairment at 31 Dec. 2021	**0**
Carrying amount as at 31 Dec. 2021	**297,650**

Goodwill amounted to 300,925 kEUR as at 31 Dec. 2022 (2021: 297,650 kEUR). Goodwill increased mainly due to the acquisition of AMPRO Group (in total + 3,360 kEUR) in the German Building Energy Solutions segment.

The amounts of goodwill recognised as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

Goodwill allocated to cash-generating units is as follows:

kEUR	31.12.2022	31.12.2021	01.01.2021
Building energy solutions	**217,693**	**214,423**	**201,077**
German building solutions	155,446	152,086	149,282
Euroklimat	29,679	30,220	30,467
German engineering solutions	26,394	26,394	15,569
Austrian engineering solutions	3,999	3,546	3,546
High Tech Clima	2,176	2,176	2,213
Green energy	**26,406**	**26,470**	**4,946**
ZOHD Group	16,203	16,203	0
BELECTRIC Group	4,621	4,857	0
Italian Green Energy	2,817	2,599	2,113
OEM	2,549	2,595	2,617
Austrian Green Energy solutions	216	216	216
Energy for industry	**56,826**	**56,757**	**56,797**
Hermos Group	42,801	42,645	42,645
German energy solutions	9,243	9,243	9,243
Metrolog	4,782	4,869	4,909
Total	**300,925**	**297,650**	**262,819**

The recoverable amount related to goodwill is based on value in use. The amounts of goodwill are tested annually for impairment. The Group did not report any goodwill impairment losses in 2022 or 2021.

Description of selected parameters related to testing and determination of recoverable amounts

The impairment test involves determining the recoverable amount of the cash-generating unit, which corresponds to the value in use as at 31 Dec. 2022 or as at 31 Dec. 2021, respectively.

Value in use is based on the present value of the future cash flows expected to be derived from a cash-generating unit and is internally assessed by the company's management.

Values in use are determined based on medium-term business plans. These business plans are based on the management's expectations, as well as on the anticipated future market trends and on the macroeconomic development of the respective region.

The relevant business plans were prepared in the fourth quarter of 2022. The growth rate of 1% is considered for FCFF beyond the five-year period. We note that the business plans for Italian Green Energy and BELECTRIC Group were prepared differently. The companies run asset-heavy projects with finite life and the business plan was modelled for the whole explicit period.

The company did not recognise any impairment of cash-generating assets in 2022 and 2021. Each cash-generating unit uses a specific discount factor based on the weighted average cost of capital (WACC). Parameters that affect the WACC are risk-free rates and loan premiums, equity market risks and the ratio between borrowed funds and equity.

The following table shows the relationship between the carrying amount and the recoverable amount for the Group's goodwill items. The recoverable amount is expressed as 100. The tests are based on an assessment of anticipated development over the next 5-year period.

	German Building Solutions	Hermos Group	German engineering Solutions	German energy Solutions	OEM	Metrolog	Euroklimat	Italian Green Energy	Austrian engineering Solutions	Austrian Green Energy solutions	High-Tech Clima	ZOHD Group	BELECTRIC Group
Recoverable amount, 100	100	100	100	100	100	100	100	100	100	100	100	100	100
Carrying amount	79	52	42	52	21	63	65	85	55	3	37	30	30
Carrying amount, previous year	59	33	32	38	6	54	49	69	23	10	15	24	n/a
Interest rate, per cent (WACC), after taxes	5.9%	5.9%	5.9%	5.9%	9.4%	9.4%	9.4%	8.2%	6.6%	6.6%	11.2%	6.0%	5.9%
Expected growth, %*	1.1%	1.5%	3.1%	20.8%	12.2%	7.2%	6.5%	19.5%	-1.5%	126.9%	9.9%	19.3%	4.8%
Interest rate, per cent (WACC), previous year (after taxes)	4.6%	4.6%	4.6%	4.6%	7.2%	7.2%	7.2%	6.7%	4.6%	4.6%	6.7%	4.6%	n/a
Expected growth, %, previous year**	1.6%	2.0%	0.5%	14.7%	18.4%	7.0%	15.9%	22.6%	8.0%	35.0%	14.8%	24.8%	n/a
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate by													
+1 percentage point	95	63	50	65	23	71	73	109	64	3	41	36	42
+5 percentage points	163	110	86	119	35	104	106	188	104	6	57	63	93
Carrying amount, previous year, in relation to recoverable amount, 100 in case of increase in interest rate by													
+1 percentage point	76	43	41	49	7	64	58	82	30	13	18	31	n/a
+5 percentage points	147	84	75	97	12	104	94	136	58	27	31	62	n/a

* Average revenue growth rate in the period 2022 - 2027.

** Average revenue growth rate in the period 2021 - 2026.

7. CHANGES IN THE GROUP STRUCTURE

7.1. CHANGES IN THE GROUP STRUCTURE IN 2022

The following table summarises the cash flows related to acquisitions in 2022 (kEUR):

Cash outflow on acquisitions of subsidiaries	7,015
Payments of contingent consideration from acquisitions in previous periods	557
Less: Cash and cash equivalents acquired	-590
Total cash outflows on acquisitions	6,982

7.2. ACQUISITIONS OF COMPANIES IN 2022, IN WHICH THE ELEVION GROUP GAINED CONTROL

Through new acquisitions, the Elevion Group follows a strategic plan for developing decarbonised energy and generating energy savings in ESCO markets, primarily in Germany, Italy and the Netherlands.

The Group effectuated the following acquisitions in 2022.

Building Energy Solutions

AMPRO Group (Germany)

The Group acquired a 100% interest in AMPRO Medientechnik GmbH and Ampro Projektmanagement GmbH (with its seat in Eppstein and nearly 20 employees), which provides services in protection systems and building acoustics.

AMPRO Group is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Nov. 2022.

Acquiring company: EAB Elektroanlagenbau GmbH Rhein/Main (EAB)

Strategic rationale of the acquisition: To complement the product portfolio and competencies of the Group in technical building equipment for building acoustic systems in Germany. The target company has about 40 years of experience in the relevant market and its know-how and relevant employees provide a nice fit with EAB.

The goodwill is mainly formed by skilled personnel and management of the company, including the relevant expertise, with a plan to increase product offerings to Group's customers in building protection and acoustic systems.

Wagner Consult (Austria)

The Group acquired a 100% interest in DI Wagner ZT-GmbH (with 9 employees), based in Absam, which provides services in water treatment.

Wagner Consult is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 July 2022.

Acquiring company: Elevion Österreich Holding

Strategic rationale of the acquisition: To strengthen the product portfolio of the Group in Austria and entry into water treatment business with well-proven experts in water infrastructure and wastewater cleaning.

Due to the immaterial size of the transaction, the whole difference between fair value of contingent consideration and fair value of net assets was attributed to goodwill. The goodwill thus includes also the customer list and order backlog but is also attributable to the skilled workforce (mainly engineers) and unique know-how in the water treatment business.

Green Energy

Societa' Agricola BTC (Italy)

The Group acquired a 100% interest in Societa Agricola BTC SRL, which owns and operates a biogas plant in Castelverde (near Cremona, Italy).

Societa Agricola BTC is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 August 2022.

Acquiring company: inewa S.r.l.

Strategic rationale of the acquisition: To enlarge the portfolio of already owned and operated biogas plants in Italy. The intent is to upgrade to a biomethane plant to produce renewable natural gas based on the mid-term strategy as part of the Group's decarbonisation efforts. The acquisition of this biogas plant should create operational synergies with other biogas plants of the Group and, after the upgrade, will boost offerings of biomethane to the Group's customers.

The majority of the consideration in excess of the existing net assets was attributed to the newly identified intangible, a licence to generate electricity. The remaining goodwill can be largely attributable to the option of producing biomethane in the future.

Energy for Industry

Hermos Signaltechnik (Germany)

The Group acquired a 100% interest in Hermos Signaltechnik GmbH, based in Neufahrn bei Freising (with 12 employees), which provides services in instrumentation and control engineering.

Hermos Signaltechnik is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Feb. 2022.

Acquiring company: Hermos AG

Strategic rationale of the acquisition: To complement the product portfolio and competencies of Hermos Group. The Group expects that the demand for modernisation and development of railway lines will be significant in the future in Germany.

The goodwill is immaterial from the Group's perspective and is mainly attributable to skilled personnel and know-how in the railway sector.

The following table presents the current best estimate of the fair value of acquired identifiable assets and liabilities as at the date of the acquisitions:

kEUR	Hermos Signaltech-nik GmbH	Wagner Consult GmbH	Societa' Agricola B.T.C. S.R.L.	AMPRO Medientech-nik GmbH	Ampro Pro-jektmanage-ment GmbH	Total
Share of the Group being acquired	100%	100%	100%	100%	100%	
Non-current assets	**233**	**591**	**3,902**	**1,020**	**6**	**5,752**
Property, plant and equipment	14	28	1,964	99	6	2,111
Right-of-use assets	59	394	565	269	0	1,287
Intangible assets	158	9	1,352	651	0	2,170
Non-current financial assets	0	161	0	0	0	161
Other non-current assets	2	0	0	0	0	2
Deferred tax assets	0	0	21	0	0	21
Current assets	**301**	**239**	**1,598**	**902**	**240**	**3,281**
Cash and cash equivalents	-92	103	88	325	165	590
Inventories	293	1	816	309	46	1,465
Trade and other receivables gross	93	57	442	176	27	796
Income tax receivables	0	0	0	91	0	92
Current financial assets	0	70	0	0	0	70
Other current assets	6	8	252	2	2	269
TOTAL ASSETS	**534**	**830**	**5,500**	**1,922**	**247**	**9,032**
Non-current liabilities	**-98**	**-597**	**-1,968**	**-442**	**-6**	**-3,112**
Non-current financial liabilities	0	0	-1,391	0	0	-1,391
Lease liability	-43	-349	-379	-206	0	-976
Defined benefit obligations	0	-158	0	0	0	-158
Non-current provisions	-7	-91	0	-38	-6	-142
Deferred tax liabilities	-48	0	-199	-199	0	-445
Current liabilities	**-51**	**-122**	**-1,814**	**-250**	**-40**	**-2,277**
Current financial liabilities	0	0	0	-34	0	-34
Lease liability	-16	-45	-187	-64	0	-311
Trade payables	-13	0	-990	-56	-20	-1,080
Income tax liabilities	0	0	-24	-1	-12	-38
Current provisions	-16	-23	-607	-80	-6	-731
Other liabilities	-6	-53	-6	-15	-2	-82
Total net assets	**385**	**111**	**1,717**	**1,230**	**201**	**3,644**
Share of net assets acquired	385	111	1 717	1,230	201	3,644
Goodwill	156	452	219	2,890	470	4,187
Total purchase consideration	**541**	**563**	**1,936**	**4,120**	**671**	**7,831**
Less: Consideration paid in previous periods						
Contingent consideration	-134	-60	0	-622	0	-816
Cash outflow on acquisition in 2022	**407**	**503**	**1,936**	**3,498**	**671**	**7,015**
Less: Cash and cash equivalents acquired	92	-103	-88	-325	-165	-590
Cash outflow on acquisition in 2022, net	**499**	**400**	**1,847**	**3,173**	**506**	**6,425**

The fair values of acquired identifiable assets and liabilities and the purchase considerations have been stated finally.

There was no contingent liability that was not recognised, because its fair value cannot be reliably measured.

If the acquisitions had taken place at the beginning of the year 2022, net income for the Elevion Group as at 31 Dec. 2022 would have been 4,340 kEUR and the revenues from continuing operations would have been 902,927 kEUR.

From the acquisition date, the contribution of newly acquired subsidiaries to the Group's 2022 consolidated profit or loss is as follows:

kEUR	Hermos Signaltechnik GmbH	Wagner Consult GmbH	Societa' Agricola B.T.C. S.R.L.	AMPRO Medientchnik GmbH	Ampro Projektmanagement GmbH	Total
Revenues and other operating income	557	488	443	527	141	2,157
Income before income tax	-49	125	-469	162	-14	-246
Net income	-64	134	190	115	-9	367
Net income attributable:						
Equity holders of the parent	-64	134	190	115	-9	367
Non-controlling interests	0	0	0	0	0	0
Adjusted EBITDA	-9	160	-142	219	-13	214

The contingent consideration recognised as at the acquisition date (discounted) and an estimate of the range of outcomes (undiscounted) is as follows:

kEUR	Amount recognised as at the acquisition date	Estimate of the range of outcomes	Carrying amount as at 31 Dec. 2021	Carrying amount as at 31 Dec. 2022
Companies acquired in 2022				
AMPRO Group	598	0 - 750	0	622
Other	194	0 - 210	0	194
Companies acquired in 2021				
BELECTRIC Group	4,497	0 - 5,000	4,497	2,892
IBP Ingenieure	2,538	0 - 4,650	2,616	2,665
Heinz Hildebrand	847	0 - 1,500	883	0
Peil und Partner Ingenieure	736	0 - 1,219	736	508
Companies acquired until 2020				
Metrolog	1,695	0 - 2,885	557	0
Moser & Partner Ingenieurbüro	1,446	0 - 3,400	1,535	1,535
FEA Automation	450	0 - 450	134	134
Total contingent consideration			**10,959**	**8,550**
Option liability				
ZOHD Group			**6,692**	**6,218**

The contingent consideration earn-out is usually based on pre-defined EBITDA, which is to be achieved by the target company in the future 1-3 years. The mechanism usually has a cap and floor for ratio achieved EBITDA/target EBITDA (mostly ranging between 70-130%). In BELECTRIC Group, the earn-out, in addition to EBITDA, is also attributable to the order backlog in the EPC business in Europe and Israel that will be determined as at the end of 2022. The Group remeasured the earn-out related to the BELECTRIC Group acquisition at the end of 2022, as it deemed the earn-out criteria related to the European order backlog as defined by the relevant share purchase agreement not met. We note that the time value of money was not considered by the recalculation of contingent considerations in several immaterial transactions (Moser & Partner Ingenieurbüro and FEA).

The Group did not identify any transactions recognised separately from business acquisitions.

7.3. CHANGES IN THE GROUP STRUCTURE IN 2021

The following table summarises the cash flows related to acquisitions in 2021 (kEUR):

Cash outflow on acquisitions of the subsidiaries	91,180
Payments of contingent consideration from acquisitions in previous periods	4,276
Less: Cash and cash equivalents acquired	(25,558)
Total cash outflows on acquisitions	69,898

7.4. ACQUISITIONS OF COMPANIES IN 2021, IN WHICH THE ELEVION GROUP GAINED CONTROL

The Group effectuated the following acquisitions in 2021.

Building Energy Solutions

MWS GmbH (Germany)

The Group acquired a 100% interest in MWS GmbH, which provides custom welding work in the construction of industrial plants, pipeline construction and the implementation of similar technological projects. The company has in total 45 employees and is based in Berlin.

MWS is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 April 2021.

Acquiring company: CEZ ESCO II

Strategic rationale of the acquisition: To expand welding capacity within the Group and create a good fit with electrical and mechanical installations in the Building Energy Solutions segment. MWS should become a strong service provider for piping services.

Due to the immaterial size of the transaction, the whole difference between fair value of contingent consideration and fair value of net assets was attributed to goodwill. The goodwill thus includes also the customer list and order backlog, but is also attributable to a considerable workforce and unique welding know-how.

Peil und Partner Ingenieure GmbH ("Peil and Partner Ingenieure") (Germany)

The Group acquired a 100% interest in Peil und Partner Ingenieure GmbH, which focuses on building design services and energy saving projects. The company is seated in Berlin and has over 20 employees. The company focuses on large-scale projects in cooling, e.g. for data centres, and also on HVAC or sanitary services.

Peil and Partner Ingenieure is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 June 2021.

Acquiring company: CEZ ESCO II

Strategic rationale of the acquisition: The company was acquired to expand the value chain of the Group by building design services, which have been under-represented so far in the Group's product portfolio, as well as to increase design & build synergies in the Berlin area. Due to its strong position in cooling, energy management and focus on data centres, it provides a perfect fit with our existing design company, KEI.

The goodwill is attributable to highly skilled personnel and unique know-how in the design of cooling and HVAC solutions. Significant synergies are expected with its sister company, KEI (namely its Berlin branch), where sales synergies might help KEI in the diversification of its customer portfolio (and shifting away from a primary focus on the public segment).

IBP Ingenieure GmbH & Co. KG and IBP Verwaltungs GmbH ("IBP Ingenieure") (Germany)

The Group acquired a 100% interest in IBP Ingenieure GmbH & Co. KG and IBP Verwaltungs GmbH. IBP Ingenieure is a design office for technical building equipment based in Munich and Wurzburg (with over 30 FTEs). The range of IBP Ingenieure's services include consulting, planning and implementation of technical building equipment / energy projects, as well as monitoring and optimisation during the operation period. The company is active in the field of newly constructed buildings and rebuilding / renovations.

IBP Ingenieure is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 August 2021.

Acquiring company: CEZ ESCO II

Strategic rationale of the acquisition: The company was acquired to expand the value chain of the Elevion Group by building design services, which have been under-represented so far in the Elevion Group product portfolio, as well as to increase design & build synergies in the Munich area. The company has the necessary permits to offer energy consultancy and has good experience in the healthcare sector and building management systems.

The large goodwill arising on the transaction is attributable to highly skilled personnel and unique know-how in the design of energy design solutions and energy consultancy. Significant synergies are expected with its sister company, Kofler Energies Ingenieurgesellschaft mbH (KEI) (namely its Munich branch), where sales synergies might help KEI in diversification of its customer portfolio (and shifting away from primary focus on public segment). Further synergies are also expected with KEE in residential heating solutions.

Heinz Hildebrand (Germany)

The Group acquired 100% of the assets and liabilities that constitute the Heinz Hildebrand business. It provides electrical installation work mainly in the Hesse and Rhineland areas and focuses on fire protection systems, telecommunication networks, lighting etc. The company is seated in Frankfurt am Main and had 80 employees at the time of acquisition.

Heinz Hildebrand is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Sept. 2021 as part of EAB.

Acquiring company: EAB Elektroanlagenbau GmbH Rhein/Main

Strategic rationale of the acquisition: Hildebrand was acquired in order to provide EAB and Rudolf Fritz with access to new customers and qualified employees (mainly project and site managers). The transaction will enable EAB to overtake a strong and long-lasting competitor. It will also enable EAB access to customers in the residential property segment. Although part of EAB, Hildebrand as a brand will continue to be used as the branch name, due to its strong presence on the local market.

The goodwill is attributable to a considerable workforce and alleviation of competition pressures in the electrical installation market in Hesse and Rhineland areas. The goodwill acquired on acquisition is deemed tax deductible due to the asset deal as transaction type.

Green Energy

SOCIETA' AGRICOLA DEF S.R.L. ("DEF") (Italy)

The Group acquired a 100% interest in Societa' Agricola DEF S.r.l., which owns and operates a biogas plant in Casaleone (near Verona, Italy).

Societa Agricola DEF is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 August 2021.

Acquiring company: inewa S.r.l.

Strategic rationale of the acquisition: To enlarge the portfolio of already owned and operated biogas plants in Italy. The intent is to upgrade it to a biomethane plant to produce renewable natural gas as part of the Group's decarbonisation efforts. The acquisition of this biogas plant should create operational synergies with other biogas plants of the Group and, after the upgrade, will boost offerings of biomethane to the Group's customers.

The majority of the consideration in excess of the existing net assets was attributed to a newly identified intangible, a licence to generate electricity. The goodwill can be largely attributable to the option of producing biomethane in the future.

Zonnepanelen op het Dak Group ("ZOHD Group") (Netherlands)

The Group acquired a 66% interest in ZOHD Groep B.V., which owns a 100% interest in Energy Shift B.V., Zonnepanelen op het Dak Installaties B.V and Zonnepanelen op het Dak B.V.

ZOHD Group is engaged in the installation of rooftop solar panels, in particular for agricultural and commercial customers. The company is seated in Barneveld and has over 20 FTEs. The company also recently started business in energy storage solutions.

ZOHD Group is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Sept. 2021.

The Group received a call option right to obtain a minority share (34%) from the non-controlling shareholder and simultaneously wrote a put option creating an obligation to buy the minority share from the non-controlling shareholder. The combination of put and call options implies that either option will be deep in the money and one of the parties will therefore exercise its rights with probability bordering certainty. Therefore, the initial consolidation was based on 100% of shares acquired and the non-controlling interest was therefore not recognised.

Acquiring company: Elevion Group BV

Strategic rationale of the acquisition: To boost the Group's presence in the rooftop photovoltaic segment as well as to enter the Dutch ESCO market. ZOHD Group realised over 700 projects with 113 installed MWp in the past. The company also has well-established channels with respect to suppliers of photovoltaic equipment. ZOHD Group has also experience with energy storage systems, this being expertise so far absent in the Group.

The large goodwill arising in this transaction is attributable to the unique competences of key personnel, best-in-class work procedures, special know-how related to Dutch agricultural customers and a well-established supplier network. The Group already replicated the rooftop photovoltaic business in Austria based on Dutch experience, and is also developing the identical business in Germany.

BELECTRIC Group (mainly Germany and Israel)

In December 2021, the Group acquired a 100% interest in BELECTRIC GmbH, BELECTRIC Israel Ltd., BELECTRIC France S.A.R.L., BELECTRIC Italia S.r.l. and BELECTRIC Solar Ltd., which focus on the development and construction of solar parks, including the provision of operation and maintenance services. BELECTRIC Group has completed more than 400 photovoltaic projects with a capacity of over 4 GW and provides services on 2.2 GW of power plants. Among other things, BELECTRIC GmbH has constructed the biggest solar park in Germany in Tramm Göthen.

The Group applied the acquisition date for BELECTRIC Group at 1 Jan. 2022, hence its results are consolidated within the Group's accounts only as of this date.

Acquiring companies:

CEZ ESCO II - BELECTRIC GmbH

Elevion Group BV - BELECTRIC Israel Ltd., BELECTRIC France S.A.R.L, BELECTRIC Solar Ltd.

Elevion Italia Holding - BELECTRIC Italia S.r.l.

Strategic rationale of the acquisition: To enter the ground-mounted photovoltaic segment and support the Elevion Group in its strategy to accelerate the European green energy transition. The acquisition also represents the possibility of significant synergies in the advanced energy solutions sector and access to new customers. In Germany and the Netherlands (which represent core markets of the Group), BELECTRIC Group is one of the top 3 service providers in EPC and O&M.

The goodwill is attributed to the possibility of accessing photovoltaic EPC and O&M markets and know-how in the construction of solar parks, where the Group had a weak presence before the acquisition. Potential synergies are in transferring know-how, use of proven services and optimisation of technology purchase, not only within the Group but also vis-a-vis ČEZ, a. s.

The following table presents the current best estimate of fair value of acquired identifiable assets and liabilities as at the date of the acquisitions:

kEUR	BELECTRIC Group	ZOHD Group	IBP Ingenieure	Peil und Partner Ingenieure	SOCIETA' AGRICOLA DEF	Other	Total
Share of the Group being acquired	100%	100%	100%	100%	100%	100%	100%
Non-current assets	**47,062**	**2,381**	**2,548**	**2,435**	**5,484**	**521**	**60,432**
Property, plant and equipment	1,441	273	71	108	3,463	117	5,472
Right-of-use assets	4,600	358	800	395	857	403	7,413
Intangible assets	35,063	1,187	1,646	1,306	1,161	0	40,363
Non-current financial assets	420	531	0	0	0	0	952
Other non-current assets	25	0	32	48	0	0	105
Deferred tax assets	5,513	32	0	578	4	0	6,127
Current assets	**92,953**	**1,458**	**226**	**10,518**	**1,541**	**302**	**106,998**
Cash and cash equivalents	23,446	-473	626	1,406	445	108	25,558
Inventories	5,541	1,411	-526	8,647	475	0	15,547
Trade and other receivables	17,804	784	199	601	308	103	19,800
Expected credit loss	-5,907	0	-116	-140	-6	-2	-6,170
Contract assets	19,423	0	0	0	0	0	19,423
Income tax receivables	6,349	2	41	0	-88	5	6,309
Current financial assets	0	0	-4	0	0	9	5
Other current assets	26,296	-266	6	4	407	79	26,526
TOTAL ASSETS	**140,015**	**3,839**	**2,775**	**12,952**	**7,025**	**823**	**167,430**
Non-current liabilities	**-16,909**	**-522**	**-1,141**	**-627**	**-2,784**	**-386**	**-22,369**
Non-current financial liabilities	0	0	0	0	-2,241	-16	-2,258
Lease liability	-3,337	-240	-643	-243	-543	-336	-5,342
Non-current provisions	0	0	0	-29	0	-20	-49
Deferred tax liabilities	-13,571	-282	-498	-356	0	-14	-14,721
Current liabilities	**-57,400**	**-1,489**	**-391**	**-11,390**	**-1,347**	**-309**	**-72,327**
Current financial liabilities	-3	0	-32	0	-85	-10	-130
Lease liability	-1,262	-118	-157	-152	-316	-67	-2,073
Trade payables	-17,954	-1,106	0	5	-510	-11	-19,577
Contract liabilities	-511	0	0	-10,191	0	0	-10,703
Income tax liabilities	-2,849	0	0	-810	-2	-12	-3,673
Current provisions	-7,046	-67	-53	-167	-42	-140	-7,515
Other liabilities	-27,775	-198	-149	-74	-391	-69	-28,655
Total net assets	**65,706**	**1,828**	**1,242**	**935**	**2,894**	**128**	**72,734**
Share of net assets acquired	65,706	1,828	1,242	935	2,894	128	72,734
Goodwill	4,621	16,203	7,970	2,288	486	567	32,134
Total purchase consideration	**70,327**	**18,031**	**9,212**	**3,223**	**3,380**	**695**	**104,868**
Less: Consideration paid in previous periods	0	0	0	0	0	0	0
Contingent consideration	-4,386	-5,950	-2,616	-736	0	0	-13,688
Cash outflow on acquisition in 2021	**65,941**	**12,081**	**6,596**	**2,487**	**3,380**	**695**	**91,180**
Less: Cash and cash equivalents acquiered	-23,446	473	-626	-1,406	-445	-108	-25,558
Cash outflow on acquisition in 2021, net	**42,495**	**12,555**	**5,970**	**1,081**	**2,935**	**587**	**65,622**

The fair values of acquired identifiable assets and liabilities and the purchase considerations have been stated as final.

If the acquisitions had taken place at the beginning of the year 2021, net income for the Elevion Group as at 31 Dec. 2021 would have been 15,675 kEUR (of which BELECTRIC Group 19,386 kEUR) and the revenues from continuing operations would have been 893,948 kEUR.

From the acquisition date (resp. convenience date), the contribution of newly acquired subsidiaries to the Group's 2021 consolidated profit or loss is as follows:

kEUR	BELECTRIC Group	ZOHD Group	IBP Ingenieure	Peil und Partner Ingenieure	SOCIETA' AGRICO-LA DEF	Other	Total
Revenues and other operating income	0	6,813	2,726	2,460	2,071	1,761	15,832
Income before income tax	0	292	1,277	1,006	505	-51	3,028
Net income	0	173	1,212	730	476	-27	2,564
Net income attributable:							
Equity holders of the parent	0	173	1,212	730	476	-27	2,564
Non-controlling interests	0	0	0	0	0	0	0
Adjusted EBITDA	0	484	1,440	1,227	994	47	4,192

The results of BELECTRIC Group are consolidated as of 1 Jan. 2022.

The contingent consideration recognised as at the acquisition date (discounted) and an estimate of the range of outcomes (undiscounted) is as follows:

kEUR	Amount recognised as at the acquisition date	Estimate of the range of outcomes	Carrying amount as at 31 Dec. 2020	Carrying amount as at 31 Dec. 2021
Companies acquired in 2021				
BELECTRIC Group	4,497	0 - 5,000	0	4,497
IBP Ingenieure	2,538	0 - 4,650	0	2,616
Heinz Hildebrand	847	0 - 1,500	0	883
Peil und Partner Ingenieure	736	0 - 1,219	0	736
Companies acquired until 2020				
Euroklimat	11,625	0 - 14,108	6,744	0
Metrolog	1,695	0 - 2,885	1,092	557
Moser & Partner Ingenieurbüro	1,446	0 - 3,400	1,535	1,535
FEA Automation	450	0 - 450	310	134
Jäger	640	0 - 640	300	0
GWE Wärme- und Energietechnik	300	0 - 860	300	0
Total contingent consideration			**10,281**	**10,959**
Option liability				
ZOHD Group			**0**	**6,692**

7.5. CHANGES IN VOTING INTERESTS IN 2021

On 24 June 2021, an agreement was signed that replaced the original contractual relationship between the Group and one of the legal owners of non-controlling interests in Euroklimat sp. z o.o., who simultaneously acts as a managing director of this company. The original contractual arrangement represented a contingent consideration, so-called earn-out liability, from the acquisition of a subsidiary. This new agreement relates to a 4% interest in Euroklimat sp. z o.o., which was replaced by a put/buy option to sell/ buy the interest in Euroklimat to/by the Group. At the same time, the option liability written over non-controlling interests was recognised - see also Section 15 for more details.

An overview of basic financial information on these transactions is given in the following table (kEUR):

kEUR	
Derecognition of contingent liability related to 4% share	1,682
Impact on profit or loss	101
Recognition of option liability in equity reserves	-1,915
Remeasurement of option liability through equity	132

8. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements of the Elevion Group include the financial figures of Elevion Group B.V. and its subsidiaries listed in the following table:

			% equity interest			
Company name	Country	Operating segment	Change in 2022	2022	% voting interest 2022	% de facto control 2022
New aquisitions						
AMPRO Medientchnik GmbH	DE	BES	100.00	100.00	100.00	100.00
Ampro Projektmanagement GmbH	DE	BES	100.00	100.00	100.00	100.00
Hermos Signaltechnik GmbH	DE	EfI	100.00	100.00	100.00	100.00
Società Agricola B.T.C. S.R.L.	IT	GE	100.00	100.00	100.00	100.00
Wagner Consult GmbH	AT	BES	100.00	100.00	100.00	100.00
Liquidations & mergers						
Hermos Gesellschaft für Steuer-, Meß- und Regeltechnik mbH	DE	EfI	0.00	95.00	95.00	100.00
CEZ ESCO Romania S.R.L.	RO	BES	-100.00	0.00	0.00	0.00
Other - no change in 2022						
AxE AGRICOLTURA PER L'ENERGIA SOCIETA' AGRICOLA A R.L.	IT	GE	0.00	100.00	100.00	100.00
Belectric France S.A.R.L.	FR	GE	0.00	100.00	100.00	100.00
Belectric GmbH	DE	GE	0.00	100.00	100.00	100.00
Belectric Israel Ltd.	IL	GE	0.00	100.00	100.00	100.00
Belectric Italia S.r.l.	IT	GE	0.00	100.00	100.00	100.00
Belectric Solar Ltd.	GB	GE	0.00	100.00	100.00	100.00
Budrio GFE 312 Società Agricola S.r.l.	IT	GE	0.00	70.00	70.00	70.00
CEZ ESCO II GmbH	DE	CE	0.00	100.00	100.00	100.00
CEZ ESCO Polska sp. z o.o.	PL	BES	0.00	100.00	100.00	100.00
D-I-E Elektro AG	DE	BES	0.00	95.00	95.00	100.00
EAB Elektroanlagenbau GmbH Rhein/Main	DE	BES	0.00	95.00	95.00	100.00
Elektro-Decker GmbH	DE	BES	0.00	95.00	95.00	100.00
Elevion Co-Investment GbmH & Co. KG	DE	CE	0.00	100.00	100.00	100.00
Elevion Deutschland Holding GmbH	DE	CE	0.00	95.00	95.00	100.00
Elevion GmbH	DE	CE	0.00	95.00	95.00	100.00
Elevion Group B.V.	NL	CE	0.00	100.00	100.00	100.00
Elevion Holding Italia Srl	IT	CE	0.00	100.00	100.00	100.00
Elevion Österreich Holding GmbH	AT	CE	0.00	100.00	100.00	100.00
En.plus GmbH	DE	BES	0.00	95.00	95.00	100.00
Energy Shift B.V.	NL	GE	0.00	100.00	100.00	100.00
ETS Efficient Technical Solutions GmbH	DE	BES	0.00	95.00	95.00	100.00
ETS Efficient Technical Solutions Shanghai Co. Ltd.	CN	BES	0.00	95.00	95.00	100.00
ETS Engineering Kft.	HU	BES	0.00	100.00	100.00	100.00
Euroklimat sp. z o.o.	PL	BES	0.00	96.00	96.00	100.00
GWE Verwaltungs GmbH	DE	EfI	0.00	100.00	100.00	100.00
GWE Wärme- und Energietechnik GmbH	DE	EfI	0.00	100.00	100.00	100.00
Hermos AG	DE	EfI	0.00	95.00	95.00	100.00
HERMOS International GmbH	DE	EfI	0.00	95.00	95.00	100.00
Hermos Schaltanlagen GmbH	DE	EfI	0.00	95.00	95.00	100.00
HERMOS SDN. BHD	MY	EfI	0.00	95.00	95.00	100.00
Hermos sp. z o.o.	PL	EfI	0.00	95.00	95.00	100.00
Hermos Systems GmbH	DE	EfI	0.00	95.00	95.00	100.00
High-Tech Clima S.A.	RO	BES	0.00	100.00	100.00	100.00
Hybridkraftwerk Culemeyerstraße Projekt GmbH	DE	EfI	0.00	100.00	100.00	100.00
IBP Ingenieure GmbH & Co. KG	DE	BES	0.00	100.00	100.00	100.00
IBP Verwaltungs GmbH	DE	BES	0.00	100.00	100.00	100.00
inewa consulting Srl	IT	GE	0.00	100.00	100.00	100.00
inewa Srl	IT	GE	0.00	100.00	100.00	100.00
Kofler Energies Energieeffizienz GmbH	DE	EfI	0.00	100.00	100.00	100.00
Kofler Energies Ingenieurgesellschaft mbH	DE	BES	0.00	100.00	100.00	100.00
Kofler Energies Systems GmbH	DE	EfI	0.00	100.00	100.00	100.00
Metrolog sp. z o.o.	PL	EfI	0.00	100.00	100.00	100.00
Moser & Partner Ingenieurbüro GmbH	AT	BES	0.00	100.00	100.00	100.00
M&P Real GmbH	AT	BES	0.00	100.00	100.00	100.00
MWS GmbH	DE	BES	0.00	100.00	100.00	100.00
NEK Facility Management GmbH	DE	EfI	0.00	100.00	100.00	100.00
OEM Energy sp. z o.o.	PL	GE	0.00	77.68	77.68	100.00
Pantegra Ingenieure GmbH	DE	BES	100.00	100.00	100.00	100.00
Peil und Partner Ingenieure GmbH	DE	BES	0.00	100.00	100.00	100.00
Rudolf Fritz GmbH	DE	BES	0.00	95.00	95.00	100.00
SOCIETA' AGRICOLA DEF S.R.L.	IT	GE	0.00	100.00	100.00	100.00
SYNECO PROJECT S.r.l.	IT	GE	0.00	100.00	100.00	100.00
Syneco tec GmbH	AT	GE	0.00	100.00	100.00	100.00
SYNECOTEC Deutschland GmbH	DE	EfI	0.00	100.00	100.00	100.00
ZOHD Groep B.V.	NL	GE	0.00	100.00	100.00	100.00
Zonnepanelen op het Dak B.V.	NL	GE	0.00	100.00	100.00	100.00
Zonnepanelen op het Dak Installaties B.V.	NL	GE	0.00	100.00	100.00	100.00

Cont.

Company name	Country	Operating segment	% equity interest Change in 2021	% equity interest 2021	% voting interest 2021	% de facto control 2021
New aquisitions						
Belectric France S.A.R.L.	FR	GE	100.00	100.00	100.00	100.00
Belectric GmbH	DE	GE	100.00	100.00	100.00	100.00
Belectric Israel Ltd.	IL	GE	100.00	100.00	100.00	100.00
Belectric Italia S.r.l.	IT	GE	100.00	100.00	100.00	100.00
Belectric Solar Ltd.	GB	GE	100.00	100.00	100.00	100.00
Energy Shift B.V.	NL	GE	100.00	100.00	100.00	100.00
IBP Ingenieure GmbH & Co. KG	DE	BES	100.00	100.00	100.00	100.00
IBP Verwaltungs GmbH	DE	BES	100.00	100.00	100.00	100.00
M&P Real GmbH	AT	BES	100.00	100.00	100.00	100.00
MWS GmbH	DE	BES	100.00	100.00	100.00	100.00
Peil und Partner Ingenieure GmbH	DE	BES	100.00	100.00	100.00	100.00
SOCIETA' AGRICOLA DEF S.R.L.	IT	GE	100.00	100.00	100.00	100.00
ZOHD Groep B.V.	NL	GE	100.00	100.00	100.00	100.00
Zonnepanelen op het Dak B.V.	NL	GE	100.00	100.00	100.00	100.00
Zonnepanelen op het Dak Installaties B.V.	NL	GE	100.00	100.00	100.00	100.00
Change in non-controlling interest						
Euroklimat sp. z o.o.	PL	BES	-4.00	96.00	96.00	100.00
Liquidations & mergers						
EAB Automation Solutions GmbH	DE	BES	-100.00	0.00	0.00	0.00
Elektro-Technik-Pfisterer-GmbH	DE	BES	-100.00	0.00	0.00	0.00
ESCO City I sp. z o.o. w likwidacji	PL	BES	-99.80	0.00	0.00	0.00
ESCO City II sp. z o.o. w likwidacji	PL	BES	-99.80	0.00	0.00	0.00
ESCO City III sp. z o.o. w likwidacji	PL	BES	-99.80	0.00	0.00	0.00
ESCO City IV sp. z o.o. w likwidacji	PL	BES	-99.80	0.00	0.00	0.00
ESCO City V sp. z o.o. w likwidacji	PL	BES	-99.80	0.00	0.00	0.00
ESCO City VI sp. z o.o. w likwidacji	PL	BES	-99.80	0.00	0.00	0.00
High-Tech Clima d.o.o.	RS	BES	-99.80	0.00	0.00	0.00
Other - no change in 2021						
AxE AGRICOLTURA PER L'ENERGIA SOCIETA' AGRICOLA A R.L.	IT	GE	0.00	100.00	100.00	100.00
Budrio GFE 312 Società Agricola S.r.l.	IT	GE	0.00	70.00	70.00	70.00
CEZ ESCO II GmbH	DE	CE	0.00	100.00	100.00	100.00
CEZ ESCO Polska sp. z o.o.	PL	BES	0.00	100.00	100.00	100.00
CEZ ESCO Romania S.R.L.	RO	BES	0.00	100.00	100.00	100.00
D-I-E Elektro AG	DE	BES	0.00	95.00	95.00	100.00
EAB Elektroanlagenbau GmbH Rhein/Main	DE	BES	0.00	95.00	95.00	100.00
Elektro-Decker GmbH	DE	BES	0.00	95.00	95.00	100.00
Elevion Co-Investment GbmH & Co. KG	DE	CE	0.00	100.00	100.00	100.00
Elevion Deutschland Holding GmbH	DE	CE	0.00	95.00	95.00	100.00
Elevion GmbH	DE	CE	0.00	95.00	95.00	100.00
Elevion Group B.V.	NL	CE	0.00	100.00	100.00	100.00

Cont.

Company name	Country	Operating segment	% equity interest Change in 2021	% equity interest 2021	% voting interest 2021	% de facto control 2021
Elevion Holding Italia Srl	IT	CE	0.00	100.00	100.00	100.00
Elevion Österreich Holding GmbH	AT	CE	0.00	100.00	100.00	100.00
En.plus GmbH	DE	BES	0.00	95.00	95.00	100.00
ETS Efficient Technical Solutions GmbH	DE	BES	0.00	95.00	95.00	100.00
ETS Efficient Technical Solutions Shanghai Co. Ltd.	CN	BES	0.00	95.00	95.00	100.00
ETS Engineering Kft.	HU	BES	0.00	100.00	100.00	100.00
GWE Verwaltungs GmbH	DE	Efl	0.00	100.00	100.00	100.00
GWE Wärme- und Energietechnik GmbH	DE	Efl	0.00	100.00	100.00	100.00
Hermos AG	DE	Efl	0.00	95.00	95.00	100.00
Hermos Gesellschaft für Steuer-, Meß- und Regeltechnik mbH	DE	Efl	0.00	95.00	95.00	100.00
HERMOS International GmbH	DE	Efl	0.00	95.00	95.00	100.00
Hermos Schaltanlagen GmbH	DE	Efl	0.00	95.00	95.00	100.00
HERMOS SDN. BHD	MY	Efl	0.00	95.00	95.00	100.00
Hermos sp. z o.o.	PL	Efl	0.00	95.00	95.00	100.00
Hermos Systems GmbH	DE	Efl	0.00	95.00	95.00	100.00
High-Tech Clima S.A.	RO	BES	0.00	100.00	100.00	100.00
Hybridkraftwerk Culemeyerstraße Projekt GmbH	DE	Efl	0.00	100.00	100.00	100.00
inewa consulting Srl	IT	GE	0.00	100.00	100.00	100.00
inewa Srl	IT	GE	0.00	100.00	100.00	100.00
Kofler Energies Energieeffizienz GmbH	DE	Efl	0.00	100.00	100.00	100.00
Kofler Energies Ingenieurgesellschaft mbH	DE	BES	0.00	100.00	100.00	100.00
Kofler Energies Systems GmbH	DE	Efl	0.00	100.00	100.00	100.00
Metrolog sp. z o.o.	PL	Efl	0.00	100.00	100.00	100.00
Moser & Partner Ingenieurbüro GmbH	AT	BES	0.00	100.00	100.00	100.00
NEK Facility Management GmbH	DE	Efl	0.00	100.00	100.00	100.00
OEM Energy sp. z o.o.	PL	GE	0.00	77.68	77.68	100.00
Rudolf Fritz GmbH	DE	BES	0.00	95.00	95.00	100.00
SYNECO PROJECT S.r.l.	IT	GE	0.00	100.00	100.00	100.00
Syneco tec GmbH	AT	GE	0.00	100.00	100.00	100.00
SYNECOTEC Deutschland GmbH	DE	Efl	0.00	100.00	100.00	100.00

Used abbreviations:

ISO currency code	Currency
EUR	Euro
CNY	Chinese Yuan
GBP	British Pound
HUF	Hungarian Forint
ILS	New Israeli Shekel
MYR	Malaysian Ringgit
RON	New Romanian Leu
RSD	Serbian Dinar

Segment	Operating segment
BES	Building Energy Solutions
CE	Central
EfI	Energy for Industry
GE	Green Energy

Country code	Country
AT	Austria
DE	Germany
CN	China
FR	France
GB	Great Britain
HU	Hungary
IL	Israel
IT	Italy
MY	Malaysia
NL	Netherlands
PL	Poland
RO	Romania
RS	Serbia

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and available funds at banks and equivalent financial institutions. Cash and cash equivalents amounted to 41,930 kEUR as at 31 Dec. 2022 (2021: 108,137 kEUR). The Elevion Group had no short-term investments.

The significant decrease of cash is attributable to the improvement in the Group's cash management due implementation of the Group cash pool. The cash pool leader is the Parent Company and the Group Companies are participants. Excess liquidity (if any) is pooled into ČEZ, a. s., which in turn covers potential cash shortfalls. Each new subsidiary is usually added to the cash pool structure (unless not practicable).

As a result thereof, the Group was also able to decrease its cash pool liability towards CEZ Group (so the decrease in cash year-over-year is reflected in the reduction of financial liabilities).

10. TRADE RECEIVABLES

The overview of trade receivables as at 31 Dec. 2022 and 2021 is as follows:

kEUR	31.12.2022	31.12.2021	01.01.2021
Trade receivables	171,536	141,054	117,099
Impairment losses	-28,377	-26,162	-19,968
Total	**143,159**	**114,892**	**97,131**

At 31 Dec. 2022 and 2021, the ageing structure of receivables (net of impairment losses) is as follows:

kEUR	31.12.2022	31.12.2021	01.01.2021
Not due	80,474	69,311	52,167
Past due:			
Due less than 3 months	27,282	17,906	14,074
Due at least 3M but less than 6M	3,818	3,963	8,539
Due at least 6M but less than 1 year	11,822	5,707	6,046
Due at least 1 year	19,764	18,005	16,304
Total	**143,159**	**114,892**	**97,131**

Net trade receivables increased to 143,159 kEUR as at 31 Dec. 2022 (2021: 114,982 kEUR) primarily due to BELECTRIC GmbH, which finalised the Tramm Göthen project in 2022 and the outstanding receivable was settled at the beginning of 2023.

We expect all the acquired receivables to be materially collectible. For the acquired receivables which are less likely to be collectible, the best estimate related to bad debt allowances was made in the opening balance sheet of the respective company.

The expected credit losses stood at 28,377 kEUR (2021: 26,162 kEUR). As at 31 Dec. 2022, of the total impairment losses, 623 kEUR constitute expected credit losses based on a collective assessment basis according to IFRS 9 (2021: 574 kEUR) and the remainder is represented by an individual assessment basis. The individual assessment is related mainly to active litigations (both court and out-of-court) in German Building Energy Solutions. The adequacy of these impairment losses is continuously assessed by the managements of the German Group Companies and reviewed by external legal counsel.

The overwhelming majority of trade receivables due in over one year is also related to the above-stated active litigations (mainly in the Group Companies ETS, Rudolf Fritz, Decker and KEI), and they are deemed recoverable by the managements of the relevant Group Companies.

The overview of movements in impairment losses related to trade receivables was as follows:

in kEUR	2022	2021
Balance as at 1 Jan.	**-26,162**	**-19,968**
Aquisitions	0	-7,557
Impairment losses for the year	-7,062	-4,180
Reversals of impairment losses	1,854	3,064
Use of impairment losses	2,990	2,476
Currency translation differences	3	2
Balance as at 31 Dec.	**-28,377**	**-26,162**

11. INVENTORIES

For Accounting Policies, please refer to Note 2.14.

The overview of inventories as at 31 Dec. 2022 and 2021 is as follows:

kEUR	31.12.2022	31.12.2021	01.01.2021
Raw materials, consumables and supplies	58,796	23,623	8,778
Finished goods and merchandise	267	224	198
Advance payments made	6,066	1,533	1,414
Total	**65,129**	**25,380**	**10,390**

Inventories increased to 65,129 kEUR as at 31 Dec. 2022 (2021: 25,380 kEUR) mainly due to BELECTRIC Group (+29,278 kEUR), and HERMOS Group (+6,201 kEUR) to secure themselves against disruptions in the supply chain.

Additional disclosures related to inventories:

- There are no significant differences between the carrying amount for inventories and their fair value.
- Inventories of 56 kEUR in 2022 and of 822 kEUR in 2021 were adjusted due to a change in net realisable value.
- As at 31 Dec. 2022, inventories of 1,282 kEUR were pledged as collateral for liabilities.

12. OTHER ASSETS

The overview of other assets as at 31 Dec. 2022 and 2021 is as follows:

kEUR	31.12.2022	31.12.2021	01.01.2021
Non-current deferred expenses	152	157	161
Other non-current assets	84	94	147
Total other non-current assets	**235**	**251**	**308**
Taxes and fees excluding income tax	5,867	3,404	1,953
Current deferred expenses	3,284	2,217	1,440
Receivables against employees	382	298	345
Other short-term receivables	8,732	6,669	3,393
Receivables against affiliated companies	2,033	93	787
Total other current assets	**20,299**	**12,681**	**7,917**
Total other assets	**20,534**	**12,932**	**8,225**

13. CONTRACT ASSETS / LIABILITIES

Please refer to Note 2.7 of Accounting Policies for details regarding contract assets and contract liabilities.

kEUR	31.12.2022	31.12.2021	01.01.2021
Contract assets (gross assets)	456,458	509,878	372,361
Contract assets (advance payments received)	-298,432	-353,517	-252,635
Contract assets	**158,026**	**156,362**	**119,726**
Contract liabilities (gross assets)	235,277	154,035	122,973
Contract liabilities (advanced payments received)	-370,600	-266,041	-195,371
Contract liabilities	**-135,323**	**-112,006**	**-72,398**
Net contract position	**22,703**	**44,356**	**47,328**

The breakdown of contract assets is detailed below:

kEUR	2022	2021
Carrying amount as at 1 Jan.	**156,362**	**119,726**
Revenue accrued during the year	551,066	420,954
Invoiced revenue	-547,932	-399,081
Reclassification	-932	-4,689
Aquisition of subsidiaries	284	19,423
Currency differences	-822	28
Carrying amount as at 31 Dec.	**158,026**	**156,362**

The breakdown of contract liabilities is detailed below:

kEUR	2022	2021
Carrying amount as at 1 Jan.	**-112,006**	**-72,398**
Revenue accrued during the year	271,414	223,623
Advances received	-295,725	-267,348
Reclassification	932	4,732
Aquisition of subsidiaries	0	-511
Currency differences	62	-102
Carrying amount as at 31 Dec.	**-135,323**	**-112,006**

The overall combined position of contract assets and contract liabilities stood at 22,703 kEUR as at 31 Dec. 2022 (2021: 44,356 kEUR). The decrease in net position was driven primarily by the German Building Energy Solutions segment through large contract liabilities in ETS, as well through the Green Energy segment, namely BELECTRIC Group.

Assets arising from expenses to obtain or complete a contract with a customer are included in contract assets and amount to 0 kEUR as at 31 Dec. 2022 and 31 Dec. 2021.

Wherever commercially feasible, the Group aims at requesting advance payment from the customer before the commencement of the project to cover cash outflows at the beginning of the project. The payments are subsequently requested from the customers on a regular basis as per agreed work statements with the customer or when reaching a certain project milestone, usually with payment terms of 30 days. The Group aims to improve its net working capital financing through requested prepayments and short-term payments, and this led to a significant improvement of total contract assets from 44,356 kEUR as at 31 Dec. 2021 to 22,703 kEUR as at 31 Dec. 2022.

The Group generally considers contract with a customer to be one performance obligation as it is seen as a single commercial objective due to the nature and scope of services provided to the customers. The single commercial objective in the Group's view is the fact that none of the goods or services promised to the customer are viable on their own, only the whole scope of services / goods provided in the contract is an operational asset, in that it can, for example, produce some commodity (heat / electricity production by installed combined heat and power units, also known as CHP), reduce the customer's expenses or CO_2 footprint or enable other assets to operate properly (e.g. installation of new ventilation / heating solution in an office building). Such one performance obligation contracts are dominantly recognised over time due to the nature of the services / goods being transferred to the customers. Revenue recognised at a point in time is rather rare and deemed immaterial from the Group's overall perspective compared to revenue recognised over time.

The Group generally has two types of variable considerations - (a) soft and (b) hard claims. Soft claims are recognised in such cases when there are cost overruns, such as delays on the construction site or planning deficiencies caused by the customer. These claims are recognised by the Group only if approved by the customer. Hard claims are cases when the Group can demonstrably evidence additional work (such as additional installations) and the amount additionally claimed is substantially obvious - e.g. directly requested by the customer. Hard claims must be either approved in writing / orally or follow from customary business practice / legal framework.

The Group assesses significant financing components in its contracts. This usually arises when the Group receives prepayment from the customer at the beginning of the project without yet providing any performance obligation to the customer. The Group applies an appropriate discount rate to such prepayments and the discount is unwound into profit or loss as a financial expense as a the project progresses.

The Group provides services and delivers goods within its three segments: Building Energy Solutions, Green Energy and Energy for Industry.

Examples of Building Energy Solutions products are:

(a) Energy efficiency and decarbonisation solutions for buildings;

(b) Mechanical and electrical services;

(c) Building and process automation;

(d) Designing and engineering solutions;

(e) Hard facility management; and

(f) Clean rooms constructions.

Examples of Green Energy products are:

(a) Photovoltaic solutions;

(b) Heat pumps;

(c) Biogas and biomethane solutions;

(d) Hydrogen solutions;

(e) Energy storage and

(f) E-mobility solutions.

Examples of Energy for Industry products are:

(a) Energy efficiency and decarbonisation solutions for industry;

(b) Water treatment solutions;

(c) Tri/Cogeneration solutions;

(d) Industry parks and local energy distribution networks; and

(e) Industrial automation.

As part of the project business, the Group may be asked to provide performance bonds, advance payment bonds and/or warranty bonds as part of securing obligations towards its customers.

The Group had total of 1,067,164 kEUR of unsatisfied or partially unsatisfied performance obligations as at 31 Dec. 2022 (based on projects recognised over time). Reconciliation of unsatisfied or partially unsatisfied performance obligations and order backlog disclosed earlier as part of the annual report is below.

kEUR	Projects over time	Other	Order backlog 31.12.2022
Building Energy Solutions	669,932	41,483	711,416
Green Energy	275,949	110,163	386,112
Energy for Industry	121,283	7,425	128,708
Total	**1,067,164**	**159,072**	**1,226,236**

The Group expects fully to satisfy these performance obligations (related to projects recognised over time) in the amount of 792,471 kEUR in 2023, 271,723 kEUR in 2024 and 33,633 kEUR in 2025 respectively.

14. EQUITY AND OTHER COMPREHENSIVE INCOME

Equity in the Group is distributed between equity attributable to equity holders (shareholders) and non-controlling interests (minority interests).

Non-controlling interests account for 0.01% of total equity as at 31 Dec. 2022. Equity changed during the 2022 reporting period as follows:

Movements in equity

kEUR	2022	2021
Equity, 1 Jan.	412,599	248,356
of which non-controlling interests	61	21
Comprehensive income for the year		
Profit for the year attributable to		
Equity holders	5,283	-3,221
Non-controlling interests	80	-25
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of defined-benefit pension plans	894	-5
Tax on items that will not be reclassified to profit or loss for the period	-217	1
Total	**677**	**-4**
Items that have been or will be reclassified to profit or loss for the period		
Remeasurement of option liabilities	0	0
Translation differences attributable to equity holders	-1,834	-535
Translation differences attributable to non-controlling interests	0	0
Total	**-1,834**	**-535**
Other comprehensive income after tax	-1,157	-539
Comprehensive income for the year	4,207	-3,784
of which attributable to equity holders	4,127	-3,760
of which attributable to non-controlling interests	80	-25
Other changes in equity not included in comprehensive income for the year		
Dividends to shareholders	0	0
Dividends to non-controlling interests	0	0
Capital increase	25,054	168,027
Other	0	0
Equity, 31 Dec.	**441,860**	**412,599**

The capital increase of 25,054 kEUR (through paid-in capital) is related to the financing of acquisitions and organic projects.

Details regarding equity attributable to shareholders are as follows:

kEUR	31.12.2022	31.12.2021	01.01.2021
Share capital	3,000	10	10
Paid-in capital	493,376	471,312	303,300
Reserves	-5,764	-4,607	-4,068
Retained earnings	-48,732	-54,176	-50,907
Total	**441,880**	**412,538**	**248,334**

Breakdown of reserves

kEUR	31.12.2022	31.12.2021	01.01.2021
Translation reserves	-6,414	-4,580	-4,045
Reserve for revaluation of options written over NCI	0	0	0
Remeasurement of the net defined benefit liability	650	-27	-23
Total	**-5,764**	**-4,607**	**-4,068**

The increase in translation reserves consist of accumulated translation differences from the translation of financial statements for foreign operations and the increase is attributable mainly to the depreciation of PLN and ILS in 2022.

Movement in translation reserve

kEUR	2022	2021
Translation reserve, 1 Jan.	**-4,580**	**-4,045**
Translation difference for the year	-1,834	-535
Acquisitions	0	0
Disposal from consolidation area	0	0
Translation reserve, 31 Dec.	**-6,414**	**-4,580**

The reserve for revaluation was positively affected by remeasurement of defined-benefit pension plans in other comprehensive income in the amount of 677 kEUR in 2021.

Movement in reserve for revaluation of net defined benefit liability

kEUR	2022	2021
Reserve for revaluation of net defined benefit liability, 1 Jan.	**-27**	**-23**
Difference between expected and actual return on plan asset	911	-10
Remeasurement of defined-benefit pension plans	4	5
Taxes	-238	1
Reserve for revaluation of net defined benefit liability, 31 Dec.	**650**	**-27**

15. FINANCIAL LIABILITIES

The financial liabilities of the Group are detailed below.

kEUR	31.12.2022			31.12.2021			01.01.2021		
	Total	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term
Loans to affiliated companies	63,618	63,576	42	63,596	63,576	21	233,714	157,008	76,706
Cash pool	0	0	0	69,327	0	69,327	7,072	0	7,072
Bank loans	5,730	3,343	2,386	5,754	2,166	3,588	4,466	1,924	2,542
Total financial liabilities measured at amortised cost	**69,348**	**66,919**	**2,429**	**138,677**	**65,742**	**72,935**	**245,252**	**158,933**	**86,319**
FX forward payable	1,635	0	1,635	3	0	3	0	0	0
NCI put option liability	21,044	21,044	0	17,776	17,776	0	5,145	5,145	0
Earn-out liability	8,550	3,760	4,790	10,959	8,912	2,047	10,281	4,643	5,638
Total financial liabilities measured at fair value through profit or loss	**31,229**	**24,805**	**6,425**	**28,738**	**26,688**	**2,050**	**15,426**	**9,789**	**5,638**
Total financial liabilities	**100,577**	**91,724**	**8,853**	**167,414**	**92,430**	**74,985**	**260,678**	**168,721**	**91,957**

The loans to affiliated companies (namely towards CEZ MH B.V.) are related to historical acquisitions in the German Building Energy Solutions segment.

The cash pool liability of the Parent Company towards ČEZ, a. s. was turned into a cash pool receivable at the end of 2022 due to better cash management of the Group related to implementation of the groupwide cash pool.

Bank loans are mainly related to the project financing of biogas plants in Italy (at a total of 5,631 kEUR as at Dec. 2021 and 3,862 kEUR as at 31 Dec. 2021), whereas the respective biogas assets and related land are pledged to the benefit of the financing bank (see Section 3 for more details).

Option liabilities are related to non-controlling interests where combinations of put and call options for former owners or managers exist (see Accounting Policies in Note 2.13 for more details). The year-over-year increase is primarily attributable to option remeasurement in Elevion Deutschland Holding (+4,670 kEUR).

kEUR	Earliest date of exercise	Share of voting rights of NCI	Carrying amount 31.12.2022	Carrying amount 31.12.2021
Elevion Deutschland Holding	31 Dec. 2026	5.00%	12,517	7,847
ZOHD Group	31 Dec. 2024	34.00%	6,218	6,692
Euroklimat	1 Aug. 2024	4.00%	1,467	1,915
OEM Energy	1 Jan. 2030	22.32%	842	1,322
Total			**21,044**	**17,776**

The earn-out liability (contingent consideration) is accounted in line with the Accounting Policies detailed in Note 2.5. In 2021, there was write-down of the earn-out liability related to the acquisition of Euroklimat. Also in 2021, a new earn-out liability (4,497 kEUR) was recognised due to the acquisition of BELECTRIC Group, which was remeasured at the end of 2022 (please refer to Section 7 for more details).

Maturity of financial liabilities

kEUR	31.12.2022	31.12.2021
Within 1 year	8,853	74,985
Between 1 year and 2 years	5,410	7,966
Between 2 and 3 years	7,959	4,871
Between 3 and 4 years	12,993	7,766
Between 4 and 5 years	229	6,951
Thereafter	65,132	64,876
Total	**100,577**	**167,414**

Interest rates of financial liabilities

kEUR	31.12.2022	31.12.2021
Interest rate lower than 2.00%	2,982	69,597
Interest rate 2.00% to 2.99%	64,701	64,871
Interest rate 3.00% to 3.99%	2,524	4,212
Interest rate 4.00% to 4.99%	776	0
Interest rate 5.00% to 5.99%	0	0
Interest rate 6.00% to 6.99%	18,605	15,794
Interest rate 7.00% to 7.99%	9,526	11,618
Interest rate 8.00% to 8.99%	842	1,322
Interest rate 9.00% to 9.99%	622	0
Total	**100,577**	**167,414**

16. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks: mainly foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management aims at reducing potential adverse effects on the Group's financial performance at reasonable costs. The Group uses derivative financial instruments and operating strategies to mitigate certain risks.

The Group aims to systematically assess financial risks and uses risk management models in cooperation with ČEZ. Instead of avoiding risk, the Group aimed at risk identification and management.

Financial risk management is carried out by the Group's treasury department in cooperation with ČEZ's treasury and risk departments. Selected written principles for the management in particular of credit risk in long-term contracts are in place or for foreign exchange risk management.

Market risk

The Group has identified two main sources of market risk: (a) Foreign exchange risk and (b) Interest rate risk.

a) Foreign exchange risk

Foreign exchange rate risk means that the Group's profit or loss and statement of financial position may be negatively impacted by fluctuations in exchange rates. This risk can be split into transactional and translational risk.

The transactional risk arises when foreign currency outflows and inflows are not matched. In the Group, operations are usually of a local character and project revenues and costs are usually denominated in the same currency. When this is not the case, the exposure and risk management is further described below.

The translational risk arises when a company's equities, assets, liabilities, or income are negatively impacted as a result of exchange rate changes compared to EUR. The Group has decided not to hedge net investments in foreign subsidiaries.

Exposure to foreign exchange risk: The Group operates mainly in the Eurozone but is, to some extent, exposed to translational foreign exchange risks arising from various currency exposures, primarily with respect to the Polish zloty (PLN), due to its material Polish operations and, after the acquisition of BELECTRIC Group, also Israeli shekel (ILS), due to the acquired Israeli subsidiary. In terms of transactional risk, the Group, primarily through BELECTRIC Group, is mainly exposed also to the American dollar (USD), due to the purchase of photovoltaics panels denominated in this currency, and to the British Pound (GBP) due to projects carried out in the United Kingdom.

Foreign exchange risk management: Group Companies use FX forward contracts (with the counterparty to the derivative contract being ČEZ, a. s.) and, prospectively, also may use FX options to manage the transactional foreign exchange risk. The Group's treasury department is responsible, in close coordination with local entities and ČEZ's treasury department, for managing the material foreign currency exposures and for effectuating the adequate hedges. Currency exposures arising from the net assets of the Group's operations in Poland are, to some extent, managed through a cash pooling structure denominated in PLN.

Foreign exchange risk sensitivity: The average foreign exchange rate daily volatility for PLN / EUR for a term of 1 year (360 days) was 5.64 % in 2022 (2021: 5.18%).

If the PLN had strengthened / weakened against EUR by 5.64% (2021: 5.18%) as at the reporting date, other conditions being equal, pre-tax profit for the year would have been 284 kEUR higher / lower (2021: 96 kEUR higher / lower). Equity would have been 1,315 kEUR higher / lower (2021: 1,171 kEUR higher / lower).

The average foreign exchange rate daily volatility for ILS / EUR for a term of 1 year (360 days) was 11.95% in 2022 (2021: n/a - no ILS/EUR FX exposure).

If the ILS had strengthened / weakened against EUR by 11,95% (2021: n/a) as at the reporting date, other conditions being equal, pre-tax profit for the year would have been 136 kEUR higher / lower (2021: n/a). Equity would have been 834 kEUR higher / lower (2021: n/a).

b) Interest rate risk

Interest rate risk arises when interest rate movements will have adverse impact on the Group's cash flow (cash flow risk) or fair value of financial assets and liabilities (fair value interest rate risk).

Exposure to interest rate risk: Financial debt at variable rates exposes the Group to interest rate risk. All external CAPEX loans from banking institutions are at fixed rates, except for the loan related to Societa' Agricola DEF. There are no external OPEX loans at the end of the reporting period. Acquisition loans from ČEZ affiliates (towards CEZ MH B.V.) are at fixed rates. The Group is thus mainly exposed to variable rates only on its EUR and PLN cash pool liability towards ČEZ, a. s. Due to the intragroup nature of this exposure, the Group, in cooperation with the treasury department of ČEZ, a. s., decided not to hedge this exposure.

Interest rate risk management: The Group manages the costs of interest using fixed and variable rate debt and may also prospectively use interest-related derivatives.

Interest rate risk sensitivity: If the average EUR interest rates (EURIBOR) had been 100 basis points higher / lower as at the reporting date, other conditions being equal, pre-tax profit for the year would have been 13 kEUR higher / lower (2021: 19 kEUR higher / lower). If the average PLN interest rates (WIBID) had been 100 basis points higher / lower as at the reporting date, other conditions being equal, pre-tax profit for the year would have been 0 kEUR higher / lower (2021: 5 kEUR higher / lower). We note that the analysis below does not include the cash pool receivable of the Group against ČEZ, a. s., as such analysis would provide limited added value to the to users of financial statements.

kEUR	Loan denom-inated in	Outstanding balance 31.12.2022	Outstanding balance 31.12.2021	Interest expense 2022	Interest expense 2021
Float					
DEF	EUR	1,308	1,934	100	28
Euroklimat	PLN	0	495	25	36
Total float		**1,308**	**2,429**	**125**	**64**
Fixed		68,040	66,920	2,876	4,319
Loans to affiliated companies and bank loans		**69,348**	**69,350**	**3,001**	**4,383**

Credit risk

Exposures to credit risk: As the Group does not have any significant interest-bearing financial assets, credit risk arises mainly from trade receivables and contract assets, as well as from future receivables in contracting projects (lease receivables). For these assets, the Group measures the loss allowance at an amount equal to lifetime expected credit losses, including contracts containing a significant financing component.

The Group uses the rebuttable presumption that credit risk has increased significantly since initial recognition, to the extent that contractual payments are more than 30-60 days past due. In such case, the receivables are assessed individually and loss allowance reflects unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information. In some cases, the Group also uses a collective assessment basis. Please refer to the section on trade receivables (see Note 10) with more quantitative details on the individual and collective assessment of trade receivables. No provision matrix as per the application guidance to IFRS 9 is applied as the past due positions in trade receivables are usually not related to the credit risk of the customer, but rather to disputes with the customer regarding the scope and quality of the work or additional claims, where individual assessment is applied instead.

The part of the Group's operations related to design and/or build projects entails only moderate credit exposure, since these projects are financed progressively to the extent possible (through advances, prepayments or partial milestone invoices). In addition, this part of the Group's operations exhibits high diversification thanks to a large number of projects of various sizes and types of customers (also to a great extent from the public sector). In the design and/or build projects, the Group also uses credit insurance to protect itself from credit risk. The amount of the insurance depends on the type of invoicing (payment terms, invoicing periods, etc.), but at least the open position should be insured. The decision for a hedge and its amount is incumbent on the subsidiaries.

However, credit risk plays an important role in the contracting of so-called asset-heavy projects. The Group effectively invests into fixed asset (such as the photovoltaic plant, cogeneration unit or heat pump) normally operated for the customer in exchange for a series of future payments with a duration between 3-15 years. The Group Company is thus exposed to long-term customer credit risk, however, it tries to mitigate such risk through various collaterals and/or guarantees. Also, the Group is, in most cases, entitled to dismantle the asset or feed the electricity into the grid instead of the customer in case of customer default, hence the credit risk is mitigated.

Credit risk management: The Group's credit risk policy ensures that projects are executed only for customers with a sound credit risk rating (which is checked with renowned credit agencies) and/or the credit risk is managed through advance payments from customers (for instance in design and/or build projects) or credit insurance. The Group also has a written policy in place for contracting projects, which monitors and places limitations on committed capital.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able meet its payment obligations due to lack of liquidity and inability to get external financing.

The Group does not have a public rating, however it is part of one of the strongest European utility group. ČEZ, a. s. has a public rating with Moody's (Baa1, stable outlook) and S&P (A-, stable outlook).

Liquidity risk management: Liquidity risk is primarily managed through regular cash flow forecasting. The Group treasury monitors forecasted liquidity requirements of the Group Companies to ensure sufficient cash to meet their operational needs. At the end of 2021, the Group implemented a cash pool with the aim of efficiently utilizing cash across the whole Group and reducing non-operational cash/debt exposure towards ČEZ, a. s. The cash pool leader is the Parent Company and the Group Companies are participants. Excess liquidity (if any) is pooled into ČEZ, a. s., which in turn covers potential cash shortfalls. Capital expenditure (CAPEX) - both organic and inorganic - is financed through equity contributions and/or intragroup debt from CEZ Group, alternatively through project financing organised through external financing institutions. CEZ Group has already committed CAPEX for the growth of the Elevion Group as part of the 5-year business plan.

Fair value

There are three different levels for establishing fair value. The first level uses the official price quotation in an active market for identical financial instruments. The second level uses quoted prices in active markets for similar assets and liabilities or prices in non-active markets for identical assets and liabilities. The third level uses input data not observable in the market.

The fair value of put options written over non-controlling interests is determined based on contractual agreements in line with the relevant shareholder agreement. The strike price of the options is usually calculated based on budgeted EBITDA (or average of EBITDAs for multiple years) prior to the year when the option can be exercised for the first time by the non-controlling shareholder and relevant contractual EBITDA multiple.

Assets - 31 Dec. 2022

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other comprehensive income	At amortised costs	Total carrying amount	Total fair value
Cash pool receivable	-	0	0	9,720	9,720	9,720
FX forward receivable	1	1,086	0	0	1,086	1,086
Other current financial assets	-	0	0	166	166	166
Cash and cash equivalents	-	0	0	41,930	41,930	41,930
Total interest-bearing assets and derivatives		**1,086**	**0**	**51,816**	**52,903**	**52,903**
Trade and other receivables	-	0	0	143,159	143,159	143,159
Contract assets	-	0	0	158,026	158,026	158,026
Net investment in the lease	-	0	0	5,752	5,752	5,752
Other investments	3	0	0	579	579	579
Total financial instruments		**1,086**	**0**	**359,332**	**360,418**	**360,418**

Assets - 31 Dec. 2021

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other comprehensive income	At amortised costs	Total carrying amount	Total fair value
Cash pool receivable	-	0	0	687	687	687
FX forward receivable	1	0	0	0	0	0
Other current financial assets	-	0	0	33	33	33
Cash and cash equivalents	-	0	0	108,137	108,137	108,137
Total interest-bearing assets and derivatives		**0**	**0**	**108,858**	**108,858**	**108,858**
Trade and other receivables	-	0	0	114,892	114,892	114,892
Contract assets	-	0	0	156,362	156,362	156,362
Net investment in the lease	-	0	0	7,011	7,011	7,011
Other investments	3	0	0	473	473	473
Total financial instruments		**0**	**0**	**387,595**	**387,595**	**387,595**

Liabilities - 31 Dec. 2022

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other comprehensive income	At amortised costs	Total carrying amount	Total fair value
Loans to affiliated companies	-	0	0	63,618	63,618	63,618
NCI put option liability	3	21,044	0	0	21,044	21,044
Earn-out liability	3	8,550	0	0	8,550	8,550
Bank loans	-	0	0	5,730	5,730	5,730
FX forward payable	1	1,635	0	0	1,635	1,635
Cash pool	-	0	0	0	0	0
Total interest-bearing liabilities and derivatives		**31,229**	**0**	**69,348**	**100,577**	**100,577**
Trade payables	-	0	0	105,307	105,307	105,307
Contract liabilities	-	0	0	135,323	135,323	135,323
Total financial instruments		**31,229**	**0**	**309,977**	**341,207**	**341,207**

Liabilities - 31 Dec. 2021

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other comprehensive income	At amortised costs	Total carrying amount	Total fair value
Loans to affiliated companies	-	0	0	63,596	63,596	63,596
NCI put option liability	3	17,776	0	0	17,776	17,776
Earn-out liability	3	10,959	0	0	10,959	10,959
Bank loans	-	0	0	5,754	5,754	5,754
FX forward payable	1	3	0	0	3	3
Cash pool	-	0	0	69,327	69,327	69,327
Total interest-bearing liabilities and derivatives		**28,738**	**0**	**138,677**	**167,414**	**167,414**
Trade payables	-	0	0	73,296	73,296	73,296
Contract liabilities	-	0	0	112,006	112,006	112,006
Total financial instruments		**28,738**	**0**	**323,978**	**352,716**	**352,716**

Significance of financial instruments for the Group's statement of financial position

The following table shows the carrying amount and fair value of financial instruments by category, as well as a reconciliation with total assets and liabilities in the statement of financial position.

Assets

kEUR	31.12.2022	31.12.2021
Financial assets measured through profit and loss	1,086	0
Financial assets measured through other comprehensive income	0	0
Financial assets measured at amortised costs	51,816	108,858
Total interest-bearing assets and derivatives	52,903	108,858
Trade and other receivables	143,159	114,892
Contract assets	158,026	156,362
Net investment in the lease	5,752	7,011
Other investments	579	473
Other financial instruments	307,516	278,737
Total financial instruments	360,418	387,595
Other assets	635,743	594,491
Total assets	**996,161**	**982,086**
Total financial instruments / Total assets	36.2%	39.5%
Total interest-bearing assets and derivatives / Total assets	5.3%	11.1%

Equity and liabilities

kEUR	31.12.2022	31.12.2021
Financial liabilities measured through profit and loss	31,229	28,738
Financial liabilities measured through other comprehensive income	0	0
Financial liabilities measured at amortised costs	69,348	138,677
Total interest-bearing liabilities and derivatives	100,577	167,414
Trade payables	105,307	73,296
Contract liabilities	135,323	112,006
Other financial instruments	240,630	185,302
Total financial instruments	341,207	352,716
Equity	441,860	412,599
Other liabilities	213,095	216,771
Total equity and liabilities	**996,161**	**982,086**
Total financial instruments / Total assets	34.3%	35.9%
Total interest-bearing assets and derivatives / Total assets	10.1%	17.0%

17. PENSIONS

The Group recognises a net defined liability of 1,288 kEUR as at 31 Dec. 2022 (2021: 1,843 kEUR). The Group has a defined benefit plan only in Germany and it covers very limited number of employees (mainly HERMOS Group). The decrease in net liability is primarily impacted by the increase in interest rates in actuarial valuation.

kEUR	31.12.2022	31.12.2021	31.12.2020
Present value of pension obligations	2,102	2,634	2,625
Fair value of plan assets	-815	-791	-766
Net liability	**1,288**	**1,843**	**1,859**

Movement in net pension liability

kEUR	2022	2021	2020
Net pension liability, 1 Jan.	**1,843**	**1,859**	**1,901**
Service costs	49	18	94
Net interest	30	40	20
Remeasurements (note: actuarial + return on plan assets)	-694	4	-107
Contributions paid	-112	-78	-50
Aquisition of subsidiaries	172	0	0
Net pension liability, 31 Dec.	**1,288**	**1,843**	**1,859**

Movement in pension obligation

kEUR	2022	2021	2020
Present value of pension obligations, 1 Jan.	**2,634**	**2,625**	**2,641**
Service costs	49	18	94
Interest cost	35	45	22
Actuarial gains / losses	-690	8	-90
Benefits paid	-96	-62	-42
Aquisition of subsidiaries	172	0	0
Present value of pension obligations, 31 Dec.	**2,102**	**2,634**	**2,625**

Movement in pension asset

kEUR	2022	2021	2020
Fair value of plan assets, 1 Jan.	**-791**	**-766**	**-740**
Interest income	-5	-5	-2
Return on plan assets (net of interest income)	-3	-4	-16
Benefits paid	0	0	0
Contributions paid by employer	-16	-16	-8
Fair value of plan assets, 31 Dec.	**-815**	**-791**	**-766**

Having provided a direct pension promise to the respective employees, the relevant Group Companies have entered into a reinsurance agreement with the insurance company. All investments of pension plans are consequently made 100% into insurance contracts (e.g. liability insurance), with zero allocation to assets such as bonds, equity or alternative instruments.

The pension plans are intended principally for retirement pensions, but also cover disability pension and surviving dependent's pension. They pay individual fixed amount to beneficiaries.

Various factors have an impact on defined benefit plan obligations. They are mainly impacted by discount rates, pay increases, life expectancy and inflation rates, as well as the share of active employees. Plan assets are subject to market risk (lower actual return than expected return). Pension obligations are calculated by independent actuaries.

Share in defined benefit obligations

	2022	2021
Active	49%	53%
Pensioners	51%	47%
Total	**100%**	**100%**

Sensitivity information - impact of interest rate change on the defined benefit obligation

kEUR	2022	2021
Interest rates +0.5%	1,982	2,457
Interest rates -0.5%	2,231	2,828

Actuarial assumptions (2021)		
Interest rate	3.68%	1.31%
Expected salary increase	0.25%	0.15%
Inflation	2.68%	0.15%
Retirement age	65	65
Mortality and liability assumptions	Heubeck Richttaffeln 2018 - G	Heubeck Richttaffeln 2018 - G

Actuarial gains / losses, as well as return on plan assets, are reflected in other comprehensive income, including the corresponding deferred tax asset / liability.

18. PROVISIONS

Provisions are accounted for in line with the Accounting Policies stated in Note 2.16. The following tables provide an overview of provisions as at 31 Dec. 2022 and 2021.

kEUR	Carrying amount at 1 Jan. 2022	Currency translation	Acquisition of subsidiaries	Addition	Utilisation	Reversal	Reclassification	Carrying amount at 31 Dec. 2022
Warranty provisions long-term	4,546	-31	31	1,125	-1,563	0	0	4,108
Provisions other - long-term	344	-1	111	290	-216	-20	0	508
Provisions - long-term	**4,891**	**-33**	**142**	**1,416**	**-1,779**	**-20**	**0**	**4,616**
Provisions for personnel costs	15,685	-19	29	15,287	-13,381	-20	0	17,579
Provision for additional project costs	17,174	0	2	22,707	-17,038	0	14	22,858
Provision for litigation	2,958	18	0	204	-811	-71	-1,298	1,000
Other provisions	10,505	-166	701	10,334	-6,843	-521	1,284	15,293
Warranty provisions short-term	3,496	-28	0	770	-1,199	0	0	3,039
Provisions - short-term	**49,818**	**-195**	**731**	**49,302**	**-39,273**	**-613**	**0**	**59,770**

kEUR	Carrying amount at 1 Jan. 2021	Currency translation	Acquisition of subsidiaries	Addition	Utilisation	Reversal	Reclassification	Carrying amount at 31 Dec. 2021
Warranty provisions long-term	4,020	-12	17	951	-358	-72	0	4,546
Provisions other - long-term	545	0	32	10	-233	-10	0	344
Provisions - long-term	**4,565**	**-12**	**49**	**961**	**-591**	**-82**	**0**	**4,891**
Provisions for personnel costs	12,441	-3	1,690	13,171	-10,945	-670	0	15,685
Provision for additional project costs	10,049	0	0	17,049	-9,867	-56	0	17,174
Provision for litigation	826	3	4,472	-1,823	-488	-32	0	2,958
Other provisions	4,833	-9	2,860	6,455	-3,089	-545	0	10,505
Warranty provisions short-term	2,608	-17	927	1,071	-633	-460	0	3,496
Provisions - short-term	**30,757**	**-26**	**9,949**	**35,922**	**-25,022**	**-1,762**	**0**	**49,818**

Warranty provisions are related to potential remedial work to be carried out on finalised projects and are defined as a certain percentage of revenues, as follows from the historical observations of Group Companies.

Provisions for additional project costs represent expected expenditure related to internal / external costs, where additional work is expected after the final invoice is issued to the customer.

Provisions for personal costs represent such items as provisions for unused vacation as well as bonuses.

Provisions for litigations relate to legal counsel's fees in active / passive litigations, as well as expected outflows on passive litigations.

19. OTHER LIABILITIES

The following tables provide an overview of other liabilities as at 31 Dec. 2022 and 2021.

kEUR	31.12.2022	31.12.2021	01.01.2021
Current tax payable (without income tax)	19,299	21,327	7,708
Accrued costs	10,611	16,364	2,812
Retentions provided	3,428	2,979	98
Payroll settlements	2,525	1,463	1,214
Social security liabilities	1,324	1,036	878
Liabilities to affiliated companies	854	922	2,041
Other	5,982	4,365	3,680
Total other current liabilities	**44,023**	**48,456**	**18,431**

20. LEASES - RIGHT-OF-USE ASSETS / LEASE LIABILITIES / FINANCIAL LEASE ASSETS

For details regarding leases please refer to Note 2.12 of the Accounting Policies.

20.1. GROUP AS A LESSEE

The Group has lease contracts for various items such as offices, vehicles, buildings and land used to place its own production facilities.

The Group also leases buildings, machinery or equipment with lease terms of 12 months or less or with low value. In this case, the Group applies a recognition exemption for these leases.

Right-of-use assets

The carrying amounts and movements related to right-of-use assets in 2022 and 2021, respectively, are set out below:

kEUR	Lands & buildings	Machinery	Other equipment	Total
Accumulated cost as at 1 Jan. 2022	**49,790**	**74**	**11,368**	**61,232**
Additions	2,627	408	5,521	8,557
Disposals	-3,174	0	-4,073	-7,248
Acquisition of subsidiaries	1,192	0	96	1,287
Revaluation	898	0	-71	827
Currency translation differences	-81	-1	-103	-186
Accumulated cost as at 31 Dec. 2022	**51,252**	**481**	**12,738**	**64,470**
Accumulated depreciation and impairment as at 1 Jan. 2022	**-14,019**	**-74**	**-4,422**	**-18,515**
Additions	-6,518	-48	-4,387	-10,953
Disposals	3,174	0	4,060	7,235
Reclassification and other	0	0	0	0
Currency translation differences	12	1	31	44
Accumulated depreciation and impairment as at 31 Dec. 2022	**-17,351**	**-120**	**-4,718**	**-22,189**
Carrying amount as at 31 Dec. 2022	**33,901**	**361**	**8,019**	**42,281**

kEUR	Lands & buildings	Machinery	Other equipment	Total
Accumulated cost as at 1 Jan. 2021	**41,531**	**125**	**10,035**	**51,691**
Additions	2,320	0	4,123	6,443
Disposals	-306	-51	-4,525	-4,883
Acquisition of subsidiaries	5,624	0	1,777	7,401
Revaluation	634	0	-31	603
Currency translation differences	-12	0	-11	-23
Accumulated cost as at 31 Dec. 2021	**49,790**	**74**	**11,368**	**61,232**
Accumulated depreciation and impairment as at 1 Jan. 2021	**-8,614**	**-101**	**-5,169**	**-13,884**
Additions	-5,664	-24	-3,685	-9,373
Disposals	257	51	4,429	4,737
Reclassification and other	0	0	0	0
Currency translation differences	2	0	2	5
Accumulated depreciation and impairment as at 31 Dec. 2021	**-14,019**	**-74**	**-4,422**	**-18,515**
Carrying amount as at 31 Dec. 2021	**35,771**	**0**	**6,946**	**42,717**

Additional disclosures related to right-of-use assets:

- The Group has entered into lease contracts with fixed and variable payments. The variable payments are regularly adjusted according to the inflation index or are based on use of the underlying assets.
- No impairment losses / reversals of impairment losses were recognised in 2022 and 2021.

Lease liabilities

Lease liabilities amounted to 47,612 kEUR as at 31 Dec. 2022 (2021: 50,017 kEUR).

kEUR	Lease liability - right-of-use - long-term	Lease liability -ESCO leases - long-term	Lease liability - right-of-use - short-term	Lease liability - ESCO leases - short-term	Total
Carrying amount as at 1 Jan. 2022	**34,351**	**1,299**	**9,927**	**4,440**	**50,017**
Additions	5,741	0	2,281	0	8,021
Interest incurred	0	0	742	164	906
Repayment	0	-1,678	-11,768	-164	-13,610
Acquisition of subsidiaries	976	0	311	0	1,287
Reclassification	-8,409	3,916	8,409	-3,916	0
Revaluation	1,085	0	-283	0	802
Currency translation differences	-100	0	288	0	188
Carrying amount as at 31 Dec. 2022	**33,645**	**3,537**	**9,905**	**524**	**47,612**

kEUR	Lease liability - right-of-use - long-term	Lease liability -ESCO leases - long-term	Lease liability - right-of-use - short-term	Lease liability - ESCO leases - short-term	Total
Carrying amount as at 1 Jan. 2021	**31,326**	**5,958**	**7,708**	**1,325**	**46,316**
Additions	4,827	-3,732	1,714	3,732	6,541
Interest incurred	0	0	661	115	776
Repayment	-4	-1,544	-9,836	-115	-11,499
Acquisition of subsidiaries	5,334	0	2,069	0	7,403
Reclassification	-7,455	616	7,455	-616	0
Revaluation	335	0	140	0	475
Currency translation differences	-11	0	14	0	4
Carrying amount as at 31 Dec. 2021	**34,351**	**1,299**	**9,927**	**4,440**	**50,017**

ESCO leases are predominantly related to the financial leasing of energy efficiency assets (such as cogeneration units / boilers) with an external leasing company, predominantly in Kofler Energies Energieeffizienz.

The maturity analysis of the discounted liabilities is presented below:

kEUR	31.12.2022	31.12.2021	01.01.2021
Within 1 year	10,430	14,367	9,032
Between 1 year and 2 years	9,167	8,070	8,070
Between 2 and 3 years	8,554	7,123	7,123
Between 3 and 4 years	5,856	5,373	5,373
Between 4 and 5 years	5,161	5,008	5,008
Thereafter	8,443	10,076	11,710
Total lease liabilities	**47,612**	**50,017**	**46,316**

For information on interest expenses, see Note 23.

The following table sets out total cash outflows for lease payments:

kEUR	2022	2021	2020
Payments of principal	13,610	11,499	9,052
Payments of interest	906	776	937
Short-term leases and low-value leases	3,531	2,562	2,423
Total cash outflow for leases	**18,047**	**14,837**	**12,411**

Additional disclosures related to lease obligations:

- There were no revenues from the sublease of right-of-use assets.
- There were no sale and leaseback transactions in 2022 and 2021. Sale and leaseback transactions with the external leasing company occurred in prior periods.
- There are no leases containing special restrictions or special terms and conditions.

20.2. GROUP AS A LESSOR

The Group leases out its tangible assets to customers (e.g. photovoltaic plants, cogeneration units, heat pumps, etc). Depending on the arrangement, the leases are classified either as financial or operating leases. If all the risk and rewards incidental to the ownership of an asset are substantively transferred, it is classified as a financial lease.

Finance lease

The Group received lease payments of 1,409 kEUR and 1,936 kEUR as at 31 Dec. 2022 and 2021, respectively.

kEUR	Long-term	Short-term	Total
Carrying amount as at 1 Jan. 2022	**5,557**	**1,453**	**7,011**
Interest incurred	150	0	150
Repayment	-1,409	0	-1,409
Reclassification	37	-37	0
Carrying amount as at 31 Dec. 2022	**4,335**	**1,416**	**5,752**

kEUR	Long-term	Short-term	Total
Carrying amount as at 1 Jan. 2021	**7,148**	**1,692**	**8,840**
Interest incurred	138	0	138
Repayment	-1,936	-31	-1,968
Reclassification	207	-207	0
Carrying amount as at 31 Dec. 2021	**5,557**	**1,453**	**7,011**

The following table sets out a maturity analysis of investments in financial leases, showing the undiscounted lease payments to be received after the reporting date:

Lease income, due (undiscounted)

kEUR	31.12.2022	31.12.2021	01.01.2021
Within 1 year	1,443	1,480	1,676
Between 1 year and 2 years	1,313	1,442	1,669
Between 2 and 3 years	1,032	1,306	1,477
Between 3 and 4 years	980	1,010	1,341
Between 4 and 5 years	702	979	1,045
Thereafter	1,072	1,585	2,622
Total lease income	**6,543**	**7,802**	**9,831**

The income related to variable lease payments not included in the measurement of the net investment in the lease amounted to 1,176 kEUR in 2022 and 1,020 kEUR in 2021.

Operating lease

The following table shows the total operating lease income in 2022 and 2021, presenting separately a variable part of the lease income:

kEUR	31.12.2022	31.12.2021
Lease income - fixed part	2,448	1,296
Lease income - variable part	1,442	740
Total lease income	**3,891**	**2,036**

The following table shows a breakdown of property, plant and equipment on assets subject to and not subject to operating lease. Assets subject to operating lease include photovoltaics plants, cogeneration units etc. in Italy, Austria and Germany.

kEUR	Lands and buildings	ESCO projects	Technical and other equipment	Projects under construction	Total
Assets not subject to operating lease	22,305	7,555	21,608	6,942	58,409
Assets subject to operating lease*	0	10,846	0	989	11,835
Carrying amount as at 31 Dec. 2022	**22,305**	**18,401**	**21,608**	**7,931**	**70,245**
Assets not subject to operating lease	22,510	6,644	20,782	912	50,848
Assets subject to operating lease*	0	5,819	0	5,248	11,067
Carrying amount as at 31 Dec. 2021	**22,510**	**12,463**	**20,782**	**6,160**	**61,915**

Note:(*) Projects under operating lease will be subject to operating lease once finalised.

The following table sets out a maturity analysis of operating lease payments, showing the undiscounted lease payments to be received after the reporting date:

Maturity analysis of operating lease payments (undiscounted)

kEUR	31.12.2022	31.12.2021
Within 1 year	5,451	4,453
Between 1 year and 2 years	8,152	5,135
Between 2 and 3 years	7,495	7,757
Between 3 and 4 years	7,365	7,104
Between 4 and 5 years	7,240	6,995
Thereafter	113,031	119,541
Total lease payments	**148,735**	**150,984**

The lease payments to be received after 5 years are mainly attributable to photovoltaics plants in Italy. Italian Green Energy photovoltaics projects with a lifetime up to 30 years.

21. COST OF SALES

The details related to cost of sales for 2022 and 2021 are shown below.

kEUR	2022	2021
Material costs	-296,539	-211,807
Internal conversion (project) costs	-171,020	-135,342
External conversion (project) costs	-229,137	-181,753
Costs of goods sold	-27,392	-18,751
Other gross margin items	-23,710	-19,840
Total Cost of sales	**-747,799**	**-567,494**

The significant increase in material costs is related mainly to revenue growth.

The internal conversion costs relate to the internal cost of labour including social security and health insurance.

Other gross margin items include directly attributable costs such as depreciation of ESCO plants, including tools and machinery, as well as e.g. transportation costs of direct labour.

22. PERSONNEL

Personnel costs are either part of the cost of sales (as internal conversion costs) or operating expenses. The year-over-year increase in wages and salaries is primarily attributable to acquisition of BELECTRIC Group at the end of 2021.

kEUR	2022	2021
Wages, salaries and other remuneration	-194,596	-159,755
Social insurance contributions	-40,150	-33,923
Total	**-234,747**	**-193,678**

Thereof:

Cost of sales

kEUR	2022	2021
Wages, salaries and other remuneration	-141,689	-111,356
Social insurance contributions	-29,234	-23,645
Total	**-170,923**	**-135,001**

Selling and administrative expenses

kEUR	2022	2021
Wages, salaries and other remuneration	-52,908	-48,399
Social insurance contributions	-10,916	-10,277
Total	**-63,824**	**-58,677**

Average number of employees

The tables below show the average number of employees (FTEs) in 2022 and 2021.

	2022	of which men	%	of which women	%	2021	of which men	%	of which women	%
Germany	3,015	2,522	83.6%	493	16.4%	2,697	2,293	85.0%	404	15.0%
Poland	483	341	70.7%	142	29.3%	458	327	71.3%	131	28.7%
Italy	60	49	82.7%	10	17.3%	23	17	73.9%	6	26.1%
Netherlands	40	26	64.0%	15	36.0%	15	9	58.7%	6	41.3%
Israel	104	84	80.8%	20	19.2%	0	0	0.0%	0	0.0%
Other	231	191	82.6%	40	17.4%	163	126	77.5%	37	22.5%
Total	**3,933**	**3,213**	**81.7%**	**720**	**18.3%**	**3,356**	**2,771**	**82.6%**	**585**	**17.4%**

The tables below show the headcount in 2022 and 2021.

	2022	of which men	%	of which women	%	2021	of which men	%	of which women	%
Germany	3,163	2,617	82.7%	546	17.3%	2,800	2,383	85.1%	417	14.9%
Poland	484	342	70.7%	142	29.3%	461	329	71.4%	132	28.6%
Italy	61	50	82.0%	11	18.0%	23	17	73.9%	6	26.1%
Netherlands	44	28	63.6%	16	36.4%	17	10	58.8%	7	41.2%
Israel	104	84	80.8%	20	19.2%	0	0	0.0%	0	0.0%
Other	243	199	81.9%	44	18.1%	184	143	77.7%	41	22.3%
Total	**4,099**	**3,320**	**81.0%**	**779**	**19.0%**	**3,485**	**2,882**	**82.7%**	**603**	**17.3%**

23. SELLING AND ADMINISTRATIVE EXPENSES, OPERATING EXPENSES AND INCOME

Operating expenses include selling and administrative expenses and other operating expenses.

Selling and administrative expenses

kEUR	2022	2021
Wages and salaries	-63,824	-58,677
Depreciation	-9,154	-6,683
Audit and consulting fees	-6,059	-4,869
Operating costs for cars	-5,604	-4,020
Insurance fees	-3,839	-3,454
Repair and maintenance	-5,606	-2,697
External services / work	-1,453	-2,337
Premises costs	-2,245	-2,229
Communication costs	-1,994	-2,150
Short term leases and utility expenses	-1,837	-2,086
Other personnel costs	-2,954	-2,107
IT costs	-2,473	-2,033
Travel expenses	-2,775	-1,844
Operational needs	-1,048	-1,809
Warranty costs	-1,531	-1,216
Leasing	-2,576	-1,116
Contributions / other charges	-2,143	-1,073
Other	-4,497	-705
Total selling and administrative expenses	**-121,614**	**-101,107**

Other operating expenses

kEUR	2022	2021
Amortisation of intangibles (IFRS 3 only)	-14,966	-9,317
Acquisition / integration costs	-1,595	-3,545
Impairment losses on receivables	-7,062	-1,950
Service fees	-311	-806
R&D expenses	-215	-338
Restructuring costs	-200	-114
Other expenses	-4,243	-2,772
Impairment	-833	0
Gain or loss on disposals	-31	205
Total other operating expenses	**-29,455**	**-18,636**

Other operating income

kEUR	2022	2021
Compensation from employees (related benefits in kind)	4,522	4,267
Income from insurance, compensation	5,098	961
Grants	538	347
Other income	5,454	2,605
Extraordinary income	0	6
Total other operating income	**15,613**	**8,186**

24. FINANCIAL ITEMS

Financial expenses

kEUR	2022	2021
Interest expenses to affiliated companies	-2,231	-4,065
Significant financing components in projects	-2,086	-1,682
Interest expenses for lease liability	-906	-776
Interest expenses to third parties	-770	-318
Charges for bank and insurance guarantees	-1,566	-744
Interests on pensions and other provisions	-34	-40
Revaluation of NCI put option liabilities	-4,761	-5,646
Other financial expenses	-1,205	-886
Total financial expenses	**-13,559**	**-14,158**

The decrease in interest expenses to affiliated companies in 2022 is related to optimisation of Group cash management through implementation of a Group cash pool.

Significant financing components in projects refer to the time value of money related to project financing from the customer (see Note 2.7 in Accounting Policies).

Financial income

kEUR	2022	2021
Remeasurement of contigent liabilities	1,401	1,838
Interest income from third parties	638	96
Interest income from affiliated companies	27	124
Liquidation proceeds	15	278
Gains from bargain purchases	0	0
Revaluation of NCI put option liabilities	1,401	0
Other financial income	794	213
Total financial income	**4,277**	**2,549**

The gain from remeasurement of contingent liabilities is mostly related to the remeasurement of the BELECTRIC Group earn-out due to not reaching the pre-defined order backlog earn-out targets.

25. INCOME TAXES

The below table shows the current / deferred income tax charges of the Group. The deferred tax income is attributable to the progressive release of deferred tax liabilities on newly identified intangibles and also to the activation of tax losses primarily in the Netherlands.

kEUR	2022	2021
Current income tax charge	-4,995	-2,143
Adjustment of current income tax related to past periods	788	104
Deferred income tax	2,849	4,962
Total	**-1,357**	**2,922**

The following table summarises the reconciliation between the expected and effective tax rate.

kEUR	2022	2021
Income before income taxes	6,721	-6,167
Group income tax rate	28.6%	29.5%
Expected income tax	**-1,924**	**1,822**
Effect of tax non-deductible items	-4,042	-2,749
Effect of tax exempt income	1,903	439
Effect of recognition of tax losses where DTA was not recognised	3,606	4,835
Effect of write-down of recognised tax losses	0	0
Effect of non-recognised tax losses	-585	-1,713
Effect resulting from write-down of deferred tax assets	0	0
Impact on taxes resulting from changes in accounting policies / errors	0	0
Changes in tax rate %	63	-306
Effect of different tax rates in subsidiaries	669	620
Other	-1,047	-25
Income taxes	**-1,357**	**2,922**
Effective tax rate	20.2%	47.4%

* The weighted average Group income tax rate was determined based on the turnover of individual subsidiaries.

As of 2022, Dutch tax rules have been changed. The tax rate was increased to 25.8% from 25%. More importantly, tax losses can be carried forward indefinitely, but their utilisation is limited. Up to a taxable profit of 1 million EUR, they can be fully offset against prior tax losses, but the taxable profit in excess thereof can be reduced solely up to 50%. This is already reflected in changes in the tax rate line in the above table in 2021.

The table below shows the breakdown of deferred tax assets and liabilities.

kEUR	31.12.2022	31.12.2021	P&L impact
Deferred tax for leases (IFRS 16)	10,962	13,591	-2,629
Deferred tax for fixed assets / projects	1,200	981	219
Deferred tax for tax losses	13,526	16,591	-3,065
Other	3,272	3,118	285
Total deferred tax asset	**28,960**	**34,281**	**-5,190**
Deferred tax for right-of-use assets (IFRS 16)	-9,837	-11,522	1,685
Deferred tax for financial leases	-1,729	-2,103	374
Deferred tax for newly identified intangibles (IFRS 3)	-23,722	-27,716	4,419
Deferred tax for fixed assets / projects	-13,154	-14,723	1,569
Other	-1,161	-1,153	-8
Total deferred tax liability	**-49,602**	**-57,217**	**8,039**
Total net deferred tax asset (+) / liability (-)	**-20,643**	**-22,936**	**2,849**

kEUR	2022	2021
Net deferred tax liability as at 1 Jan.	**-22,936**	**-19,229**
Acquisitions	-424	-8,594
Divestments	0	0
Taxes reflected in other comprehensive income (due to pensions)	-217	1
Taxes reflected in equity	0	0
Deferred tax income (+) / loss (-)	2,849	4,962
FX impact	85	-75
Net deferred tax liability as at 31 Dec.	**-20,643**	**-22,936**

As part of IFRS 3, the Group identifies new intangibles assets, such as the customer list, brand name or order backlog. As part of the fair value remeasurement, the corresponding deferred tax liability also needs to be booked for acquisitions, leading to an increase in the total net deferred tax liability (e.g. in 2021 due to the BELECTRIC Group acquisition).

In total, as at the end of 2022, the Group recognises deferred tax assets capitalised on tax losses in the amount of 13,526 kEUR (2021: 16,591 kEUR), of which 3,150 kEUR refers to tax losses in the Netherlands (2021: 2,390 kEUR) and 10,376 kEUR to tax losses in Germany (2021: 13,999 kEUR).

The Group companies KEI and KEE incurred a loss in 2022 (2021: KEI and Elevion Deutschland Holding), even though they recognised a deferred tax asset on unused tax losses at the reporting date. The Group has assessed the appropriateness of the deferred tax assets on unused tax losses in these companies and came to conclusion that these deferred tax assets are still deemed recoverable (in light of the improved operating prospects and/or tax planning opportunities available).

The Group does not recognise withholding tax on unremitted earnings in line with Note 2.15. Unremitted earnings, where withholding tax would be due, amount to 5,048 kEUR at the end of 2022 (6,926 kEUR in 2021). In 2021, it primarily related to BELECTRIC Israel. Deferred tax, if recognised, would amount to 252 kEUR in 2022 (2021: 346 kEUR). In other countries where the Group operates, there are no withholding tax consequences on dividend distributions. In 2022, BELECTRIC Israel distributed dividends in the amount of 4,256 kEUR, leading to a final withholding tax expense of 213 kEUR.

The tax losses on which no deferred tax assets are recognised are reviewed for recoverability at each balance sheet date. The largest part of these tax losses arose in Germany (with an average tax rate of 32%). At present, their recoverability is not considered probable.

The tables below show the unrecognised tax losses in the most material countries as at 31 Dec. 2022 and 2021, including indication of their expiry. Please note that the Polish tax losses expire gradually (always within five tax years following the year in which they were incurred - so the date shown in the tables below is the year where the last tax losses expire).

Unrecognised tax losses as at 31 Dec. 2022

kEUR	Unrecognised tax losses	Expiry
Germany	26,218	unlimited
Italy	2,412	unlimited
Poland	2,137	2027
Total	**30,766**	

Unrecognised tax losses as at 31 Dec. 2021

kEUR	Unrecognised tax losses	Expiry
Germany	27,578	unlimited
Netherlands	10,018	unlimited
Poland	2,029	2026
Total	**39,624**	

The Netherlands does not levy any withholding tax on dividend distributions by the Group to its shareholder.

Both in 2021 and 2022, there were no changes on deferred tax assets in business combinations where the acquirer causes change on preacquisition deferred tax assets.

26. NON-OPERATING ITEMS

The below table show non-operating items which form a bridge between EBITDA and adjusted EBITDA, or net income and adjusted net income respectively.

Non-operating items

kEUR	31.12.2022	31.12.2021	01.01.2021
Acquisition / integration cost	-1,595	-3,545	-1,617
Restructuring costs	-200	-114	-1,075
Other exceptional items	0	0	0
Non-operating items adjusting EBITDA	**1,795**	**-3,659**	**-2,692**
Amortisation of intangibles (IFRS 3 only)	-14,966	-9,317	-12,130
Deferred taxes related to intangibles (IFRS 3 only)	4,047	2,504	3,421
Impairment of fixed assets	-833	0	0
Gain or loss on disposals	-31	205	-63
Non-operating items adjusting net income	**-13,578**	**-10,266**	**-11,464**

27. RELATED ENTITIES

The highest related-entity payable towards CEZ MH B.V. is related to the acquisition loan pertaining to historical acquisitions in Building Energy Solutions. The balance towards ČEZ, a. s. is mainly represented through the cash pool position, which significantly improved due to the implementation of a Group cash pool.

	Receivables		Payables	
kEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
ČEZ, a. s.	12,834	1	3,775	69,308
CEZ MH B.V.	0	0	64,052	64,052
CEZ Holdings B.V.	0	0	114	149
CEZ Polska sp. z o.o.	0	652	1	20
A.E. Wind S.A.	1	1	0	0
Baltic Green II sp. z o.o.	1	1	0	0
Baltic Green III sp. z o.o.	1	1	0	0
Baltic Green Construction sp. z o.o.	1	0	0	0
ČEZ ICT Services, a. s.	0	0	19	0
Total	**12,837**	**655**	**67,960**	**133,529**

	Sales to related parties		Puchases from related parties	
kEUR	2022	2021	2022	2021
CEZ Deutschland GmbH	0	0	-45	-42
ČEZ, a. s.	6	0	-305	-196
CEZ Holdings B.V.	0	0	-91	-101
CEZ Polska sp. z o.o.	0	0	-16	-51
A.E. Wind S.A.	5	5	0	0
Baltic Green II sp. z o.o.	5	5	0	0
Baltic Green III sp. z o.o.	5	5	0	0
Baltic Green VI sp. z o.o.	2	2	0	0
Baltic Green Construction sp. z o.o.	10	10	0	0
Baltic Green IX. sp. z o.o.	2	2	0	0
ČEZ ICT Services, a. s.	0	0	-97	-61
CEZ ICT Bulgaria EAD	0	0	0	-2
TMK Hydroenergy Power S.R.L.	0	3	0	0
Tomis Team S.A.	0	4	0	0
Total	**35**	**36**	**-555**	**-452**

	Interest and other financial income		Interest and other financial expenses	
kEUR	2022	2021	2022	2021
ČEZ, a. s.	349	0	-516	-1,186
CEZ MH B.V.	0	0	-1,869	-1,781
CEZ Holdings B.V.	0	0	0	-1,272
Total	**349**	**0**	**-2,386**	**-4,239**

The second group of related entities is the Executive Management, comprising the Board of Directors and the Executive Committee. The year-over-year increase in remuneration of Executive Management is due to the inclusion of a new Executive Committee member in 2022.

There are no outstanding loans by the Group to any members of the Board of Directors or Executive Committee.

Remuneration of key management personnel

kEUR	2022 Expense	2022 Employee liability at year end	2021 Expense	2021 Employee liability at year end
Short-term employee benefits	**620**	**218**	**443**	**138**
- Base salary	420	38	327	28
- Annual bonus	190	180	110	110
- Non-monetary benefits	9	1	6	1
Post employment benefits	**7**	**0**	**6**	**0**
Other long-term benefits	**126**	**338**	**112**	**203**
- 3 year bonuses	126	338	112	203
- Other long-term benefits	0	0	0	0
Termination benefits	**0**	**0**	**0**	**0**
Share-based payments	**0**	**0**	**0**	**0**

28. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets held for sale and discontinued operations are recognised in accordance with IFRS 5. No operations were recognised as discontinued in 2022 or 2021.

At the end of both 2022 and 2021, there were no non-current assets that are to be recognised under IFRS 5 as current assets and specified as assets held for sale.

29. SEGMENT INFORMATION

The Group's operations consist of the following operating segments: Building Energy Solutions, Green Energy and Energy for Industry. The segments are identified based on differences in products and services and are always headed by the respective product manager. Operating segments have not been aggregated, meaning operating segments also constitute reportable segments.

The segments are primarily evaluated based on the following measures of profit or loss / assets and liabilities, constituting Group's financial KPIs: (adjusted) EBITDA, EBIT and cash flow generated from operations, as well as amount of net working capital.

Building Energy Solutions focuses on design and/or build projects related to buildings (e.g. office, logistics, retail) such as mechanical (HVAC) and electrical installations, as well as building energy efficiency projects and building automation.

Energy for Industry deals with the design, construction or operation of energy solutions for industry, such as tri-/cogeneration units, water treatment, as well as industrial energy efficiency projects and industrial automation.

Green Energy centres around the design, construction or operation of renewable energy sources, such as solar (photovoltaics), geothermal (heat pumps) or biomass (biogas / biomethane).

Central does not constitute a segment as per IFRS 8, but is included for reconciliation purposes. It includes the costs of central management and corporate coordination functions in the respective countries (e.g. Elevion Group B.V., Elevion Holding Italia S.r.l., Elevion Österreich Holding GmbH).

Each company within the Group is assigned to one operating/reportable segment, i.e. there are no cases where one entity would be assigned to several operating/reportable segments. This also enables to clearly identify intersegment revenues, which are deemed to occur on an arm's length basis. The above-stated principle also enables clear delineation of measures of profit or loss / assets and liabilities, which are defined and measured consistently within the Group for all reportable segments. There were no changes from prior periods in the measurement methods and no asymmetrical allocations.

Year 2022 kEUR	Building Energy Solutions	Green Energy	Energy for Industry	Combined	Central	Elimination	Consolidated
Revenues - other than intrasegment	574,363	190,685	134,102	899,150	108	0	899,258
Revenues - intrasegment	715	-2,040	3,997	2,672	3,465	-6,136	0
Total revenues	**575,078**	**188,646**	**138,098**	**901,822**	**3,572**	**-6,136**	**899,258**
Cost of sales	-479,635	-159,963	-112,295	-751,893	-225	4,319	-747,799
Gross margin	**95,444**	**28,683**	**25,803**	**149,929**	**3,347**	**-1,817**	**151,459**
Gross margin	**16.6%**	**15.2%**	**18.7%**	**16.6%**	**93.7%**	**29.6%**	**16.8%**
Selling and administrative expenses	-64,725	-24,760	-17,489	-106,974	-19,371	4,730	-121,614
Other operating expenses	-23,321	-10,771	-5,473	-39,565	-5,056	15,166	-29,455
Other operating income	9,762	5,306	1,578	16,646	19,662	-20,695	15,613
Earnings before interest and taxes (EBIT)	**17,159**	**-1,542**	**4,420**	**20,037**	**-1,418**	**-2,616**	**16,003**
Financial income	-4,717	4,113	-3,656	-4,260	22,021	-13,484	4,277
Financial expenses	-4,182	-6,632	-1,641	-12,455	-14,041	12,937	-13,559
Earnings before taxes (EBT)	**8,260**	**-4,061**	**-877**	**3,322**	**6,562**	**-3,163**	**6,721**
Income taxes	-374	-353	-460	-1,188	-169	0	-1,357
Earnings after taxes (EAT)	**7,886**	**-4,414**	**-1,338**	**2,134**	**6,393**	**-3,163**	**5,364**
Non-GAAP KPIs							
Non-operating items	0	0	0	0	0	0	0
Adjusted earnings after taxes (Adjusted EAT)	**7,886**	**-4,414**	**-1,338**	**2,134**	**6,393**	**-3,163**	**5,364**
Earnings before interest, taxes, depreciation and amortisation	**35,399**	**12,308**	**11,045**	**58,752**	**-749**	**-2,616**	**55,386**
Adjusted EBITDA	**35,695**	**13,298**	**11,101**	**60,093**	**651**	**-3,563**	**57,181**
Adjusted EBITDA margin	**6.2%**	**7.0%**	**8.0%**	**6.7%**	**18.2%**	**58.1%**	**6.4%**
	62.4%	**23.3%**	**19.4%**	**105.1%**	**1.1%**	**-6.2%**	**100.0%**
Non-operating items							
Acquisition / integration costs	-96	-64	-55	-215	-1,379	0	-1,595
Restructuring costs	-200	0	0	-200	0	0	-200
Other exceptional items	0	-926	-1	-927	-20	947	0
Non-operating items adjusting EBITDA	**-296**	**-990**	**-56**	**-1,342**	**-1,400**	**947**	**-1,795**
Amortisation of intangibles (IFRS 3 only)	-5,645	-6,446	-2,915	-15,006	40	0	-14,966
Deferred taxes related to intangibles (IFRS 3 only)	1,672	1,532	855	4,059	-13	0	4,047
Impairment of fixed assets	0	-833	0	-833	0	0	-833
Gain or loss on disposals	40	-93	22	-31	0	0	-31
Non-operating items adjusting net income	**-4,229**	**-6,830**	**-2,093**	**-13,153**	**-1,372**	**947**	**-13,578**
Total assets	523,852	245,421	196,219	965,493	23,629	0	989,121
Total liabilities	280,873	120,685	56,700	458,257	89,004	0	547,262
Net working capital	-13,314	24,214	38,052	48,951	-6,761	0	42,190
Net working capital / Revenues	-2.3%	12.7%	28.4%	5.4%	-6287.3%	0.0%	4.7%
Capital expenditures	-7,094	-15,277	-5,408	-27,779	-912	0	-28,691
Headcount	2,686	525	772	3,983	116	0	4,099
Depreciation	-18,279	-12,924	-6,647	-37,851	-669	0	-38,519
Bad debt losses	-6,697	6	-371	-7,062	0	0	-7,062
Cashflow from operations	54,291	-9,248	196	45,239	-9,394	0	35,845

Year 2021 kEUR	Building Energy Solutions	Green Energy	Energy for Industry	Combined	Central	Elimination	Consolidated
Revenues - other than intrasegment	531,807	39,365	112,955	684,128	364	0	684,492
Revenues - intrasegment	941	11	3,567	4,520	27	-4,547	0
Total revenues	**532,748**	**39,377**	**116,522**	**688,648**	**391**	**-4,547**	**684,492**
Cost of sales	-449,344	-31,679	-90,196	-571,220	-385	4,111	-567,494
Gross margin	**83,404**	**7,697**	**26,326**	**117,427**	**6**	**-436**	**116,998**
Gross margin	**15.7%**	**19.5%**	**22.6%**	**17.1%**	**1.7%**	**9.6%**	**17.1%**
Selling and administrative expenses	-64,812	-4,975	-17,733	-87,520	-14,096	508	-101,107
Other operating expenses	-17,320	-3,222	-7,200	-27,742	-4,396	13,503	-18,636
Other operating income	7,253	1,197	1,833	10,283	11,513	-13,610	8,186
Earnings before interest and taxes (EBIT)	**8,524**	**698**	**3,226**	**12,448**	**-6,972**	**-34**	**5,442**
Financial income	-3,349	47	-1,738	-5,041	9,162	-1,571	2,549
Financial expenses	-3,687	-667	-1,373	-5,727	-10,037	1,606	-14,158
Earnings before taxes (EBT)	**1,488**	**77**	**114**	**1,680**	**-7,847**	**0**	**-6,167**
Income taxes	-2,134	41	-263	-2,356	5,278	0	2,922
Earnings after taxes (EAT)	**-646**	**118**	**-148**	**-676**	**-2,569**	**0**	**-3,245**
Non-GAAP KPIs							
Non-operating items	0	0	0	0	0	0	0
Adjusted earnings after taxes (Adjusted EAT)	**-646**	**118**	**-148**	**-676**	**-2,569**	**0**	**-3,245**
Earnings before interest, taxes, depreciation and amortisation	**26,512**	**3,283**	**9,950**	**39,745**	**-6,325**	**-34**	**33,385**
Adjusted EBITDA	**26,737**	**3,376**	**9,950**	**40,063**	**-2,984**	**-34**	**37,044**
Adjusted EBITDA margin	**5.0%**	**8.6%**	**8.5%**	**5.8%**	**-762.5%**	**0.8%**	**5.4%**
Non-operating items							
Acquisition / integration costs	-111	-93	0	-204	-3,341	0	-3,545
Restructuring costs	-114	0	0	-114	0	0	-114
Other exceptional items	0	0	0	0	0	0	0
Non-operating items adjusting EBITDA	**-225**	**-93**	**0**	**-318**	**-3,341**	**0**	**-3,659**
Amortisation of intangibles (IFRS 3 only)	-5,443	-963	-2,946	-9,352	35	0	-9,317
Deferred taxes related to intangibles (IFRS 3 only)	1,550	160	805	2,515	-11	0	2,504
Impairment of fixed assets	0	0	0	0	0	0	0
Gain or loss on disposals	146	61	-2	205	0	0	205
Non-operating items adjusting net income	**-3,972**	**-835**	**-2,143**	**-6,950**	**-3,316**	**0**	**-10,266**
Total assets	565,177	196,684	190,912	952,772	17,722	0	970,494
Total liabilities	268,775	88,651	50,065	407,491	150,404	0	557,895
Net working capital	-5,488	2,393	29,258	26,163	-424	0	25,738
Net working capital / Revenues	-1.0%	6.1%	25.9%	3.8%	-116.6%	0.0%	3.8%
Capital expenditures	-15,321	-7,270	-6,508	-29,099	330	0	-28,769
Headcount	2,541	39	759	3,339	146	0	3,485
Depreciation	-18,133	-2,646	-6,722	-27,501	-647	0	-28,149
Bad debt losses	-2,005	-47	103	-1,949	-1	0	-1,950
Cashflow from operations	80,325	-238	41	80,128	-20,464	0	59,664

GEOGRAPHICAL PRESENCE

External revenue in accordance with IFRS by geographical area

The majority of the Group's revenue is generated through German entities, whilst Israeli revenue also became material as a result of the acquisition of BELECTRIC Group. The allocation of revenues / EBITDA to geographical units is done based on which entity generated the revenues (seated in which geographical location) and not where the revenues were actually generated.

	Germany		Poland		Israel		Italy		Netherlands		Other		Elimination		Consolidated	
kEUR	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total revenues	663,654	553,413	117,396	94,311	55,574	0	15,120	8,367	18,314	6,673	29,535	22,369	-335	-641	**899,258**	**684,492**
EBITDA	39,488	27,392	7,762	4,909	5,079	0	511	1,503	457	-1,336	2,149	968	-61	-52	**55,386**	**33,385**

Revenues/EBITDA in the Netherlands also include the costs of the group management (constituting the Central segment), in addition to those KPIs generated by ZOHD Group.

Non-current assets and current-asset properties by geographical area

	Property, plant and equipment		ESCO equipment and machinery		Intagible assets		Non-current financial assets		Inventories		Consolidated	
kEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Germany	59,834	65,311	2,575	2,754	321,293	320,929	217	334	45,875	11,750	**429,795**	**401,077**
Poland	8,803	8,399	0	0	42,472	44,139	0	0	7,280	6,439	**58,555**	**58,977**
Italy	18,357	12,150	15,029	9,709	4,976	9,089	24	16	4,264	3,222	**42,649**	**34,185**
Netherlands	370	577	0	0	17,156	17,342	-146	-146	2,894	2,462	**20,274**	**20,235**
Israel	3,225	2,472	0	0	6,552	9,086	0	0	618	149	**10,395**	**11,708**
Other	3,536	3,259	796	0	7,986	9,770	484	270	4,198	1,359	**17,001**	**14,658**
Total	**94,125**	**92,169**	**18,401**	**12,463**	**400,436**	**410,355**	**579**	**473**	**65,129**	**25,380**	**578,670**	**540,840**

Revenues per product type / customer

kEUR	2022	2021
Projects and operating lease income	739,403	569,856
Sale of goods and products	50,913	40,328
Service	107,582	73,862
Other	1,360	445
Total	**899,258**	**684,492**

Both in 2021 and 2022, revenue from transactions with a single external customer did not exceed more than 10% of the Group's revenues.

30. EVENTS AFTER THE BALANCE SHEET DATE

In January 2023, Elevion Group B.V. internally transferred 100% shares in ETS Engineering Efficient Technical Solutions Kft. ("ETS Hungary") to ETS Efficient Technical Solutions GmbH. The reason was to improve the managerial integration of ETS Hungary into German Building Energy Solutions.

In Germany, in February 2023, CEZ ESCO II GmbH was renamed as Elevion Energy & Engineering Solutions GmbH as part of the Group's ongoing effort to promote the Elevion brand within European ESCO markets.

In March 2023, it acquired its first rooftop photovoltaic target - GESPA GmbH - in German Green Energy with the acquiror being Elevion Energy & Engineering Solutions GmbH. The company is seated in Rüsselsheim, Germany and has in total nearly 20 employees.

In April 2023, the Group decided to restructure its German engineering (design) operations by carving out parts of Kofler Energies Ingenieurgesellschaft mbH to Peil und Partner Ingenieure GmbH, IBP Ingenieure GmbH and the newly established Pantegra Ingenieure GmbH. The aim of restructuring was to streamline the management structure and establish clear regional competences.

The Group continued to be active in M&A at the beginning of 2023.

In April 2023, the Group acquired Elektro Hofmockel GmbH & Co. Elektroanlagen KG as part of German Energy for Industry with the acquiring entity being HERMOS AG. The company is seated in Rohr, close to Nuremberg, with 80 employees, and focuses on electrical engineering and process automation for municipalities as well as industrial customers.

In July 2023, another acquisition was added to the Group's portfolio, namely the Alexander Ochs Group in Building Energy Solutions with the acquiring entity being Elevion GmbH. The Company is seated in Karlsruhe, Germany with total of over 160 employees. It focuses on the installation of heating, ventilation and air-conditioning (HVAC) systems and subsequent servicing and maintenance.

In August 2023, the Group was able to successfully close the Sercoo Group in the Energy for Industry segment, with the acquiring entity being Elevion Energy & Engineering Solutions GmbH. The Company is seated in Lingen, Germany and has over 330 employees. The Sercoo Group has three business segments (i) biogas and biomethane maintenance & services, (ii) cogeneration (CHP) maintenance, repair and overhaul, and (iii) rail overhaul.

On behalf of the Board of Directors and the Supervisory Board:

Mr. Miroslav Šindelář
Director

Mr. Derk Berend Blik
Director

Ms. Martina Kubešová
Director

Mr. Jaroslav Macek
Managing Director

Ms. Martina Skopová
Supervisory Board

Mr. Martin Novák
Supervisory Board

Mr. Pavel Cyrani
Supervisory Board

INDIVIDUAL FINANCIAL STATEMENTS

For the year ended on 31 Dec. 2022

PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DEC. 2022

kEUR

Assets	Note	31.12.2022	31.12.2021	31.12.2020
Non-current assets		**480,002**	**475,351**	**293,980**
Right-of-use assets		14	0	49
Intangible assets		444	627	859
Investments in subsidiaries	2.1.	345,317	341,085	279,135
Provided intragroup loan	2.2.	131,076	131,248	13,868
Deferred tax assets	2.3.	3,150	2,390	0
Other non-current assets		0	0	69
Current assets		**35,730**	**58,325**	**5,830**
Cash and cash equivalents	2.4.	9,591	10,249	0
Cash pool receivable	2.5.	21,732	43,641	2,850
Trade and other receivables	2.6.	2,845	3,095	575
Income tax receivables		157	76	0
Other assets	2.7.	1,404	1,264	2,405
TOTAL ASSETS		**515,732**	**533,676**	**299,810**

Equity and liabilities	Note	31.12.2022	31.12.2021	31.12.2020
EQUITY		**488,916**	**459,006**	**282,211**
Equity attributable to owners of the parent		488,916	459,006	282,211
Non-controlling interests		0	0	0
Non-current liabilities		**2**	**958**	**3,640**
Non-current lease liability		2	0	98
Contingent liability - LT	2.8.	0	958	3,543
Current liabilities		**26,813**	**73,713**	**13,959**
Received intragroup loan		0	2,000	1,500
Cash pool payable	2.5.	22,187	69,452	6,678
Current lease liability		12	0	46
Trade payables	2.9.	1,057	389	358
Income tax liabilities		347	74	20
Contingent liability - ST	2.8.	1,045	557	4,294
Current provisions		516	348	177
Other current liabilities	2.10.	1,648	893	886
TOTAL EQUITY AND LIABILITIES		**515,732**	**533,676**	**299,810**

PARENT COMPANY'S INCOME STATEMENT FOR THE YEAR ENDED ON 31 DEC. 2022

kEUR	Note	31.12.2022	31.12.2021	31.12.2020
Revenue from services and other revenues	3.1.	6,564	2,745	2,159
M&A costs	3.2.	-341	-1,239	-1,711
Operating expenses	3.3.	-6,186	-3,586	-3,173
Earnings before interest and taxes (EBIT)		**36**	**-2,079**	**-2,725**
impairment of financial assets	2.1. & 3.4.	-3,693	-2,162	0
Dividend income	3.5.	3,092	5,578	5,832
Interest income	3.6.	5,604	3,340	489
Interest expense	3.7.	-515	-183	-152
Other financial items	3.8.	25	2,100	1,555
Earnings before taxes (EBT)		**4,549**	**6,593**	**4,999**
Income taxes	3.9.	285	2,194	-20
Earnings after tax (EAT)		**4,834**	**8,788**	**4,979**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31 DEC. 2022

kEUR	Share capital	Share premium	Retained earnings	Net result for the period	Total
Balance as at 1 Jan. 2021	**10**	**303,300**	**-26,078**	**4,979**	**282,211**
Result appropriation	0	0	4,979	-4,979	0
Capital contribution	0	168,012	0	0	168,012
Result for the year	0	0	0	8,788	8,788
Balance as at 31 Dec. 2021	**10**	**471,312**	**-21,099**	**8,788**	**459,012**
Result appropriation	0	0	8,788	-8,788	0
Share capital increase	2,990	-2,990	0	0	0
Capital contribution	0	25,054	0	0	25,054
Result for the year	0	0	0	4,834	4,834
Other movements	0	0	16	0	16
Balance as at 31 Dec. 2022	**3,000**	**493,376**	**-12,295**	**4,834**	**488,916**

PARENT COMPANY'S CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 DEC. 2022

kEUR	2022	2021
EBIT	**36**	**-2,079**
Depreciation and amortisation (not related to IFRS 3 or leases)	278	264
Increase (-) / decrease (+) in trade and other receivables	250	-2,520
Increase (+) / decrease (-) in trade payables	668	31
Increase (+)/ decrease (-) in provisions	168	171
Increase (+) / decrease (-) in other assets	-140	1,141
Increase (+) / decrease (-) in other liabilities	755	7
Cash generated from operations	**2,016**	**-2,985**
Cash generated from operations / EBITDA	**617.0%**	**-18.9%**
Interest received / paid	5,089	3,156
Income tax paid	-283	-168
Other items of operating cash flow	25	2,100
Total operating cash flow	**6,846**	**2,104**
Maintenance / expansion CAPEX	-107	36
Acquisition CAPEX	-8,394	-70,435
Total investing cash flow	**-8,502**	**-70,399**
Change in intragroup loans	-1,827	-116,881
Dividends received	3,092	5,578
Contribution to share capital or capital funds	25,076	168,007
Change in lease receivables / liabilities	14	-143
Change in cash pool position	-25,357	21,983
Total financing cash flow	**998**	**78,544**
Total cash flow	**-658**	**10,249**
Cash and cash equivalents at beginning of period	10,249	0
Cash and cash equivalents at end of period	9,591	10,249

1. GENERAL

These company financial statements of Elevion Group B.V. ("the Parent Company") should be read in conjunction with its Consolidated Financial Statements.

1.1. CORPORATE INFORMATION

Elevion Group B.V. (formerly CEZ ESCO International B.V.), a private company with limited liability, was incorporated under the laws of the Netherlands on 8 April 2016. The Parent Company's registration number is 65782267. The Parent Company's seat is Amsterdam and its registered office is at Herikerbergweg 157, 1101 CN Amsterdam, Zuidoost, the Netherlands.

The Parent Company is a wholly owned subsidiary of CEZ Holdings B.V.. The ultimate parent company is ČEZ, a. s. The registered address of the ultimate parent company is Duhová 2/1444, 140 53, Prague 4, Czech Republic.

The Parent Company manages various subsidiaries in energy efficiency (ESCO) sector.

The Parent Company has a branch located in the Czech Republic. The results of the branch are included in the financial statements of the Parent Company. The branch follows the same accounting policies as the Parent Company.

The Parent Company had 22 employees (including the branch) (2021: 15) during the year ended 31 Dec. 2022.

1.2. BASIS OF PREPARATION

The accounting policies of the Group, which are also adhered to by the Parent Company, are described in Section 2 of the Consolidated Financial Statements. The only difference is in accounting for investments in subsidiaries.

Investments in subsidiaries are accounted for in accordance with IAS 27 Separate Financial Statements. Investments in subsidiaries are accounted for at cost.

At the end of each reporting period the Parent Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Parent Company estimates the recoverable amount of the asset.

Dividends from subsidiaries are recognised in the financial statements of the Parent Company when the entity's right to receive the dividend is established. The dividend is recognised in profit or loss. The exception are the dividends received by the Parent Company out of pre-acquisition profits of its subsidiary. In that case, dividends are deducted from the cost of investment.

The financial statements of the Parent Company have been prepared on a going concern basis. The financial statements are presented in Euro which is the Parent Company's functional currency and all values are rounded to thousand Euro, unless otherwise indicated.

1.3. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union ("EU") and with Part 9 of Book 2 of the Dutch Civil Code.

2. NOTES TO THE BALANCE SHEET

2.1. INVESTMENTS IN SUBSIDIARIES

As at 31 Dec. 2022 and 2021, the Parent Company held the following investments:

kEUR	31.12.2022	31.12.2021
Elevion Deutschland Holding GmbH	125,143	125,143
CEZ ESCO II GmbH	84,005	82,166
Euroklimat Sp. z o.o.	42,784	42,784
Elevion Holding Italia Srl	22,168	12,608
Metrolog Sp. z o.o.	15,292	15,292
ZOHD Groep B.V.	11,550	11,550
Belectric Israel Ltd.	10,491	14,747
ETS Engineering Kft.	8,700	12,200
OEM Energy Sp. z o.o.	7,888	7,888
High-Tech Clima S.A.	6,204	6,204
Elevion Co-Investment GmbH & Co. KG	5,076	5,076
Elevion Österreich Holding GmbH	3,218	1,235
Belectric France S.A.R.L.	1,489	1,489
CEZ ESCO Polska Sp. z o.o.	1,308	1,501
CEZ ESCO Romania S.A.	0	861
Belectric Solar Ltd.	0	341
Total investments in related entities	**345,317**	**341,085**

CEZ ESCO Romania S.A. was liquidated in 2022. The carrying amount of the investment in BELECTRIC Solar Ltd. and Belectric Israel Ltd. was adjusted by the dividend received in 2022.

The investment cost in ETS Engineering Kft. was adjusted by the expected loss on the intragroup transfer to ETS Efficient Technical Solutions GmbH, which occurred at the beginning of 2023.

Movements in investments were as follows:

kEUR	Investment	Impairment	Carrying value of investments
Balance as at 1 Jan. 2021	**279,135**	**0**	**279,135**
New investments	66,193	0	66,193
Disposals	-2,080	0	-2,080
Impairments	0	-2,162	-2,162
Balance as at 31 Dec. 2021	**343,248**	**-2,162**	**341,085**
New investments	13,383	0	13,383
Disposals	-861	0	-861
Impairments	0	-3,693	-3,693
Other movements	-4,597	0	-4,597
Balance as at 31 Dec. 2022	**351,172**	**-5,855**	**345,317**

New investments

New investments comprise capital contributions for capital expenditure to the existing subsidiaries and new acquisitions.

Disposals

In 2022, the Parent Company liquidated CEZ ESCO Romania S.A. resulting in a disposal movement of 861 kEUR. In 2021, the Parent Company decreased its investment in Euroklimat Sp. z o.o. by 1,783 kEUR by granting a call option right to the minority shareholder to divest its minority share against waiver of its earn-out entitlement. During 2021, the Parent Company liquidated Baltic Green VIII and CEZ ESCO City I-VI which resulted in a disposal movement of 297k EUR.

Impairments

In 2022, the Parent Company impaired its investment in ETS Engineering Kft by 3,500k EUR and in CEZ ESCO Polska Sp. z o.o. by 193 kEUR (2021: 2,162k EUR).

Other movements

Other movements totalling 4,597 kEUR relate to dividends received from BELECTRIC Solar Ltd. and BELECTRIC Israel Ltd. Dividends relate to pre-acquisition profits. Therefore, the carrying amount of the respective investments was decreased by the dividend received.

2.2. PROVIDED INTRAGROUP LOANS

Loans provided to group companies and related parties are presented in Section 2.11 - Related party balances. The Parent Company has assessed the recoverability of the loan considering all currently known information and does not see the need of allowance. All provided intragroup loans are long-term in nature. The related interest receivable is shown separately in other assets.

The provided intragroup loans amounted to 131,076 kEUR as at 31 Dec. 2022 (2021: 131,248 kEUR).

2.3. DEFERRED TAX ASSETS

Deferred tax assets are recognised only to the extent that it is deemed probable that the tax losses are recoverable in the foreseeable future and it is likely that they can be utilised.

As at 31 Dec. 2022, the Parent Company's deferred tax assets of 3,150 kEUR (2021: 2,390 kEUR) were related to tax losses carried forward.

2.4. CASH AND CASH EQUIVALENTS

As at 31 Dec. 2022, cash and cash equivalents were represented by balances on bank accounts totalling 9,591 kEUR (2021: 10,249k EUR) and bore no restriction.

2.5. GROUP CASH POOL

The Parent Company participates in a cash pool arrangement with Elevion Group companies, as well as with the CEZ Group. To avail of this arrangement, the Parent Company entered into a multi-target balancing agreement with Citibank International plc.

As at 31 Dec. 2022, the cash pool receivable of the Parent Company amounted to 21,732 kEUR (2021: 43,641 kEUR).

As at 31 Dec. 2022, the cash pool payable of the Parent Company amounted to 22,187 kEUR (2021: 69,452 kEUR).

2.6. TRADE AND OTHER RECEIVABLES

As at 31 Dec. 2022, the Parent Company recorded trade and other receivables of 2,845k EUR (2021: 3,095 kEUR), of which 2,715 kEUR (2021: 2,406 kEUR) were balances with related parties. For details of related party receivables, please refer to Section 2.11 - Related party balances.

The Parent Company did not make any impairments for trade and other receivables in 2022, nor 2021.

2.7. OTHER ASSETS

The other assets are constituted mainly by interest receivables arising mainly from provided intragroup loans and cash pool receivables. They amounted to 1,404 kEUR as at 31 Dec. 2022 (2021: 1,264 kEUR). For details, please refer to Section 2.11 - Related party balances (interest receivables).

2.8. CONTINGENT LIABILITIES

As per the terms of the share purchase agreements relevant to the purchase of the following subsidiaries of the Parent Company, the Parent Company may have an obligation to pay the sellers of these subsidiaries earn-out payments as described in the share purchase agreements. The earn-out payments' occurrence (or non-occurrence) and amounts will be determined once certain conditions are met by the subsidiaries in a certain period of time.

kEUR	31.12.2022	31.12.2021
Belectric Israel Ltd.	0	897
Belectric France S.A.R.L.	0	49
Belectric Solar Ltd.	0	11
Non-current	**0**	**958**
Belectric Israel Ltd.	980	0
Belectric France S.A.R.L.	53	0
Belectric Solar Ltd.	12	0
Metrolog Sp. z o.o.	0	557
Current	**1,045**	**557**
Total contingent liability	**1,045**	**1,515**

The contingent liability balances above are composed of the initial contingent earn-outs/consideration less any amounts paid, unwind discounts and foreign exchange gains or losses.

Maturity analysis of contingent liabilities

kEUR	31.12.2022	31.12.2021
Within 1 year	0	897
Between 1 year and 2 years	0	49
Between 2 and 3 years	0	11
Between 3 and 4 years	0	958
Between 4 and 5 years	980	0
Thereafter	53	0
Total	**12**	**0**

2.9. TRADE PAYABLES

As at 31 Dec. 2022, the Parent Company recorded trade payables of 1,057 kEUR (2021: 389 kEUR) representing mainly payables towards related parties. For detail of related party payables, please see Section 2.11 - Related party balances.

2.10. OTHER CURRENT LIABILITIES

As at 31 Dec. 2022, the Parent Company recorded other current liabilities of 1,648 kEUR (2021: 893 kEUR). Other current liabilities comprise mainly accrued costs and liabilities towards employees.

2.11. RELATED PARTY BALANCES

Total assets comprise the following related party balances:

kEUR	31.12.2022				31.12.2021			
Related party	Cash pool receivable	Interest receivables	Trade and other receivables	Provided loans	Cash pool receivable	Interest receivables	Trade and other receivables	Provided loans
ČEZ, a. s.	9,720	0	0	0	163	0	0	0
Elevion Holding Italia Srl	5,689	258	637	18,618	1,745	123	177	20,530
Elevion Österreich Holding GmbH	4,774	153	33	4,670	2,785	125	9	3,550
Euroklimat sp. z o.o.	1,550	14	85	0	4,819	12	19	0
Elevion GmbH	0	491	1,672	66,300	0	491	345	66,300
Elevion Deutschland Holding GmbH	0	423	0	31,308	34,129	473	0	31,308
Kofler Energies Energieeffizienz GmbH	0	22	0	1,600	0	5	0	1,600
Elevion Co-Investment GbmH & Co. KG	0	18	0	0	0	20	0	0
CEZ ESCO II GmbH	0	13	0	4,898	0	12	1,725	5,535
Metrolog sp. z o.o.	0	11	65	1,282	0	4	16	1,675
Belectric GmbH	0	0	122	0	0	0	0	0
OEM Energy sp. z o.o.	0	0	60	0	0	0	107	0
High-Tech Clima S.A.	0	0	21	0	0	0	8	0
ZOHD Groep B.V.	0	0	17	2,400	0	0	0	750
BELECTRIC Italia S.r.l.	0	0	3	0	0	0	0	0
Total	**21,732**	**1,404**	**2,715**	**131,076**	**43,641**	**1,264**	**2,406**	**131,248**

Total liabilities comprise the following related party balances:

kEUR	31.12.2022				31.12.2021			
Related party	Cash pool payable	Interest payables	Trade and other payables	Received loans	Cash pool payable	Interest payables	Trade and other payables	Received loans
Elevion Deutschland Holding GmbH	-21,875	-25	0	0	0	0	0	0
High-Tech Clima S.A.	-313	-3	0	0	0	0	0	0
Belectric GmbH	0	0	-442	0	0	0	0	0
CEZ Holdings B.V.	0	0	-114	0	0	0	-155	0
Elevion GmbH	0	0	-113	0	0	0	-155	0
Elevion Holding Italia Srl	0	0	-46	0	0	0	0	0
ČEZ a. s.	0	0	-46	0	-69,452	0	-33	0
ČEZ ICT services, a. s.	0	0	-19	0	0	0	0	0
ETS Engineering Kft.	0	0	0	0	0	-1	0	-2,000
CEZ ESCO Polska Sp. z o.o.	0	0	0	0	0	0	-2	0
Total	**-22,187**	**-27**	**-779**	**0**	**-69,452**	**-1**	**-344**	**-2,000**

3. NOTES TO THE INCOME STATEMENT

3.1. REVENUE FROM SERVICES AND OTHER REVENUES

Revenue from services relates mainly to management services and licence fees which are charged to Group's subsidiaries by the Parent Company. For details regarding the related party transactions, please refer to Section 3.10 Related party transactions. Other revenues are mainly attributable to compensation for damages received from third parties.

The revenues from services and other revenues amounted to 6,564 kEUR in 2022 (2021: 2,745 kEUR), with increase inter alia attributable to an increase in service charges to Elevion Group entities due to a larger operating expenses base - see Section 3.3 - Operating expenses.

3.2. MERGER AND ACQUISITION COSTS (M&A COSTS)

M&A costs are attributable to third-party consultancy costs related to due diligence on various M&A projects and amounted to 341 kEUR in 2022 (2021: 1,239 kEUR), with a decrease attributable to smaller M&A activity in 2022 compared to 2021.

3.3. OPERATING EXPENSES

Operating expenses include mainly personnel costs, amortisation of the Elevion trademark (which is however eliminated as part of the consolidated statements) and other consultancy costs.

Operating expenses amounted to 6,186 kEUR in 2022 (2021: 3,586 kEUR), due to increasing revenues and a larger management cost base.

3.4. IMPAIRMENT OF FINANCIAL ASSETS

In 2022, the Parent Company impaired its investment in ETS Engineering Kft by 3,500 kEUR upon anticipated loss on the intragroup transfer of this investment to ETS Efficient Technical Solutions GmbH. In addition, the Parent Company also impaired its investment in E-CITY POLSKA Sp. z o.o. by 193k EUR (2021: 2,162k EUR).

3.5. DIVIDEND INCOME

In 2022, the Parent Company received dividends from Euroklimat Sp. z o.o. totaling 2,092 kEUR (2021: 3,078k EUR) and from ETS Engineering Kft. totaling 1,000 kEUR (2021: 2,500 kEUR).

The Parent Company also received dividends from BELECTRIC Israel Ltd. of 4,256 kEUR and BELECTRIC Solar Ltd of 341 kEUR in 2022, but the dividends received were treated as an adjustment to the cost of investment without any impact on P&L due to distribution of pre-acquisition profits.

Dividends declared in 2023 before the financial statements were authorised amounted to 4,145 kEUR, of which 3,465 kEUR from Euroklimat and 679 kEUR from OEM.

3.6. INTEREST INCOME

In 2022, the interest income arose through cash pool receivables and provided loans towards Elevion Group entities, as well as through positive balances on cash pool header accounts.

For details on interest income toward group entities, please refer to Section 3.10 - Related party transactions.

The total interest income amounted to 5,604 kEUR in 2022 (2021: 3,340 kEUR).

3.7. INTEREST EXPENSE

In 2022, the interest expense arose mainly through a cash pool liability towards ČEZ, a. s., as well as through the unwinding of discount related to contingent liabilities.

For details on the interest expense toward group entities, please refer to Section 3.10 - Related party transactions.

The total interest expense amounted to 515 kEUR in 2022 (2021: 183 kEUR).

3.8. OTHER FINANCIAL ITEMS

Other financials items were constituted mainly by FX differences arising on cash pool accounts (denominated in PLN / RON) and liquidation proceeds related to the liquidation of CEZ ESCO Romania S.A. in 2022.

The total other financial net income amounted to 25 kEUR in 2022 (2021: 2,100 kEUR), whereas the 2021 results were positively impacted by a revaluation of the contingent liability in Euroklimat Sp. z o.o.

3.9. TAX EXPENSE / INCOME

The tax rates and tax laws used to compute the tax expense / income are those that are enacted or substantively enacted in the Netherlands during the reporting year.

Reconciliation between the accounting profit and the tax charge is shown below:

kEUR	31.12.2022	31.12.2021
Current income tax charge	-475	-196
Adjustment of current income tax related to past periods	0	0
Deferred income tax	760	2,390
Total	**285**	**2,194**

kEUR	31.12.2022	31.12.2021
Income before income taxes	4,549	6,593
Income tax rate	25.0%	25.0%
Expected income tax	**-1,137**	**-1,648**
Effect of tax non-deductible items	-962	-155
Effect of tax exempt income	715	1,278
Effect of recognition of tax losses	2,390	2,793
Changes in tax rate %	0	-73
Other	-721	0
Income taxes	**285**	**2,194**
Effective tax rate	-6.3%	-33.3%

Deferred tax asset

kEUR	31.12.2022	31.12.2021	P&L impact
Deferred tax for tax losses	3 150	2,390	-760
Total deferred tax asset	**3,150**	**2,390**	**-760**

Changes in deferred tax asset

kEUR	31.12.2022	31.12.2021
Net deferred tax asset (beginning of period)	2,390	0
Deferred tax income (+) / loss (-)	760	2,390
Net deferred tax asset (end of period)	3,150	2,390

3.10. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The principal related party relationships requiring disclosure in the financial statements of the Parent Company under IAS 24, Related Party Disclosures ("IAS 24") pertain to the existence of group companies and transactions with those entities entered into by the Parent Company.

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Transactions with related companies

The below table lists related party revenues earned in 2022 and 2021.

kEUR	31.12.2022			31.12.2021		
Related party	Revenue from services and other revenues	Interest income	Dividends and other finance income	Revenue from services and other revenues	Interest income	Dividends and other finance income
Elevion GmbH	3,388	1,949	0	1,981	1,549	0
Belectric GmbH	492	0	0	0	0	0
Euroklimat Sp. z o.o.	258	279	2,092	170	12	3,078
Elevion Holding Italia Srl.	210	823	0	23	442	0
OEM Energy Sp. z o.o.	113	0	0	107	0	0
Metrolog Sp. z o.o.	95	88	0	81	53	0
ZOHD Groep B.V.	78	25	0	0	0	0
High-Tech Clima S.A.	60	10	0	61	0	0
Elevion Osterreich Holding GmbH	32	272	0	12	1,068	0
CEZ ESCO II GmbH	-55	168	0	55	75	0
Elevion Deutschland Holding GmbH	0	1,850	0	0	50	0
Elevion Co-Investment GmbH	0	53	0	0	58	0
Kofler Energies Energieeffizienz GmbH	0	52	0	0	5	0
ČEZ, a. s.	0	9	0	0	1	0
ETS Engineering Kft.	0	0	1,000	0	0	2,500
BELECTRIC Italia S.r.l.	0	0	6	0	0	0
Inewa s.r.l.	0	0	0	0	28	0
Total	**4,672**	**5,578**	**3,098**	**2,491**	**3,340**	**5,578**

The below table lists related party costs incurred in 2022 and 2021.

kEUR	31.12.2022		31.12.2021	
Related party	Operating expenses	Interest expense	Operating expenses	Interest expense
Elevion GmbH	-414	0	-466	0
ČEZ, a. s.	-295	-357	-176	-51
ČEZ ICT services, a.s.	-97	0	-61	0
ČEZ Holdings B.V.	-91	0	-96	0
Elevion Co-Investment GmbH	-11	0	-12	0
ETS Engineering Kft.	29	-3	0	-5
Elevion Deutschland Holding GmbH	0	-29	0	0
High-Tech Clima S.A.	0	-3	0	0
CEZ ESCO Polska Sp. z o.o.	0	0	-2	0
Elevion Osterreich Holding GmbH	0	0	0	-13
Total	**-880**	**-392**	**-813**	**-69**

Transactions with Directors

For details refer to Section 27 of the Consolidated Financial Statements.

4. NOTES FOR STATEMENT OF CHANGES IN EQUITY

4.1. SHARE CAPITAL

By a shareholder resolution, the Parent Company's share capital in 2022 was increased by the transfer of 2,990 kEUR from the share premium. The nominal value of the 10,000 shares issued was increased from 1 EUR per share to 3,000 EUR per share. All shares of the Parent Company are held by CEZ Holdings B.V.

4.2. SHARE PREMIUM

The share premium was increased through various shareholder resolutions in 2022 by 25,054 kEUR (2021: 168,012 kEUR). Increase of the share premium was used to finance acquisitions and capital expenditure in the subsidiaries of the Parent Company.

4.3. RETAINED EARNINGS

Appropriation of the 2022 profit is still subject to proposal by the shareholders of the Parent Company as at the issue date of these financial statements. Per resolution, the result of the year for 2021 was transferred to retained earnings. No dividends were paid to its shareholder in 2022.

5. SELECTED NOTES ON INDIVIDUAL CASH FLOW

Negative investment cash flow resulted from new acquisitions, either acquired directly by EGBV or via already owned subsidiaries.

Financing cash flow was positively impacted by capital contributions provided by CEZ Holdings to fund the new acquisitions and acquisition / CAPEX loans, but to large extent offset by settlement of the net cash pool liability towards ČEZ, a. s.

6. SUBSEQUENT EVENTS

For subsequent events, refer to Section 30 of the Consolidated Financial Statements.

On behalf of the Board of Directors and the Supervisory Board:

Mr. Miroslav Šindelář
Director

Mr. Derk Berend Blik
Director

Ms. Martina Kubešová
Director

Mr. Jaroslav Macek
Managing Director

Ms. Martina Skopová
Supervisory Board

Mr. Martin Novák
Supervisory Board

Mr. Pavel Cyrani
Supervisory Board

OTHER INFORMATION

RULES CONCERNING THE APPROPRIATION OF THE RESULT

According to Article 22 Section 1 and 2 of the Company's articles of association, the annual general meeting of the shareholder determines the appropriation of the Company's profit for the period.

AUDITOR'S REPORT

Reference is made to the auditor's report as included hereinafter.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To: the shareholder and supervisory board of Elevion Group B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements for the financial year ended 31 December 2022 of Elevion Group B.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Elevion Group B.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2022
- the following statements for 2022: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Elevion Group B.V. (the company) in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section "Risk Management" of the Directors' report for the board of directors' risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the Accounting Policies to the financial statements including the valuation of goodwill. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

Additionally, in order to respond to the identified risks of valuation of goodwill, we specifically inspected the board of directors' impairment assessment of goodwill, taken into consideration the accuracy and reasonability of the key assumptions applied.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We evaluated among others the valuation of work in progress and the determination of the estimated credit loss reserve.

These risks did however not require significant auditor's attention during our audit.

We considered available information and made enquiries of relevant executives, directors, legal, compliance, and regional directors and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have been informed by the board of directors that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 2.20 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism.

We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about 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 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 a company to cease to continue as a going concern.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and Performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

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

Eindhoven, 5 October 2023

Ernst & Young Accountants LLP

Signed by M.G.J.J. van Raay

GLOSSARY

Adjusted EBITDA - EBITDA adjusted by acquisition / integration costs, impairments, restructuring costs and other exceptional items

Adjusted EAT - EAT adjusted by non-operating items (acquisition / integration costs, impairments, restructuring costs, gain / loss on disposals, amortisation of intangibles, deferred taxes and other exceptional items)

BES - Building Energy Solutions

CAPEX - Capital expenditure

CCHP - Combined cooling, heat and power

CGU - Cash-generating unit

CHP - Combined heat and power

EAT - Earnings after taxes

EBIT - Earnings before interest and taxes

EBITDA - Earnings before interest, taxes, depreciation and amortisation

EBT - Earnings before taxes

EfI - Energy for Industry

ESCO project - ESCO projects are completed asset-heavy projects (e.g. photovoltaics, CHP/CCHP, biogas plants) recognised as fixed assets on the balance sheet and depreciated over the life of the assets.

ESG - Environmental, Social, Governance

EU - European Union

FCFF - Free cash flow to the firm

FIFO - First-in, First-out

FTE (full-time equivalent) - the calculation of FTE is an employee's scheduled hours divided by the employer's hours for a full-time workweek. Similarly to headcount, the following categories are excluded: trainees, employees on parental leave, board members based on management contracts, etc. The indicator is reported as a status at the last day of the reported period.

GAAP - Generally Accepted Accounting Principles

GDP - Gross domestic product

GE - Green Energy

Headcount - total number of employees in the company working based on employment contract. The following categories are excluded: trainees, employees on parental leave, board members based on management contracts, etc. The indicator is reported as a status at the last day of the reported period.

HGB - German Commercial Code

HVAC - Heating, ventilation and air conditioning

IAS - International Accounting Standards

IFRS - International Financial Reporting Standards

KPI - Key performance indicator

M&A - Mergers and acquisitions

NCI - Non-controlling interest

NRV - Net realisable value

OPEX - Operating expense

P&L - Profit and loss account

PPE - Property, plant and equipment

SIC - Standing Interpretations Committee

SPA - Sales and purchase agreement

SPV - Special purpose vehicle

WACC - Weighted average cost of capital

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NOTES

ELEKTRO DECKER GmbH

ZONNE PANELEN OP HET DAK

EUROKLIMAT

EAG D-I-E Elektro AG

EAB Elektroanlagenbau GmbH Rhein/Main

ETS Efficient Technical Solutions GmbH

ETS Engineering Efficient Technical Solutions Kft.

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