Elevion Group

MEMBER OF CEZ GROUP

2023 Annual Report

117+ LOCATIONS IN 12+ COUNTRIES
from the Netherlands to Romania, from Bolzano to Jena and Czarnków, Elevion Group is present throughout Europe's biggest markets.

Energy.
Solutions.
Together.

Elevion Group is a leading European provider of end-to-end decarbonisation and higher energy efficiency solutions. Thanks to its unique structure and its pioneering spirit, its capabilities can be easily scaled across the project scope, for various project sizes and a range of required expertises.

Elevion Group operates on 12+ European markets (including the Netherlands, Germany, Austria, Italy, Poland, Romania and Hungary) through 60+ highly specialised independent companies, but with the financial strength of an international group.

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23

Annual Report

Elevion Group

MEMBER
OF CEZ GROUP

DEF biogas plant, Italy, inewa

Contents

PRESENTATION PART

FINANCIAL PART

Group at a Glance

kEUR	2023	2022	Y-Y %	2021
Revenues	1,243,222	899,258	38%	684,492
Adjusted EBITDA	73,885	57,181	29%	37,044
Adjusted EBITDA margin	5.9%	6.4%	(7%)	5.4%
Order backlog	1,262,762	1,226,236	3%	833,797
Total assets	1,304,357	996,161	31%	982,086

*Adjusted EBITDA without intragroup transfer of Deubach/Reddehausen projects of the BELECTRIC Group and elimination of the related gross margin (that would be otherwise realized in turnkey deliveries) would result to 6.6%.

Highlights

- Record EBITDA and sales exceeding 1 billion EUR milestone, with order backlog remaining strong.
- ETS Efficient Technical Solutions GmbH (ETS) has won a tender in Hungary for new energy center in the new electric vehicle production plant.
- In the segment of Green Energy, BELECTRIC constructed 400 MWp of photovoltaic plants and increased presence in Great Britain, whilst starting to construct solar projects with a total capacity of 180 MWp, including battery storage solutions of about 120 kWh.
- Group began construction of first two large solar parks on its balance sheet, Deubach (48,6 MWp) and Reddehausen (7,6 MWp).
- Elevion Group entered into the project of construction and operation of several cogeneration units with 26 MWe for the TAL pipeline (transalpine pipeline) in Northern Italy that has potential to run on biomethane in the future.

1,243
Total revenues in 2023 (mEUR)

+29%
Adjusted EBITDA increase

(7%)
Adjusted EBITDA margin decrease

+3%
Order backlog increase

+38%
Revenue increase

12
Countries

78
Consolidated companies

65+
MWp of floating photovoltaics

6,000+
Projects

2,000
MWp of Photovoltaics O&M

127
Locations

7
New aquisitions

500+
MWp of new photovoltaics per year

4,919
Employees (headcount)

Letter from CEO

Dear readers,
in 2023, we once again achieved significant revenue growth of 38% year-over-year. Our operating profit growth by 29% was largely driven by the very good performance of the Building Energy Solutions segment. However, notable achievements occurred across all 3 segments. Building Energy Solution companies' revenue grew by + 29% and Euroklimat sp. z o.o. (Euroklimat) in Poland reached highest revenue and profit in its history.

In the segment of GEE, BELECTRIC constructed 400 MWp of photovoltaic plants and operated and maintained a total of 2,500 MWp (that is 56% YoY growth) at the year-end. In Austria, SYNECOTEC Deutschland GmbH (SYNECOTEC) extended its offering for commercial and industrial clients by battery storage solutions. Dutch Energy Shift (formerly ZOHD) sold 30 battery storage systems during the year with a total capacity of 7.5 MWh and is among the top-10 players in the Netherlands in B2B battery storage systems segment (non-utility scale).

In Energy for Industry segment, Metrolog s. z o.o. (Metrolog) continued his focus on water treatment while demand for cogeneration plants was low. It constructed 13 water treatment facilities and in the second time in a row it has been awarded for outstanding contribution to Polish Economic Advancement by the Polish Ministry of Development and Technology.

Hermos AG (Hermos) also continued its growth (+8.6% YoY revenue growth) and development of his proprietary FIS system that is utilized in various applications including building automation, energy management, RFID tracking and track and trace. Furthermore, we have embarked on a project involving several high-efficiency cogeneration units in Northern Italy. The units will supply electricity and heat for TAL pipeline that plays a crucial role in oil supply to several EU countries including Germany, Czech Republic and Austria.

Our group has also expanded through additional acquisitions. I'm pleased that over 650 new experts have joined the Elevion team from SERCOO Group GmbH (SERCOO Group), Alexander Ochs Group (Ochs Group), GESPA GmbH (Gespa), Elektro Hofmockel Gmbh & Co. Elektroanlagen KG (Hofmockel), TRIM-TECH TECHNIKA INSTALACJI sp. z o. o. (TRIM-TECH) and GEE. Additionally, we have acquired 2 new biogas stations in Italy that together with SERCOO expanded our biogas related business.

We had a good start into 2024 as the backlog is exceptionally robust overall, surpassing 70% of 2024 planned revenue. Our main goal for this year is to successfully deliver the contracted projects and continue the expansion of our business across all three segments to strengthen our position as one stop-shop decarbonization solutions provider for European companies.

Lastly, I would also like to mention that in 2023 we have issued the very first Elevion Group's consolidated ESG report. As providers of end-to-end decarbonization solutions to our clients, we want to demonstrate our commitment to continuous improvement in this area and alignment of our activities with European climate strategies and targets.

JAROSLAV MACEK
CEO of the Elevion Group

Our vision

New Generation of Energy for Europe

We are pioneers and innovators in decarbonization, higher energy efficiency and protection of natural energy resources. We deliver economic success to our customers, while at the same time achieving technological and ecological safety in energy management. This is our way of fulfilling the responsibility we have towards our people, our clients and nature.

Our mission

Future-Proof Energy Solutions

The world is dynamically developing, but our energy resources are still the same - if not harder to come by. We provide sustainable CO_2 reduction, higher energy efficiency, savings in energy costs, and we cover all areas of technical building equipment and services.Within this complex approach, we come up with sustainable, future-proof solutions to energy generation, energy consumption and energy efficiency.

WE ARE ELEVION GROUP

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. Department, Country Manager.

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.

Slavomír M. Čauder

Chief Legal Officer

- Slavomír Čauder has a substantial experience in advising international energy groups with focus on renewable energy, regulatory issues and electricity trading.
- Prior to joining EGBV, Slavomír Čauder had practiced for 15 years as an attorney, later a partner, within a reputable international law firm advising on Czech, Slovak and EU law on multi-jurisdictional M&A & financing transactions (including, but not limited to, Energy).
- For a number of years, he acted as a Chief In-House & Compliance Counsel for multinational energy and technology groups within the CEE region headquartered in Switzerland and France.
- He is a member of both, Czech and Slovak Bar Associations.
- He currently serves as the Chief Legal Counsel of Elevion Group BV and its expansive subsidiaries network across multiple European markets.

Jiří Halouzka

Chief Information Officer

- Jiří Halouzka graduated from the Czech Technological University (Faculty of Nuclear Physics and Physical Engineering)
- After working shortly in the Institute for Physical Chemistry and Biochemistry Jiří spent 20 years in PricewaterhouseCoopers. His main areas of specialization were IT audit, IT consulting and management consulting.
- In 2012 Jiří joined CSOB bank (member of the KBC bank) holding several managerial positions in the Information Technology department. He was responsible for CSOB IT Strategy, governance, operational risk, service desk and service level management, release management, IT processes and optimizations, vendor and license management as well as SW testing division.
- Jiří is also Certified Information Systems Auditor (CISA) and Chartered Certified Accountant in the United Kingdom (ACCA).
- Jiří joined CEZ Group in May 2022 acting as Group CIO of Elevion Group BV.

Lucie Vosečková

Head of Group Governance, Risk & Compliance

- Lucie Vosečková has earned her Ph.D. from the Faculty of Law of Charles University in Prague in the field of Private International Law and International Trade Law.
- Since 2012, Lucie has held several legal positions in international oil & gas and energy companies as RWE, EPH and ORLEN. Lucie joined CEZ Group in 2016 as Legal Counsel in CEZ ESCO, providing legal support in energy and technology acquisition projects and setting of corporate governance in subsidiaries.
- Lucie later joined Elevion Group in 2020 as Legal Manager and she has taken over the role of Head of Group Governance, Risk & Compliance in 2023.

Elevion Group Board Members

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 PricewaterhouseCoopers 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).

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.

Each of 60+ companies that form Elevion Group has a deep level of expertise and experience in their respective industries, making us true specialists for any task related to decarbonisation and energy efficiency. Togetherness is a key value of Elevion Group.

60+

WE CONSIDER OUR SELVES TO BE DEFINED NOT ONLY BY WHAT WE DO AND HOW WE DO IT, BUT ALSO WHY

Company Profile & Structure

Financial Stability

Complexity Of Delivery

Attracting Talents

Elevion Group B.V. (hereafter "The Group" or "Elevion Group"), 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. Elevion Group B.V. is a leading European provider of end-to-end decarbonization and higher energy efficiency solutions. Thanks to its unique structure and its pioneering spirit, its capabilities can be easily scaled across the project scope, for various project sizes and a range of required expertise. Elevion Group operates on 12+ European markets (including the Netherlands, Germany, Austria, Italy, Poland, Romania and Hungary) through 60+ highly specialized independent companies, but with the financial strength of an international group. 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.

Registered company name	Elevion Group B.V. 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
Members of the Board of Directors	Jaroslav Macek Martina Kubešová Miroslav Šindelář Derk Berend Blik
Members of the Supervisory board	Pavel Cyrani MBA Martin Novák MBA Martina Skopová

Elevion Group Services

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

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

2 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 decarbonization and energy transition.

3 **Energy for Industry** services provide energy-efficient solutions for industry from planning to completion, such as decarbonization, 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 specialized companies with decades of experience, whose core competencies span all market segments from Building Energy Solutions, Energy for Industry to Green Energy services.

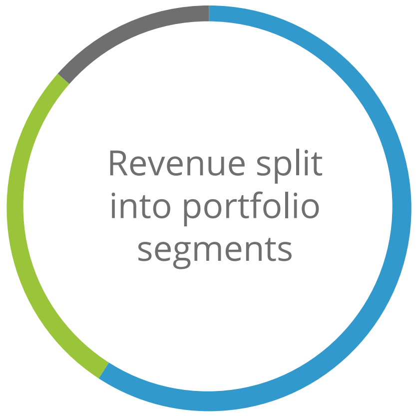
We are an internationally active group that generates and utilizes synergies and benefits for customers and partners across Europe. The operational foundation of the Elevion Group is effectively supported by a lean organizational structure.

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


Elevion Group
MEMBER OF CEZ GROUP
CALLOW HILL
BELECTRIC
Elevion Group
AMSTERDAM
BARNEVELD
ZONNE PANELEN
LINGEN
SERCOO Group
GÜTERSLOH
GWE
ESSEN
ELEKTRO DECKER
NEU-ISENBURG
PANTEGRA
EAB
DIETZENBACH
RÜSSELSHEIM
rudolf fritz
gespa
KOLITZHEIM
BELECTRIC
KARLSRUHE
Alexander Ochs Gruppe
NUREMBERG
hofmockel
MAGDEBURG
GEE
Elevion
JENA
EAG
MISTELGAU
HERMOS
IBP INGENIEURE
ETS
MUNICH
BERLIN
ppi
peil & partner
entract energy
MOSER
SYNECOTEC
WAGNER.CONSULT
ABSAM
BOLZANO
inewa
TRIESTE
BIOGAS
BIOGAS
BIOGAS
BIOGAS
BIOGAS
BIOGAS
CZARNKÓW
SUCHY LAS
EUROKLIMAT
POZNAŃ
TRIM tech
PRAGUE
Elevion Group
CHORZÓW
OEM ENERGY
BUDAPEST
ETS
BUCHAREST
HIGH TECH CLIMA
ISRAEL,
BE'ER SHEVA,
BELECTRIC

60+ highly specialised companies which together provide end-to-end decarbonization solutions and higher energy efficiency

Elevion Group operates through three separate divisions which unite the independent subsidiaries of the respective markets under one roof. This structure allows us to provide a one-stop-shop for any energy-related tasks – from project development to planning, conception and installation of a building or a plant to the end of its lifecycle, aiming for long-term customer loyalty.



59% Building Energy Solutions

26% Green Energy

15% Energy for Industry

Green Energy

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

BELECTRIC®
SYNECOTEC ENERGY / ENVIRONMENT / INNOVATION
inewa
ZONNE PANELEN
gespa
OEM ENERGY

Building Energy Solutions:

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

EAB
ETS
EAG D+E Elektro AG
ETS
HIGH TECH CLIMA
PANTEGRA INGENIEURE
rudolf fritz Innovation in Technik
IBP INGENIEURE Energie- und Gebäudetechnik
MOSER PARTNER INGENIEURE
EUROKLIMAT
Alexander Ochs Gruppe
ELEKTRO DECKER
ppi peil & partner ingenieure
En
TRIM tech
MEMBER OF ELEVION GROUP

Energy for Industry

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

Wärme- und Energietechnik GmbH GWE
WAGNER.CONSULT Wasser · Bau · Energie
hofmockel Elektrotechnik Prozess-automation
HERMOS
metrolog
entract energy
SERCOO Group
GEE GREEN ENERGY EFFICIENCY

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 compliance with the European Union's sustainability targets. In 2023, CEZ Group again proved that it remains a safe and reliable harbor for its customers and was able to ensure maximum energy supply for Czechia and its neighboring countries.

In its activities, CEZ Group emphasizes the implementation of global climate goals, decarbonization, and 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 arises from emission-free generation and the distribution and sale of electricity and heat. Other important activities are commodity trading, distribution and sale of natural gas, mining, and especially the provision of complex energy and technological services.

CEZ Group employs nearly 31,000 people and supplies power and modern energy solutions to millions of customers in Czechia, Germany, Poland and Slovakia. It also operates in particular in Hungary, France, Italy, Austria and the Netherlands.

The Share of Cez Group's Main Activities in Ebitda 2023

	%
Generation – Trading	8
Generation – Nuclear Sources	39
Generation – Renewable Sources	9
Generation – Emission Sources	17
Mining	10
Distribution	14
Sales	4
Total	**100**

Vision and Corporate Social Responsibility

The long-term vision of CEZ Group is to bring innovations for addressing energy needs and contribute to higher 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. An integral part is the commitment to fundamentally limit the generation of heat and electricity from coal by 2030. The massive development of nuclear power and the construction of new renewable energy facilities are fundamental to the zero-emission vision and the priority of energy self-sufficiency. CEZ Group continues to invest in the development of electromobility and in the field of batteries, including the extraction of critical raw materials for their production. The overall goal is to ensure safe and competitive energy for customers.

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 decarbonization of industry in Czechia and Central Europe.

CEZ Group's business activities are governed by strict ethical standards that include responsible behavior toward employees, society and the environment. It adheres to the principles of sustainable development, and its entire strategy is based on ESG (Environmental, Social, Governance) pillars. The principles of sustainability are thus an integral part of the management and direction of the entire company, and CEZ Group emphasizes their fulfillment with its suppliers as well.

CEZ Group supports energy efficiency and effectiveness, promotes new technologies and innovations, and focuses on investments into modern technology, science and research. The corporate culture emphasizes safety, internal efficiency in order to promote the growth of CEZ Group's value, and creating a safe and stimulating environment for its employees' career development based on the principle of equal opportunities for everyone. One of its priorities is close cooperation with communities and the most customer-friendly approach. A comprehensive goal for CEZ Group is to remain among the top 20% in ESG rankings.

The largest shareholder of the parent company ČEZ is the Czech Republic, 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. The market capitalization of ČEZ as at December 31, 2023, amounted to CZK 515 billion and during its existence the company has paid CZK 446 billion to its shareholders in dividends.

CEZ Group has long been one of the largest taxpayers in Czechia and one of the main pillars of the Czech economy. Since the establishment of the joint-stock company in 1992, ČEZ has paid more than a trillion Czech crowns to the Czech state in dividends, taxes, levies, donations, and payments for emission allowances.

Our values:

We turn our customer's problems
into future-oriented solutions.

We always strive for top performance
and maximum commitment.

We take responsibility for the people
we work with and the environment we operate in.

We work together on all levels
– as individuals, companies and as a whole group.

Major Events 2023

1st quarter

BELECTRIC signs UK operations and maintenance agreement with next energy solar fund

After signing a framework agreement for the next three years, BELECTRIC will add an expected portfolio of at least ten solar farms with a total capacity of more than 150 MWp to its O&M footprint in the United Kingdom. The solar power plants range from 5 MWp to 34 MWp in capacity and are located in various counties across England, including Dorset, East Sussex and Lincolnshire.

IWC begins construction of the first CO_2-positive combined heat and power plant for a hotel business in Europe

This innovative backwards power plant generates electricity and heat for the hotel's own needs in three process stages. Wood chips from regional waste wood are converted into a gaseous fuel, CO_2 is bound in high-quality charcoal and renewable energy is generated in the hotel's own biomass cogeneration plant. The resulting biochar is used as an additive in animal feed, fertilizers and building materials. IWC is responsible for the entire project management, parts of the planning and construction supervision.

ZOHD Group has commissioned the first big project for peak shaving

The customer is a welding company. Because of the big use of power during the morning it got a penalty from the DSO. To avoid this penalty Zonnepanelen op het dak has installed 311 kW PV and 656 kWh storage capacity. With this solution the customer can keep his usage from the grid between the thresholds.

Rudolf Fritz is responsible for the installation of the high- and low-voltage systems for the new ABB company headquarters in Mannheim

Approximately 1,200 employees of ABB Germany will work in an area of 24,000 m². The building's electrical equipment will cover the technology company's portfolio in the smart building sector: building automation, intelligent products and systems as well as the appropriate charging infrastructure for e-cars.

2nd quarter

Acquisition of Elektro Hofmockel Gmbh & Co. Elektroanlagen KG

Elevion Group acquired Elektro Hofmockel GmbH & Co. Elektroanlagen KG as of April 20th, 2023. Elevion Group is thus further expanding its competencies in the field of automation technology. Hofmockel is a provider of customized automation solutions in the field of water and wastewater technology for municipal and industrial plants.

SYNECOTEC project won Austrian Environmental Award

The heat recovery system of the Salzburg Regional Hospitals won the Energy Globe Award in June 2023, one of the world's most prestigious environmental awards with the intention of presenting particularly innovative and sustainable projects to a broad public. As a key member of Interregional Hospital Network for Energy Sustainability, an interregional network of hospital operators, research institutions and engineering firms with the aim of institutionalizing energy efficiency and energy management in the healthcare sector, the idea and conceptual design of the heat recovery project came from SYNECOTEC. The planning and implementation of the project was undertaken by Moser & Partner Ingenieurbüro GmbH (MPI).

SYNECOTEC enters battery storage market

SYNECOTEC has entered the market for battery storage solutions ranging from 15 kWh to 10 MWh, catering to both industrial and private clients in Austria. These storage solutions are utilized by customers for peak load management and day-night consumption, resulting in cost savings and potential revenue generation. Like photovoltaic (PV) systems, the battery storage systems are made available through a contracting model, enhancing the overall appeal of the offering. SYNECOTEC aims to integrate battery storage as a significant component of its portfolio, encompassing smart energy management systems.

Major Events 2023

3rd quarter

Elevion Group received the award "Treasury Project of the Year"

Czech Treasury Association in cooperation with EY grant the award "Treasury Project of the Year". It is an award for those who have enriched the treasury field with something interesting and innovative. By definition, these projects are work not only of individuals, but of entire teams made up of representatives from different areas within the company. This year, the Elevion Group Treasury team received the award with the project of Multilevel Cash Pooling Structure.

Metrolog concluded one of the largest contracts

In August 2023, Metrolog concluded a significant and one of the largest contracts in its history with Celsium Serwis Sp. z o.o. for the construction of a source of high-efficiency cogeneration together with the necessary technical infrastructure in Chojnice.

Acquisition of Sercoo group Gmbh and its subsidiaries

The group of companies, headquartered in Lingen, is one of the leading German providers of services for operators of biogas plants and combined heat and power plants as well as the overhaul of engines and other plant components. With this acquisition, Elevion Group strengthens its market position in the areas of renewable energies and decentralized energy supply and at the same time gains competence for the increasing future demand for alternative drive systems for stationary and mobile applications.

Reuters named BELECTRIC one of Europe´s 100 Leaders

In the report "100 Leaders in European PV, Onshore Wind and Storage" by Reuters, BELECTRIC was named as one of Europe's 100 leaders in the fields of photovoltaic, onshore wind and storage. This makes BELECTRIC one of a total of ten listed EPC players in the renewable industry.

Deubach and Reddehausen

BELECTRCIC finalized construction of two PV projects in Germany: Deubach, with installed capacity of 48.6 MWp and Reddehausen, with installed capacity 7.6 MWp. Both plants will be kept on balance sheet of Elevion Group.

Acquisition of Alexander Ochs Wärmetechnik Gmbh

Elevion Group has acquired Alexander Ochs Group (Ochs Group), further expanding its portfolio in the field of heating, air conditioning and ventilation technology. The group is one of the region's leading medium-sized suppliers in the field of heating, air-conditioning, ventilation and sanitary engineering (HVAC) and focuses on the entire energy management of buildings. The installation of measurement, control and regulation technology (MCR) as well as comprehensive customer service completes the service portfolio. As a full-service provider, the group undertakes the planning, consulting, installation and maintenance of HVAC systems.

4th quarter

SYNECOTEC expands its services to Germany

For Felder KG, an international producer of high precision woodworking machines headquartered in Hall in Tirol, SYNECOTEC not only equipped the large factory in Hall with a photovoltaic system, but also installed a total of 390 kWp for the exhibition centers in Germany.

Wikisolar once again listed BELECTRIC as one of the top 10 solar EPC service providers worldwide

According to the latest analysis published by the internet platform Wiki-Solar, BELECTRIC ranks 8th among EPC service providers worldwide. Wiki-Solar analyses and compares the solar capacity installed by the largest companies in the PV industry. BELECTRIC comes third in Europe and first in Germany.

Major Events 2023

4th quarter

New investments in biomethan production plants in Italy

Elevion Group completed the acquisition of the biogas plants of agri-company Fattorie Novella Sentieri (Novella Sentieri). The acquisition of these already 6th biogas plants will integrate Elevion Group's portfolio of bioenergy asset in Italy and as others it will be operated by inewa, Elevion Group's subsidiary with headquarters in the city of Bolzano. Following this further acquisition, the total installed capacity will rise to 5.3 MW.

Acquisition of TRim-tech technika instalacji sp. Z O.O.

The company fits into the strategic development of Elevion Group's activities on the Polish market in the building energy solution segment. TRIM-TECH provides design services primarily in the areas of ventilation, heating, air conditioning, gas and water installation and internal and external networks of wastewater systems. The company also offers consulting services such as supervision of the proper procedure for requests for necessary permits or legal matters or calculation of investment costs, etc.

A new cross-border project for greater energy independence of Central Europe

Elevion Group has entered the project of several high-efficiency cogeneration units in Northern Italy. The project consists of the construction and operation of 7 cogeneration units at 4 locations with an installed capacity of more than 26 MWe. The units will be installed along the SIOT-TAL oil pipeline and potentially can be fueled by biomethane in the future.

Metrolog again among the most dynamic SMEs in Poland

For the 24th time, the Polish economic daily Puls Biznesu published a list of the most dynamic Polish enterprises in the SME (small medium enterprise) sector, with Metrolog again included in this prestigious ranking. The ranking is based on the criteria of financial results.

ZOHD Group Sold Eos 2023

Company has sold 30 BESS in 2023 with a total capacity of 7.5 MWh. The company has started with this product at the end of 2022. With this amount of sold BESS Zonnepanelen op het dak is the top-10 player in the Netherlands.

Hermos builds advanced control system for the new Allmendfeld water treatment plant

For Hessenwasser GmbH & Co. KG, Hermos has played a crucial role in constructing the Allmendfeld water treatment plant, ensuring the Frankfurt/Rhine-Main area receives up to 3,000m³/h of drinking water. Specializing in the plant's technical control, Hermos implemented top-tier control and communication technologies, such as Profinet/Ethernet, Profibus, and Modbus, coupled with sophisticated bus cabling including LWL and specific bus cables. At the heart of the operation are three Siemens SIMATIC S7–1500 controllers, enhanced with dedicated extensions to efficiently oversee over 2,500 physical data points. This innovative control system not only guarantees unparalleled supply security and operational reliability, but also enhances operational efficiency through automation.

Euroklimat: Euroklimat has been awarded a contract to supply plumbing technology with high technical requirements for a customer in Pomeranian Voivodeship, a world leader in digital security.

The strategic project of the customer includes the construction of a new plant that will strengthen its production capacity and enable it to respond more easily to global market demand. The new 15,000 m² plant will optimize the customer's production processes.

EAG is working on a project of construction of a new cardiology center on the campus of the University Hospital Magdeburg (UKMD)

with a floor area of approx. 2275 m², where it is responsible for the low-voltage technology of the building. The heart center will house the University Clinic for Cardiology and the University Clinic for Cardiac Surgery.

Elevion Group brings added value in:

Financial stability

Any of our companies has the financial guarantees and security of the whole group, allowing them to take on the biggest projects on the market.

Complexity of delivery

We are able to scale any company with capabilities available within the group, in order to create a one-stop-shop across specialisations and project pipeline.

Attracting talent

Within Elevion Group, we can provide more diverse career opportunities, attracting especially younger people, who want to keep more options open.

Macro & Industry Environment 2023

Germany

German economy was undergoing challenging times, grappling with issue ranging from the ongoing war in Ukraine to inflation, escalating energy costs, and supply constraints. Economic performance remained virtually stagnant in the first two quarters of 2023. After its weak development in the first half of the year, the economy began even with a slight decline in performance in the second half. Germany's foreign trade decreased considerably compared to 2022, with notable declines in both exports and imports of goods and services.

Economic Situation in the Building Energy Solutions Segment

The Central Association of German Construction Industry has reported a decline in the turnover of the construction industry in Germany in 2023. Specifically, residential construction has been notably affected. Overall increased prices for materials and labor, along with higher interest rates, are impending construction activity.

Renewable energies are increasingly dominating the electricity mix in Germany.

Economic Situation in the Green Energy Segment

Renewable energies are increasingly dominating the electricity mix in Germany. During the first half of 2023, they already comprised 52% of gross electricity consumption with projections indicating that this figure will rise to 80% by 2030. The installation of new photovoltaic systems is progressing. the German government intends to further accelerate photovoltaic installation and increase the expansion targets.

Nevertheless, the negative impact was felt due to high interest rates, energy prices and shortage of skilled workforce. Delays in project timelines were further exacerbated by slow permitting processes and growing issues with grid connection.

Economic Situation in the Energy for Industry Segment

In 2023, the energy for the industry sector demonstrated resilience amidst economic pressures and EU climate mandates. Despite challenges like high energy costs and limited demand, the sector remained committed to sustainable practices. Efficiency improvements and a decline in energy intensive production underscore a strategic shift towards green energy. The growing interest in renewable solutions, particularly photovoltaic, indicates a broader industry trend towards sustainability.

Our German Subsidiaries

The Elevion Group in Germany, part of Elevion Group B.V., controlled by Elevion GmbH and Elevion Energy & Engineering Solutions GmbH is one of the market leaders in building energy solutions, green energy and energy for industry.

VGP Industrial park - planning, commissionig of the whole electrical infrastructure, Germany, Rudolf Fritz

Building Energy Solutions

Rudolf Fritz GmbH (Rudolf Fritz) was 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 electromechanical aircraft components. Rudolf Fritz 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, **D-I-E Elektro AG (EAG)** unites several traditional companies under one roof – such as the Berlin-based company **Altmann & Böhning**, founded in 1937. Since then, 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 optimization to implementation and maintenance.

Since its foundation in 1999, **EAB Elektroanlagenbau GmbH Rhein/Main (EAB)** has consistently optimized 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 (Elektro-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 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, it also works as a technical general contractor.

IBP Ingenieure GmbH (IBP) Founded in 1999, the IBP 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 centers 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.

AMPRO Medientechnik (AMPRO) is a leading company for security sound reinforcement and ProSound solutions in the Rhine-Main area. AMPRO has been an authorized Dynacord and Electrovoice specialist dealer since 1983 and therefore has a wealth of experience. With their public address systems, they provide security in schools, train stations, office buildings and soccer stadiums, among other places.

The Alexander Ochs Group (Ochs Group) is one of the region's leading medium-sized providers of heating, air conditioning, ventilation and sanitary technology (HVAC) and focuses on the entire energy management of buildings. As a full-service provider, the group takes on the planning, consulting, installation and maintenance of HVAC systems.

Pantegra Ingenieure GmbH (Pantegra) provides planning services in the field of technical building equipment. The range of services includes the analysis, conceptual design, planning, implementation and evaluation of supply and energy technology systems.

Green Energy

BELECTRIC GmbH (BELECTRIC) together with other BELECTRIC entities in the UK, Italy, Israel and France is one of Europe's leading companies in the development, construction and operation of ground-mounted solar power plants. The Germany based company was founded in 2001 and has developed into an international company with more than 500 employees in six different countries since. To date, BELECTRIC has installed over 500 PV systems with a total installed capacity of more than 4.6 GWp worldwide. Whether floating PV, hybrid plants or agrivoltaics BELECTRIC harnesses its worldwide experience and transfers it into various cutting edge solar technologies. As one of the world's largest O&M service providers, the solar energy specialist also takes care of operation and maintenance for a capacity of 2.1 GWp of PV plants.

Gespa GmbH (Gespa) offers rooftop solar systems and electric vehicle charging infrastructure for customers from trade, industry, municipalities and private households. The company takes care of the financing as well as the entire project development and, after installation, the operational management and maintenance of the technical systems.

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 and UL-certified switchgears to complex control cabinets for mechanical and plant engineering for all industries.

Elektro Hofmockel (Hofmockel) is a provider of customized automation solutions in the field of water and wastewater technology for municipal and industrial plants. Hofmockel was founded in 1962 and is a medium-sized company based in Rohr, a municipality in the central Franconian district of Roth. Owner-managed in the second generation, the company is now being continued by Hermos as a wholly owned subsidiary as part of a planned company succession.

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 centers.

Since October 2023, the former Kofler Energies Energieeffizienz GmbH operates under the new name **Entract Energy GmbH (Entract)**. The primary goal of this rebranding is to strengthen the company's focus on energy efficiency services within the group's "Energy for Industry" business area. Entract is an established energy partner for customers from the manufacturing industry and the medium-sized real estate sector. Considering the constantly growing legal requirements, customers are accompanied by individually customized services on their way to climate-neutral energy production.

The SERCOO Group, headquartered in Lingen, is one of the leading German providers of services for operators of biogas plants and combined heat and power plants as well as the repair of engines and other plant components. As a full-service provider, the group of companies covers the entire value chain for the operation of biogas plants and combined heat and power plants. The company also specializes in the repair and maintenance of large diesel and gas-powered engines as well as compressors, pumps and gearboxes for a wide range of industrial sectors and their conversion to alternative fuels. Its customers are primarily agricultural businesses, local authorities, energy suppliers, engine manufacturers and companies in the rail, transportation and other industrial sectors. The group consist of following companies:

MT Energy Service GmbH (MT Energy) and **Brandt** focusing on biogas industry. MT Energy meets all maintenance requirements for its biogas plants. Brandt specializes in biogas plant insertion systems as well as metal construction and repair of agricultural machinery and motor vehicles. **SERCOO ENERGY GmbH** (SERCOO ENERGY) is a combined heat and power (CHP) full-service provider which is capable of configuration and installation of CHP. DTS provides regular maintenance, on-site engine overhauls and troubleshooting, and masters difficult challenges, including performance optimization. **Bücker + Essing** provides services for ships engines and stationary installations and diesel and gas engines including all rotating plant components such as compressors, pumps and gearboxes. **MWB Power** is well known company ensuring global services of marine diesel engines, trucks and railway diesel engines.

Green Energy Efficiency GmbH (GEE) is based in Magdeburg. The company specializes in the development, planning, installation and operation of digitalization solutions for buildings. The company also offers corresponding hardware and software solutions to real estate owners and service providers. The service portfolio also includes consulting on efficient and climate-neutral energy supply with the necessary technologies

Poland

The Polish economy is gradually rebounding from the slowdown experienced during difficult years. In 2023, the inflation rate was also declining, and interest rate levels stabilized. An influx of grants from EU programs is anticipated, which should stimulate the investment process.

Economic Situation in the Building Energy Solutions Segment

The year 2023 posed significant challenges for the construction industry, marked by escalating labor costs, material price hikes, and dwindling demand, alongside increased expenses for servicing debt and financing. Fortunately, the last quarter of the year witnessed a recovery, particularly in the residential construction sector. October saw a record number of new construction and building permits, signaling a positive trend for industry.

However, the construction sector must grapple with the task of adapting to the mounting significance of environmental and social considerations. Increasingly, the industry is obligated to meet new standards and requirements aligned with ESG principles.

Economic Situation in the Green Energy Segment

In 2023, professional power plants continued to represent the largest share of electricity production in Poland. Regarding green energy, wind farms contributed over 15% to energy production, while other renewables accounted for over 2%. Following the surge in renewable energy sources during 2022, numerous companies emerged to offer photovoltaic and heat pumps. However, many of these firms had to cease operations in 2023 due to a decline in market orders caused by oversaturation as Polish consumers were less inclined to invest into it.

Economic Situation in the Energy for Industry Segment

The district heating industry, just like the energy industry, faces ambitious challenges posed by the economic and political situation on the one hand, and by the EU's requirements for ambitious climate targets on the other. In the coming years, there will be significant investments related to the continuation of the energy transition process in the EU. Generally, the Energy for Industry segment was rather stable during the past year 2023. We can observe increased interest in PV systems, but some of the big new projects were limited by distribution system operators. However, companies are more and more aware of energy transformation and ESG priorities, what can be a trigger to increase this segment in upcoming years.

Our Polish Subsidiaries

The Elevion Group provides services through Metrolog, Euroklimat, TRIM-TECH and OEM Energy sp. z o.o. (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 and 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.

Elevion Group has acquired the **TRiM-TECH Technika Instalacji Sp. z o.o** (TRiM-TECH) in Poland as of November 2023. TRiM-TECH is a dynamic company specializing in comprehensive design services in the field of sanitary installations. The company has been operating in the market since 2006, but its roots go back several years to when a group of experienced specialists decided to join forces and establish the company. TRiM-TECH focuses primarily on designing and installing sanitary and technical installations.

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 experienced growth in 2023. Core inflation peaked at the beginning of the year and subsequently declined, although internal pressures that impeded its descent remain.

Additionally, nearly 4.9 GW of new renewable electricity production plants, predominantly photovoltaic plants, were commissioned in 2023. Furthermore, Italian government backed the production of bioenergy from agri-photovoltaic during the same year.

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 6 biogas units – BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L.(Budrio), AxE Societa agricola Srl (AxE), B.T.C. Societa agricola Srl (BTC), Societa' Agricola Falgas S.r.l. (Falgas) and DEF. Societa agricola Srl (DEF).

This year, Elevion Group successfully completed the acquisition of the biogas plants of the agri-company **Fattorie Novella Sentieri (Novella Sentieri)**. The acquisition of these additional plants is part of the expansion of Elevion Group in green energy sector in Italy.

Despite facing challenges such as high inflation and rising electricity prices, **The Austrian economy** showed resilience. In 2023, the energy industry in Austria continued its robust efforts towards decarbonizing building heating, mirroring the efforts of the previous year. The primary focus remains on reducing energy consumption and transitioning heating systems to renewable sources by 2040.
In 2023, Photovoltaics remains the fastest-growing segment within the renewable energy sector, and Austria is on track to meet its 2030 target of 13 GWp.

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

SYNECOTEC GmbH (Synecotec) 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, SYNECOTEC implements economical solutions for clean and sustainable supply through close networking with research institutions. With the incorporation of Elektrotechnik Huber, SYNECOTEC expanded its existing portfolio to include electrical engineering.

Moser & Partner Ingenieurbüro GmbH (MPI) designs, plans and advises investors, builders and architects and develops optimized 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 neighborhoods is another successful pillar of MPI.

Wagner Consult GmbH (IWC), based near Innsbruck/Austria was founded 1974 and is an engineering office specialized on the topics of wastewater treatment & energy efficiency solutions. Experienced engineers are guiding customers through the planning, construction and operation of state of the art, carbon-neutral solutions for water treatment.

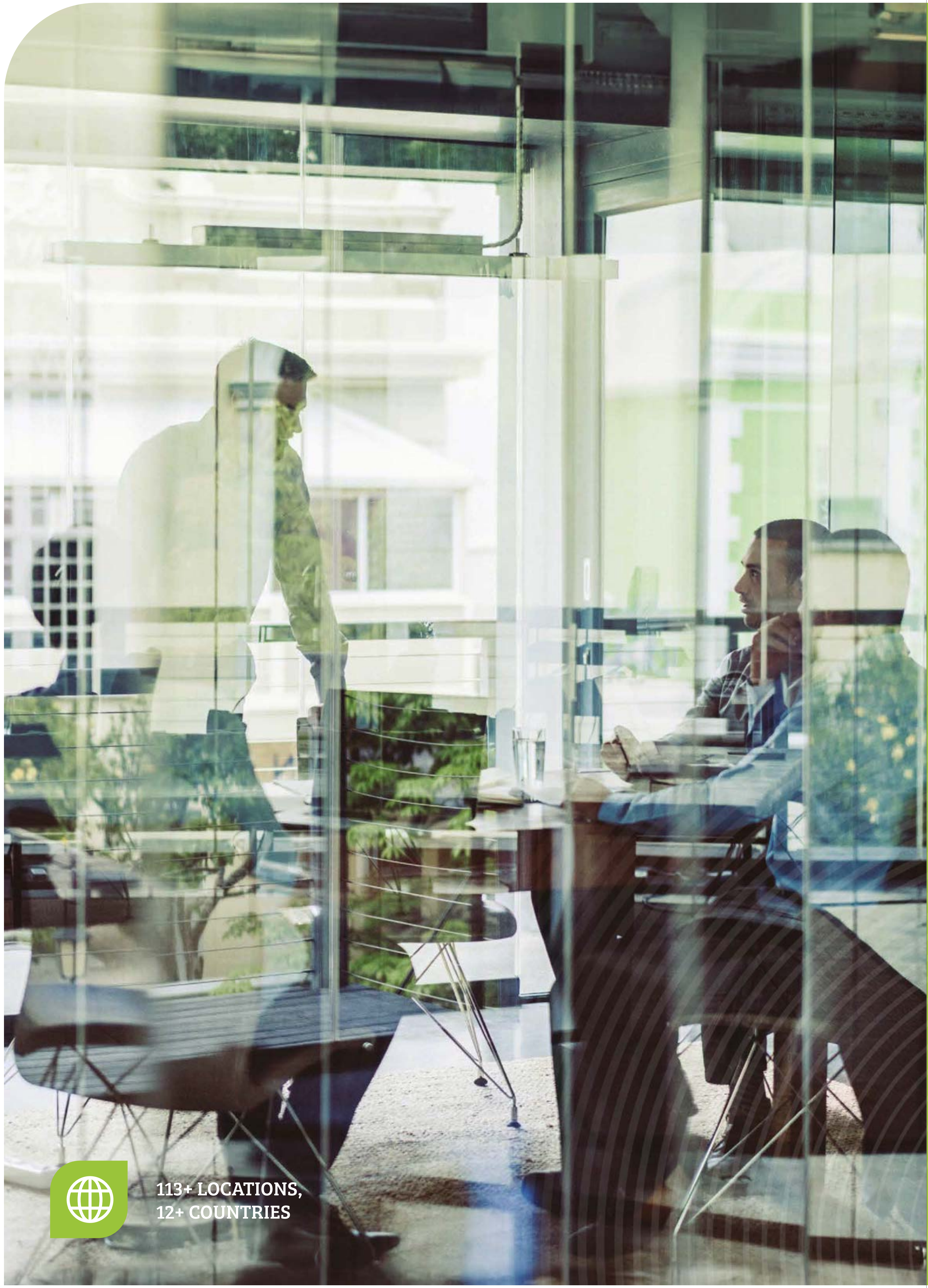
Romania experienced the slowdown in economic growth in 2023, attributed to factors such as high inflation restricting purchasing power, stringent credit conditions, and reduced demand for products in foreign markets.

However, the Romanian construction market gained momentum during this period, with notable surge driven primarily by public projects. The civil engineering segment witnessed the most significant increase, followed by the residential sector, while the nonresidential building sector exhibited the weakest performance.

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 centers.

The **Dutch** photovoltaic market encountered difficulties in 2023. Discussions revolved around the net metering scheme and the establishment of feed-in charges for solar panels by the power company. Furthermore, grid congestion remains a significant issue in the Netherlands. Much of the country lacked the capability to expand feed-in capacity, resulting in a decline in requests for solar panels. However, this situation also presented opportunities for the sale of battery systems.

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 and battery storage services.



We operate in over 12 countries and 127 locations.

Elevion Group operates on 12+ European markets through 60+ highly specialized independent companies, but with the financial strength of an international group.

Business Review and Outlook

Business Overview

The Group continued its robust growth both organically and inorganically. In that year, Elevion expanded through acquisition of nine companies, further complementing its value chain and strengthening its competences and capacities.

Elevion Group is operating in **3 business segments: Building Energy Solutions, Green Energy, and Energy for Industry**. Despite continuing global disruptions, we leveraged these trends to provide customers with tailor-made solutions for decarbonization and energy cost saving. Even with an alleviating situation in the energy markets, the demand for our energy solutions remained strong. This is reflected in the Group´s strong order backlog, creating a robust basis for performance in 2024.

In light of the European objective to cut off dependence on Russian fossil fuels and increase the share of the renewable energy sector, Elevion Group companies have contributed to ensuring energy security across Europe. This was achieved, for example, by building hundreds of MW of large-scale photovoltaic parks and entering into project of 26 MW cogeneration units for the TAL (Transalpine Pipeline, TAL) pipeline in Italy in November 2023.

Elevion Group companies have contributed to ensuring energy security across Europe

Building Energy Solutions

To further strengthen our regional position in the Building Energy Solutions segment, we acquired the **German Ochs Group** in 2023, a leading company offering complex portfolio of technical building services, including facility management.

In the second half of the year 2023, **Rudolf Fritz** finished the large project of construction of the new logistical park for VGP Munich.

Rudolf Fritz is also involved in the construction of the new battery cell production facility for VW AG at the Salzgitter site. Among other things, **Rudolf Fritz** is responsible for the 0.4 kV lighting technology.

In cooperation with Unibail-Rodamco-Westfield Germany, **ETS**, a provider of design, planning, execution, maintenance and servicing, is finishing air conditioning at the new "Überseequartier" project in Hamburg.

ETS has also won with its subsidiary **ETS Kft.** a tender in Kecskemeth Hungary for new energy center in the new electric vehicle production plant. The first electric vehicle should roll off the new product line by September 2025.

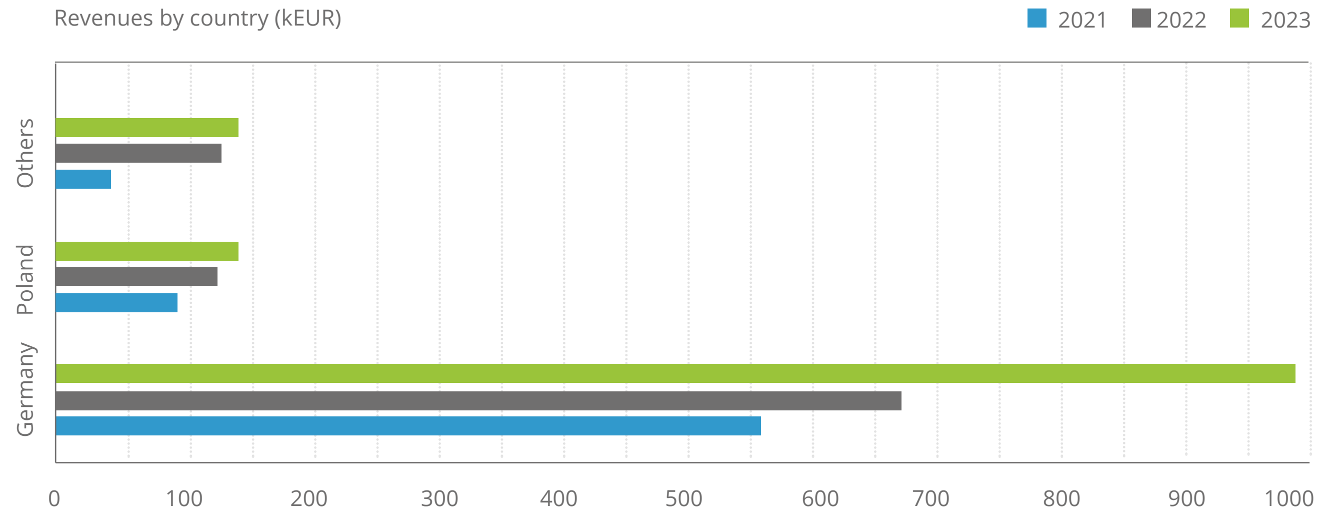
EAB is finishing its work in the project of prestigious "KREISLER" building in the Frankfurt train station district with electrical equipment.

EAG continues in the construction of a rehabilitation center for Waldkliniken Eisenberg. The company is responsible for the technical facilities. Among other things, the company **EAG** in cooperation with the company **En.Plus** has won a tender in the project of the construction of a new heart center in University Hospital Magdeburg. **EAG** is responsible for low-voltage technology and **En.Plus** is responsible for HVAC technology in this project.

Elektro-Decker has proved its position as one of the largest electrical engineering companies in the Ruhr area. In cooperation with **ETS**, the companies were awarded the contract for the new Stadtsparkasse Solingen building. With the planned new building, the Sparkasse is also making an important contribution to the positive development of the city center. The ventilation technology is being provided by ETS, whereas Elektro-Decker is responsible for high- and low-voltage technology.

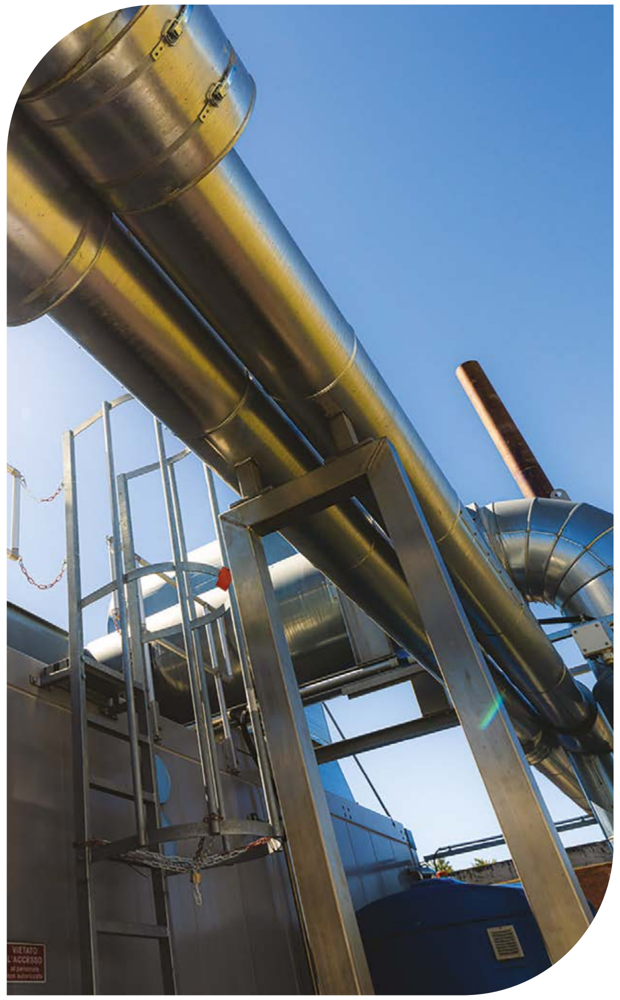
Restructuring of the engineering segment in Germany was successfully implemented in 2023:

- Elevion Group has established also **Pantegra** as a new planning partner and strengthened expertise of engineering companies. The company has succeeded in positioning itself well on the market and acquiring its first major planning contracts in the greater Frankfurt area, e.g., for the Skylight construction project in Frankfurt and the Lux construction project in Cologne.
- **PPI** was able to significantly expand its regional reach and successfully implement a wide range of projects by



High efficiency cogeneration units along the TAL pipeline, Italy, Elevion Group

Federal Mogul - Rooftop PV and trigeneration plant, Italy, inewa



taking over existing locations in Kiel, Hamburg, Braunschweig and Halle (Saale) as part of the restructuring of the engineering division.

- **IBP** continued its successful business activities in the area of technical building services.

Euroklimat in year 2023, due to excellent sales performance, achieved historical results of 45% increase of revenue compared to the year 2022.
Euroklimat has provided HVAC and electrical services mainly for their industrial clients. Euroklimat also acquired the company TRIM-TECH in Q4 2023, which became a member of Elevion Group. The company is providing design services in the segment of technical equipment of buildings and it will strenghten the position of Elevion Group on the Polish market.

HTC: The National Cathedral in Bucharest, the tallest and largest Eastern Orthodox church building by volume and by area in the world, is the most significant project for mechanical and electrical HVAC installations. The Romanian subsidiary extended its operations with new projects and the development of new capabilities in the field of electrical installation work, allowing it to offer a wider range of services to its customers. The first complete electrical installation project started in Q3 2023.

MPI will be building on the successful HVAC planning project for giant pharma company Merck and finalize the Königshof hotel in Munich. Among others, MPI has also finalized big planning projects like Hilton Hotel Munich Airport and LabCampus Munich.

Green Energy

In 2023, **BELECTRIC** expanded its presence in its core markets of Germany, the United Kingdom, the Netherlands and Israel. In Germany, the company signed contracts for five large-scale solar farms with a total installed capacity of more than 300 (MWp). After returning to the United Kingdom as an EPC (Engineering, Procurement, Construction) service provider, BELECTRIC sealed deals for five projects with a total capacity of 180 MWp, including battery storage solutions of about 120 MWh.

Furthermore, during 2023, decision was made to create portfolio of photovoltaic and battery projects on the balance sheet of Elevion Group. For that purpose, company **BELECTRIC Greenvest** was established and 2 projects were under construction, Deubach, with installed capacity of 48.6 MWp, and Reddehausen, with installed capacity of 7.6 MWp. Projects will be delivering green energy in Q1 2024.

In the Dutch market, BELECTRIC expanded its business relationship with a strategic partner, resulting in nine joint projects with a total installed capacity of almost 150 MWp. In Israel, the company remains at the forefront of this rapidly growing industry. However, the war, which started in October 2023, took a toll on BELECTRIC's business in the country, affecting both employees and construction sites alike. Nevertheless, the company managed to exceed its targets. In 2023, BELECTRIC also made its return to the Italian market as an EPC service provider and entered the project development of battery storage projects. Throughout the year, BELECTRIC had more than 40 solar farms with a total capacity of 1.1 GWp under construction.

OEM Energy, due to the political situation and delays in EU funds allocation in Poland, was below planned sales level of the renewable products. The company however continued its work on developing its own premium heat pump products Varmero, which should be introduced into the Polish market in 2024.

ZOHD Group (rebranded to Energy Shift) well managed to ramp up energy storage solution capabilities and became one of the leading C&I batteries providers on the market, in addition to photovoltaic.

Italian **inewa** continued to expand its bioenergy portfolio with the acquisition of 2 biogas units – Quinzano d'Oglio and Capella Cantone (Novella Sentieri), with capacity of 1 MW each. Unfortunately, extreme climate conditions impacted the biogas plant's results in 2023. Additionally, rooftop photovoltaic portfolio was continuously developed.

In Austria, **SYNECOTEC** significantly expanded its operations by incorporating the installation of heat pumps, battery storage and charging stations. Given the considerable appeal of these segments within the current Austrian market landscape, the company aims to actively pursue these initiatives in 2024. In the upcoming year, SYNECOTEC is to execute the installation of an 800 kWp photovoltaic system including a 550 kWh battery storage at the southern slope of the Zwölferhorn cable car mountain station in Salzburg. Furthermore, SYNECOTEC expanded its presence on the German market and commissioned more than 700 kWp in Germany.

Energy for Industry

In 2023, Elevion Group has entered into the project of several high-efficiency cogeneration units in Northern Italy. The project consists of the construction and operation of seven cogeneration units at four locations with an installed capacity of more than 26 MWe. The units will be installed along the SIOT-TAL (Transalpine Pipeline, TAL) oil pipeline and potentially can be fueled by biomethane in the future.

Energy for Industry also strengthens its presence in Italy in cooperation with **Federal Mogul. Elevion Group** invested in trigeneration equipment (1 MWe + 0,8 MW cold), and rooftop photovoltaic (1 MWp), including roof renovation and asbestos removal as a part of energy performance contract.

To help with the implementation of the new strategy, Kofler Group rebranded to **Entract** and **Pantegra**. The management team was also strengthened by hiring top experts from the segment. Due to the increasing importance of energy transition in the real estate segment in Germany, Elevion partnered with industry experts to create the **GEE** platform to introduce a new product focused on balancing energy management & buildings.

In Q2 2023, there was a successful acquisition of **SERCOO Group**, a leading German holding company covering the entire value chain of biogas, combined heat and power plants, engines and rotating equipment. With more than 350 employees, the companies in the SERCOO Group offer service portfolio for more sustainability, efficiency and cost effectiveness in decentralized energy supply, the automotive and transport sector, industry and trade.

Hermos has successfully acquired further orders for RFID products for various industries (for example, production of microchips) and track & trace devices in the tobacco industry. Hermos also widened its decarbonization offer in both building and industry solutions by adapting its market-leading FIS system to support companies on their path to carbon neutrality. Furthermore, the company acquired Hofmockel, a local leader in automation and water treatment. Hermos has been active with the Scandinavian Tobacco Group since 2022, equipping and retrofitting approximately 50 production lines for tobacco end products (cigarillo, cigar, snus) to comply with tobacco laws in accordance with EU TPD III.

GWE struggled with the disruptive effects of degasification and shifted its focus towards holistic concepts for CO_2 reduction measures. As a planner of decarbonization solutions for industrial customers, GWE has expanded its portfolio to include energy consulting and consulting in the real estate sector.

Metrolog has successfully increased the share of sales in the water treatment segment, replacing sales from the cogeneration segment, which is still struggling in terms of current situation caused by the war in Ukraine.

Group Outlook

Elevion Group aims to become a decarbonization leader in European market and realizes strategic initiatives across the group to achieve this objective in all segments. Looking from a **group-level perspective**, in 2024, organic growth will be strengthened and will contribute even more significantly to growth ambitions, especially in Germany and Italy.

The Group expects further increases in personnel numbers due to anticipated revenue growth, both organically and inorganically. In the area of human resources, several initiatives are expected to secure competent personnel at all levels of operations and talent attraction and retention. Specific initiatives will focus on attracting blue-collar workers across specialized professions. by incentivizing international mobility across Europe or globally. As the Group operates in a people-driven business, these activities should secure a strong base for growth and, together with other business initiatives, pave the way to becoming the European decarbonization leader.

The year 2024 is expected to further promote the **Green Energy** segment. Market conditions in this segment are anticipated to be primarily influenced by lower, yet still volatile, levels of commodity prices and grid development issues. Therefore, a focus within the Green Energy segment will be also on development energy storage solutions, encompassing both utility-scale and behind-the-meter options. From a market perspective, utility-scale projects are especially anticipated to be developed in Germany, the UK and the Netherlands. Considering increased market volatility, significant emphasis will also be placed on the ability to provide market flexibility. The portfolio of owned assets will also be expanded to include biogas and biomethane power plants, which provide an additional source of market flexibility and contribute to the further decarbonization of the electricity and gas segments. In 2024, the Elevion Group also aims to further strengthen the ramp-up of operations in the Spanish market and enhance operations in the UK market.

The **Building Energy Solutions** segment will particularly face the slowdown of new constructions in Poland and anticipated economic downturn in Germany. The Elevion Group has already secured contracts for a very high proportion of our expected revenues in this segment, which places it in a very stable position despite these developments. This stability is further complemented by the fact that European decarbonization objectives can only be achieved through significant measures in the energy efficiency of buildings, which is also embedded in EU and local legislation related to energy efficiency. Considering the requirements for the effective use of energy in buildings, digitalization and sustainability emerge as the most important topics that open new opportunities for the construction industry. Therefore, we expect overall another strong years however performance among individual markets can vary. among

In the **Energy for Industry** segment, we expect a positive impact from various decarbonization governmental efforts and supporting schemes. The macroeconomic development will strengthen the demand for the contracting business in the Energy for Industry solution, as clients in such an environment are reluctant to realize significant investments yet still needed to decarbonize their operations. Thus, the group will further increase its asset-heavy portfolio in areas such as CHP units and heat pumps, both in industrial and real estate applications. An additional focus of the Group in this segment will be on the integration of its competencies from individual highly specialized companies, developing tailor-made digitalized solutions for complex real estate projects.

To summarize, in 2024, Elevion Group expects to further solidify the position as the leading player in the European decarbonization market, offering high added value for our shareholders.

Financial Review

Group's Order Backlog

Total order backlog remained stable with total of 1,262 mEUR as at 31 Dec. 2023 compared to last year (2022: 1,226 mEUR). The order backlog for next year (2024) provides solid basis for expected robust performance but in some countries cooling down of economy is already apparent (e.g., Poland) as we see general market pressures on project margins.

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 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.

Order backlog per country

	Dec 31, 2023		Dec 31, 2023	Dec 31, 2022
kEUR	**Organic**	**Inorganic**	**Total**	**Total**
Germany	918,602	68,029	986,631	981,896
Poland	49,823	0	49,823	78,802
Italy	76,156	41,132	117,288	65,668
Israel	19,498	0	19,498	53,017
Other	89,522	0	89,522	46,852
Total	**1,153,602**	**109,160**	**1,262,762**	**1,226,236**

Order backlog per business segment

	Dec 31, 2023		Dec 31, 2023	Dec 31, 2022
kEUR	**Organic**	**Inorganic**	**Total**	**Total**
Building Energy Solutions	670,600	21,276	691,876	711,416
Green Energy	383,578	14,400	397,978	386,112
Energy for Industry	99,424	73,485	172,909	128,708
Total	**1,153,602**	**109,160**	**1,262,762**	**1,226,236**

Order backlog per business segment and year of completion

				Dec 31, 2023	Dec 31, 2022
kEUR	**2024**	**2025**	**2026**	**Total**	**Total**
Building Energy Solutions	564 264	110,536	17,075	691,876	711,416
Green Energy	309 645	44,239	44,094	397,978	386,112
Energy for Industry	139 214	17,630	16,065	172,909	128,708
Total	**1 013 124**	**172,406**	**77,233**	**1,262,762**	**1,226,236**

Order backlog per type of revenue recognition

	Dec 31, 2023	Dec 31, 2022
kEUR	**Total**	**Total**
Over time	1,207,643	1,180,419
At a point in time	1,448	1,996
Other	53,671	43,821
Total	**1,262,762**	**1,226,236**

kEUR	**Projects over time**	**Other**	**Order backlog Dec 31, 2023**
Building Energy Solutions	691,876	0	691,876
Green Energy	343,946	54,032	397,978
Energy for Industry	171,821	1,088	172,909
Total	**1,207,643**	**55,120**	**1,262,762**

Group's Overall Performance

In the table below, the Group 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.

The Group's consolidated revenues amounted to 1,243,222 kEUR in 2023 (2022: 899,258 kEUR), representing a year-over-year increase of 38.2%. The increase in revenues was achieved through double digit growth across all three operating segments. Green Energy grew by 71.4% primarily due to increased demand for solar projects of the BELECTRIC Group. Energy for Industry increased its revenue by 34.4%

kEUR	2023	2022	Y-Y %
Revenues	1,243,222	899,258	38.2%
EBITDA	69,420	55,386	25.3%
Adjusted EBITDA	73,885	57,181	29.2%
Adjusted EBITDA-margin	**5.9%**	**6.4%**	
Net income	(6,659)	5 364	n/a
Adjusted net income	9,852	18,942	(48.0%)
Cash-flow from operations	15,603	36,931	(57.8%)
Cash conversion ratio	**22.5%**	**66.7%**	

	2023					2022		
kEUR	Organic	Inorganic	Reported	Annualization	Total annualized	Reported	Total annualized	Y-Y growth (reported)
Revenues	1,183,508	59,714	1,243,222	63,990	1,307,213	899,258	902,927	38.2%
Adjusted EBITDA	63,745	10,140	73,885	3,260	77,145	57,181	56,766	29.2%
Adjusted EBITDA-margin	**5.4%**	**17.0%**	**5.9%**	**5.1%**	**5.9%**	**6.4%**	**6.3%**	

	2023					2022				
kEUR	BES	GE	EfI	Central & Cons.	Total	BES	GE	EfI	Central & Cons.	Total
Revenues	740,688	323,346	185,610	(6,422)	1,243,222	575,076	188,646	138,098	(2,562)	899,258
Adjusted EBITDA	51,595	7,240	22,445	(7,396)	73,885	35,695	13,298	11,101	(2,912)	57,181
Adjusted EBITDA-margin	7.0%	2.2%	12.1%		5,9%	6,2%	7,0%	8,0%		6,4%
Y-Y Revenue growth	28.8%	71.4%	34.4%							
Y-Y Adjusted EBITDA growth	44.5%	(45.6%)	102.2%							

compared to last year due to acquisitions of SERCOO Group and Hofmockel. Building Energy Solutions also experienced exceptional 28.8% growth driven primarily by German entities (such as ETS, Rudolf Fritz and EAB) and Polish Euroklimat due to increased volume of projects under realization.

Adjusted EBITDA showed robust growth at 73,885 kEUR (2022: 57,181 kEUR), corresponding to year-over-year increase of 29.2%. This is driven by increased revenues across all operating segments, as well as new acquisitions.

Non-operating items reflected in EBITDA of 4,465 kEUR are primarily due diligence and SPA costs related to M&A activity (such as SERCOO Group, Project X etc).

The Group's adjusted net income amounted to 9,852 kEUR in 2023 (2022: 18,942 kEUR), representing year-over-year decline of 48.0%. The net income has been negatively impacted by derivative losses of BELECTRIC, as well as its increased tax expense related to solar projects and negative results of tax audits related to pre-acquisition period. Another impact is revaluation of non-controlling interest options, which were remeasured upwards due to very good results of the relevant entities. The adjustments to net income, in addition to the EBITDA-relevant items mentioned above, include amortization 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 15,603 kEUR (2022: 36,931 kEUR), representing a 57.8% year-over-year decline. The main drivers for such decrease are continuous internal development of photovoltaic plants within the BELECTRIC Group resulting into increased net working capital needs, as well as execution of projects that were pre-financed in 2022 (that had positive impact on cash flow from operations in 2022) and also general deterioration of prepayment ratios in the projects due to higher interest rate environment. As a result, the cash conversion ratio, defined as adjusted EBITDA divided by cash flow from operations, fell to 22.5% in 2023 (2022: 66.7%).

The split between organic EBITDA and inorganic EBITDA (related to acquisitions effected in 2023) is shown in the table below, including the annualized normalized results of such acquisitions for 2023 and 2022, respectively. The inorganic EBITDA impact of 10,140 kEUR in 2023 relates to acquisitions of the SERCOO Group, Hofmockel, Ochs Group, Project X, Falgas, TRIM-TECH and GESPA.

Building Energy Solutions (BES)

Revenues amounted to 740,688 kEUR in 2023 (2022: 575,076 kEUR), representing significant year-over-year growth of 28.8%. The strong revenue growth comes in particular from Germany (especially ETS, Rudolf Fritz and EAB) and Polish Euroklimat.

Adjusted EBITDA grew considerably to 51,595 kEUR (2022: 35,695 kEUR), constituting year-over-year growth of 44.5%. Absolute adjusted EBITDA growth is attributable not only to topline growth but also to improved adjusted EBITDA margin of 7.0% (2022: 6.2%). The improved EBITDA margin is driven mainly by Euroklimat and German companies, with higher level of revenues leading to accelerated absorption of overheads of the relevant entities, but is also attributable to increased margins on executed projects.

Green Energy (GE)

Revenues amounted to 323,346 kEUR in 2023 (2022: 188,646 kEUR), representing significant year-over-year growth of 71.4%. This growth is attributable primarily to higher project volume executed by BELECTRIC Group.

Adjusted EBITDA amounted to 7.240 kEUR in 2023 (2022: 13,298 kEUR), with the adjusted EBITDA margin dropping to 2.2% (2022: 7,0%). Adjusted EBITDA decrease is primarily driven by the intragroup transfer of Deubach/Reddehausen projects of the BELECTRIC Group and elimination of the related gross margin. Without this intercompany elimination, adjusted EBITDA of the Green Energy segment would amount to 18,398 kEUR (and adjusted EBITDA margin to 5.0%) in 2023. Furthermore, the adjusted EBITDA of the Green Energy segment has been negatively impacted by Italian operations, which were subject to restructuring in 2023.

Energy for Industry (EfI)

Revenues amounted to 185,610 kEUR in 2023 (2022: 138,098 kEUR), representing year-over-year growth of 34.4%, driven by acquisitions of SERCOO Group and Electro Hofmockel, but also attributable to solid organic growth of Hermos.

Adjusted EBITDA improved to 22,445 kEUR (2022: 11,101 kEUR), constituting year-over-year growth of 102.2%, whilst the adjusted EBITDA margin increased to 12.1% (2022: 8.0%), primarily attributable to inclusion of SERCOO Group as a higher margin business.

Social Aspects and Ethics

Culture and Behavior

At Elevion Group B.V., we strive to create a positive work environment that fosters collaboration, innovation and respect. Last year, we continued to develop this culture through various initiatives:

Diversity Support: In each country where we operate, we aimed to respect and support local cultures and values. Our initiatives were designed to be tailored to the local context and the needs of employees.

Regular Communication: We sought to strengthen open communication between management and employees in all our locations to ensure that various voices were heard and mutual feedback was encouraged.

Team Collaboration: We believe that strong team relationships are the foundation of successful business. Our local teams had the flexibility to decide on activities and programs that best support teamwork and engagement.

Employee Care

The health and well-being of our employees are our top priorities. In 2023, we endeavored to ensure that our employees were well cared for in the various countries where we operate:

Flexible Benefits: Based on surveys and feedback, we tailored our benefits to meet the needs and expectations of employees in each region.

Mental Health Support: In response to increasing awareness of mental health, we strengthened our employee support programs and collaborated with local care providers in various locations.

Development Opportunities: Our regional teams had the freedom to design and implement development programs and educational opportunities that best suited the needs and cultures of individual countries.

Employee Satisfaction

Measuring employee satisfaction and responding to their needs are keys to maintaining engagement and productivity. Within our locations, we conducted employee satisfaction surveys and acted upon the findings:

Satisfaction Surveys: We regularly conducted employee satisfaction surveys to identify what works well and what can be improved.

Individual Approach: In each location, we sought to identify individual needs and interests of employees and tailor our strategies and programs accordingly.

Deaubach PV project with installed capacity of 48,6 MWp, Germany, BELECTRIC

PV on Zwölferhorn, Austria, SYNECOTEC

Education and Training

Developing the skills and knowledge of our employees is crucial for our long-term sustainability. In 2023, we focused on various ways to support education and development:

Regional Training: In each country, we offered training and development programs designed to be relevant to the local work environment and business needs.

Career Development Support: Our employees had access to career development programs to help them grow and develop in their roles.

Emphasis on Digital Skills: With increasing digitization, we emphasized the development of digital skills and technological literacy for all employees.

Gender Equality

At Elevion Group B.V., we strive to promote equality and inclusivity in the workplace across all countries where we operate:

- Diversity Support: We aim to create an environment that respects and supports gender diversity and identities, offering opportunities for diverse voices and perspectives.
- Equal Employment Opportunities: We actively work to remove barriers and inequalities in employment and offer equal opportunities for all employees regardless of gender.
- Transparency and Accountability: We regularly monitor and evaluate data on diversity and gender equality to identify improvement opportunities and ensure appropriate responses.

	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	5	2	71.4%	28.6%

6,000+

More than 6,000 projects are successfully executed by our subsidiaries year after year.

The experienced and well-proven network creates a fast and efficient connection between all subsidiaries of the Elevion Group for every customer solution.

Floating PV project with capacity of 19,3 MWp, Israel, BELECTRIC

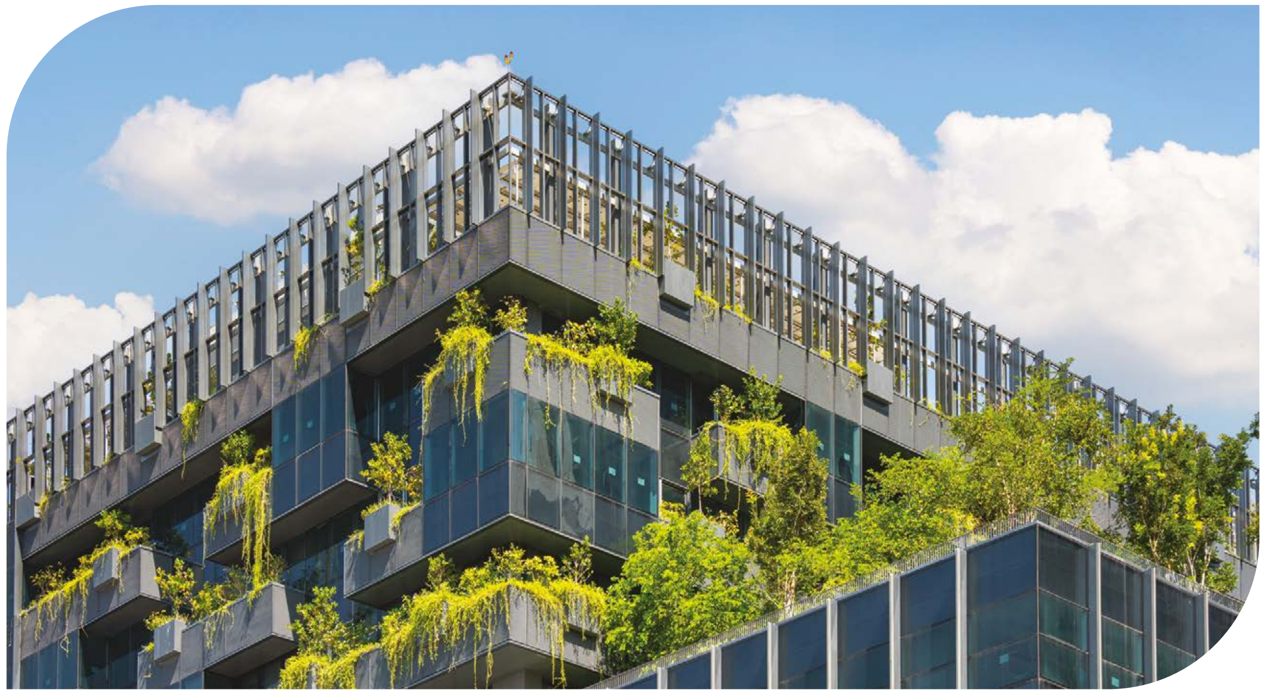
ESG in Elevion Group

As a leading energy service company, the Elevion Group actively drives European energy transformation to an environmentally sound and sustainable society within the scope of the EU Green Deal. Elevion Group is supporting its partners and clients in decarbonization to achieve carbon neutrality 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 responding to pressure from customers, investors, markets and competitors by maintaining and expanding high sustainability standards. ESG is crucial in the eyes of the management. Through the application of ESG standards across our business activities, the Elevion Group is pursuing opportunities for sustainable development within our business strategies. In 2023, Elevion Group continued with its consolidated ESG reporting covering 5 key strategic areas:

1. Green energy
2. Innovative solutions
3. GHG emissions
4. Sustainable procurement
5. Skilled & diverse workforce



Key strategic area	Areas included	Aim	KPI	Goal
Provide decarbonization and higher energy efficency solutions to our customers across EU markets				
Green energy	Renewables & energy storage	Increase installation of renewables & energy storage: PV, Batteries, Biogas, Hydrogen	Sum of installed capacity of renwables Sum of energy storage	2027: Sum of installed capacity of renewables **2 010 MWp** Sum of energy storage: **200 MW** 2030: Sum of installed capacity of renewables: **3 513 MWp** Sum of energy storage: **500 MW**
Innovative solutions	**Research & development, new customer solutions and other innovation**	Increase its annual innovation spend at the minimum of 10% compared to baseline of 2022	**All directly attributable costs incurred by the Group** (group companies) related to innovation irrespective whether OPEX or CAPEX (including internal labour or external consultancy costs)	2027: **5.5m EUR** – corresponding to minimum 10% absolute growth in innovation activities p.a. (compared to baseline of 2022) 2030: **7.3m EUR** – corresponding to minimum 10% absolute growth in innovation activities p.a. (compared to baseline of 2022)
Reduce generated gas emissions and achieve carbon neutrality				
GHG emissions (decarbonisation)	Greenhouse emissions (scope 1 & 2)	Achieve by 2040 or earlier carbon neutrality (net zero emissions) for Elevion Group' operated activities by reducing GHG emissions (Scope 1+2)	GHG reduction of emissions scope 1 & 2	2035: -43% reduction compared to 2022 2040: carbon neutrality
Grow and develop Elevion Group responsibly following ESG principles				
Availability of skilled and diverse workforce	**Trainings & people development**	To position ourselves as one of the most attractive employers for future talents and current employees Fostering an inclusive culture is crucial, emphasizing equal opportunities and support for individuals in their careers	Frequency of employee training hours Alignment with employee training in the Code of Conduct	2027: **13 hours** of training / employee 2030: **14 hours** of training / employee 95% of employees / year trained in the code of conduct from 2022
Sustainable Procurement	**Procurement and supply chain**	Implement common procurement rules and compliance with new legislation in Germany Ensure efficient sourcing and supply chain management	Number of Tier 1 suppliers having signed Supplier Code of Conduct	2027: **70%** 2030: **100%**

This management report was approved for issuance by the Board of Directors on 25 Oct. 2024.

Mr. Miroslav Šindelář
Director

Mr. Derk Berend Blik
Director

Ms. Martina Kubešová
Director

Mr. Jaroslav Macek
Managing Director

Financial Part

Consolidated Financial Statements

prepared in accordance with the International Financial Reporting Standards, as adopted by European Union as at 31 Dec. 2023

Consolidated Balance Sheet

as at 31 Dec. 2023

kEUR

Assets	Note	31. 12. 2023	31. 12. 2022
Non-current assets		**751,574**	**547,071**
Property, plant and equipment	3	143,083	70,245
Right-of-use assets	20	56,691	42,281
Goodwill	6	358,263	300,925
Intangible assets – other	5	146,486	99,511
Non-current net investment in the lease	20	3,768	4,335
Non-current financial assets	4	1,053	579
Other non-current assets	12	239	235
Deferred tax assets	25	41,990	28,960
Current assets		**552,783**	**449,091**
Cash and cash equivalents	9	59,649	41,930
Inventories	11	79,249	65,129
Trade and other receivables	10	139,109	143,159
Contract assets	13	223,896	158,026
Income tax receivables		7,651	8,158
Current net investment in the lease	20	1,360	1,416
Current financial assets	4	13,260	10,972
Other assets	12	28,609	20,299
TOTAL ASSETS		**1,304,357**	**996,161**

Equity and liabilities	Note	31. 12. 2023	31. 12. 2022
EQUITY		**565,233**	**441,860**
Equity attributable to owners of the parent	14	563,685	441,880
Non-controlling interests	14	1,548	(20)
Non-current liabilities		**248,013**	**184,412**
Non-current financial liabilities	15	110,044	91,724
Non-current Lease liability	20	45,239	37,182
Defined benefit obligations	17	3,684	1,288
Non-current provisions	18	5,848	4,616
Deferred tax liabilities	25	83,197	49,602
Current liabilities		**491,110**	**369,890**
Current financial liabilities	15	87,932	8,853
Current Lease liability	20	16,010	10,430
Trade payables		111,861	105,307
Contract liabilities	13	138,287	135,323
Income tax liabilities		9,636	6,183
Current provisions	18	71,685	59,770
Other current liabilities	19	55,699	44,023
TOTAL EQUITY AND LIABILITIES		**1,304,357**	**996,161**

Consolidated Income Statement

for the year ended on 31 Dec. 2023

kEUR

Consolidated income statement	Note	2023	2022
Revenue	28	1,243,222	899,258
Cost of sales	21	(1,021,240)	(747,799)
Gross margin		**221,982**	**151,459**
Gross margin		**17.9%**	**16.8%**
Selling and administrative expenses	23	(170,250)	(121,614)
Other operating expenses	23	(28,367)	(22,393)
Change in expected credit losses		(14,426)	(7,062)
Other operating income	23	15,104	15,613
Earnings before interest and taxes (EBIT)		**24,044**	**16,003**
Financial income	24	8,167	4,277
Financial expense	24	(27,216)	(13,559)
Earnings before taxes (EBT)		**4,994**	**6,721**
Income taxes	25	(11,654)	(1,357)
Earnings after tax (EAT)		**(6,659)**	**5,364**

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	2023	2022
Adjusted EAT	9,852	18,942
EBITDA	69,420	55,386
Adjusted EBITDA	73,885	57,181
Adjusted EBITDA margin	5.9%	6.4%

kEUR

Statement of comprehensive income	2023	2022
Profit or loss	(6,659)	5,364
Other comprehensive income	**4,233**	**(1,157)**
Items that will not be reclassified subsequently to profit or loss	(172)	677
Gains and losses from the remeasurement of the net defined benefit liability	(172)	677
Items that may be reclassified subsequently to profit or loss	**4,406**	**(1,834)**
Gains and losses from differences from foreign currency translation	4,406	(1,834)
Comprehensive income	**(2,426)**	**4,207**
Comprehensive income attributable to owners of the parent	(2,426)	4,207
Comprehensive income attributable to non-controlling interests	0	0

Consolidated Statement of Changes in Equity

for the year ended on 31 Dec. 2023

kEUR

	Note	Equity attributable to owners of the parent						Non-controlling interests	Total equity
		Share capital	Capital reserves	Treasury shares	Other reserves	Retained earnings	Total		
Balance as at 01. 01. 2022		**10**	**471,312**	**0**	**(4,607)**	**(54,176)**	**412,538**	**61**	**412,599**
Net income		0	0	0	0	5,444	5,444	(80)	5,364
Other comprehensive income		0	0	0	677	0	677	0	677
Other comprehensive income – currency		0	0	0	(1,834)	0	(1,834)	0	(1,834)
Total comprehensive income		10	471,312	0	(5,764)	(48,732)	416,826	(20)	416,806
Capital increase	14	2,990	22,064	0	0	0	25,054	0	25,054
Balance as at 31. 12. 2022		**3,000**	**493,376**	**0**	**(5,764)**	**(48,732)**	**441,880**	**(20)**	**441,860**
Net income		0	0	0	0	(6,375)	(6,375)	(284)	(6,659)
Other comprehensive income		0	0	0	(172)	0	(172)	0	(172)
Other comprehensive income – currency		0	0	0	4,406	0	4,406	0	4,406
Total comprehensive income		3,000	493,376	0	(1,531)	(55,107)	439,738	(304)	439,434
Capital increase	14	0	123,657	0	0	290	123,948	1,852	125,799
Balance as at 31. 12. 2023		**3,000**	**617,033**	**0**	**(1,531)**	**(54,817)**	**563,685**	**1,548**	**565,233**

Consolidated Cash Flow Statement

for the year ended on 31 Dec. 2023

kEUR

	Note	2023	2022
EBIT		**24,044**	**16,003**
Total depreciation and amortisation		28,684	23,554
Amortisation related to IFRS 3		16,809	14,966
Gain or loss on disposals		1,366	31
Cash generated from operations before changes in working capital		**70,903**	**54,553**
Increase (-) / decrease in trade receivables (+)		11,083	(27,743)
Increase (+) / decrease in trade payables (-)		(17,166)	31,423
Increase (-) / decrease in inventories and WIP (+)		(63,397)	(17,599)
Increase (+) / decrease in provisions (-)		3,352	2,526
Increase (-) / decrease (+) in other assets		(16,091)	(7,577)
Increase (+) / decrease (-) in other liabilities		26,919	1,349
Cash generated from operations		**15,603**	**36,931**
Cash generated from operations / EBITDA		**22.5%**	**66.7%**
Total non-operating items		(4,465)	(1,795)
Cash generated from operations before extraordinary items		**20,067**	**38,726**
Financial income received		1,005	665
Financial expenses paid		(11,112)	(7,176)
Income tax paid		(4,394)	(3,461)
Total operating cash flow		**1,101**	**26,959**
Maintenance / expansion CAPEX		(92,032)	(28,691)
Acquisition CAPEX		(74,374)	(7,130)
Cash acquired in acquisition		7,536	590
Proceeds from disposals/sale		1,142	(458)
Other items of investing cash flow		0	0
Total investing cash flow		**(157,728)**	**(35,690)**
Drawdowns from borrowings		4,355	472
Repayments of borrowings		(20,766)	(1,518)
Contribution to share capital or cap. funds		124,388	24,560
Changes in lease receivables / liabilities		7,716	(2,279)
Changes in other financial assets / liabilities		116	0
Change in cash pool receivable		(4,495)	(8,928)
Change in cash pool payable		63,081	(69,327)
Total financing cash flow		**174,395**	**(57,020)**
Total cash flow		**17,768**	**(65,751)**
Cash and cash equivalents at the beginning of the period	9	41,930	108,137
Change currency in cash		(50)	(456)
Cash and cash equivalents at the end of the period		59,648	41,930

Notes to Consolidated Financial Statements

as at 31 Dec. 2023

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 in 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 in Duhová 1444/2, 140 00 Prague, Czech Republic, a company is 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. 2023 were compiled according to the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as well as the interpretations by the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC).

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 of EUR, 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 (see Chapters 10 (Trade Receivables) and 13 (Contract Assets/Liabilities).

A description of key assumptions for significant estimates is included in the relevant note sections.

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 2023

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. 2023:

- IAS 1 Presentation of Financial Statements and IFRS Practise Statement 2 Making Materiality Judgments regarding the clarifications on applying the concept of materiality and the disclosure of material accounting policies instead of significant 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, such as leases and decommissioning obligations, no longer applies.
  The application of these amendments did not have a significant impact to the Group's financial statements.
  The IASB has issued amendments applicable from 1 Jan. 2024:
- IAS 1 Presentation of Financial Statements regarding classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants, and clarification on the treatment of the transfer of an entity's own equity instruments,
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments, which introduce qualitative and quantitative disclosures about supplier finance arrangements such as terms and conditions (e.g., extended payments terms and security or guarantees provided),
- IFRS 16 Leases regarding the lease liability in a Sale-and-Leaseback transactions specifically accounting for variable lease payments,
- IAS 12 Income Taxes: International Tax Reform—Pillar Two Model Rules (Amendments).

The Group, in the jurisdictions in which the Group operates, will obligatorily apply the international tax reform – model rules of BEPS Pillar Two for the period from January 1, 2024, at the earliest. The expected impact of the top-up tax from this tax reform on the Group is not significant at the time of the preparation of these financial statements.

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

2.3. Scope of Consolidation

Subsidiaries (IFRS 10 – Consolidated Financial Statements): 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.

Intragroup receivables, liabilities, revenue and expenses are eliminated in their entirety in the consolidated financial statements. Unrealised gains/losses from intragroup transactions are also eliminated in their entirety.

Associates (IAS 28 – Investments in Associates and Joint Ventures): 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 – Joint Arrangements): 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 (IAS 1)

Financial statements are presented in line with the requirements of IAS 1 (Presentation of Financial Statements).

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 includes 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 (with maturities less than 90 days).

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 (IFRS 3)

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 existing/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. The Effect of Changes in Foreign Exchange Rates (IAS 21)

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. 2023	31. 12. 2022	01. 01. 2022
PLN per 1 EUR	4.3395	4.6808	4.5969
RON per 1 EUR	4.9756	4.9495	4.9490
CNY per 1 EUR	7.8509	7.3582	7.1947
MYR per 1 EUR	5.0775	4.6984	4.7184
ILS per 1 EUR	3.9993	3.7554	3.5159
GBP per 1 EUR	0.8691	0.8869	0.8403
CZK per 1 EUR	24.7240	24.1150	24.8600

Average rates	31. 12. 2023	31. 12. 2022	01. 01. 2022
PLN per 1 EUR	4.54206	4.68418	4.56397
RON per 1 EUR	4.94670	4.93164	4.92090
CNY per 1 EUR	7.65907	7.07977	7.63390
MYR per 1 EUR	4.93162	4.62899	4.75989
ILS per 1 EUR	3.98744	3.53571	3.81843
GBP per 1 EUR	0.86991	0.85371	0.85981
CZK per 1 EUR	24.0040	24.5650	25.6450

2.7. Revenues from Contracts with Customers (IFRS 15)

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 existing 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 recognized at a point in time is from the overall Group's perspective deemed immaterial compared to revenue recognized over time. Revenue recognized at a point in time is recognized in line with the standard, usually once the goods (e.g., PV panels or heat nodes) are sold and delivered to the customers without installation (if not agreed with the customer otherwise) and the entity is entitled for the consideration.

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 – this is typical for turnkey (EPC = engineering, procurement, construction) projects for cogeneration units, photovoltaics, heat pumps etc. on the conditions (i) the asset is tailor-made to customer needs and (ii) advance payments are received from customer for milestones achieved. Revenues realized over time are most common in the group and applicable to projects and services the Group undertakes.

The disclosures relevant for revenues from contracts with customers are included in Chapters 10 (Trade Receivables), 13 (Contract Assets/Liabilities) and 29 (Segment Information).

The Group uses the cost-to-cost method (so called input method) to determine the stage of completion of the contract activity, if revenue is realised over time. The input method has been selected by the Group over output method as more appropriate for revenue recognition as in project/service contracts it might be difficult to ascertain the value that has been transferred to the customer.

If none of the above-said 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.

The breakdown of the transaction price allocated to the unsatisfied or partially satisfied performance obligations as at the end of 2023 to be recognized as revenue in following periods is included in Chapter 13 on Contract Assets/Liabilities. The breakdown of revenues realized at a point in time versus over time is shown in Chapter 28 Segment Information.

Contract costs

Costs incurred to fulfil a contract (such as projects/services where revenues are realized over time) 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 (net of advances received/prepayments).

The following costs are capitalised into contract costs:

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 enforceable 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.

The contract assets, similarly to trade receivables, are subject to expected loss provisioning as per IFRS 9.

2.8. Property, Plant and Equipment (IAS 16)

Property, plant and equipment 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)
Buildings	2–40
ESCO projects	2–30
Technical equipment and machinery	2–20
Other equipment (e.g. office equipment)	2–15

2.9. Intangible Assets, including Research and Development (IAS 38)

Intangible assets 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 licenses	2–20
Development costs	2–5
Brand name	10–20
Customer list	5–10
Order backlog	2–18

Research expenses are recognized in profit or loss. Development costs are capitalized 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 (IAS 36)

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. Goodwill, however, is tested for impairment annually at the reporting date or more frequently if there are external and/or internal indications that goodwill might be impaired.

The Group takes into consideration the mainly the following external factors as indication of potential impairment: changes in technological, macroeconomic, regulatory and legal conditions or increases in interest rates. On the other, the major internal factors for consideration by the Group are failure to deliver budgeted cash flows, physical damage/obsolescence or changes in expected use. The Group also assesses whether events after the reporting date provide any indication for potential impairment.

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.

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 occurred).

The impairment losses are included into other operating expenses as part of profit or loss statement, whilst the reversal of impairment is recorded in other operating income.

For more details, please refer to the sections Property, plant and equipment (Chapter 3), Intangible assets (Chapter 5). and Goodwill (Chapter 6).

2.11. Biological Assets (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 (IFRS 16)

The Group accounts for both operating and finance leases, whereas this distinction is relevant only from lessor's perspective.

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. The non-qualifying leases (short-term/low value) are presented in selling and administrative expenses (see Note 23).

At the inception of the lease, a right-of-use asset and a lease liability are recognised in the statement of financial 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.

The lease modifications usually include extension of lease term or termination. The impact in such a case is mainly on statement of financial position – right-of-use assets and lease liabilities – and on specific cases with impact in P&L.

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.

Financial leases where the Group acts as the lessor are classified as asset – net investment in the lease – 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 determining the present value of net investment in the lease, the Group uses the calculated interest rate implicit in the lease.

2.13. Financial Instruments (IFRS 9, IAS 32 And IFRS 7)

Financial instruments are governed mainly by IFRS 9 (Financial Instruments) and by IAS 32 (Financial Instruments: Presentation) and IFRS 7 (Financial Instruments: 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 enforceable right for offsetting exists. Contract assets and liabilities, as well as pension obligations, do not constitute financial instruments and fall under IFRS 15, however fall under expected credit loss model based on IFRS 9.

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 instrument shall be measured at amortised costs if (i) the financial instrument is held within a business model whose objective is to hold financial instruments 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. The Group recognizes intragroup loans (including cash pool assets/liabilities), as well as trade receivables and external loans which are carried at amortized costs.

A financial instrument should be measured at fair value through other comprehensive income if (i) the financial instrument is held within a business model whose objective is achieved both by collecting contractual cash flow and selling a financial instrument 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. The Group does not recognize any financial instruments measured at fair value through other comprehensive income.

All other financial instruments 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. This category is applicable to the Group e.g., in case of FX derivatives or non-controlling interest (NCI) options.

Financial instruments are initially 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, where applicable, 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. The Group uses the anticipated acquisition method to the extent there is substantially symmetrical combination of call and put option, leading to high probability that the option will be realized by either party.

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 credit loss ("ECL") allowance is applied for trade receivables, lease receivables and contract assets. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Group, including the Parent Company in its individual financial statements, as a general rule, use ECL Model on their financial assets measured at amortized cost, such as on cash pool receivables or intercompany loans – see Chapter 4 of Consolidated financial statements and Chapter 6 of the Parent Company's financial statements for more details. In such cases, the underlying ECL is based on PD (probability of default)*LGD (loss given default)*EAD (exposure at default) taking into the credit profile of the relevant debtors. The ECL allowance is not booked insofar as not material for the Group.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Groups compares the risk of a default of the financial instrument at the reporting date against the risk at the date of initial recognition.

The assessing this, the Group considers information about past events, current conditions and macroeconomic factors. This includes the following:
- Significant deterioration in external or internal rating of the financial instrument
- Significant deterioration in external market indicators, such as widening of credit spread
- Significant worsening in debtor's operating results
- Significant adverse change in regulatory, economic and technological environment

The default is defined as event where the financial asset is based as not recoverable based on continuous non-justified breach of contractual arrangements regarding payment obligations and/or internally/externally developed information that the debtor is unlikely to pay due to deteriorated credit rating.

The Groups writes off the financial instruments (assets) as a result of objective deterioration in debtor's creditworthiness when the debtors have entered into liquidation or bankruptcy proceedings unless the respective amounts may be reasonably recovered through enforcement procedures.

The Group recognises impairment in other operating expenses in profit or loss (see Section Selling and administrative expenses, operating expenses and income for more details).

The general financial risk management (including credit risk) is further described in Chapter 16 on Financial Risk Management.

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 carry forwards 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/liabilities

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 (mostly represented by annual employee bonuses). Short-term employee benefits are presented under current provisions (specifically bonuses, unused vacation etc.) and other liabilities (salaries).

Long-term employee benefits are employee benefits that are not due within twelve months after the end of the reporting period (mostly represented by multi-annual bonuses). Long-term employee benefits (bonuses) are presented under non-current provisions.

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 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. 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 non-disclosure would affect the ability of statement users to make proper evaluations and decisions.
The financial statements were compiled based on the going concern principle.

2.20. Going Concern

The financial statements show negative earnings after tax of EUR 6.659k, which is primarily the result of non-recurring tax impacts (refer to Note 25). The Company reported an increase in the EBIT from EUR 16.003k (31. 12. 2022) to EUR 24.044k (31. 12. 2023) driven by the organic growth in combination with increased margins realized on the projects. The Board of Directors has reviewed the Company's financial results to date of issuance of this report, and has reasonable expectation that the Company has adequate financial funding, given the current cash levels, working capital movements and the access to the cash pooling of the CEZ a.s. Group, to continue in operational existence for at least twelve months after adoption of these financial statements.

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. 2023 is as follows:

kEUR	Lands and buildings	ESCO projects	Technical and other equipment	Projects under construction	Total
Accumulated cost at January 1, 2023	**25,820**	**31,208**	**48,832**	**7,931**	**113,790**
Additions	2,439	15,985	11,296	31,696	61,417
Disposals	(63)	(516)	(5,943)	(975)	(7,497)
Acquisition of subsidiaries	3,179	0	12,425	19,006	34,610
Reclassification	(1,434)	11,338	(272)	(9,464)	167
Currency translation differences	462	0	115	11	588
Accumulated cost at December 31, 2023	**30,403**	**58,015**	**66,453**	**48,204**	**203,075**
Accumulated depreciation and impairment at January 1, 2023	**(3,515)**	**(12,807)**	**(27,223)**	**0**	**(43,545)**
Additions	(1,160)	(2,671)	(7,771)	0	(11,601)
Disposals	63	331	5,267	0	5,661
Impairment losses	0	0	0	0	0
Acquisition of subsidiaries	(1,912)	0	(8,441)	0	(10,353)
Reclassification	1,069	(121)	(1,006)	0	(58)
Currency translation differences	(11)	0	(84)	0	(95)
Accumulated depreciation and impairment at December 31, 2023	**(5,466)**	**(15,268)**	**(39,258)**	**0**	**(59,992)**
Carrying amount as at December 31, 2023	**24,937**	**42,747**	**27,195**	**48,204**	**143,083**

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 January 1, 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	0	2,884	2,085	(4,924)	45
Currency translation differences	(106)	0	(130)	(1)	(237)
Accumulated cost at December 31, 2022	**25,820**	**31,208**	**48,832**	**7,931**	**113,790**
Accumulated depreciation and impairment at January 1, 2022	**(2,438)**	**(10,760)**	**(20,625)**	**0**	**(33,824)**
Additions	(1,049)	(2,132)	(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	0	(24)	(427)	0	(450)
Currency translation differences	(2)	0	48	0	46
Accumulated depreciation and impairment at December 31, 2022	**(3,515)**	**(12,807)**	**(27,223)**	**0**	**(43,545)**
Carrying amount as at December 31, 2022	**22,305**	**18,401**	**21,608**	**7,931**	**70,245**

Property, plant and equipment saw a net increase to 143,083 kEUR as at 31 Dec. 2023 (70,245 kEUR as at 31 Dec. 2022). Such increase is predominantly driven by a ramp-up in ESCO projects (carrying amount of 42,747 kEUR as at 31 Dec. 2023 vs 18,401 kEUR as at 31 Dec. 2022), namely through additions of organic asset heavy projects in Italy (3,850 kEUR) and Austria (2,490 kEUR) (rooftop PV/cogeneration projects as part of contracting solutions for customers), as well as through the inorganic acquisition of Project X (19,455 kEUR) and Falgas (6,407 kEUR). The split of depreciation between cost of sales and operating expenses related to property, plant and equipment is detailed in below table. The depreciation is attributable to costs of sales if directly attributable to revenues.

kEUR	2023	2022
Cost of sales	(7,486)	(7,374)
Selling and administration	(4,115)	(3,361)
Total	(11,601)	(10,735)

Additional disclosure related to PPE

The Group did not capitalise any interest costs in 2023 and 2022, 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. 2023 and 2022 is 39,959 kEUR and 18,749 kEUR, respectively, mainly in Italian Green Energy companies, as well as the Polish companies Metrolog and Euroklimat.
- The Group did not recognise any grants related to property, plant and equipment in 2023, nor 2022 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 2023 and 2022.
- In 2023, the Group did not recognise any impairment losses. In 2022, the Group recognised an impairment loss of 855 kEUR related to FER projects in Italy.
- 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. (related to positions denominated in PLN) and FX derivatives.

The estimated ECL on the cash pool receivable is deemed not material by the Group (and consequently not recognized in its financial statements) given its ultimate parent company, ČEZ, a. s., is quoted on stock exchange and has credit rating of A- (stable outlook) based on Standard & Poor's rating from March 2024. It is also considered Stage 1 financial asset as there was no significant increase of credit risk observed since the initial recognition.

The cash pool structure as a tool for liquidity management is described in more detail in Chapter 16 Financial Risk Management.

Other investments are mainly related to unconsolidated SPVs.

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

kEUR	31. 12. 2023			31. 12. 2022		
	Total	Longterm	Shorterm	Total	Longterm	Shorterm
Other investments	1,053	1,053	0	579	579	0
Cash pool receivable	13,056	0	13,056	9,720	0	9,720
Other current financial assets	87		87	166		166
Total financial assets measured at amortized cost	**14,196**	**1,053**	**13,143**	**10,465**	**579**	**9,886**
FX forward receivable	117	0	117	1,086	0	1,086
Total financial assets measured at fair value through profir or loss	**117**	**0**	**117**	**1,086**	**0**	**1,086**
Total financial assets	**14,314**	**1,053**	**13,260**	**11,551**	**579**	**10,972**

Additional disclosure related to financial assets

The maturity of financials assets is shown in table below:

kEUR	31. 12. 2023	31. 12. 2022
Within 1 year	13,260	10,972
Thereafter (not specified)	1,053	0
Total financial assets	**14,314**	**10,972**

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

kEUR	31. 12. 2023	31. 12. 2022
Interest rate lower than 2.00%	204	10,972
Interest rate 2.00% to 2.99%	0	0
Interest rate 3.00% to 3.99%	0	0
Interest rate 4.00% to 4.99%	0	0
Interest rate 5.00% to 5.99%	13,056	0
Interest rate 6.00% to 6.99%	0	0
Total financial assets without other investments	**13,260**	**10,972**

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. 2023 is as follows:

kEUR	Software, patents and licenses	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 January 1, 2023	**18,741**	**54,339**	**71,773**	**8,075**	**10,056**	**194**	**163,179**
Additions	4,324	0	0	0	5,167	(857)	8,634
Disposals	(2,079)	0	0	0	0	(44)	(2,123)
Acquisition of subsidiaries	6,959	2,911	52,372	0	0	1,826	64,068
Reclassification	309	0	0	0	0	(278)	31
Currency translation differences	40	329	463	(13)	0	12	831
Accumulated cost at December 31, 2023	**28,294**	**57,579**	**124,608**	**8,062**	**15,223**	**854**	**234,620**
Accumulated depreciation and impairment at January 1, 2023	**(12,679)**	**(15,580)**	**(32,937)**	**(1,099)**	**(1,375)**	**0**	**(63,669)**
Additions	(1,583)	(4,316)	(10,937)	(1,555)	(1,830)	(173)	(20,395)
Disposals	1,902	0	0	0	0	0	1,902
Acquisition of subsidiaries	(5,346)	0	0	0	0	0	(5,346)
Reclassification	(17)	0	0	0	0	0	(17)
Currency translation differences	(29)	(221)	(371)	13	0	0	(608)
Accumulated depreciation and impairment at December 31, 2023	(17,752)	(20,117)	(44,245)	(2,641)	(3,206)	(173)	(88,134)
Carrying amount as at December 31, 2023	**10,542**	**37,462**	**80,362**	**5,421**	**12,017**	**681**	**146,486**

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

kEUR	Software, patents and licenses	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 January 1, 2022	**19,010**	**53,126**	**71,448**	**7,377**	**6,861**	**2,229**	**160,051**
Additions	1,174	(1,170)	0	1,170	3,195	109	4,479
Disposals	(1,528)	1,451	0	(753)	0	(2,143)	(2,973)
Acquisition of subsidiaries	90	(2,507)	806	3,829	0	0	2,218
Reclassification	(1)	(18)	0	18	0	0	(1)
Currency translation differences	(4)	(112)	(481)	3	0	(2)	(595)
Accumulated cost at December 31, 2022	**18,741**	**50,770**	**71,773**	**11,644**	**10,056**	**194**	**163,179**
Accumulated depreciation and impairment at January 1, 2022	**(12,247)**	**(12,224)**	**(23,082)**	**1,078**	**(871)**	**0**	**(47,347)**
Additions	(1,382)	(3,739)	(10,066)	(1,142)	(504)	0	(16,834)
Disposals	1,003	0	0	(698)	0	0	305
Acquisition of subsidiaries	(51)	0	0	3	0	0	(49)
Reclassification	(6)	10	0	(10)	0	0	(6)
Currency translation differences	5	48	211	(3)	0	0	261
Accumulated depreciation and impairment at December 31, 2022	(12,679)	(15,905)	(32,937)	(773)	(1,375)	0	(63,669)
Carrying amount as at December 31, 2022	**6,063**	**34,865**	**38,836**	**10,871**	**8,681**	**194**	**99,511**

Intangible assets increased to 146,486 kEUR as at 31 Dec. 2023 (2022: 99,511 kEUR) mainly due to new acquisitions (such as the SERCOO Group) and the related newly identified intangibles.

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 2023 and 2022.
  - The Group had intangible assets pledged as collateral for liabilities of 40 kEUR as at 31 Dec. 2023 and 43 kEUR as at 31 Dec. 2022, respectively.
  - Research and development costs, net of grants and subsidies received, which are not eligible for capitalisation and are expensed as incurred, amounted to 250 kEUR in 2023 and 215 kEUR in 2022, respectively.
  - As at 31 Dec. 2023 and 2022, 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. The depreciation is attributable to costs of sales if directly attributable to revenues.

kEUR	2023	2022
Cost of sales	(1,509)	(1,474)
Selling and administration	(18,887)	(15,360)
Total	**(20,395)**	**(16,834)**

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 January 1, 2023	**300,925**
Additions	0
Disposals	0
Acquisition of subsidiaries	54,620
Reclassification	0
Currency translation differences	2,717
Accumulated cost at December 31, 2023	**358,263**
Accumulated depreciation and impairment at January 1, 2023	**0**
Additions	0
Disposals	0
Acquisition of subsidiaries	0
Reclassification	0
Currency translation differences	0
Accumulated depreciation and impairment at December 31, 2023	**0**
Carrying amount as at December 31, 2023	**358,263**

kEUR	Goodwill
Accumulated cost at January 1, 2022	**297,650**
Additions	0
Disposals	0
Acquisition of subsidiaries	4,187
Reclassification	0
Currency translation differences	(912)
Accumulated cost at December 31, 2022	**300,925**
Accumulated depreciation and impairment at January 1, 2022	**0**
Additions	0
Disposals	0
Acquisition of subsidiaries	0
Reclassification	0
Impariment losses reversed	0
Currency translation differences	0
Accumulated depreciation and impairment at December 31, 2022	**0**
Carrying amount as at December 31, 2022	**300,925**

Goodwill amounted to 358,263 kEUR as at 31 Dec. 2023 (2022: 300,925 kEUR). Goodwill increased mainly due to the acquisition of SERCOO Group (in total +28,916 kEUR) in the German Energy for Industry 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. 2023	31. 12. 2022
Building energy solutions	**232,788**	**217,693**
German building solutions	166,700	155,446
Euroklimat	34,098	29,679
German engineering solutions	25,827	26,394
Austrian engineering solutions	3,999	3,999
High Tech Clima	2,164	2,176
Green energy	**31,015**	**26,406**
ZOHD Group	16,203	16,203
BELECTRIC Group	4,409	4,621
Italian Green Energy	3,958	2,817
OEM	2,749	2,549
German Green Energy	3,480	0
Austrian Green Energy solutions	216	216
Energy for industry	**94,460**	**56,826**
Hermos Group	51,142	42,801
German energy solutions	38,159	9,243
Metrolog	5,158	4,782
Total	**358,263**	**300,925**

Amortisation of goodwill is usually not tax deductible in share deals, except for partnerships (such as in acquisition of Electro Hofmockel in 2023). On the other hand, it is usually tax deductible in assets deals (however, the corresponding tax asset was not activated in Falgas due to uncertainties if the company applies for status of agricultural company which is subject to special tax regime).

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 2023 or 2022.

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. 2023 or as at 31 Dec. 2022, 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 2023. The growth rate of 1% is considered for FCFF beyond the five-year period. In some cases (asset heavy projects), finite life was considered in the business plans.

The company did not recognise any impairment of cash-generating assets in 2023 and 2022. 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.

kEUR	German Building Solutions	Hermos Group	German Engineering Solutions	German Energy Solutions	OEM	Metrolog	Euroklimat	Italian Green Energy Solutions	Austrian Engineering Solutions	Austrian Green Energy Solutions	High-Tech Clima	ZOHD Group	BELECTRIC Group	SERCOO Group
Recoverable amount, 100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Carrying amount	93	86	80	51	20	60	77	96	54	43	17	51	79	64
Carrying amount, previous year	79	52	42	52	21	63	65	85	55	3	37	30	30	n/a
Interest rate, percent (WACC), after taxes	8.20%	8.20%	8.20%	8.20%	10.96%	10.96%	10.96%	9.40%	8.25%	8.25%	10.1%	8.17%	8.20%	8.20%
Expected growth, %*	(0.56)%	3.26%	13.83%	41.26%	26.34%	8.94%	1.84%	34.72%	(2.57)%	77.66%	4.73%	20.18%	25.20%	41.94%
Interest rate, percent (WACC), previous year (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%	n/a
Expected growth, %, previous year**	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%	n/a
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate by														
+1 percentage point	105	98	93	25	23	67	85	105	62	13	20	59	94	74
+5 percentage point	157	149	147	41	36	95	116	141	93	22	28	93	183	114
Carrying amount, previous year, 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	n/a
+5 percentage point	163	110	86	119	35	104	106	188	104	6	57	63	93	n/a

* Average revenue growth rate in the period 2023–2028.

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

7. Changes in the Group Structure

7.1. Changes in the Group Structure in 2023

The following overview summarises the cash flows related to acquisitions in 2023 (kEUR):

Cash outflow on acquisitions of subsidiaries	83,980
Payments of contingent consideration from acquisitions in previous periods	2,382
Less: Cash and cash equivalents acquired	(7,601)
Total cash outflows on acquisitions	78,761

7.2. Acquisitions of Companies in 2023, 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 and Italy.

The Group effectuated the following acquisitions in 2023.

Building Energy Solutions

Alexander Ochs Wärmetechnik GmbH (Germany)
The Group acquired a 100% interest in Alexander Ochs Wärmetechnik GmbH and its subsidiary Bechem & Post Wärmetechnik Kundendienst GmbH (Ochs Group) with their seat in Karlsruhe and more than 160 employees. Ochs Group is one of the region's leading medium-sized suppliers in the field of heating, air-conditioning, ventilation and sanitary engineering (HVAC) and focuses on the entire energy management of buildings.

Ochs Group is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Jul. 2023.

Acquiring company: Elevion GmbH

Strategic rationale of the acquisition: To strengthen the position of the Group on the German market, ensure better coverage of the Karlsruhe region and complement the product portfolio and competencies of the Group in the HVAC segment.

The Group attributed excess of the consideration over the existing net assets to the newly identified intangibles such as customer list, order backlog and brand. The residual goodwill is formed by the skilled workforce with strong expertise in HVAC segment complementing the Group's offerings in German Building Energy Solutions.

Trim-Tech Technika Instalacji sp. z o.o. (Poland)
The Group acquired a 100% interest in Trim-Tech Technika Instalacji sp. z o.o. (with nearly 40 employees), based in Skórzew, which provides design services for sanitary/electrical installations segment.

Trim-Tech is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Dec. 2023.

Acquiring company: Euroklimat Sp. z o.o.

Strategic rationale of the acquisition: To ensure design services for Euroklimat, which currently uses subcontractors, complement the product portfolio and improve know-how in relevant segments.

The Group attributed excess of the consideration over the existing net assets to the newly identified intangibles such as customer list, order backlog, brand and non-compete. The residual goodwill is formed by the skilled workforce with strong expertise in sanitary/electrical installation segment complementing the Group's offerings in Polish Building Energy Solutions.

Green Energy

GESPA GmbH (Germany)
The Group acquired a 75.1% interest in GESPA GmbH with its seat in Rüsselheim and nearly 20 employees. GESPA is a service provider for rooftop photovoltaics (PV) installations, electromobility and charging infrastructure.
GESPA is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Apr. 2023.

Acquiring company: Elevion Energy & Engineering Solutions GmbH

Strategic rationale of the acquisition: To contribute to the Group's decarbonisation efforts as PV is essential part of strategy and gain experienced team with relevant know-how in rooftop PV which is the market the Group wants to focus in Germany.

The Group attributed excess of the consideration over the existing net assets to the newly identified intangibles such as customer list, order backlog and brand. The residual goodwill is formed by the skilled workforce with unique photovoltaic know-how, which the Group intends to further use in the German rooftop solar market.

Falgas s.r.l. (Italy)
The Group acquired an 85% interest in Falgas S.r.l., which owns and operates two biogas plants (each of 1MWe) in Quinzano d'Oglio (Brescia region) and Capella Cantone (Cremona region).
Falgas S.r.l. is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Nov. 2023.
As a part of this transaction, the Group also disposed of the non-controlling interest of 15% in Societa' Agricola BTC to the sellers of Falgas. See Note 7.3.

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 biomethane plants 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, might 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 residual goodwill can be largely attributable to the option of producing biomethane in the future.

Although there is a combination of put/call option written over the non-controlling interest (NCI), the Group did not recognize financial liability (but rather NCI) for this transaction compared to standard approach – see Accounting Policies Chapter 2.13 – given the put option is restricted and hence not symmetrical with call option.

Energy for Industry

Hofmockel Group (Germany)
The Group acquired a 100% interest in Elektro Hofmockel GmbH & Co. Elektroanlagen KG and Elektro Hofmockel Verwaltungsgesellschaft mbH (Hofmockel Group) with its seat in Rohr and 80 employees. Hofmockel Group offers automation solutions, electrical systems and control system construction for municipal and industrial wastewater companies.

Hofmockel Group is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 May 2023.

Acquiring company: Hermos AG

Strategic rationale of the acquisition: To strengthen the Group's position in automation of the water/wastewater solutions segment on the German market. Potential synergies with Wagner Consult and the companies from Hermos Group.

The Group attributed excess of the consideration over the existing net assets to the newly identified intangibles such as customer list, order backlog, and brand. The residual goodwill is formed by the skilled workforce with strong expertise in automation of the water/wastewater solutions complementing the service offerings of the Hermos Group.

SERCOO Group (Germany)
The Group acquired a 100% interest in SERCOO Group GmbH and its subsidiaries MT Energy Service GmbH, Brandt GmbH, SERCOO Energy GmbH, Deutsche Technik Service GmbH, Bücker & Essing GmbH and MWB Power GmbH. SERCOO Group has its seat in Lingen with more than 300 employees. SERCOO Group operates in the maintenance and repair of biogas plants, cogeneration units, gas and diesel engines and rotating equipment.

SERCOO Group is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Sep. 2023.

Acquiring company: Elevion Energy & Engineering Solutions GmbH

Strategic rationale of the acquisition: To strengthen the Group's position in the industrial energy, biogas and combined heat and power (CHP) segments, extend the service portfolio and acquire know-how and personnel capacities with high expertise in the maintenance segment of biogas plants and cogeneration units.

The Group attributed excess of the consideration over the existing net assets also to the newly identified intangibles such as customer list, order backlog and brand. The residual goodwill is formed by the skilled workforce with unique expertise in maintenance and repair of biogas units, cogeneration units and diesel engines complementing the service offerings of the Group, which might also roll out this business outside Germany.

Project X S.r.l. (Italy)
The Group acquired a 70% interest in Project X S.r.l. (with an option to acquire additional 30%), which will build, own and operate 7 high efficiency CHP plants with an aggregate capacity of c. 26 MW in four locations in Northern Italy. CHP plants will deliver electricity and heat for the Transalpine Pipeline. (TAL).
Project X is consolidated into the Group's financial statements as of the acquisition date for IFRS purposes, namely 1 Dec. 2023.

Acquiring company: Inewa S.r.l.

Strategic rationale of the acquisition: To contribute to enlarge asset heavy portfolio within the Group and increase energy self-sufficiency of Central European countries.

The majority of the consideration in excess of the existing net assets includes contractually secured revenues based on tolling agreement (order backlog), with residual goodwill forming only immaterial part of such excess. The goodwill is attributable mainly to potential contractual upsides not reflected in order backlog.

As there is substantially symmetrical combination of put/call option written over the non-controlling interest (NCI), the Group reports financial liability instead of NCI for this transaction – see Accounting Policies Chapter 2.13.

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

kEUR	GESPA GmbH	Elektro Hofmockel Group	A. Ochs Group	SERCOO Group	Project X S.r.l.	SOCIETA' AGRICOLA FALGAS S.R.L.	TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.	Total
Share of the Group being acquired	100%	100%	100%	100%	100%	100%	100%	
Non-current assets	**1,990**	**5,762**	**6,197**	**40,613**	**37,333**	**9,727**	**1,545**	**103,166**
Property, plant and equipment	76	968	565	3,617	18,979	6,559	52	30,816
Right-of-use assets	564	0	1,203	4,698	0	32	0	6,496
Intangible assets	1,180	4,697	4,428	28,651	18,290	3,136	1,493	61,876
Non-current financial assets	0	97	0	2,257	0	0	0	2,353
Other non-current assets	0	0	0	0	0	0	0	0
Deferred tax assets	169	0	0	1,391	64	0	0	1,624
Current assets	**855**	**844**	**7,835**	**50,097**	**2,256**	**2,350**	**497**	**64,735**
Cash and cash equivalents	548	533	4,510	1,021	885	93	11	7,601
Inventories	93	1	1,447	16,547	0	1,293	0	19,381
Trade and other receivables gross	103	221	743	4,244	0	907	608	6,825
Expected credit loss	0	(10)	(67)	(474)	0	0	(118)	(670)
Contract Assets	0	0	0	0	0	0	0	0
Income tax receivables	0	83	7	0	0	0	(5)	85
Current financial assets	0	0	(1)	13,006	0	0	0	13,005
Other current assets	111	16	1,196	15,755	1,371	57	2	18,508
TOTAL ASSETS	**2,845**	**6,605**	**14,032**	**90,710**	**39,589**	**12,076**	**2,042**	**167,900**
Non-current liabilities	**(969)**	**(1,659)**	**(2,574)**	**(35,276)**	**(15,745)**	**(247)**	**(284)**	**(56,753)**
Non-current financial liabilities	0	(218)	0	(21,993)	(11,026)	0	0	(33,237)
Lease liability	(441)	0	(1,203)	(3,173)	0	0	0	(4,817)
Defined benefit obligations	0	0	0	0	0	0	0	0
Non-current provisions	0	(10)	(21)	(458)	0	0	0	(489)
Deferred tax liabilities	(528)	(1,432)	(1,350)	(9,651)	(4,719)	(247)	(284)	(18,211)
Other non-current liabilities	0	0	0	0	0	0	0	0
Current liabilities	**(2,708)**	**(1,445)**	**(6,250)**	**(46,875)**	**(13,325)**	**(1,373)**	**(523)**	**(72,499)**
Current financial liabilities	(1,674)	0	(1)	(14,549)	(7,119)	0	0	(23,342)
Lease liability	(123)	0	0	(1,525)	0	(32)	(19)	(1,699)
Trade payables	(875)	(392)	(1,682)	(2,342)	(5,545)	(979)	(171)	(11,986)
Contract liabilities	0	0	0	(4,536)	0	0	0	(4,536)
Income tax liabilities	0	(1)	(925)	(220)	0	(4)	0	(1,151)
Current provisions	(72)	(426)	(702)	(6,294)	0	(105)	(256)	(7,855)
Other liabilities	35	(626)	(2,940)	(17,410)	(660)	(253)	(77)	(21,931)
Total net assets	**(833)**	**3,501**	**5,208**	**8,560**	**10,520**	**10,457**	**1,236**	**38,649**
Share of net assets acquired	(833)	3,501	5,208	8,560	10,520	10,457	1,236	38,649
Goodwill	3,480	8,341	10,687	28,916	1,141	0	2,085	54,650
Total purchase consideration	**2,647**	**11,842**	**15,895**	**37,476**	**11,661**	**10,457**	**3,321**	**93,299**
Less: Consideration paid in previous periods								
Liabilities from acquisition of the subsidiary	(2,628)	(1,416)	(2,331)	0	(2,944)	0	0	(9,319)
Cash outflow on acquisition in 2023	**19**	**10,427**	**13,564**	**37,476**	**8,717**	**10,457**	**3,321**	**83,980**
Less: Cash and cash equivalents acquiered	(548)	(533)	(4,510)	(1,021)	(885)	(93)	(11)	(7,601)
Cash outflow on acquisition in 2023, net	**(529)**	**9,894**	**9,054**	**36,456**	**7,832**	**10,364**	**3,310**	**76,379**

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 2023, net income for the Elevion Group as at 31 Dec. 2023 would have been -7,817 kEUR and the revenues from continuing operations would have been 1,307,213 kEUR.

From the acquisition date, the contribution of newly acquired subsidiaries to the Group's 2023 consolidated profit or loss is as follows:

kEUR	GESPA GmbH	Elektro Hofmockel Group	A. Ochs Group	SERCOO Group	Project X S.r.l.	SOCIETA' AGRICOLA FALGAS S.R.L.	TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.	Total
Share of the Group being acquired	100%	100%	100%	100%	100%	100%	100%	
Revenues and other operating income	2,406	9,842	18,246	29,894	61	830	315	61,594
Income before income tax	(1,668)	570	1,234	3,290	(108)	(400)	54	2,972
Net income	(1,649)	1,008	1,494	2,709	391	(403)	53	3,604
Net income attributable:								
Equity holders of the parent	(1,649)	1,008	1,494	2,709	391	(403)	53	3,604
Non-controlling interests	0	0	0	0	0	0	0	0
Adjusted EBITDA	(1,101)	1,998	2,745	6,077	41	297	84	10,140

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

kEUR	Amount recognized as at the acquisition date	Estimate of the range of outcomes	Carrying amount as at 31 Dec. 2022	Carrying amount as at 31 Dec. 2023
Companies acquired in 2023				
A.Ochs Group	2,247	0 – 2,500	0	2,331
Elektro Hofmockel Group	1,415	0 – 1,800	0	1,522
Gespa	861	0 – 1,800	0	0
Project X	5,476	0 – 5476	0	5,476
Trim-Tech	820	0 – 820	0	820
Companies acquired in 2022				
AMPRO Group	598	0 – 750	622	435
Hermos Signaltechnik	134	0 – 150	134	73
Wagner Consult	60	0 – 60	60	60
Companies acquired in 2021				
BELECTRIC Group	4,497	0 – 5,000	2,892	533
IBP Ingenieure	2,538	0 – 4,650	2,665	1,007
Heinz Hildebrand	847	0 – 1,500	0	0
Peil und Partner Ingenieure	736	0 – 1,219	508	271
Companies acquired until 2020				
Euroklimat	11,625	0 – 14,108	0	0
Metrolog	1,695	0 – 2,885	0	0
Moser & Partner Ingenieurbüro	1,446	0 – 3,400	1,535	1,535
FEA Automation	450	0 – 450	134	0
Jäger	640	0 – 640	0	0
GWE Wärme- und Energietechnik	300	0 – 860	0	0
Total contingent consideration			**8,550**	**14,063**
Option liability				
Elevion Group			12,517	20,166
ZOHD Group			6,218	4,107
Project X			0	2,944
Euroklimat			1,467	3,773
OEM Energy			842	756
Total			**21,044**	**31,746**

The contingent consideration (earn-outs) 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 most cases, the movement between 2022 and 2023 is attributable to payment of the earn out liability, except for Belectric, where there was also significant downward remeasurement of the contingent liability related to EBITDA targets. Also, the contingent liability related to GESPA was remeasured to zero at the end of 2023 due to failure to achieve EBITDA targets in 2023. We note that the time value of money was not considered by the recalculation of contingent considerations in several immaterial transactions (Moser & Partner Ingenieurburo and FEA).

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

7.3. Disposals in 2023

In addition to 2023 acquisitions stated in 7.2, the Group also disposed a minority stake of 15% in Societa Agricola BTC in 2023 to the sellers of Falgas as part of the overall transaction arrangement. The aim of the transaction is to promote mutual strategic cooperation and secure provision of long-term services to the respective biogas plants.

As there is no put option in the shareholder agreement, the Group recognized non-controlling interest (NCI) in its consolidated financial statements with respect to this transaction.

7.4. Changes in the Group Structure in 2022

The following overview 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	557
Less: Cash and cash equivalents acquired	(590)
Total cash outflows on acquisitions	6,982

7.5. Acquisitions of Companies in 2022, in which the Elevion Group Gained Control

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 Jul. 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 Aug. 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 Signaltechnik GmbH	Wagner Consult GmbH	Società Agricola B.T.C. S.R.L.	AMPRO Medientchnik GmbH	AMPRO Projektmanagement GmbH	Total
Share of the Group being acquired	**100%**	**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
Expected credit loss	0	0	0	0	0	0
Contract Assets	0	0	0	0	0	0
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)
Other non-current liabilities	0	0	0	0	0	0
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)
Contract liabilities	0	0	0	0	0	0
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						
Liabilities from acquisition of the subsidiary	(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 acquiered	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	Società 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

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			
kEUR	**Country**	**Operating segment**	**Change in 2023**	**2023**	**% voting interest 2023**	**% de facto control 2023**
New aquisitions						
GESPA GmbH	DE	GE	75.10	75.10	75.10	100.00
Elektro Hofmockel GmbH & Co Elektroanlagen KG	DE	Efl	95.00	95.00	95.00	100.00
Elektro Hofmockel Verwaltungsgesellschaft mbH	DE	Efl	95.00	95.00	95.00	100.00
Bechem und Post GmbH	DE	BES	95.00	95.00	95.00	100.00
Alexander Ochs Wärmetechnik GmbH	DE	BES	95.00	95.00	95.00	100.00
SERCOO Group GmbH	DE	Efl	100.00	100.00	100.00	100.00
MT Energy Service GmbH	DE	Efl	100.00	100.00	100.00	100.00
Brandt GmbH	DE	Efl	100.00	100.00	100.00	100.00
SERCOO ENERGY GmbH	DE	Efl	100.00	100.00	100.00	100.00
Deutsche Technik Service GmbH	DE	Efl	100.00	100.00	100.00	100.00
Bücker & Essing GmbH	DE	Efl	100.00	100.00	100.00	100.00
MWB Power GmbH	DE	Efl	100.00	100.00	100.00	100.00
TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.	PL	BES	100.00	100.00	100.00	100.00
SOCIETA' AGRICOLA FALGAS S.R.L.	IT	GE	85.00	85.00	85.00	85.00
Project X S.r.l.	IT	Efl	70.00	70.00	70.00	100.00
Newly created companies						
Solarkraftwerk Deubach GmbH & Co. KG	DE	GE	100.00	100.00	100.00	100.00
Solarkraftwerk Reddehausen GmbH & Co. KG	DE	GE	100.00	100.00	100.00	100.00
Liquidations & mergers						
MWS GmbH	DE	BES	0.00	100.00	100.00	100.00
Other – no change in 2023						
AMPRO Medientchnik GmbH	DE	BES	0.00	95.00	95.00	100.00
AMPRO Projektmanagement GmbH	DE	BES	0.00	95.00	95.00	100.00
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

			% equity interest			
kEUR	**Country**	**Operating segment**	**Change in 2023**	**2023**	**% voting interest 2023**	**% de facto control 2023**
BELECTRIC Greenvest GmbH	DE	Efl	0.00	100.00	100.00	100.00
D-I-E Elektro AG	DE	BES	0.00	95.00	95.00	100.00
Elevion Energy & Engineering Solutions GmbH	DE	CE	0.00	100.00	100.00	100.00
E-City Polska sp. z o.o.	PL	BES	0.00	100.00	100.00	100.00
EAB Elektroanlagenbau GmbH Rhein/Mein	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 GmbH & 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
Entract Energy GmbH	DE	Efl	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	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 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 Signaltechnik GmbH	DE	Efl	0.00	100.00	100.00	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
IBP Ingenieure GmbH	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 Ingenieurgesellschaft mbH	DE	BES	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
M&P Real 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
Pantegra Ingenieure GmbH	DE	BES	0.00	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
Società Agricola B.T.C. S.R.L.	IT	GE	(15.00)	85.00	85.00	85.00
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	Efl	0.00	100.00	100.00	100.00
Wagner Consult GmbH	AT	BES	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

Used abbreviations:

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

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

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 59,649 kEUR as at 31 Dec. 2023 (2022: 41,930 kEUR).

The Elevion Group had no short-term investments.

The increase of cash is attributable to the new acquisitions not yet constituting part of the Group's cash pool (Ochs Group, SERCOO Group, Hofmockel – in total +10,914k EUR), as well as increased cash in BELECTRIC Israel (+3,917 kEUR), which is not part of the cash pool.

10. Trade Receivables

The overview of trade receivables as at 31 Dec. 2023 and 2022 is as follows:

kEUR	31. 12. 2023	31. 12. 2022
Trade receivables	171,932	171,536
Impairment losses	(32,823)	(28,377)
Total	**139,109**	**143,159**

At 31 Dec. 2023 and 2022, the ageing structure of receivables (net of impairment losses) is as follows:

	31. 12. 2023			31. 12. 2022		
kEUR	Trade receivables	Collective allowance	Individual allowance	Trade receivables	Collective allowance	Individual allowance
Not due	89,464	(88)	(750)	80,474	(351)	0
Past Due:						
Due less than 3 months	23,138	(228)	(4,883)	27,282	(273)	(2,716)
Due at least 3M but less than 6M	6,154	0	(2,587)	3,818	0	(1,404)
Due at least 6M but less than 1 year	4,467	0	(4,248)	11,822	0	(4,239)
Due at least 1 year	15,886	0	(20,038)	19,764	0	(19,394)
Total	**139,109**	**(316)**	**(32,507)**	**143,159**	**(624)**	**(27,753)**

Net trade receivables decreased to 139,109 kEUR as at 31 Dec. 2023 (2022: 143,159 kEUR) primarily due to settling of some old cases under litigation where the receivables were overdue for more than one year, as well as increased impairment loss allowances related to ongoing litigations.

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 expected credit losses was made in the opening balance sheet of the respective company.

The expected credit losses stood at 32,823 kEUR as at 31 Dec. 2023 (2022: 28,377 kEUR). As at 31 Dec. 2023, of the total impairment losses, 316 kEUR constitute expected credit losses based on a collective assessment basis according to IFRS 9 (2022: 624 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 relevant entities. The adequacy of these impairment losses is continuously assessed by the managements of the relevant entities 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 credit risk management, including additional information on approach to expected credit losses, are dealt with in Chapter 16 on Financial Risk Management.

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

kEUR	2023	2022
Balance as at January 1	**(28,377)**	**(26,162)**
Aquisitions	(670)	0
Impairment losses for the year	(17,581)	(7,062)
Reversals of impairment losses	3,155	1,854
Use of impairment losses	10,650	2,990
Currency translation differences	0	3
Balance as at December 31	**(32,823)**	**(28,377)**

11. Inventories

For Accounting Policies, please refer to Note 2.14.

The overview of inventories as at 31 Dec. 2023 and 2022 is as follows:

kEUR	31. 12. 2023	31. 12. 2022
Raw materials, consumables and supplies	47,503	58,796
Finished goods and merchandise	14,277	267
Advance payments made	17,468	6,066
Total	**79,249**	**65,129**

Inventories increased to 79,249 kEUR as at 31 Dec. 2023 (2022: 65,129 kEUR) mainly due to acquisition of the SERCOO Group (+10,379 kEUR).

Additional disclosures related to inventories:
- There are no significant differences between the carrying amount for inventories and their fair value.
- Inventories of 110 kEUR in 2023 and of 56 kEUR in 2022, respectively, were adjusted due to a change in net realisable value.
- As at 31 Dec. 2023, inventories of 1,383 kEUR were pledged as collateral for liabilities (2022: 1,282 kEUR).

12. Other Assets

The overview of other assets as at 31 Dec. 2023 and 2022 is as follows:

kEUR	31. 12. 2023	31. 12. 2022
Non-current deferred expenses	138	152
Other non-current assets	101	84
Total other non-current assets	**239**	**235**
Taxes and fees excluding income tax	12,341	5,867
Current deferred expenses & prepaid expenses	4,784	3,284
Receivables against employees	448	382
Others shortterm receivables	11,118	8,732
Receivables against affiliated companies	(81)	2,033
Total other current assets	**28,609**	**20,299**
Total other assets	**28,848**	**20,534**

The increased taxes and fees are attributable mainly to VAT receivables related to intragroup transfers of the Deubach and Reddehausen projects. Other short-term receivables are usually connected to supplier bonuses, which can be used against future material deliveries. Therefore, given the nature of other assets, the Group does not apply the expected credit losses approach.

13. Contract Assets/Liabilities

Please refer to Note 2.7 of Accounting Policies for details regarding contract assets and contract liabilities, which are recorded as follows on the Group's statement of financial position.

kEUR	31. 12. 2023	31. 12. 2022
Contract assets (gross assets)	719,902	456,458
Contract assets (advance payments received)	(496,006)	(298,432)
Contract assets	**223,896**	**158,026**
Expected credit losses on contract assets	**(211)**	**0**
Contract liabilities (gross assets)	383,583	235,277
Contract liabilities (advanced payment received)	(521,870)	(370,600)
Contract liabilities	**(138,287)**	**(135,323)**
Net contract position	**85,609**	**22,703**

The breakdown of contract assets is set out below:

kEUR	2023	2022
Carrying amount as at 1 Jan.	**158,026**	**156,362**
Revenue accrued during the year	833,065	551,066
Invoiced revenue	(750,390)	(547,932)
Reclassification	(22,893)	(932)
Acquisition of subsidiaries	6,448	284
Expected credit losses on contract assets	(211)	0
Currency differences	(150)	(822)
Carrying amount as at 31 Dec.	**223,896**	**158,026**

The breakdown of contract liabilities is detailed below:

kEUR	2023	2022
Carrying amount as at 1 Jan.	**(135,323)**	**(112,006)**
Revenue accrued during the year	362,436	271,414
Advances received	(383,035)	(295,725)
Reclassification	22,893	932
Acquisition of subsidiaries	(5,151)	0
Currency differences	(106)	62
Carrying amount as at 31 Dec.	**(138,287)**	**(135,323)**

The overall combined position of contract assets and contract liabilities stood at 85,609 kEUR as at 31 Dec. 2023 (2022: 22,703 kEUR). The increase in net position was driven primarily by (i) the German Building Energy Solutions segment and is related to execution of projects in 2023 where large prepayment was received already in prior periods (e.g., in ETS Germany where net contract position increased by +13,465 kEUR), (ii) as well as increased construction activity of BELECTRIC Germany (where net contract position increased by +51,809k EUR).

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. 2023 and 31 Dec. 2022.

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 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 CO2 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 or follows from customary business practise. 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 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:
- Energy efficiency and decarbonisation solutions for buildings;
- Mechanical and electrical services;
- Building and process automation;
- Designing and engineering solutions;
- Hard facility management; and
- Clean rooms constructions.

Examples of Green Energy products are:
- Photovoltaic solutions;
- Heat pumps;
- Biogas and biomethane solutions;
- Hydrogen solutions;
- Energy storage; and
- E-mobility solutions.

Examples of Energy for Industry products are:
- Energy efficiency and decarbonisation solutions for industry;
- Water treatment solutions;
- Tri/Cogeneration solutions;
- Industry parks and local energy distribution networks; and
- 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 1,207,643 kEUR of unsatisfied or partially unsatisfied performance obligations as at 31 Dec. 2023 (based on projects recognised over time) (2022: 1,067,164 kEUR). 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. 2023
Building Energy Solutions	691,876	0	691,876
Green Energy	343,946	54,032	397,978
Enery for Industry	171,821	1,088	172,909
Total	**1,207,643**	**55,120**	**1,262,762**

The Group expects to satisfy fully these performance obligations (related to projects recognised over time) in the amount of 992,678 kEUR in 2024, 155,071 kEUR in 2025 and 59,894 kEUR in 2026 respectively.

The Group applies expected credit losses approach on contract assets. For more information, please refer to Chapter 16 on Financial Risk Management.

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 0.3% of total equity as at 31 Dec. 2023. Equity changed during the 2023 reporting period as follows:

kEUR	2023	2022
January 1	441,860	412,599
of which non-controlling interests	(20)	61
Net income for the year attributable to		
Equity holders	(6,943)	5,283
Non-controlling interests	284	80
Other comprehensive income for the year		
Items that will not be reclassified to proft or loss		
Remeasurement of defined-benefit pension plans	(228)	894
Tax on items that will not be reclassified to profit or loss for the period	55	(217)
Total	**(172)**	**677**
Items that have been or will be reclassified to profit or loss for the period		
Translation differences attributable to equity holders	4,406	(1,834)
Translation differences attributable to non controlling interests	0	0
Total	**4,406**	**(1,834)**
Other comprehensive income after tax	**4,233**	**(1,157)**
Comprehensive income for the year	**(2,426)**	**4,207**
of which attributable to equity holders	(2,710)	4,127
of whicht attributable to non controlling interests	284	80
Other changes in equity not included in comprehensive income for the year		
Capital increase	125,309	25,054
Sell of shares to NCI	490	0
Total	**125,799**	**25,054**
Equity, December 31	**565,233**	**441,860**
of which non-controlling interests	1,548	(20)

The capital increase of 125,309 kEUR (through paid-in capital) is related to the financing of acquisitions (such as SERCOO Group or Project X) and organic projects.

Details regarding equity attributable to shareholders are as follows:

Equity attributable to shareholders is allocated as follows

kEUR	31. 12. 2023	31. 12. 2022
Share capital	3,000	3,000
Share premium	617,033	493,376
Reserves	(1,531)	(5,764)
Retained earnings	(54,817)	(48,732)
Total	**563,685**	**441,880**

Breakdown of reserves

kEUR	31. 12. 2023	31. 12. 2022
Translation reserves	(2,009)	(6,414)
Reserve for revaluation of options written over NCI	0	0
Remeasurement of the net defined benefit liability	478	650
Total	**(1,531)**	**(5,764)**

The decrease 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 appreciation of PLN.

Movement in translation reserve

kEUR	2023	2022
Translation reserve, January 1	(6,414)	(4,580)
Translation difference for the year	4,406	(1,834)
Translation reserve, December 31	(2,009)	(6,414)

The reserve for revaluation was decreased by remeasurement of defined-benefit pension plans in other comprehensive income in the amount of 228 kEUR in 2023.

Movement in reserve for revaluation of net defined benefit liability

kEUR	2023	2022
Reserve for revaluation of net defined benefit liability, January 1	650	(27)
Difference between expected and actual return on plan asset	0	911
Remeasurement of defined-benefit pension plans	(228)	4
Taxes	55	(238)
Reserve for revaluation of net defined benefit liability, December 31	478	650

15. Financial Liabilities

The financial liabilities of the Group are detailed below:

	31. 12. 2023			31. 12. 2022		
kEUR	sum	longterm	shorterm	sum	longterm	shorterm
Loans to affiliated companies	65,816	63,576	2,240	63,618	63,576	42
Cash-Pool	63,081	0	63,081	0	0	0
Bank loans	19,910	14,400	5,511	5,730	3,343	2,386
Other loans	1,772	0	1,772	0	0	0
Total financial liablities measured at amortized cost	150,579	77,975	72,604	69,348	66,919	2,429
FX forward payable	1,661	0	1,661	1,635	0	1,635
NCI put option liability	31,746	23,544	8,202	21,044	21,044	0
Earn-Out Liability	13,990	8,526	5,464	8,550	3,760	4,790
Total financial liablities measured at fair value through profit or loss	47,397	32,069	15,328	31,229	24,805	6,425
Total financial liabilities	197,976	110,044	87,932	100,577	91,724	8,853

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 Group towards ČEZ, a. s., reported as at 31 Dec 2023 (which was cash pool asset as at 31 Dec 2022) is mainly related to increased construction activity of the BELECTRIC Group, as well as higher net working capital requirements of the German Building Energy Solutions segment (and relates to positions in EUR).

Bank loans are mainly related to the project financing of biogas plants in Italy (at a total of 4,131 kEUR as at 31 Dec. 2023 and 5,631 kEUR as at 31 Dec. 2022), whereas the respective biogas assets and related land are pledged to the benefit of the financing bank (see Section 3 for more details). The increase in bank loans liability is also attributable to bank financing of the newly acquired Project X (in the total of 11,629 kEUR), where the asset is also pledged.

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 and Euroklimat due to improved EBITDA results in 2023, as well as to newly acquired Project X.

			Carrying amount	
kEUR	Earliest date of exercise	Share of voting rights of NCI	2023	2022
Elevion Deutschland Holding	31 Dec 2024	5.00%	20,166	12,517
ZOHD Group	31 Dec 2024	34.00%	4,107	6,218
Euroklimat	1 Aug 2024	4.00%	3,773	1,467
OEM Energy	1 Jan 2030	22.32%	756	842
Project X	31 Dec 2026	30.00%	2,944	0
Total			**31,746**	**21,044**

The contingent consideration (earn-out liability) is accounted in line with the Accounting Policies detailed in Note 2.5. The increase in this liability is mainly attributable to newly acquired companies in 2023 (Ochs Group and Hofmockel) – (please refer to Section 7 for more details).

The tables below present maturity and interest rate analysis of derivative and non-derivative financial liabilities:

kEUR	31. 12. 2023	31. 12. 2022
Within 1 year	87,932	8,853
Between 1 year and 2 years	86,304	5,410
Between 2 and 3 years	19,679	7,959
Between 3 and 4 years	1,118	12,993
Between 4 and 5 years	355	229
Thereafter	2,589	65,132
Total	**197,976**	**100,577**

kEUR	31. 12. 2023	31. 12. 2022
Interest rate lower than 2.00%	2,801	2,982
Interest rate 2.00% to 2.99%	64,551	64,701
Interest rate 3.00% to 3.99%	15,642	2,524
Interest rate 4.00% to 4.99%	67,762	776
Interest rate 5.00% to 5.99%	1,412	0
Interest rate 6.00% to 6.99%	27,255	18,605
Interest rate 7.00% to 7.99%	8,123	9,526
Interest rate 8.00% to 8.99%	756	842
Interest rate 9.00% to 9.99% and higher	9,675	622
Total	**197,976**	**100,577**

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 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).

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 table below show sensitivities of the foreign currencies to which Group is primarily exposed with respect to their average daily volatility.

kEUR

			31. 12. 2023		31. 12. 2022	
Counterparty	Type	Currency	Balance	PL (+/- impact)	Balance	PL (+/- impact)
CP header denominated in PLN	Cash and cash equivalents	PLN	901	62	1,834	103
Polish companies	Trade receivables	PLN	22,365	1,535	29,340	1,655
Polish companies	Contract assets	PLN	8,030	551	7,123	402
Polish companies	Cash and cash equivalents	PLN	2,910	200	1,855	105
Option liabilities	Financial liabilities	PLN	(4,529)	(311)	(2,309)	(130)
Total PLN			**29,676**	**2,037**	**37,844**	**2,134**
CP header denominated in RON	Cash and cash equivalents	RON	3,955	155	3,046	3,046
High-Tech Clima S.A.	Trade receivables	RON	3,282	128	6,457	6,457
High-Tech Clima S.A.	Contract assets	RON	3,516	137	1,728	1,728
High-Tech Clima S.A.	Cash and cash equivalents	RON	46	2	57	57
Total RON			**10,799**	**422**	**11,287**	**248**
BELECTRIC Israel	Trade receivables	ILS	2,818	312	1,195	143
BELECTRIC Israel	Contract assets	ILS	11,849	1,312	11,491	1,373
BELECTRIC Israel	Cash and cash equivalents	ILS	10,958	1,213	7,041	841
Total ILS			**25,625**	**2,837**	**19,727**	**2,357**
PLN / EUR FX rate volatility				6.87%		5.64%
RON / EUR FX rate volatility				3.91%		2.20%
ILS / EUR FX rate volatility				11.07%		11.95%

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 capital expenditure loans from banking institutions are at fixed rates, except for the loan related to Societa' Agricola DEF and Project X. There are no external net working capital 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, in limited cases, uses also interest-related derivatives (Project X).

Interest rate risk sensitivity: If the average EUR interest rates (EURIBOR/EUROBID) 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 675 kEUR higher/lower (2022: 124 kEUR higher/lower). If the average PLN interest rates (WIBOR/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 134 kEUR higher/lower (2022: 20 kEUR higher/lower). If the average RON interest rates (ROBOR/ROBID) 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 40 kEUR higher/lower (2022: 30 kEUR higher/lower).

Credit risk

kEUR

			Outstanding balance		Interest expense / income	
Counterparty	Type		31. 12. 2023	31. 12. 2022	2023	2022
Project X	Loan	EURIBOR	(11,629)	0	(832)	0
Societa' Agricola DEF	Loan	EURIBOR	(663)	(1,308)	(72)	(100)
Euroklimat	Loan	WIBOR	0	0	0	(25)
EUR cash pool balance	Cash pool receivable / payable / Cash	EUROBID / EURIBOR	(55,208)	13,673	(1,283)	(101)
PLN cash pool balance	Cash pool receivable / payable / Cash	WIBID / WIBOR	13,394	2,014	143	(264)
RON cash pool balance	Cash pool receivable / payable / Cash	ROBID / ROBOR	3,955	3,046	110	12
Total float			**(50,151)**	**17,426**	**(1,933)**	**(477)**

Exposures to credit risk: Credit risk arises from trade receivables and contract assets, as well as from future receivables in contracting projects (lease receivables). The lease receivables are presented under trade receivables by the Group in its statement of financial position due to their immaterial character. The Group measures the loss allowance at an amount equal to lifetime expected credit losses and presents the loss amount separately in its statement of profit or loss, 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 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. Please note that individual assessment can also occur for trade receivables which are less than 30 days past due (or for contract assets) in conjunction with collective assessment basis – see below.

The Group uses a collective assessment basis using provision matrix for receivables which are less than 30 days past due. The Group uses flat allowance of 0.1% for receivables which are not yet past due (as well as for contract assets) and, for trade receivables less than 30 days past due, flat allowance of 1%. It should be, however, noted that 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, hence individual assessment basis materially prevails. Please refer to the section on trade receivables (see Note 10) with more quantitative details on the individual and collective assessment of trade receivables where prevalence of individual assessment over collective assessment is apparent.

The overview of expected credit losses based on collective assessment per maturity for trade receivables/contract assets is shown in the below table. As of 2023, the Group applies also collective allowance approach on contract assets.

	31. 12. 2023		31. 12. 2022	
kEUR	Total	Collective allowance	Total	Collective allowance
Trade receivables				
Not due	89,464	(88)	80,474	(351)
Past due				
Due less than 3 months	23,138	(228)	27,282	(273)
Contract assets	223,896	(211)	158,026	0
Total		**(527)**		**(624)**

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 built 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 safety mechanisms, e.g., 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).
The maturity analysis is presented in the Section 15 on Financial liabilities.

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 as part of liquidity management 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. Each new subsidiary is usually added to the cash pool structure (unless not practicable). The cash pool effectively replaced the intragroup net working capital facilities towards ČEZ, a. s., which were in place prior implementation of cash pool and thus it also represents source of short-term financing.

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. CAPEX for the growth of the Elevion Group has been defined as part of the 5-year business plan to ČEZ, a. s.

Liquidity risk exposure: Please refer below on selected indicators related to liquidity. They are in line with industry standards.

kEUR

Liquidity risk calculation	Consolidated 31. 12. 2023	Consolidated 31. 12. 2022	Industry benchmark
Current liquidity	**1.13**	**1.21**	**0.93**
Current assets	552,783	449,091	
Current liabilities	491,110	369,890	
Quick liquidity ratio	**0.89**	**0.96**	**0.61**
Cash (incl. CP receivables)	72,909	52,903	
Accounts receivable + contract assets	363,005	301,185	
Current liabilities	491,110	369,890	
Cash Ratio	**0.15**	**0.14**	**0.04**
Cash (incl. CP receivables)	72,909	52,903	
Current liabilities	491,110	369,890	

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 defined formula in the relevant shareholder agreement. Generally, it is calculated as a multiple of 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 further adjusted as stated in the respective shareholder agreements (e.g., for net debt or net working capital). The budget of all the companies is updated annually and serves as a basis for revaluation of the fair value of relevant strike prices. Fair value of put options written over non-controlling interests is discounted based on expected timeframes of their exercise.

The fair value of contingent considerations (earn-out liabilities) is determined based on contractual agreements with sellers. These usually define specific EBITDA targets to be achieved usually with pre-set floors and caps. Duration of contingent considerations is typically up to three consecutive years after acquisition with defined timeline of settlements based on which the contingent consideration is discounted.

The table below show classification of financial instruments, including related hierarchy level.

Assets – 31 Dec. 2023

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	13,056	13,056	13,056
FX forward receivable	1	117	0	0	117	117
Other current financial assets	–	0	0	87	87	87
Cash and cash equivalents	–	0	0	59,649	59,649	59,649
Total interest-bearing assets and derivatives	**–**	**117**	**0**	**72,792**	**72,909**	**72,909**
Trade and other receivables	–	0	0	139,109	139,109	139,109
Contract assets	–	0	0	223,896	223,896	223,896
Lease receivables	–	0	0	5,128	5,128	5,128
Other investments	–	0	0	1,053	1,053	1,053
Total financial instruments	**–**	**117**	**0**	**441,978**	**442,095**	**442,095**

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
Lease receivables	–	0	0	5,752	5,752	5,752
Other investments	–	0	0	579	579	579
Total financial instruments	**–**	**1,086**	**0**	**359,332**	**360,418**	**360,418**

Liabilities – 31 Dec. 2023

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	65,816	65,816	65,816
NCI put option liability	3	31,746	0	0	31,746	31,746
Earn-out liability	3	13,990	0	0	13,990	13,990
Bank loans	–	0	0	19,910	19,910	19,910
Other loans	–			1,772	1,772	1,772
FX forward payable	1	1,661	0	0	1,661	1,661
Cash-pool	–	0	0	63,081	63,081	63,081
Total interest-bearing liabilities and derivatives	–	**47,397**	**0**	**150,579**	**197,976**	**197,976**
Trade payables	–	0	0	111,861	111,861	111,861
Contract liabilities	–	0	0	138,287	138,287	138,287
Total financial instruments	**–**	**47,397**	**0**	**400,727**	**448,124**	**448,124**

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**

For financial instruments measured at fair value, the carrying amount recognized at statement of financial positions equals the fair value.

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. 2023	31. 12. 2022
Financial assets measured through profit and loss	117	1,086
Financial assets measured through other comprehensive income	0	0
Financial assets measured at amortised costs	72,792	51,816
Total interest-bearing assets and derivatives	**72,909**	**52,903**
Trade and other receivables	139,109	143,159
Contract assets	223,896	158,026
Lease receivables	5,128	5,752
Other investments	1,053	579
Other financial instruments	**369,186**	**307,516**
Total financial instruments	**442,095**	**360,418**
Other assets	862,261	635,743
Property, plant and equipment	143,083	70,245
Right-of-use assets	56,691	42,281
Goodwill	358,263	300,925
Intangible assets – other	146,486	99,511
Other non-current assets	239	235
Deferred tax assets	41,990	28,960
Inventories	79,249	65,129
Income tax receivables	7,651	8,158
Other assets	28,609	20,299
Total assets	**1,304,357**	**996,161**
Total financial instruments / Total assets	33.9%	36.2%
Total interest-bearing assets and derivatives / Total assets	5.6%	5.3%

Equity and liabilities

kEUR	31. 12. 2023	31. 12. 2022
Financial liabilities measured through profit and loss	47,397	31,229
Financial liabilities measured through other comprehensive income	0	0
Financial liabilities measured at amortised costs	150,579	69,348
Total interest-bearing liabilities and derivatives	**197,976**	**100,577**
Trade payables	111,861	105,307
Contract liabilities	138,287	135,323
Other financial instruments	**250,148**	**240,630**
Total financial instruments	**448,124**	**341,207**
Equity	565,233	441,860
Other liabilities	290,999	213,095
Non-current lease liability	45,239	37,182
Defined benefit obligations	3,684	1,288
Non-current provisions	5,848	4,616
Deferred tax liabilities	83,197	49,602
Current lease liability	16,010	10,430
Income tax liabilities	9,636	6,183
Current provisions	71,685	59,770
Other current liabilities	55,699	44,023
Total equity and liabilities	**1,304,357**	**996,161**
Total financial instruments / Total assets	34.4%	34.3%
Total interest-bearing assets and derivatives / Total assets	15.2%	10.1%

17. Pensions

The Group recognises a net defined liability of 3,684 kEUR as at 31 Dec. 2023 (2022: 1,288 kEUR). The Group has a defined benefit plan only in Germany and it covers very limited number of employees (mainly HERMOS Group). The increase in net liabilities is primarily impacted by acquisition of the Ochs Group.

kEUR	31. 12. 2023	31. 12. 2022
Present value of pension obligations	4,499	2,102
Fair value of plan assets	(815)	(815)
Net liability	**3,684**	**1,288**

Movement in net pension liability

kEUR	2023	2022
Net pension liability, January 1	**1,288**	**1,843**
Service costs	44	49
Net interest	71	30
Remesurements (note: actuarial + return on plan assets)	172	(694)
Contributions paid	(136)	(112)
Aquisition of subsidiaries	2,245	172
Net pension liability, December 31	**3,684**	**1,288**

Movement in pension obligation

kEUR	2023	2022
Present value of pension obligations, January 1	**2,102**	**2,634**
Service costs	44	49
Interest cost	71	35
Actuarial gains / losses	172	(690)
Benefits paid	(136)	(96)
Aquisition of subsidiaries	2,245	172
Present value of pension obligations, December 31	**4,499**	**2,102**

Movement in pension asset

kEUR	2023	2022
Fair value of plan assets, January 1	**(815)**	**(791)**
Interest income	0	(5)
Return on plan assets (net of interest income)	0	(3)
Benefits paid	0	
Contributions paid by employer	0	(16)
Fair value of plan assets, December 31	**(815)**	**(815)**

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.

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

Share in defined benefit obligations

	2023	2022
Active	71%	49%
Pensioners	29%	51%
Total		
Weighted average modified duration	13.6	12.2

Sensitivity information – impact of interest rate change on defined benefit obligation

	2023	2022
Interest rates +0.5%	4,193	1,982
Interest rates -0.5%	4,805	2,231
Actuarial assumptions		
Interest rate	3.14%	3.68%
Expected salary increase	0.07%	0.25%
Inflation	3.83%	2.68%
Retirement age	65	65
Mortality and liability assumptions	Heubeck Richttaffeln 2018 – G	Heubeck Richttaffeln 2018 – G

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. 2023 and 2022.

kEUR	Carrying amount at Jan 1, 2023	Currency translation	Acquisition of subsidiaries	Addition	Utilization	Reversal	Reclassification	Carrying amount at Dec 31, 2023
Warranty provisions long term	4,108	92	435	1,632	(986)	(79)	0	5,202
Provisions other – long term	508	20	54	121	(53)	0	(3)	646
Provisions – long term	**4,616**	**111**	**489**	**1,753**	**(1,039)**	**(79)**	**(3)**	**5,848**
Provisions for personnel costs	17,579	22	1,877	18,756	(14,671)	(648)	0	22,916
Provision for additional project costs	22,993	5	367	22,435	(18,366)	(233)	0	27,200
Provision for litigation	1,000	1	29	131	(25)	(138)	(11)	989
Other provisions	15,159	(91)	5,233	13,541	(13,744)	(2,541)	14	17,570
Warranty provisions short term	3,039	64	249	1,157	(651)	(847)	0	3,011
Provisions – short term	**59,770**	**1**	**7,756**	**56,019**	**(47,458)**	**(4,406)**	**3**	**71,685**

kEUR	Carrying amount at Jan 1, 2022	Currency translation	Acquisition of subsidiaries	Addition	Utilization	Reversal	Reclassification	Carrying amount at Dec 31, 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	17,201	0	2	22,816	(17,038)	0	14	22,993
Provision for litigation	2,958	18	0	204	(811)	(71)	(1,298)	1,000
Other provisions	10,478	(165)	701	10,225	(6,843)	(521)	1,284	15,159
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**

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. 2023 and 2022.

kEUR	31. 12. 2023	31. 12. 2022
Current tax payable (without income tax)	29,029	19,299
Accrued costs	10,711	10,611
Retentions provided	4,726	3,428
Payroll settlements	2,760	2,525
Social security liabilities	1,609	1,324
Liabilities to affiliated companies	1,183	854
Other	5,679	5,982
Total other current liabilities	**55,699**	**44,023**

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 2023 and 2022, respectively, are set out below:

kEUR	Lands & buildings	Machinery	Other equipment	Total
Accumulated cost at January 1, 2023	**51,252**	**481**	**12,738**	**64,470**
Additions	12,367	1,373	7,485	21,225
Disposals	(3,986)	(91)	(3,501)	(7,577)
Acquisition of subsidiaries	4,399	61	2,004	6,464
Revaluation	432	(61)	(188)	183
Currency translation differences	(19)	6	62	48
Accumulated cost at December 31, 2023	**64,445**	**1,769**	**18,600**	**84,814**
Accumulated depreciation and impairment at January 1, 2023	**(17,351)**	**(120)**	**(4,718)**	**(22,189)**
Additions	(7,837)	(350)	(5,312)	(13,498)
Disposals	3,986	91	3,500	7,576
Reclassification	0	0	0	0
Currency translation differences	(29)	(6)	23	(11)
Accumulated depreciation and impairment at December 31, 2023	**(21,230)**	**(385)**	**(6,507)**	**(28,123)**
Carrying amount as at December 31, 2023	**43,214**	**1,384**	**12,093**	**56,691**

kEUR	Lands & buildings	Machinery	Other equipment	Total
Accumulated cost at January 1, 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 at December 31, 2022	**51,252**	**481**	**12,738**	**64,470**
Accumulated depreciation and impairment at January 1, 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	0	0	0	0
Currency translation differences	12	1	31	44
Accumulated depreciation and impairment at December 31, 2022	**(17,351)**	**(120)**	**(4,718)**	**(22,189)**
Carrying amount as at December 31, 2022	**33,901**	**361**	**8,019**	**42,281**

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 2023 and 2022, respectively.

Lease liabilities

kEUR	Lease liability – right-of-use – longterm	Lease liability – ESCO leases – longterm	Lease liability – right-of-use – shortterm	Lease liability – ESCO leases – shortterm	Total
Carrying amount at January 1, 2023	**33,645**	**3,537**	**9,905**	**524**	**47,612**
Additions	16,122	0	5,259	(1)	21,380
Interest incurred	0	0	1,176	102	1,277
Repayment	0	0	(14,787)	(937)	(15,724)
Acquisition of subsidiaries	4,817	0	1,648	19	6,483
Reclassification	(11,505)	(1,533)	11,505	1,533	0
Revaluation	124	0	47	0	171
Currency translation differences	32	0	18	0	50
Carrying amount at December 31, 2023	**43,235**	**2,004**	**14,771**	**1,240**	**61,249**

kEUR	Lease liability – right-of-use – longterm	Lease liability – ESCO leases – longterm	Lease liability – right-of-use – shortterm	Lease liability – ESCO leases – shortterm	Total
Carrying amount at January 1, 2022	**34,351**	**1,299**	**9,927**	**4,440**	**50,017**
Additions	5,741	0	2,097	0	7,838
Interest incurred	0	0	742	164	906
Repayment	0	(1,678)	(11,585)	(164)	(13,426)
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 at December 31, 2022	**33,645**	**3,537**	**9,905**	**524**	**47,612**

Lease liabilities amounted to 61,249 kEUR as at 31 Dec. 2023 (2022: 47,612 kEUR).

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 Entract Energy GmbH (previously named Kofler Energies Energieeffizienz).

The maturity analysis of the discounted liabilities is presented below:

Lease liabilities

kEUR	31. 12. 2023	31. 12. 2022
Within 1 year	16,010	10,430
Between 1 year and 2 years	13,041	9,167
Between 2 and 3 years	9,557	8,554
Between 3 and 4 years	7,214	5,856
Between 4 and 5 years	5,593	5,161
Thereafter	9,833	8,443
Total lease liabilities	**61,249**	**47,612**

For information on interest expenses, see Note 23.

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

kEUR	2023	2022
Payments of pricipal	15,724	13,610
Payments of interests	1,277	906
Short-term leases and low value leases	2,978	3,531
Total cash outflow for leases	**19,979**	**18,047**

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 2023 and 2022. 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 802 kEUR and 1,409 kEUR as at 31 Dec. 2023 and 2022, respectively.

kEUR	Longterm	Shortterm	Total
Carrying amount as at 1 Jan. 2023	**4,335**	**1,416**	**5,752**
Interest incurred	179	0	179
Repayment	0	(802)	(802)
Reclassification	(746)	746	0
Carrying amount as at 31 Dez. 2023	**3,768**	**1,360**	**5,128**

kEUR	Longterm	Shortterm	Total
Carrying amount as at 1 Jan. 2022	**5,557**	**1,453**	**7,011**
Interest incurred	150	0	150
Repayment	0	(1,409)	(1,409)
Reclassification	(1,372)	1,372	0
Carrying amount as at 31 Dez. 2022	**4,335**	**1,416**	**5,752**

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. 2023	31. 12. 2022
Within 1 year	1,386	1,443
Between 1 year and 2 years	1,105	1,313
Between 2 and 3 years	1,072	1,032
Between 3 and 4 years	763	980
Between 4 and 5 years	636	702
Thereafter	957	1,072
Total lease income	**5,919**	**6,543**

Operating lease

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	24,937	27,527	27,195	48,204	127,863
Assets subject to operating lease	0	15,220	0	0	15,220
Carrying amount as at December 31, 2023	**24,937**	**42,747**	**27,195**	**48,204**	**143,083**
Assets not subject to operating lease	22,305	6,566	21,608	7,931	58,410
Assets subject to operating lease	0	11,835	0	0	11,835
Carrying amount as at December 31, 2022	**22,305**	**18,401**	**21,608**	**7,931**	**70,245**

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

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.

Maturity analysis of the operating lease payments (undiscounted)

kEUR	31. 12. 2023	31. 12. 2022
Within 1 year	9,696	5,451
Between 1 year and 2 years	9,731	8,152
Between 2 and 3 years	9,639	7,495
Between 3 and 4 years	9,503	7,365
Between 4 and 5 years	9,385	7,240
Thereafter	173,557	113,031
Total lease payments	**221,511**	**148,735**

21. Cost of Sales

The details related to cost of sales for 2023 and 2022 are shown below.

kEUR	2023	2022
Material costs	(453,296)	(296,539)
Internal conversion (project) costs	(184,581)	(171,020)
External conversion (project) costs	(339,100)	(229,137)
Costs of goods sold	(18,430)	(27,392)
Other gross margin items	(25,833)	(23,710)
Total cost of sales	**(1,021,240)**	**(747,799)**

The significant increase in material costs is connected 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 new acquisitions effectuated in 2023.

kEUR	2023	2022
Wages, salaries and other renumeration	(232,886)	(194,596)
Social insurance contributions	(49,155)	(40,150)
Total	**(282,041)**	**(234,747)**

Cost of sales

kEUR	2023	2022
Wages, salaries and other renumeration	(152,088)	(141,689)
Social insurance contributions	(32,101)	(29,234)
Total	**(184,189)**	**(170,923)**

Selling and administrative expensenses

kEUR	2023	2022
Wages, salaries and other renumeration	(80,798)	(52,908)
Social insurance contributions	(17,054)	(10,916)
Total	**(97,852)**	**(63,824)**

Average number of employees

The tables below show the average number of employees (FTEs) in 2023 and 2022.

kEUR	2023	Of which men	%	Of which women	%	2022	Of which men	%	Of which women	%
Germany	3,422	2,836	82.9%	585,7	17.1%	2,971	2,484	83.6%	487	16.4%
Poland	481	341	71.0%	139,7	29.0%	483	341	70.7%	142	29.3%
Italy	74	58	77.4%	16,8	22.6%	60	49	82.7%	10	17.3%
Netherlands	46	31	69.1%	14,1	30.9%	40	26	64.0%	15	36.0%
Israel	111	93	83.8%	18,0	16.2%	104	84	80.8%	20	19.2%
Other	339	281	82.7%	58,6	17.3%	275	229	83.2%	46	16.8%
Total	4,473	3,640	81.4%	833	18.6%	3,933	3,213	81.7%	720	18.3%

The tables below show the headcount in 2023 and 2022.

kEUR	2023	Of which men	%	Of which women	%	2022	Of which men	%	Of which women	%
Germany	3,847	3,197	83.1%	650	16.9%	3,117	2,578	82.7%	539	20.9%
Poland	482	342	71.0%	140	29.0%	484	342	70.7%	142	41.5%
Italy	72	56	77.8%	16	22.2%	61	50	82.0%	11	22.0%
Netherlands	55	38	69.1%	17	30.9%	44	28	63.6%	16	57.1%
Israel	111	93	83.8%	18	16.2%	104	84	80.8%	20	23.8%
Other	352	291	82.7%	61	17.3%	289	238	82.4%	51	21.4%
Total	**4,919**	**4,017**	**81.7%**	**902**	**18.3%**	**4,099**	**3,320**	**81.0%**	**779**	**19.0%**

23. Selling and Administrative Expenses, Operating Expenses and Income

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

kEUR	2023	2022
Wages and salaries	(97,852)	(63,824)
Depreciation	(13,303)	(9,154)
Audit and consulting fees	(9,221)	(6,059)
Operating costs for cars	(3,690)	(5,604)
Insurance fees	(5,134)	(3,839)
Repair and maintenance	(3,478)	(5,606)
External services/-work	(2,217)	(1,453)
Other room costs	(2,048)	(2,400)
Communication costs	(2,724)	(1,994)
Short-term leases and utility expenses	(2,401)	(1,683)
Other personnel costs	(3,814)	(2,954)
IT costs	(3,703)	(2,473)
Travel expenses	(2,544)	(2,775)
Operational needs	(1,675)	(1,048)
Warranty costs	(1,495)	(1,531)
Leasing	(1,570)	(2,576)
Contributions/other charges	(2,018)	(2,143)
Marketing costs	(4,097)	(1,947)
License fees	(2,264)	(708)
Others	(5,003)	(1,842)
Total selling and administrative expenses	**(170,250)**	**(121,614)**

Other operating expenses

kEUR	2023	2022
Amortization of intangibles (IFRS 3 only)	(16,809)	(14,966)
Acquisition / integration costs	(4,432)	(1,595)
Service fees	(535)	(311)
R&D expenses	(250)	(215)
Restructuring costs	(33)	(200)
Other expenses	(6,425)	(4,243)
Impairment	(205)	(833)
Gain or loss on disposals	322	(31)
Total	**(28,367)**	**(22,393)**

Other operating income

kEUR	2023	2022
Compensation from employees (related benefits in kind)	1,222	4,522
Income from insurance, compensation	1,705	5,098
Grants	377	538
Other income	11,800	5,454
Total	**15,104**	**15,613**

24. Financial Items

Financial expenses

kEUR	2023	2022
Interest expenses to affiliated companies	(3,427)	(2,231)
Significant financing components in projects	(2,160)	(2,086)
Interest expenses for lease liability	(1,277)	(906)
Interest expenses to third party	(1,864)	(770)
Charges for bank and insurance guarantees	(1,958)	(1,566)
Interests on pensions and other provisions	(144)	(34)
Revaluation of NCI put option liabilities	(10,315)	(4,761)
Loss on derivatives	(4,631)	0
Other financial items	(1,439)	(1,205)
Total	**(27,216)**	**(13,559)**

The negative impact from the revaluation of NCI put options is related to increase in fair value of option strike of non-controlling shareholders in Elevion Deutschland Holding and Euroklimat due to very good performance of the respective companies in 2023.

The loss on derivatives relates to FX forwards used by the BELECTRIC for its foreign currency management (see Chapter 16 on Financial Risk Management.

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	2023	2022
Revaluation of NCI put option liabilities	4,339	1,401
Revaluation of Earn-out liabilities	3,451	2,199
Interest income from third party	(173)	638
Interest income from affiliated companies	550	27
Liquidation proceeds	0	15
Other	0	(4)
Total	**8,167**	**4,277**

The income related to revaluation of NCI put options is primarily related to ZOHD (Energy Shift) expected settlements. The income related to contingent payments is driven by remeasurement of liability in BELECTRIC transactions.

25. Income Taxes

The below table shows the current/deferred income tax charges of the Group. The increased tax expense is primarily related to increased tax expense of BELECTRIC Group related to solar projects and negative results of tax audits related to pre-acquisition period.

kEUR	2023	2022
Current income tax charge	(6,947)	(4,995)
Adjustment of current income tax related to past periods	(685)	788
Deferred income tax	(4,021)	2,849
Total	**(11,654)**	**(1,357)**

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

kEUR	2023	2022
Income before income taxes	4,994	6,721
Group income tax rate	23.2%	22.1%
Expected income tax	**(1,158)**	**(1,483)**
Effect of tax non-deductible items	(5,815)	(3,116)
Effect of tax exempt income	3,113	1,540
Effects of recognition of tax losses where DTA was not recognized	516	3,606
Effect of write down of recognized tax losses	(6,257)	0
Effect of non-recognized tax losses	(2,163)	(585)
Effect of usage of recognized tax losses	1,618	0
Impact on taxes resulting from changes in accounting policies / errors	0	0
Changes in tax rate %	(147)	(273)
Effect of different tax rate in subsidiaries	(1)	0
Additional tax assesment	(1,263)	0
Other	(98)	(1,047)
Income taxes	**(11,654)**	**(1,357)**
Effective tax rate	233.3%	20.2%

* The weighted average Group income tax rate was determined based on the earnings before taxes of individual subsidiaries. This presents deviation from last year approach where turnover of individual subsidiaries was considered. 2022 was restated for comparative purposes using the revised approach.

kEUR	2023	2022
Net deferred tax liability (beginning of period)	(20,643)	(22,936)
Acquisitions	(16,586)	(424)
Divestments	0	0
Taxes reflected in other comprehensive income (due to pensions)	55	(217)
Taxes reflected in equity	0	0
Deferred tax income (+) / loss (-)	(4,021)	2,849
FX impact	(11)	85
Net deferred tax liability (end of period)	**(41,207)**	**(20,643)**

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%.

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

kEUR	2023	2022
Deferred tax for leases (IFRS 16)	18,166	10,962
Deferred tax for fixed assets / projects	5,821	1,200
Deferred tax for tax losses	13,758	13,526
Other	4,246	3,272
Total deferred tax asset	**41,990**	**28,960**
Deferred tax for right-of-use assets (IFRS 16)	(15,770)	(9,837)
Deferred tax for financial leases	(1,500)	(1,729)
Deferred tax for newly identified intangibles (IFRS 3)	(33,939)	(23,722)
Deferred tax for fixed assets / projects	(30,293)	(13,154)
Other	(1,695)	(1,161)
Total deferred tax liability	**(83,197)**	**(49,602)**
Total net deferred tax asset (+) / liability (-)	**(41,207)**	**(20,643)**

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 (in 2023, related mainly to acquisition of the SERCOO Group, Ochs Group, Hofmockel, Falgas and Project X).

In total, as at the end of 2023, the Group recognises deferred tax assets capitalised on tax losses in the amount of 13,758 kEUR (2022: 13,526 kEUR), of which 2,205 kEUR refers to tax losses in the Netherlands (2022: 3,150 kEUR) and 10,953 kEUR to tax losses in Germany (2022: 10,376 kEUR). Primarily this is related to utilization of such tax losses in the respective jurisdictions.

The Italian fiscal unity incurred a loss in 2023 (2022: KEI and KEE), even though it recognised, to some extent, 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 7,756 kEUR at the end of 2023 (5,048 kEUR in 2022) and it relates primarily to BELECTRIC Israel. Deferred tax, if recognised, would amount to 388 kEUR in 2023 (2022: 252 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. 2023 and 2022, 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).

Unrecognized tax losses as of Dec 31, 2023

kEUR	Unrecognized tax losses	Expiry
Germany	27,043	unlimited
Italy	2,301	unlimited
Poland	773	2028
Total	**30,118**	

Unrecognized tax losses as of Dec 31, 2022

kEUR	Unrecognized tax losses	Expiry
Germany	26,218	unlimited
Italy	2,412	unlimited
Poland	2,137	2027
Total	**30,767**	

The Netherlands does not levy any withholding tax on dividend distributions by the Group to its shareholder. Both in 2022 and 2023, 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.

The acquisition/integration costs are mainly related to SERCOO and Project X acquisitions.

kEUR	2023	2022
Acquisition / integration costs	(4,432)	(1,595)
Restructuring costs	(33)	(200)
Other exceptional items	0	0
Non-operating items adjusting EBITDA	**(4,465)**	**(1,795)**
Amortization of intangibles (IFRS 3 only)	(16,809)	(14,966)
Deferred taxes related to intangibles (IFRS 3 only)	4,646	4,047
Impairment of fixed assets	(205)	(833)
Gain or loss on disposals	322	(31)
Non-operating items adjusting net income	**(16,511)**	**(13,578)**

27. Related Entities

The 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 constituted by the cash pool position, whilst the year-over-year increase is related to financing of photovoltaics projects on balance sheet (Deubach and Reddehausen) and general increased construction activity of the BELECTRIC Group, as well as higher net working capital requirements of the German Building Energy Solutions segment (and relates to positions in EUR.)

	Receivables		Payables	
kEUR	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
ČEZ, a. s.	13,172	12,834	64,932	3,775
CEZ MH B.V.	0	0	64,042	64,052
CEZ Holdings B.V.	0	0	99	114
CEZ Polska sp. z o.o.	0	0	2	1
ČEZ Energetické služby, s.r.o.	0	0	649	296
ČEZ Obnovitelné zdroje, s.r.o.	3	0	0	0
PV Design and Build s.r.o.	29	1,816	0	0
A.E. Wind S.A. w likwidacji	0	1	0	0
Baltic Green II sp. z o.o. w likwidacji	0	1	0	0
Baltic Green III sp. z o.o. w likwidacji	0	1	0	0
Baltic Green Construction sp. z o.o. w likwidacji	0	1	0	0
ČEZ ICT Services, a. s.	0	0	17	19
Total	**13,203**	**14,652**	**129,741**	**68,257**

	Sales to related parties		Puchases from related parties	
kEUR	2023	2022	2023	2022
CEZ Deutschland GmbH	0	0	(47)	(45)
ČEZ, a. s.	5	6	(465)	(305)
CEZ Holdings B.V.	0	0	(96)	(91)
CEZ Polska sp. z o.o.	0	0	0	(16)
ČEZ Energetické služby, s.r.o.	0	0	(2,525)	(296)
ČEZ Obnovitelné zdroje, s.r.o.	12	44	0	0
PV Design and Build s.r.o.	17,635	2,017	0	0
A.E. Wind S.A. w likwidacji	4	5	0	0
Baltic Green II sp. z o.o. w likwidacji	0	5	0	0
Baltic Green III sp. z o.o. w likwidacji	5	5	0	0
Baltic Green VI sp. z o.o. w likwidacji	0	2	0	0
Baltic Green Construction sp. z o.o. w likwidacji	10	10	0	0
Baltic Green IX. sp. z o.o. w likwidacji	0	2	0	0
ČEZ ICT Services, a. s.	0	0	(128)	(97)
Total	**17,671**	**2,097**	**(3,261)**	**(852)**

	Interest and other financial income		Interest and other financial expenses	
kEUR	2023	2022	2023	2022
ČEZ, a. s.	0	349	(5,220)	(516)
CEZ MH B.V.	0	0	(1,869)	(1,869)
CEZ Holdings B.V.	0	0	(3)	0
Total	**0**	**349**	**(7,093)**	**(2,386)**

The second group of related entities is the Executive Management and Board of Directors (=key management personnel) comprising of Jaroslav Macek (Managing Director & CEO), Michal Janda (CCO), Jiří Pecka (CFO), Paulína Friedová (Head of Group Marketing & ESG), Miroslav Šindelář (Managing Director), Derk Berend Blik (Managing Director) and Martina Kubešová (Managing Director). Miroslav Šindelář and Martina Kubešová are employed in another CEZ entity (outside Elevion Group).

The Supervisory Board's remuneration for the year amounted to 23 kEUR (2022: 23 kEUR).

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

	2023		2022	
kEUR	**Expense**	**Employee liability at year end**	**Expense**	**Employee liability at year end**
Short term employee benefits	**740**	**241**	**643**	**218**
– Base salary	517	46	444	38
– Annual bonus	215	194	190	180
– Non-monetary benefits	9	1	9	1
Post employment benefits	**6**	**0**	**7**	**0**
Other long-term benefits	**78**	**139**	**126**	**338**
– 3 year bonuses	78	139	126	338
– Other long-term benefits	0,0	0,0	0,0	0,0
Termination benefits	**0,0**	**0,0**	**0,0**	**0,0**
Share based payments	**0,0**	**0,0**	**0,0**	**0,0**

28. 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 Osterreich 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.

kEUR

Year 2023	Building Energy Solutions	Green Energy	Energy for Industry	Combined	Central	Elimination	Consolidated
Revenues – other than intrasegment	739,589	323,240	180,284	1,243,113	109	0	1,243,222
Revenues – intrasegment	1,099	106	5,326	6,531	794	(7,326)	0
Total revenues	740,688	323,346	185,610	1,249,644	904	(7,326)	1,243,222
Cost of sales	(616,512)	(271,716)	(139,387)	(1,027,615)	(397)	6,772	(1,021,240)
Gross margin	**124,177**	**51,629**	**46,223**	**222,029**	**507**	**(553)**	**221,982**
Gross margin	16.8%	16.0%	24.9%	17.8%	56.0%	7.6%	17.9%
Selling and administrative expenses	(69,394)	(46,986)	(29,994)	(146,375)	(24,809)	934	(170,250)
Other operating expenses	(18,163)	(11,773)	(8,771)	(38,707)	(5,057)	15,397	(28,367)
Change in expected credit losses	(10,385)	(4,220)	54	(14,551)	125	0	(14,426)
Other operating income	5,693	5,075	3,163	13,930	15,869	(14,695)	15,104
Earnings before interest and taxes (EBIT)	**31,927**	**(6,275)**	**10,675**	**36,327**	**(13,366)**	**1,082**	**24,044**
Financial income	3,182	(831)	323	2,675	13,284	(7,792)	8,167
Financial expense	(5,488)	(9,583)	(3,319)	(18,389)	(16,522)	7,695	(27,216)
Earnings before taxes (EBT)	**29,622**	**(16,689)**	**7,679**	**20,613**	**(16,603)**	**985**	**4,994**
Income taxes	(866)	(4,550)	2,374	(3,042)	(8,612)	0	(11,654)
Earnings after tax (EAT)	**28,756**	**(21,239)**	**10,053**	**17,570**	**(25,215)**	**985**	**(6,659)**
Non-operating tems	(4,542)	(4,515)	(3,556)	(12,613)	(3,936)	37	(16,511)
Adjusted EAT	**33,299**	**(16,724)**	**13,609**	**30,183**	**(21,280)**	**948**	**9,852**
EBITDA	**51,343**	**6,972**	**22,399**	**80,715**	**(12,378)**	**1,082**	**69,420**
Adjusted EBITDA	**51,595**	**7,240**	**22,445**	**81,281**	**(8,441)**	**1,045**	**73,885**
Adjusted EBITDA margin	**7.0%**	**2.2%**	**12.1%**	**6.5%**	**(933.9)%**	**(14.3)%**	**5.9%**
	69.8%	**9.8%**	**30.4%**	**110.0%**	**(11.4)%**	**1.4%**	**100.0%**
Non-operating tems							
Acquisition / integration costs	(252)	(267)	(46)	(565)	(3,904)	37	(4,432)
Restructuring costs	0	0	0	0	(33)	0	(33)
Other exceptional items	0	0	0	0	0	0	0
Non-operating items adjusting EBITDA	**(252)**	**(267)**	**(46)**	**(565)**	**(3,937)**	**37**	**(4,465)**
Amortization of intangibles (IFRS 3 only)	(6,295)	(5,425)	(5,089)	(16,809)	0	0	(16,809)
Deferred taxes related to intangibles (IFRS 3 only)	1,847	1,267	1,532	4,646	0	0	4,646
Impairment of fixed assets	0	(205)	0	(205)	0	0	(205)
Gain or loss on disposals	158	116	47	321	1	0	322
Non-operating items adjusting net income	**(4,542)**	**(4,515)**	**(3,556)**	**(12,613)**	**(3,936)**	**37**	**(16,511)**
Total assets	431,980	368,037	344,023	1,144,040	160,317	0	1,304,357
Total liabilities	289,547	159,345	120,789	569,681	169,443	0	739,123
Net working capital	201	30,013	37,897	68,110	(4,305)	0	63,805
Net working capital / revenues	0.0%	9.3%	21.0%	5.5%	(3933.1)%	0.0%	5.1%
Capital expenditures	(18,202)	(59,549)	(11,128)	(88,879)	(3,153)	0	(92,032)
Headcount	2,222	470	606	3,298	84	0	3,383
Depreciation	(19,574)	(13,168)	(11,772)	(44,514)	(989)	0	(45,503)
Bad debt losses	(10,385)	(4,220)	54	(14,551)	125	0	(14,426)
Cashflow from operations	51,419	(21,142)	13,683	43,960	(28,358)	0	15,603

kEUR

Year 2022	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	713	(2,040)	3,997	2,670	3,465	(6,134)	0
Total revenues	575,076	188,646	138,098	901,820	3,572	(6,134)	899,258
Cost of sales	(479,635)	(159,963)	(112,295)	(751,893)	(225)	4,319	(747,799)
Gross margin	**95,442**	**28,683**	**25,803**	**149,927**	**3,347**	**(1,815)**	**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	(16,624)	(10,777)	(5,102)	(32,503)	(5,056)	15,166	(22,393)
Change in expected credit losses	(6,697)	6	(371)	(7,062)	0	0	(7,062)
Other operating income	9,764	5,306	1,578	16,648	19,662	(20,697)	15,613
Earnings before interest and taxes (EBIT)	**17,159**	**(1,542)**	**4,420**	**20,037**	**(1,418)**	**(2,616)**	**16,003**
Financial income	(4,634)	(581)	(4,045)	(9,260)	18,337	(9,064)	14
Financial expense	(4,265)	(1,937)	(1,252)	(7,455)	(10,357)	8,517	(9,296)
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 tax (EAT)	**7,886**	**(4,414)**	**(1,338)**	**2,134**	**6,393**	**(3,163)**	**5,364**
Non-operating tems	(4,229)	(6,830)	(2,093)	(13,153)	(1,372)	947	(13,578)
Adjusted EAT	**12,115**	**2,416**	**755**	**15,286**	**7,766**	**(4,110)**	**18,942**
EBITDA	**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 tems							
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)**
Amortization 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	30,669	0	996,161
Total liabilities	280,873	120,685	56,700	458,257	96,044	0	554,301
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	(8,162)	196	46,325	(9,394)	0	36,931

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 (in which geographical location seated) and not where the revenues were actually generated.

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.

	Property, plant and equipment		ESCO equipment and machinery		Intagible assets		Non-current financial assets		Inventories		Consolidated	
kEUR	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Germany	107,339	59,834	7,620	2,575	400,513	321,293	572	217	57,265	45,875	573,309	429,795
Poland	10,651	8,803	0	0	48,211	42,472	7	0	5,674	7,280	64,544	58,555
Italy	29,418	18,357	32,039	15,029	26,898	4,976	210	24	7,186	4,264	95,751	42,649
Netherlands	289	370	0	0	17,130	17,156	(245)	(146)	1,797	2,894	18,970	20,274
Israel	3,686	3,225	0	0	4,462	6,552	0	0	197	618	8,344	10,395
Other	5,645	3,536	3,088	796	7,535	7,986	508	484	7,130	4,198	23,906	17,001
Total	**157,027**	**94,125**	**42,747**	**18,401**	**504,749**	**400,436**	**1,053**	**579**	**79,249**	**65,129**	**784,825**	**578,670**

Revenues per product type/customer

	Germany		Poland		Israel		Italy	
kEUR	2023	2022	2023	2022	2023	2022	2023	2022
Total revenues	979,138	663,652	137,913	117,396	47,935	55,574	19,271	15,120
Earnings before interest, taxes, depreciation and amortization (EBITDA)	51,424	39,488	13,278	7,762	4,327	5,079	(3,826)	511

	Netherlands		Other		Elimination		Consolidated	
kEUR	2023	2022	2023	2022	2023	2022	2023	2022
Total revenues	16,870	18,314	49,177	29,535	(7,082)	(333)	1,243,222	899,258
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(419)	457	4,073	2,149	563	(61)	69,420	55,386

kEUR	2023	2022
Projects	986,601	738,391
Sale of goods	15,519	33,773
Sale of products	10,918	7,747
Sale of energy	11,492	10,405
Service	217,627	107,582
Other	1 065	1 360
Total	**1,243,222**	**899,258**

Both in 2022 and 2023, revenue from transactions with a single external customer did not exceed more than 10% of the Group's revenues.

29. Audit Fees

kEUR	2023
Deloitte NL	70
Deloitte non-NL	643
Non-Deloitte NL	0
Non-Deloitte non-NL	513
Total	**1,226**

30. Events after the Balance Sheet Date

Inorganic activities

The Group continued to be active in M&A at the beginning of 2024.

The Elevion Group entered the Spanish market by establishing BELECTRIC ESPAÑA S.L.U. in February 2024, fully owned by BELECTRIC GmbH. In March, BELECTRIC ESPAÑA S.L.U signed and closed asset deal with NAVITACUM S.L., acquiring a pipeline related to ground mounted PV projects.

In April 2024, the Group acquired Instal Bud Pecyna Sp. z o.o. as part of Polish Building Energy Solutions with the acquiring entity being Euroklimat sp. z o.o.. The company is seated in Żelechlinek, with over 40 employees, and focuses on heating, ventilation and air conditioning (HVAC) and water treatment.

Organic activities

The Group also continued to ramp up its organic activities in 2024.

In January 2024, it started to operate the company Elevion Green GmbH, fully owned by Elevion Group B.V., with the aim of creating digital platform for commercialising B2B rooftop photovoltaics and building ecosystem for decarbonisation solutions.

Also in January 2024, ZOHD Group was renamed into Energy Shift to accentuate its role in energy transition in the Netherlands, as well as to herald the increase of its product offerings (such as energy storage) – in addition to rooftop photovoltaics.

In February 2024, the Group, though its subsidiary BELECTRIC Greenvest GmbH, has commissioned two solar parks: one in Deubach with an installed capacity of 48 Megawatt in the northeast of Baden-Württemberg, Germany, and second in Reddehausen with an installed capacity of 7.6 MWp in the district of Marburg-Biedenkopf. Both solar parks are the first ones which will be owned and operated directly by the Group.

Financial statements were reviewed by the Supervisory Board on 1st October 2024 and subsequently signed off on 30th October 2024.

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 December 2023

Parent Company's Statement of Financial Position

for the year ended on 31 Dec. 2023

kEUR

Assets	Note	31. 12. 2023	31. 12. 2022
Non-current assets		**596,892**	**480,002**
Right-of-use assets		56	14
Intangible assets		207	444
Investments in subsidiaries	2.1.	395,643	345,317
Provided intragroup loan	2.2.	198,781	131,076
Deferred tax assets	2.3.	2,205	3,150
Current assets		**98,198**	**35,730**
Cash and cash equivalents	2.4.	12,723	9,591
Cash pool receivable	2.5.	75,846	21,732
Trade and other receivables	2.6.	6,821	2,845
Income tax receivables		51	157
Other assets	2.7.	2,758	1,404
TOTAL ASSETS		**695,090**	**515,732**

Equity and liabilities	Note	31. 12. 2023	31. 12. 2022
EQUITY		**621,929**	**488,916**
Equity attributable to owners of the parent		621,929	488,916
Non-controlling interests		0	0
Non-current liabilities		**48**	**2**
Non-current lease liability		48	2
Contingent liability – LT	2.8.	0	0
Current liabilities		**73,114**	**26,813**
Received intragroup loan		0	0
Cash pool payable	2.5.	68,424	22,187
Current lease liability		10	12
Trade payables	2.9.	781	1,057
Income tax liabilities		515	347
Contingent liability – ST	2.8.	533	1,045
Current provisions		320	516
Other current liabilities	2.10.	2,531	1,648
TOTAL EQUITY AND LIABILITIES		**695,090**	**515,732**

Parent Company's Income Statement
for the year ended on 31 Dec. 2023

kEUR

Consolidated income statement	Note	2023	2022
Revenue from services and other revenues	3.1.	6,381	6,564
M&A costs	3.2.	(361)	(341)
Operating expenses	3.3.	(8,564)	(6,186)
ECL on contract assets and provided loans		(1,613)	0
Earnings before interest and taxes (EBIT)		**(4,156)**	**36**
Impairement of financial assets	3.4.	0	(3,693)
Dividend income	3.5.	5,364	3,092
Interest income	3.6.	10,323	5,604
Interest expense	3.7.	(1,649)	(515)
Other financial items	3.8.	840	25
Earnings before taxes (EBT)		**10,721**	**4,549**
Income taxes	3.9.	(1,366)	285
Earnings after tax (EAT)		**9,355**	**4,834**

Parent Company's Statement of Changes in Equity
for the year ended on 31 Dec. 2023

kEUR

	Share capital	Share premium	Retained earnings	Net result for the period	Total
Balance as at 1 Jan. 2022	**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**
Result appropriation	0	0	4,834	(4,834)	0
Capital contribution	0	123,657	0	0	123,657
Result for the year	0	0	0	9,355	9,355
Other movements	0	0	0	0	0
Balance as at 31 Dec. 2023	**3,000**	**617,033**	**(7,461)**	**9,355**	**621,929**

Parent Company's Cash Flow Statement

for the year ended on 31 Dec. 2023

kEUR

	2023	2022
EBIT	**(4,156)**	**36**
Depreciation and amortization (not related to IFRS 3 or leases)	393	278
Increase (-) / decrease in trade and other receivables (+)	(4,730)	250
Increase (+) / decrease in trade payables (-)	(276)	668
Increase (+) / decrease in provisions (-)	(195)	168
Increase (+) / decrease (-) in other assets	(1,354)	(140)
Increase (+) / decrease (-) in other liabilities	883	755
Cash generated from operations	**(9,435)**	**2,016**
Cash generated from operations / EBITDA	**251.5%**	**617.0%**
Interest received / paid	8,674	5,089
Income tax paid	65	(283)
Other items of operating cash flow	840	25
Total operating cash flow	**144**	**6,846**
Maintenance / expansion CAPEX	(166)	(107)
Acquisition CAPEX	(50,326)	(8,394)
Total investing cash flow	**(50,493)**	**(8,502)**
Change in intragroup loans	(67,706)	(1,827)
Dividends received	5,364	3,092
Contribution to share capital or cap. funds	123,657	25,076
Changes in lease receivables / liabilities	43	14
Change in cash pool receivable	(54,114)	21,908
Change in cash pool payable	46,237	(47,264)
Total financing cash flow	**53,481**	**998**
Total cash flow	**3,132**	**(658)**
Cash and cash equivalents at the beginning of the period	9,591	10,249
Cash and cash equivalents at the end of the period	12,723	9,591

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 35 employees (including the branch) during the year ended 31 Dec. 2023 (2022: 22).

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 dividends are 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. 2023 and 2022, the Parent Company held the following investments:

kEUR	31. 12. 2023	31. 12. 2022
Elevion Deutschland Holding GmbH	125,143	125,143
Elevion Energy & Engineering Solutions GmbH	124,205	84,005
Euroklimat Sp. z o.o.	42,784	42,784
Elevion Holding Italia Srl	41,004	22,168
Metrolog Sp. z o.o.	15,292	15,292
ZOHD Groep B.V.	11,550	11,550
Belectric Israel Ltd.	10,491	10,491
ETS Engineering Kft.	0	8,700
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	4,625	5,076
Elevion Österreich Holding GmbH	3,634	3,218
Belectric France S.A.R.L.	1,489	1,489
CEZ ESCO Polska Sp. z o.o.	1,308	1,308
SP Solarprojekt 17 Verwaltungs GmbH / Elevion Green GmbH	25	0
Total investments in related companies	**395,643**	**345,317**

Movements in investments were as follows:

kEUR	Investment	Impairement	Carrying value of investments
Balance as at 1 Jan. 2022	**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	58,723	0	58,723
Disposals	(12,651)	3,500	(9,151)
Impairments	0	0	0
Other movements	754	0	754
Balance as at 31 Dec. 2023	**397,998**	**(2,355)**	**395,643**

New investments

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

In 2023, new investments included mainly financing of (i) SEERCO Group acquisition (23,900 kEUR), (ii) acquisitions in Italy (18,082 kEUR), as well as (iii) PV projects in Germany (16,300 kEUR).

Disposals

In 2023, the Parent Company transferred ETS Engineering Kft. to Efficient Technical Solutions GmbH (8,700 kEUR). Furthermore, a share of 3.325% in Elevion Co-Investment GmbH & Co. KG was sold to managers of the company (451 kEUR in total).

In 2022, the Parent Company liquidated CEZ ESCO Romania S.A. resulting in a disposal movement of 861 kEUR.

Impairments

The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

In 2023, reversal of impairment related to the sale of ETS Engineering Kft.

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.

Other movements

In 2023, the Parent company capitalized trade receivable of 754 kEUR in Elevion Holding Italia Srl.

In 2022, 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. 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 198,781 kEUR as at 31 Dec. 2023 (2022: 131,076 kEUR).

Provided intragroup loans are classified as financial instruments amortized at cost. During 2023, the Parent company recognised a charge for expected credit loss of 1,613 kEUR based on assessment of expected credit losses of provided loans and cash pool balance which were all evaluated as Stage 1. No significant deterioration has been identified. Refer to Note 6 for more detail.

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. 2023, the Parent Company's deferred tax assets of 2,205 kEUR (2022: 3,150 kEUR) were related to tax losses carried forward. The decrease is attributable to utilization of previously capitalized deferred tax assets on tax losses carried forwards.

2.4. Cash and Cash Equivalents

As at 31 Dec. 2023, cash and cash equivalents were represented by balances on bank accounts totalling 12,723 kEUR (2022: 9,591 k EUR) and bore no restriction.

Cash and cash equivalents denominated in:

kEUR	31. 12. 2023	31. 12. 2022
EUR	7,867	4,711
RON	3,955	3,046
PLN	901	1,834
Total	**12,723**	**9,591**

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. 2023, the cash pool receivable of the Parent Company amounted to 75,846 kEUR (2022: 21,732 kEUR).

As at 31 Dec. 2023, the cash pool payable of the Parent Company amounted to 68,424 kEUR (2022: 22,187 kEUR).

The increase in cash pool payables is attributable to higher liability position against ČEZ, a. s., (in EUR) due to increased net working capital needs of the German Elevion entities. The Parent Company mirrors this increased liability its higher cash pool receivable towards Elevion entities in Germany.

Cash pool receivables/payables are classified as financial instruments amortized at cost. No significant increase in credit risk has been identified as of 31 December 2023. Refer also to Note 6 for more information.

2.6. Trade and Other Receivables

As at 31 Dec. 2023, the Parent Company recorded trade and other receivables of 6,821k EUR (2022: 2,845 kEUR), of which 6,751 kEUR (2022: 2,715 kEUR) were balances with related parties. For details of related party receivables, please refer to Section 2.11 – Related party balances. The increase is mainly attributable to charge out of IT costs related to ERP implementation/licenses, as well as recharge of acquisition costs related to SERCOO acquisition.

The Parent Company did not make any impairments for trade and other receivables in 2023, nor in 2022.

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 2,758 kEUR as at 31 Dec. 2023 (2022: 1,404 kEUR). For details, please refer to Section 2.11 – Related party balances (interest receivables).

kEUR

	2023					
Counterparty	Interest receivables on cash pool	Interest receivables on provided loans	PD (probability of default)	LGD (loss given default)	ECL CP 2023	ECL loans 2023
Elevion Energy & Engineering Solutions GmbH	0	732	1.01%	45%	0.0	3.3
Elevion GmbH	0	602	1.01%	45%	0.0	2.7
Elevion Deutschland Holding GmbH	339	414	1.01%	45%	1.5	1.9
Elevion Österreich Holding GmbH	24	203	2.75%	45%	0.3	2.5
Elevion Holding Italia Srl	86	256	2.75%	45%	1.1	3.2
SERCOO Group GmbH	0	46	1.61%	45%	0.0	0.3
Entract Energy GmbH	0	22	5.21%	45%	0.0	0.5
Elevion Co-Investment GmbH	0	18	n/a	n/a	0.0	0.0
Metrolog sp. z o.o.	0	6	1.01%	45%	0.0	0.0
OEM Energy sp. z o.o.	0	1	1.01%	45%	0.0	0.0
High-Tech Clima S.A.	8	0	n/a	n/a	0.0	0.0
ZOHD Groep B.V.	0	0	1.61%	45%	0.0	0.0
ETS Engineering Kft.	0	0	n/a	n/a	0.0	0.0
Euroklimat sp. z o.o.	0	0	0.66%	45%	0.0	0.0
Total	**458**	**2,300**			**3**	**15**
Total ECL on interest receivables on cash pool assets and provided loans						**17**

kEUR

	2022					
Counterparty	Interest receivables on cash pool	Interest receivables on provided loans	PD (probability of default)	LGD (loss given default)	ECL CP 2023	ECL loans 2023
Elevion Energy & Engineering Solutions GmbH	0	13	1.01%	45%	0.0	0.1
Elevion GmbH	0	491	1.01%	45%	0.0	2.2
Elevion Deutschland Holding GmbH	0	423	1.01%	45%	0.0	1.9
Elevion Österreich Holding GmbH	18	134	2.75%	45%	0.2	1.7
Elevion Holding Italia Srl	20	238	2.75%	45%	0.2	2.9
SERCOO Group GmbH	0	0	1.61%	45%	0.0	0.0
Entract Energy GmbH	0	22	5.21%	45%	0.0	0.5
Elevion Co-Investment GmbH	0	18	n/a	n/a	0.0	0.0
Metrolog sp. z o.o.	0	11	1.01%	45%	0.0	0.0
OEM Energy sp. z o.o.	0	0	1.01%	45%	0.0	0.0
High-Tech Clima S.A.	0	0	n/a	n/a	0.0	0.0
ZOHD Groep B.V.	0	0	1.61%	45%	0.0	0.0
ETS Engineering Kft.	0	0	n/a	n/a	0.0	0.0
Euroklimat sp. z o.o.	14	0	0.66%	45%	0.0	0.0
Total	**38**	**1,352**			**0**	**9**
Total ECL on interest receivables on cash pool assets and provided loans						**10**

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. 2023	31. 12. 2022
Non-current	**0**	**0**
Belectric Israel Ltd.	533	980
Belectric France S.A.R.L.	0	53
Belectric Solar Ltd.	0	12
Current	**533**	**1,045**
Total contingent liability	**533**	**1,045**

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 liability

kEUR	31 Dec. 2023	31 Dec. 2022
Within 1 year	533	1,045
Between 1 year and 2 years	0	0
Between 2 and 3 years	0	0
Between 3 and 4 years	0	0
Between 4 and 5 years	0	0
Thereafter	0	0
Total	**533**	**1,045**

2.9. Trade Payables

As at 31 Dec. 2023, the Parent Company recorded trade payables of 781 kEUR (2022: 1,057 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. 2023, the Parent Company recorded other current liabilities of 2,531 kEUR (2022: 1,648 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. 2023				31. 12. 2022			
Related party	Cash pool receivable	Interest receivables	Trade and other receivables	Provided loans	Cash pool receivable	Interest receivables	Trade and other receivables	Provided loans
Elevion Deutschland Holding GmbH	41,169	753	0	31,166	0	423	0	31,308
Elevion Holding Italia Srl	17,162	342	805	17,914	5,689	258	637	18,618
ČEZ, a. s.	13,050	0	0	0	9,720	0	0	0
Elevion Österreich Holding GmbH	4,359	227	32	8,563	4,774	153	33	4,670
High-Tech Clima S.A.	107	8	80	0	0	0	21	0
Elevion Energy & Engineering Solutions GmbH	0	732	1,607	41,508	0	13	0	4,898
Elevion GmbH	0	602	2,231	94,187	0	491	1,672	66,300
SERCOO Group GmbH	0	46	0	2,482	0	0	0	0
Entract Energy GmbH	0	22	0	1,562	0	22	0	1,600
Elevion Co-Investment GmbH & Co. KG	0	18	0	0	0	18	0	0
Metrolog sp. z o.o.	0	6	272	986	0	11	65	1,282
OEM Energy sp. z o.o.	0	1	22	413	0	0	60	0
BELECTRIC GmbH	0	0	1,422	0	0	0	122	0
Euroklimat sp. z o.o.	0	0	233	0	1,550	14	85	0
Belectric Israel Ltd.	0	0	31	0	0	0	0	0
E-City Polska sp. z o.o.	0	0	17	0	0	0	0	0
BELECTRIC Italia Srl	0	0	2	0	0	0	3	0
ZOHD Groep B.V.	0	0	0	0	0	0	17	2,400
Total	**75,846**	**2,758**	**6,751**	**198,781**	**21,732**	**1,404**	**2,715**	**131,076**

Total liabilities comprise the following related party balances:

kEUR

	31. 12. 2023			31. 12. 2022		
Related party	Cash pool payable	Interest payables	Trade and other payables	Cash pool payable	Interest payables	Trade and other payables
ČEZ, a. s.	(63,066)	0	(69)	0	0	(46)
Euroklimat sp. z o.o.	(4,754)	(16)	0	0	0	0
ZOHD Groep B.V.	(604)	(3)	(24)	0	0	0
Elevion GmbH	0	0	(151)	0	0	(113)
CEZ Holdings B.V.	0	0	(121)	0	0	(114)
ČEZ ICT Services, a. s.	0	0	(17)	0	0	(19)
Elevion Deutschland Holding GmbH	0	0	0	(21,875)	(25)	0
High-Tech Clima S.A.	0	0	0	(313)	(3)	0
BELECTRIC GmbH	0	0	0	0	0	(442)
Elevion Holding Italia Srl	0	0	0	0	0	(46)
Total	**(68,424)**	**(18)**	**(381)**	**(22,187)**	**(27)**	**(779)**

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.

The revenues from services and other revenues amounted to 6,381 kEUR in 2023 (2022: 6,564 kEUR).

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 361 kEUR in 2023 (2022: 341 kEUR).

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 8,564 kEUR in 2023 (2022: 6,186 kEUR), due to increasing revenues and a larger management cost base.

3.4. Impairment of Financial Assets and ECL on Contract Assets and Provided Loans

In 2023, no investment was impaired.

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.

3.5. Dividend Income

In 2023, the Parent Company received dividends from Euroklimat Sp. z o.o. of 3,466 kEUR, High-Tech Clima S.A. of 1,219 kEUR and OEM Energy sp. z o.o. of 679 kEUR.

In 2022, the Parent Company received dividends from Euroklimat Sp. z o.o. totalling 2,092 kEUR and from ETS Engineering Kft. totalling 1,000 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.

There were no dividends declared in 2024 before the financial statements was authorized.

3.6. Interest Income

In 2023, 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 10,323 kEUR in 2023 (2022: 5,604 kEUR).

3.7. Interest Expense

In 2023, the interest expense arose mainly through a cash pool liability towards ČEZ, a. s., as well as through a temporary cash pool liability towards subsidiaries (mainly Elevion Deutschland Holding GmbH, Euroklimat).

For details on the interest expense toward group entities, please refer to Section 3.10 – Related party transactions.
The total interest expense amounted to 1,649 kEUR in 2023 (2022: 515 kEUR).

3.8. Other Financial Items

Other financials items were constituted mainly by FX differences arising on cash pool accounts (denominated in PLN/RON), guarantee fees and a sale of ETS Engineering and Elevion Co-Investment GmbH & Co. KG.

Financial result in 2022 also included liquidation proceeds related to the liquidation of CEZ ESCO Romania S.A. in 2022.

The total other financial net income amounted to 840 kEUR in 2023 (2022: 25 kEUR).

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.

kEUR	2023	2022
Current income tax charge	(417)	(475)
Adjustment of current income tax related to past periods	0	0
Deferred income tax	(949)	760
Total	**(1,366)**	**285**

Deferred tax asset

kEUR	31. 12. 2023	31. 12. 2022	P&L impact
Deferred tax for tax losses	2,205	3,150	949
Total deferred tax asset	**2,205**	**3,150**	**949**

Changes in deferred tax asset

kEUR	2023	2022
Net deferred tax asset (beginning of period)	3,150	2,390
Deferred tax income (+) / loss (-)	(949)	760
Other movement	4	0
Net deferred tax asset (end of period)	2,205	3,150

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

kEUR	2023	2022
Income before income taxes	10,721	4,549
Income tax rate	19.5%	25.0%
Expected income tax	**(2,091)**	**(1,137)**
Effect of tax non-deductible items	(14)	(962)
Effect of tax exempt income	732	715
Effects of recognition of tax losses	0	2,390
Changes in tax rate %	0	0
Other	7	(721)
Income taxes	**(1,366)**	**285**
Effective tax rate	12.7%	(6.3)%

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 2023 and 2022.

kEUR

	2023		
Related party	Revenue from services and other revenues	Interest income	Dividends and other finance income
Elevion GmbH	4,030	2,418	0
BELECTRIC GmbH	1,057	0	0
Euroklimat Sp. z o.o.	342	65	3,552
Elevion Holding Italia Srl.	182	1,334	14
High-Tech Clima S.A.	90	51	1,262
Metrolog Sp. z o.o.	89	124	4
Elevion Osterreich Holding GmbH	84	578	2
OEM Energy Sp. z o.o.	70	1	679
ZOHD Groep B.V.	60	82	0
Elevion Deutschland Holding GmbH	0	4,061	0
Elevion Energy & Engineering Solutions GmbH	0	945	0
ČEZ, a. s.	0	94	0
Entract Energy GmbH	0	52	0
Elevion Co-Investment GmbH	0	49	0
Belectric Israel Ltd.	0	0	57
E-City Polska sp. z o.o.	0	0	17
Belectric Italia S.r.l.	0	0	6
ETS Engineering Kft.	0	0	0
Total	**6,005**	**9,853**	**5,594**

kEUR

	2022		
Related party	Revenue from services and other revenues	Interest income	Dividends and other finance income
Elevion GmbH	3,388	1,949	0
BELECTRIC GmbH	492	0	0
Euroklimat Sp. z o.o.	258	279	2,092
Elevion Holding Italia Srl.	210	823	0
High-Tech Clima S.A.	60	10	0
Metrolog Sp. z o.o.	95	88	0
Elevion Osterreich Holding GmbH	32	272	0
OEM Energy Sp. z o.o.	113	0	0
ZOHD Groep B.V.	78	25	0
Elevion Deutschland Holding GmbH	0	1,850	0
Elevion Energy & Engineering Solutions GmbH	(55)	168	0
ČEZ, a. s.	0	9	0
Entract Energy GmbH	0	52	0
Elevion Co-Investment GmbH	0	53	0
Belectric Israel Ltd.	0	0	0
E-City Polska sp. z o.o.	0	0	0
Belectric Italia S.r.l.	0	0	6
ETS Engineering Kft.	0	0	1,000
Total	**4,672**	**5,578**	**3,098**

The below table lists related party costs incurred in 2023 and 2022.

kEUR

	2023		2022	
Related party	Operating expenses	Interest expense	Operating expenses	Interest expense
Elevion GmbH	(515)	0	(414)	0
ČEZ, a. s.	(410)	0	(295)	(357)
ČEZ ICT services, a.s.	(128)	0	(97)	0
ČEZ Holdings B.V.	(97)	0	(91)	0
Elevion Co-Investment GmbH	(12)	0	(11)	0
ETS Engineering Kft.	0	0	29	(3)
Euroklimat Sp. z o.o.	0	(37)	0	0
Elevion Deutschland Holding GmbH	0	(51)	0	(29)
High-Tech Clima S.A.	0	(9)	0	(3)
Elevion Osterreich Holding GmbH	0	0	0	0
CEZ ESCO Polska Sp. z o.o.	0	0	0	0
Total	**(1,162)**	**(97)**	**(880)**	**(392)**

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

There was no change in 2023. In 2022, by a shareholder resolution, the Parent Company's share capital 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 2023 by 123,657 kEUR (2022: 25,054 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 2023 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 2022 was transferred to retained earnings. No dividends were paid to its shareholder in 2023.

5. Selected Notes on Individual Cash Flow

Negative investing cash flow resulted from new acquisitions, either acquired directly by the Parent company ("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. Financial Risk Management

Market risk

a) Foreign exchange risk
Foreign exchange rate risk means that the Parent Company'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. The Parent Company does not have significant outflows and inflows except for transactions denominated in PLN and RON.

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 Parent Company has decided not to hedge net investments in foreign subsidiaries. The Parent Company is however mainly exposed to foreign exchange movements on its provided intragroup loans, cash pool receivables/payables and cash balances denominated in PLN/RON.

The foreign exchange risk in cash pool arrangements denominated in PLN is largely mitigated as the PLN positions towards ČEZ, a. s., are, to great extent, offset against positions against Polish operating entities, hence creating natural hedge.

Foreign exchange risk sensitivity:
The sensitivity of the Parent Company to foreign currencies with respect to their average daily volatility is shown below:

kEUR

			31. 12. 2023		31. 12. 2022	
Counterparty	Type	Currency	Balance	PL (+/- impact)	Balance	PL (+/- impact)
ČEZ, a. s.	Cash pool receivable / payable	PLN	12,493	858	180	10
Euroklimat Sp. z o.o.	Cash pool receivable / payable	PLN	(4,754)	(326)	1,550	87
External (cash pool header)	Cash and cash equivalents	PLN	901	62	1,834	103
Metrolog sp. z o.o.	Loan	PLN	991	68	1,282	72
Total PLN			**9,631**	**661**	**4,846**	**273**
High-Tech Clima S.A.	Cash pool receivable / payable	RON	107	4	(313)	(7)
External (cash pool header)	Cash and cash equivalents	RON	3,955	155	3,046	67
Total RON			**4,062**	**159**	**2,734**	**60**
ČEZ, a. s.	Cash pool receivable / payable	CZK	556	25	569	34
Total CZK			**556**	**25**	**569**	**34**
PLN / EUR FX rate volatility				6.87%		5.64%
RON / EUR FX rate volatility				3.91%		2.20%
CZK / EUR FX rate volatility				4.54%		6.03%

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).

The Parent Company is exposed to variable rates on its EUR, RON and PLN cash pool positions towards ČEZ, a. s., and Elevion entities, as well as on the related cash balances. The interest rate risk is however normally naturally hedged due to offsetting positions on asset/liability side.

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 73 kEUR higher/lower (2022: 23 kEUR higher/lower). If the average PLN interest rates (WIBOR) 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 96 kEUR higher/lower (2022: 48 kEUR higher/lower). If the average RON interest rates (ROBOR) 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 41 kEUR higher/lower (2022: 27 kEUR higher/lower). If the average CZK interest rates (PRIBOR) 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 6 kEUR higher/lower (2022: 6 kEUR higher/lower).

kEUR

Counterparty	Type	Currency	31. 12. 2023 Balance	31. 12. 2023 Interest inc./ (exp.), net	31. 12. 2023 Pre-tex profit impact	31. 12. 2022 Balance	31. 12. 2022 Interest inc./ (exp.), net	31. 12. 2022 Pre-tex profit impact
ČEZ, a. s.	Cash pool receivable / payable	EUR	(63,066)	(1,509)	(631)	8,970	(86)	90
Elevion Deutschland Holding GmbH	Cash pool receivable / payable	EUR	41,357	2,332	414	(21,875)	141	(219)
Elevion Holding Italia Srl	Cash pool receivable / payable	EUR	17,377	619	174	5,689	95	57
Elevion Österreich Holding GmbH	Cash pool receivable / payable	EUR	4,414	324	44	4,774	115	48
ZOHD Groep B.V.	Cash pool receivable / payable	EUR	(604)	(7)	(6)	0	0	0
External (cash pool header)	Cash pool receivable / payable	EUR	7,858	227	79	4,703	(15)	47
Total EUR			**7,335**	**1,986**	**73**	**2,261**	**250**	**23**
ČEZ, a. s.	Cash pool receivable / payable	PLN	12,493	72	125	180	(264)	2
Euroklimat Sp. z o.o.	Cash pool receivable / payable	PLN	(4,754)	28	(48)	1,550	279	16
External (cash pool header)	Cash pool receivable / payable	PLN	901	71	9	1,834	0	18
Metrolog sp. z o.o.	Loan	PLN	991	124	10	1,282	88	13
Total PLN			**9,631**	**295**	**96**	**4,846**	**103**	**48**
High-Tech Clima S.A.	Cash pool receivable / payable	RON	107	(6)	1	(313)	7	(3)
External (cash pool header)	Cash pool receivable / payable	RON	3,955	110	40	3,046	12	30
Total RON			**4,062**	**104**	**41**	**2,734**	**19**	**27**
ČEZ, a. s.	Cash pool receivable / payable	CZK	556	8	6	569	5	6
Total CZK			**556**	**8**	**6**	**569**	**5**	**6**

c) Credit risk

Credit risk arises where the counterparty is not able to meet their payment obligations under the contractual arrangements. The Parent Company mainly bears the credit exposures in its provided loans/cash pool receivables towards Elevion subsidiaries.

The Company has recorded the following expected credit losses on these financial assets per individual subsidiaries. The expected credit losses are calculated as PD (probability of default)*LGD (loss given default)*EAD (exposure at default) taking into the credit profile of the individual debtors.

The Company did not calculate ECL on cash pool receivable towards High Tech Clima, because the balance is immaterial (107 kEUR as at 31 Dec 2023) and towards ČEZ, a. s., because Elevion Group B.V. recognized cash pool payable towards ČEZ a.s., (63,066 kEUR as at 31 Dec 2023).

The Parent Company started to calculate ECL on intercompany loans as of 2023 (such approach was not done in 2022) and the respective amount was directly included into P&L in 2023.

kEUR

Counterparty	31. 12. 2023 Cash pool receivable	Provided loans	PD (probability of default)	LGD (loss given default)	ECL CP 2023	ECL loans 2023
Elevion Deutschland Holding GmbH	41 357	31 308	1,01%	45%	188	142
Elevion Holding Italia Srl	17 377	18 138	2,75%	45%	215	224
ČEZ, a. s.	13 050	0	n/a	n/a	0	0
Elevion Österreich Holding GmbH	4 414	8 670	2,75%	45%	55	107
High-Tech Clima S.A.	107	0	n/a	n/a	0	0
Elevion Energy & Engineering Solutions GmbH	0	41 698	1,01%	45%	0	190
Elevion GmbH	0	94 617	1,01%	45%	0	430
SERCOO Group GmbH	0	2 500	1,61%	45%	0	18
Entract Energy GmbH	0	1 600	5,21%	45%	0	38
Metrolog sp. z o.o.	0	991	1,01%	45%	0	5
OEM Energy sp. z o.o.	0	415	1,01%	45%	0	2
Total	76 304	199 937			458	1 156
ZOHD Groep B.V.	0	0	1.61%	45%	0.0	0.0
Total	**76,304**	**199,937**			**458**	**1,156**
Total ECL on cash pool assets and provided loans						**1 613**

kEUR

Counterparty	31. 12. 2022 Cash pool receivable	Provided loans	PD (probability of default)	LGD (loss given default)	ECL CP 2022	ECL loans 2022
Elevion Deutschland Holding GmbH	0	31 308	1,01%	45%	0	142
Elevion Holding Italia Srl	5 689	18 618	2,75%	45%	70	230
ČEZ, a. s.	9 720	0	n/a	n/a	0	0
Elevion Österreich Holding GmbH	4 774	4 670	2,75%	45%	59	58
Elevion Energy & Engineering Solutions GmbH	0	4 898	1,01%	45%	0	22
Elevion GmbH	0	66 300	1,01%	45%	0	301
Entract Energy GmbH	0	1 600	5,21%	45%	0	38
Metrolog sp. z o.o.	0	1 282	1,01%	45%	0	6
Euroklimat sp. z o.o.	1 550	0	0,66%	45%	5	0
ZOHD Groep B.V.	0	2 400	1,61%	45%	0	17
Total	**21 732**	**131 076**			**134**	**815**
Total ECL on cash pool assets and provided loans						**949**

For all loans provided/cash pool receivables above, there has not been a significant increase in credit risk (that is, they are in stage 1).

d) Liquidity risk

For liquidity risk, please refer to Section 16 of the Consolidated Financial Statements.

kEUR

Liquidity risk calculation	EGBV standalone 31. 12. 2023	EGBV standalone 31. 12. 2022	Industry benchmark
Current liquidity	**1.34**	**1.33**	**0.93**
Current assets	98,198	35,730	
Current liabilities	73,114	26,813	
Quick liquidity ratio	**1.30**	**1.27**	**0.61**
Cash (incl. CP receivables)	88,569	31,324	
Accounts receivable + contract assets	6,821	2,845	
Current liabilities	73,114	26,813	
Cash ratio	**1.21**	**1.17**	**0.04**
Cash (incl. CP receivables)	88,569	31,324	
Current liabilities	73,114	26,813	

Fair value

Liabilities – 31 Dec. 2023

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other compr. income	At amortised costs	Total carrying amount	Total fair value
Earn-out liability	3	533	0	0	533	533
Cash pool payable	–	0	0	68,424	68,424	68,424
Total interest-bearing liabilities and derivatives	**–**	**533**	**0**	**68,424**	**68,957**	**68,957**
Trade payables	–	0	0	781	781	781
Total financial instruments	**–**	**533**	**0**	**69,205**	**69,738**	**69,738**

Liabilities – 31 Dec. 2022

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other compr. income	At amortised costs	Total carrying amount	Total fair value
Earn-out liability	3	1,045	0	0	1,045	1,045
Cash pool payable	–	0	0	22,187	0	0
Total interest-bearing liabilities and derivatives	**–**	**1,045**	**0**	**22,187**	**1,045**	**1,045**
Trade payables	–	0	0	1,057	1,057	1,057
Total financial instruments	**–**	**1,045**	**0**	**23,245**	**2,102**	**2,102**

Equity and liabilities

kEUR	31. 12. 2023	31. 12. 2022
Financial liabilities measured through profit and loss	533	1,045
Financial liabilities measured through other comprehensive income	0	0
Financial liabilities measured at amortised costs	68,424	22,187
Total interest-bearing liabilities and derivatives	**68,957**	**23,233**
Trade payables	781	1,057
Other financial instruments	**781**	**1,057**
Total financial instruments	**69,738**	**24,290**
Equity	621,929	488,916
Other liabilities	3,424	2,526
Total equity and liabilities	**695,090**	**515,732**
Total financial instruments / total assets	10.0%	4.7%
Total interest-bearing assets and derivatives / total assets	9.9%	4.5%

Assets – 31 Dec. 2023

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other compr. income	At amortised costs	Total carrying amount	Total fair value
Provided intragroup loan	–	0	0	198,781	198,781	180,377
Cash pool receivable	–	0	0	75,846	75,846	75,846
Cash and cash equivalents	–	0	0	12,723	12,723	12,723
Total interest-bearing assets and derivatives	**–**	**0**	**0**	**287,350**	**287,350**	**268,946**
Investments in subsidiaries	–	0	0	395,643	395,643	395,643
Trade and other receivables	–	0	0	6,821	6,821	6,821
Total financial instruments	**–**	**0**	**0**	**689,814**	**689,814**	**671,410**

Assets – 31 Dec. 2022

kEUR	Hieararchy level	At fair value through profit and loss	At fair value through other compr. income	At amortised costs	Total carrying amount	Total fair value
Provided intragroup loan	–	0	0	131,076	131,076	107,543
Cash pool receivable	–	0	0	21,732	21,732	21,732
Cash and cash equivalents	–	0	0	9,591	9,591	9,591
Total interest-bearing assets and derivatives	**–**	**0**	**0**	**162,400**	**162,400**	**138,867**
Investments in subsidiaries	–	0	0	345,317	345,317	345,317
Trade and other receivables	–	0	0	2,845	2,845	2,845
Total financial instruments	**–**	**0**	**0**	**510,561**	**510,561**	**487,029**

Assets

kEUR	31. 12. 2023	31. 12. 2022
Financial assets measured through profit and loss	0	0
Financial assets measured through other comprehensive income	0	0
Financial assets measured at amortised costs	287,350	162,400
Total interest-bearing assets and derivatives	**287,350**	**162,400**
Trade and other receivables	6,821	2,845
Other investments	**395,643**	**345,317**
Other financial instruments	**402,464**	**348,162**
Total financial instruments	689,814	510,561
Other assets	5,276	5,170
Total assets	**695,090**	**515,732**
Total financial instruments / total assets	99.2%	99.0%
Total interest-bearing assets and derivatives / total assets	41.3%	31.5%

7. 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

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Independent Auditor's Report

To the board of directors and the supervisory board of Elevion Group B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2023 of Elevion Group B.V., based in Amsterdam, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Elevion Group B.V. as at 31 December 2023, and of its result and its cash flows for 2023 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 accompanying company financial statements give a true and fair view of the financial position of Elevion Group B.V. as at 31 December 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2023.
2. The following statements for 2023: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement.
3. The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The company's statement of financial position as at 31 December 2023.
2. The company's income statement, statement of changes in equity, cash flow statement for 2023.
3. The notes comprising a summary of the 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 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. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, 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 was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Elevion Group B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Elevion Group B.V.

Because we are ultimately responsible for the opinion, we are 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 on the entities. Our group audit is mainly focused on financially large entities in terms of size and financial interest or where significant risks or complex activities were present, leading to full audits performed for 15 components and specified account balances for 15 components.

For the selected component audit teams, the group audit team provided detailed written instructions, which, in addition to communicating our requirements of component audit teams, also detailed significant audit areas and information obtained centrally relevant to the audit of individual components, including awareness for risks related to management override of controls and revenue recognition.

Furthermore, we developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics. Our oversight procedures included (virtual) meetings with the component auditor and component management and physical or remote working paper reviews.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach 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 entity and its environment and the components of the system of internal control, including the risk assessment process and management's 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 Management Report 2023 for board of directors' fraud risk assessment.

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 in. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

- Presumed fraud risk related to Management Override of Controls. Our audit procedures to respond to this fraud risk include, amongst others, an evaluation of relevant internal controls and supplementary substantive audit procedures, including detailed testing of journal entries and post-closing adjustments based on supporting documentation. Data analytics, including selection of journal entries based on risk-based characteristics, form part of our audit approach to the address the identified fraud risk.
- Presumed fraud risk related to Revenue Recognition. Our audit procedures to respond to this fraud risk, include, amongst others, an evaluation of relevant internal controls and supplementary substantive audit procedures, including the evaluation of board of directors' estimates used in the revenue recognition related to the expected costs and the for the projects.

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.

We considered available information and made enquiries of relevant key management personnel, the board of directors and the supervisory board.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgements and decisions made by the board of directors in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. The board of directors' insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2.1 Basis of Compiling of the financial statements. We performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in prior year financial statements.

For significant transactions such as various business acquisitions or disposals we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with, amongst others, the board of directors, Group Legal Counsel, reading minutes of board meetings and reports of internal audit.

As a result of our risk assessment procedures, and while realising that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognised to have a direct effect on the financial statements.

Apart from these, Elevion Group B.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the entity's business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Elevion Group B.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of the board of directors, the supervisory board, and others within the entity as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.
Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the board of directors and the supervisory board, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating the board of directors' assessment of the company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Report on the 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.

The other information consists of the Management Report 2023.

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 all the information regarding 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 board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as 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 frameworks 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 disclosure 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 assignment 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 judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

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

We communicate with the board of directors and the 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 identified during our audit.

We provide the board of directors and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, 30 September 2024

Deloitte Accountants B.V.
Signed on the original: Patrick Kuijpers

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.

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, meaning actual cash payments made for goods or services
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

Ochs Group	Alexander Ochs Group
AMPRO	AMPRO Medientechnik
AxE	AxE Societa agricola SRl
BELECTRIC	BELECTRIC GmbH
BELETRIC Group	BELETRIC Group
Brandt	Brandt GmbH
BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L.	BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L.
BTC	B.T.C. Societa agricola SRl
Bücker + Essing	Bücker + Essing
DEF	DEF. Societa agricola SRl
EAG	D-I-E Elektro AG
EAB	EAB Elektroanlagenbau GmbH Rhein/Main
Elektro-Decker	Elektro-Decker GmbH
Hofmockel	Elektro Hofmockel GmbH & Co. Elektroanlagen KG
En.plus	En.plus GmbH
Entract	Entract Energy GmbH
ETS	ETS Efficient Technical Solutions GmbH
Euroklimat	Euroklimat sp. z o.o.
Novella Sentieri	Fattorie Novella Sentieri
Gespa	Gespa GmbH
GEE	GEE - Green Energy Efficiency GmbH
GWE	GWE Wärme- und Energietechnik GmbH
Hermos	Hermos AG
Hermos Schaltanlagen	Hermos Schaltanlagen GmbH
HTC	High-Tech Clima S.A.
IBP	IBP Ingenieure GmbH
inewa	inewa consulting Srl
Metrolog	Metrolog sp. z o.o.
MWB Power	MWB Power GmbH
MPI	Moser & Partner Ingenieurbüro GmbH
MT Energy	MT Energy Service GmbH
OEM Energy	OEM Energy sp. z o.o.
Pantegra	Pantegra Ingenieure GmbH
PPI	Peil und Partner Ingenieure GmbH
Rudolf Fritz	Rudolf Fritz GmbH
SERCOO ENERGY	SERCOO ENERGY GmbH
SERCOO Group	SERCOO Group GmbH
Falgas	Societa' Agricola Falgas S.r.l.
SYNECOTEC	SYNECOTEC Deutschland GmbH
TRIM-TECH	TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.
IWC	Wagner Consult GmbH
ZOHD Group	Zonnenpanelen op het Dak Group

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