EP NL B.V.

Annual Report

as of and for the year ended 31 December 2023

prepared in accordance with International Financial Reporting Standards

as adopted by the European Union

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 04 July 2024

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MANAGEMENT BOARD REPORT

1. GENERAL INFORMATION

EP NL in 2023

Overview

EP NL, a subsidiary of EPH Group, made a markable entry to the Dutch energy market in 2023. This was highlighted by the strategic acquisition of wholesale energy trading company PZEM Energy Company B.V. (PEC) and key energy assets, including Sloe, Rijnmond, and MaasStroom power plants, PZEM Pipe, and a 50% stake in Enecogen power plant.

On 5 January 2023, EP NL acquired 100% of the shares of Rijnmond Power Holdings B.V. from Blackstone GSO funds. With that, obtaining Rijnmond power plant, a gas-fired power plant located in Rotterdam (Pernis) with 810 MW installed capacity.

On 25 January 2023, EP NL acquired 100% of the shares of PZEM Energy Company B.V. and PZEM Pipe B.V. from ZEH N.V. and 100% of the shares of Sloe Centrale Holding B.V. from ZEH N.V. and EDF S.A. With that, obtaining Sloe power plant, a gas-fired power plant located in Vlissingen with 870 MW installed capacity and wholesale energy trading company PZEM Energy Company which includes the ZBL pipeline (a 55 km gas pipeline supplying the Sloe Power Plant), trading business and B2B power and gas supply.

On 23 May 2023, EP NL acquired 100% of the shares of Camden B.V. from Castleton Commodities International LLC (CCI). With that, obtaining two gas-fired power plants: (i) full ownership of MaasStroom power plant, located in Rotterdam (Pernis), with an installed capacity of 426 MW and (ii) shared ownership (50%) of Enecogen power plant, located in Rotterdam (Europoort) with a total installed capacity of 958 MW (share of EP NL is 479 MW). The remaining 50% stake in Enecogen power plant will continue to be held by the Dutch energy company, Eneco N.V.

These strategic acquisitions have enabled EP NL to establish a portfolio comprising of four highly efficient gas-fired power plants. With a cumulative capacity of 2.585 MW, EP NL now ranks as the third largest operator of power plants in the Netherlands, which will ensure a stable supply of energy in the ongoing complex energy transition.

These acquisitions were concluded under volatile market circumstances, highlighting our ability to execute complex transactions and enter new markets.

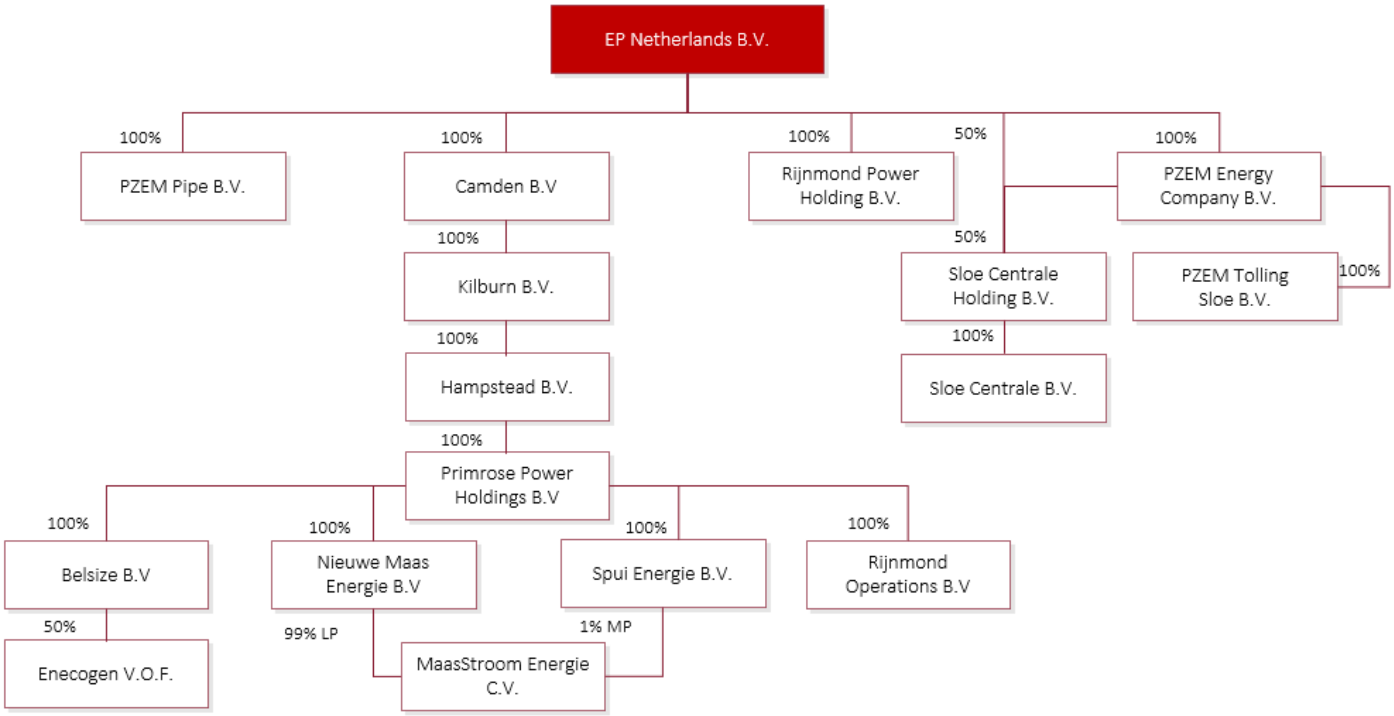
The year 2023 marked a major transition for the acquired companies. PZEM Energy Company B.V. (PEC), after more than 100 years of public ownership by the Province of Zeeland and municipalities within the Province, the group of companies were successfully acquired by EP NL. EP NL also took control of 100% share in Sloe power plant, a joint operations between PEC and EDF. This has marked a change in the history of Sloe power plant, and allows for more flexibility and streamlined managed under one shareholder.

Furthermore, the year 2023 was a year of integration of the different companies acquired by EP NL. The IT-steering of the newly acquired assets from PEC trading control has been implemented flawlessly without any delay. Knowledge sharing between personnel of different assets has been addressed from day one.

Corporate Structure

EP NL is headquartered in Middelburg and was formed to manage and further develop activities on the Dutch energy market. The Management Board comprises Peter Černák (Chairman), Niels Unger, and Filip Biznár, with Mr. Unger serving as CEO and Mr. Biznár as CFO.

EP NL's company structure as of 31 December 2023 is:



Operational Highlights

The integration of new assets was our primary focus in 2023. At the same time, EP NL leveraged volatile market conditions to achieve a notable financial success with revenue reaching EUR 2.358 million and Earnings Before Tax of EUR 316 million.

The entire power plant fleet performed well with high availability and ability to adapt to quickly changing market demands. We have made a notable investment decision to install Advanced Turbine Efficiency Upgrade at Sloe power plant to enhance efficiency, increase generation capacity and reduce CO2 emissions. This upgrade will be implemented during 2024 and 2025. This upgrade will contribute to an annual reduction of 30.000 tons of CO2, aligning with EP NL's efforts to decrease environmental impact.

Furthermore, we have focused on growth of our trading activities and B2B business. We have managed to secure a notable contract with Dutch Railway operator "de Nederlandse Spoorwegen". The company adopted a cautious approach in the competitive Power Purchase Agreements market and is committed to supporting energy transition and climate goals through strategic investments and collaboration with the government on energy policy.

Market Dynamics

The energy market in 2023 was marked by high volatility, driven by global events and a significant increase in renewable energy production in the Netherlands. Furthermore, the market has experienced a decline in energy consumption due to reduced industrial demand. The impact of high energy-prices and reduced economical activity in the Netherlands was reflected in the reduced off-take volumes by our customers. We have managed to weather these challenging market conditions through effective hedging strategies.

Outlook and strategy

EP NL is well-positioned for growth, drawing strength from the support of our customers, employees, and strength of the EPH group. EPH recognizes its operations in the Netherlands as a crucial driver for growth and would like to positively contribute to the industry's energy transition and provide secure, reliable and affordable energy supply in the Netherlands. The energy transition demands substantial investment across various sectors. We will evaluate technological advancements, infrastructure development and market opportunities to guide our future investments in proven technologies. We see a market for flexible generating capacity to enable the energy transition and maintain secure energy supply. We advocate for the implementation of a capacity market mechanism to secure sufficient flexible generation capacity. We are engaging with the stakeholders in the Netherlands, to formulate collaborative solutions to support the energy transition.

As we reflect on the last year's development and acquisitions, we want to take a moment to express our sincere gratitude to each of our employees. Your dedication, expertise, and support have been instrumental in this phase of growth and transition. The integration into one team has been remarkable. Your commitment to maintaining high standards of excellence during this period of change is greatly appreciated.

Niels Unger	Filip Biznár	Peter Černák
CEO	CFO	Chairman

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2. FINANCIAL INFORMATION

Financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, and the relevant provisions of the Dutch Civil Code (Book 2, Title 9).

The share of assets, liabilities, income and expenses associated with operations conducted by separate legal entities that report into EP NL, have the same rights and obligations as EP NL and have been included in our financial information.

EP NL (in EUR million)	2023	2022
Revenues	2.357,8	-
Gross Margin	506,2	8,8
Profit before tax	316,2	8,4
Net Income	231,9	6,6

Financial statements

Revenues in 2023 stood at EUR 2.357,8 million. B2B activities contributed EUR 561 million revenue. Power generated by own power plants and PPA's, together with commodities traded and sold on the market contributed EUR 1.797 million revenue. Overall energy prices saw a decline in prices and an increase in volatility during the year due to higher than anticipated wind and solar generation, higher than average temperatures and healthy gas storage levels heading into the winter of 2023. Part of the lower prices and volatility were able to be offset by customised contracts such as the sale of electricity generated by wind farms and by favourable hedge positions.

Gross margin for 2023 stands at EUR 506,2 million. Our highly efficient power plant portfolio coupled with effective trading strategies comprised most of the gross margin.

In 2023 we saw good availability in our powerplants, and overall operating expenses mainly consisted of regular maintenance, efficiency upgrades and improvements to our IT systems. The number of employees, including all entities rose throughout 2023 to a total FTE count of 240. The increase in headcount, coupled with the pay rises granted under the collective agreement, led to a total staff cost of EUR 32,4 million. Depreciation charges stood at EUR 43,4 million in 2023.

The 2023 net cash flow from operating activities amounted to EUR 336 million, driven by a strong operational result combined with a positive movement in working capital. The Cash flow from investing activities was mainly driven by the investment in four power plants and a supply business in the Netherlands with a net installed capacity of 2,6 GW. Total cost of the acquisitions amounted to EUR 459,7 million after deduction of cash acquired. With a financing cash flow of EUR 276 million EP NL had a cash balance of EUR 94,4 million as of 31 December 2023.

In 2023 total realised and unrealised gains amounted to EUR 176,3 million (2022: EUR 22,6 million). This includes movements in the value of the cash-flow hedges, which were recognised as unrealised losses. These had a negative impact of EUR 55,6 million (2022: EUR 16,0 million positive). Besides these unrealized losses, the profit for the year 2023 was positively impacted for the amount of EUR 96,4 million by realised cashflow hedges, which were part of the hedge reserve of PZEM Energy Company B.V. before the entity was acquired by EP NL.
Liquidity is considered to be healthy with a current ratio of 1.1 on 31 December 2023.
EP NL has a solvency ratio of 13,1 % (Equity / Total Equity + Liabilities) on 31 December 2023. The liabilities include (among others) loans from affiliated companies, used to acquire assets. The financing of EP NL is solely based on intercompany revolving credit facilities. The loans from mother companies EPH a.s. and EP Power Europe a.s. are revolving, meaning the mother companies are able to request prepayments. Such prepayments do not prevent EP NL from requesting further utilizations. As at 31 December 2023 the loans amount to EUR 495,1 million. As at 30 June 2024 EP NL has made significant repayments and the loans had a balance of EUR 200,6 million. EPH a.s. and EP Power Europe a.s. continue to provide the necessary support to ensure EP NL's financial stability and have no intention to request prepayments of the loans for at least a period of the next 13 months, that would put EP NL in any difficulties.

EP NL is considered a highly strategic asset in the EPH group and EP NL's continued operation is vital to the overall business strategy of EPH.

3. SIGNIFICANT RISKS AND UNCERTAINTIES

EP NL aims to seize market opportunities whilst at the same time minimising its risk exposure. To do so, the company has a risk management system in place, which we ensure is applied and adhered to across the company. The risk management system takes account of the specific features of the markets in which we operate. A main principle of the risk management system is that all company commitments are only valid if done by letter and signed according the 4 eyes principle. This principle combined with segregation of duties is an instrument to limit the risk of fraud and violation of laws and regulations. Risk management will contribute to achieving our strategic objectives responsibly.

This section of the Annual Report looks at how risk management is structured within EP NL. We also discuss the main risks and uncertainties facing the company and how these are controlled.

During annual Strategic Risk Assessments and several Thematic Risk Assessments the Risk Management department identifies the major risks, their key controls and their effectiveness through interviews with the managers involved. Management discusses developments likely to impact the risk weightings with the Management Board at least twice a year. Risk management is an iterative and continuous process. For non-standard activities to markets the company adheres a Risk Management Committee which evaluates the proposed activity and advises the Board on this.

3.1 DUTIES AND RESPONSIBILITIES

Management Board
The Management Board has ultimate responsibility for risk management at EP NL. However, primary responsibility lies with the subsidiaries and departments, whose staff and management are responsible for the proper performance of risk management and internal control operations, including health and safety, compliance and IT-security.

Risk Management
During annual Strategic Risk Assessments and several Thematic Risk Assessments the Risk Management department identifies the major risks, their key controls via dedicated systems and their effectiveness through interviews with the managers involved. The Risk Management department advises and provides support to management and staff with regard to risk identification and risk control. Management discusses developments likely to impact the risk weightings with the Management Board at least twice a year.
Furthermore the Risk Management Committee has periodic meetings evaluating the positions the company has compared to its risk-limitations. Credit risk for delivery contracts relies less on external credit assessments and more on our own analysis, so the number of staff in that function has increased. Since the acquisition by EPH the Risk Management department in the Netherlands is reporting to the EPH group Risk department in Prague.
For large and/or non-standard contracts the business requires Management Board approval, which is preceded by consulting the Risk Management Committee and followed by an approval request to EPH group Risk department for contracts with a big credit exposure. The Risk Management Committee also advices the Management Board on new limits and procedures, or changes to existing ones, to hedge exposures.

Legal department
The Legal department ensures that EP NL is in compliance with applicable laws and regulations, which is also monitored by external parties, such as the Dutch Financial Markets Authority (AFM) and Dutch Consumer and Markets Authority (ACM).

Independent audits
If the Management Board, Risk Management or any manager has an indication that there are problems or potential issues with certain processes or wishes or needs to have certain processes reviewed independently, then they may instruct a third party to conduct an independent audit. This will give the relevant management additional assurance with regard to internal controls.

Additionally there is an Internal Audit function consisting of employees from several departments, with a focus on conducting internal audits (by our own staff) on request or of its own accord.

Financial Control
The Financial Control department provides regular updates of financial and business reports to track the achievement of financial targets and strategic goals. The department also ensures that our financial obligations are known.

Independent auditors
When auditing the annual financial statements to ensure their reliability, the independent external auditors investigate the design, implementation and, where appropriate, the effectiveness of the company's relevant internal financial reporting controls. The audit findings and recommendations are reported to the Management Board. This report, amongst other things, forms the basis for a further tightening of processes and/or controls.

3.2 RISK MANAGEMENT IN 2023

Risks and controls in 2023
EP NL was established in 2018 and expanded on the business of the acquired companies.

Energy production is essential to society. EP NL's commitment to society is reflected in the company's strong reputation in The Netherlands. Risks that may threaten the delivery of our services are identified as clearly as possible and mitigated where appropriate and economically feasible.

EP NL is involved in international gas and electricity trading. Prices on these markets fluctuate strongly. We use financial instruments to mitigate commodity, foreign exchange, interest rate, liquidity and credit risks. Under the auspices of the Management Board, the Risk Management Committee has put in place general procedures and limits and is responsible for ensuring that our energy trading and sales activities remain within the defined risk margins.

How risks evolved in 2023
With the take-over of PZEM Energy Company and several CCGT's at the start of 2023, EP NL has become especially sensitive to spark spread levels. The level of electricity, CO2 and gas prices has declined consistently during 2023 and future spark spreads have even reached negative levels. Because of the hedges already performed during 2022, this did not have a negative impact on the financial results over 2023.

Regulatory changes can impact the profitability of EP NL. The Dutch government wanted to make changes to the floor price for CO2 and impose energy tax on amongst others CCGT's. International changes can also have an effect, like the scheduled coupling of imbalance markets. Uncertainty with regards to what will change and when, have increased the regulatory risk.

We continued to monitor cyber risk closely during the year. However, as global trends in cybercrime are evolving rapidly, we maintain alert and focused. The Board discusses every 6 weeks the IT-security roadmap with its CISO.

The probability of unplanned unavailability is considered low. The CCGT's show very good availability and the impact of the unavailability of one gas fired unit can be mitigated, as long as another might be able to take its place.

Risk appetite
EP NL assesses its risk exposures, actions taken to mitigate risks, and any residual risks against its overall risk appetite by carrying out a variety of risk assessments. During those assessments, we determine the probability and impact of each individual risk. If either or both are elevated, we will develop and implement additional mitigating action. If residual risks continue to remain elevated, we may take follow-on action. This may include:

- accepting the elevated residual risk, but stepping up our monitoring efforts and taking additional action to limit any loss or harm if an incident occurs;
- sharing the elevated residual risk with a third party, for example through a joint venture or by taking out insurance;
- assessing whether the activity in question can be discontinued if it poses a threat to the company’s continuity.

3.3 SUMMARY OF MAIN RISKS

Below is a summary of the main strategic risks facing EP NL and how we mitigate the probability and/or impact of those risks.

	Risk	**Control**	**Risk area**	**Current risk after mitigating action**
1	Market conditions	Develop dynamic and smart hedging strategy	Strategic	High
2	Unplanned unavailability of power plants	Smart asset management	Operational	Medium
3	Regulatory changes	Participate in associations	Compliance	Medium
4	IT security	Specific ongoing actions and employee awareness	Operational	Medium
5	Credit Risk	Credit analyses combined with credit insurance	Operational	Medium
6	Liquidity risk	Liquidity forecasting and maintaining credit facilities	Financial	Medium
7	Safety	Continue to strengthen safety culture	Operational	Medium
8	Model risk	Opposite exposure and contract clauses	Strategic	Medium
9	Staffing	Offer perspectives to staff and broaden knowledge base	Operational	Low

3.4 RISK FEATURES OF THE MARKETS IN WHICH EP NL OPERATES

Commodity price risk
Market risks arise from price movements in the markets where EP NL buys and sells (commodities, currencies, storage capacity, transmission capacity, imports/exports capacity, etc.). It is company policy to mitigate the impact of price movements in the short term and to track prevailing market prices in the long term. For systematic risk control purposes, asset allocations and positions are determined on the basis of expected price developments. These positions are monitored on a daily basis. Trading risks are mitigated by strictly enforcing a system of limits, the most important of which is calculated using the Value-at-Risk method.

Potential adverse trends in commodity prices, notably falling spark spreads, in the coming years pose a risk to EP NL's future continuity as they may have an immediate dampening impact on the profits of our production units, unless the output is hedged. Rising electricity or gas prices would create losses on contracts with customers, so those exposures are hedged back-to-back. Hedging transactions will create other risks, like liquidity and credit risk.

Value-at-Risk
Determining Value-at-Risk (VaR) involves using various assumptions regarding possible changes in market conditions. VaR identifies the maximum portfolio losses likely to be incurred as a result of price changes over a three-day period with a confidence level of 95% (i.e. in 5% of cases the portfolio losses may exceed the VaR limit). VaR is calculated using Monte Carlo simulations based on historical volatilities and correlations. Because portfolios include opposing positions and there is an underlying correlation, the VaR of the total portfolio is smaller than the sum total of individual portfolio VaRs. As of 2024 the VaR is calculated on a one-day holding period with 99% confidence level.

Cash flow hedges
EP NL uses financial instruments to minimise fluctuations in expected cash flows. The company uses derivatives, including forward contracts and swaps, to control the effects of future changes in market prices. These hedging instruments are derivatives of commodities traded by EP NL and they are entered into to mitigate cash flow, price, and currency risks. Hedge accounting is applied to cushion the total change in value of these derivatives in the income statement.

Currency risk
Currency risk is the risk that the value of assets changes due to movements in foreign exchange rates. EP NL's risk policy is to hedge currency risks associated with positions denominated in a foreign currency. To hedge this risk, the company uses financial instruments (forward contracts) to minimise fluctuations in expected cash flows.

Currency positions arising from commodity and other contracts are hedged directly and monitored within defined limits.

Liquidity risk
Liquidity risk is the risk that EP NL has insufficient funds available to meet its short-term liabilities. This can be caused by the business activities not generating enough revenues or by increasing margin requirements. EP NL holds sufficient cash available for potential margin fluctuations and also has a credit facility with the parent companies which may be drawn.

4. ENVIRONMENTAL AND PERSONNEL-RELATED INFORMATION

4.1 ENVIRONMENTAL

The goals of the energy agreement are clear: Energy must be more sustainable, but also remain affordable and reliable. The transition to a sustainable energy market renders the energy sector dynamic and volatile. Despite the shift to renewable energy sources, the demand for energy remains unabated. Thus, a reliable and secure supply of energy is of paramount importance.

EP NL is a key player in the Dutch energy market. We are committed to a reliable and sustainable energy future for the Netherlands and are dedicated to sustainable investments, leveraging state-of-the-art technologies. Our existing gas-fired power plants are central to ensuring a stable and dispatchable power supply. These efficient and adaptable plants are crucial in meeting the growing demand for flexibility and the integration of renewable energy sources.

Our Power Plant Portfolio:

- Sloe Power Plant (Borssele): 870 MW capacity
- Rijnmond Power Plants (Rotterdam, Pernis): Combined capacity of 1.236 MW
- Enecogen (Rotterdam, Europoort) (50% owned by EP NL): 958 MW capacity

4.1.1 People (social), Planet (environmental), Profit (Economic)

People: EP NL promotes social improvement by creating jobs, providing training opportunities and ensuring a safe and inclusive work environment, promoting diversity.

Planet: EP NL seeks environmental improvement by investing in renewable energy sources and reducing CO_2 emissions, helping to reduce the ecological footprint and supporting the transition to a low-carbon economy.

Profit: EP NL focuses on economic growth by promoting efficiency and innovation, enabling financial stability and profitability for sustainable investments and long-term strategies.

This approach by EP NL demonstrates our commitment to balanced progress in social, environmental, and economic areas. Below a detailed explanation:

4.1.2 Social

Talented team

Strong and talented team is necessary as the journey towards becoming a leading energy company comes with significant challenges, requiring the optimal utilization of all competencies within different EP NL entities and the EPH group. Development of personnel and organization, openness to new insights, flexibility for improvement, value-driven commitment and responsibility, reinforced by cooperation, determines our success. We strive for growth and success in every business area. Diversity is our strength, with 17 nationalities contributing to a dynamic culture. We offer traineeships, internships for WO, HBO and are a training center for MBO students in marketing and communication.

Electric Mobility at Sloe Centrale

At EP NL, just like our parent company, we are committed to reducing our ecological footprint. We continuously seek smart solutions to decrease our climate impact. A key part of this effort is raising awareness about the significant role everyone can play in moving towards greater sustainability.

One of our key initiatives is the project started in 2018 at Sloe Centrale, which encourages the use of electric vehicles by offering lease contracts to our employees. Given Sloe Centrale's remote location without public transport, cars are the main means of commuting for many employees. This project has not only provided an attractive sustainable mobility option but has also resulted in some interesting side effects:

- In a region with high demand for scarce skilled technicians, our private lease concept helps our HR department attract the right talent.
- The logos on the leased cars enhance our visibility and brand identity in the region.

The latest proposal confirms that it is financially viable for both Sloe Centrale and our staff to continue this electric vehicle leasing project. It offers every employee the opportunity to lease a fully electric car privately at relatively low costs. In February 2024, 16 new fully electric cars (featuring the EP NL logo) has been delivered, enabling 33% of Sloe Centrale employees to drive emission-free, not just to work but also for private travel.

This approach highlights our commitment to sustainability and demonstrates how, by implementing practical solutions, we can make a direct impact on our environmental footprint.

4.1.3 Environment

EP NL is exploring the conversion of our gas-fired plants to use hydrogen for clean and dispatchable power generation. This initiative aligns perfectly with the Dutch government’s target of achieving a carbon-neutral power sector by 2035. In addition, on June 16th, 2023, Sloe Centrale solidified its commitment to clean energy by signing an agreement that furthers its efficiency and reduces CO2 emissions through the adoption of a Siemens Advanced Turbine Efficiency Upgrade (ATEP). The ATEP investment brings numerous benefits, including a significant reduction in carbon emissions. The implementation of this upgrade is expected to contribute to an annual reduction of 30.000 tonnes of CO2 equivalent, which supports EP NL’s climate change mitigation efforts. The ATEP upgrade for both units of Sloe Centrale is anticipated to be completed in 2024 and 2025, respectively. The Enecogen power plant, which is 50% owned by EP NL, has already completed the same upgrade at their site in August 2023. As a result of increased efficiency, there has been a decrease in gas consumption and CO2 emissions.

4.1.4 Key Emissions, Resource Utilization and Production Details

In line with regulation, the assets of EP NL report to the government an Environment Annual Report. Our main emissions, use of resources and production are shown in the table below:

Parameter	Unit	Year	Total
CO2 annual emissions	tonne	2023	2.712.761,0
NOx Annual emissions	tonne	2023	850,0
Natural gas	GWh	2023	12.423,8
Net Power Output	GWh	2023	7.238,0
Industrial water	m3	2023	190.242,0

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Our local involvement within the province of Zeeland

EP NL, formerly a member under the name PZEM, is actively involved in Smart Delta Resources (SDR) and in the Energy Strategy Cluster (CES). These initiatives are essential for energy transition and achieving climate goals in the region Zeeland. EP NL contributes to these projects by providing expertise and data, which supports the transition to a more sustainable industry.

Smart Delta Resources (SDR): SDR is a partnership of energy- and resource-intensive companies in the Flemish-Dutch Schelde region. The goal is to achieve a competitive and climate-neutral industry by 2050.

Cluster Energy Strategy (CES): CES is a component of Dutch climate policy that focuses on making industry more sustainable by expanding infrastructure for electricity, hydrogen, CO2, and heat. Strategies are used to identify future infrastructure needs and are updated every two years.

4.1.5 Economic

Our role in the Dutch energy transition is crucial; we ensure a reliable power supply with our gas plants and respond to the dynamic energy market by hedging and optimizing our commodity portfolio. We trade electricity, gas and emission rights and offer various contracts to business companies. Our low-emission power plants guarantee continuous energy supply during the energy transition. In this way, EP NL strives to achieve a healthy annual financial return in order to, among other things, continue to be well committed to social and environmental issues.

Quote: We are actively shaping the energy landscape by providing efficient power generation solutions today, while investing in innovative technologies for a cleaner tomorrow

4.2 OUR PEOPLE

4.2.1 Turnover / Growth

As of January 1, 2023 the entities that are currently belonging to the EP NL group employed 216 employees. The workforce increased to 240 people as at 31 December. A net increase of 24 employees.

A total of 53 talented employees joined in 2023 spread over all departments, the effect of an extensive recruitment effort in 2023, which will be continued in 2024 to enable us to meet our strategic objectives. At year end we employed 8 Trainees.
Recruitment for technical positions in anticipation of upcoming retirements has been highly challenging, due to a strong labor market in a very competitive environment.

A total of 14 employees moved internally to another role / position.

In 2023 a total of 29 employees left, of which 3 employees retired, 2 employees left on mutual agreement, 2 temporary contracts were not extended and 22 employees left to pursue other external opportunities.

4.2.2 Absenteism

The average sick leave percentage over 2023 was 3,3%. At the end of 2023, there were 4 long-term absence cases which has a negative effect on the average sick leave percentage. If we exclude the long-term absence cases, we see a low sick leave percentage. The low sick leave percentage can amongst others be explained by the flexibility of hybrid working. Employees are less likely to call in sick because it has become easier to continue working from home in the event of mild symptoms.

4.2.3 Employee Development

EP NL has a constant focus on employee development, which resulted in various initiatives being launched during the year:

- We have continued our Leadership programs with a focus on coaching skills, interviewing, team dynamics and authentic leadership;
- Best Practice sessions on appraisal interviews and appraisal reporting were repeated;
- Due to our high safety regulations, we provide ongoing mandatory safety toolbox meetings;
- The growth path within Operations has been further professionalized with training programs;
- Open enrollment to Dutch or English language training was started in the last quarter of 2023. Individual intakes have taken place and the actual training has been scheduled to take place in 2024;
- We continuously train employees in their areas of expertise in order to secure skills and knowledge, which is necessary for continuous performance of operations.
- An internal training curriculum has been developed, with an initial focus on personal resilience.

4.2.4 Policies

Hybrid working has become commonplace within EP NL / PZEM. Per September 1, 2023 the hybrid working policy has been adjusted to reflect the expectation that employees will spend an average of at least 60% of their working time in the office, with a minimum of 3 days per week.

Reason for this renewed policy was the desire to build stronger connections amongst colleagues and developments within PZEM, leading to better cooperation and results.
This new policy will be evaluated using the employee engagement survey, scheduled for Q3, 2024. Adjustments to the policy can be made at that time if deemed necessary or desirable.

In 2023 a survey, related to sustainable employability / healthy working in shifts took place. This resulted in a recommendation to implement a different shift schedule. Internal research came up with 2 alternative schedules. In 2024 a poll will be conducted amongst shift employees, following which a decision will be taken on a new shift schedule, including a trial period.

A whistleblower policy was developed for PZEM and Sloe centrale, in close coordination with the works councils and was implemented in Q4, 2023. Interactive training, to bring the policy to live, has taken place in 2024.

4.2.5 Diversity

EP NL B.V. currently employs 17 nationalities, a rich mix of cultures, perspectives and ideas. It is important that employees are skilled, but also differ from each other and that space is created to express these differences. We strongly believe that different perspectives, backgrounds, knowledge and experiences contribute to the achievement of our strategic goals.

Diversity, equality and inclusion are permanently on our agenda. We are developing a policy, including training for all our employees, to ensure we can better focus our initiatives related to this topic. This policy and first trainings are scheduled to be implemented in the organization in 2024.

Our policy will be based on:

- Our leaders say what they do and do what they say;
- We recruit, select and retain diverse talent;
- We provide flexible and inclusive working and employment conditions;
- We are committed to a level playing field;
- We strive to continuously & structurally improve our inclusive employment practices.

5. RESEARCH AND DEVELOPMENT

EP NL is continuously investigating opportunities for technical improvement of its assets to keep improving the service delivered to the market and its environmental footprint. This research has led to one specific approved project in 2023 for Sloe Centrale to adopt a Siemens Advanced Turbine Efficiency Upgrade (ATEP).

6. INFORMATION REGARDING CULTURE AND BEHAVIOR AND THE APPLICATION OF CODE OF CONDUCT

Strong & talented team
In 2023, EP NL's goals include strengthening our corporate culture and promoting positive behavior and motivation among our employees, as part of our efforts to build a strong and talented team to achieve our ambition of being the leading energy company in the Netherlands. Some of the strategic actions taken in 2023 to achieve these goals include:

- Hiring new talent to support our objectives, thus strengthening our team with qualified individuals who contribute to our growth and innovation;
- Active initiatives to promote collaboration among employees and between different business units, creating a cohesive and supportive work environment;
- Generating brand awareness by renaming companies within the EP NL group, creating a unified identity that strengthens our coherence and position in the market (the actual renaming has been and will be effectuated during 2024);
- Strengthening our management team by providing leadership training, equipping our managers with the skills and understanding to lead effectively and foster an inspiring work culture.

These measures have led to a positive development of our organization and our people, positioning us better to achieve our objectives and fulfill our role as a leading energy company.

Code of conduct
EP NL has a code of conduct that is applicable to all employees. The EP NL code of conduct provides guidelines for how we treat each other, security, company property, company information, our partners, and business relationships. This Code of Conduct is not optional; all employees are expected to comply with the rules in order to meet constantly changing societal expectations.

EP NL's Code of Conduct is an important document that reflects the nature of our work and the way we do business. It serves as a common framework that guides our behavior and helps us do the right thing. The Code of Conduct places particular emphasis on the following key areas:

- **Safety and health**: Employees are expected to be familiar with workplace safety and health policies and adhere to them to ensure a safe working environment.
- **Integrity and company culture:** The code of conduct emphasizes the importance of integrity and culture within EP NL and expects employees to uphold these values in all their interactions.
- **Personal development and leadership**: The Code of Conduct encourages employees to be aware of opportunities for personal growth and the expected characteristics of effective leadership within the organization.
- **Handling of business information**: Employees are encouraged to be aware of the importance of confidential business information and information security and are expected to handle it carefully to protect the interests of EP NL.

Compliance with the Code of Conduct is actively monitored and employees are encouraged to raise any questions or concerns regarding the Code of Conduct with their managers within the organization.

7. CORPORATE GOVERNANCE STATEMENT

Sound business practices, integrity, respect, supervision, transparent reporting, and other forms of accountability are the cornerstones of EP NL's corporate governance policy.

Management Board
EP NL's Board executes and oversees the company's day-to-day and overall performance, including compliance with its strategy, its policies, applicable laws and regulations, the results achieved by the Management Team, the company's financial position and risk profile, and its financial reporting. The Board's powers and responsibilities have been defined in the Board Regulations (bestuursreglement). These provide for a division of duties among the Board members and lay down decision-making procedures. EP NL is a company with a so-called one-tier board, which meets at least once every month. The Board is composed of Peter Černák (chairman), Niels Unger (CEO) and Filip Biznár (CFO).

The Management Board of EP NL comprises only three positions. At the end of 2023, EP NL had three men and no women on the Management Board. Besides these members of the Management Board, five more employees are considered key management personnel. At the end of 2023, key management personnel comprises of five men and no women.
No targets were self-imposed as to the gender ratio. However, in the event of a vacancy, EP NL will again consider to find a suitable female candidate.

Management Team
Our management structure is intended to facilitate leadership that is effective and consistent with our corporate standards, and that promotes a strong corporate culture. The management team is composed of the CEO, the CFO, the head of legal, the head of risk, the head of optimization and trading, the HR manager, the IT manager, the finance manager, the manager sales, the manager analytics, and the head of asset management. The management team meets once every two weeks.

Other relevant committees
Other relevant committees include the:
(i) the risk management committee;
(ii) the investment committee; and
(iii) the commercial committee.

General meeting of Shareholders ("GMS")
The involvement of the GMS with the company's operations is reflected in the company's articles of association. EP NL's articles of association have been amended in 2023 to reflect the expansion in business activities. EP NL's shareholder is committed and dedicated.

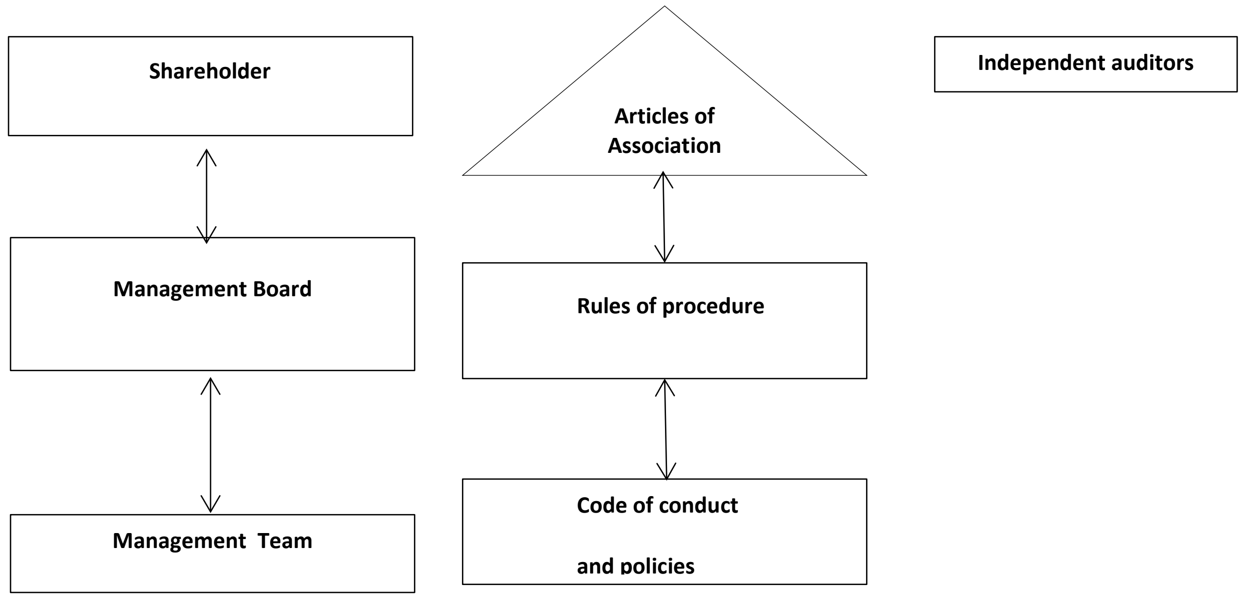
Works Council
The relationship between PZEM Energy Company, a direct subsidiary of EP NL, and its Works Council should not go unmentioned. It is a relationship built on mutual respect, as reflected in standing consultations between the Works Council and the management board of PZEM Energy Company.

Compliance
EP NL maintains good relations with the Dutch Consumer and Markets Authority (ACM) and the Dutch Financial Markets Authority (AFM).

During the year, no use was made of the option available under the Whistleblowing Scheme to report unwanted behaviour at work.

To further enhance the compliance culture within, EP NL is implementing: (i) an ESG policy; (ii) an environmental policy; (iii) an operational policy; (iv) a code of conduct; (v) a procurement policy; (vi) a tax governance policy; (vii) an anti-corruption and anti-bribery policy; (viii) an anti-money laundering policy; (ix) a sanctions policy; (x) and antitrust law policy; (xi) a KYC directive; (xii) a biodiversity policy; (xiii) a whistleblower policy; (xiv) an asset integrity policy; (xv) a diversity policy; and (xvi) a cybersecurity policy.

Governance structure EP NL



8. OUTLOOK

The legal structure of EP NL has changed in 2024 to simplify administration activities. In 2024, EP NL has started an internal restructuring project of its legal entities. For 2024 the number of employees and FTE's is expected to remain stable, with the number of employees sitting at 226. For 2024 several maintenance investments are budgeted with a value exceeding EUR 40 million. This amount is mainly for the planned outages of the assets including the ATEP upgrade at Sloe Centrale.

We will evaluate technological advancements, infrastructure development and market opportunities to guide our future investments. We see a market for flexible generating capacity to enable the energy transition and maintain secure energy supply. We advocate for the implementation of a capacity market mechanism to secure sufficient flexible generation capacity. We are engaging with the stakeholders in the Netherlands, to formulate collaborative solutions to support the energy transition. EP NL conducts research in future applications of new techniques in flexible capacity.

The combination of high availability of hydro and nuclear power, favorable weather conditions for renewables, and reduced industrial demand due to an economic slowdown has collectively reduced the profitability of Dutch CCGT plants in 2024. While these factors are currently exerting downward pressure on margins, the long-term outlook remains positive as capacity mix changes and the phase-out of older plants are expected to enhance the market position of CCGT plants in the coming years. We see these events as of temporary and not structural nature.

A fluctuation of results is normal in the power generation market, since there is a strong influence of factors like weather, economic performance, availability of other power plants and geopolitical events. Despite short-term fluctuations, the long-term outlook of the CCGT power plants remains robust. The expected long-term increase in demand, coupled with the shutdown of less efficient and less flexible power plants, will enhance the market position of CCGTs.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the years ended 31 December 2023 and 2022

(in €'000)	Notes	2023	2022 (unaudited)
Revenues from contracts with customers	6	2.357.761	-
Fair value movements in the trading portfolio	7	(5.861)	8.815
Purchases and consumables	8	(1.675.434)	-
Emission rights, net	11	(170.248)	-
Gross margin		**506.218**	**8.815**
Personnel costs	9	(32.376)	-
Depreciation, amortisation, and impairment	10	(43.417)	-
Other operating income (expenses), net	12	(65.648)	(438)
Profit (loss) from operations		**364.777**	**8.377**
Finance income	13	5.724	-
Finance cost	13	(54.256)	-
Net finance income (cost)		**(48.532)**	**-**
Profit before income tax		**316.244**	**8.377**
Income tax expenses	14	(84.295)	(1.733)
Profit for the year		**231.949**	**6.644**
Profit attributable to:			
- Shareholders of EP NL		231.949	6.644
- Non-controlling interest		-	-

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2023 and 2022

(in €'000)	**Notes**	**2023**	**2022 (unaudited)**
Profit for the year		231.949	6.644
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss in subsequent periods			
- Fair value loss arising on hedging instruments during the period	28	(56.144)	21.499
- Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss.	28	(18.804)	-
- Income tax relating to these items	14	19.337	(5.547)
Other comprehensive loss for the year, net of tax		**(55.611)**	**15.952**
Total comprehensive income for the year		**176.338**	**22.596**
Total comprehensive income attributable to:			
- Shareholders of EP NL		176.338	22.596
- Non-controlling interest		-	-

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023, 31 December 2022

(in €'000)	Notes	2023	2022 (unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	16	532.711	-
Intangible assets and goodwill	18	119.740	-
Right-of-use assets	17	27.945	-
Deferred tax assets	19	101.426	-
Derivative financial assets	28	14.091	-
Total non-current assets		**795.914**	**-**
Current assets			
Inventories	20	23.351	-
Trade receivables and other assets	21	428.398	40
Derivative financial assets	28	160.961	31.202
Income tax assets	21	16.160	-
Cash and cash equivalents	22	94.490	65
Total current assets		**732.360**	**31.307**
TOTAL ASSETS		**1.519.274**	**31.307**
EQUITY AND LIABILITIES			
Equity			
Share capital		20	20
Share premium		1.700	1.700
Hedge reserves	28	(39.660)	15.952
Retained earnings		237.100	5.150
Total equity		**199.160**	**22.822**
Non-current liabilities			
Loans and borrowings	24	487.728	-
Derivative financial liabilities	28	43.959	-
Provisions	25	68.138	-
Lease liabilities	17	26.877	-
Deferred tax liabilities	19	57.013	5.547
Total non-current liabilities		**683.716**	**5.547**
Current liabilities			
Trade payables and other liabilities	27	344.461	317
Loans and borrowings	24	7.326	-
Derivative financial liabilities	28	217.873	888
Provisions	25	14.640	-
Lease liabilities	17	2.042	-
Income tax liabilities	27	50.056	1.733
Total current liabilities		**636.398**	**2.938**
Total liabilities		**1.320.114**	**8.485**
TOTAL EQUITY AND LIABILITIES		**1.519.274**	**31.307**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

(in €'000)	Notes	Share capital	Share premium	Hedge reserves	Retained earnings	Total Equity
As at 1 January 2022 (unaudited)		**20**	**1.500**	**-**	**(1.493)**	**27**
- Profit for the year		-	-	-	6.644	6.644
- Other comprehensive income for the year		-	-	15.952	-	15.952
Total comprehensive income for the year		**-**	**-**	**15.952**	**6.644**	**22.596**
Capital contribution		-	200	-	-	200
As at 31 December 2022 (unaudited)		**20**	**1.700**	**15.952**	**5.150**	**22.822**
- Profit for the year		-	-	-	231.949	231.949
- Other comprehensive income for the year		-	-	(55.612)	-	(55.612)
Total comprehensive income for the year		**-**	**-**	**(55.612)**	**231.949**	**176.338**
As at 31 December 2023		**20**	**1.700**	**(39.660)**	**237.100**	**199.160**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(in €'000)	Notes	2023	2022 (unaudited)
Profit before income tax		**316.244**	**8.377**
Adjustment for:			
- Depreciation and amortization		43.417	-
- Fair value adjustment to derivatives		5.861	(8.815)
- Effective portion of changes in fair value of cash-flow hedges of acquired subsidiaries		(129.908)	-
- Release of onerous contracts		(5.318)	-
- Release of provisions for decommissioning		(304)	-
- Finance costs - net		48.532	-
Operating cash flow before movements in working capital		**278.524**	**(438)**
- Decrease/increase in trade receivables		(6.011)	(40)
- Decrease/increase in inventories		12.233	-
- Decrease/increase in trade payables		(245.358)	315
- Decrease/increase in financial & liabilities assets & liabilities at fair value		(34.564)	-
Operating cash flow after movements in working capital		**4.824**	**(163)**
Additional cash movements			
- Income taxes paid	14	(64.417)	-
- Cash receipts from the settlement of the derivative financial instruments held for hedging purposes		396.012	-
Net cash flow from operating activities		**336.419**	**(163)**
Cash flows from investing activities			
- Interest received	13	5.223	-
- Payments for property, plant and equipment	16	(14.826)	-
- Payments for intangible assets	18	(27.047)	-
- Purchase of emission rights	18	(21.315)	-
- Acquisition of investments in subsidiaries and joint operations (after deduction of cash acquired)	15	(459.690)	-
Net cash (outflow) from investing activities		**(517.655)**	**-**
Cash flows from financing activities			
- Interest paid	13	(27.742)	-
- Proceeds from borrowings	24	1.234.232	-
- Repayment of borrowings	24	(929.794)	-
- Principal elements of lease payments	17	(1.035)	-
- Proceeds from equity		-	200
Net cash (outflow) from financing activities		**275.661**	**200**
Net increase in cash equivalents		**94.425**	**37**
- Cash and cash equivalents at the beginning of the financial year		65	28
- Cash and cash equivalents at end of year		94.490	65

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

EP NL B.V. ('EP NL') is a private limited liability company domiciled in the Netherlands. EP NL was incorporated in the Netherlands and its registered office is at Poelendaelesingel 10, 4335 JA, Middelburg, the Netherlands. EP NL (legal predecessor) was founded on 3 January 2018 and is registered in the Trade Register at the Chamber of Commerce under number 70521530.

All of the shares of EP NL are held by EP Power Europe, a.s. The ultimate parent of EP NL is Energetický a průmyslový holding a.s., registered in Prague, Czech Republic.

These consolidated financial statements comprise EP NL and its subsidiaries (collectively the 'Group' and individually 'Group companies'). EP NL is a holding company. The main activities of the group of which the Company is the parent are related to energy generation, transmission, trading, and supply.

The activities of EP NL and the Group are carried out both inland and abroad, with the Netherlands being the primary sales market.

2. BACKGROUND

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023.

The financial information of EP NL is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate profit or loss account of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the separate financial statements, as included under pages 69 to 81.

During the year ended 31 December 2023, EP NL acquired five businesses: Rijnmond Power, PZEM, Sloe Centrale, MaasStroom and Enecogen. Further information about the acquisitions are disclosed in note 15. Prior to these acquisitions, EP NL was a dormant entity.

3. BASIS OF PREPARATION

3.1 ACCOUNTING BASIS

The consolidated financial statements of EP NL are part of the statutory financial statements of EP NL. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

For all periods up to and including the year ended 31 December 2022, EP NL prepared its financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board ("Dutch GAAP"). These financial statements for the year ended 31 December 2023 are the first EP NL has prepared in accordance with EU-IFRSs.

The consolidated financial statements were authorised for issue by the Management Board on 4 July 2024.

3.2 FIRST TIME ADOPTION OF IFRS

The Company present comparative information in these financial statements for one year only. Therefore, its date of transition to IFRSs is the beginning of business on 1 January 2022 (or, equivalently, close of business on 31 December 2021).

Given that there were limited activities in EP NL prior to the acquisitions in 2023, the financial statements for the year ended 2022 and the balance sheet as at 1 January 2022 are limited and is considered immaterial. Furthermore, there are no differences between NL GAAP and IFRS for the balances as at 1 January 2022 and therefore no reconciliation of equity from NL GAAP to IFRS as at 1 January 2022 is disclosed. Accordingly, EP NL will not present an opening balance sheet as at 1 January 2022 in its consolidated balance sheet. EP NL will use the same accounting policies in its opening IFRS balance sheet and throughout all periods presented in its first IFRS financial statements. These accounting policies comply with the IFRSs effective as at 31 December 2023.

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Reconciliation of equity from Dutch GAAP to IFRS

For the year ended 31 December 2022

(in €'000)	Dutch GAAP 31 December 2022 (unaudited)	IFRS 31 December 2022 (unaudited)
As at 31 December 2022		
Share capital	20	20
Share premium	1.700	1.700
Hedge reserves	15.952	15.952
Legal reserves	-	-
Retained earnings	5.150	5.150
Total Equity as at 31 December 2022	**22.822**	**22.822**

Reconciliation of total comprehensive income

For the year ended 31 December 2022

(in €'000)	Dutch GAAP 31 December 2022 (unaudited)	IFRS 31 December 2022 (unaudited)
Revenues from contracts with customers	-	-
Fair value movements in the trading portfolio	-	8.815
Purchases and consumables	-	-
Emission rights, net	-	-
Gross margin	**-**	**-**
Personnel costs	-	-
Depreciation, amortisation, and impairment	-	-
Other operating income (expenses), net	(438)	(438)
Profit (loss) from operations	**(438)**	**8.377**
Finance income	8.815	-
Finance cost	-	-
Net finance income (cost)	**8.815**	**-**
Profit (loss) before income tax	**8.377**	**8.377**
Income tax expenses	(1.733)	(1.733)
Profit (loss) for the year	**6.644**	**6.644**
Other comprehensive loss:		
Items that may be reclassified to profit or loss in subsequent periods		
- Costs of hedging	21.499	21.499
- Income tax relating to these items	(5.547)	(5.547)
Other comprehensive loss for the year, net of tax	**15.952**	**15.952**
Total comprehensive income for the year	**22.596**	**22.596**
Total comprehensive income attributable to:		
- Shareholders of the EP NL	22.596	22.596
- Non-controlling interest	-	-

EP NL has considered the (mandatory) exceptions to the retrospective application of some aspects of other IFRSs and the (optional) exemptions as prescribed by Appendices C-E of IFRS 1. Given that EP NL did not have operations prior to the acquisitions of the acquired businesses, the applicability of these are limited. Although limited in its applicability, estimates under IFRS will be made consistent with information used for the NL GAAP financial statements.

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Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company has applied the following exemptions:

- short-term leases (12 months or less) (note 4.11 – IFRS 16);

3.3 BASIS OF MEASUREMENT

The financial statements have been prepared on a going-concern basis using the historical cost method, except for the following material items in the statement of financial position:

- Inventory of gas held for trading is measured at fair value;
- Derivative financial instruments are measured at fair value; and
- Contingent consideration assumed in a business combination is measured at fair value.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros (€), which is the Company's functional and presentation currency.

The accounting policies described in the following paragraphs have been consistently applied by the Group entities and between accounting periods.

3.4 GOING CONCERN

The Management Board has, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Liquidity is considered to be healthy with a current ratio of 1.1 on 31 December 2023. Positive operational cashflow is anticipated for next years based on market expectations despite the reduced profitability of Dutch CCGT plants in the first half year of 2024 which we consider of a temporary and not structural nature. Only intercompany loan facilities from parent companies were utilised in order to finance the acquisitions, and the financing of EP NL as at 31 December 2023 is solely based on intercompany revolving credit facilities. Both EPH a.s. and EP Power Europe a.s. have confirmed their intention to continue to provide the necessary support to ensure EP NL's financial stability and not to request prepayments of the loans for at least a period of the next 13 months, that would put EP NL in any difficulties. The shareholder has considered the purchase of EP NL's subsidiaries as a strategic buy, which indicates the importance of EP NL for the mother company. Based on the above, the Management Board continues to adopt the going concern basis of accounting in preparing the financial statements.

3.5 USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and judgements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2023 is included in the following areas:

- Estimation of fair value in business combinations (note 4.1.1);
- Impairment of non-financial assets (note 4.7.1);
- Estimation of the loss allowance for expected credit losses ('ECL') (note 4.7.2);
- Estimated useful life of intangible assets (note 4.9);
- Lease term of contracts with renewal (note 4.11);
- Estimation of the incremental borrowing rate ('IBR') applied to lease accounting (note 4.11);
- Recognition of deferred tax assets for carried forward tax losses (note 4.15);
- Valuation of deferred tax assets and liabilities (note 4.15).

Notes are presented, to the extent practicable, in a systematic order and are cross-referred to/from items in the primary statements. In determining a systematic manner of presentation, the Group has considered the effect on the understandability and comparability of the financial statements. The Group has applied judgement in presenting related information together in a manner that it considers to be most relevant to an understanding of its financial performance and financial position.

In the balance sheet the Goodwill (Note 18) and the Property, Plant and Equipment (Note 16) are the assets which have the most significant risk of resulting in a material adjustment to the carrying amounts within the next financial year. Their value depends mainly on the developments in market prices, more specifically the clean spark spreads. For the provisions, estimates are used, but as disclosed in Note 25 the uncertainty in the estimated carrying amounts is limited.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable on the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different level of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Key inputs for fair value measurements in business combinations include assumptions on future price levels of Gas, Power and Carbon emissions and the spread between base and peak price levels, as well as key business assumptions, such as the utilization rate and the number of starts, load factor, plant efficiency and capital expenditures to be realized in future years. These inputs include level 3 inputs and can be highly judgmental and dependent upon future developments in the underlying markets and market conditions.

3.6 NEW AND AMENDED IFRS STANDARDS

3.6.1 IFRS Accounting Standards not yet effective

At the date of authorisation of these consolidated financial statements, the following significant Amendments to IFRS Accounting Standards have been issued but are not yet effective for the period ended 31 December 2023 and thus have not been adopted by the Group. The Group will adopt these amended standards when they become effective. The amended standards are not expected to have a material impact on the Group's financial statements;

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements;
- Amendments to IAS 21 – Lack of Exchangeability;
- IFRS 18 Presentation and Disclosure in Financial Statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also note 3.5).

No comparative amounts in the statement of profit or loss and OCI have been restated, reclassified or re-presented, as a result of a change in accounting policy.

4.1 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year.

Control is achieved when the parent company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

4.1.1 Accounting for business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group has elected not to apply the concentration test.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The fair value is calculated as the sum of the acquisition date fair value of assets transferred in the group. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Acquisition and transaction related costs are recognized in profit or loss as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The existence and effect of potential voting rights that are substantive is considered when assessing whether the Group controls another entity. The financial statements include the Group's interests in other entities based on the Group's ability to control such entities regardless of whether control is actually exercised or not. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4.1.3 Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

4.1.4 Non-controlling interests

Acquisitions of non-controlling interest are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill and no gain or loss is recognized as a result of such transactions.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transaction.

4.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4.1.6 Unification of accounting policies

The accounting policies and procedures applied by the consolidated companies in their financial statements were unified in the consolidation and agree with the accounting policies applied by the Group.

4.2 NON-DERIVATIVE FINANCIAL ASSETS

4.2.1 Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income – debt instrument or fair value through other comprehensive income – equity instrument. By default all other financial assets are measured subsequently at fair value through profit or loss. The classification of financial asset is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI test").

Principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. Loans and receivables which meet SPPI test and business model test are normally classified by the Group as financial asset at amortized cost.

A debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collection contractual cash flows and selling financial assets; and
- 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 amount outstanding ("SPPI test").

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss (as described below) and are not held for trading to present subsequent changes in fair value in other comprehensive income. The Group has equity securities classified as financial assets at fair value through other comprehensive income.

All investments in equity instruments and contracts on those instruments are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represent the best estimate of fair value within that range. The Group uses all information about the performance and operations of the investee that becomes available after the date of initial recognition. To the extent that any such relevant factors exist, they may indicate that cost might not be representative of fair value. In such cases, the Group uses fair value. Cost is never the best estimate of fair value for investments in quoted instruments.

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item (note 15). Fair value is determined in the manner described in note 62(a)(i) of IFRS 7 B5(e). The key type of financial assets measured at fair value through profit or loss by the Group are derivatives.

The Group may, at initial recognition, irrevocably designate a financial asset, that would be measured at amortized cost or at FVOCI, as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

4.2.2 Recognition

Financial assets are recognized on the date the Group becomes party to the contractual provision of the instrument.

4.2.3 Measurement

Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial instrument. Attributable transaction costs relating to financial assets measured at fair value through profit or loss are recognized in profit or loss as incurred.

Financial assets at FVTPL are subsequently measured at fair value, with net gains and losses, including any dividend income, recognized in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income and reclassified to profit or loss upon derecognition of the asset.

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest rate method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. Interest income, foreign exchange gains and losses, impairment and any gain or loss on derecognition are recognized in profit or loss . Interest income is included in the “finance income – interest income” line item as per IFRS 7 B5(e).

4.2.4 Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the rights to receive the contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

4.2.5 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to offset the recognized amounts and the transactions are intended to be settled on a net basis.

4.3 NON-DERIVATIVE FINANCIAL LIABILITIES

The Group has the following non-derivative financial liabilities: loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables. Such financial liabilities are initially recognized at the settlement date at fair value plus any directly attributable transaction costs except for financial liabilities at fair value through profit or loss, where transaction costs are recognized in profit or loss as incurred. Financial liabilities are subsequently measured at amortized cost using the effective interest rate, except for financial liabilities at fair value through profit or loss. For the methods used to estimate fair value, refer to Note 5 – Determination of fair values.

Transactions for the purchase of commodities may contain a financing element such as extended payment terms. Such items are presented as trade payables if the financing element is insignificant, payment terms are consistent with supply terms commonly provided in the market and the financing period does not exceed 90 days after the physical supply of the commodity.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

The Group holds derivative financial instruments to hedge its foreign currency, interest rate and commodity risk exposures.

Derivatives are recognized initially at fair value, with attributable transaction costs recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as describe d below. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the group’s financial position is disclosed in note 29. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.4.1 Trading derivatives

When a derivative financial instrument is held for trading i.e. is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in profit or loss.

4.4.2 Separable embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Financial and non-financial contracts that are financial liabilities within the scope of IFRS 9 (where they have not already been measured at fair value through profit or loss) are assessed to determine whether they contain any embedded derivatives. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. In the case of hybrid contracts where host contracts are financial assets the whole contract is assessed with respect to SPPI criteria.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

4.4.3 Cash flow hedges and fair value hedges

The financial derivatives, which do not meet the criteria for hedge accounting as stated by IFRS 9 are classified as for trading and related profit or loss from changes in fair value is recognized in profit or loss.

Hedging instruments which consist of derivatives associated with currency risk are classified either as cash-flow hedges or fair value hedges.

Qualifying hedging instruments are assessed, both when entering into the hedge relationship and during the term thereof, to identify whether the derivatives used for hedge transactions effectively absorb changes in the fair value or cash flows of the hedged asset position. To this end, EP NL assesses and determines whether changes in the fair value or cash flows of the hedged position is offset by changes in fair value or cash flows of the hedging instrument. The effective part of the changes in the fair value is designated in equity under the hedge reserves and recognized in other comprehensive income. The ineffective part of a hedge relationship is determined by the extent to which the changes in the fair value of the derivative differs from the changes in the fair value of the hedged position in a fair value hedge, or the extent to which changes in the fair value of the derivative deviate from the fair value change of the expected cash flow in a cash flow hedge. Ineffective hedges, the ineffective portion of a hedge and profits and loss on components of a derivative that are not taken into account when assessing the effectiveness of the hedging instrument are recognized immediately in profit or loss. The cumulative amounts recognized in equity are transferred to profit or loss in the same period in which the hedged transaction is recognized in profit or loss. Hedge accounting is stopped if the hedge relationship is no longer effective or if it is no longer expected to remain effective.

4.4.4 Transactions with emission rights and energy

According to IFRS 9, certain contracts for emission rights and energy fall into the scope of the standard. Purchase and sales contracts entered into by the Group provide for physical delivery of quantities intended for consumption or sale as part of its ordinary business. Such contracts are thus excluded from the scope of IFRS 9. Further explanation of the accounting policy on emission rights is given in subsection 4.9.2.

4.5 CASH AND CASH EQUIVALENTS

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

4.6 INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Purchased inventory and inventory in transit are initially stated at cost, which includes the purchase price and other directly attributable expenses incurred in acquiring the inventories and bringing them to their current location and condition. Inventories of a similar nature are valued using the weighted average method except for the energy production segment, where the first-in, first-out principle is used.

Internally manufactured inventory and work in progress are initially stated at production costs. Production costs include direct costs (direct material, direct labor and other direct costs) and part of overhead directly attributable to inventory production (production overhead). The valuation is written down to the net realizable value if the net realizable value is lower than production costs.

Inventories used for trading purposes are recognized at fair value less cost to sell. Changes in value are recognized in consolidated income statement in the year in which they occur.

Technical material and consumables held as spare parts are characterized by a relative high rotation and used either in the production process or during the day-to-day maintenance program. Valuation is based on historical costs. Costs of consumable materials are directly reported as expenses, where the spare parts are reported as inventories.

4.7 IMPAIRMENT

4.7.1 Non-financial assets

The carrying amounts of the Group's assets (property, plant and equipment and intangible assets), are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). For goodwill and intangible assets that have an indefinite useful life or that are not yet available for use, the recoverable amount is estimated at least each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes and is not larger than an operating segment before aggregation. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU or CGUs, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

4.7.2 Financial assets (including trade and other receivables and contract assets)

The Group measures loss allowances using expected credit loss ("ECL") model for financial assets at amortized cost, debt instruments at FVOCI and contract assets. Loss allowances are measured on either of the following bases:
- 12-month ECLs: ECLs that result from possible default events within the 12 months after the reporting date;
- lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The ECL model is based on the principle of expected credit losses. For the purposes of designing the ECL model, the group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

The Group assumes that the credit risk on a financial asset has increased significantly if there is / are:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4.8 PROPERTY, PLANT AND EQUIPMENT

4.8.1 Owned assets – cost model

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (Note 4.7 – Impairment). Opening balances are presented at net book values, which include adjustments from revaluation within the Purchase Price Allocation process (Note 4.1.1 – Basis of consolidation – Accounting for business combinations).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. The cost also includes costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

4.8.2 Subsequent costs

Subsequent costs are capitalized only if it is probable that the future economic benefits embodied in an item of property, plant and equipment will flow to the Group and its cost can be measured reliably. All other expenditures, including the costs of the day-to-day servicing of property, plant and equipment, are recognized in profit or loss as incurred.

4.8.3 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives are as follows:

Asset class	**Useful life**
Buildings	10 – 28 years
Machinery and equipment	4 – 33 years
Fixtures and fittings	5 – 10 years
Other	3 – 7 years
Spare parts	15 – 28 years
Assets under construction	N/A

The accounting for spare parts depends on the nature of those spare parts. Items such as spare parts, stand-by equipment and servicing equipment should be recognised as property, plant and equipment when they meet the definition of property, plant and equipment i.e. those spare parts, stand-by equipment and servicing equipment are held for use in the production or supply, for rental to others, or for administrative purposes and are expected to be used during more than one period (in accordance with IAS 16). Otherwise, they should be classified as inventories in accordance with IAS 2.

Depreciation methods and useful lives, as well as residual values, are reassessed annually at the reporting date. For companies acquired under IFRS 3 for which a purchase price allocation was prepared, the useful lives are reassessed based on the purchase price allocation process.

4.8.4 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.9 INTANGIBLE ASSETS

4.9.1 Goodwill and intangible assets acquired in a business combination

Goodwill represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets of the acquired subsidiary/associate/joint-venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included under intangible assets. Goodwill on acquisitions of associates/joint ventures is included in the carrying amount of investments in associates/joint ventures.

If the Group's share in the fair value of identifiable assets and liabilities of a subsidiary or equity accounted investees as at the acquisition date exceeds the acquisition cost, the Group reconsiders identification and measurement of identifiable assets and liabilities, and the acquisition cost. Any excess arising on the remeasurement (negative goodwill) is recognized in profit or loss account in the period of acquisition.

Upon acquisition of non-controlling interests (while maintaining control), no goodwill is recognized.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses (refer to accounting policy 4.7 – Impairment) and is tested annually for impairment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at fair value on the acquisition date (which is regarded as their cost), if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are not subject to amortization and are recorded at cost less any impairment losses (note 4.7 – Impairment). Intangible assets with a definite useful life are amortized over their useful lives and are recorded at cost less accumulated amortization and impairment losses (note 4.7 – Impairment).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4.9.2 Emission rights

Recognition and measurement

Emission rights issued by a government are initially recognized at fair values. Where an active market exists, fair value is based on the market price. The fair value for allocated emission rights is determined as the price at the date of allocation. Emission rights that have been purchased and are assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Internally generated emission allowances (in form of green certificates) obtained from qualifying generation assets are recognized as generation occurs, when it is probable that the expected future economic benefits attributable to them will flow to the Group and their cost can be measured reliably.

Subsequently, emission rights are accounted for under the cost method under intangible assets.

The Group's accounting policy is to use the first-in, first-out principle ("FIFO") for emission rights disposal (consumption or sale).

Impairment of emission rights

At each reporting date, the Group assesses whether there is any indication that emission rights may be impaired.

Where an impairment indicator exists, the Group reviews the recoverable amounts of the cash generating unit, to which the emission rights were allocated, to determine whether such amounts continue to exceed the assets' carrying values. In case the carrying value of a cash generating unit is greater than its recoverable value, impairment exists.

Any identified emission rights impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 04 July 2024

Recognition, measurement of provision

A provision is recognized regularly during the year based on the estimated number of tonnes of CO_2 emitted.

It is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. It means that the provision is measured based on the current carrying amount of the certificates on hand if sufficient certificates are owned to settle the current obligation, by using a FIFO method. The Group companies identify (in each provision measurement period) which of the certificates are "marked for settling" the provision and this allocation is consistently applied.

Otherwise, if a shortfall of emission rights on hand as compared to the estimated need exists at the reporting date, then the provision for the shortfall is recorded based on the current market value of the emission certificates at the end of the reporting period.

4.9.3 Software and other intangible assets

Software and other intangible assets acquired by the Group that have definite useful lives are stated at cost less accumulated amortization and impairment losses (refer to accounting policy 4.7 – Impairment).

Intangible assets that have an indefinite useful life are not amortized and are instead tested annually for impairment. Their useful life is reviewed at each period-end to assess whether events and circumstances continue to support an indefinite useful life.

4.9.4 Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date the asset is available for use. The estimated useful lives are as follows:

Asset class	**Useful life**
Software	5 years
Other	8 – 20 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.10 PROVISIONS

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate of the amount can be made.

The amount recognized as a provisions is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts, if the effect of discount is material, using as a discount rate the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The periodic unwinding of the discount is recognized in profit or loss in finance costs.

The effects of changes in interest rates, inflation rates and other factors are recognized in profit or loss in operating income or expenses. Changes in estimates of provisions can arise in particular from deviations from originally estimated costs, from changes in the settlement date or in the scope of the relevant obligation. Changes in estimates are generally recognized in profit or loss at the date of the change in the estimate.

4.10.1 Employee benefits

Long-term employee benefits

Liability relating to long-term employee benefits and service awards excluding pension plans is defined as an amount of the future payments, to which employees will be entitled in return for their service in the current and prior periods. Future liability which is calculated using the projected unit credit method is discounted to its present value. The discount rate used is based on yields of high-quality corporate bonds as at the end of the reporting period, which maturity approximately corresponds with the maturity of the future obligation. The revaluation of the net liability from long-term employee benefits and service awards (including actuarial gains and losses) is recognized in full immediately in other comprehensive income. Remeasurements are recognized in profit or loss in the period in which they arise.

Contributions for pension insurance resulting from Collective agreement are expensed when incurred.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.10.2 Provision for lawsuits and litigations

Settlement of a lawsuit represents an individual potential obligation. Determining the best estimate either involves expected value calculations, where possible outcomes, stated based on a legal study, are weighted by their likely probabilities or it is the single most likely outcome, adjusted as appropriate to consider risk and uncertainty.

4.10.3 Provision for emission rights

A provision for emission rights is recognized regularly during the year based on the estimated number of tones of CO2 emitted. It is measured at the best estimate of the expenditure required to settle the present obligation at the reporting date.

4.10.4 Provision for earn out

A provision for earn-out is recognized based on current assumptions for future cash out of the earn-out as agreed in the acquisitions of the acquired subsidiaries during 2023, which will materialize in 2025. The earn-out is calculated over the results of 2023 and based on an assumption of 2024 results as the earn-out covers the years 2023 and 2024. As the 2024 results are based on an estimate a provision is recognized which might change due to a different result in 2024 than estimated.

4.10.5 Restoration

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

4.10.6 Decommissioning liability and provision for environmental remediation

Certain property, plant and equipment of conventional and renewable power plants, gas storage facilities and coal mines have to be dismantled and related sites have to be restored at the end of their operational lives. These obligations are the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized in connection with the initial recognition of the related assets, provided that the obligation can be reliably estimated. The carrying amounts of the related items of property, plant and equipment are increased by the same amount that is subsequently amortized as part of the depreciation process of the related assets.

A change in the estimate of a provision for decommissioning of property, plant and equipment is generally recognized against a corresponding adjustment to the related assets, with no effect on profit or loss. If the related items of property, plant and equipment have already been fully depreciated, changes in the estimate are recognized in profit or loss.

No provisions are recognized for contingent asset retirement obligations where the type, scope, timing and associated probabilities cannot be determined reliably.

Provisions for environmental remediation in respect of contaminated sites are recognized when the site is contaminated and when there is a legal or constructive obligation to remediate the related site.

Provisions are recognized for the following decommissioning activities:
- dismantling and removing structures;
- dismantling operating facilities;
- closure of plant and waste sites; and
- restoration and reclamation of affected areas.

The entity records the present value of the provision in the period in which the obligation is incurred. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased to reflect the change in the present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in profit or loss as a finance cost.

All the provisions for environmental remediation and asset retirement obligation are presented under Provision for decommissioning.

4.10.7 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The unavoidable costs under a contract reflect net cost of exiting from the contract, which is the lower of the costs of fulfilling the contract, and any compensations or penalties arising from failure to fulfil the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

4.11 LEASES

Definition of a lease

An agreement is or contains a leasing arrangement if it gives the customer the right to control the use of an identified asset in a time period in exchange for consideration. Control exists if the customer has the right to obtain substantially all economic benefits from the use of the asset and also the right to direct its use.

The group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets and short-term leases (lease term 12 months or shorter). The Group recognizes the lease payments associated with these leases as an expense.

An accounting unit uses this standard for all rentals, including a rental with a right of use as a part of subleasing, with the exception of rental for the purpose of investigating or using minerals, oil, natural gas and similar renewable resources; rental of biological assets as a part of the IAS 41 Agriculture standard held by the lessee; concessions for services as a part of IFRIC 12 Service Concession Arrangements; licenses for intellectual property provided by the lessor to the extent of IFRS 15 Revenue from Contracts with Customers; and intangible assets in scope of IAS 38 Intangible Assets.

Lessor accounting

Lessor classifies leasing as either financial or operating. Lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

In the case of financial leasing the lessor reports in its statement of financial position a receivable in an amount equal to the net financial investment in the leasing. In the statement of comprehensive income then during the leasing term it reports financial revenues.

In the case of operating leasing the lessor recognizes an underlying asset in the statement of financial position. In the income statement then during the leasing term it reports leasing payments as revenues on a straight-line basis over the lease term and depreciation of the underlying asset as an expense. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Lessee accounting

Upon the commencement of a leasing arrangement, the lessee recognizes a right-of-use asset against a lease liability, which is valued at the current value of the leasing payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and the incremental borrowing rate is determined based on interest rates from selected external financial sources and adjustments made to reflect the terms of the lease.

Exception option applies for short-term leases (lease term 12 months or shorter) and leases of low value assets (lower than 5 thousand EUR). The Group has elected not to recognize right-of-use assets for these leases. Lease payments are recognized as an expense on a straight-line basis over lease period.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured if there is a change in:

- future lease payments arising from change in an index or rate;
- estimated future amounts payable under a residual guaranteed value;
- the assessment of the exercise of purchase, extension or termination option;
- in-substance fixed lease payments; or
- in the scope of a lease or consideration for a lease (lease modification) that is not accounted as a separate lease.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets. In case the right-of-use assets has been reduced to zero, the adjustment is recognized in profit or loss.

The Group presents right-of-use assets in property, plant and equipment, the same line item as it presents underlying assets of the same nature that it owns. The right-of-use assets is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

In a statement of comprehensive income, the lessee reports interest expense and (straight-line) depreciation of a right-of-use asset. A company (lessee) depreciates an asset in accordance with the requirements of the IAS 16. The asset is depreciated from the commencement date to the end of the lease term. The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy. If the underlying asset is transferred to the Group at the end of the lease term, the right-of-use asset is depreciated over the useful life of the underlying asset.

Service part of a lease payment

Accounting for leases of vehicles do not separate the service fee from the lease payments. Total lease payments are used to calculate the lease liability. For other leasing contracts the service fee is separated from the lease payments. Service fee is recognized as a current expense in statement of comprehensive income, remaining part is used to calculate the leasing liability.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease term

The lease term is determined at the lease commencement date as the non-cancellable period together with periods covered by an extension (or by a termination) option if the Group is reasonably certain to exercise such option.

Where the lease contract is concluded for an indefinite period with option to terminate the lease available both to the lessor and the lessee, the Group assesses the lease term as the longer of (i) notice period to terminate the lease and, (ii) period over which there are present significant economic penalties that disincentives the Group from terminating the lease. In case the assessed lease term is for a period below 12 months, the Group applies the short-term recognition exemption.

Subleasing

The classification of subleasing into financial and operating is governed primarily by the original agreement, where, if the primary agreement is short-term, it is always an operating leasing arrangement and then the properties of the actual sublease are assessed. When assessing the classification, the value of a right-of-use asset, not the value of the underlying asset, is taken into consideration. If the lessee provides or assumes that it will provide subleasing of an asset, the main leasing arrangement does not meet the conditions for leasing of low value assets.

Renewal options

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Incremental Borrowing Rate (‘IBR’)

The methodology applied to derive the IBRs for EP NL is based on three key components:

Base rate
The risk-free rate based on the yield on the German government bonds plus the country risk premium and the inflation differential.
EP NL has used German government bond yields corresponding to the duration per lease term, which are more stable and can provide a more accurate representation of the base rate due to the larger market depth and the higher liquidity compared to Dutch government bonds.
A country risk premium (“CRP”) is not applicable for the EP NL group as all lease contracts are located in the Netherlands.
An inflation differential is not applicable for the EP NL group as all lease contracts are denominated in EUR.

Credit spread
The credit spread based on the respective EUR-denominated credit rated bonds that reflect the credit standing / default risk of the lessee.
EP NL has issued liability statements (application of 403-exemption under Dutch law) for all of its subsidiaries. At the same time, no guarantees have been issued by mother company EPH. Consequently, management concluded that one credit spread can be used for its lease portfolio in the Netherlands. As EP NL does not have a readily available credit rating, the credit rating has been determined for EP NL Group. Our credit rating assessment is based on Moody’s Rating Methodology for Unregulated Utilities and Unregulated Power Companies dated 5 December 2023. The framework includes a (simplified) scorecard that can be used to assign indicative credit ratings to companies in the power sector globally and includes the qualitative and quantitative factors that are likely to affect rating outcomes in this sector.

Lease specific adjustment
The lease specific adjustment to reflect the collateralized nature of the lease.
The leased assets can be considered to serve as a collateral against the hypothetical borrowing. Theoretically, the cost of secured borrowing should be lower than the cost of unsecured borrowing. The IBR is determined based on secured borrowing.

No grouping analysis has been performed for any asset class. An individual IBR has been applied for the EP NL group to each of their land and building lease(s) based on the respective lease terms and economic environment.

Based on the analysis, the IBRs for EP NL Group as per 1 January 2023 and 30 June 2023 are estimates on a per lease term basis corresponding to a lease term between 1 and 30 years. Two sets of IBRs have been determined, which is considered reasonable given the acquisition dates of the acquired businesses. The IBRs per 30 June 2023 have been used for the acquisitions per 23 May 2023. Given the difference between the IBRs of 1 January 2023 and 30 June 2023, it has been concluded that the IBRs as of 23 May 2023 would not result in material differences compared to the IBRs of 30 June 2023.

4.12 REVENUE

Revenues from contracts with customers

The Group applies a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on the criteria for meeting the performance obligation, the revenue is recognized:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

Sales transactions usually contain variable consideration and usually do not contain significant financing component. Certain sales transactions contain also non-cash consideration.

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

The Group has identified following main sources of Revenue in scope of IFRS 15 (for complete source of Group's revenues refer to Note 6 – Revenues):

4.12.1 Electricity supply from contracts with customers

Revenue represents income arising directly from the supply of goods and services to third parties, net of any discounts and net of sales taxes such as VAT and energy tax. Revenue is recognised when the material risks and rewards of ownership of the goods have been transferred to the buyer. The performance obligation for the sales of electricity are met over time. Revenue from services is recognised in proportion to the services delivered as at the end of the reporting period.

Recognition of revenue from electricity sales is based on the assumption that power generated by the group's own production facilities (including joint arrangements) and third-party production facilities (including key wind power purchasing agreements) is sold to third parties. The revenues are based on measured output. Electricity supplied to end-users is procured entirely from third parties and therefore also shown within revenue. The revenue for these customers is based on actual metering data where available. For other customers the revenue is based on expected consumption and adjusted when actual metering data are received.

Each year, EP NL settles prior-year revenues with its customers. For customers without actual metering data, estimates are used in revenue recognition. A difference between the instalments billed and the actual amount of electricity delivered to customers is recognised as amounts still to be billed or amounts to be settled at the end of the reporting period, therefore the differences between final metering data and the estimates are immaterial.

4.12.2 Gas supply from contracts with customers

Revenue represents income arising directly from the supply of goods and services to third parties, net of any discounts and net of sales taxes such as VAT and energy tax. Revenue is recognised when the material risks and rewards of ownership of the goods have been transferred to the buyer. The performance obligation for the sales of gas are met over time. Revenue from services is recognised in proportion to the services delivered as at the end of the reporting period.

Recognition of revenue from gas sales is based on measured output. Gas supplied to end-users is procured entirely from third parties and therefore also shown within revenue. The revenue for these customers is based on actual metering data where available. For other customers the revenue is based on expected consumption and adjusted when actual metering data are received.

Each year, EP NL settles prior-year revenues with its customers. For customers without actual metering data, estimates are used in revenue recognition. A difference between the instalments billed and the actual amount of gas delivered to customers is recognised as amounts still to be billed or amounts to be settled at the end of the reporting period, therefore the differences between final metering data and the estimates are immaterial.

4.12.3 Trading revenue

For trading contracts (trading derivatives) that do not involve physical delivery, purchases and sales are netted if this was contractually agreed.

4.13 GOVERNMENT GRANTS

Government grants are recognized initially at fair value as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses the grant is intended to compensate are recognized. Grants that compensate the Group for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

In 2023 EP NL received a grant for a tax deduction (EIA grant) of EUR 19,3 million for their investment in ATEP for Sloe Centrale in 2024 and 2025. Because the contract for ATEP was signed in 2023, the tax deduction is included in 2023 as a tax incentive, tax credit. There are no unfulfilled conditions and other contingencies attaching to this recognized grant.

4.14 FINANCE INCOME AND COSTS

4.14.1 Finance income

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, gains on sale of investments in securities and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized in profit or loss as it accrues, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established.

4.14.2 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, fees and commissions expense for payment transactions and guarantees, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss.

4.14.3 Borrowing costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset, from the time of acquisition or from the beginning of construction or production until entry into service, are capitalized and subsequently amortized alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs for that arrangement are used. For non-specific financing arrangements, borrowing costs to be capitalized are determined based on a weighted average of the borrowing costs.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

4.15 INCOME TAXES

Income taxes comprise current and deferred tax. Income taxes are recognized in profit or loss, except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the parent company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognized on the following temporary differences: temporary differences arising from the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. No deferred tax is recognized on the initial recognition of goodwill.

The amount of deferred tax is based on the expected manner of realization or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but there is an intention to settle current tax liabilities and assets on a net basis, or the tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.15.1 Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.16 DIVIDENDS

Dividends are recognized as distributions within equity upon approval by the Group's shareholders.

5. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 INVENTORIES

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The fair value of inventories held by commodity traders (for trading purposes) is based on their listed market price and is adjusted for transport costs.

5.2 NON-DERIVATIVE FINANCIAL ASSETS

The fair value of financial assets at fair value through profit or loss and financial assets at amortized cost is based on their quoted market price at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flows techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the reporting date.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

The fair value of trade and other receivables and of financial assets at amortized cost is determined for disclosure purposes only.

5.3 NON-DERIVATIVE FINANCIAL LIABILITIES

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5.4 DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of forward electricity, gas and emission rights contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on zero coupon rates).

The fair value of interest rate swaps is based on broker quotes or internal valuations based on market prices. Those quotes or valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of other derivatives (exchange rate, commodity, foreign CPI indices) embedded in a contract is estimated by discounting the difference between the forward values and the current values for the residual maturity of the contract using a risk-free interest rate (based on zero coupon rates).

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

6. REVENUES FROM CONTRACTS WITH CUSTOMERS

(in €'000)	2023	2022 (unaudited)
Electricity supply	2.063.939	-
Gas supply	255.091	-
Trading revenue	38.731	
Total	**2.357.761**	**-**

Electricity supply: Electricity consists primarily of sale of electricity of EUR 2.064 million (2022: EUR 0 million). All sales are done in the Netherlands.

Gas supply: Gas include revenues from sale of gas of EUR 255 million (2022: EUR 0) million and gas storage. All sales are done in the Netherlands. No performance obligation is unsatisfied as at year end.

Each year, EP NL settles prior-year revenues with its customers. The differences between final metering data and the estimates are immaterial.

7. FAIR VALUE GAINS OR LOSSES ON THE TRADING PORTFOLIO

EP NL uses derivatives to hedge price risks arising from energy commodity contracts (electricity, gas, carbon emission allowances). More specifically, the company applies cash-flow hedge accounting, which involves entering into hedges to mitigate its exposure to variability of existing and future cash flows that could ultimately affect profit or loss. The hedges are allocated to the price risk of a highly probable forecast transaction. Interest rate risks and interest rate swaps are not applicable.

The effective portion of fair value changes is recognised in equity and shown within the Cash flow hedge reserve. The cumulative amounts recognised in equity are taken to the statement of profit or loss in the same period as the hedged transaction.

Movements in the value of the contract portfolio that are not hedged (ineffective hedges) is recognised as a fair value change in profit or loss. In 2023, movements in energy prices led to a decrease in the fair value of the contract portfolio of EUR 117 million, EUR 6 million of which was recognised in the consolidated statement of profit or loss, EUR 92 million in equity, and EUR 19 million as a deferred tax asset (Note 28).

8. PURCHASES AND CONSUMABLES

(in €'000)	2023	2022 (unaudited)
Purchase cost of sold electricity	(1.251.314)	-
Purchase cost of sold gas	(423.839)	-
Purchase cost of material - other	(282)	-
Total	**(1.675.434)**	-

Purchases and consumables presented in the above table contain only purchase cost of sold energy and materials consumed in producing energy output, it does not contain directly attributable overhead (particularly personnel expenses, depreciation and amortisation, repairs and maintenance, emission rights, taxes and charges etc.).

9. PERSONNEL EXPENSES

(in €'000)	2023	2022 (unaudited)
Wages and salaries	(24.584)	-
Social security contributions	(3.144)	-
Pension costs	(2.656)	-
Other personnel expenses	(1.992)	-
Total	**(32.376)**	**-**

Executive remuneration

Two of EP NL's executives were remunerated by EP NL during the year. Total amount of executive remuneration borne by EP NL is EUR 588 thousand , consisting of salary (EUR 512 thousand), housing (EUR 46 thousand) and lease (EUR 30 thousand). The chairman of the EP NL board is a non-executive board member. He is member of the board of directors at mother company EP Power Europe and is responsible for businesses in Italy, the Netherlands and France. There are no remuneration costs allocated to EP NL.

EP NL had an average of 228 employees (excl. Enecogen) in 2023 (in 2022: 0), all of which are working in the Netherlands. The number of employees can be split to:

	2023	2022 (unaudited)
Headquarters	134	-
Power Plants	94	-
TOTAL	**228**	**-**

10. DEPRECIATION, AMORTISATION, AND IMPAIRMENT

(in €'000)	2023	2022 (unaudited)
Intangible assets		
- Amortisation	(1.206)	-
Property, plant and equipment		
- Depreciation	(40.553)	-
- Impairment	-	-
Right-of-use asset		
- Depreciation	(1.659)	-
Total	**(43.417)**	**-**

11. EMISSION RIGHTS

(in €'000)	2023	2022 (unaudited)
Profit from sale of emission rights	-	-
Purchase of emission rights	(170.248)	-
Gain (loss) from commodity derivatives for trading with emission rights, net	-	-
Consumption of emission rights	-	-
Total	**(170.248)**	**-**

Cost

EP NL Group uses emission allowances to offset the carbon emissions created through generating electricity from gas combustion using the CCGTs. The emission allowances are needed for the production process.

Total cost for the year 2023 amount to EUR 170,2 million together for Sloe Centrale, Rijnmond Centrale, MaasStroom and Enecogen (50%).

Balance sheet

On the balance sheet the intangible fixed asset is EUR 32,3 million since the allowances for the production of Enecogen (50%) are already paid during 2023. For the other power plants the CO2 certificates will be paid in 2024.

The liability for the total CO2 emissions amounts to EUR 200,6 million, leading to a net assets position of EUR 168,3 million negative, to be paid in 2024.

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 04 July 2024

12. OTHER OPERATING INCOME AND EXPENSE

(in €'000)	2023	2022 (unaudited)
Other operating income		
- Other operating revenues	2.102	-
- Creation and reversal of provision	98	-
Total other operating income	**2.200**	**-**
Other operating expenses		
- Variable fees – Long Term Service Agreement (LTSA) Assets	(7.365)	-
- Repairs and maintenance	(15.666)	-
- Other services	(30.216)	-
- Rental expenses	(152)	-
- Trading fees	(4.183)	-
- Property tax	(1.317)	-
- Other	(8.950)	(438)
Total other operating expense	**(67.849)**	**(438)**
Total other operating income and expense	**(65.648)**	**(438)**

Audit fee

During financial year 2023 the cost for auditing conducted by Deloitte amount to EUR 271 thousand. This amount consists of two auditing projects being the audit of the annual report of Camden B.V. group 2022 as well as the audit for EP NL 2023. Costs for the EP NL 2023 audit will partly be recognised in financial year 2024 as well.. The audit fees disclosed are invoiced in the respective calendar year.

In 2023, EP NL paid the following fees to Deloitte:

(in €'000)	2023 Deloitte NL
Fee for auditing of the financial statements	271
Fee for other audit engagements	-
Fee for tax advisory services	-
Fee for other non-audit services	13
Total fee	**283**

13. NET FINANCE INCOME (EXPENSE)

(in €'000)	2023	2022 (unaudited)
FINANCE INCOME		
- Interest income	5.484	-
Finance income	**5.484**	**-**
- Net exchange rate gain on foreign currency borrowings	240	
Profit (loss) from financial instruments	**240**	**-**
Total finance income	**5.724**	**-**
FINANCE EXPENSE		
- Interest expense	(34.845)	-
- Fees and commissions expense for other services	(1.795)	-
- Profit (loss) from hedging derivatives	(117)	-
- Other finance expense	(17.500)	-
Total finance expense	**(54.256)**	**-**
Net finance income (expense)	**(48.532)**	**-**

The earn out costs of EUR 17,5 million are related to the acquisitions done by EP NL in the year 2023.

14. INCOME TAX EXPENSES

Income taxes recognized in profit or loss

(in €'000)	2023	2022 (unaudited)
Current taxes:		
- Current year	(45.969)	(1.733)
- Adjustment for prior periods	-	-
Total current tax expense	**(45.969)**	**(1.733)**
Deferred taxes:		
- Origination and reversal of temporary differences	-	-
- Tax loss carry forward	-	-
- Increase in DTA	(38.326)	-
- Adjustment for prior periods	-	-
Total deferred expense	**(38.326)**	**-**
Total income taxes Expense (benefit) recognized in profit or loss	**(84.295)**	**(1.733)**
Items that recognised in other comprehensive income		
Effective portion of changes in fair value of cash-flow hedges	(19.337)	5.547
Total income taxes Expense (benefit) recognized in OCI	**(64.959)**	**(7.280)**

The corporate income tax rates in respective countries were as follows:

Country	**Tax rate** 2023	2022
Netherlands	25,8%	25,8%

Reconciliation of the effective tax rate

(in €'000)	2023	2022 (unaudited)
Profit before tax	316.244	8.377
Income tax using the Company's domestic rate (25,8%)	81.591	2.161
Non- deductible expenses	5.692	
Non- taxable income	(366)	-
Recognition of previously unrecognized tax losses	-	(385)
Tax incentive, tax credits	(2.608)	-
Effect of progressive tax rate	(13)	(43)
Income taxes recognized in profit or loss	**84.295**	**1.733**

In 2023 EP NL received a grant for a tax deduction (EIA grant) of EUR 19,3 million for their investment in ATEP for Sloe Centrale in 2024 and 2025. Because the contract for ATEP was signed in 2023, the tax deduction is included in 2023 as a tax incentive, tax credit. There are no unfulfilled conditions and other contingencies attaching to this recognized grant.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. ACQUISITIONS

15.1 SUBSIDIARIES

In 2023 EP NL B.V. (EP NL) has made three acquisitions:

- On January 5, 2023 EP NL acquired 100% of the shares of Rijnmond Power Holding B.V.
- On January 25, 2023 acquired 100% of the shares of PZEM Energy Company, PZEM Pipe & Sloe Centrale
- On May 23, 2023 acquired 100% of the shares of Camden B.V. including its assets MaasStroom and 50% of the shares of Enecogen.

Rijnmond Power Holding
On 5 January 2023, EP NL acquired Rijnmond power plant with 810 MW installed capacity. This strategic acquisition is a part of EP NL's strategy to become a reliable supplier of energy in the Dutch market to ensure a stable supply of energy in the ongoing complex energy transition.
The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	(in €'000)
Property, plant and equipment	19.037
Tax receivables	5.545
Other receivables	1.533
Inventory	735
Cash and cash equivalents	18.777
Financial liabilities	(12.547)
Lease liability	(6.581)
Provisions	(9.005)
Deferred tax	3.167
Trade payables	(18.995)
Total identifiable assets acquired and liabilities assumed	**1.666**
Goodwill	9.737
Total consideration	**11.403**
Satisfied by:	
Cash	**11.403**
Cash consideration	**11.403**
Less: cash and cash equivalent balances acquired	**18.777**
Net cash on acquisition:	**(7.374)**

The value for the receivables displayed in the table above refers to the fair value at acquisition date. The fair value for the receivables is equal to the gross contractual amount and it is expected that all contractual cashflows can be collected.

The goodwill of EUR 9,7 million arising from the acquisition consists of synergies by adding a standalone business to a total portfolio. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) amount to EUR 0,6 million as presented under advisory costs.

The Rijnmond CGU contributed EUR 152 million revenue and EUR -/-3 million to the group's profit for the period between the date of acquisition and the reporting date.

PZEM Energy Company, PZEM Pipe & Sloe Centrale
On 25 January 2023, EPH closed, via its subsidiary EP NL, the acquisition of Sloe power plant with 870 MW installed capacity from ZEH N.V. and French electric utility company EDF S.A. Besides the power plant portfolio, EP NL has also acquired PZEM Energy Company B.V. from ZEH N.V. which includes the ZBL pipeline (a 55 km gas pipeline supplying the Sloe Power Plant), trading business and B2B power and gas supply. This strategic acquisition is a part of EP NL's strategy to become a reliable supplier of energy in the Dutch market to ensure a stable supply of energy in the ongoing complex energy transition.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed regarding PZEM Energy Company are as set out in the table below.

	(in €'000)
Intangible assets	1.831
Property, plant and equipment	4.749
Deferred tax	59.586
Inventory	22.184
Trade receivables	60.795
Other receivables	701.776
Cash and cash equivalents	102.473
Financial liabilities	(387.642)
Lease liability	(2.693)
Provisions	(45.336)
Derivatives	(166.715)
Trade payables	(13.823)
Tax payables	(50.556)
Other payables	(81.919)
Total identifiable assets acquired and liabilities assumed	**204.710**
Goodwill	1.995
Total consideration	**206.705**
Satisfied by:	
Cash	**206.705**
Cash consideration	**206.705**
Less: cash and cash equivalent balances acquired	**102.473**
Net cash on acquisition:	**104.232**

The value for the receivables displayed in the table above refers to the fair value at acquisition date. The fair value for the receivables is equal to the gross contractual amount and it is expected that all contractual cashflows can be collected.

The goodwill of EUR 2,0 million arising from the acquisition consists of synergies by adding a standalone business to a total portfolio. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) for the total acquisition (consisting of PZEM, Sloe and Pipe CGU) amount to EUR 1,2 million as presented under advisory costs.

The PZEM CGU contributed EUR 2 million revenue and EUR 155 million to the group's profit for the period between the date of acquisition and the reporting date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed regarding Sloe Centrale are as set out in the table below.

	(in €'000)
Intangible assets	390
Property, plant and equipment	149.593
Deferred tax	33.932
Inventory	7.918
Trade and other receivables	14.431
Tax receivables	9.250
Other receivables	22.770
Cash and cash equivalents	24.836
Financial liabilities	(183.336)
Lease liability	(5.965)
Provisions	(11.349)
Derivatives	(3.093)
Trade payables	(8.443)
Tax payables	(9.864)
Other payables	(6.740)
Total identifiable assets acquired and liabilities assumed	**34.330**
Goodwill	164
Total consideration	**34.494**
Satisfied by:	
Cash	**34.494**
Cash consideration	**34.494**
Less: cash and cash equivalent balances acquired	**24.836**
Net cash on acquisition:	**9.658**

The value for the receivables displayed in the table above refers to the fair value at acquisition date. The fair value for the receivables is equal to the gross contractual amount and it is expected that all contractual cashflows can be collected.

The goodwill of EUR 0,2 million arising from the acquisition consists of synergies by adding a standalone business to a total portfolio. None of the goodwill is expected to be deductible for income tax purposes.

The Sloe CGU contributed EUR 142 million revenue and EUR 44 million to the group's profit for the period between the date of acquisition and the reporting date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed regarding PZEM Pipe are as set out in the table below.

	(in €'000)
Property, plant and equipment	59.266
Cash and cash equivalents	174
Tax receivables	146
Trade receivables	14.567
Deferred tax	(2.405)
Financial liabilities	(32)
Trade and other payables	(25)
Tax payables	(1.076)
Other payables	(11)
Total identifiable assets acquired and liabilities assumed	**70.604**
Goodwill	-
Total consideration	**70.604**
Satisfied by:	
Cash	**70.604**
Cash consideration	**70.604**
Less: cash and cash equivalent balances acquired	**174**
Net cash on acquisition:	**70.430**

The value for the receivables displayed in the table above refers to the fair value at acquisition date. The fair value for the receivables is equal to the gross contractual amount and it is expected that all contractual cashflows can be collected.

Pipe CGU contributed EUR 9 million revenue and EUR 3 million to the group's profit for the period between the date of acquisition and the reporting date.

Camden B.V.
On 23 May 2023, EP NL has successfully concluded an agreement with Castleton Commodities International LLC (CCI), securing the acquisition of two gas-fired power plants. EP NL has acquired full ownership of MaasStroom, a gas-fired power plant located in Rotterdam (Pernis) with an installed capacity of 426 MW. Additionally, EP NL has acquired a 50% stake in Enecogen, a gas-fired power plant situated in Rotterdam (Europoort) with a total installed capacity of 958 MW (share of EP NL is 479 MW). The remaining 50% stake in Enecogen will continue to be held by the Dutch energy company, Eneco N.V. These strategic acquisitions, together with the previous Dutch acquisitions, have enabled EP NL to establish a portfolio comprising four highly efficient gas-fired power plants. With a cumulative capacity of 2,6 GW, EP NL now ranks as the third largest operator of power plants in the Netherlands, which will ensure a stable supply of energy in the ongoing complex energy transition.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed regarding MaasStroom are as set out in the table below.

	(in €'000)
Property, plant and equipment	118.471
Tax receivables	10.173
Other receivables	1.244
Derivatives	419
Inventory	4.501
Cash and cash equivalents	8.686
Financial liabilities	(33.536)
Lease liability	(5.138)
Provisions	(13.694)
Deferred tax	(9.430)
Trade payables	(757)
Tax payables	(8.228)
Other payables	(9.117)
Total identifiable assets acquired and liabilities assumed	**63.595**
Goodwill	19.787
Total consideration	**83.382**
Satisfied by:	
Cash	**83.382**
Cash consideration	**83.382**
Less: cash and cash equivalent balances acquired	**8.686**
Net cash on acquisition:	**74.696**

The value for the receivables displayed in the table above refers to the fair value at acquisition date. The fair value for the receivables is equal to the gross contractual amount and it is expected that all contractual cashflows can be collected.

Acquisition-related costs (included in administrative expenses) for the total Camden deal amount to EUR 1,5 million as presented under advisory costs.

The goodwill of EUR 19,8 million arising from the acquisition consists of synergies by adding a standalone business to a total portfolio. None of the goodwill is expected to be deductible for income tax purposes.

The MaasStroom CGU contributed EUR 10 million revenue and EUR -/- 3 million to the group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of the MaasStroom CGU had been completed on the first day of the financial year, group revenues for the year would have been EUR 24 million and group profit would have been EUR 3 million.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed regarding Enecogen are as set out in the table below.

(in €'000)	
Property, plant and equipment	233.168
Financial assets	5.500
Trade receivables	1.661
Tax receivables	564
Other receivables	4.628
Inventory	11.200
Cash and cash equivalents	11.864
Lease liability	(7.270)
Provisions	(12.208)
Deferred tax	(16.025)
Trade and other payables	(289)
Tax payables	(21.925)
Other payables	(18.674)
Total identifiable assets acquired and liabilities assumed	**192.194**
Goodwill	27.727
Total consideration	**219.921**
Satisfied by:	
Cash	**219.921**
Cash consideration	**219.921**
Less: cash and cash equivalent balances acquired	**11.864**
Net cash on acquisition:	**208.057**

The value for the receivables displayed in the table above refers to the fair value at acquisition date. The fair value for the receivables is equal to the gross contractual amount and it is expected that all contractual cashflows can be collected.

The goodwill of EUR 27,7 million arising from the acquisition consists of synergies by adding a standalone business to a total portfolio. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) for the total Camden deal amount to EUR 1,5 million as presented under advisory costs.

The Enecogen CGU contributed EUR 50 million revenue and EUR 16 million to the group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of the Enecogen CGU had been completed on the first day of the financial year, group revenues for the year would have been EUR 140 million and group profit would have been EUR 32 million.

15.2 JOINT OPERATIONS

With the acquisition of Camden B.V., EP NL also acquired 50% of the shares of Enecogen V.O.F. (Enecogen).
EP NL identified Enecogen as a joint arrangement. The legal form of Enecogen, a V.O.F., in which an entity has rights to the assets, and obligations for the liabilities, relating to the arrangement, indicating that the arrangement is a joint operation. There are no overriding contractual terms between EP NL and Enecogen, or other facts and circumstances, which conflict, with the rights and obligations conferred on the parties by the legal form of the separate vehicle in which the arrangement has been structured. This leads to the conclusion that Enecogen should be classified as a joint operation.
This means that EP NL has consolidated its proportionate share of the assets, liabilities and result of Enecogen in its financial statements.

The assessment of the fair value of the identified assets and liabilities of 1) Rijnmond Power Holding, 2) PZEM Energy Company, PZEM Pipe & Sloe Centrale and 3) MaasStroom and Enecogen (50%) had not been completed on the reporting date and may alter the allocation of the purchase price to the assets and liabilities to a limited extent. Consequently, the acquisition has been recognised 'provisionally' in the 2023 financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

(in €'000)	Land and Building	Machinery and equipment	Fixtures and fittings	Spare parts	Other	Assets under construction	Total
Cost							
Balance at 1 January 2023 (unaudited)	-	-	-	-	-	-	-
Additions	-	14.536	417	363	591	718	16.626
Additions through business combinations	21.685	503.831	13.582	2.100	-	15.440	556.638
Transfer from Assets under Construction	-	14.063	-	-	-	(14.063)	-
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2023	**21.685**	**532.430**	**13.999**	**2.463**	**591**	**2.095**	**573.264**
Depreciation and impairment losses							
Balance at 1 January 2023 (unaudited)	-	-	-	-	-	-	-
Depreciation charge for the year	(2.008)	(35.355)	(2.471)	(127)	-	-	(39.962)
Disposals	-	-	-	-	(591)	-	(591)
Impairment losses recognized in profit or loss	-	-	-	-	-	-	-
Reversal of asset retirement obligation	-	-	-	-	-	-	-
Balance at 31 December 2023	**(2.008)**	**(35.355)**	**(2.471)**	**(127)**	**(591)**	**-**	**(40.553)**
Carrying amounts							
At 1 January 2023 (unaudited)	-	-	-	-	-	-	-
At 31 December 2023	**19.677**	**497.075**	**11.527**	**2.336**	**-**	**2.095**	**532.711**

In 2023 maintenance and improvement projects within the power plants have led to new investments in the plant & equipment for an amount of EUR 16,0 million. The disposed plant & equipment items had a purchase value of EUR 0,6 million and there was no profit due to the disposal.

17. LEASES

17.1 RIGHT-OF-USE ASSETS

(in €'000)	Land and equipment	Vehicles and other	Total
Balance at 1 January 2023 (unaudited)	-	-	-
Depreciation charge for the year	(1.443)	(216)	(1.659)
Additions to right-of-use assets	1.634	348	1.981
Additions through business combinations	27.180	467	27.647
Disposals	-	(25)	(25)
Modifications to right-of-use assets	-	-	-
Balance at 31 December 2023	**27.371**	**575**	**27.945**

During financial year 2023 part of the EP NL headquarter was temporarily subleased to a third party, resulting in a net revenue of EUR 50 thousand. This contractual agreement was ended as of 1 January 2024.

For the leases within the group an average IBR of 4,43% was applied.

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 04 July 2024

17.2 LEASE LIABILITIES

The classification of the lease liabilities is as follows:

(in €'000)	2023	2022 (unaudited)
Current	2.042	-
Non-current	26.877	-
Total lease liabilities	**28.919**	**-**

(in €'000)	Balance at 31/12/2023	Due within 1 year	Due in 1–5 years	Due in following years
Total Lease liabilities	**28.919**	**2.042**	**10.158**	**16.719**

(in €'000)	Land and equipment	Vehicles and other	Total
Balance at 1 January 2023 (unaudited)	-	-	-
Additions through business combinations	26.983	664	27.647
Additions to lease liability	-	426	426
Disposals	-	(26)	(26)
Payments	(1.605)	(386)	(1.991)
Interest	943	13	956
Revaluation to lease liability	1.907	-	1.907
Balance at 31 December 2023	**28.228**	**691**	**28.919**

Cash outflows recognized in the cashflow statement

(in €'000)	2023	2022 (unaudited)
Interest payments	(956)	-
Principal element of lease payments	(1.035)	-
Variable lease payments	-	-
Total cash outflow recognized in the cashflow statement	**(1.991)**	**-**

Amounts recognized in statement of profit or loss

(in €'000)	2023	2022 (unaudited)
Depreciation	(1.659)	-
Interest	(905)	-
Variable lease payments	(152)	-
Total amounts recognized in statement of profit or loss	**(2.715)**	**-**

18. INTANGIBLE ASSETS (INCLUDING GOODWILL)

(in €'000)	Goodwill	Software	Other long-term	Emission rights	Total
Cost					
Balance at 1 January 2023 (unaudited)	-	-	-	-	-
Additions	-	-	27.047	21.315	48.362
Additions through business combinations	59.410	2.221	-	10.954	72.584
Disposals	-	-	-	-	-
Balance at 31 December 2023	**59.410**	**2.221**	**27.047**	**32.268**	**120.946**
Amortisation and impairment losses					
Balance at 1 January 2023 (unaudited)	-	-	-	-	-
Amortization for the year	-	(577)	(629)	-	(1.206)
Impairment losses recognised in profit or loss	-	-	-	-	-
Balance at 31 December 2023	**-**	**(577)**	**(629)**	**-**	**(1.206)**
Carrying amount					
At 1 January 2023 (unaudited)	**-**	**-**	**-**	**-**	**-**
At 31 December 2023	**59.410**	**1.644**	**26.418**	**32.268**	**119.740**

Under Software two intangible assets are recognized. The remaining useful life of these intangible assets are 2 and 4 years.

The addition of 'other long-term intangible assets' relate to a new long term customer contract. These intangible assets are amortized over the contract period ending in 2030. Therefore, the remaining useful life of this intangible asset is 7 years.

The emission rights will be handed over to the Dutch emission authority (Nea) in the course of 2024.

18.1 GOODWILL AND IMPAIRMENT TESTING

Goodwill consists of the acquisitions disclosed under note 15. Impairment considerations for goodwill is disclosed under note 4.7 of the notes to the financial statements.

18.1.1 Goodwill

The carrying amount of goodwill has been allocated to CGU's as follows:

(in €'000)	2023	2022 (unaudited)
Enecogen	27.727	-
MaasStroom	19.787	
Rijnmond	9.737	-
PZEM Energy Company	1.995	-
Sloe Centrale	164	-
TOTAL	**59.410**	**-**

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

IAS 36.96 obliges to annually test goodwill at any time during the annual period. Therefore, in accordance with IAS 36.96 a recoverable amount calculation was made to test for impairments of goodwill at the time of completing the purchase price allocation. The impairment calculations were performed using the hourly power and daily gas and CO2 price curves as of 14th September 2023. At year-end, we updated the most critical assumption, being the price curves, and concluded no trigger for impairment based on the fact market changes in the period between October and December 2023 did not represent a deterioration.

The required goodwill disclosures are included below for the significant goodwill positions.

18.1.2 Enecogen impairment disclosure

The recoverable amount of the Enecogen cash-generating unit is determined based on cash flow projections based on a business plan covering a period until 2041 and a discount rate of 5,73 percent per annum determined on a WACC basis.

The key assumptions used by management in setting the business plan are as follows:

Gross margin estimation
The forecasted gross margin is based on an estimation of future price curves as calculated in plant optimization software, based on the following assumptions:

- Available capacity of the plant;
- Efficiency characteristics of the plant;
- Hourly power and daily gas and CO2 price curves as of 14th September 2023;
- Intertolling contract characteristics.

Operating costs are forecast based on historical experience adjusted for an estimation on future inflation (2024: 4 percent / 2025 and onwards: 2 percent).

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical ratio's.

Due to the nature of the business, there is no terminal value. The business plan is forecasted based on analysis of the expected power, natural gas and CO2 prices through a plant optimization software and are therefore volatile. The years until 2035 are forecasted explicitly based on expected market developments. From 2035 onwards, the gross margin is assumed to increase with inflation.

<u>Sensitivity analysis</u>
The business plan is based on a price curve in which a large number of scenario's are already included. Therefore the business plan is the best estimate based on an average of a large number of possible scenario's. Because the business plan is already a best estimate with the information available as of the date of the calculation a sensitivity analysis is not conducted.

18.1.3 MaasStroom impairment disclosure

The recoverable amount of the MaasStroom cash-generating unit is determined based on cash flow projections based on a business plan covering a period until 2036 and a discount rate of 5,73 percent per annum determined on a WACC basis.

The key assumptions used by management in setting the business plan are as follows:

Gross margin estimation
The forecasted gross margin is based on an estimation of future price curves as calculated in plant optimization software, based on the following assumptions:

- Available capacity of the plant;
- Efficiency characteristics of the plant;
- Hourly power and daily gas and CO2 price curves as of 14th September 2023;

Operating costs
Operating costs are forecast based on historical experience adjusted for an estimation on future inflation (2024: 4 percent / 2025 and onwards: 2 percent).

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical ratio's.

Due to the nature of the business, there is no terminal value. The business plan is forecasted based on analysis of the expected power, natural gas and CO2 prices through a plant optimization software and are therefore volatile. The years until the expected end of lifetime are forecasted explicitly based on expected market developments.

<u>Sensitivity analysis</u>
The business plan is based on a price curve in which a large number of scenario's are already included. Therefore the business plan is the best estimate based on an average of a large number of possible scenario's. Because the business plan is already a best estimate with the information available as of the date of the calculation a sensitivity analysis is not conducted

18.1.4 *Rijnmond impairment disclosure*

The recoverable amount of the Rijnmond cash-generating unit is determined based on cash flow projections based on a business plan covering a period until 2029 and a discount rate of 5,73 percent per annum determined on a WACC basis.

The key assumptions used by management in setting the business plan are as follows:

Gross margin estimation
The forecasted gross margin is based on an estimation of future price curves as calculated in plant optimization software, on the following assumptions:

- Available capacity of the plant;
- Efficiency characteristics of the plant;
- Hourly power and daily gas and CO2 price curves as of 14th September 2023;

Operating costs are forecast based on historical experience adjusted for an estimation on future inflation (2024: 4 percent / 2025 and onwards: 2 percent).

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical ratio's.

Due to the nature of the business, there is no terminal value. The business plan is forecasted based on analysis of the expected power, natural gas and CO2 prices through a plant optimization software and are therefore volatile.

<u>Sensitivity analysis</u>
The business plan is based on a price curve in which a large number of scenario's are already included. Therefore the business plan is the best estimate based on an average of a large number of possible scenario's. Because the business plan is already a best estimate with the information available as of the date of the calculation a sensitivity analysis is not conducted.

18.1.5 *Sloe Centrale impairment disclosure*

The recoverable amount of the Sloe Centrale cash-generating unit is determined based on cash flow projections based on a business plan covering a period until 2036 and a discount rate of 5,73 percent per annum determined on a WACC basis.

The key assumptions used by management in setting the business plan are as follows:

Gross margin estimation
The forecasted gross margin is based on an estimation of future price curves as calculated in plant optimization software, on the following assumptions:

- Available capacity of the plant;
- Efficiency characteristics of the plant;
- Hourly power and daily gas and CO2 price curves as of 14th September 2023;

Operating costs are forecast based on historical experience adjusted for an estimation on future inflation (2024: 4 percent / 2025 and onwards: 2 percent).

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical ratio's.

Due to the nature of the business, there is no terminal value. The business plan is forecasted based on analysis of the expected power, natural gas and CO2 prices through a plant optimization software and are therefore volatile.

<u>Sensitivity analysis</u>
The business plan is based on a price curve in which a large number of scenario's are already included. Therefore the business plan is the best estimate based on an average of a large number of possible scenario's. Because the business plan is already a best estimate with the information available as of the date of the calculation a sensitivity analysis is not conducted.

19. DEFERRED TAX ASSETS AND LIABILITIES

The following deferred tax assets and (liabilities) have been recognized:

	2023			2022 (unaudited)		
(in €'000)	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax related to:						
- Property, plant and equipment	51.634	47.626	4.008	-	-	-
- Intangible assets	-	-	-	-	-	-
- Inventories	-	-	-	-	-	-
- Trade receivables and other assets	-	-	-	-	-	-
- Provisions	17.085	1.250	15.835	-	-	-
- Loans and borrowings	-	-	-	-	-	-
- Unpaid interest	-	-	-	-	-	-
- Derivatives	25.932	1.928	24.004	-	5.547	(5.547)
- Right-of-use assets	1.418	5.149	(3.731)	-	-	-
- Lease liabilities	5.356	1.059	4.297	-	-	-
- Other items	-	-	-	-	-	-
Tax losses	-	-	-	-	-	-
Unrecognised DTA	-	-	-	446	-	446
Subtotal	**101.426**	**57.013**	**44.413**	**446**	**5.547**	**(5.101)**
Offset DTA/DTL	-	-	-	-	-	-
Total	**101.426**	**57.013**	**44.413**	**446**	**5.547**	**(5.101)**

Movements in deferred tax during the year

(in €'000)	**Balance at 1 January 2023 (unaudited)**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Acquired in business combinations**	**Recognized in equity**	**Balance at 31 December 2023**
Deferred tax related to:						
- Property, plant and equipment	-	(1.549)	-	5.557	-	4.008
- Intangible assets	-	-	-	-	-	-
- Inventories	-	-	-	-	-	-
- Trade receivables and other assets	-	-	-	-	-	-
- Provisions	-	1.832	-	14.003	-	15.835
- Loans and borrowings	-	-	-	-	-	-
- Unpaid interest	-	-	-	-	-	-
- Tax losses	-	-	-	-	-	-
- Derivatives	(5.547)	(38.776)	-	48.990	19.337	24.004
- Right-of-use assets	-	51	-	(3.781)	-	(3.731)
- Lease liabilities	-	117	-	4.180	-	4.297
- Other	**(5.547)**	**(38.326)**	**-**	**68.949**	**19.337**	**44.413**
Total						

(in €'000)	**Balance at 1 January 2022 (unaudited)**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Acquired in business combinations**	**Recognized in equity**	**Balance at 31 December 2022 (unaudited)**
Deferred tax related to:						
- Property, plant and equipment	-	-	-	-	-	-
- Intangible assets	-	-	-	-	-	-
- Inventories	-	-	-	-	-	-
- Trade receivables and other assets	-	-	-	-	-	-
- Provisions	-	-	-	-	-	-
- Loans and borrowings	-	-	-	-	-	-
- Unpaid interest	-	-	-	-	-	-
- Tax losses	-	-	-	-	-	-
- Derivatives	-	-	-	-	-	(5.547)
- Right-of-use assets	-	-	-	-	-	-
- Lease liabilities	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**(5.547)**

Unrecognized deferred tax assets

At the reporting date, the group has unused tax losses of EUR 31 million (2022: EUR 0 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses.

No deferred tax asset has been recognised in respect of tax losses as it is not considered highly probable that there will be future taxable profits available in the specific subsidiary. All losses may be carried forward indefinitely.

20. INVENTORIES

(in €'000)	2023	2022 (unaudited)
Certificates – GoO	1.731	-
Gas held for production and trading	7.907	-
Spare parts	13.713	-
Total	**23.351**	**-**

No spare parts items are written off in 2023.

21. TRADE RECEIVABLES AND OTHER ASSETS

(in €'000)	2023	2022 (unaudited)
Trade receivables	76.271	-
Receivables from employees	70	-
Advance payments	27.314	3
Accrued income	142.473	-
Prepayments and other deferrals	1.893	2
Deposits capacity market auctions	28.955	-
Income tax assets	16.160	-
Value added tax receivables	617	35
Margin collateral of stock exchange	144.220	-
Other assets	6.585	-
Total	**444.558**	**40**

As at 1 January 2022, trade receivables amounted to EUR 0.

Trade receivables are assessed via the ECL model (note 4.7.2 of the Notes to the consolidated financial statements) and the expected credit loss of EUR 1.166 thousand (2022: EUR 0) is reported as a deduction on these trade receivables (note 28.2).

The advances payments relate to a technical improvement projects for Sloe Centrale, which will be executed in 2024 and 2025.

22. CASH AND CASH EQUIVALENTS

(in €'000)	2023	2022 (unaudited)
Current accounts with banks	94.490	65
Total	**94.490**	**65**

Cash consist of bank balances held at banks which are at the immediate disposal of EP NL without any restriction.

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23. CASH GENERATED FROM OPERATIONS

(in €'000)	2023	2022 (unaudited)
Profit before income tax	**316.244**	**8.377**
Adjustments for:		
Depreciation and amortization	43.417	-
Fair value adjustment to derivatives	5.861	(8.815)
Effective portion of changes in fair value of cash-flow hedges of acquired subsidiaries	(129.908)	-
Release of onerous contracts	(5.318)	-
Release of provisions for decommissioning	(304)	-
Finance costs - net	48.532	-
Operating cash flow before movements in working capital	**278.524**	**(438)**
Decrease/increase in trade receivables	(6.011)	(40)
Decrease/increase in inventories	12.233	-
Decrease/increase in trade payables	(245.358)	315
Decrease/increase in financial assets & liabilities at fair value	(34.564)	-
Cash generated from operations	**4.824**	**(163)**

24. LOANS AND BORROWINGS

(in €'000)	2023	2022 (unaudited)
Lease liabilities	28.919	-
Loans payable to other than credit institutions	495.055	-
Total	**523.974**	**-**
Non-current	514.605	-
Current	9.368	-
Total	**523.974**	**-**

Other loans and borrowings

Terms and debt repayment schedule

Terms and conditions of outstanding loans as at 31 December 2023 were as follows:

(in €'000)	Nominal interest rate	Year of maturity (up to)	Maximum Amount	Balance at 31-12-2023	Due within 1 year	Due in 1–5 years	Due in following years
Energetický a průmyslový holding, a.s.	6,538%	2026	326.393	331.787	5.394	326.393	-
EP Power Europe, a.s.	6,523%	2028	700.000	163.268	1.932	161.336	-
Total interest-bearing liabilities				**495.055**	**7.326**	**487.728**	**-**

(in €'000)	Energetický a průmyslový holding, a.s.	EP Power Europe, a.s.	External Loans	Total
Balance as at 1 January 2022 (unaudited)	-	-	-	-
Additions	-	-	-	-
Repayments	-	-	-	-
Other	-	-	-	-
Balance as at 31 December 2022(unaudited)	-	-	-	-
Additions	326.393	582.839	325.000	1.234.232
Additions through business combinations	-	-	183.291	183.291
Repayments	-	(421.503)	(508.291)	(929.794)
Other	5.394	1.932	-	7.326
Balance as at 31 December 2023	**331.787**	**163.268**	-	**495.055**

The financing of EP NL is solely based on intercompany revolving credit facilities. The loans from mother companies EPH a.s. and EP Power Europe a.s. are revolving, meaning the mother companies are able to request prepayments. Such prepayments do not prevent EP NL from requesting further utilizations. As at 31 December 2023 the loans amount to EUR 495,1 million. EPH a.s. and EP Power Europe a.s. continue to provide the necessary support to ensure EP NL's financial stability and have no intention to request prepayments of the loans for at least a period of the next 13 months, that would put EP NL in any difficulties.

EP NL is considered a highly strategic asset in the EPH group and EP NL's continued operation is vital to the overall business strategy of EPH.

No assets were pledged concerning the loans.

25. PROVISIONS

(in €'000)	Onerous contracts	Provision for decommissioning	Earn out	Other	Total
Balance at 1 January 2023 (unaudited)	-	-	-	-	-
- Provisions made during the period	-	-	17.500	30	17.530
- Provisions released during the period	(4.314)	-	-	(334)	(4.649)
- Change in provision recorded in property, plant and equipment	-	-	-	-	-
- Acquisitions through business combinations	44.537	24.554	-	799	69.890
- Transfer	-	-	-	-	-
- Unwind of discount	-	7	-	-	7
Balance at 31 December 2023	**40.222**	**24.560**	**17.500**	**495**	**82.778**
Non-current	26.054	24.560	17.500	23	68.138
Current	14.168	-	-	472	14.640
Total	**40.222**	**24.560**	**17.500**	**495**	**82.778**

Accounting for provisions involves frequent use of estimates, such as probability of occurrence of uncertain events or calculation of the expected outcome. Such estimates are based on past experience, statistical models and professional judgement.

Provision for onerous contracts
In the past, a provision was made for the negative value of a number of long-term gas contracts. The costs of transport and storage capacity are based on (long-term) contractual agreements. The optimization revenue from the transport and storage contracts are based on historical returns, in combination with contracted positions as of the balance sheet date and an estimate of future returns.

The term of the onerous gas storage contracts is until the end of 2025. The onerous gas transport contracts end in 2029. From the total provision for onerous contracts EUR 29.2 million refers to the years 2024 and 2025. For these contracts there is no uncertainty in the timing, but estimated future revenues are dependent on the volatility in gas market prices. Since the estimated revenues are limited, there is no significant downward financial effect to be expected.

The discount rate for calculating these provisions is 2,3%.

Provision for a decommissioning
The dismantling provision is created to meet the demolition and cleaning obligation when the end of the asset lifetime is expected. The

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estimated costs for removal and restoring the site to original conditions (as agreed in the lease agreements) will result in a cash-out for EP NL. EP NL estimates that the costs would be generally realized in 25-40 years' time based on the following assumptions:

- Estimated costs of dismantling, which are based on:
    - Cost of demolition and removal works, such as materials and personnel, equipment, removal of foundation, roads, fencing and levelling.
    - Cost of the remediation of soil contamination
    - Other costs, such as site security and site management costs
    - The potential scrap value of the metals
- Technical lifetime of the power plants (on average) – 25-40 years

The necessary level of dismantling expenses is based on an estimate by an external valuator.
The amount of the provision has certain uncertainties. The provision contains two elements, the expected scrap value and the expected costs for decommissioning. The future effect of both components are unsure. The future effect of both components is expected to be zero. This because in determining the present level an inflation rate of 2,776% has been considered. In addition, the scrap value is considered to be in line with the values we have seen in the past.

Another uncertainty in the timing of the outflow is the expected technical lifetime of the plant. The expected lifetime of the power plants is between 25 and 40 years. Management expects that these expected lifetimes will be reached and there is no decision that there will be a lifetime extension of one of the power plants or an early closing of one of the power plants.

EPH (the parent of EP NL Group) uses the EIOPA (European Insurance and Occupational Pensions Authority) rate as discount rate for the determination of the present value of the long-term provisions. EP NL has therefore decided to align the rates that they use for discounting with EPH and apply the EIOPA rates to discount the provisions for removal to their present value – using the RFR EIOPA rate for the Netherlands, adjusted for long-term industry inflation rate. In determining the present level an inflation rate of 2,776% has been considered whereas the net present value has been assessed against a discount rate of 2,455%.

Provision for earn out
The earn outs are related to the acquisitions done by EP NL in 2023. The amounts to be paid are depending on the total sum of the realized EBITDA's for the years 2023 and 2024 together.

Provision for other
The other provisions created are Expected Credit Loss (EUR 204 thousand) and Employee Benefits (EUR 291 thousand). The provision for ECL is considered to be current with a maturity of less than 1 year. The provision for Employee Benefits is considered to be non-current with a maturity of 1-5 years.

26. COMMITMENTS AND CONTINGENCIES

26.1 OPERATIONAL

EP NL's risk management policy aims to actively control the risk exposures arising from its production assets and long-term procurement contracts. Positions arising from trading activities are controlled through a strictly enforced system of limits, using both financial and energy derivatives, including forward foreign currency exchange contracts.

Sales contracts included in the portfolio comprise energy supplies to end-users and trading partners and related financial instruments. At the balance-sheet date, sales contracts were worth EUR 1.263 million (2022: EUR nil). This value was calculated by multiplying the expected volume of contracts entered into by the market price as at 31 December 2023.

(in €'000)	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Electricity	402.838	424.207	220.377	146.442	18.229	1.212.093
Gas	24.805	13.688	12.803	-	-	51.296
Total	**427.643**	**437.895**	**233.180**	**146.442**	**18.229**	**1.263.389**

EP NL has power offtake agreements with multiple wind and solar farms, biomass and nuclear powerplant. In the table below the capacity of the contracted purchase power agreements are shown. The actual amount of the electricity purchased in future years is dependent on actual generation. The PPA's have market prices as underlying purchase prices.

Capacity related to contractual purchase volume

(in MW)	2024	2025	2026	2027	2028
Capacity	**1.181**	**1.139**	**1.055**	**1.055**	**1.017**

Part of the obligation from procurement contracts are the investment obligations worth EUR 48,3 million. Of this amount EUR 25,6 million is paid in advance (note 21).

Financial instruments are measured on the basis of market values, having regard to transactions entered into for purposes of physical commodities trading. Major contracts involve related fuel purchases, and gas transmission and storage capacity in the Netherlands. Loss-making liabilities with regard to transport and storage capacity already provided for in the balance sheet at 31 December 2023 are not included in the liabilities referred to in this section.

A number of trading contracts entail the obligation to provide additional collateral if the company's credit rating is downgraded to non-investment grade.

The itemisation presented above does not include (net) liabilities arising from the gas storage and transmission contracts. These are recognised in the balance sheet within the provision for onerous contracts. Underlying gross (nominal) liabilities were EUR 86,0 million (2022: EUR nil) for the gas contracts (tolling charges, transmission, and storage costs).

Sloe Centrale has a Long Term Service Agreement (LTSA) with Siemens Energy B.V. The LTSA commits Sloe Centrale for a fixed amount of EUR 911 thousand (price level 2023) annually and a variable amount depending on a volume in Equivalent Operating Hours of the power plant of approx. 11.000 per year.

Duration of this agreement will be until either upon the date at which each of the Gas Turbines of the Plant has achieved 195.000 Equivalent Operating Hours from first firing, or upon completion of the 18th scheduled outage of the relevant Turbine, which includes the Hot Gas Path Inspection, or up to a maximum of 35 years after Effective Dates, whichever occurs first.

MaasStroom has a Long Term Service Agreement (LTSA) with Siemens Energy B.V. The LTSA commits MaasStroom for a fixed amount of EUR 480 thousand (price level 2023) annually and a variable amount depending on a volume in Equivalent Operating Hours of the power plant of approx. 5.000 per year.
Duration of this agreement will be till either upon the date at which each of the Gas Turbines of the Plant has achieved 149.000 Equivalent Operating Hours from first firing or up to a maximum of 28 years after Effective Dates, whichever occurs first.

Enecogen has a Long Term Maintenance Agreement (LTMP) with Siemens Energy B.V. The LTMP commits Enecogen for a fixed amount of EUR 810 thousand (price level 2023) annually and a variable amount depending on running regime in Equivalent Operating Hours of the power plant of approx. 10.000 per year.
Duration of this agreement will be till either upon the date at which each of the Gas Turbines of the Plant has achieved 132.000 Equivalent Operating Hours from first firing and the respective Scheduled Outage at 132.000 EOH has been performed on the respective Covered Unit. or up to a maximum of 30 years after Final Acceptance Date, whichever occurs first.

26.2 COLLATERAL AND GUARANTEES

Issued securities (in €'000)	**Tenors in years**			
	< 1 year	1 – 5 years	> 5 year	Total
Issued securities for subsidiaries or participations	175.000	-	455.316	630.316
Other Issued securities	-	-	-	-
Total issued securities	***175.000***	***-***	***455.316***	***630.316***

Received securities (in €'000)	**Tenors in years**			
	< 1 year	1 – 5 years	> 5 year	Total
Received securities for subsidiaries or participations	-	-	-	-
Other received securities	12.988	-	71.396	84.384
Total received securities	***12.988***	***-***	***71.396***	***84.384***

The issued securities as at 31 December 2023 (EUR 630,3 million) are Parent Company Guarantees issued by EPH a.s. and by EP Power Europe a.s. for the purpose of operational trading activities. The received securities (EUR 84,4 million) are also related to operational trading activities. All these securities are off balance (not cash covered).

Beside these securities EP NL group has issues cash covered bank guaranties of EUR 19,0 million and has issues EUR 17,2 million security cash deposits for trading counterparties. EP NL group has received security cash deposits for an amount of EUR 7,5 million as at 31 December 2023. All the cash covered guarantees and cash deposits presented on the balance sheet.

26.3 LAWSUITS AND CLAIMS

There are some legal disputes in which the Group is involved. The possibility of an outflow of resources was assessed as remote or immaterial as at the date of the preparation of these consolidated financial statements, and therefore no provision was recorded as at 31 December 2023.

27. TRADE PAYABLES AND OTHER LIABILITIES

(in €'000)	**2023**	**2022 (unaudited)**
Trade payables	52.500	204
Liabilities to employees	3.182	-
Advance payments received	1.029	-
Estimated payables/ accrued expenses	52.573	113
Emission rights	200.609	-
Wage tax liability	1.196	-
Income tax liability	50.056	1.733
Other taxes	6.259	-
Other liabilities	27.114	-
Total	**394.517**	**2.050**

The trade payables and other liabilities have a maturity less than one year and certainties are not obtained. Together with its subsidiary, EP NL forms a fiscal unity for corporate income tax purposes and value-added tax; the standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

28. DERIVATIVES AND RISK MANAGEMENT

EP NL is involved in energy commodity and currency trading contracts for the current calendar year and the next three years. The company considers the markets for these products to be sufficiently liquid over this time horizon. Prices are available from brokers, markets, and data providers. The fair value of commodity contracts is calculated on the basis of those published prices; no in-house valuation models are used. The monthly, quarterly and annual prices published are adjusted only to reconcile them with the relative periods in the trade systems.

28.1 DERIVATIVES

EPNL is exposed to a price risk of highly probable forecasted transactions. To reduce the risk in the future cashflows EPNL hedges commodities related to the expected production of its power plants with derivatives. The fair value movements of these derivatives are recognised in the cash flow hedge reserve for the effective portion of the hedges. The ineffective portion is directly recognized in the profit or loss. Sources of ineffectiveness can relate to (1) hedging a proxy commodity (for example, German power to hedge the Dutch power exposure), (2) hedging a different time frame (for instance a Calendar 2027 power future to hedge exposure in 2028) or (3) 'over-hedging' the exposure from the power plants.

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Cash flow hedge

The following table provides a reconciliation of amounts recorded in equity attributable to owners of the Group by category of hedging instrument:

28.1.1 Correlation between derivatives in the financial statements

Correlation between derivatives in the financial statements

(EUR '000)	Balance of derivatives				Movements in derivatives	
	Assets 2023	Assets 2022 (unaudited)	Liabilities 2023	Liabilities 2022 (unaudited)	Movements in assets 2023	Movements in liabilities 2023
Derivatives on the balance sheet						
Non-current assets	14.091	-			14.091	
Current assets	160.961	31.202			129.759	
	175.052	**31.202**			**143.850**	
Non-current liabilities			43.960	-		43.960
Current liabilities			217.873	888		216.985
			261.833	**888**		**260.945**
Other balance-sheet items relating to derivatives						
Hedge reserve			(39.660)	15.952		(55.613)
Retained earnings (due to realising fair value through Purchase price allocation (Gross))			(36.284)			(36.284)
Deferred tax	13.790	(5.547)	-	-	19.337	-
Subtotal	**13.790**	**(5.547)**	**(75.944)**	**15.952**	**19.337**	**(91.896)**
Cumulative ineffectiveness (Market-to-Market)	-	-	2.954	8.815	-	(5.861)
	13.790	**(5.547)**	**(72.991)**	**24.767**	**19.337**	**(97.758)**
Total	**188.842**	**25.655**	**188.842**	**25.655**	**163.187**	**163.187**

Of the movements in value, a loss of EUR 55,6 million (2022: EUR 15,9 million profit) was recognised in the hedge reserve. These amounts refer only to the effective portion of the fair value movements of the hedge derivatives. The amount of the ineffective portion of the hedge derivatives recognized in profit or loss amounts to EUR 5,9 million negative (2022: EUR 8,8 million positive).

The fair values of purchasing and sales contracts with the same counterparty for exactly the same commodity over exactly the same period are netted in the financial statements because they are also settled at a net amount on delivery.

Financial instruments and other financial assets

(in €'000)	Assets 2023					
	Non-current assets			Current assets		
	Gross amount	Offsetting	Net amount	Gross amount	Offsetting	Net amount
Commodity contracts						
Gas	9.892	9.483	410	167.697	115.385	52.311
Electricity	55.121	42.447	12.675	325.331	259.808	65.523
Other	2.788	1.780	1.007	48.728	5.670	43.058
	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Foreign exchange contracts	-	-	-	69	-	69
Interest rate swaps	-	-	-	-	-	-
Total	**67.801**	**53.710**	**14.091**	**541.824**	**380.863**	**160.961**

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Financial instruments and other financial liabilities

(in €'000)	Liabilities 2023					
	Non-current liabilities			Current liabilities		
	Gross amount	Offsetting	Net amount	Gross amount	Offsetting	Net amount
Commodity contracts						
Gas	(30.858)	(9.483)	(21.375)	(186.350)	(115.385)	(70.965)
Electricity	(62.807)	(42.447)	(20.360)	(374.235)	(259.808)	(114.427)
Other	(4.005)	(1.780)	(2.225)	(38.142)	(5.670)	(32.473)
	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Foreign exchange contracts	-	-	-	(8)	-	(8)
Interest rate swaps	-	-	-	-	-	-
Total	**(97.670)**	**(53.710)**	**(43.960)**	**(598.736)**	**(380.863)**	**(217.873)**

28.1.2 Movements in the hedge reserve

Fair value changes in derivatives after tax are shown within the hedge reserve, which is a non-distributable reserve. Movements in the hedge reserve in the past two years are presented below.

(Bedragen x EUR 1.000)	Commodity contracten				
	Gas	Electricity	CO2	Foreign Exchange	Total
2022					
Hedge reserve at 1-1-2022 (gross) (unaudited)	-	-	-	-	-
Movements in 2022					
Recognised directly in equity	-	21.499	-		**21.499**
Released to income	-	-	-	-	**-**
Total movements in 2022 (unaudited)	**-**	**21.499**	**-**	**-**	**21.499**
Hedge reserve at 31-12-2022 (gross) (unaudited)	-	**21.499**	-	-	**21.499**
Deferred tax		(5.547)			**(5.547)**
Hedge-reserve 31-12-2022 (unaudited)	**-**	**15.952**	**-**	**-**	**15.952**
2023					
Hedge-reserve 1-1-2023 (gross) (unaudited)	-	**21.499**	-	-	**21.499**
Movements in 2023					
Recognised directly in equity	(147.811)	99.208	(7.542)	-	**(56.144)**
Released to income	(9.442)	(7.937)	(1.426)	-	**(18.804)**
Total movements in 2023	**(157.252)**	**91.271**	**(8.968)**	**-**	**(74.949)**
Hedge reserve at 31-12-2023 (gross)	**(157.252)**	**112.770**	**(8.968)**	-	**(53.450)**
Deferred tax	40.571	(29.095)	2.314	-	**13.790**
Hedge-reserve 31-12-2023	**(116.681)**	**83.675**	**(6.654)**	**-**	**(39.660)**

The composition of the hedge reserve in relation to commodities, on a gross basis, at year-end 2023 is attributable to the years ahead as follows:

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Commodities hedge reserve (gross)

(EUR 1,000)

	Value				Volume		
	Gas	Electricity	CO2	Total	Gas (MWh)	Electricity (MWh)	CO2 (T)
2024	(142.183)	124.230	(8.683)	**(26.636)**	386.773	1.453.480	1.585.000
2025	(11.289)	(7.639)	(1.531)	**(20.459)**	894.308	1.202.363	144.000
2026	(2.273)	(3.166)	370	**(5.069)**	565.105	633.988	116.000
2027	(1.507)	(550)	877	**(1.180)**	644.298	131.400	140.000
2028	-	(106)	-	**(106)**	-	191.316	-
Total	**(157.252)**	**112.770**	**(8.968)**	**(53.450)**	**2.490.484**	**3.612.546**	**1.985.000**

Cash flow hedges for electricity and fuels

(EUR '000)	Cash flow hedges						
	2024	**2025**	**2026**	**2027 >**	**Total**	**Average price in €**	**Contract value**
Gas forwards	(72.303)	(12.637)	(2.482)	(1.504)	**(88.926)**	43,89	(391.707)
Power forwards	26.100	2.276	(304)	-	**28.072**	141,83	168.043
Power swaps	(40.273)	(9.521)	(3.316)	(591)	**(53.700)**	110,03	(210.346)
CO2-forwards	1.646	(1.626)	432	878	**1.330**	79,95	(300.675)
Currency swaps	-	-	-	-	**-**		
Total	**(84.830)**	**(21.508)**	**(5.669)**	**(1.216)**	**(113.224)**		

The release from the commodities hedge reserve to profit or loss is shown within gross operating margin.

The table ''Cash flow hedges for electricity and fuels'' shows the cash flow impact of the hedge instruments on the future periods.

During the year, no hedging relationships were discontinued on the basis that an expected transaction did not occur.

At 31 December 2023, commodity derivatives represented a loss to the amount of EUR 18,8 million (2022: EUR 0). Lower gas and carbon prices will generally lead to a lower receivable. Lower electricity prices will generally lead to a higher receivable. At 31 December 2022, commodity derivatives represented a profit. Lower gas and carbon prices will generally lead to a lower receivable. Lower electricity prices will generally lead to a higher receivable.

At 31 December 2023, the hedge reserve relating to commodity derivatives contributed to a decrease in equity to the amounts of EUR 56,1 million (2022: EUR 21,5 million increase). Lower gas and carbon prices lead to a negative contribution to equity, and lower electricity prices to a positive contribution. At 31 December 2022, the hedge reserve relating to commodity derivatives contributed to equity. Lower gas and carbon prices lead to a negative contribution to equity, and lower electricity prices to a positive contribution.

28.1.3 Hierarchy of financial instruments

Financial instruments are all recurring valuations, measured at fair value, and classified according to the following hierarchy as required by IFRS 13 Fair Value Measurement:

Level 1: Level 1 inputs are (unadjusted) prices quoted on active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability in question, for example:
  - interest rates and yield curves that are published on a regular basis;
  - implied volatilities;
  - credit spreads (differences in interest rates)
- Market-corroborated inputs

Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

Assets and liabilities measured at fair value

(EUR 1,000)	Total as at 31 December		Fair value hierarchy Level 1:		Level 2:		Level 3:	
	2023	**2022 (unaudited)**	**2023**	**2022 (unaudited)**	**2023**	**2022 (unaudited)**	**2023**	**2022 (unaudited)**
Assets								
Derivatives	175.052	31.202	14.955	-	130.256	-	29.842	31.202
Part of other investments and other financial assets	-	-	-	-	-	-	-	-
Total assets	**175.052**	**31.202**	**14.955**	**-**	**130.256**	**-**	**29.842**	**31.202**
Liabilities								
Derivatives	261.833	888	8.979	-	226.464	888	26.389	-
Total Liabilities	**261.833**	**888**	**8.979**	**-**	**226.464**	**888**	**26.389**	**-**

The fair values for CO2-commodity derivatives and the fair values for foreign currency derivatives are based on unadjusted market price data. Therefore, CO2 and currency derivatives are placed in level 1 category.

At EPNL, electricity and gas prices used are always a combination of market price data which are input for own modelling to make synthetic quotes. This is done because quoted market prices are limited in the number of different periods. To get prices for every supply period for the next (up to) 6 years, EPNL uses market prices and impose a daily or hourly shape to get synthetic quotes for all possible supply periods. Therefore, electricity and gas commodity derivatives are placed in level 2 category.

There were no “Part of other investments and other non-current financial assets” in 2022 and 2023.

For other financial instruments there are no material differences between the carrying amounts and the fair value.

28.2 CREDIT RISK

Credit risk is the risk that EP NL’s customers are unable to fulfil their obligations. Given the value of the trade receivables, this risk is considered to be fairly prominent. In order to minimize this risk credit risk management is applied.

As part of the credit risk management process for end users and origination customers to whom EP NL supplies energy a strict acceptance policy is applicable. Creditworthiness of those customers is determined based on data from external information providers and an internal credit assessment is conducted for larger customers. For existing customers, historical payment behaviour is also a consideration for whether or not to enter into a supply contract. A very strict debt collection policy is applied once such contracts are been entered into. For a part of the business end users, the risk of non-payment is covered by a credit insurance. If necessary, additional securities are requested in the form of a parent company guarantee, bank guarantee, deposit, or advance payment.

Credit risk by type of counterparty

As at 31 December 2023 (in €'000)	Corporate (non-financial institutions)	State, government	Financial institutions	Banks	Individuals	Other	Total
Assets							
Cash and cash equivalents	-	-	-	94.490	-	-	94.490
Trade receivables and other assets	219.911	16.777	-	144.220	70	66.001	446.978
Derivatives financial assets	97.496	-	77.556	-	-	-	175.052
TOTAL	**317.407**	**16.777**	**77.556**	**238.710**	**70**	**66.001**	**716.520**

As at 31 December 2022 (in €'000)	Corporate (non-financial institutions)	State, government	Financial institutions	Banks	Individuals	Other	Total
Assets							
Cash and cash equivalents	-	-	-	65	-	-	65
Trade receivables and other assets	-	-	-	-	-	40	40
Derivatives financial assets	31.202	-	-	-	-	-	31.202
TOTAL (unaudited)	**31.202**	**-**	**-**	**65**	**-**	**40**	**31.307**

(in €'000)	Loans to other than credit institutions	Banks	Trade receivables	Total
BALANCE AT 1 JANUARY 2023 (unaudited)	**-**	**-**	**-**	**-**
Impairment losses recognized during the year	34	170	1.166	1.371
Reversals of impairment losses recognized during the year	-	-	-	-
Decrease due to derecognition of impaired assets	-	-	-	-
Change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Effects of movements in foreign exchange rate	-	-	-	-
BALANCE AT 31 DECEMBER 2023	**34**	**170**	**1.166**	**1.371**

(in €'000)	Loans to other than credit institutions	Banks	Trade receivables	Total
BALANCE AT 1 JANUARY 2022 (unaudited)	-	**-**	**-**	**-**
Impairment losses recognized during the year	-	-	-	-
Reversals of impairment losses recognized during the year	-	-	-	-
Decrease due to derecognition of impaired assets	-	-	-	-
Write-offs	-	-	-	-
Effects of movements in foreign exchange rate	-	-	-	-
BALANCE AT 31 DECEMBER 2022 (unaudited)	**-**	**-**	**-**	**-**

The expected credit loss is judged upon the total lifespan of the assessed accounts receivable.

The aging of financial assets, excluding cash and cash equivalents and derivatives, at the reporting date was:

As at 31 December 2023

(in *€'000)*	**Trade receivables and other assets**	**Total**
Before maturity (net)		
After maturity (net)		
TOTAL		
A – Assets (gross)		
- before maturity	143.274	143.274
- after maturity <30 days	74.381	74.381
- after maturity 31–60 days	1.985	1.985
- after maturity 61–90 days	28	28
- after maturity 91–120 days	10	10
- after maturity >120 days	233	233
TOTAL ASSETS (GROSS)	219.911	219.911
B – Loss allowances for assets		
- before maturity	888	888
- after maturity <30 days	74	74
- after maturity 31–60 days	20	20
- after maturity 61–90 days	4	4
- after maturity 91–120 days	5	5
- after maturity >120 days	174	174
TOTAL LOSS ALLOWANCES	1.166	1.166
TOTAL ASSETS (NET)	218.744	218.744

As at 31 December 2022 there were no trade receivables outstanding and therefore no expected credit losses.

28.3 LIQUIDITY RISK

Liquidity risk is the risk that EP NL has insufficient financial resources available to meet its short-term obligations. This can be caused by the business activities not generating enough revenue or by increasing margin requirements. To manage this risk, EP NL holds sufficient cash available, in a cash pool with its subsidiaries, for potential margin fluctuations in the next days. Besides that, the credit facility loan with parent company EP Power Europe and EPH can be utilized to cover liquidity risk. The treasury department has a rolling forecast on weekly as well as monthly basis and the margined positions are monitored on a daily basis. This enables EP NL to respond to and prevent liquidity issues.

Given the presence of sufficient current assets and the availability of credit facility, this risk is not prominent at the moment. There are two credit facilities, one from Energetický a průmyslový holding, a.s. with a maximum amount of EUR 326.393 and one of EP Power Europe, a.s. with an maximum amount of EUR 700.000. These are uncommitted. As per balance sheet date, EUR 495.055 is used of these facilities. Both parties have confirmed their intention to continue to provide the necessary support to ensure EP NL's financial stability and not to request prepayments of the loans for at least a period of the next 13 months.

Maturities of financial liabilities

As at 31 December 2023

(in *€'000)*	**Carrying amount**	**< 1 year**	**1–5 years**	**Over 5 years**
Trade payables	52.500	52.500	-	-
Loans and borrowings	495.055	7.326	487.728	-
Leases	28.919	2.042	10.158	16.719
Derivative financial liabilities	261.833	217.873	43.959	-
Provisions	82.778	14.640	43.578	24.560
Deferred tax	57.013	-	57.013	-
Income tax liability	50.056	50.056	-	-
Other liabilities	291.961	291.961	-	-
TOTAL	**1.320.114**	**636.398**	**642.436**	**41.279**

As at 31 December 2022

(in €'000)	Carrying amount	< 1 year	1–5 years	Over 5 years
Trade payables	317	317	-	-
Loans and borrowings	-	-	-	-
Leases	-	-	-	-
Derivative financial liabilities	888	888	-	-
Provisions	-	-	-	-
Deferred tax	5.547	-	5.547	-
Income tax liability	1.733	1.733	-	-
Other liabilities	-	-	-	-
TOTAL (UNAUDITED)	**8.485**	**2.938**	**5.547**	**-**

To provide insight into the liquidity risk, the table above shows the contractual terms of the financial obligations.

28.4 INTEREST RATE RISK

EP NL's risk policy with regard to interest rate risks is aimed at limiting the influence of interest rate fluctuations on the cash flow. There is currently no external financing, so no specific measures have been taken to limit interest rate risks.

28.5 CURRENCY RATE RISK

Currency risks refer to the price risk associated with changes in exchange rates. EP NL's risk policy is aimed at covering currency risks on positions taken in foreign currencies, mainly GBP. Financial instruments like FX Forwards and FX Swaps will be used to cover GBP commodity forward transactions to prevent fluctuations in expected cash flows as much as possible.

Currency positions taken, resulting from concluded (commodity) contracts, are immediately hedged. This means that the remaining risk in the event of price changes is negligibly small.

Currency risk limits are subsequently monitored by the Treasury department and periodically reported to the Management Board of EP NL.

The following rates compared to the Euro have been used for the conversion of currency positions included in the balance sheet:

Currency rates

	31-12-2023	31-12-2022
GBP	0,8692	0,8855
USD	1,1052	1,0667

Since the currency rate risk is considered to be insignificant, no sensitivity analyses is disclosed.

28.6 COMMODITY RISK

Market risks arise from price movements in the markets where EP NL buys and sells (commodities, currencies, transmission capacity, imports/exports capacity, etc.). It is company policy to mitigate the impact of price movements in the short term and to track prevailing market prices in the long term. For systematic risk control purposes, asset allocations and positions are determined on the basis of expected price developments. These positions are monitored on a daily basis. Trading risks are mitigated by strictly enforcing a system of limits, the most important of which is calculated using the Value-at-Risk method.

Potential adverse trends in commodity prices, notably falling spark spreads, in the coming years pose a risk to EP NL's future continuity as they will may have an immediate dampening impact on the profits of our production units, unless the output is hedged. Rising electricity or gas prices would create losses on contracts with customers, so those exposures are hedged back-to-back. Hedging transactions will create other risks, like liquidity and credit risk.

Value-at-Risk
Determining Value-at-Risk (VaR) involves using various assumptions regarding possible changes in market conditions. VaR identifies the maximum portfolio losses likely to be incurred as a result of price changes over a three-day period with a confidence level of 95% (i.e. in 5% of

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cases the portfolio losses may exceed the VaR limit). VaR is calculated using Monte Carlo simulations based on historical volatilities and correlations. Because portfolios include opposing positions and there is an underlying correlation, the VaR of the total portfolio is smaller than the sum total of individual portfolio VaRs. As of 2024 the VaR will be calculated on a one-day holding period with 99% confidence level.

Sensitivity analysis
A 5% change in the market price of the natural gas would have impact on the fair value of cash flow hedging derivatives of EUR 5,7 million. A 5% change in the market price of the electricity would have impact on the fair value of cash flow hedging derivatives of EUR 17,8 million. A 5% change in the market price of the Co2 would have impact on the fair value of cash flow hedging derivatives of EUR 8,2 million.

28.7 REGULATORY RISK

Regulatory changes can impact the profitability of EP NL. The Dutch government wanted to make changes to the floorprice for CO2 and impose energy tax on amongst others CCGT's. International changes can also have an effect, like the scheduled coupling of imbalance markets. Uncertainty with regards to what will change and when, have increased the regulatory risk. Several departments (risk management, legal, QHSSE among others) monitor updates in legislation and assess and discuss the potential impact on the profitability of EP NL.

29. CAPITAL MANAGEMENT

EP NL's capital management policy focuses on centralizing its cash management, borrowing and repayment operations at the level of EP NL B.V. as effectively as possible. Centralized cash management is obtained by a notional cash pool structure at our banker.

Based upon the annual business plan, the company prepares an annual financing plan to give direction to the activities to be undertaken by the Treasury department. The financing plan also sets out how surplus cash is to be invested (in accordance with the appropriate policy), taking into account the buffers needed for our operating activities. Cash flows are monitored on an ongoing basis.

EP NL manages its capital to ensure that its entities will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Debt is defined as long- and short-term borrowings and other loans as disclosed in note 24.

Net debt is defined as debt after deducting cash and cash equivalents.

(in €'000)	2023	2022 (unaudited)
Debt	495.055	-
Cash and cash equivalents	(94.490)	(65)
Net Debt	**400.565**	**(65)**
Equity	199.160	22.822
Net Debt / Equity (ratio)	**2,01**	**-**

30. FINANCING ACTIVITIES

(in €'000)	Loan and borrowings	Leases	Total
Balance at 1 January 2023 (unaudited)	-	-	-
Cash movements:			
Proceeds from borrowings	1.234.232	-	1.234.232
Repayment of borrowings	(929.794)	-	(929.794)
Repayment of principal portion	-	(1.035)	(1.035)
Interest paid	-	(956)	(956)
Non-cash movements:			
Interest accrued	7.326	956	8.282
Additions through business combination	183.291	27.647	210.938
Additions to lease liability	-	426	426
Disposals	-	(26)	(26)
Revaluation of lease liability	-	1.907	1.907
Balance at 31 December 2023	**495.055**	**28.919**	**523.974**

31. RELATED PARTIES

The Company carries out transactions with its related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The summary of transactions with related parties during the period ended 31 December 2022 and 31 December 2023 was as follows:

2023

(in €'000)	Revenue	Costs	Receivables	Payables	Derivatives MtM - debet	Derivatives MtM - credit	Loans payable	Interest costs (P&L)
Parent company	-	2.756	-	4.688	-	-	161.336	8.371
Companies controlled by ultimate shareholder	181.167	-	50.037	40.047	86.799	75.873	326.393	10.948
Other related parties	-	-	-	-	-	-	-	-
Total	**181.167**	**2.756**	**50.037**	**44.735**	**86.799**	**75.873**	**487.728**	**19.319**

2022 (unaudited)

(in €'000)	Revenue	Costs	Receivables	Payables	Derivatives MtM - debet	Derivatives MtM - credit	Loans	Interest
Parent company	-	-	-	-	-	-	-	-
Companies controlled by ultimate shareholder	8.815	-	-	-	31.202	888	-	-
Other related parties	-	-	-	-	-	-	-	
Total	**8.815**	**-**	**-**	**-**	**31.202**	**888**	**-**	**-**

EP NL only has receivables towards EP Commodities (another subsidiary of the same parent company EP Power Europe). This concerns short term receivables relating to hedges. There is no provision for doubtful debt included in the trade receivables balance disclosed above and no expense relating to bad or doubtful debt recognized in statement of profit or loss.

The terms and conditions related to the loans payable are disclosed in note 24. The entities mentioned in this note (Energetický a průmyslový holding, a.s. and EP Power Europe, a.s.) are related parties.

For the amounts in the table in this note, besides the loans payable, no specific terms and conditions are agreed as these transactions are based on 'at arms length' principles. The amounts are based on the nominal amounts and will be settled accordingly.

Besides the amounts displayed in the tables above, related parties have issued out related parent company guarantees. These are disclosed in note 26.2.

Key Management Personnel

(in €'000)	2023	2022 (unaudited)
Short term employee benefits	1.306	-
Post-employment benefits	114	-
Other Long-term benefits	-	-
Termination benefits	-	-
Share based payment	-	-
Total	**1.420**	**-**

EP NL has identified 7 employees as Key Management Personnel in 2023 (2022: 0).

32. SUBSEQUENT EVENTS

In 2024, EP NL B.V. (EP NL) has started an internal restructuring project of its legal entities. As a result, some legal entities within EP NL will be liquidated, two entities will merge and the shares of some other legal entities will be transferred directly under EP NL. Also, for some legal entities a name change will be executed. The project is expected to finalize beginning of July 2024.

The following legal entities are liquidated as per June 10, 2024

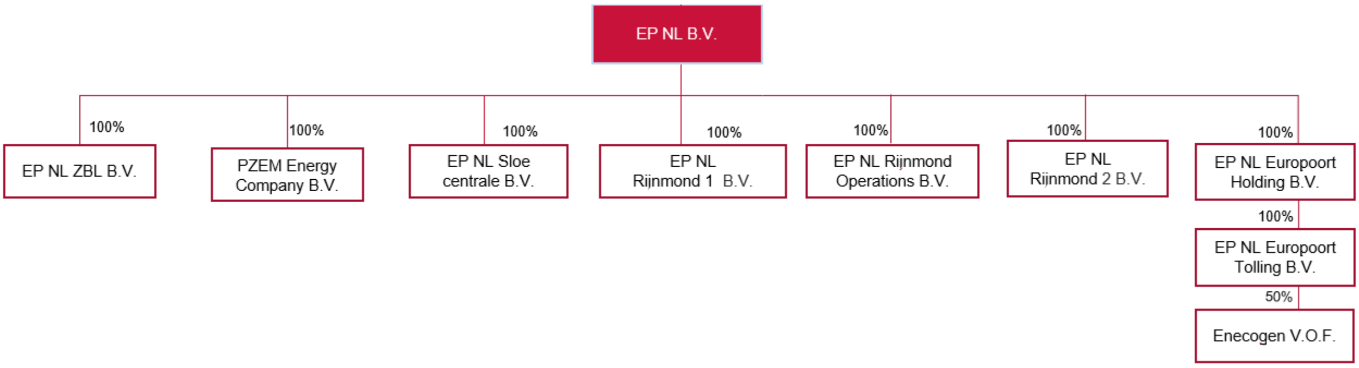
- Sloe Centrale Holding B.V.
- PZEM Tolling Sloe B.V.
- Camden B.V.
- Kilburn B.V.
- Hampstead B.V.

The following legal entities have had a name change as per June 14, 2024:

- EP Netherlands B.V. changed into EP NL B.V.
- Primrose Power Holdings B.V. changed into EP NL Europoort Holding B.V.
- Belsize Power Holdings B.V. changed into EP NL Europoort Tolling B.V.
- PZEM Pipe B.V. changed into EP NL ZBL B.V.
- Sloe Centrale B.V. changed into EP NL Sloe Centrale B.V.

The legal entities Nieuwe Maas B.V. and Spui B.V. have been merged as per 2 July 2024, where EP NL Rijnmond 2 C.V. has automatically ceased to exist. The merged entity is renamed to EP NL Rijnmond 2 B.V. as per the same date.

After the internal restructuring project the company structure looks as follows:



As at 30 June 2024 EP NL has made significant repayments on its loans of EUR 495,1 million as per 31 December 2023 because of which the outstanding balance as per 30 June 2024 amounts to EUR 200,6 million (the loan from EP Power Europe a.s. is fully repaid and the loan from EPH a.s. has a balance of EUR 200,6 million).

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33. GROUP ENTITIES

Consolidated Companies

		Main activity	Headquarters	Share interest 31-12-2023	Share interest 31-12-2022	Voting rights
EP Netherlands B.V.		Energy	Middelburg	100%	100%	100%
Sloe Centrale Holding B.V.	*1	Energy	Vlissingen	50%	50%	50%
PZEM Pipe B.V.		Energy	Middelburg	100%	100%	100%
Camden B.V.		Financial Holding	Amsterdam	100%	100%	100%
Killburn B.V.		Financial Holding	Amsterdam	100%	100%	100%
Hamstead B.V.		Financial Holding	Amsterdam	100%	100%	100%
Primrose Power Holdings B.V.		Financial Holding	Amsterdam	100%	100%	100%
Belsize Power Holdings B.V.		Financial Holding	Rotterdam	100%	100%	100%
Nieuwe Maas Energie B.V.		Financial Holding	Rotterdam	100%	100%	100%
EP NL Rijnmond 2 C.V.	*2	Energy	Rotterdam	99%	99%	99%
Spui Energie B.V.		Financial Holding	Rotterdam	100%	100%	100%
EP NL Rijnmond 2 C.V.	*2	Energy	Rotterdam	1%	1%	1%
EP NL Rijnmond Operations B.V.		Energy	Rotterdam	100%	100%	100%
EP NL Rijnmond 1 B.V.		Energy	Amsterdam	100%	100%	100%
PZEM Energy Company B.V.		Energy	Middelburg	100%	100%	100%
PZEM Tolling Sloe B.V.		Energy	Middelburg	100%	100%	100%
Sloe Centrale Holding B.V.	*1	Energy	Vlissingen	50%	50%	50%
Sloe Centrale B.V.			Vlissingen	100%	100%	100%
Joint Operations (partly consolidated)						
Camden		Financial Holding	Amsterdam			100%
Kilburn		Financial Holding	Amsterdam			100%
Hamstead B.V.		Financial Holding	Amsterdam			100%
Primrose Power Holdings B.V.		Financial Holding	Amsterdam			100%
Belsize Power Holdings B.V.		Financial Holding	Amsterdam			100%
Enecogen V.O.F.	*3	Energy	Rotterdam	50%	50%	50%

*1 Sloe Centrale Holding B.V. is owned by EP Netherlands B.V. (50%) and PZEM Energy Company B.V. (50%)
*2 EP NL Rijnmond 2 C.V. has a Managing Partner in Spui Energie B.V. (1%) and a Limited Partner in Nieuwe Maas Energie B.V. (99%)
*3 Enecogen V.O.F. has 2 partners of which only Belsize Power Holdings B.V. is part of EP NL Group

COMPANY FINANCIAL STATEMENTS

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COMPANY STATEMENT OF PROFIT OR LOSS

For the years ended 31 December 2023 and 2022

(in €'000)	**2023**	**2022 (unaudited)**
Share in result of associated companies	188.240	-
Other income and expense after taxation	43.709	6.644
Result after taxation	**231.949**	**6.644**

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COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023, 31 December 2022

(in €'000)	Notes	2023	2022(unaudited)
ASSETS			
Non-current assets			
Goodwill	2	59.410	-
Right-of-use assets	3	214	-
Financial fixed assets	4	707.138	-
Derivative financial instruments	6	2.006	-
Financial assets	7	194.896	-
Total non-current assets		**963.664**	**-**
Current assets			
Trade receivables and other assets	5	82.660	40
Derivative financial instruments	6	95.490	31.202
Financial assets	7	4.726	-
Cash and cash equivalents	8	46.597	65
Total current assets		**229.473**	**31.307**
Total ASSETS		**1.193.137**	**31.307**
EQUITY AND LIABILITIES			
Equity			
Share capital	9	20	20
Share premium	9	1.700	1.700
Other reserves	9	(39.660)	15.952
Retained earnings	9	5.150	(1.493)
Result for the year	9	231.949	6.644
Total equity		**199.160**	**22.822**
Long-term liabilities and provisions	10	**649.311**	**5.547**
Current liabilities and accruals	11	**344.666**	**2.938**
Total EQUITY AND LIABILITIES		**1.193.137**	**31.307**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

General accounting principles for the preparation of the financial statements

The company-only financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. EP NL B.V. used the option available under Title 9, Book 2, of the Dutch Civil Code to prepare the company financial statements in accordance with the International Financial Reporting Standards applied to the consolidated financial statements, with the exception of equity-accounted group companies and investments. The company income statement is presented in abridged form in accordance with Section 402, Title 9, Book 2, of the Dutch Civil Code. In accordance with subsection 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. The Company financial statements should be read in conjunction with the consolidated financial statements.

The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union.

All amounts in the Company financial statements are presented in Euro.

1. ACCOUNTING PRINCIPLES

1.1 Participations in group companies

Participations, over which significant influence can be exercised, are measured according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the measurement of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as the company can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent measurement, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the consolidated profit or loss account.

Participations over which no significant influence can be exercised are valued at historical cost. Any dividend declared represent the result from these participations in the reporting year, whereby dividend not distributed in cash is measured at fair value.

In the event of an impairment loss, measurement takes place at the recoverable amount; an impairment is recognised and charged to the profit or loss account.

1.2 Cash flow statement

No Cash flow statement is included in these financial statements as the Company's cash flows are included in the consolidated cash flow statement.

1.3 Receivables

Receivables are initially measured at the fair value of the consideration to be received. Receivables are subsequently measured at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

1.4 Securities

Securities are recognised initially at fair value.

The equity instruments included under securities (not listed), which are not held for trading, are carried at cost. If the fair value of an individual security should drop below its cost price, measurement takes place at this lower value, whereas the impairment is recognised in the consolidated profit or loss account. The equity instruments included under securities that are listed, and which are not held for trading, are carried at fair value. Any unrealised increases in the value of these kind of securities are added to the revaluation reserve.

Transaction costs related to securities subsequently measured at fair value through equity, are recognised in the initial measurement. The transaction costs are presented in the consolidated profit or loss account when the securities are sold to a third party.

Transaction costs related to securities that are subsequently measured at amortised cost are included in the initial measurement of the security.

Securities classified under the current assets have a maturity of less than twelve months.

1.5 Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is measured at nominal value.

1.6 Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, unless the time value of money is not material. In this present value calculation, inflation in the cash flows and the discount rate are taken into account. Where the effect of the time value of money is not material, provisions are measured at their nominal value.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

1.7 Deferred tax liabilities

Deferred tax liabilities are recognised for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income tax is provided on temporary differences arising on investments in group companies, associates and joint operations, except where the timing of the reversal of the temporary difference is controlled by the company and it is probably that the temporary difference will not reverse in the foreseeable future.

Deferred tax balances are measured at nominal value.

The group falls within the scope of the Minimum Tax Act 2024 (Pillar 2), which came into effect on 31 December 2023 in the Netherlands. Since the Pillar 2 legislation was not applicable at the reporting date, the group has no related current tax exposure. The group applies the required exception for recognising deferred tax assets and liabilities related to Pillar 2 income taxes.

1.8 Non-current liabilities

On initial recognition long term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long term debts are included in the initial recognition. After initial recognition long term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. In absence of account premiums or discounts and transactions costs the amortised cost equals the nominal value of the liability.

The difference between the carrying amount and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long term debts.

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1.9 Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are measured at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

1.10 Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

1.11 Net revenue

EP NL applies a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on the criteria for meeting the performance obligation, the revenue is recognized:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

Sales transactions usually contain variable consideration and usually do not contain significant financing component. Certain sales transactions contain also non-cash consideration.

Revenue is measured based on the consideration to which EP NL expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. EP NL recognises revenue when it transfers control of a product or service to a customer.

1.12 Expenses of employee benefits

Wages, salaries and social securities are recognised in the consolidated profit or loss account on the basis of the employment terms and tax regulations.

1.13 Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets, including goodwill, and tangible fixed assets are depreciated or amortised from the date of initial use over the expected future economic life of the asset. Land and investment property are not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of intangible and tangible fixed assets are included in depreciation.

1.14 Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

1.15 Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit or loss account in the period in which they occur, unless hedge accounting is applied.

Declared dividends from participations and securities measured at historical cost are recognised as soon as the company has acquired the right to them.

Changes in the value of financial instruments recognised at fair value are recorded in the consolidated profit or loss account.

1.16 Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated profit or loss account, taking account of the losses available for set off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

The company and its group companies form a fiscal unity. In the financial statements of group companies a tax charge is calculated on the basis of the accounting result. The corporate income tax that is due by these group companies is charged into the current accounts with the company.

2. GOODWILL

A summary of the movements in the goodwill position is given below:

(in €'000)	Goodwill
Balance at 1 January 2023 (unaudited)	-
Additions through business combinations	59.410
Balance at 31 December 2023	**59.410**
Amortisation and impairment losses	
Balance at 1 January 2023 (unaudited)	-
Balance at 31 December 2023	-
Carrying amount	
At 1 January 2023 (unaudited)	-
At 31 December 2023	**59.410**

The goodwill consists of the acquisitions disclosed under note 15 in the consolidated financial statements. Note 18.1 of the notes to the consolidated financial statements discloses goodwill and impairment testing.

3. LEASES

3.1 RIGHT-OF-USE ASSETS

(in €'000)	Land and equipment	Vehicles and other	Total
Balance at 1 January 2023 (unaudited)	-	-	-
Depreciation charge for the year	-	(12)	(12)
Additions to right-of-use assets	-	226	226
Disposals	-	-	-
Modifications to right-of-use assets	-	-	-
Balance at 31 December 2023	**-**	**214**	**214**

3.2 LEASE LIABILITIES

The classification of the lease liabilities is as follows:

(in €'000)	2023	2022 (unaudited)
Current	50	-
Non-current	165	-
Total lease liabilities	**215**	**-**

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4. FINANCIAL FIXED ASSETS

A summary of the movements in the financial fixed assets is given below:

(in €'000)	Participation in group companies
Carrying value as at 1 January 2022 (unaudited)	-
Movements:	
Profit/ (loss) of participation	-
Acquisitions of participation	-
Loss of participation with negative net asset value	-
Carrying value as at 31 December 2022 (unaudited)	-
Carrying value as at 1 January 2023 (unaudited)	-
Movements:	
Acquisitions of participation (excluding goodwill)	567.092
Share in result of associated companies	188.240
Dividend	(2.988)
Effective portion of changes in fair value of cash-flow hedges	(45.205)
Carrying value as at 31 December 2023	**707.138**

5. TRADE RECEIVABLES AND OTHER ASSETS

(in €'000)	2023	2022 (unaudited)
Trade receivables	34.980	-
Other receivables	21.301	-
Prepayments and accrued income	26.235	5
Other assets	143	35
Total	**82.660**	**40**

The prepayments and accrued income comprise costs paid in advance related to the financial year 2024 and income yet to be invoiced.

An amount of EUR 57,8 million (2022: EUR 0) of the receivables relates to receivables from associated companies in which the group can exercise significant influence.

6. FINANCIAL INSTRUMENTS

Financial instruments and other financial assets

(in €'000)	2023	2022 (unaudited)
Assets carried at fair value		
Hedging: of which		
- Commodity derivatives cash flow hedge	76.194	21.499
- Commodity derivatives for trading	21.303	9.703
Total	**97.496**	**31.202**
Non-current	2.006	-
Current	95.490	31.202
Total	**97.496**	**31.202**

Financial instruments and other financial liabilities

(in €'000)	2023	2022 (unaudited)
Liabilities carried at amortized cost		
- Loans and borrowings	640.693	-
Total	**640.693**	**-**
Liabilities carried at fair value		
Hedging: of which		
- Commodity derivatives cash flow hedge	68.720	-
- Commodity derivatives for trading	17.850	888
Total	**86.570**	**888**
Non-current	629.718	-
Current	97.544	888
Total	**727.262**	**888**

7. FINANCIAL ASSETS

A summary of the movements in the financial fixed assets is given below:

(in €'000)	Loans receivable
Carrying value as at 1 January 2022 (unaudited)	-
Movements:	
Loans granted during the year	-
Payments received during the year	-
Interest on loan receivable for the year	-
Carrying value as at 31 December 2022 (unaudited)	**-**
Carrying value as at 1 January 2023 (unaudited)	-
Movements:	
Loans granted during the year	336.326
Payments received during the year	(141.430)
Interest on loan receivable for the year	4.726
Carrying value as at 31 December 2023	**199.622**
Non-current	194.896
Current	4.726
Total	**199.622**

(in €'000)	Nominal interest rate	Year of maturity (up to)	Balance at 31-12-2023	Due within 1 year	Due in 1–5 years	Due in following years
Camden B.V.	5,900%	2025	46.599	1.328	45.271	-
Sloe Centrale B.V.	4,263%	2027	153.023	3.398	149.625	-
Total interest-bearing			**199.622**	**4.726**	**194.896**	**-**

To an amount of EUR 199,6 million (2022: EUR 0) the loans receivable regard amounts due from associated companies in which the company can exercise significant influence. Since these associated companies are all cash generating entities, it is expected they will be able to repay their outstanding loans. Therefore, expected credit loss is not applicable.

8. CASH AND CASH EQUIVALENTS

(in €'000)	2023	2022 (unaudited)
Bank balances	46.597	65

9. EQUITY

Authorized shares

A share at € 1	2023	2022 (unaudited)
Number of shares	20.000	20.000

	Number of shares	Amount (in €'000)
As at 1 January 2022 (unaudited)	20.000	20
Shares issued and fully paid during the year	-	-
AS AT 31 DECEMBER 2022 (UNAUDITED)	20.000	20
As at 1 January 2023 (unaudited)	20.000	20
Shares issued and fully paid during the year	-	-
AS AT 31 DECEMBER 2023	**20.000**	**20**

As of 31 December 2023, the authorized share capital of EP NL B.V. comprised 20.000 ordinary shares with a par value of EUR 1 per share in total amount of EUR 20.000 (31 December 2022: EUR 20.000).

Reconciliation of equity

(in €'000)	Share capital	Share premium	Hedging reserve	Retained earnings	Total Equity
Balance at 1 January 2022 (unaudited)	20	1.500	-	(1.493)	27
Profit for the year	-	-	-	6.644	6.644
Capital contribution	-	200	-	-	200
Effective portion of cash flow hedge	-	-	15.952	-	15.952
Balance at 31 December 2022 (unaudited)	**20**	**1.700**	**15.952**	**5.150**	**22.822**
Balance at 1 January 2023 (unaudited)	20	1.700	15.952	5.150	22.822
Profit for the year	-	-	-	231.949	231.949
Other comprehensive income for the year	-	-	(55.612)	-	(55.612)
Balance at 31 December 2023	**20**	**1.700**	**(39.660)**	**237.100**	**199.160**

Profit appropriation

The appropriation of the results for the year shall be determined by the shareholders at the general meeting. Distributions may only be made if the Company's net equity exceeds the paid up capital and legal reserve. The profit for the year was carried forward to the next financial year.

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10. LONG-TERM LIABILITIES AND PROVISIONS

(in €'000)	Note	2023	2022 (unaudited)
Financial instruments	6	627.728	-
Deferred tax liabilities		1.928	5.547
Provisions		17.500	-
Lease liabilities	2	165	-
Derivative financial liabilities		1.990	-
Total		**649.311**	**5.547**

Loans and borrowings: Terms and debt repayment schedule

(in €'000)	Nominal interest rate	Year of maturity (up to)	Maximum amount	Balance at 31-12-2023	Due within 1 year	Due in 1–5 years	Due in following years
Energetický a průmyslový holding, a.s.	6,538%	2026	326.393	331.787	5.394	326.393	-
EP Power Europe, a.s.	6,523%	2028	700.000	163.268	1.932	161.336	-
PZEM Energy Company B.V.	5,900%	2028	300.000	145.638	5.638	140.000	
Total interest-bearing				**640.693**	**12.964**	**627.728**	**-**

The entities mentioned in the schedule above are related parties.

The financing of EP NL is solely based on intercompany revolving credit facilities. The loans from mother companies EPH a.s. and EP Power Europe a.s. are revolving, meaning the mother companies are able to request prepayments. Such prepayments do not prevent EP NL from requesting further utilizations. As at 31 December 2023 these loans amount to EUR 495,1 million. EPH a.s. and EP Power Europe a.s. continue to provide the necessary support to ensure EP NL's financial stability and have no intention to request prepayments of the loans for at least a period of the next 13 months, that would put EP NL in any difficulties.

EP NL is considered a highly strategic asset in the EPH group and EP NL's continued operation is vital to the overall business strategy of EPH.

Of the total amount concerning long-term liabilities an amount of EUR 0 (2022: EUR 0) has a remaining term of more than five years.

Loans repayable within 12 months of the end of the financial year (being accrued interest cost) in the amount of EUR 13,0 million (2022: EUR 0) are not included in the long-term liabilities, but are included in the current liabilities.

To an amount of EUR 140 million (2022: EUR 0) the long-term liabilities regard amounts due to associated companies in which the company can exercise significant influence.

Reconciliation of movement in provisions

(in €'000)	Earn out
Balance at 1 January 2023 (unaudited)	-
- Provisions made during the period	17.500
Balance at 31 December 2023	**17.500**
Non-current	17.500
Current	-
Total	**17.500**

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11. CURRENT LIABILITIES AND ACCRUALS

(in €'000)	2023	2022 (unaudited)
Trade payables	89.173	204
Loans and borrowings	12.964	-
Lease liabilities	50	-
Derivative financial liabilities	84.580	888
Emission rights (derivatives)	89.154	-
Employee liabilities	32	-
Wage taxes	41	-
Current income tax liability	20.162	1.733
Other liabilities	48.510	-
Accrued expenses	-	113
Total	**344.666**	**2.938**

To an amount of EUR 107,3 million (2022: EUR 0) the current liabilities regard amounts due to associated companies in which the group can exercise significant influence. This amount comprises of Trade payables (EUR 60,6 million), Loans and borrowings (EUR 5,6 million) and Other liabilities (EUR 41,1 million).

The accruals and deferred income relate to the short-term portion of deferred turnover from maintenance contracts.

12. EMPLOYEES

The average number of employees (in FTE's) employed by the Company was 3,5 in 2023 (2022: 0,0). All employees were situated in The Netherlands.

Executive remuneration

Two of EP NL's executives were remunerated by EP NL during the year. Total amount of executive remuneration borne by EP NL is EUR 588 thousand , consisting of salary (EUR 512 thousand), housing (EUR 46 thousand) and lease (EUR 30 thousand). The chairman of the EP NL board is a non-executive board member. He is member of the board of directors at mother company EP Power Europe and is responsible for businesses in Italy, the Netherlands and France. There are no remuneration costs allocated to EP NL.

13. OFF-BALANCE SHEET LIABILITIES

13.1 403 DECLARATION

EP NL filed a statement with the Chamber of Commerce as required under Section 2:403 of the Dutch Civil Code, assuming joint and several liability for debts arising from legally binding transactions entered into by the following subsidiaries as at the balance-sheet date:

- Sloe Centrale Holding B.V.
- EP NL Sloe Centrale B.V.
- EP NL Europoort Holding B.V.
- EP NL Europoort Tolling B.V.
- EP NL Rijnmond 1 B.V.
- EP NL Rijnmond 2 C.V.
- EP NL Rijnmond Operations B.V.
- EP NL ZBL B.V.
- PZEM Energy Company B.V.
- PZEM Tolling Sloe B.V.
- Camden B.V.
- Kilburn B.V.
- Hampstead B.V.
- Spui Energie B.V.
- Nieuwe Maas Energie B.V.

On that basis, and on the grounds of annual authorisation statements from the shareholders filed with the Chamber of Commerce, these companies are exempt from the prescribed financial statements publication requirements.

13.2 FISCAL UNITY

EP NL is head of a fiscal unity for VAT purposes as well as for corporate income tax purposes. EP NL and its subsidiaries that are members of these fiscal unities are jointly and severally liable for the unity's tax debt.

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13.3 PURCHASE AGREEMENTS

EP NL has a Tolling Contract with EP NL Sloe Centrale B.V. The Tolling contract commits EPNL, for one of the two units of EP NL Sloe Centrale B.V., to provide gas and to offtake the power produced. The amount EP NL must pay to EP NL Sloe Centrale B.V. depends on technical availability of the plant and the number of running and starts of the plant.

EP NL has a Tolling Contract with Rijnmond 1 B.V. and Rijnmond 2 C.V. The Tolling contract commits EPNL to provide gas to the power plants and to offtake the power produced by the power plants. The amount EP NL pays to Rijnmond 1 B.V. and Rijnmond 2 C.V. is based on a cost plus method, where it compensates the costs both plants make.

EP NL has a Capacity Transfer Agreement with Belsize Power Holdings B.V. The Capacity Transfer Agreement commits EPNL to take and/or assume the Capacity of one unit of the Enecogen plant, including certain rights and responsibilities. The amount EP NL pays to Belsize Power Holdings B.V. is based on a cost plus method, where it compensates the costs Belsize Power Holdings make.

EP NL has a trading agreement with PZEM Energy Company B.V. The trading agreement allows PZEM Energy Company B.V. to trade the power generated from the contracts above. The amount EP NL pays to PZEM Energy Company B.V. is based on actual market prices, together with a performance fee and certain handling fees.

EP NL has a multiple individual hedging contracts with PZEM Energy Company B.V. These hedging contracts allow PZEM Energy Company B.V. to hedge the positions of EP NL on the market. The amount EP NL pays to PZEM Energy Company B.V. is based on actual market prices.

EP NL has a hedging agreement with EP Commodities AG which allows EP Commodities AG to hedge the positions of EP NL on the market. The amount EP NL pays to/receives from EP Commodities AG is based on actual market prices. The table below shows the total maximum capacity of the capacity for the Combined cycle gas turbines (CCGT's) which are mentioned above.

Capacity related to contractual purchase volume

(in MW)	2024	2025	2026	2027	2028
CCGT's	2.150	2.185	2.185	2.185	2.185
Capacity	**2.150**	**2.185**	**2.185**	**2.185**	**2.185**

14. SUBSEQUENT EVENTS

As at 30 June 2024 EP NL has made significant repayments on its loans of EUR 495,1 million as per 31 December 2023 because of which the outstanding balance as per 30 June 2024 amounts to EUR 200,6 million (the loan from EP Power Europe a.s. is fully repaid and the loan from EPH a.s. has a balance of EUR 200,6 million).

Was signed for approval, 4 July 2024

Niels Unger CEO	Filip Biznár CFO	Peter Černák Chairman

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OTHER INFORMATION

Profit appropriation according to the Articles of Association
Article 23 of the Articles of Association provides for the appropriation of profit or loss as follows:

23.1 The general meeting is authorized to allocate the profit determined by adopting the annual accounts and to resolve on any distributions, to the extent that the company's equity exceeds the reserves that the company must maintain pursuant to the law of these articles of association.

23.2 A resolution intending a distribution shall not be effected until the board of managing directors approves such resolution. The board of managing directors shall withhold such approval only if it knows, or could reasonably be expected to foresee, that the distribution would make the company unable to continue paying any of its due and payable debts.

23.3 If, after making such a distribution, the company is unable to continue paying its due and payable debts, the managing directors shall, subject to the provisions of prevailing law, be jointly and severally liable to the company for the shortfall created by the distribution. A party receiving such distribution who knows or could reasonably be expected to foresee that the distribution would make the company unable to continue paying any of its due and payable debts shall be liable to the company for payment of the shortfall created by the distribution, with said liability not to exceed the amount of the distribution received by that party and with due observance of the provisions of prevailing law.

23.4 In calculating the profit distribution, the shares held by the company in its own capital will not be taken into account.

23.5 In calculating the amount to be distributed on each share, only the amount of the obligatory payments on the nominal amount of the shares will be taken into account.

23.6 A claim of a shareholder to receive a distribution expires after five (5) years.

Independent auditor’s report
We refer to the independent auditor’s report included hereafter.

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dated 04 July 2024

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INDEPENDENT AUDITOR'S REPORT

To the shareholder of EP NL B.V.

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

Our opinion

We have audited the financial statements 2023 of EP NL B.V., based in Middelburg. 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 EP NL 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 EP NL 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 statement of financial position as at 31 December 2023.

2. The following statements for 2023: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at 31 December 2023.

2. The company statement of profit or loss 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 are independent of EP NL B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the whistleblowers protection act. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

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

Fraud risk	**Procedures**
Management override of controls	The risk is a presumed risk of material misstatement due to fraud. We have performed among others the following procedures: • Test design and implementation of the controls with regards to (manual) journal entries. • Identify journal entries with characteristics of fraud through data analytics. • Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. • Perform a retrospective review of significant accounting estimates from the prior period(s) to determine whether the judgments and assumptions used by management indicate a possible bias. • Identify and obtain an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.

Trading deals on the energy market are intentionally incorrectly/incompletely recorded/processed in the deal registration system	We have performed among others the following procedures: • Test design and implementation of the controls with regards to deal processing in the deal registration system. • Test the interface between the deal system and the trading portal to assess the accuracy of the confirmed deals and the process regarding deal capture and deal confirmations. • Test of details on cancelled deals during the financial year and deals which have not been confirmed by the counterparty at the end of the financial year to conclude on the completeness of the confirmed deals. • Test the occurrence of deals by tracing them to confirmations and subsequent settlement.

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 executives.

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 judgments and decisions made by management 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. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Valuation of intangible and fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment.

For significant transactions 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 relevant executives and reading minutes.

As a result of our risk assessment procedures, and while realizing 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 recognized to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations, such as energy laws and regulations, including EMIR/REMIT, 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. In addition, we considered major laws and regulations applicable to listed companies.

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 the entity'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 management, the executive 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 management, are outlined under the prevailing standards in the “Description of responsibilities regarding the financial statements” section below. Management has assessed the going concern assumption, as part of the preparation of the financial statements. Management believes that no events or conditions give rise to doubt about the ability of the entity to continue in operation of at least twelve months after the date of the financial statements. We have obtained management’s assessment of the entity’s ability to continue as a going concern, and have assessed the going concern assumption applied. Our procedures to evaluate management’s going concern assessment included amongst others:

- Considering whether management identified events or conditions that may cast significant doubt about the entity’s ability to continue as a going concern (hereafter: going concern risks).
- Considering whether management’s going concern assessment includes all relevant information of which we are aware as a result of our audit and inquired with management regarding management’s most important assumptions underlying their going concern assessment.
- Evaluating management’s liquidity forecast, current developments in the industry and all relevant information of which we are aware as a result of our audit.
- Analyzing the financial position per balance sheet date to assess whether events or circumstances exists that may lead to going concern risks.
- Performing inquiries with management as to their knowledge of going concern risk beyond the period of management’s assessment.

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Based on these procedures we did not identify any findings related to the entity's ability to continue as a going concern.

Unaudited corresponding figures

We have not audited the financial statements 2022. Consequently, we have not audited the corresponding figures included in the profit and loss account and in the statements of comprehensive income, changes in equity and cash flows and the related notes.

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:

- Management board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

  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 management board 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 for the financial statements

The management board 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 management board is responsible for such internal control as the board 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 management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 skepticism 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 management board.

- Concluding on the appropriateness of the management board's 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 management 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.

Middelburg, 04 July 2024

Deloitte Accountants B.V.

Signed on the original: M.D.M. Egter van Wissekerke