# ENETIQA Energy s.r.o.
# Annual report 2023

# ENETIQA

## WE ARE ENERGY

ENETIQA is an energy group operating in 15 cities in the Czech Republic in the following fields:

- **heat production and distribution**
- **high-performance electricity generation**
- **waste to energy production**
- **energy saving (EPC method)**
- **water management**

# Company profile

**ENETIQA Energy s.r.o.** was established by its Articles of Association as a limited liability company on 14 April 2022, incorporated on 15 June 2022 by the Municipal Court in Prague, Section C, insert 368824, with registered office at Kačírkova 982/4, Jinonice,

158 00 Prague 5. The Company's primary business activities are production, trade and services not specified in annexes 1 to 3 of the Trade Licensing Act. ENETIQA Energy s.r.o. is part of the ENETIQA concern managed by Cube III Energy S.a r.l., reg. no.: B258410, with registered office at Ave de la Liberté 41 1931, Luxembourg, Grand Duchy of Luxembourg. It covers the activity of the ENETIQA group in the Czech Republic.

## Company People

The company ENETIQA Energy s.r.o. has as of the date of issue of its annual reports two executives, JörgLüdorf and Jan Vencour. It has no employees.

ENETIQA Energy s.r.o.
Sídlo společnosti:
Kačírkova 982/4, 158 00 Praha 5 – Jinonice
IČO: 17245184
DIČ: CZ17245184
Právní forma: Společnost s ručením omezeným
Společnost je zapsána v OR u Městského soudu v Praze oddíl C, vložka 368824
+420 272 113 113
info@enetiqa-energy.cz
www.enetiqa-energy.cz

# Report of the executives

on business activities for fiscal period 2023

The company ENETIQA Energy s.r.o. operates in the field of energy, especially in the heating industry. The main object of the company is the management of equity participations in subsidiaries. The executives of the company are Jörg Lüdorf and Jan Vencour.

## Activities of ENETIQA group companies

The companies associated in the ENETIQA group do business primarily in the field of heat production and distribution. The group also produces electricity in eleven cities of the Czech Republic, and some companies take care of water management or provide electronic communications services and others. Group member ENETIQA a.s. has the longest experience in implementing energy-saving projects in the Czech Republic. In addition to services using the EPC (Energy Performance Contracting) method, it also offers related energy services to customers throughout the country.

## Energy production

For the production of heat, the ENETIQA group uses a fuel mix in which natural gas is represented to the greatest extent. All electricity is produced by the group only through cogeneration, i.e. combined production of electricity and heat. In twenty locations in eleven cities, cogeneration engines or turbines with a total output of almost 57.8 MWe are used for the joint production of electricity and heat.

The ENETIQA Group is also the only one in the Czech Republic that uses geothermal water to produce heat for thousands of households in Děčín. The geothermal source, which brought significant environmental improvement to the entire region, won the Project of the Decade competition (announced by the Heating Association of the Czech Republic) in heat and cold supply systems.

In 2011, the ENETIQA Group entered the field of energy utilization of waste. In the Liberec region, ENETIQA uses more than half of all produced waste, which would otherwise end up in landfills, to produce heat and electricity.

## ENETIQA group customers

Our customers in fifteen cities of the Czech Republic are households, large and small industrial enterprises, cities and municipalities.

## Environment

The ENETIQA Group pursues goals corresponding to the so-called climate commitments of individual cities and municipalities. And in many cases, he is also their initiator, as evidenced by the list of implemented or prepared projects in the monitored period. All the companies of the group try to implement their business activities with minimal impact on the environment. In the production of thermal energy, for example, it involves the use of suitable fuel (natural gas, geothermal source, biomass) and the combined production of heat and electricity (cogeneration), which ensures maximum efficiency of the fuel used. Also in the past period, the group implemented a number of measures to increase efficiency, reduce heat losses and renew resources and distribution networks. For the ENETIQA group, high-quality and safe energy supply and an active approach to customers remain a priority. The delivery always includes reliable customer service and advice, continuous emergency dispatch service and management of heat production and distribution equipment.

The group continued to develop a loyalty program with rewards for long-term contracts.

With the cities in which the ENETIQA group operates, it again collaborated on a number of social, sports and cultural projects.

The ENETIQA Group also devoted itself to services for employees, their professional development and the support of team activities. The group provided its nearly 500 employees with fulfilling and stable employment in a perspective field in the regions and at the Prague headquarters.

The group will continue to develop projects in the field of sustainable development using a number of innovations and new technologies. This is part of the strategy of further growth and expansion of the ENETIQA group on the Czech energy market.

The ENETIQA Group does not carry out any research and development activities and does not have a foreign branch. ENETIQA GmbH subsidiary only.

The company did not buy its own shares in the given period.

## Significant events

The most significant event of the past financial year was the change of the executives of ENETIQA Energy s.r.o., who are Mr. Jörg Lüdorf and Ing. Jan Vencour. They replaced the previous CEO Mr. Simone Pini.

Prague, 17. 5. 2024

Jörg Lüdorf
Executive

Jan Vencour
Executive

# Independent Auditor’s Report

## Independent Auditor’s Report

To the shareholder of ENETIQA Energy s.r.o.

### Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of ENETIQA Energy s.r.o., with its registered office at Kačírkova 982/4, Jinonice, Praha 5 (the “Company”) and its subsidiaries (together the “Group”) as at 30 September 2023, and of the Group’s consolidated financial performance and consolidated cash flows for the period of 9 months ended 30 September 2023 in accordance with IFRS Accounting Standards as adopted by the European Union, and
- the separate financial statements give a true and fair view of the financial position of the Company as at 30 September 2023, and of the Company’s financial performance and cash flows for the period of 9 months ended 30 September 2023 in accordance with Czech accounting legislation.

**What we have audited**

The Group´s consolidated financial statements comprise:

- the consolidated statement of total comprehensive income for the period of 9 months ended 30 September 2023,
- the consolidated statement of financial position as at 30 September 2023,
- the consolidated statement of cash flows for the period of 9 months ended 30 September 2023,
- the consolidated statement of changes in equity for the period of 9 months ended 30 September 2023, and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

The separate financial statements of the Company comprise:

- the balance sheet as at 30 September 2023,
- the income statement for the period of 9 months ended 30 September 2023,
- the statement of changes in equity for the period of 9 months ended 30 September 2023,
- the statement of cash flows for the period of 9 months ended 30 September 2023, and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
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## Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

**Independence**

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

## Other information

The statutory body is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the consolidated and separate financial statements (together the "financial statements") and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

## Responsibilities of the statutory body of the Company for the financial statements

The statutory body is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the separate financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body'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 Group's and 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

17 May 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Tomáš Bašta
Statutory Auditor, Licence No. 1966

# Consolidated financial statements

## Consolidated statement of total comprehensive income

For the period ended 30 September 2023

| in ths. CZK | Note | 1 Jan 2023 to 30 Sep 2023 | 15 Jun 2022 to 31 Dec 2022 |
|---|---|---|---|
| **PROFIT OR LOSS** | | | |
| Revenue from contracts with customers | 7 | 2 341 912 | 293 867 |
| Other operating income | 8 | 25 574 | 38 383 |
| Change in inventories | 21 | 10 123 | 1 077 |
| Work performed by the entity and capitalised | | 363 | 411 |
| Cost of materials and services | 9 | -1 721 850 | -223 680 |
| Personnel expenses | 10 | -337 611 | -21 861 |
| Other operating expenses | 11 | -185 575 | -56 439 |
| Depreciation and amortization expenses | 16,19 | -727 351 | -61 741 |
| Impairment losses on trade receivables | 22 | -1 356 | -126 |
| Other gains and losses | 12 | -6 603 | -97 611 |
| Interest income | 13 | 7 269 | 408 |
| Interest expense | 13 | -255 792 | -23 646 |
| Other financial result | 14 | -26 184 | 39 576 |
| **Loss before tax** | | **-877 081** | -111 382 |
| Income taxes | 15 | 90 897 | 20 896 |
| **Net loss for the period** | | **-786 184** | -90 486 |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent | | -729 166 | -78 236 |
| Non-controlling interest | 32 | -57 018 | -12 250 |

| in ths. CZK | Note | 1 Jan 2023 to 30 Sep 2023 | 15 Jun 2022 to 31 Dec 2022 |
|---|---|---|---|
| **Other comprehensive income** | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent period, net of tax | | | |
| Fair value gain/(loss) arising on hedging instruments during the period | | 14 246 | 0 |
| Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss | | 0 | 0 |
| Income tax relating to items that may be reclassified subsequently to profit or loss | | -2 540 | 0 |
| **Other comprehensive income for the year, net of tax** | | **11 706** | **0** |
| | | | |
| **TOTAL COMPREHENSIVE LOSS** | | **-774 478** | **-90 486** |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent | | -717 460 | -78 236 |
| Non-controlling interest | 32 | -57 018 | -12 250 |

# Consolidated statement of financial position

As at 30 September 2023

| in ths. CZK | Note | 30 Sep 2023 | 31 Dec 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 16 | 13 241 | 10 216 |
| Goodwill | 17 | 45 221 | 48 007 |
| Emission rights | 18 | 273 818 | 347 569 |
| Property, plant and equipment | 19 | 4 717 644 | 5 072 129 |
| Derivatives and other financial assets | 25 | 12 305 | 7 056 |
| Trade and other receivables | 22 | 31 309 | 24 498 |
| Deferred tax assets | 26 | 2 318 | 2 808 |
| **Total non-current assets** | | **5 095 856** | **5 512 283** |
| Inventories | 21 | 80 817 | 110 392 |
| Trade and other receivables | 22 | 410 005 | 373 717 |
| Derivatives | 25 | 20 417 | 3 452 |
| Other assets | 23 | 74 457 | 139 229 |
| Current income tax asset | | 25 101 | 20 990 |
| Cash and cash equivalents | 33.1 | 657 839 | 878 053 |
| **Total current assets** | | **1 268 636** | **1 525 833** |
| **Total assets** | | **6 364 492** | **7 038 116** |

| | | | |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 30 | 663 970 | 120 |
| Retained earnings | | -807 402 | -78 236 |
| Other components of equity | 31 | 11 343 | 230 583 |
| Hedging reserve | | 11 706 | 0 |
| **Total Equity attributable to the owners of the parent** | | **-120 383** | **152 467** |
| Non-controlling interests | 32 | 237 466 | 297 137 |
| **Total equity** | | **117 083** | **449 604** |

| in ths. CZK | Note | 30 Sep 2023 | 31 Dec 2022 |
|---|---|---|---|
| **LIABILITIES** | | | |
| Long-term debts | 24 | 4 510 090 | 4 944 807 |
| Provisions | 29 | 30 575 | 28 684 |
| Other liabilities | 28 | 37 768 | 37 166 |
| Deferred tax liability | 26 | 558 139 | 667 598 |
| **Total non-current liabilities** | | **5 136 572** | **5 678 255** |
| Current portion of long-term debts | 24 | 292 613 | 156 069 |
| Provisions | 29 | 56 138 | 91 671 |
| Trade and other payables | 27 | 297 720 | 333 927 |
| Current income tax liability | | 38 015 | 36 263 |
| Other liabilities | 28 | 426 351 | 292 327 |
| **Total current liabilities** | | **1 110 837** | **910 257** |
| **Total liabilities** | | **6 247 409** | **6 588 512** |
| **Total equity and liabilities** | | **6 364 492** | **7 038 116** |

# Consolidated statement of cash flows

For the period ended 30 September 2023

| in ths. CZK | Note | 1 Jan 2023 to 30 Sep 2023 | 15 Jun 2022 to 31 Dec 2022 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Loss before tax** | | **-877 081** | **-111 382** |
| Adjustments for: | | | |
| Non-cash movements | | | |
| Depreciation and amortization | 16,19 | 727 351 | 61 741 |
| Impairment losses on trade receivables | 22 | 0 | 126 |
| Net interest | 13 | 248 523 | 23 238 |
| Net exchange differences | 14 | 31 548 | -38 895 |
| Revaluation of derivatives | | 0 | 89 256 |
| (Gain)/Loss from the sale of non-current assets | | -1 251 | 0 |
| Provision for emission rights | 29 | 30 123 | 0 |
| Other non-cash movements | | 3 180 | 8 816 |
| Change in operating assets and liabilities | | | |
| (Increase)/Decrease in trade receivables and other assets | | 20 590 | 4 590 |
| Increase/(Decrease) in trade payables and other liabilities | | 87 725 | -7 329 |
| (Increase)/Decrease in inventories | | 29 575 | 18 624 |
| Cash movements | | | |
| Interests received | | 7 269 | 408 |
| Income tax paid | 15 | -22 971 | -6 436 |
| **Cash flow from operating activities** | | **284 581** | **42 757** |

| | | | |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Acquisition of subsidiaries, net of cash acquired | 6 | -96 460 | -4 242 664 |
| (Increase)/decrease of escrow account | 23 | 96 460 | -96 460 |
| Acquisition of non-current assets | | -380 898 | -20 346 |
| Proceeds from sale of non-current assets | | 12 729 | 0 |
| **Cash flow from investing activities** | | **-368 169** | **-4 359 470** |

| in ths. CZK | Note | 1 Jan 2023 to 30 Sep 2023 | 15 Jun 2022 to 31 Dec 2022 |
|---|---|---|---|
| **FINANCING ACTIVITIES** | | | |
| Proceeds from taking up of loans | 24 | 100 000 | 4 977 526 |
| Payments for redemption of loans | 24 | -131 990 | -11 583 |
| Payments of lease liabilities | 24 | -1 190 | -982 |
| Interests paid | 24 | -100 793 | -898 |
| Capital increase | 31 | 0 | 230 583 |
| Dividends paid to non-controlling interest | | -2 653 | 0 |
| **Cash flow from financing activities** | | **-136 626** | **5 194 646** |

| | | |
|---|---|---|
| Net increase/(decrease) in cash and cash equivalents | -220 214 | 877 933 |
| **Cash and cash equivalents at the beginning of the period** | **878 053** | **120** |
| **Cash and cash equivalents at the end of the period** | **657 839** | **878 053** |

# Consolidated statement of changes in equity

For the period ended 30 September 2023

| in ths. CZK | Note | Share capital | Retained earnings | Hedging reserve | Other components of equity | Total equity attributable to the owners of the parent | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 15 Jun 2022** | | **120** | **0** | **0** | **0** | **120** | **0** | **120** |
| Net loss for the period | | 0 | -78 236 | 0 | 0 | -78 236 | -12 250 | -90 486 |
| Total comprehensive income | | 0 | -78 236 | 0 | 0 | -78 236 | -12 250 | -90 486 |
| Effect of acquisition | 6 | 0 | 0 | 0 | 0 | 0 | 309 387 | 309 387 |
| Capital contribution | 31 | 0 | 0 | 0 | 230 583 | 230 583 | 0 | 230 583 |
| **Balance as at 31 Dec 2022** | | **120** | **-78 236** | **0** | **230 583** | **152 467** | **297 137** | **449 604** |
| Net loss for the period | | 0 | -729 166 | 0 | 0 | -729 166 | -57 018 | -786 184 |
| Other comprehensive income for the period, net of tax | | 0 | 0 | 11 706 | 0 | 11 706 | 0 | 11 706 |
| Total comprehensive income | | 0 | -729 166 | 0 | 0 | -717 460 | -57 018 | -774 478 |
| Capital contribution | 31 | 663 850 | 0 | 0 | -219 240 | 444 610 | 0 | 444 610 |
| Distribution of dividends to non-controlling interest | 32, 31 | 0 | 0 | 0 | 0 | 0 | -2 653 | -2 653 |
| **Balance as at 30 Sep 2023** | | **663 970** | **-807 402** | **11 706** | **11 343** | **-120 383** | **237 466** | **117 083** |

# Notes to the consolidated financial statements

For the period ended 30 September 2023

## 1. General information

ENETIQA Energy s.r.o. (till 1 March 2023 Cube III Energy CZ s.r.o.) (the Company) was incorporated and registered in Czech Republic on 15 June 2022. The address of the Company's legal seat is Kačírkova 982/4, Jinonice, 158 00 Praha 5, Czech Republic. The Company is registered in the Commercial Register kept by the Municipal Court in Prague under file no. C368824.

Its ultimate controlling parties is Cube Infrastructure Partners S.A. The shareholder of the Company as at 30 September 2023 was as follows:

| Shareholder | Interest in share capital | Voting rights |
|---|---|---|
| CUBE III Energy S.à r.l. | 663 970 ths. CZK 100% | 100% |

The principal activities of the Company and its subsidiaries (the Group) are production and distribution of heat in the Czech Republic. The Group is also engaged in high efficiency electricity generation, waste to energy production, energy consulting, water management and the provision of electronic communications services.

These financial statements are presented in thousands of Czech crowns (ths. CZK). Foreign operations are included in accordance with the policies set out in note 3.7.

When comparing the financial performance and cash flows for the current period iof 9-months with financial performance in the comparative period, it is important to note that the comparative period included only 23 days of business activity after the acquisition of MVV Energie CZ group on 9 December 2022. For this reason, financial performance and cash flows presented are not fully comparable.

## 2. Adoption of new and revised Standards

### 2.1. New and revised IFRS Accounting Standards that have been issued and applied by the Group in the current period

The Group has not adopted any new and revised IFRS Accounting Standards in the current period. All new and revised standards effective from 1 January 2023 were already applied for the comparative period ended 31 December 2022.

### 2.2. New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

| | |
|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |

The Group does not expect that the adoption of the amendments to standards listed above will have a material impact on the financial statements of the Group in future periods.

### 2.3. New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS accounting standards adopted by the International Accounting Standards Board (IASB) except for the following amendments to the existing standards, which were not adopted by the EU as at the date of authorisation of these financial statements:

| Standard | Title | EU adoption status |
|---|---|---|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted) | Endorsement process postponed indefinitely until the research project on the equity method has been concluded |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements (IASB effective date: 1 January 2024) | Not yet adopted by EU |
| Amendments to IAS 21 | Lack of Exchangeability (IASB effective date: 1 January 2025) | Not yet adopted by EU |

The Group does not expect that the adoption of the amendments to standards listed above will have a material impact on the financial statements of the Group in future periods.

## 3. Material accounting policy information

### 3.1. Basis of preparation

These financial statements have been prepared in accordance with the accounting International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements are the Group´s first financial statements as the Company is newly-incorporated entity.

The financial statements have been prepared on the historical cost basis, except for derivatives at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories.

The principal accounting policies adopted are set out below.

### 3.2. Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved when the 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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation is initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

### 3.4. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

### 3.5. Revenue recognition

The Group recognises revenues generated mainly from sale of heat, electricity, water and waste incineration, The Group also generates significant revenues from projects of Energy performance contract (EPC).

**a) Revenue recognition from utilities**

**Heat revenue stream**

The Group supplies heat produced to the households, business sector and the public sector in the cities where it operates. The business relationship is usually set up by a contract concluded for an indefinite period with a notice period usually up to 1 year. Heat supplies take place in the territory where the Group own its own distribution lines intended for direct supply to customers. Consequently, the possibility for the customers to connect to another supplier (distributor) is considerably limited. On the other hand, customers have the option to use another method of heating the building independent of central supply.

The Group operates in a regulated industry; therefore it is subject to the regulation of the Energy Regulatory Office, which is regularly updated and reflects the market situation. Regulation is mainly in the area of prices calculation.  Preliminary prices of thermal energy are announced by heating plants before the beginning of the calendar year together with advance payments plan that is sent to customers. The advance payments are paid by customers on monthly basis. At the end of the calendar year, the final price for heat, based on actual consumption, is determined and advance payments made by customers are offset.

No fixed purchase volumes are agreed in heat supply agreements, meaning that the performance obligation involves providing and ensuring the ability to call up these products at all times. The associated sales are therefore recognised over time. The amount of sales is determined by the quantity of delivered heat.

**Electricity revenue stream**
The Group sells most of the produced electricity on the energy exchange. In the case of delivery to the end customer, the fixed component of the electricity price (distribution services, other regulated services and fee payment for supported energy sources) is determined by the Energy Regulatory Office's Price Decision and only the commodity power part is determined on the market.

The extraordinary market situation caused the supply of electricity to end customers in the calendar year 2023 at prices limited by the price cap according to Government Regulation No. 298/2022 Coll.

Electricity consumers were billed monthly for the supply of electricity at the capped price of power electricity. Subsequently, the electricity supplier submitted a request to OTE a.s. for the payment of monthly compensation for the past calendar month according to the conditions regulated by Government Regulation No. 5/2023. In this regulation, calculations for compensation of electricity supply according to the type of concluded contract, terms and rules were given. As soon as OTE received the money from MPO, it paid the compensation.

The Group recognises revenue when it transfers control of a product or service to a customer. The associated sales are recognised over time. The amount of sales is determined by the quantity of delivered electricity.

The average payment term usually amounts to between 14 and 30 days for all categories.

**Unbilled heat and received advanced payments for heat supply**
Unbilled heat changes are assessed monthly through estimations. The estimation of changes in unbilled heat relies on deliveries over a specific period, taking into account invoiced amounts and estimated grid losses. The overall estimate for unbilled balances is validated by projecting consumption from the most recent measured period for individual locations. The offsetting of unbilled heat and received advances is performed at the level of each subsidiary individually and is executed on level netting of the single customer/contract. The closing balance assets and liabilities is presented on the balance sheet under „Other assets" or „Other liabilities."

**Waste revenue stream**
The Group recognises revenue from taking over waste, that the Group utilizes to generate energy, specially heat and electricity. The amount of revenue is determined by the quantity of delivered waste and its type.

The average payment term usually amounts to between 14 and 30 days.

**b) Revenue recognition from EPC**
Energy Performance Contracting (EPC) serves as a strategic and financial mechanism aimed at enhancing energy efficiency and minimizing energy consumption in buildings or facilities. In the framework of an EPC agreement, organizations engage the services of a group's energy service company (ESCO) to devise and implement energy-efficient upgrades and enhancements. The costs (credit) associated with these improvements are typically repaid over the contract's duration through the realized energy savings resulting from the implemented measures. This methodology empowers organizations to enact energy-related enhancements without requiring an upfront capital investment. The efficiency contract proves to be an invaluable tool for entities aspiring to boost sustainability, trim operating costs, and achieve energy efficiency objectives without imposing a strain on their immediate financial resources.

The overwhelming share of revenues from contracts with customers is performed over a period of time. The percentage of completion is generally determined using the output method.

The average credit period on sale of EPC project is 10 years. The group charges the interest on outstanding trade receivables. The group usually sales the trade receivables to banks to reduce long-term credit risk and manages the liquidity.

### 3.6. The Group as lessee
The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

The lease liability is presented in the consolidated statement of financial position under Debts.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in the consolidated statement of financial position under Property, plant and equipment.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other operating expenses” in profit or loss (see note 11).

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.

### 3.7. Foreign currencies
In preparing the financial statements of the Group entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The companies based in the Czech Republic use the Czech crown (CZK) as their functional currency. However, one subsidiary located in Germany operates with the Euro (EUR) as its functional currency. The Group decides to present the financial statements in CZK, i.e. in a functional currency of the parent.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

### 3.8. Short-term and employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### 3.9. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. The Czech companies calculated the provision using 19 % tax rate.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Czech companies calculated the deferred tax using 21 % tax rate in the current period, compared to a 19 % tax rate in the previous period.

### 3.10. Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

**Useful lives in years**

| | |
|---|---|
| Buildings | 15 - 50 years |
| Distribution system | 20 – 50 years |
| Plant and machinery | 8 - 25 years |
| Furniture and fittings | 2 - 10 years |
| Motor vehicles | 4 - 7 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

**3.11. Impairment test of intangible assets, property, plant and equipment and investment properties**
The carrying amounts of intangible assets, property, plant and equipment and investment properties are assessed for indications of impairment at each balance sheet date. An impairment test pursuant to IAS 36 is performed if there are any such indications.

If the carrying amount of an asset is higher than its recoverable amount (the higher of its fair value less disposal costs or its value in use), the carrying amount is written down to the recoverable amount. The fair value represents the best estimate of the recoverable amount. The recoverable amounts must be determined for each individual asset, unless the asset does not generate any largely independent cash flows. In this case, the amount for which an independent third party would acquire the cash generating unit at the balance sheet date is stated.

The fair values/values in use of the cash generating units are determined on the basis of cash flow forecasts approved by the management and supervisory bodies of Enetiqa. Such cash flow forecasts are based on experience and results in previous years, as well as on expectations as to future market develop-ments. They refer to the expected development in key macroeconomic figures derived from economic and financial studies. Key assumptions used in the forecasts concern the development in the price of electricity, natural gas, coal and emission allowances on global markets, the development of forex and interest rates on the financial markets and the relevant regulatory framework.

The cash flow forecasts cover a detailed budgeting period of three years. Figures for subsequent financial years are based on an extrapolation of the results of the final financial year in the detailed budget period. Reference is made to current estimates of growth rates. These correspond to the average long-term growth rates in the markets in which the companies operate and are consistent with external sources of information concerning market expectations. Impairment losses are recognized when the recoverable amount of the asset falls short of its carrying amount. Write-ups are recognized if the reasons for impairment losses recognized in the past no longer apply and the recoverable amount of the asset exceeds its carrying amount in an impairment test. Assets are written up to a maximum of amortised cost.

**3.12. Intangible assets**
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in the table below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Average useful lives in years**

| | |
|---|---|
| Software | 3 - 8 years |
| Rights and licences | 2 - 25 years |
| Other intangible assets | 2 - 6 years |

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. There are no material intangible assets with useful lives classified as indefinite.

**3.13. Emission rights**

Where the Group has greenhouse gas emission rights with holding periods longer than one year, these are recognised as intangible assets. The greenhouse gas emission right (hereinafter the emission right) represents the right of the operator of a facility that emits greenhouse gases in the course of its operation to release the equivalent of a ton of carbon dioxide to the air in a given calendar year. Some Group companies as operators of such facilities were allocated a certain amount of emission rights based on the National Allocation Plan. The Group is required to remit the number of emission rights corresponding to its actual amount of greenhouse gas emissions in the previous calendar year by no later than April 30 of the next calendar year. The Group based on this remit write off the number of emission rights and evaluate them by FIFO method. Emission rights allocated free of charge are recognised at zero value. Purchased emission rights are measured at cost. As the emission rights constitute non-amortisable assets, they are not written down but, pursuant to IAS 36, nevertheless reduced by any impairment losses.

In case the Emission rights are consumed, it means emissions are made, a provision to deliver Emission rights equal to emissions that have been made is recognized (see note 3.17).

**3.14. Inventories**

Inventories comprise mainly raw materials as coal, biomass and heating oil. Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**3.15. 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.

**3.16. Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

**a) Financial assets and financial liabilities**

Financial assets and financial liabilities are initially measured at fair value, except for short-term trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.Non-derivative financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**(1) Classification of financial assets**
Classification and measurement approach for financial assets reflects the business model on which assets are managed and their cash flow characteristic.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The Group categorized all its non-derivative financial assets at amortized cost and recognised them as trade and other receivables and cash. The group does not classify any of its financial assets as measured at FVTOCI nor FVTPL.

**(2) Amortised cost and effective interest method**
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method and is included in the line „Interest income" line item.

**(3) Foreign exchange gains and losses**
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the 'Other financial results' line item (note 14).

**(4) Impairment of trade and other receivables**
The Group recognises a loss allowance for expected credit losses (ECL) on trade and other receivables and contract assets at the level of lifetime ECL. The amount of expected credit losses is updated at each reporting date. 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.

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.

Changes in the carrying amount of the allowance account based on application of expected loss model are recognized in profit or loss and are presented as 'Impairment losses on trade receivables' in the statement of comprehensive income. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

**(5) Derecognition of financial assets**
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

**b) Non-derivative financial liabilities**
All non-derivative financial liabilities are measured subsequently at amortised cost using the effective interest method.

**(1) Financial liabilities measured subsequently at amortised cost**
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**(2) Foreign exchange gains and losses**
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other financial results' line item in profit or loss.

**(3) Derecognition of financial liabilities**
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**c) Derivative financial instruments**
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rates and commodity risks.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the instrument is a hedging instrument in a qualifying cash flow hedge relationship.

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. 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.

Hedge accounting
The Group designes certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast transactions. Cash flow hedges are implemented in line with IFRS 9.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

**3.17. Provisions**
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Provision for consumption of emission rights**
In case the Emission rights are consumed, it means emissions are made, a provision to deliver Emission rights equal to emissions that have been made is recognized in profit of loss in line "Cost of materials and services".

The liability to be settled using allowances on hand is measured at the carrying amount of those allowances. If at the end of the reporting period the liability to deliver the Emission rights exceeds the amount of allowances on hand, then the shortfall would be measured at the current fair (market) value of the short position.

## 4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

### 4.1. Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

**Applying of IFRIC 12 Service Concession Arrangements or IAS 16 Property, plant and equipment to items of distribution infrastructure.**
The distribution infrastructure is fully owned by the Group, where the Group controls construction or maintenance. Decisions related to these pipelines are done at the Group level. The Group is not restricted in its practical ability to sell or pledge the infrastructure. The Group is not obliged to hand over the pipeline at the end of a service performance period to any of the government institutions. It has full discretion to sell its infrastructure to a third party that would then operate it going forward. The consideration for the infrastructure would be a result of negotiations between the two parties. The Group doesn't have any restrictions regarding the operation of the infrastructure (that has to be in line with the legislative requirements, e.g. safety).

Based on the facts and circumstances, there are no predefined conditions to hand over the infrastructure to any other party at the end of the period of the arrangement for little or no incremental consideration. The potential consideration in such cases (and such cases are rare) shall represent the fair value of the losses incurred by the Group. Therefore, based on the management's judgement, the IFRIC 12, Service Concession Arrangements, is not applicable to the distribution infrastructure and the infrastructure is accounted for in accordance with IAS 16, Property, plant and equipment.

**Judgements in Environmental governance of the Group.**
Given the decision taken by the European Union to exit the coal till 2030, our Group has only limited planning certainty. The framework for withdrawing from our conventional generation capacities is largely determined by the coal exit legislation and, since the beginning of the war against Ukraine, by any associated potential gas shortage. This situation, and in particular the changes arising at very short notice in the legal framework, creates great uncertainties for our Group.

The group plans to phase out coal-based heat production by 2030. It has applied to join the Science Based Targets initiative, which ensures that the carbon footprint reduction goals of participating companies are scientifically backed.

In response to the risks outlined above, the Group has defined its decarbonization strategy and is accordingly evaluating the following technical options:

- We anticipate shutting down of the production of heat from a heavy heating oil consumption, which includes the physical demolition of the facility. A provision for this demolition has been recognized (see note 2929);
- Technical studies are being conducted on the substitution of coal combustion in boilers with alternative fuels (e.g., biomass).

Rising temperatures and warmer winters have a negative impact on the amount of heat sold, especially to households. At the same time, the need to mitigate the effects of climate change increases the demand for services aimed at improving energy efficiency, leading to an increase in revenues for the Energy Services Division, which precisely offers these services.

### 4.2. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**a) Unbilled heat and electricity**

Uncertainty in the estimation of items for sales of commodities (heat, electricity, water, etc.) or purchases of commodities (gas, electricity, etc.) is determined by completeness and accuracy of the evidence based on meter regarding taken several days after the end of the month. Missing data or externalities are compensated for by using the average consumption of meter point.

The uncertainty in estimating items of heat arises from regulatory principle based on the calendar year. At the end of the calendar year, the final price of heat is determined, leading to the issuance of advance bills.

**b) Provision for restoration of contaminated land**

In estimating the liability, the directors have made assumptions regarding the following: local site volume of contamination, proximity to approved landfill sites, technology available to decontaminate and costs required to dispose of specialized raw materials.

Estimates related to valuation of non-financial assets

When assessing the impairment of goodwill and other non-financial assets, the directors have made estimates of an input parametres. For more details refer to note 3.11 and note 20.

### 5. Group entities

Information about the composition of the Group at the end of the reporting period is as follows:

| Parent company | Country of operation | Consolidated from date | Proportion of ownership interests and voting rights held by the Group 30/09/2023 |
|---|---|---|---|
| ENETIQA Energy s.r.o. | Czech Republic | | |
| **Subsidiaries** | | | |
| ENETIQA a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| CTZ s.r.o. | Czech Republic | 09. 12. 2022 | 50,96% |
| Českolipské teplo a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. | Czech Republic | 09. 12. 2022 | 75,00% |
| e.services s.r.o. | Czech Republic | 09. 12. 2022 | 100,00% |
| ENERGIE Holding a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| Teplárna Liberec, a.s. | Czech Republic | 09. 12. 2022 | 76,04% |
| G-LINDE s.r.o. | Czech Republic | 09. 12. 2022 | 100,00% |
| G-RONN s.r.o. | Czech Republic | 09. 12. 2022 | 100,00% |
| IROMEZ s.r.o. | Czech Republic | 09. 12. 2022 | 100,00% |
| OPATHERM a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| POWGEN a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| TERMIZO a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| TERMO Děčín a.s. | Czech Republic | 09. 12. 2022 | 96,91% |
| Zásobování teplem Vsetín a.s. | Czech Republic | 09. 12. 2022 | 100,00% |
| Enetiqa GmbH | Germany | 12. 12. 2022 | 100,00% |

### 6. Acquisition of subsidiaries

#### 6.1. Acquisition in the current period

ENETIQA group did not acquire any new subsidiaries in the current reporting period.

#### 6.2. Acquisition in the previous period

On 9 December 2022, the Company acquired 100 per cent of the issued share capital of MVV Energie CZ a.s. (subsequently renamed to Enetiqa, a.s.) obtaining control over the Enetiqa group.

Enetiqa group (former MVV Energie CZ group) companies operate mainly in the field of heat generation and distribution. The Group also produces electricity in eleven cities of the Czech Republic. In addition, some of its subsidiaries provide water management or electronic communications services as well as other services.

Enetiqa group also has extensive experience with the implementation of energy-efficiency projects in the Czech Republic. In addition to projects employing EPC (Energy Performance Contracting), it also offers related energy services to customers across the country.

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

| | Recognised values on acquisition ths. CZK |
|---|---|
| **ASSETS** | |
| Intangible assets | 10 485 |
| Emission rights | 347 569 |
| Property, plant and equipment | 5 100 555 |
| Derivatives and other financial assets | 288 139 |
| Trade and other receivables | 427 104 |
| Inventories | 129 016 |
| Cash and cash equivalents | 223 264 |
| **Total assets** | **6 526 132** |
| | |
| **LIABILITIES** | |
| Debts | 152 773 |
| Provisions | 111 540 |
| Other liabilities | 302 515 |
| Deferred tax liability | 707 510 |
| Trade and other payables | 260 035 |
| Current tax liability | 10 498 |
| Derivatives | 157 493 |
| **Total liabilities** | **1 702 364** |
| | |
| **Fair value of net assets acquired** | **4 823 768** |
| Less: Non-controlling interests | 309 387 |
| **Share of net assets acquired** | **4 514 381** |
| Goodwill | 48 007 |
| **Total purchase consideration** | **4 562 388** |
| | |
| Less: Liabilities from acquisition of the subsidiary (see note 28) | 96 460 |
| Less: Cash and cash equivalents acquired | 223 264 |
| **Cash outflow on acquisition** | **4 242 664** |

The goodwill (Note 17) of CZK 48 007 ths. arising from the acquisition is attributable to the acquired workforce's skill set and experience, , which are not separately recognized. These intangible factors contribute to the overall value of the acquired business and are recognized as goodwill on the Group's financial statements. None of the goodwill is expected to be deductible for income tax purposes.

The non-controlling interest (Note 32) recognized at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Acquisition-related costs (included in other operating expenses, item Consulting and other) amount to CZK 37 063 ths. (Note 11)

If the acquisition of Enetiqa group had been completed on the first day of the reporting period, i.e. 15 June 2022, Group revenues for the period would have been CZK 1 627 043 ths. The information about profit that would be generated from 15 June 2022 to 31 December 2022 is not available to the Group, as the acquired companies have a fiscal accounting period starting 1 October.

The gross contractual amount for trade and other receivables at the acquisition date was CZK 439 246 ths.

**7. Revenue from contracts with customers**

Sales from contracts with customers (external sales) are broken down by product and presented in the following table:

| Revenues by product line | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Heat supply | 1 396 082 | 210 634 |
| Electricity supply | 528 296 | 55 948 |
| Water supply | 71 485 | 4 844 |
| Waste incineration | 95 775 | 7 191 |
| Constructing – EPC projects | 230 251 | 15 250 |
| Impact of hedging | 9 525 | 0 |
| Other | 10 498 | 0 |
| **Total** | **2 341 912** | 293 867 |

| Revenues by timing of revenue – excluding impact of hedging | | |
|---|---|---|
| Over time | | |
| Heat and water supply | 1 467 567 | 215 478 |
| Constructing – EPC projects | 230 251 | 15 250 |
| Electricity supply | 534 085 | 55 948 |
| Other | 4 709 | 0 |
| At a point in time | | |
| Waste incineration | 95 775 | 7 191 |
| **Total** | **2 332 387** | **293 867** |

The transaction price allocated to unsatisfied or partially unsatisfied obligations at 30 September 2023 are as set out below.

| Energy performance contract (EPC) | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Will be recognized as revenues during next reporting period | 541 460 | 214 441 |
| Will be recognised as revenues later than next reporting period | 61 000 | 246 290 |
| **Total** | **602 460** | 460 731 |

### 8. Other operating income

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Income from leasing | 10 087 | 846 |
| Income from selling gas | 0 | 35 835 |
| Release of provisions | 3 766 | 0 |
| Telecommunication services | 1 281 | 0 |
| Cost reimbursement for damages | 742 | 0 |
| State subsidies | 781 | 0 |
| Collector service | 602 | 0 |
| Other | 8 315 | 1 702 |
| **Total** | **25 574** | **38 383** |

### 9. Cost of material and services

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Gas | -769 285 | -122 856 |
| Electricity | -399 943 | -19 141 |
| Coal | -38 131 | -5 110 |
| Heating oil | -56 164 | -17 828 |
| Biomass | -27 485 | -4 151 |
| Other raw materials | -39 077 | -5 346 |
| Water | -27 286 | -2 385 |
| Emission rights consumption | -32 291 | -9 538 |
| Impairment of inventory | -840 | 0 |
| Impact of hedging | -8 853 | 0 |
| **Subtotal Energy consumption** | **-1 399 355** | **-186 355** |
| EPC construction sub deliveries costs | -180 992 | -13 923 |
| **Subtotal EPC sub deliveries** | **-180 992** | **-13 923** |
| Repairs and maintenance | -100 365 | 0 |
| Revisions and inspections | -8 830 | 0 |
| **Subtotal maintenance and revisions** | **-109 195** | **0** |
| Other | -32 308 | -23 402 |
| **Total** | **-1 721 850** | **-223 680** |

### 10. Personnel expenses

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Wages and salaries | -237 131 | -15 246 |
| Social security expenses | -79 319 | -5 143 |
| Other personnel and social welfare expenses | -20 000 | -1 370 |
| Social expenses | -1 161 | -102 |
| **Total** | **-337 611** | **-21 861** |

The number of employees of the Company and its subsidiaries was 487 as of September 30, 2023 (as of December 31, 2022: 471). More information about compensation of key management is included in the note 38.

### 11. Other operating expenses

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Insurance premium | -21 034 | -14 249 |
| Consulting and similar services | -82 443 | -29 973 |
| Other taxes | -10 682 | -411 |
| Fees for waste and wastewater disposal | -25 644 | -1 956 |
| Expenses related to sale of gas | 0 | -5 211 |
| IT services | -6 028 | -536 |
| Leasing | -6 651 | |
| Other | -33 093 | -4 103 |
| **Total** | **-185 575** | **-56 439** |

### 12. Other gains and losses

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Gain/(loss) from sale of assets | 1 563 | -4 |
| Loss from commodity derivatives | 0 | -89 209 |
| Loss from sale of Emission rights | -313 | 0 |
| Net foreign exchange loss | -7 853 | -8 398 |
| **Total** | **-6 603** | **-97 611** |

In 2022, the Group purchased commodity derivatives during the acquisition of Enetiqa group (see note 6). Before being acquired, the subsidiaries had engaged in various derivative financial instruments to manage their exposure to commodity risks. At the end of the reporting period 2022, all commodity derivatives were settled, and the Group recognized a loss of CZK 89 209 ths.

### 13. Interest income and expense

| Interest expense | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---:|---:|
| Bank loans | -101 455 | -7 708 |
| Loan from shareholder | -148 046 | -14 404 |
| Lease liabilities | -444 | -60 |
| Provisions | -1 631 | 0 |
| Interest rate swap | -2 456 | 0 |
| Other | -1 760 | -1 474 |
| **Total** | **-255 792** | **-23 646** |

For additional information regarding loans and lease liabilities, refer to note 24.

### 14. Other financial results

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---:|---:|
| Interest rate derivates | 7 969 | 0 |
| Net foreign exchange gain/loss | -26 990 | 39 576 |
| Other | -7 163 | 0 |
| **Total** | **-26 184** | **39 576** |

### 15. Income Tax

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---:|---:|
| Corpore income tax: | | |
| Current period | -21 743 | -19 996 |
| Adjustments in respect of prior period | 1 130 | -1 828 |
| | **-20 613** | **-21 824** |
| Deferred tax (see note 26) | | |
| Origination and reversal of temporary differences | 111 510 | 42 720 |
| **Total** | **90 897** | **20 896** |

The standard rate of corporation tax applied to reported profit is 19%. As of 1 January 2024, the corporate tax rate will change from 19 % to 21 %, the deferred tax is calculated using a 19 % tax rate.

The charge for the period can be reconciled to the profit before tax as follows:

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Loss before tax | -877 081 | -111 381 |
| Tax at the Czech corporation tax rate of 19% | 166 645 | 21 162 |
| Tax effect of expenses that are not deductible in determining taxable profit | -61 585 | -6 616 |
| Tax effect of income not taxable in determining taxable profit | 0 | 1 687 |
| Tax effect of utilisation of tax losses not previously recognised | 0 | -624 |
| Change in unrecognised deferred tax assets | -15 293 | 8 088 |
| Adjustments in respects of prior period | 1 130 | -1 828 |
| Other | 0 | -973 |
| **Tax income for the period** | **90 897** | **20 896** |

Note: Tax effect of expenses that are not deductible in determining taxable profit includes are mainly the non-deductible interest expenses in amount CZK 46 421 ths.

## 16. Intangible assets

| Cost | Rights and Licenses without SW ths. CZK | Software ths. CZK | Other intangibles ths. CZK | Assets under construction ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| **At 15 June 2022** | **0** | **0** | **0** | **0** | **0** |
| Additions | 0 | 119 | 0 | 0 | 119 |
| Acquisition of a subsidiary | 846 | 8 899 | 662 | 78 | 10 485 |
| **At 31 December 2022** | **846** | **9 018** | **662** | **78** | **10 604** |
| | | | | | |
| **Amortisation** | | | | | |
| **At 15 June 2022** | **0** | **0** | **0** | **0** | **0** |
| Amortisation | -18 | -345 | -25 | 0 | -388 |
| **At 31 December 2022** | **-18** | **-345** | **-25** | **0** | **-388** |
| | | | | | |
| **Carrying amount** | | | | | |
| **At 31 December 2022** | **828** | **8 673** | **637** | **78** | **10 216** |

| Cost | Rights and Licenses without SW ths. CZK | Software ths. CZK | Other intangibles ths. CZK | Assets under construction ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| **At 31 December 2022** | **846** | **9 018** | **662** | **78** | **10 604** |
| Additions | 259 | 1 302 | 0 | 4 181 | 5 742 |
| **At 30 September 2023** | **1 105** | **10 320** | **662** | **4 259** | **16 346** |
| | | | | | |
| **Amortisation** | | | | | |
| **At 31 December 2022** | **-18** | **-345** | **-25** | **0** | **-388** |
| Amortization | -93 | -2 523 | -101 | 0 | -2 717 |
| **At 30 September 2023** | **-111** | **-2 868** | **-126** | **0** | **-3 105** |
| | | | | | |
| **Carrying amount** | | | | | |
| **At 30 September 2023** | **994** | **7 452** | **536** | **4 259** | **13 241** |

**17. Goodwill**

The goodwill on consolidation of CZK 45 221 ths. relates to the acquisition of Enetiqa group. The allocation was made to those cash-generating units that were expected to benefit from the business combination in which the goodwill arose in 2022. The Cash Generating Unites (CGUs) are identified as individual legal entities operating in specific town or region.

During 2023 impairment test was done and it resulted in goodwill write-off amounting for CZK 2 786 ths.

At September 30, 2023 and December 31, 2022, goodwill allocated to cash-generating units is as follows:

| | ENERGIE Holding ths. CZK | G-RONN ths. CZK | TERMO Děčín ths. CZK | IROMEZ ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| **Carrying amount** | | | | | |
| **At 15 June 2022** | **0** | **0** | **0** | **0** | **0** |
| Acquisition of a subsidiary | 34 358 | 10 863 | 2 375 | 411 | 48 007 |
| **At 31 December 2022** | **34 358** | **10 863** | **2 375** | **411** | **48 007** |
| Impairment | 0 | 0 | -2 375 | -411 | -2 786 |
| **At 30 September 2023** | **34 358** | **10 863** | **0** | **0** | **45 221** |

The information on impairment testing is provided in the note 3.11 and note 20.

### 18. Emission rights

The following table summarizes the movements in the quantity and carrying amount of emission rights:

| | Emission rights | |
|---|---|---|
| | **ths. CZK** | **ths. of tons** |
| **Carrying amount** | | |
| **At 15 June 2022** | **0** | **0** |
| Acquisition of subsidiary | 347 569 | 169 |
| **At 31 December 2022** | **347 569** | **169** |
| Granted | 0 | 5 |
| Sold | -11 337 | -6 |
| Settlement with register | -62 414 | -30 |
| **At 30 September 2023** | **273 818** | **138** |

At 30 September 2023 the Group recognized a provision for consumption of emission rights in amount of CZK 32 291 ths. (16 ths. tons) (see Note 28).

Accounting policies for provisions and disposals of emission allowances are described in Note 3.12 and Note 3.16.

### 19. Property, plant and equipment

| **Cost** | **Land, Building ths. CZK** | **Technical Equipment and Machinery ths. CZK** | **Office and other equipment ths. CZK** | **Construction in progress and advance payments ths. CZK** | **Total ths. CZK** |
|---|---|---|---|---|---|
| **At 15 June 2022** | **0** | **0** | **0** | **0** | **0** |
| Additions | 4 802 | 19 724 | 157 | 8 243 | 32 926 |
| Acquisition of subsidiary | 2 835 625 | 2 054 765 | 23 593 | 186 572 | 5 100 555 |
| Disposals | -13 | -88 | -27 | 0 | -128 |
| Transfers | 15 496 | 2 300 | -2 048 | -15 748 | 0 |
| **At 31 December 2022** | **2 855 910** | **2 076 701** | **21 675** | **179 067** | **5 133 353** |
| | | | | | |
| **Accumulated depreciation and impairment** | | | | | |
| **At 15 June 2022** | **0** | **0** | **0** | **0** | **0** |
| Charge for the period | -21 499 | -39 156 | -697 | 0 | -61 352 |
| Disposals | 13 | 88 | 27 | 0 | 128 |
| **At 31 December 2022** | **-21 486** | **-39 068** | **-670** | **0** | **-61 224** |
| **Carrying amount** | | | | | |
| **At 31 December 2022** | **2 834 424** | **2 037 633** | **21 005** | **179 067** | **5 072 129** |

| Cost | Land, Building ths. CZK | Technical Equipment and Machinery ths. CZK | Office and other equipment ths. CZK | Construction in progress and advance payments ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| **At 31 December 2022** | **2 855 910** | **2 076 701** | **21 675** | **179 067** | **5 133 353** |
| Additions | 32 057 | 115 172 | 3 754 | 216 380 | 367 363 |
| Disposals | -555 | -4 181 | -424 | 0 | -5 160 |
| Transfers | 0 | 23 345 | 0 | -23 345 | 0 |
| **At 31 September 2023** | **2 887 412** | **2 211 037** | **25 005** | **372 102** | **5 495 556** |
| | | | | | |
| **Accumulated depreciation and impairment** | | | | | |
| **At 31 December 2022** | **-21 486** | **-39 068** | **-670** | **0** | **-61 224** |
| Charge for the period | -131 739 | -176 048 | -4 343 | 0 | -312 130 |
| Impairment | -270 489 | -136 880 | 0 | -2 349 | -409 718 |
| Disposals | 555 | 4 181 | 424 | 0 | 5 160 |
| **At 30 September 2023** | **-423 159** | **-347 815** | **-4 589** | **-2 349** | **-777 912** |
| **Carrying amount** | | | | | |
| **At 30 September 2023** | **2 464 253** | **1 863 222** | **20 416** | **369 753** | **4 717 644** |

The information on impairment testing is provided in the note 3.11 and note 20.

**Assets pledged as security**
For additional details on pledged property, plant and equipment, refer to note 24.

**Group as a lessee**
The table below displays information regarding rights-of-use assets categorized by classes of leased assets included in the "Property, plant and equipment" line item.

| Cost | Buildings ths. CZK | Vehicles ths. CZK | Total ths. CZK |
|---|---|---|---|
| **At 15 June 2022** | **0** | **0** | **0** |
| Acquisition of a subsidiary | 15 212 | 52 | 15 264 |
| **At 31 December 2022** | **15 212** | **52** | **15 264** |
| **Accumulated depreciation** | | | |
| **At 15 June 2022** | **0** | **0** | **0** |
| Charge for the year | -419 | -18 | -437 |
| **At 31 December 2022** | **-419** | **-18** | **-437** |
| **Carrying amount** | | | |
| **At 31 December 2022** | **14 793** | **34** | **14 827** |

| | | | |
|---|---|---|---|
| **Cost** | | | |
| **At 31 December 2022** | **15 212** | **52** | **15 264** |
| Additions | 303 | 0 | 303 |
| **At 30 September 2023** | **15 515** | **52** | **15 567** |
| **Accumulated depreciation** | | | |
| **At 31 December 2022** | **-419** | **-18** | **-437** |
| Charge for the period | -3 737 | -34 | -3 771 |
| **At 30 September 2023** | **-4 156** | **-52** | **-4 208** |
| **Carrying amount** | | | |
| **At 30 September 2023** | **11 359** | **0** | **11 359** |

Right of use of building represents the rented office for headquarters in Prague, Kacirkova street. The Group is entitled to once extend the Term under this Lease Agreement under the same terms by upon the Group's choice another either three (3) or five (5) years. The Landlord is entitled to reject the above right of the Tenant to extend the Term only for the contractual reasons. Possible Term extension was not reflected in the right of use calculation based on management decision.

| Amounts recognised in profit and loss | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Depreciation expense on right-of-use assets | -3 771 | -438 |
| Interest expense on lease liabilities | -444 | -60 |
| Expense relating to short-term leases | -416 | -84 |
| Expense relating to leases of low value assets | -6 235 | -90 |
| **Total cash outflow for leases** | **-8 285** | **-1 216** |

**20. Impairment of goodwill, intangible assets and property, plant and equipment**

The Group acquired the energy group on December 9, 2022 (see note 6). As of this date, all acquired assets and liabilities assumed were recognized at their fair value and goodwill arose as a result of purchase price allocation. As at 30 September 2023 the management carried out impairment tests for all cash-generating.

The information on impairment testing is provided in the note 3.11.

Impairment tests for goodwill, intangible assets and property, plant and equipment were performed using the discounted cash flow method using the following input parameters:
Discounted factor 9-11%
Terminal growth 2,0-3,5%

The impairment was identified and booked in those cash-generating units, determinate by increase of CIT and Discount factor above limits of regulation. Based on the impairment test described above the following impairment was recognized:

| **Cash-generating unit** | **Total impairment** | **Impairment on Goodwill** | **Impairment on Property, plant and equipment** |
|---|---|---|---|
| Zásobování teplem Vsetín | 260 713 | 0 | 260 713 |
| Teplárna Liberec, Termizo | 129 020 | 0 | 129 020 |
| Iromez | 14 901 | 411 | 14 490 |
| Termo Děčín | 5 521 | 2 375 | 3 146 |
| **At 30 September 2023** | **410 155** | **2 786** | **407 369** |

Sensitivity of discounted factor on impairment test results are noted below and represent new total impairment value if discounted factor decreases or increases by 1%:

| **Cash-generating unit** | **Descrease by 1% (100bps)** | **Increase by 1% (100bps)** |
|---|---|---|
| Zásobování teplem Vsetín | 137 757 | 347 266 |
| Teplárna Liberec, Termizo | 0 | 462 519 |
| Iromez | 0 | 43 880 |
| Termo Děčín | 0 | 63 829 |
| **At 30 September 2023** | **137 757** | **917 494** |

For futher information see Note 16. Goodwill and Note 19. Property, plant and equipment.

### 21. Inventories

| | **30/09/2023 ths. CZK** | **31/12/2022 ths. CZK** |
|---|---|---|
| Coal | 34 318 | 34 258 |
| Spare parts | 17 152 | 22 019 |
| Biomass | 15 713 | 9 019 |
| Other inventories | 12 434 | 8 047 |
| Heating oil | 1 200 | 37 049 |
| **Total** | **80 817** | **110 392** |

The cost of inventories recognized as an expense during the period was CZK 121 781 ths. (2022: CZK 27 089 ths). Inventories of fuels (coal, biomass, heating oil) CZK 63 665 ths. are expected to be consumed during next 12 months (2022: CZK 88 372 ths.).

Activation of own inventories during the period in amount of CZK 10 123 ths. is related to own production of biomass (2022: CZK 1 077 ths.).

For additional details on pledged inventories, refer to note 24.

## 22. Trade and other receivables

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Trade receivables, gross | 441 140 | 398 738 |
| Loss allowance | -2 078 | -1 840 |
| Trade receivables, net | 439 062 | 396 898 |
| | | |
| Other receivables | 2 252 | 1 317 |
| **Total** | **441 314** | **398 215** |
| | | |
| Non-current | 31 309 | 24 498 |
| Current | 410 005 | 373 717 |
| **Total** | **441 314** | **398 215** |

For additional details on pledged trade and other receivables, refer to note 24.

**Trade receivables**
The average credit period on sales of goods (heat, electricity) is 14 - 30 days. No interest is charged on outstanding trade receivables.

The average credit period on sale of EPC project is 10 years. The group charges the interest (in the range 5-6%) on outstanding trade receivables (in 2023: CZK 505 ths.). The Group usually sells the trade receivables to reduce credit risk and manages the liquidity.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 50 per cent against all overdue receivables between 180 and 365 days and 100 per cent against all receivables over 365 days due because historical experience has indicated that these receivables are generally not recoverable.

The Group has deployed an automated solution in the information system, which performs checks required by legislation (unreliable VAT payer, registered bank account). Checks are carried out in several points of the whole financial process. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings whichever occurs earlier.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different revenues streams, the provision for loss allowance based on past due status is not further distinguished between the Group's different customers.

| | Trade receivables – days past due | | | | |
|---|---|---|---|---|---|
| **30/09/2023** | **Not past due ths. CZK** | **< 1 year ths. CZK** | **1 – 5 years ths. CZK** | **>5 years ths. CZK** | **Total ths. CZK** |
| Expected credit loss rate | 0,09 % | 4,98 % | 100 % | 100 % | x |
| Total gross carrying amount | 434 033 | 5 715 | 148 | 1 244 | 441 140 |
| Lifetime ECL | -401 | -285 | -148 | -1 244 | -2 078 |
| | | | | | **439 062** |

| 31/12/2022 | Trade receivables – days past due Not past due ths. CZK | < 1 year ths. CZK | 1 – 5 years ths. CZK | >5 years ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| Expected credit loss rate | 0,05 % | 4,19 % | 100 % | 100 % | x |
| Total gross carrying amount | 391 973 | 5 350 | 105 | 1 310 | 398 738 |
| Lifetime ECL | -201 | -224 | -105 | -1 310 | -1 840 |
| | | | | | **396 898** |

The contractual amounts outstanding on trade receivables that were written off during the period but are still subject to enforcement activities was CZK zero ths.

### 23. Other assets

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Escrow account | 0 | 96 460 |
| Prepaid expenses | 61 301 | 10 138 |
| Value added tax | 9 312 | 32 621 |
| Other | 3 844 | 10 |
| **Total** | **74 457** | **139 229** |

As of December 31, 2022, the Group placed CZK 96 460 thousand into an escrow account. This fund is exclusively allocated for the settlement of an acquisition commitment equal to that amount (see note 28).

In 2023 prepaid expenses increased because from 2023 the Group pays advance prepayments for gas consumption.

### 24. Long-term debts

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| **Debts at amortised cost** | | |
| Loan from shareholder | 2 888 676 | 3 169 764 |
| Bank loans | 1 907 386 | 1 923 281 |
| Lease liabilities | 6 641 | 7 831 |
| **Total borrowings** | **4 802 703** | **5 100 876** |
| | | |
| Non-current | 4 510 090 | 4 944 807 |
| Current | 292 613 | 156 069 |

More information about cash flow arising from financing activities is provided in the note 33.2.

**Analysis of borrowings by currency**

| | Loans drawn in CZK ths. CZK | Loans drawn in EUR ths. CZK | Total ths. CZK |
|---|---|---|---|
| **31 December 2022** | | | |
| Loan from shareholder | 0 | 3 169 764 | 3 169 764 |
| Bank loans for acquisition | 554 905 | 1 236 038 | 1 790 943 |
| Lease liabilities | 40 | 7 791 | 7 831 |
| Other bank loans | 132 338 | 0 | 132 338 |
| **Total** | **687 283** | **4 413 593** | **5 100 876** |
| **30 September 2023** | | | |
| Loan from shareholder | 0 | 2 888 676 | 2 888 676 |
| Bank loans | 726 843 | 1 180 543 | 1 907 385 |
| Lease liabilities | 0 | 6 641 | 6 641 |
| **Total** | **726 843** | **4 075 860** | **4 802 703** |

**The Group has this main new types of long-term debts:**
**Bank loans**

a. Within Komerční banka, a.s. has the Group arranged four credit lines for operational and investment activities in the total volume of CZK 700 000 ths. that are not utilised as of September 30, 2023.
b. In the period 2023 the Group drawn new loan for investment in amount CZK 100 000 ths. The maturity of this bank loan is 30 June 2031. The bank loan was granted in CZK and bears a nominal interest at Interpolated PRIBOR and plus margin. The carrying amount of 30.09.2023 is 100 000 ths.

In December 2022, Enetiqa Energy, s.r.o., the parent of the Group, entered into agreement to secure obligations from the Credit Agreement with the financial institution Komerční banka, a.s., pledging all assets, including cash and its financial investment in Enetiqa, a.s., which is the parent company of the remaining subsidiaries.

**24.1. Covenants**

The secured bank loan is subject to a financial covenant which is tested semi-annually on 31 March and 30 September each year. The covenant measures the Group's ratio as calculated in note 36.3.

The management of the group reported that the covenant as of 31 March and as of 30 September 2023 have been fulfilled based on non-audited data.

## 25. Derivative financial instruments and other financial assets

| | Current | | Non-Current | |
|---|---|---|---|---|
| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
| **Other financial assets recognized at amortised cost** | | | | |
| Corporate bond | 0 | 0 | 5 000 | 5 000 |
| **Trading derivatives** | | | | |
| Interest rate swap | 1 950 | 3 452 | 365 | 2 056 |
| **Hedging derivatives** | | | | |
| Interest rate swap | 9 614 | 0 | 6 940 | 0 |
| Commodity | 8 853 | 0 | 0 | 0 |
| **Derivatives and other financial assets** | **20 417** | **3 452** | **12 305** | **7 056** |

### 25.1. Hedging derivatives

**Interest rate swap**

The Group' risk management strategy is to minimize their exposure to changes in cash flows arising from variable interest payments from the loans.

In order to comply with their risk management strategy, the Group apply a cash flow hedge accounting to limit the risk arising on the variable interest payable on the loans, using a receive variable, pay fixed interest rate swap.

The Group entered into EUR denominated interest rate swap in January 2023. The hedge ratio is set at 1:1.

The Group assesses the economic relationship based on comparing the critical parameters of the hedging instruments and the hedged items.

- The Group expects to make semi-annual payments of interest based on 6M Euribor interest rate benchmark on the hedged loans.
- The hedging instruments in the form of an interest rate swap consists of a fixed leg paid by the Group and a floating leg received by the Group derived from 6M Euribor rate.
- The hedging instruments have been concluded by the Group so that they match the parameters of the hedged item in terms of the principal, payment dates and rate of amortization of the principal.

The Group therefore expect that the change in the fair value of the hedged item due to the hedged risk will be offset by the changes in the fair value of the hedging instrument.

Potential sources of hedge ineffectiveness

- Changes in the amount of the hedged item or the hedging instrument in the future.
- A change in the credit risk of the Companies or the counterparty to the derivative contract
- Changes in the timing of the hedged cash flows
- Non-zero fair value of the hedging instrument as of hedge designation date

| 30/09/2023 | Maturity | Nominal value ths. CZK | Contracted fixed interest rate | Fair value in ths CZK |
|---|---|---|---|---|
| Interest rate swap | 29.9.2028 | 901 797 | 2,96 % | 16 554 |
| **Total** | **-** | **901 797** | **-** | **16 554** |

The interest rate swaps exactly match the interest payments on the loan. The effective part of the paid and accrued interest on the hedging instruments is reclassified to profit or loss and presented as interest expense to offset the amount of the interest expense arising from the hedged item.

The Group determine the actual ineffectiveness for accounting purposes using the dollar-offset method. The method consists in comparing the cumulative change in fair value of the hedging instrument and the hedged item due to the hedged risk from the inception of the hedging relationship.

Hedging ineffectiveness in respect of interest rate swaps was immaterial in 2023.

Movement in the reserve for cash flow hedges from interest rate swaps was as follows:

**Commodity swaps**
In accordance with the risk management strategy, the Group decided to hedge the commodity risk from electricity.

The aim is to use suitable commodity derivatives to fix the price of future sales of electricity and thereby limit the risk of unfavourable development of cash flows from future electricity sales.

To achieve the above objective the Group entered into commodity swap contracts for planned future sales volumes. The hedge ratio is set at 1:1.

The Group assesses the economic relationship based on comparing the critical parameters of the hedging instruments and the hedged items.
- The underlying of the hedge item and hedging instrument is the same – electricity denominated in MWh.
- The reference price on the hedged item and hedging instrument exist – proved by correlation analyses
- The hedged item and the hedging instrument match in the designated volumes of the commodity per each month as well as in timing of the cash flows. Difference is considered negligible.

Potential sources of hedge ineffectiveness
- Unexpected changes in delivery dates
- Change in the volume of the actual hedged items below the designated volume
- A change in the credit risk of the Group or the swap counterparty

| | Maturity | Volume of contracts (MWh) | Fair value in ths. CZK |
|---|---|---|---|
| Commodity swaps | Q4 2023 | 13 260 | 8 853 |
| **Total** | - | 13 260 | 8 853 |

Movement in the reserve for cash flow hedges from commodity swaps was as follows:

| | 30/09/2023 ths. CZK |
|---|---|
| Opening balance 1.1.2023 | 0 |
| Change in fair value of the hedging instrument recognized in OCI | 8 853 |
| Effect of deferred tax | (1 682) |
| **Closing balance 30.9.2023** | **7 171** |

The Group determines the actual ineffectiveness for accounting purposes using the dollar-offset method. The method consists in comparing the cumulative change in fair value of the hedging instrument and the hedged item due to the hedged risk from the inception of the hedging relationship.

Hedging ineffectiveness in respect of commodity swaps was immaterial in 2023.

**25.2. Trading derivatives**
In October 2018, the Group entered into CZK denominated interest rate swaps to pay a fixed interest rate and received 3M Pribor float rate. The interest rate swaps are used as a hedging tool in accordance with the Group' risk management strategy, however, the derivatives do not qualify for hedge accounting.

| 30/09/2023 | Maturity | Nominal value ths. CZK | Contracted fixed interest rate | Fair value in ths CZK |
|---|---|---|---|---|
| Interest rate swap | 30.9.2025 | 63 420 | 2,75 % | 2 315 |
| **Total** | - | 63 420 | - | 2 315 |

| 31/12/2022 | Maturity | Nominal value ths. CZK | Contracted fixed interest rate | Fair value in ths CZK |
|---|---|---|---|---|
| Interest rate swap | 30.9.2025 | 84 420 | 2,75 % | 5 508 |
| **Total** | - | 84 420 | - | 5 508 |

### 26. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

| | Property, plant and equipment ths. CZK | Emission rights ths. CZK | Fair value gain/ (loss) arising on derivatives ths. CZK | Other ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| At 15 June 2022 | 0 | 0 | 0 | 0 | 0 |
| Charge to profit or loss | 24 690 | 0 | 16 727 | 1 303 | 42 720 |
| Acquisition of subsidiary | -638 044 | -66 038 | -17 529 | 14 101 | -707 510 |
| **At 31 December 2022** | **-613 354** | **-66 038** | **-802** | **15 404** | **-664 790** |
| | | | | | |
| At 31 December 2022 | -613 354 | -66 038 | -802 | 15 404 | -664 790 |
| Charge to profit or loss | 108 515 | 14 013 | 0 | -11 018 | 111 510 |
| Charge to other comprehensive income | 0 | 0 | -2 540 | 0 | -2 540 |
| **At 30 September 2023** | **-504 839** | **-52 025** | **-3 342** | **4 386** | **-555 821** |

The „Other" item primarily consists of deferred tax assets related to provisions and allowances for trade receivables.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Deferred tax liabilities | -558 139 | -667 598 |
| Deferred tax assets | 2 318 | 2 808 |
| | **-555 821** | **-664 790** |

Unrecognised deferred tax asset as of 30 September 2023 amounts for CZK 15 654 ths. (as of 31 December 2022: CZK 16 343 ths.).

### 27. Trade and other payables

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Trade payables | 296 773 | 315 121 |
| Other payables | 947 | 18 806 |
| **Total** | **297 720** | **333 927** |

Trade and other payables principally comprise amounts outstanding for trade purchases (fuels, capex) and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The management of the Group consider that the carrying amount of trade payables approximates to their fair value.

### 28. Other liabilities

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Overpayment of advances received from customers | | |
| Unbilled heat, electricity and other supplies | -447 296 | -90 202 |
| Received advances from the customers | 771 412 | 196 948 |
| **Received advances from the customers, net** | **324 116** | **106 746** |
| | | |
| Value added taxes | 6 085 | 21 530 |
| Other taxation and social security | 22 798 | 15 859 |
| Liabilities to employees | 56 349 | 47 121 |
| Contract liability from projects | 4 085 | 16 094 |
| Unpaid part of the purchase price from the acquisition of subsidiary | 0 | 96 460 |
| Other | 50 686 | 25 683 |
| | **464 119** | **329 493** |
| | | |
| Non-current | 37 768 | 37 166 |
| Current | 426 351 | 292 327 |
| | **464 119** | **329 493** |
| | | |
| Financial liabilities | 0 | 203 206 |
| Non-financial liabilities | 464 119 | 126 287 |

The settlement period for supplies of heat, electricity and other supplies is 1 January - 31. December. Net overpayment from customers as of 31 December 2022 in amount of CZK 106 746 ths. will be paid back to customers. Therefore, the balance as of 31 December 2022 represented a financial liability. The balance of advances as of 30 September 2023 will be settled with supplies and revenue will be recognised during next 12 months. Therefore this balance is classified as a non-financial liability.

### 29. Provisions

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Restoration provision | 28 748 | 26 674 |
| Litigation | 10 286 | 10 216 |
| Consumption of emission rights | 32 291 | 62 414 |
| Other provisions | 15 388 | 21 051 |
| | **86 713** | **120 355** |
| | | |
| Current | 56 138 | 91 671 |
| Non-current | 30 575 | 28 684 |
| | **86 713** | **120 355** |

| | Restoration provision ths. CZK | Litigation ths. CZK | Consumption of emission rights ths. CZK | Other provisions ths. CZK | Total ths. CZK |
|---|---|---|---|---|---|
| At 15 June 2022 | 0 | 0 | 0 | 0 | 0 |
| Additional provision in the year | 0 | 0 | 9 538 | 0 | 9 538 |
| Utilisation of provision | 0 | 0 | 0 | -723 | -723 |
| On acquisition of subsidiary | 26 674 | 10 216 | 52 876 | 21 774 | 111 540 |
| Unwinding of discount | 0 | 0 | 0 | 0 | 0 |
| Adjustment for change in discount rate | 0 | 0 | 0 | 0 | 0 |
| **At 31 December 2022** | **26 674** | **10 216** | **62 414** | **21 051** | **120 355** |
| | | | | | |
| Additional provision in the year | 900 | 70 | 32 291 | 1 248 | 34 509 |
| Utilisation of provision | 0 | 0 | -62 414 | -5 200 | -67 614 |
| On acquisition of subsidiary | 0 | 0 | 0 | 0 | 0 |
| Unwinding of discount | 0 | 0 | 0 | -2 168 | -2 168 |
| Adjustment for change in discount rate | 1 174 | 0 | 0 | 457 | 1 631 |
| **At 30 September 2023** | **28 748** | **10 286** | **32 291** | **15 388** | **86 713** |

The restoration provision has been created based on the environmental legislation 415/2012 Sb., which requires stricter ecological limits. Group decided to terminate production of heat from heating oil (HHO) and later on dismantle the HHO tanks and restore the land. Management is in the process of clarifying certain aspects of the legislation and therefore the final assessment of costs that the Group will need to incur may change materially based on the outcome of this process. Based on the current interpretation of the legislation, the directors have estimated a liability of CZK 28 748 ths. In estimating the liability, the directors have made assumptions regarding the following: local site volume of contamination, proximity to approved landfill sites, technology available to decontaminate and costs required to dispose of specialized raw materials.

Other provisions represent part of the resources for future realistically expected events from business contracts that will lead to an outflow of money from the Group.

### 30. Share capital

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Share capital of the Company (Enetiqa Energy s.r.o.), fully paid | 663 970 | 120 |

In 2023, the Company's share capital increased by CZK 663 850 ths based on decision of the sole shareholder. This increase was sourced from other capital contributions of the shareholder (Other components of equity) in amount of CZK 219 240 ths. (see Note31). The remaining part of CZK 444 610 ths. was covered by capitalization of the shareholder loan.

One vote at the general meeting is given for each crown of share capital. All shares represent the same rights of the shareholders and there are no restrictions on the rights of the shareholders associated with any shares.

### 31. Other components of equity

In December 2022, the shareholder granted the Group an interest-free loan (see note 24). At the date of initial recognition, the Group recalculated the value of loan using the market interest rate24. The difference between the transaction price of the loan and its fair value was recognized as a capital contribution, amounting to CZK 230 583 ths. In the period 2023 the amount of CZK 219 240 ths. was transferred into Share capital.

### 32. Non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

| | Share of non-controlling interests | Profit (loss) allocated to non-controlling interests for the period | | Non-controlling interests | |
|---|---|---|---|---|---|
| **Name of subsidiary** | **%** | **From 1/1/2023 to 30/09/2023 ths. CZK** | **From 15/06/2022 to 31/12/2022 ths. CZK** | **30/09/2023 ths. CZK** | **31/12/2022 ths. CZK** |
| CTZ s.r.o. | 49,04 | -3 283 | 1 448 | 72 345 | 78 080 |
| TERMO Děčín a.s. | 3,09 | -168 | -281 | 14 755 | 15 124 |
| Teplárna Liberec, a.s. | 23,96 | -46 056 | -10 964 | 148 995 | 195 051 |
| ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. | 25,00 | -7 511 | -2 453 | 1 371 | 8 882 |
| **Total** | | **-57 018** | **-12 250** | **237 466** | **297 137** |

Dividend distributions to Non-controlling interests during current period were by CTZ s.r.o in amount CZK 2.452 ths and Termo Děčín a.s. in amount CZK 201 ths.

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

**Teplárna Liberec, a.s.**

| | 30/9/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Current assets | 224 381 | 275 829 |
| Non-current assets | 776 143 | 846 317 |
| Current liabilities | 198 470 | 158 052 |
| Non-current liabilities | 119 849 | 150 082 |
| | **682 205** | **814 012** |
| Equity attributable to owners of the Company | 533 210 | 618 961 |
| Non-controlling interests | 148 995 | 195 051 |

| | From 1/1/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Revenue | 456 746 | 78 888 |
| Expenses | -648 957 | -124 641 |
| Profit (loss) for the period | -192 211 | -45 753 |
| Profit (loss) attributable to owners of the Company | -146 154 | -34 790 |
| Profit (loss) attributable to the non-controlling interests | -46 056 | -10 963 |

**CTZ s.r.o.**

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Current assets | 42 713 | 42 128 |
| Non-current assets | 145 235 | 168 832 |
| Current liabilities | 25 123 | 34 671 |
| Non-current liabilities | 14 922 | 17 067 |
| | **147 903** | **159 222** |
| | | |
| Equity attributable to owners of the Company | 75 558 | 81 142 |
| Non-controlling interests | 72 345 | 78 080 |

| | From 15/6/2022 to 31/12/2022 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Revenue | 93 057 | 18 475 |
| Expenses | -99 753 | -15 522 |
| Profit (loss) for the period | -6 696 | 2 953 |
| Profit (loss) attributable to owners of the Company | -3 413 | 1 505 |
| Profit (loss) attributable to the non-controlling interests | -3 283 | 1 448 |

## 33. Notes to the cash flow statement

### 33.1. Cash and cash equivalents

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Bank balances | 656 717 | 877 057 |
| Cash on hand | 1 122 | 996 |
| | **657 839** | **878 053** |

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months.

The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

For additional details on pledged cash and cash equivalents, refer to note 24.

### 33.2. Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

| | 15 June 2022 ths. CZK | Cash flow from financing activities ths. CZK | Effect of acquisition (note 6) ths. CZK | Interests accrued (note 13) ths. CZK | Exchange rate difference (note 14) ths. CZK | 31 December 2022 ths. CZK |
|---|---|---|---|---|---|---|
| Loans from shareholder (note 24) | 0 | -3 184 856 | 0 | -14 404 | 29 496 | -3 169 764 |
| Loans from banks (note 24) | 0 | -1 780 249 | -143 921 | -8 471 | 9 360 | -1 923 281 |
| Lease liabilities (note 24) | 0 | 1 042 | -8 852 | -60 | 39 | -7 831 |
| Interest rate swap | 0 | 0 | 5 508 | 0 | 0 | 5 508 |
| **Total liabilities from financing activities** | **0** | **-4 964 063** | **-147 265** | **-22 935** | **38 895** | **-5 095 368** |

| | 31 December 2022 ths. CZK | Cash flow from financing activities ths. CZK | Capitalization of loan (note 6) ths. CZK | Interests accrued (note 13) ths. CZK | Exchange rate difference (note 14) ths. CZK | 30 September 2023 ths. CZK |
|---|---|---|---|---|---|---|
| Loans from shareholder (note 24) | -3 169 764 | 1 083 | 444 610 | -148 046 | -16 559 | -2 888 676 |
| Loans from banks (note 24) | -1 923 281 | 132 339 | 0 | -101 455 | -14 989 | -1 907 386 |
| Lease liabilities (note 24) | -7 831 | 1 634 | 0 | -444 | 0 | -6 641 |
| Interest rate swap | 5 508 | -5 508 | 0 | 0 | 0 | 0 |
| **Total liabilities from financing activities** | **-5 095 368** | **129 548** | **444 610** | **-249 945** | **-31 548** | **-4 802 703** |

## 34. Contingent liabilities

The Group has a commitment as of 31 December 2022 in respect of ordered gas for the production of heat and electricity, in respect of ordered coal for heat production and in respect of purchased electricity.

| Item | ths CZK (without VAT) |
|---|---|
| Ordered gas for the period Jan-Dec 2023 | 883 780 |
| Ordered electricity for the period Jan-Dec 2023 | 395 420 |
| Ordered coal for the period Jan-Dec 2023 | 59 558 |
| Other contingent liability | 12 232 |
| **Total** | **1 350 990** |

The Group has a commitment as of 30 September 2023 in respect of ordered gas for the production of heat and electricity, in respect of ordered coal for heat production and in respect of purchased electricity.

| Item | ths CZK (without VAT) |
|---|---|
| Ordered gas for the period Oct-Dec 2023 | 362 719 |
| Ordered electricity for the period Oct-Dec 2023 | 10 518 |
| Ordered coal for the period Oct-Dec 2023 | 13 772 |
| Ordered gas for the period Jan-Dec2024 | 1 014 684 |
| Ordered electricity for the period Jan-Dec2024 | 43 164 |
| Ordered coal for the period Jan-Dec2024 | 56 955 |
| Ordered gas for the period Jan-Dec2025 | 28 125 |
| Other contigent liability | 9 180 |
| **Total** | **1 539 117** |

The Group court disputes:

| | 30/09/2023 ths. CZK | 31/12/2022 ths. CZK |
|---|---|---|
| Contingent liabilities incurred by the Group arising ongoing court proceedings about HHO (Heavy Heating Oil) stock. | 1 625 | 1 695 |
| **Group's share of contingent liabilities from the litigation** | **1 625** | **1 695** |

The amount disclosed represents the Group's share of expected amount of contingent liabilities. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

**35. Financial Instruments**

Classes and categories of financial instruments and their fair values

The following table combines information about:
- Classes of financial instruments based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:
- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between Level 1 and 2 during the current period.

**h) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

As of 30 September 2023, the Group recognized only an interest rate swap, the fair value of which was determined based on a discounted cash flow method. Future cash flows were estimated using forward exchange rates observable at the end of the reporting period and contract forward rates, discounted at a rate reflecting the credit risk of the various counterparties.

| 31 December 2022 | Carrying amount in ths. CZK | Fair value Level 1 in ths. CZK | 2 in ths. CZK | 3 in ths. CZK | Total in ths. CZK |
|---|---|---|---|---|---|
| **Financial assets/liabilities recognized at amortised costs** | | | | | |
| Trade and other receivables – non-current | 2498 | 0 | 0 | 2498 | **2498** |
| Trade and other receivables – current | 373 717 | 0 | 0 | 373 717 | **373 717** |
| Other financial assets – non-current | 5 000 | 0 | 0 | 5 000 | **5 000** |
| Other assets - current | 96 460 | 0 | 0 | 96 460 | **96 460** |
| Cash and cash equivalents | 878 053 | 0 | 0 | 878 053 | **878 053** |
| Loans from shareholders | 3 169 764 | 0 | 0 | 3 169 764 | **3 169 764** |
| Loans from bank | 1 923 281 | 0 | 0 | 1 923 281 | **1 923 281** |
| Trade and other payables | 333 927 | 0 | 0 | 333 927 | **333 927** |
| Other liabilities – current | 203 206 | 0 | 0 | 203 206 | **203 206** |
| | | | | | |
| **Financial assets/liabilities recognized at FVTPL** | | | | | |
| Derivative financial assets | 5 508 | 0 | 5 508 | 0 | **5 508** |

| 30 September 2023 | Carrying amount in ths. CZK | Fair value Level 1 in ths. CZK | 2 in ths. CZK | 3 in ths. CZK | Total in ths. CZK |
|---|---|---|---|---|---|
| **Financial assets/liabilities recognized at amortised costs** | | | | | |
| Cash and cash equivalents (note 33.1) | 657 839 | 0 | 0 | 657 146 | **657 146** |
| Trade and other receivables (note 22) | 441 314 | 0 | 0 | 441 314 | **441 314** |
| Loans from shareholders (note 24) | 2 888 676 | 0 | 0 | 2 959 380 | **2 959 380** |
| Loans from bank (note 24) | 1 907 386 | 0 | 0 | 1 907 386 | **1 907 386** |
| Trade and other payables (note 27) | 297 720 | 0 | 0 | 297 720 | **297 720** |
| Other financial assets (note 25) | 5 000 | 0 | 0 | 5 000 | **5 000** |
| | | | | | |
| **Financial assets/liabilities recognized at FVTPL** | | | | | |
| Derivative financial assets (note 25) | 2 315 | 0 | 2 315 | 0 | **2 315** |
| | | | | | |
| **Financial assets/liabilities recognized at FVOCI** | | | | | |
| Derivative financial assets (note 25) | 25 407 | 0 | 25 407 | 0 | **25 407** |

The management of the group assumed that the carrying amount of loans from bank are approximate to their fair value as they bear variable interest rates.

The fair value of loans from shareholder with fixed interest rate was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

The carrying amount of current assets and liabilities is considered to be the same as their fair value due to their short-term nature i.e. the relatively short period of time between the origination of the instruments and their expected realisation.

## 36. Financial risk management

### 36.1. Financial risk management objectives

The Group co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group´s risk management pursues the objective of identifying developments on financial and commodity markets at an early stage and countering any resultant negative implications. The policies for managing each of these risks are described below

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by board members' approval.

The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

### 36.2. Market risk

The Group's activities expose it primarily to the financial risks of changes in commodity price, interest rates (see below) and foreign exchange risk. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and commodity risk, including:

- interest rate swaps to mitigate the risk of rising interest rate
- commodity derivatives to mitigate the price risk of purchased commodity

Market risk exposures are measured using value-at-risk (VaR) analysis supplemented by sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

**Value-at-risk (VaR) analysis**

The VaR measure estimates the potential loss in pre-taxation profit over a given holding period of one year for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 95 per cent VaR number used by the Group reflects the 95 per cent probability that the daily loss will not exceed the reported VaR.

VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

Potential impact of the risk factors as of 30 September 2023

| Daily VaR (95%) | Impact on the pre-tax profit Ths. CZK | Impact on the post-tax profit Ths. CZK |
|---|---:|---:|
| Interest rate | 408 | 330 |
| Exchange rate | 1127 | 913 |
| Commodity | 21 621 | 17 513 |
| **Total** | **23 156** | **18 756** |

The impact on other components of equity should be nil.

The Group's VaR should be interpreted in light of the limitations of the methodologies used. These limitations include the following:

- Historical data may not provide the best estimate of the joint distribution of risk factor changes in the future and may fail to capture the risk of possible extreme adverse market movements which have not occurred in the historical window used in the calculations.
- VaR using a one-day time horizon does not fully capture the market risk of positions that cannot be liquidated or hedged within one day.
- VaR using a 95 per cent confidence level does not reflect the extent of potential losses beyond that percentile.

These limitations and the nature of the VaR measure mean that the Group can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than once in 20 business days.

While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures.

**(a) Foreign currency risk management**
As the Group's entities mainly operate on the local markets, they do not face significant foreign exchange rate risks regarding their operational activities. The Group is exposed to foreign exchange rate risk especially due to bank and shareholder loan that are denominated in EUR . The Group abstained from hedging the EUR/CZK exchange rate for the period. The Group's management is conscious of the potential risks associated with exchange rate fluctuations and is considering adopting hedging strategies in the future.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | EUR | |
|---|---|---|
| | **30/09/2023 ths. CZK** | **31/12/2022 ths. CZK** |
| **Financial assets** | | |
| Cash and cash equivalents | 197 264 | 591 102 |
| Other assets (escrow account) | 0 | 96 460 |
| **Financial liabilities** | | |
| Debts | - 4 075 860 | - 4 447 675 |
| **Net position** | **- 3 878 596** | **-3 760 313** |

For foreign exchange rate CZK/EUR sensitivity analysis see the VaR analyses above.

**(b) Interest rate risk management**
The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by utilization group cashpooling and maintaining mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts.

At the end the reporting period the floating interest rate, that arose from the acquisition loan is not hedged. The Group's management is conscious of the potential risks associated with interest rate fluctuations and as a result the Group concluded an interest rate derivative securing the interest rate for a EUR bank loan in January 2023.The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

**Interest rate sensitivity analysis**
The sensitivity analyses below have been determined based on the exposure to interest rates instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

For interest rate sensitivity analysis see the VaR analyses above.

**(c) Commodity price risk**
Commodity price risk in the Group primarily arises from price fluctuations and the availability of gas for electricity production and electricity revenue stream. The Group may enter into derivative transactions to limit these risks, but at the end of the reporting period all commodity derivatives has been settled. The Group's management is conscious of the potential risks associated with fluctuations of gas and electricity prices and as a result the Group concluded in following accounting period a commodity derivatives securing or contractual securing the price of gas and electricity. This securing lock the margin and is executed in several tranches.

For commodity price sensitivity analysis see the VaR analyses above.

**(d) Liquidity risk management**
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. To further reduce the liquidity risk, the group has the option of drawing credit lines (see note 24).

**i) Liquidity and interest risk tables**
The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

| 31 December 2022 | Effective interest rate % | Less than 1 year ths. CZK | 1-5 years ths. CZK | 5+ years ths. CZK | Total ths. CZK | Carrying amount ths. CZK |
|---|---|---|---|---|---|---|
| Trade and other payables | - | 333 927 | 0 | 0 | 333 927 | 333 927 |
| Loans from shareholder | 7,0 % | 202 080 | 758 971 | 4 322 578 | 5 283 629 | 3 169 764 |
| Loans from bank | 7,1% | 185 962 | 2 234 463 | 0 | 2 420 425 | 1 790 943 |
| Lease liabilities | 7,5 % | 3 223 | 5 581 | 0 | 8 804 | 7 831 |
| Other bank loans | 3,6 % | 43 883 | 92 337 | 0 | 136 220 | 132 338 |
| Other liabilities | - | 203 206 | 0 | 0 | 203 206 | 203 206 |
| | | | | | | |
| Interest rate swap | | | | | | |
| – derivative liability | - | 0 | | 0 | 0 | 0 |
| – derivate assets | - | 1 687 | 3 821 | 0 | 0 | 5 508 |

| 30 September 2023 | Effective interest rate % | Less than 1 year ths. CZK | 1-5 years ths. CZK | 5+ years ths. CZK | Total ths. CZK | Carrying amount ths. CZK |
|---|---|---|---|---|---|---|
| Trade and other payables | - | 297 720 | 0 | 0 | 297 720 | 297 720 |
| Loans from shareholder | 7,0 % | 207 192 | 778 169 | 3 737 602 | 4 722 963 | 2 888 676 |
| Bank loans | 8,57% | 291 169 | 2 275 506 | 38 911 | 2 605 586 | 1 907 387 |
| Lease liabilities | 7,5 % | 3 183 | 3 988 | 0 | 7 171 | 6 641 |
| | | | | | | |
| Interest rate swaps | | | | | | |
| - derivative liability | - | 0 | 0 | 0 | 0 | 0 |
| - derivate assets | - | 11 564 | 7 305 | 0 | 18 869 | 18 869 |

**(e) Credit risk**
Credit risk primarily originates from cash deposits in banks and sales to customers.

To mitigate this risk that could arise from sale of heat, electricity and water supply, the Group has implemented the principle of requiring monthly advances for utility supply from customers. Monthly advance payments from customers reduce account receivables exposure and give the group regularly indication about customer financial behaviour/healthy.

To mitigate this risk that could arise from EPC projects, the Group usually sells the trade receivables to reduce credit risk and manages the liquidity.

At the end of the reporting period, the Group has a bank account with a single banking institution, which is the same entity from which the Group obtained a loan. Given that this banking institution is part of an international group, management considers the credit risk to be very low.

### 36.3. Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group. Management of the company oversees the debt/equity ratio to maintain optimal financial leverage and ensure sustainable growth.

Debt is defined by the Group as long- and short-term borrowings and lease liabilities (excluding derivatives) as disclosed in notes 24. Net debt is defined as debt after deducting cash and cash equivalents.

Equity includes capital, reserves, retained earnings, and non-controlling interests as disclosed in notes 30 and 32.

For more information regarding to financial covenants see note 24.1.

The gearing ratio at the year-end is as follows:

| | **30/09/2023 ths. CZK** |
|---|---|
| Debts | 4 802 703 |
| Cash and cash equivalents | 657 839 |
| **Net debt** | **4 144 864** |
| **Equity** | **117 083** |
| **Net debt to equity ratio** | **35,40** |

## 37. Events after the reporting period
There were no events after reporting period that would have a significant impact on the financial statements as of September 30, 2023.

## 38. Related party transactions
Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its shareholder and other related parties are disclosed below.

### 38.1. Trading transactions and loans from related parties
In the current period, the Group entities had no other relationships with related parties except for the shareholder loan described below 24 and interest  expenses to shareholder refer to note 13.Loan from shareholder

On 8 December 2022, a shareholder grants two loans to the Group:
- A  loan amounting to CZK 2 708 754 ths. that bears an effective interest rate of 7 % p.a.
- The maturity of this loan is 8 December 2032. interest-free shareholder loan amounting to CZK 677 189 thousand, which is repayable on December 31, 2028. The Group anticipates that the market interest rate for this loan should be equivalent to that of the first loan, which was also provided to the Group by a shareholder. Consequently, the Group recognized a portion of the loan as a capital contribution (see note 31) and recognized the loan at an amount of CZK 461 010 ths. During 2023, the shareholder decided to increase share capital of the Company and capitalised the loan in amount of CZK 444 610 ths.

The shareholder loan was reduced due to revaluation according to IFRS 9.

### 38.2. Remuneration of key management personnel

Annual management bonuses are based on the fulfilment of criteria in finance, sales and the production-technical area in the relevant past period. Remunerations are paid only after the approval of the audited statements by the general meeting, i.e. usually in the March next year.

The remuneration of the directors, who are the key management personnel of the Group, is set out below:

| | From 01/01/2023 to 30/09/2023 ths. CZK | From 15/6/2022 to 31/12/2022 ths. CZK |
|---|---|---|
| Short-term employee benefits | -15 254 | -820 |
| Post-employment benefits | 0 | -10 |
| Other long-term benefits | 0 | -142 |
| Termination benefits | 0 | -28 |
| | **-15 254** | **1 000** |

## 39. Approval of the financial statements

The financial statements were approved by the managing directors and authorized for issue on 17. 5. 2024.

# Financial statements

## Balance sheet

Balance sheet date: 30 September 2023 (in thousand Czech crowns)
for the period from 1 January 2023 to 30 September 2023

| Ref. | | | | Assets | Row | 30.09.2023 | | | 31.12.2022 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Gross | Provision | Net | Net |
| | | | | **TOTAL ASSETS** | 001 | **4,355,039** | **(1,974,714)** | **2,380,325** | **5,372,136** |
| **B.** | | | | **Fixed assets** | 003 | **4,092,506** | **(1,974,714)** | **2,117,792** | **4,599,451** |
| **B.** | **III.** | | | **Long-term investments** | 027 | **4,092,506** | **(1,974,714)** | **2,117,792** | **4,599,451** |
| B. | III. | 1. | | Investments - subsidiaries and controlling party | 028 | 4,039,611 | (1,974,714) | 2,064,897 | 4,599,451 |
| B. | III. | 2. | | Loans and borrowings - subsidiaries and controlling party | 029 | 52,895 | - | 52,895 | - |
| **C.** | | | | **Current assets** | **037** | **262,533** | **-** | **262,533** | **732,275** |
| **C.** | **II.** | | | **Receivables** | **046** | **27,236** | **-** | **27,236** | **-** |
| C. | II. | 2. | | Short-term receivables | 057 | 27,236 | - | 27,236 | - |
| C. | II. | 2. | 1. | Trade receivables | 058 | 27,236 | - | 27,236 | - |
| **C.** | **IV.** | | | **Cash** | **075** | **235,297** | **-** | **235,297** | **732,275** |
| C. | IV. | 2. | | Cash at bank | 077 | 235,297 | - | 235,297 | 732,275 |
| **D.** | | | | **Prepayments and accrued income** | **078** | **-** | **-** | **-** | **40,410** |
| D. | 3. | | | Accrued income | 081 | - | - | - | 40,410 |

# Balance sheet

Balance sheet date: 30 September 2023 (in thousand Czech crowns)
for the period from 1 January 2023 to 30 September 2023

| Ref. | | | | Liabilities and equity | Row | 30.09.2023 | 31.12.2022 |
|---|---|---|---|---|---|---|---|
| | | | | **TOTAL LIABILITIES AND EQUITY** | **082** | **2,380,325** | **5,372,136** |
| **A.** | | | | **Equity** | **083** | **(528,443)** | **2,279** |
| **A.** | **I.** | | | **Share capital** | **084** | **663,970** | **120** |
| A. | I. | 1. | | Share capital | 085 | 663,970 | 120 |
| | | | | **Retained earnings / Accumulated losses** | **099** | **2,159** | **-** |
| A | IV | 1. | | Retained earnings or (accumulated losses) | 100 | 2,159 | - |
| **A.** | **V.** | | | **Profit / (loss) for the current period** | **102** | **(1,194,572)** | **2,159** |
| **B. + C.** | | | | **Liabilities** | **104** | **2,908,768** | **5,369,857** |
| **B.** | | | | **Provisions** | **105** | **6,276** | **5,661** |
| B. | 2. | | | Income tax provision | 107 | 6,276 | 5,661 |
| **C.** | | | | **Payables** | **110** | **2,902,492** | **5,364,196** |
| **C.** | **I.** | | | **Long-term payables** | **111** | **2,734,028** | **3,385,943** |
| C. | I. | 6. | | Liabilities - subsidiaries and controlling party | 119 | 2,734,028 | 3,385,943 |
| **C.** | **II.** | | | **Short-term payables** | **126** | **168,464** | **1,978,253** |
| C. | II. | 2. | | Liabilities due to financial institutions | 130 | - | 1,831,688 |
| C. | II. | 4. | | Trade payables | 132 | 109 | 12,543 |
| C. | II. | 6. | | Liabilities - subsidiaries and controlling party | 134 | 154,648 | 12,468 |
| C. | II. | 8. | | Liabilities - other | 136 | 13,707 | 121,554 |
| C. | II. | 8. | 5. | Taxes and state subsidies payable | 141 | 15 | 8 |
| C. | II. | 8. | 6. | Estimated payables | 142 | 13,692 | 6,361 |
| C. | II. | 8. | 7. | Other liabilities | 143 | - | 115,185 |

# Income statement

Balance sheet date: 30 September 2023 (in thousand Czech crowns)
for the period from 1 January 2023 to 30 September 2023

| Ref. | | | Row | Accounting period 2023 | 2022 |
|---|---|---|---|---|---|
| **A.** | | **Cost of sales** | **03** | **24,317** | **1,198** |
| A. | 3. | Services | 06 | 24,317 | 1,198 |
| **F.** | | **Operating expenses - other** | **24** | **40** | **-** |
| F. | 3. | Taxes and charges | 27 | 2 | - |
| F. | 5. | Other operating expenses | 29 | 38 | - |
| * | | **Operating result** | **30** | **(24,357)** | **(1,198)** |
| IV. | | Income from long-term investments - shares | 31 | 987,966 | - |
| IV. | 1. | Income from investments - subsidiaries or controlling party | 32 | 987,966 | - |
| VI. | | Interest and similar income | 39 | 11,207 | - |
| VI. | 1. | Interest and similar income - subsidiaries or controlling party | 40 | 11,207 | - |
| I. | | Value adjustments and provisions from financial operations | 42 | 1,974,714 | - |
| J. | | Interest and similar expenses | 43 | 196,003 | 20,176 |
| J. | 1. | Interest and similar expenses - subsidiaries or controlling party | 44 | 143,143 | 12,468 |
| J. | 2. | Other interest and similar expenses | 45 | 52,860 | 7,708 |
| VII. | | Other financial income | 46 | 17,443 | 29,795 |
| K. | | Other financial expenses | 47 | 9,838 | 601 |
| * | | **Financial result** | **48** | **(1,163,939)** | **9,018** |
| ** | | **Net profit / (loss) before tax** | **49** | **(1,188,296)** | **7,820** |
| **L.** | | **Tax on profit or loss** | **50** | **6,276** | **5,661** |
| L. | 1. | Tax on profit or loss - current | 51 | 6,276 | 5,661 |
| ** | | **Net profit / (loss) after tax** | **53** | **(1,194,572)** | **2,159** |
| *** | | **Net profit / (loss) for the financial period** | **55** | **(1,194,572)** | **2,159** |
| * | | **Net turnover for the financial period** | **56** | **1,016,616** | **29,795** |

# Notes to financial statements

for the period from 1 January 2023 to 30 September 2023

## 1. General information

### 1.1. Introductory information about the Company

ENETIQA Energy s.r.o. (“the Company”) was established by its Articles of Association as a limited liability company on 14 April 2022, incorporated on 15 June 2022 by the Municipal Court in Prague, Section C, Insert 368824 and has its registered office at Kačírkova 982/4, Jinonice, 158 00 Prague 5. The Company’s identification number is 17245184.

The Company’s primary business activities are production, trade and services not specified in annexes 1 to 3 of the Trade Licensing Act.

Natural and legal persons holding more than 20% of the Company’s share capital and the amount of their shares are listed in the table below:

| Shareholder | % of capital |
|---|---|
| Cube III Energy Co-Investment CZ S.à r.l. | 100% |
| **Total** | **100%** |

### 1.2. Changes and additions to the Commercial Register in the last financial period

On 1 March 2023, the following changes were made to the Commercial Register:

- the Company’s name „CUBE III Energy CZ s.r.o“ has been deleted,
- the Company’s name „ENETIQA Energy s.r.o.“ has been registered,
- the share capital was increased.

On 1 April 2023, the registered office of the Company was changed.

On 11 April 2023, the following changes were made to the Commercial Register:

- Mr Simone Pini has been removed from the position of Statutory Representative (termination of the office on 1 April 2023),
- Mr Jan Vencour has been registered as Statutory Representative (appointment on 1 April 2023),
- Mr Jörg Lüdorf has been registered as Statutory Representative (appointment on 1 April 2023).

### 1.3. Current economic situation

The ongoing military conflict in Ukraine and the related sanctions against the Russian Federation and Belarus are having a significant impact on national economies in Europe

and around the world. The Company has no direct exposure to Ukraine, Russia or Belarus.

The impact of the aforementioned military conflict and sanctions on the Company is indirect, mainly in the form of inflation. The Company’s management continues to monitor the situation and its impact on the Company. As at the date of this report, the Company is in proper compliance with its obligations and therefore applies the going concern assumption.

## 2. Accounting policies

### 2.1. Basis of preparation

The Company’s accounting is maintained, and the financial statements have been prepared in accordance with Act No. 563/1991 Coll. on Accounting, as amended, Decree No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll. on Accounting, for entities that are entrepreneurs accounting in the double-entry bookkeeping system, as amended, and the Czech Accounting Standards for Entrepreneurs, as amended.

The accounting follows general accounting principles, in particular, the principle of valuation of assets at historical cost (unless otherwise stated below), the principle of accrual accounting, the precautionary principle, and the going concern assumption.

The Company's financial statements are prepared as at the balance sheet date of 30 September 2023. Due to the shortened accounting period of the Company for the period from 1 January 2023 to 30 September 2023, the income statement does not contain comparative figures, and the balance sheet contains within the comparative figures only the figures from the prior accounting period from 15 June 2022 to 31 December 2022.

The financial information in these financial statements is expressed in thousands of Czech crowns (CZK), unless otherwise stated below.

**2.2. Long-term investments**
Long-term financial investments are investments in companies with a significant influence.
Investments are stated at cost when purchased. Cost includes direct costs related with its acquisition, such as fees and commissions to brokers, advisors, and stock exchanges.

At the date of acquisition of the investments, these long-term financial investments are classified by the Company as investments in subsidiaries and investments in associates or held-to-maturity securities or available-for-sale securities and investments, depending on their nature.

Investments in companies whose cash flows and operating processes the Company can control in order to obtain benefits from their activities are classified as investments in subsidiaries.

Investments in companies whose financial flows and operating processes can be significantly influenced by the Company in order to obtain benefits from their activities are classified as Investments in associates.

As at the balance sheet date, investments in controlled and managed entities and in associates are measured at cost-less valuation allowances.

**2.3. Receivables**
Receivables are stated at a nominal value less a provision.

Receivables are classified as short-term and long-term, with short-term receivables falling due within one year of the balance sheet date.

**2.4. Payables**
Payables are stated at a nominal value.

Payables are classified as short-term and long-term, with short-term receivables falling due within one year of the balance sheet date.

**2.5. Loans**
Loans are stated at a nominal value less a provision. Part of long-term loans that are due within one year from the balance sheet date are also considered short-term loans.

**2.6. Provisions**
The Company recognises provisions to cover its obligations or expenses, when the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however their precise amount or timing is not known.

**2.7. Foreign currency translation**
Transactions denominated in a foreign currency are translated and recorded at the exchange rate of the Czech National Bank applicable at the accounting event date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

**2.8. Revenue**
Revenue is stated on an accrual basis, i.e. to the period to which they are materially and temporally related.

Revenue is stated at the value of the consideration received or to be received and represents receivable for goods and services provided in the ordinary course of business, net of discounts, value added tax and other sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and the rights relating to those goods are transferred.

#### 2.9. Related parties

The Company's related parties are considered to be the following:

- parties, which directly or indirectly control the company, their subsidiaries and associates;
- parties, which have directly or indirectly significant influence on the Company;
- members of the company's or parent company's statutory and supervisory boards

and management and parties close to such members, including entities in which they have a controlling or significant influence;

- subsidiaries and associates and joint-venture companies.

Material transactions and outstanding balances with related parties are disclosed in Notes 3.6.

#### 2.10. Use of estimates

The preparation of the financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company's management has determined these estimates and assumptions based on all relevant information available to it. However, as the nature of the estimate implies, actual values in the future may differ from these estimates.

#### 2.11. Interest expense

All borrowing costs are expensed.

#### 2.12. Income tax

##### 2.12.1. Current tax

The Company's management has recognised the tax liability and tax expense based on a tax calculation that is based on its understanding of the interpretation of tax laws enacted in the Czech Republic as at the balance sheet date and is satisfied that the amount of tax is correct in accordance with the applicable tax laws of the Czech Republic. Given the existence of various interpretations of tax laws and regulations by third parties, including government authorities, the income tax liability recorded in the Company's financial statements is subject to change based on the final opinion of the tax authorities.

##### 2.12.2. Deferred tax

Deferred tax calculation is based on the liability method based on the balance sheet approach.

The carrying amount of a deferred tax asset is assessed and reduced as at the balance sheet date to the extent that it is no longer probable that sufficient taxable profit will be available against which the asset, or part of it, can be utilised.

Deferred tax is recognised in the income statement except to the extent that it relates to items charged directly to equity and the related deferred tax is also included in equity.

Deferred tax assets and liabilities are netted against each other and recognised in the balance sheet at their total net amount, except where certain partial tax assets cannot be offset against partial tax liabilities.

#### 2.13. Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed but are not themselves recognised in the financial statements.

## 3. Additional information

### 3.1. Long-term investments

On 9 December 2022, 100% of the share in ENETIQA a.s. were acquired (formerly MVV Energie CZ a.s.).

| Name of subsidiary | ENETIQA a.s. |
|---|---|
| Registered office of subsidiary | Kačírkova 982/4, Jinonice, 158 00 Prague 5 |
| Acquisition cost | CZK 4,599,451 thousand |

The recognition of a provision for non-current financial assets in the amount of CZK 1,974,714 thousand resulted in a loss for the current financial period and negative equity in the amount of CZK 528,443 thousand. The company CUBE III ENERGY Co-Investment CZ S.à r.l. has issued a letter of support that it is able to provide sufficient financial resources to the Company to continue to operate as a going concern through 2024 and for the foreseeable future.

### 3.2. Short-term payables

As at 30 September 2023, the Company recorded short-term trade payables in the amount of CZK 109 thousand.

As at 31 May 2023, the loan from the financial institution Komerční banka, a.s. was repaid in full. The loan was repaid by offsetting receivables from dividends and from capital fund distributions from the subsidiary ENETIQA a.s. ENETIQA Energy s.r.o. guarantees the obligations under the assigned loan until full repayment.

To secure the liabilities under the Loan Agreement with the financial institution Komerční banka, a.s. the Company has entered into the following agreements:

- agreement on the establishment of a pledge over receivables from bank accounts and relevant agreements concluded on 8 December 2022 between the Company and Komerční banka
- agreement from 9 December 2022 between the Company and Komerční banka on the establishment of financial security in the form of a pledge over shares in ENETIQA a.s.
- Security Agreement concluded on 8 December 2022 between the Company and Cube III Energy Co-Investment CZ S.à r.l. and Komerční banka.

The Company has no other payables that have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any liabilities or commitments that are not recognised in the balance sheet.

The Company did not provide any guarantees which were not recorded in the balance sheet.

The management of the Company is not aware of any contingent liabilities as at 30 September 2023.

### 3.3. Other financial expenses

Other financial expenses consist of exchange rate losses and bank fees.

### 3.4. Other financial income

Other financial income mainly consists of exchange rate income.

### 3.5. Off-balance sheet liabilities

The Company does not have any liabilities that are not recognised in the balance sheet.

### 3.6. Related party transactions and balances

As at 30 September 2023, the Company recorded a short-term liability to the controlling party in the amount of CZK 154,648 thousand and a long-term liability in the amount of CZK 2,734,028 thousand in respect of a loan received. As at 31 December 2022, the total liability amounted to CZK 3,398,411 thousand, of which the short-term part amounted to CZK 12,468 thousand.

The receivables from dividends in the amount of CZK 987,966 thousand, from the capital fund distributions in the amount of CZK 571,001 thousand and from the loan in the amount of CZK 197,105 thousand to the subsidiary ENETIQA a.s. were offset against the liability to Komerční banka in the total amount of CZK 1,756,072 thousand.

The interest rate derivative concluded between the Company and Komerční banka was valued at CZK 11,162 thousand and transferred to ENETIQA a.s. by granting a non-cash premium outside the share capital.

As at 30 September 2023, the Company recorded a short-term trade receivable from a subsidiary in the amount of CZK 16,029 thousand.

On 10 February 2023, the Company granted to its subsidiary ENETIQA a.s. a long-term loan in the total amount of CZK 250,000 thousand, maturing on 9 February 2033, at an interest rate of 2W repo + 0.15% p.a. Its remaining amount as at 30 September 2023 amounted to CZK 52,895 thousand and is disclosed in the line „Long-term receivables - subsidiaries and controlling party".

No loans, credits, deposits, advances were provided to Statutory Representatives as at 30 September 2023.

### 3.7. Subsequent events

No other events have occurred subsequent to year-end that would have a material impact on the financial statements.

In Prague, on 17 May 2024

Jörg Lüdorf
Statutory representative

Ing. Jan Vencour

# Report on Relations

| | |
|---|---|
| Business name: | ENETIQA Energy s.r.o. |
| Registered seat: | Kačírkova 982/4, 158 00 Prague 5 – Jinonice |
| Company ID: | 172 45 184 |
| VAT ID: | CZ17245184 |

The company is entered in the Commercial Register managed by the Municipal Court in Prague, Section C, File no. 368824 (hereinafter referred to as the „Company").

The Managing Directors of the Company:

## 1) DECLARES THAT

- The business concern has joint management – with a holding entity and a subsidiary;
- The holding entity, pursuant to Section 79 of Act No. 90/2012 Coll., on Business Corporations, as amended (hereinafter referred to as the "Business Corporations Act"), and the majority owner are always the controlling entities, unless Section 75 of the Business Corporations Act states otherwise, and the subsidiary is always the controlled entity.

Based on the above, the Company Managing Directors are required, in compliance with Section 82 of the Business Corporations Acts, to prepare a written Report on the Relations between the controlling and the controlled entities for the past accounting period, within 3 months of the end of the accounting period.

## 2) APPROVES THE REPORT ON RELATIONS FOR THE PERIOD OF JANUARY 2023 – SEPTEMBER 2023

**The structure of relations between the holding entity and all subsidiaries (the controlling entity and the controlled entities) within the ENETIQA concern:**
The Company is member of the ENETIQA concern; the structure and parts of it are defined in Appendix 1 hereto.

**Controlling entity (holding entity – concern pursuant to Section 79 of the Business Corporations Act)**
The Company is controlled by Cube III Energy S.à r.l., Commercial Register entry number: B258410, with registered seat at Ave de la Liberté 41 1931, Luxembourg City, the Grand Duchy of Luxembourg.

**The other entities controlled by the controlling entity (i.e. the holding entity)**
This Report on Relations defines all relationships between the Company and other controlled entities or the holding entity. The mutual relations between the controlled entities are described in the Reports on Relations prepared by the respective entities. Other entities controlled by a controlling entity are not mentioned as the Company has no relationship with them.

**1. Entities directly controlled by the controlling entity (i.e. direct subsidiaries):**
ENETIQA a.s., with its registered seat at Praha 5 – Jinonice, Kačírkova 982/4, post code: 158 00, Company ID: 49685490

**2. Entities indirectly controlled by the controlling entity (i.e. indirect subsidiaries):**
ENETIQA a.s., with its registered seat at Praha 5 – Jinonice, Kačírkova 982/4, post code: 158 00, Company ID: 49685490;
CTZ s.r.o., with its registered seat at Uherské Hradiště, Mařatice, Sokolovská 572, post code: 686 01, Company ID: 63472163;
ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., with its registered seat at Česká Lípa, Liberecká 132, Stará Lípa, post code: 470 01, Company ID: 64653200;
Českolipské teplo a.s., with its registered seat at Prague 5, Jinonice, Kačírkova 982/4, post code: 158 00, Company ID: 63149907;
e.services s.r.o., with its registered seat at Děčín, Děčín I–Děčín, Oblouková 958/25, post code: 405 02, Company ID: 28748514;
ENERGIE Holding a.s., with its registered seat at Prague 5, Jinonice, Kačírkova 982/4, post code: 158 00, Company ID: 27594301;
Enetiqa GmbH, with its registered seat at Karlsruhe, Krämerstraße 46, post code: 76189, Federal Republic of Germany, Company ID: HRB 745706
G-LINDE s.r.o., with its registered seat at Prague 5, Jinonice, Kačírkova 982/4, post code: 158 00, Company ID: 24684538;
G-RONN s.r.o., with its registered seat at Prague 5, Jinonice, Kačírkova 982/4, post code: 158 00, Company ID: 24679399;
IROMEZ s.r.o., with its registered seat at Pelhřimov, Pod Náspem 2005, post code: 393 01, Company ID: 24707341;
OPATHERM a.s., with its registered seat at Opava, Město, Horní náměstí 283/58, post code: 746 01, Company ID: 25385771;
POWGEN a.s., with its registered seat at Prague 5, Jinonice, Kačírkova 982/4, post code: 158 00, Company: ID 27928411;
Teplárna Liberec, a.s., with its registered seat at Liberec IV–Perštýn, Dr. Milady Horákové 641/34a, post code: 460 01, Company ID: 62241672;
TERMIZO a.s., with its registered seat at Liberec VII–Horní Růžodol, Dr. Milady Horákové 571/56, post code: 460 07, Company ID: 64650251;
TERMO Děčín a.s., with its registered seat at Děčín I–Děčín, Děčín, Oblouková 958/25, post code: 405 02, Company ID: 64050882;
Zásobování teplem Vsetín a.s., with its registered seat at Vsetín, Jiráskova 1326, post code: 755 01, Company ID: 45192588.

**Role of the Controlled Entity in ENETIQA Concern**
Holding company in the Czech Republic.

**Control Means and Method**
Through the ownership share in the framework of the Company General Meeting decision-making process or by means of the holding (controlling) entity's instructions.

A survey of actions performed in the accounting period of January 2023 – September 2023 at the behest or in the interest of the controlling entity or any of the entities controlled by it, where the action concerned assets exceeding 10 % of the controlled entity's equity entered in the latest Financial Statement:

**A survey of actions performed in the accounting period of June 2022 – December 2022 at the behest or in the interest of the controlling entity or any of the entities controlled by it, where the action concerned assets exceeding 10 % of the controlled entity's equity entered in the latest Financial Statement:**

| | Fulfilment exceeding 10% of equity in '000 CZK | | | | |
|---|---|---|---|---|---|
| **Business name** | **Loans within the group – given/ received** | **Payment/receipt from the profit share (dividend)** | **Payment/receipt from the capital fund** | **Increase in the registered capital** | **Loan interest** |
| ENETIQA a.s. | 250,000* | 987,966 | 571,007 | - | - |
| Cube III Energy Co-Investment CZ S.à r.l. | - | - | - | 663,850** | 143,143 |

*Repayment of the loan of CZK 197,105 ths. in the form of an offset against a liability to ENETIQA a.s.

**The increase in the registered capital was offset against the liability from the loan provided by Cube III Energy Co-Investment CZ S.à r.l.

At the behest of the controlling entity, the Company decided under the authority of the sole shareholder ENETIQA a.s. to distribute the profit and other own resources of the Company. On 25 May 2023, it concluded a contract for the assignment of receivables with ENETIQA a.s., under which the company ENETIQA a.s. assigned to the Company claims for the payment of profit shares or other own resources of its subsidiaries. All claims arising from the decision to distribute own resources of the company ENETIQA a.s., and arisen also from the company ENETIQA a.s., were then assigned by the Company, on instruction from the controlling entity, to the companies Komerční banka, a.s., Kommunalkredit Austria AG and Raiffeisenbank a.s. in return for payment corresponding to their total nominal value.

In parallel with the aforementioned assignment of claims, the Company, on instruction from the controlling entity, informed the company Komerční banka, a.s. that in accordance with the Senior Loan Agreement of 8 December 2022 it wished to pay off all due A1 loans early, regardless of whether they were disbursed in Czech crowns or euros. Based on the Offset Agreement of 31 May 2023, the Company's claim for remuneration for the assignment of claims was offset against the creditors' claim for the provision of the relevant early repayment of the A1 loan. The A1 loan in the interest of the controlling entity and the Company was thus repaid in full.

Except for the aforementioned repayment of the loan received by the Company and conclusion or performance of the contracts specified below, at the behest or in the interest of the controlling entity or any of the entities controlled by it, there were no other negotiations concerning property exceeding 10% of equity of the controlling entity, as shown by the latest final accounts.

## Agreements concluded by and between the company and the controlled entity (subsidiary) or the controlling (holding) entity and mutually by and between the controlled entities during the period January 2023 – September 2023.

**Contracts with Cube III Energy Co-Investment CZ S.à r.l.**

| Contracting party | Date of execution | Contract title |
|---|---|---|
| ENETIQA Energy s.r.o.<br>Cube III Energy Co-Investment CZ S.à r.l. | 26.9.2023 | Agreement on the settlement of intragroup loss*) |

The Company has not incurred any unsettled loss from any of the above listed contracts.

*)This agreement is described below in the chapter titled "Other Loss Caused to ENETIQA Energy s.r.o. and an Assessment of the Loss Settlement pursuant to Sections 71 and 72 of the Business Corporations Act, as amended" as Agreement III

| Contracting party | Date of execution | Contract title |
|---|---|---|
| Cube III Energy CZ s.r.o.<br>Cube III Energy Co-Investment CZ S.à r.l.<br>Komerční banka, a.s.<br>KOMMUNALKREDIT AUSTRIA AG | 8.12.2022 | Intercreditor Agreement |
| Cube III Energy CZ s.r.o.<br>Cube III Energy Co-Investment CZ S.à r.l.<br>Komerční banka, a.s. | 8.12.2022 | Security Agreement |
| Cube III Energy CZ s.r.o.<br>ENETIQA a.s. | 9.2.2023 | Interest bearing loan facility agreement |
| ENETIQA a.s.<br>ENETIQA Energy s.r.o. | 1.4.2023 | Contract for the lease of non-residential premises |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s. | 18.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s. | 18.7.2023 | Contract for the assignment of a receivable |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>ENERGIE Holding a.s. | 18.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>G-RONN s.r.o. | 18.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>IROMEZ s.r.o. | 18.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>POWGEN s.r.o. | 18.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>TERMIZO s.r.o. | 24.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>Zásobování teplem Vsetín a.s. | 18.7.2023 | Agreement on the provision of a premium beyond the registered capital |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s.<br>IROMEZ s.r.o.<br>POWGEN a.s.<br>ENERGIE Holding a.s.<br>G-RONN s.r.o.<br>TERMIZO a.s.<br>Zásobování teplem Vsetín a.s.<br>Komerční banka, a.s.<br>Kommunalkredit Austria AG<br>Reiffeisenbank a.s. | 31.5.2023 | Offset agreement |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s. | 25.5.2023 | Contract for the assignment of receivables |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s. | 26.9.2023 | Agreement on the settlement of intragroup loss*) |
| ENETIQA Energy s.r.o.<br>ENETIQA a.s. | 26.9.2023 | Agreement on the offset of receivables |

The Company has not incurred any unsettled loss from any of the above listed contracts.

*) This agreement is described below in the chapter titled “Other Loss Caused to ENETIQA Energy s.r.o. and an Assessment of the Loss Settlement pursuant to Sections 71 and 72 of the Business Corporations Act, as amended” as Agreement II

**Other losses incurred by ENETIQA Energy s.r.o. and an evaluation of the settlement of losses pursuant to Sections 71 and 72 of the Business Corporations Act, as amended**

On 17 February 2023, companies of ENETIQA concern, on the basis of the holding (controlling) entity’s instruction, acceded to the EUR and CZK Senior Loan Agreement between, inter alia, Komerční banka, a.s. as Agent and the companies of the ENETIQA concern as Debtors, and the related inter-creditor agreement (hereinafter referred to as the “**Transaction**”). This Transaction caused loss to some companies of the ENETIQA concern and benefit to others. The loss/benefit within the ENETIQA concern was settled between the affected companies themselves or by a cascading method, i.e. by gradual transfer of the loss to higher levels of the ENETIQA concern.

On 26 September 2023, the Company, ENETIQA a.s., ENERGIE Holding a.s., G-RONN s.r.o., IROMEZ s.r.o., POWGEN a.s., TERMIZO a.s., Zásobování teplem Vsetín a.s., Českolipské teplo a.s., OPATHERM a.s., G-LINDE s.r.o., and e.services s.r.o. executed an agreement on corporate loss settlement, based on which the loss/benefit was settled directly between the affected companies.

On 26 September 2023, an Agreement on the Settlement of Specific Loss was executed between ENETIQA a.s., POWGEN a.s. and Zásobování teplem Vsetín a.s. (hereinafter referred to as the "**Agreement**"). On the same date, the Company and ENETIQA a.s. executed an Agreement on the Settlement of Corporate Loss (hereinafter referred to as "**Agreement II**"), by which the Company agreed to cover the loss pursuant to the Agreement instead of ENETIQA a.s., directly to the bank accounts of the affected POWGEN a.s. and Zásobování teplem Vsetín a.s. companies. The loss incurred by the Company in connection with the conclusion of Agreement II was settled by the agreement on the settlement of intragroup loss entered into by and between the Company and Cube III Energy Co-Investment CZ S.à r.l. on 26 September 2023 ("**Agreement III**").

**Overview of loss and income (in CZK) as a result of the Transaction implemented within the ENETIQA concern:**

| Entity | Loss in CZK | Income in CZK |
|---|---|---|
| ENERGIE Holding a.s. | 549,000 | - |
| G-RONN s.r.o. | - | 286,000 |
| IROMEZ s.r.o. | 130,000 | - |
| POWGEN a.s. | - | 551,000 |
| TERMIZO a.s. | - | 704,000 |
| Zásobování teplem Vsetín a.s. | - | 79,000 |
| Českolipské teplo a.s. | 465,000 | - |
| OPATHERM a.s. | 534,000 | - |
| G-LINDE s.r.o. | 37,000 | - |
| e.services s.r.o. | 12,000 | - |
| ENETIQA a.s. | - | 107,000 |

| Entity | Specific loss in CZK |
|---|---|
| POWGEN a.s. | 653,000 |
| Zásobování teplem Vsetín a.s. | 430,000 |

**Secret Information**
All information and facts which form the business secrets of the controlling or controlled entities (the holding entity and the subsidiaries) or other entities within the ENETIQA concern, are confi dential, including all information designated by any related entity as being confi dential. In addition to the above, all information related to the business and other associated information and facts that might be considered secret and which could harm any entity within the ENETIQA concern, are confidential.

In compliance with Section 504 and the business secrets breach clause pursuant to Act No. 89/2012 Coll., the Civil Code, as amended, this Report on Relationships excludes information of the above-mentioned nature, to prevent potential loss on the part of the controlled and controlling entities (the holding company and subsidiary).

**Additional information**
Additional information may be found in the Financial Statements of ENETIQA Energy s.r.o.

**Assessment of the Advantages and Disadvantages Resulting from the Relationships between ENETIQA Concern Entities, Risk Assessment, and Information on the Potential Loss Settlement**

The relationships between group entities are based on the arm's length principle and intra-group transactions are implemented under market conditions, and thus the controlled entities are exposed to no extraordinary advantages, disadvantages, or risks following from their membership of the concern. In the course of the accounting period, no other measures were taken in the interest or at the behest of the controlling or controlled entities outside the scope of common measures taken by a controlled entity in relation to the controlling entity as the owner of the controlled entity, except for those specified above in chapter "Other losses incurred by ENETIQA Energy s.r.o. and an evaluation of the settlement of losses pursuant to Sections 71 and 72 of the Business Corporations Act, as amended".

None of the companies within the ENETIQA concern incurred any unsettled loss as a result of the Company's conduct.

**Conclusion**

Managing Directors of ENETIQA Energy s.r.o. states that on the basis of the contracts effective in the period between January 2023 and September 2023 and executed between the Company and other entities of the ENETIQA concern and other dealings of the Company in the interest or at the behest of the ENETIQA concern members carried out in the same period between January 2023 and September 2023, the Company has not suffered any unsettled loss.

In Prague, on 17. May 2024

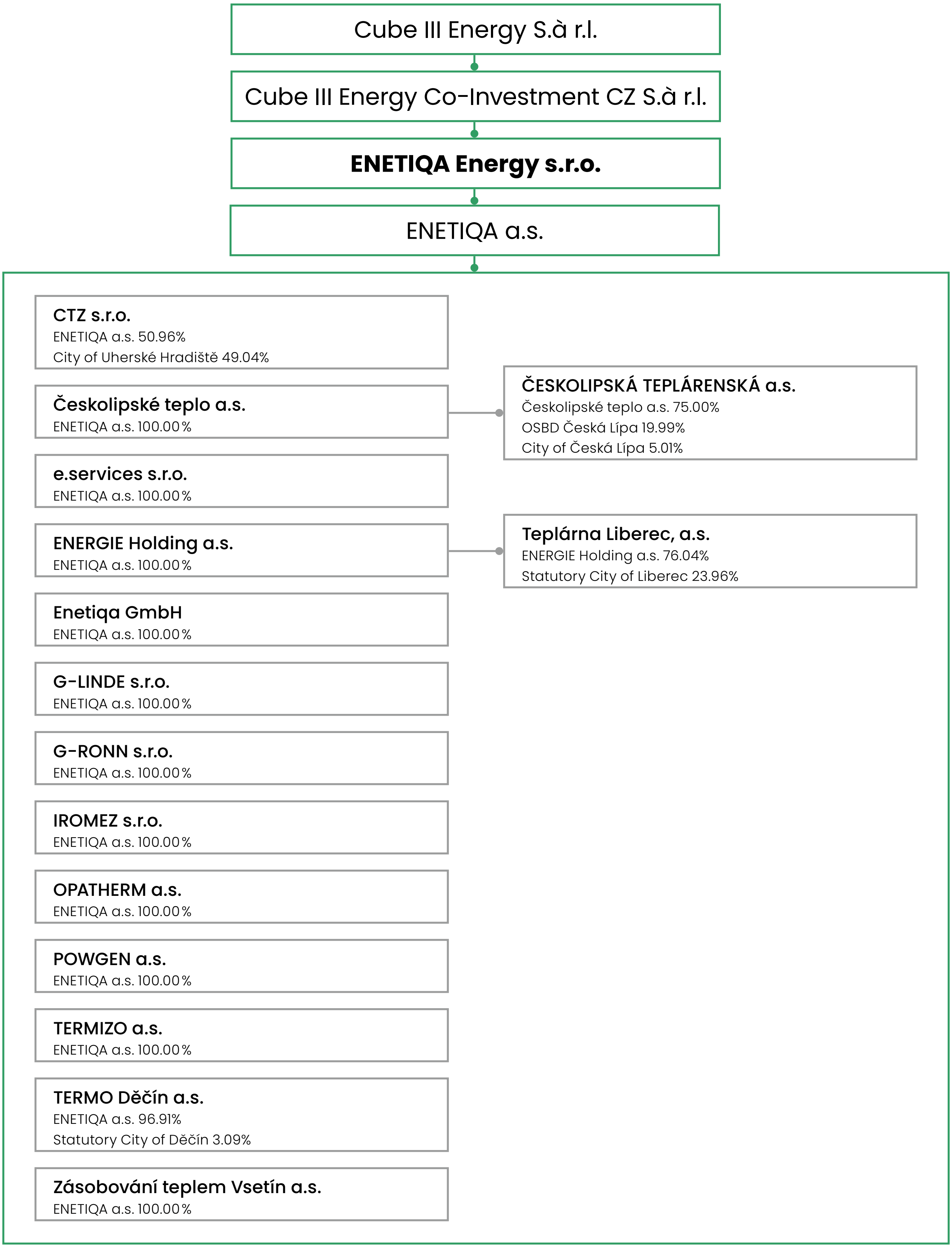
On behalf of ENETIQA Energy s.r.o.

Jörg Lüdorf
Managing Director

Ing. Jan Vencour
Managing Director

# Appendix no. 1 to the Report on Relations

Concern Structure of ENETIQA Group as of 30 December 2022



# Subsequent events

The impact of events that occurred between the balance sheet date and the final accounts date is documented in accounting statements where such events provided additional information about facts existing as of the balance sheet date.

In the case that any major events occurred between the balance sheet date and the final accounts date, representing facts that arose after the balance sheet date, the impacts of such events are described and their consequences quantified in an annex to the final accounts but not in accounting statements.

www.enetiqa.cz