PREMIER ENERGY PLC

Management report, auditors' report and special purpose consolidated financial statements 31 December 2023, 31 December 2022 and 31 December 2021

Contents

Officers and Professional Advisors

Board of Directors	Petr Stohr (appointed on 28 January 2021) Demetrios Aletraris Radka Blažková
Secretary	Cymanco Services Limited 5 Esperidon Street 4th floor 2001 Nicosia Cyprus
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower, 6 Stasinou Avenue 1060 Nicosia Cyprus
Bankers	Unicredit Bank SA European Bank for Reconstruction and Development (EBRD) European Investment Bank (EIB) Alpha Bank Romania SA Vista Bank (Romania) SA Vista Leasing IFN (Romania) S.A. Credit Agricole Bank Romania S.A. PPF Banka a.s. BC Eximbank SA BC Moldova Agroindbank SA J&T Banka a.s.
Registered Office	48 Themistokli Dervi Avenue Athienitis Centennial Building, 3rd floor, Office 303 1066 Nicosia Cyprus
Registration number	HE316455

Consolidated Management Report

The Board of Directors of PREMIER ENERGY PLC (the "Company") presents to the members its Management Report together with the audited special purpose consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

INCORPORATION

The Company was incorporated in Cyprus on 11 December 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

CHANGE OF COMPANY NAME

On 10 June 2020, the Company changed its name from CHAPALACO LIMITED to PREMIER ENERGY CYPRUS LIMITED.

On 8 March 2021, the legal status of the Company converted from that of a Private Limited Liability company to that of a Public Company and, on the same date, its name changed from PREMIER ENERGY CYPRUS LIMITED to PREMIER ENERGY PLC.

PRINCIPAL ACTIVITIES

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in Southeastern Europe ("SEE"). The Group has over 1,000 MW of renewable electricity generation under ownership, management or in development in Romania and Moldova along with the fastest growing renewable electricity supply business. The Group is also the third largest natural gas distributor and supplier in Romania with over 150,000 consumption points. Furthermore, the Group is the largest electricity distributor and supplier in the Republic of Moldova with almost one million consumption points serving approximately 75% of the Moldovan population. The Group's business strategy is aligned with the UN Sustainable Development Goals with a focus on Europe's Green Deal initiatives representing EU's proposals to make climate, energy, transport and taxation policies appropriate for reducing net greenhouse emissions by at least 55% by 2030 with clear ESG guidelines and policies in place.

FINANCIAL RESULTS

The Group's financial results for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 are set out on page 11 in the special purpose consolidated financial statements. The net profit for the years 2023, 2022 and 2021 amounted to TEUR 78,962, 2022 – TEUR 183,244 and 2021 – TEUR 22,312.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The results for the years are considered satisfactory as the Group achieved a net profit attributable to equity holders of the Company for the year 2023 totalling TEUR 65,871, for the year 2022 of TEUR 166,018 and for the year 2021 of TEUR 22,664.

REVENUE

The Group's revenue from core operations for the year ended 31 December 2023 amounted TEUR 911,975, for the year ended 31 December 2022 of TEUR 1,096,170 and for the year ended 2021 of TEUR 401,680.

DIVIDENDS

During 2023, dividends in the amount of TEUR 18,000 were distributed to the shareholders of the Company and interim dividends in the total amount of TEUR 10,748 were distributed to minority shareholders of subsidiaries.

During 2022, interim dividends in the total amount of TEUR 3,087 were distributed to minority shareholders of subsidiaries. During 2021, interim dividends in the total amount of TEUR 350 were distributed to minority shareholders of subsidiaries.

Consolidated Management Report (continued)

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in Note 4 of the special purpose consolidated financial statements.

FUTURE DEVELOPMENTS

On 21 December 2023, the Group signed a share purchase agreement for the acquisitions of a 100% share stake in CEZ Vanzare S.A., an electricity and gas supply business providing approximately 3,157 GWh of electricity and gas to its customers, receiving Romanian competition council approval on 14 March 2024 and foreign direct investment approval on 29 March 2024. Together with the acquisition of the CEZ Vanzare S.A. the Group will be serving approximately 2.4 million gas and electricity supply consumption points in Romania and the Republic of Moldova, the vast majority of which are households and small businesses (see further details in Note 36). The Group is finalising its Decarbonisation Plan with a strategy to reach net zero greenhouse gas emissions by 2045.

SHARE CAPITAL

Any changes in the ordinary share capital of the Company are described in Note 23 of the special purpose consolidated financial statements.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 3.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in their office.

There were no significant changes in the composition, assignment of responsibilities and remuneration of the Board of Directors.

RECENT VOLATILITY IN GLOBAL FINANCIAL MARKETS

Any significant events that relate to the operating environment of the Group is described in Note 5 of the special purpose consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in Note 36 of the special purpose consolidated financial statements.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 33 of the special purpose consolidated financial statements.

INDEPENDENT AUDITORS

During the year, Ernst & Young Cyprus Limited were appointed as the independent auditors of the Company.

The independent auditors of the Company, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Petr Stöhr
Director

Nicosia, 11 April 2024

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Independent Auditor's Report

To the Members of Premier Energy PLC

Report on the Audit of the Special Purpose Consolidated Financial Statements

Opinion

We have audited the special purpose consolidated financial statements of Premier Energy PLC (the "Company"), and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2023, 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the special purpose consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying special purpose consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the accompanying special purpose consolidated financial statements which describes the basis of preparation and that the accompanying special purpose consolidated financial statements for the years ended 31 December 2023, 2022 and 2021 have been prepared for inclusion in the Company's initial public offering application of the Company's shares on the Bucharest Stock Exchange in Romania. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises information included in the consolidated management report, but does not include the special purpose consolidated financial statements and our auditor's report thereon.

Our opinion on the special purpose consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the special purpose consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the special purpose consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Special Purpose Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 special purpose consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the special purpose 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 Board of Directors 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.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Andreas Avraamides
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 11 April 2024

		2023	2022	2021
		TEUR	TEUR	TEUR
ASSETS	**Note**			
Non-current assets				
Intangible assets and goodwill	7	47,759	41,099	10,381
Property, plant and equipment	8	399,132	315,309	252,039
Investments in equity-accounted investees	16	199	--	--
Loans receivable	13	4,855	4,649	2,335
Trade receivables	10	1,146	--	22
Other assets	14	14,057	3,705	6,808
Green certificates	15	1,090	3,628	--
Restricted deposits	12	2,303	5,446	141
Deferred tax assets	21	438	2,542	2,059
Total non-current assets		**470,979**	**376,378**	**273,785**
Current assets				
Loans receivable	13	201	196	33
Current income tax assets	32	26	66	26
Trade receivables	10	87,240	108,520	73,954
Inventories	11	35,424	49,132	6,344
Other assets	14	45,386	35,600	18,151
Green certificates	15	3,895	2,050	--
Restricted deposits	12	5,638	9,934	778
Financial assets at amortised cost – other deposits	12	--	64	64
Operating derivative instruments – commodity contracts	22	--	3,123	--
Contract assets	25	779	154	208
Cash and cash equivalents	9	81,272	48,657	19,783
Total current assets		**259,861**	**257,496**	**119,341**
Total assets		**730,840**	**633,874**	**393,126**

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	2023 TEUR	2022 TEUR	2021 TEUR
EQUITY				
Share capital	23	100	100	100
Share premium	23	22,457	22,457	22,457
Common control transaction reserve	23	(5,018)	(5,018)	(5,018)
Revaluation reserves	23	46,790	37,883	37,768
Translation reserve	23	(18)	(7,587)	(4,879)
Legal reserve	23	3,434	2,804	2,194
Retained earnings		232,122	84,778	63,542
Profit for the year	23	65,871	166,018	22,664
Equity attributable to owners of the Company		**365,738**	**301,435**	**138,828**
Non-controlling interests	24	**39,247**	**33,480**	**10,531**
Total equity		**404,985**	**334,915**	**149,359**
LIABILITIES				
Non-current liabilities				
Provisions	17	6,227	2,533	845
Due to banks and other financial institutions	18	100,379	91,143	81,759
Trade payables	19	38	--	--
Lease liabilities	8	4,542	3,212	1,461
Other liabilities	20	38,040	16,216	12,511
Deferred tax liabilities	21	22,579	20,119	16,393
Total non-current liabilities		**171,805**	**133,223**	**112,969**
Current liabilities				
Bank overdrafts	9	--	--	7,607
Provisions	17	2,698	1,690	576
Due to non-banks	18	1,318	3,965	1,736
Due to banks and other financial institutions	18	53,096	49,879	46,589
Bonds and notes issued	18	--	2,020	--
Operating derivative instruments – commodity contracts	22	--	3,777	--
Current income tax liabilities	32	3,946	3,126	3,965
Trade payables	19	46,740	18,434	21,303
Contract liabilities	25	17,574	11,169	6,501
Lease liabilities	8	674	510	435
Other liabilities	20	28,004	71,166	42,086
Total current liabilities		**154,050**	**165,736**	**130,798**
Total liabilities		**325,855**	**298,959**	**243,767**
Total liabilities and equity		**730,840**	**633,874**	**393,126**

On 11 April 2024, the Board of Directors of PREMIER ENERGY PLC authorised these special purpose consolidated financial statements for issue.

Radka Blažková
Director

Petr Stöhr
Director

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	2023 TEUR	2022 TEUR	2021 TEUR
Revenues	25	911,975	1,096,170	401,680
Other operating income	29	34,838	23,076	2,908
Gain on bargain purchase	1	4,037	10,843	1,205
Cost of electricity, gas and transportation	25	(738,602)	(811,219)	(312,045)
Raw materials and consumables used	11	(4,847)	(3,775)	(1,699)
Depreciation and amortisation	7,8	(19,109)	(17,521)	(14,332)
Services and material expenses	26	(46,021)	(36,559)	(26,658)
Personnel expenses	27	(28,761)	(22,760)	(17,765)
Other operating expenses	30	(1,960)	(2,497)	(602)
Reversal of/(impairment) on loans and receivables	28	1,108	(1,245)	179
Finance income	31	2,323	1,156	1,291
Finance expense	31	(12,683)	(11,169)	(6,541)
Profit before tax		**102,298**	**224,500**	**27,621**
Income tax expense	32	(23,336)	(41,256)	(5,309)
Profit after tax		**78,962**	**183,244**	**22,312**
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Translation reserves changes	23	8,064	(2,962)	6,236
Items that will never be reclassified to profit or loss:				
Revaluation of property, plant and equipment		8,907	115	6,964
Other comprehensive income for the year		**16,971**	**(2,847)**	**13,200**
Total comprehensive income for the year		**95,933**	**180,397**	**35,512**
Total profit attributable to:				
Owners of the Company		65,871	166,018	22,664
Non-controlling interests	24	13,091	17,226	(352)
		78,962	**183,244**	**22,312**
Total comprehensive income attributable to:				
Owners of the Company		82,347	163,503	35,346
Non-controlling interests	24	13,586	16,894	166
		95,933	**180,397**	**35,512**
Earnings per ordinary share attributable to the owners of the Company, basic and diluted (in EUR per share)	23	**0.659**	**1.66**	**0.247**

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	Share capital	Share premium	Common control transaction reserve	Revaluation reserve	Translation reserve	Legal reserve	Retained earnings	Total – Owners of the Company	Non-controlling interest	Total
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2023		**100**	**22,457**	**(5,018)**	**37,883**	**(7,587)**	**2,804**	**250,796**	**301,435**	**33,480**	**334,915**
Comprehensive income											
Profit for the year		--	--	--	--	--	--	65,871	**65,871**	13,091	**78,962**
Profit for the year		--	--	--	--	--	--	**65,871**	**65,871**	**13,091**	**78,962**
Revaluation gains on distribution networks		--	--	--	8,907	--	--	--	**8,907**	--	**8,907**
Translation reserve change		--	--	--	--	7,569	--	--	**7,569**	495	**8,064**
Total other comprehensive income for the year		--	--	--	**8,907**	**7,569**	--	--	**16,476**	**495**	**16,971**
Total comprehensive income for the year		--	--	--	**8,907**	**7,569**	--	**65,871**	**82,347**	**13,586**	**95,933**
Transactions with owners recognised directly in equity											
Contributions by and distributions to owners											
Capital contributions from NCI to equity of subsidiaries	1	--	--	--	--	--	--	--	--	1,289	**1,289**
Dividends paid	23	--	--	--	--	--	--	(18,000)	**(18,000)**	(10,748)	**(28,748)**
Net contribution to legal reserve	23	--	--	--	--	--	630	(630)	--	--	--
Total contributions by and distributions to owners		--	--	--	--	--	**630**	**(18,630)**	**(18,000)**	**(9,459)**	**(27,459)**
Transactions NCI without change in control		--	--	--	--	--	--	--	--	**(7)**	**(7)**
Effect from acquisitions through business combinations	1	--	--	--	--	--	--	--	--	**1,647**	**1,647**
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	--	--	**1,640**	**1,640**
Total transactions with owners		--	--	--	--	--	**630**	**(18,630)**	**(18,000)**	**(7,819)**	**(25,819)**
Other movements		--	--	--	--	--	--	(44)	**(44)**	--	**(44)**
Balance as at 31 December 2023		**100**	**22,457**	**(5,018)**	**46,790**	**(18)**	**3,434**	**297,993**	**365,738**	**39,247**	**404,985**

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	Share capital	Share premium	Common control transaction reserve	Revaluation reserve	Translation reserve	Legal reserve	Retained earnings	Total – Owners of the Company	Non-controlling interest	Total
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2022		100	22,457	(5,018)	37,768	(4,879)	2,194	86,206	138,828	10,531	149,359
Comprehensive income											
Profit for the year		--	--	--	--	--	--	166,018	166,018	17,226	183,244
Profit for the year		--	--	--	--	--	--	166,018	166,018	17,226	183,244
Revaluation gains on distribution networks		--	--	--	115	--	--	--	115	--	115
Translation reserve change		--	--	--	--	(2,630)	--	--	(2,630)	(332)	(2,962)
Total other comprehensive income for the year		--	--	--	115	(2,630)	--	--	(2,515)	(332)	(2,847)
Total comprehensive income for the year		--	--	--	115	(2,630)	--	166,018	163,503	16,894	180,397
Transactions with owners recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid	23	--	--	--	--	--	--	--	--	(3,087)	(3,087)
Net contribution to legal reserve	23	--	--	--	--	--	610	(610)	--	--	--
Total contributions by and distributions to owners		--	--	--	--	--	610	(610)	--	(3,087)	(3,087)
Transactions NCI without change in control		--	--	--	--	(78)	--	(658)	(736)	4,490	3,754
Effect from acquisitions through business combinations	1	--	--	--	--	--	--	--	--	4,652	4,652
Total changes in ownership interests in subsidiaries		--	--	--	--	(78)	--	(658)	(736)	9,142	8,406
Total transactions with owners		--	--	--	--	(78)	610	(1,268)	(736)	6,055	5,319
Other movements		--	--	--	--	--	--	(160)	(160)	--	(160)
Balance as at 31 December 2022		100	22,457	(5,018)	37,883	(7,587)	2,804	250,796	301,435	33,480	334,915

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	Share capital	Share premium	Common control transaction reserve	Revaluation reserve	Translation reserve	Legal reserve	Retained earnings	Total – Owners of the Company	Non-controlling interest	Total
		TEUR	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Balance as at 1 January 2021		**1**	**18,650**	**(5,018)**	**30,804**	**(10,597)**	**342**	**64,671**	**98,853**	**10,715**	**109,568**
Comprehensive income											
Profit/(loss) for the year		--	--	--	--	--	--	22,664	**22,664**	(352)	**22,312**
Profit for the year		--	--	--	--	--	--	**22,664**	**22,664**	**(352)**	**22,312**
Revaluation gains on distribution networks		**--**	**--**	**--**	6,964	--	**--**	**--**	**6,964**	--	**6,964**
Translation reserve change		**--**	**--**	**--**	--	5,718	**--**	**--**	**5,718**	518	**6,236**
Total other comprehensive income for the year		--	--	--	**6,964**	**5,718**	**--**	**--**	**12,682**	**518**	**13,200**
Total comprehensive income for the year		--	--	--	**6,964**	**5,718**	**--**	**22,664**	**35,346**	**166**	**35,512**
Transactions with owners recognised directly in equity											
Contributions by and distributions to owners											
Issue of new shares (incl. share premium)	23	99	3,807	--	--	--	--	--	**3,906**	--	**3,906**
Dividends paid	23	--	--	--	--	--	--	--	**--**	(350)	**(350)**
Net contribution to legal reserve	23	--	--	--	--	--	1,852	(1,852)	**--**	--	**--**
Total contributions by and distributions to owners		**99**	**3,807**	**--**	**--**	**--**	**1,852**	**(1,852)**	**3,906**	**(350)**	**3,556**
Total transactions with owners		**99**	**3,807**	**--**	**--**	**--**	**1,852**	**(1,852)**	**3,906**	**(350)**	**3,556**
Other movements		--	--	--	--	--	--	723	**723**	--	**723**
Balance as at 31 December 2021		**100**	**22,457**	**(5,018)**	**37,768**	**(4,879)**	**2,194**	**86,206**	**138,828**	**10,531**	**149,359**

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	2023 TEUR	2022 TEUR	2021 TEUR
Cash flows from operating activities				
Profit for the year before tax		**102,298**	**224,500**	**27,621**
Adjustment for:				
Depreciation and amortisation	7,8	19,109	17,521	14,332
(Reversal)/impairment losses on property, plant and equipment	8	(188)	523	26
(Reversal of)/impairment losses on trade receivables	28	(1,050)	1,197	(180)
(Reversal of)/impairment losses on loans	28	(58)	48	(4)
Impairment losses on other financial assets at amortised costs	2	--	--	5
Net change in fair value of operating derivatives	22	--	(76,444)	--
Revaluation of financial assets at FVTPL	12	--	--	(1,185)
Net gain on sale of property, plant and equipment and intangible assets	29,30	--	(56)	(532)
Gain on bargain purchase	1	(4,037)	(10,843)	(1,205)
Net interest expense	31	8,345	8,340	5,341
Unrealised foreign exchange (gain)/loss		(753)	598	(1,395)
Operating profit before changes in working capital and provisions		**123,666**	**165,384**	**42,824**
Decrease/(increase) in contract assets		(625)	54	676
Decrease/(increase) in inventories		13,730	(42,783)	4,859
(Increase)/decrease in trade receivables and other assets		4,796	(40,207)	(35,677)
(Increase)/decrease in restricted deposits related to operating activities		7,439	(11,934)	(813)
Increase/(decrease) in trade payables and other liabilities		(12,617)	(54)	20,843
Increase/(decrease) in contract liabilities		6,405	4,668	822
Increase/(decrease) in provisions and employee cost		4,432	1,388	13
(Increase)/decrease in green certificates		1,227	702	--
Proceeds from operating derivatives	22	(654)	77,098	--
Cash generated from operating activities		**147,799**	**154,316**	**33,547**
Interest paid		(6,921)	(9,474)	(2,412)
Income tax paid		(22,680)	(40,253)	(5,287)
Net cash generated from operating activities		**118,198**	**104,589**	**25,848**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		3,161	2,341	1,401
Proceeds from other financial assets		64	--	--
Loans provided		(3,313)	(23,420)	(200)
Loans repaid		3,143	21,061	7,127
Interest received		166	651	74
Acquisition of subsidiary, net of cash acquired	1	(9,232)	(11,632)	(283)
Acquisition of investments in associates		(199)	--	--
Acquisitions of intangible assets	7	(1,542)	(1,360)	(637)
Acquisitions of property, plant and equipment	8	(56,365)	(34,761)	(16,777)
Net cash used in investing activities		**(64,117)**	**(47,120)**	**(9,295)**

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

	Note	2023 TEUR	2022 TEUR	2021 TEUR
Cash flows from financing activities				
Issue of new shares	23	--	--	99
Contribution to share premium	23	--	--	3,807
Acquisition of subsidiary – Common control transactions	23,1	--	--	(83,236)
Transactions with NCI without change in control – payment for increase of shareholding interest	1	(7)	3,754	--
Capital contributions from NCI to equity of subsidiaries	1	1,289	--	--
Proceeds from interest-bearing loans and borrowings	18	94,941	227,593	207,835
Repayments of interest-bearing loans and borrowings	18	(86,870)	(248,695)	(135,980)
Bonds repaid	18	(2,022)	--	--
Change in restricted deposits related to financing activities	18	--	106	(106)
Payment of lease liabilities	18	(720)	(412)	(586)
Dividends paid	23	(28,748)	(3,087)	(350)
Net cash used in financing activities		**(22,137)**	**(20,741)**	**(8,517)**
Net movement in cash and cash equivalents		**31,944**	**36,728**	**8,036**
At the beginning of the year	9	**48,657**	**12,176**	**3,991**
Effects of movements in exchange rates on cash held		671	(247)	149
At the end of the year	9	**81,272**	**48,657**	**12,176**
Cash and cash equivalents in the statement of cash flows are defined by:				
Cash and cash equivalents in the statement of financial position	9	81,272	48,657	19,783
Bank overdrafts	9	--	--	(7,607)
At the end of the year	9	**81,272**	**48,657**	**12,176**

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

1. Description of the Group

PREMIER ENERGY PLC (the "Company") was incorporated and domiciled in Cyprus on 11 December 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3rd Floor, office 303, 1066 Nicosia, Cyprus. On 8 March 2021, the Company changed its name and corporate structure from PREMIER ENERGY CYPRUS LTD to PREMIER ENERGY PLC.

The special purpose consolidated financial statements of the Company as at and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

Shareholders

The owners of the Company are as follows:

Shareholders	Country of incorporation	Type of shares	Ownership interest (%)		
			2023	2022	2021
EMMA ALPHA HOLDING LTD	Cyprus	Ordinary shares	99.99%	99.99 %	99.99%
6 individuals		Ordinary shares	0.01%	0.01 %	0.01%

Principal activities

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in Southeastern Europe ("SEE"). The Group has over 1,000 MW of renewable electricity generation under ownership, management or in development in Romania and Moldova along with the fastest growing renewable electricity supply business. The Group is also the third largest natural gas distributor and supplier in Romania with over 150,000 consumption points. Furthermore, the Group is the largest electricity distributor and supplier in the Republic of Moldova with almost one million consumption points serving approximately 75% of the Moldovan population.

Regulatory environment

The Group operates in Romania through 15 companies including numerous renewable electricity generation companies alongside a renewable management company and several natural gas distribution infrastructure and supply companies. In the Republic of Moldova, the Group operates through 4 companies, including an electricity distribution infrastructure company, an electricity supply company and an electricity supply and renewable energy generation and management company. The Group also has an energy supply company in Hungary and Serbia.

A. Relevant regulations in the renewable energy sector in Romania

Activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE"), which is an autonomous administrative authority with legal personality, under parliamentary control, fully financed from its own revenues, decision-making, organizational and functional independent, having as its object of activity the development, approval and monitoring of the application of the set of mandatory regulations at the national level necessary for the operation of the sector and the electricity, heat and natural gas market in conditions of efficiency, competition, transparency and consumer protection.

ANRE's regulatory competences are expressly identified by the primary legislation applicable to the electricity, natural gas, energy efficiency and thermal energy sector, namely Emergency Ordinance no. 33/2007 on the organization and operation of the National Energy Regulatory Authority, approved through Law 160/2012, with subsequent amendments, the Electricity and Natural Gas Law no. 123/2012 with subsequent amendments and additions, Law no. 121/2014 on energy efficiency with subsequent amendments and additions, Law no. 220/2008 for the establishment of the system for the promotion of energy production from renewable energy sources republished, with subsequent amendments and additions.

1. Description of the Group (continued)

Regulatory environment (continued)

A. Relevant regulations in the green energy sector in Romania (continued)

Romania has aligned with the decisions undertook at the level of the European Union regarding the gradual elimination of coal-based production capacities. Currently, in Romania, the wind and solar energy only account for approximately 16% in total consumption and 25.4% in total installed electricity generation capacity. (Source: International Energy Agency, Romania 2021 – 2030 Integrated National Energy & Climate Plan). The new target imposed and assumed by Romania is that by 2030, 30.7% from the total consumption of the country should be based on renewable energy. In this respect, Romanian authorities have adopted legislative measures regarding the optimization of the period for obtaining approvals and authorizations related to investments in new electricity production capacities from renewable sources, in order to eliminate the imbalances in the supply/demand balance created by the shutdown of electricity production capacities from polluting sources, as well as the increase in consumption.

The Romanian Government adopted several enactments between October 2021 and November 2022 dealing with the process of holding prices under control and centralised purchase of electricity which concern the electricity generators and suppliers, namely:

(i) the Government Emergency Ordinance 118/2021 on establishing a compensation scheme for the electricity consumption and natural gas for 2021-2022 cold season, as well as for granting facilities to individuals residing or working in certain localities in Apuseni mountains and in the Danube Delta Biosphere Reservation ("GEO 118/2021");
(ii) the Government Emergency Ordinance 27/2022 regarding the applicable measures to final consumers of electricity and natural gas during 1 April 2022-31 March 2023 ("GEO 27/2022");
(iii) the GEO 119/2022 for the amendment of GEO 27/2022 regarding measures applicable to final consumers on electricity and gas markets during 1 April 2022-31 March 2023 ("GEO 119/2022");
(iv) Law 357/2022 for the approval of GEO 119/2022 ("Law 357/2022"); and
(v) the Government Emergency Ordinance 192/2022 for the amendment of GEO 27/2022 ("GEO 192/2022").

Due to the high volatility of electricity and natural gas prices, the above enactments were issued, in stages, that led to the establishment of maximum price ceilings for types of consumers, with subsidies from the state budget of the differences up to the level of the recognized production cost, as well as the creation of the Energy Transition Fund in which the unsustainable profit margins of the electricity producers are collected by the State. These measures are limited in time until the year 2025, to be eliminated with the commissioning of a significant total power in electricity production capacities from renewable sources.

In Romania, the Group holds 4 (four) licenses for the electricity supply activity, namely:

- Premier Energy S.R.L.: Electricity Supply License no. 2149/23.05.2019
- Premier Energy Trading S.R.L.: Electricity Supply License no. 2363/07.12.2022
- True Energy Management S.R.L.: Electricity Supply License no. 2433/25.10.2023
- Alive Capital S.A.: Electricity Supply License no. 1871/13.01.2016

In addition, the Group also owns a Local Dispatching Alive Capital DLC Power Plant invested by CNTEE Transelectrica SA - UNO-DEN (National Energy Dispatching) for the operational management of dispatching power plants.

1. Description of the Group (continued)

Regulatory environment (continued)

B. Relevant regulations in the natural gas sector in Romania

Among the main attributions of ANRE as a regulatory authority in Romania are the issuance / update / suspension of the licenses/authorizations required to carry out activities in the natural gas sector, monitoring the natural gas market, issuing secondary regulations (i.e. regulations, methodologies, procedures), approving tariffs regulated, as well as control activities to verify how the regulations are applied/complied.

(a) Natural gas distribution

The Group's natural gas distribution companies (as operators) have entered into 116 service agreements for natural gas distribution with various municipalities in Romania and local authorities between 2000 and 2023. There is a particular case stipulated by the Romanian law, is the obligation to provide the public service of natural gas distribution in the localities where the license of the concessionaire distribution operator was withdrawn, by designation by the regulatory authority.

ANRE appointed the Group to ensure the operation of such distribution for two municipalities (Otopeni and Zimnicea). The main features of the service concession agreements ("SCA") include:

- The SCAs require the operator to provide exclusively a public service (gas distribution) in a defined geographical area to all household and non-household customers who meet the criteria for access to the network.
- Operators have exclusive rights in the geographical areas covered by the SCA. All natural gas distribution operators are licensed by ANRE, the regulatory body in the energy sector. Except in cases of designation, the License is granted only under the existence of SCAs.
- SCAs are concluded for a maximum period of 49 years from the date of signing the agreement, generally with the possibility of extension by half of this period only on the basis of the agreement of both parties.
- Natural gas distribution tariffs are established based on the methodology issued by ANRE. The methodology for setting natural gas distribution tariffs may be reviewed by the regulatory authority. The terms of the methodology stipulate that the operator's operating costs, capital expenditures and return on capital expenditures are recognised, which are necessary/timely/efficient and determined under market conditions. Tariffs are adjusted annually taking into account the evolution of tariff components with inflation, as well as changes in operating and capital costs. The regulated rate of return on regulated assets is currently 6.39%, applicable from 13 May 2020 to 31 December 2024.
- Operators pay an annual fee recognised in the distribution tariff, which is either a fixed annual amount or a variable amount, calculated in principle on the basis of the quantity of gas distributed. There are also particular cases where this value is calculated according to the area of land affected by the infrastructure or the profit made from the distribution activity.
- The SCAs shall initially establish a size of the gas distribution network – defined in kilometres and specifying the location area of this network as well as the minimum investment level for the construction of this network. After the completion of these obligations under SCA, the operator has additional obligations established by the Law, respectively by the conditions of validity of the license and secondary regulations in force, regarding the exploration and development of the distribution system. These obligations will be fulfilled in compliance with the performance standards of the natural gas distribution service, in conditions of safety, economic efficiency and environmental protection.

1. Description of the Group (continued)

Regulatory environment (continued)

B. Relevant regulations in the natural gas sector in Romania (continued)

(a) Natural gas distribution (continued)

- The SCAs do not contain a general obligation to improve infrastructure, but the decisions in this regard are taken by the SCAs taking into account the fact that the operator is directly responsible for ensuring the service under safe, continuous and environmental protection conditions. At the same time, the operator's performance is measured only based on service indicators. If service level is not achieved, then the operator may incur penalties.
- At the end of the concession term, the grantor or another concessionaire can acquire all of the assets of the network related to the public distribution service operated by the Group in exchange for the payment of a compensation equal to the RAB value remaining, as established by ANRE.
- The SCAs do not specify the state in which the infrastructure should be handed back to the grantor and to what extent it should be upgraded. However, the status of the gas distribution network is adequate, as the operators have an obligation to provide the service in conditions of safety and ensure the supply continuity to customers.

Connections to the gas distribution network

According to the Regulation on connection to the gas grid, until 13 October 2020, connections to the gas grid were funded by the consumer in exchange for a regulated tariff (i.e. connection fee) collected by the operator. Under the terms of the gas distribution regulations, once customers have paid their connection fees, the operator became obligated to provide on-going access to the gas distribution network and to maintain/repair/replace the connection asset at its own expense. Effective 14 October 2020, the regulations required that connections to gas grid and other network assets necessary to make a connection to be funded by the distribution operator (and remunerated through increases of future tariffs), except for connections and network extensions for non-household consumers with lengths of more than 2.5 km, which are funded by the consumer. Please refer to Note 3n) for further details.

Starting March 2022, the Connection Regulation has changed, in the sense that both parties (customer and distributor) bear a part of the financing value of the connection, in what may concern the distribution system for the client. Thus, the distributor finances an amount up to the average value of a connection, namely 2.125 lei (value calculated by ANRE). The amount financed by the distributor will be included in the regulated income and recovered through the distribution tariffs, according to the provisions of the Methodology for establishing natural gas distribution tariffs, approved by ANRE Order no. 217/2018.

The distribution tariff in Romania remunerates the assets financed by the distributor. Therefore, the profit from the natural gas distribution activity increases with the growth of RAB.

- The assets made from the connection based on the requests registered until 14 October 2020, were financed by the customer, and were not included in the RAB. The costs generated by the operation/maintenance of these assets are recognized and recovered through the regulated income, but these assets do not bring profit in the natural gas distribution activity.

- The assets made from the connection based on the requests registered between 14 October 2020 and 28 February 2022, being financed by the distributor, were included in the RAB.

- The assets made from the connection based on the requests registered after 1 March 2022 are included in the RAB up to the value of 2125 Ron / record.

(b) Natural gas supply

The Group has the following natural gas supply licenses:

- Premier Energy S.R.L.: Natural Gas Supply License no. 1873/18 October 2013 valid until 18 October 2038.
- Premier Energy Trading S.R.L.: Natural Gas Supply License no. 1971/09 December 2020 valid until 31 December 2030.

1. Description of the Group (continued)

Regulatory environment (continued)

B. Relevant regulations in the natural gas sector in Romania (continued)

(b) Natural gas supply (continued)

Regulated market

Gas supply to households was regulated by ANRE until 1 July 2020, the date from which the supply tariffs are no longer regulated. The gas supply tariffs applied by the Group to households before 1 July 2020 were calculated based on methodologies that allowed, on an annual basis, the recovery of operating costs related to the regulated activity, as well as obtaining a regulated return on capital invested and working capital. The regulated rate of return was equal to the rate applicable to gas distribution.

Competitive market

Gas supply to industrial/business consumers, as well as gas supply tariffs to households after 1 July 2020, are negotiated with the customer, based on contracts compliant with the applicable regulations. Following the increase in electricity and gas prices in 2021 and 2022, the Romanian government re-introduced price caps for final consumers up to 31 March 2025 and, as a result, suppliers cannot issue invoices that go above such price cap. Suppliers are to be reimbursed from the State budget for the differentials between the capped regulated price and the actual market price of electricity or gas invoiced to consumers within 30 working days after claiming these re-imbursements. Subsidies received from the state on the regulated capped pricing mechanism are recognized in the profit or loss account in the month of delivery of the gas. These subsidies are estimated in the month of delivery based on estimated quantities and prices and are adjusted to actual amounts when the state is approving the requests. The differences between estimates and actuals are usually immaterial and are recognized in the month when the approval of the request from the state is received.

Gas storage obligations

The supply of natural gas to final consumers implies a legal obligation of the supplier to store natural gas. The gas storage tariffs are approved by ANRE.

Gas trading obligations

Starting with 1 January 2019, all gas suppliers which trade gas on the wholesale market have a legal obligation, on an annual basis, to purchase at least 40% of the gas quantity from the centralized markets, and to sell at least 50% of the gas quantities delivered during the year on the centralized markets.

Staring with 1 July 2020, all gas suppliers that trade gas on the wholesale market have a legal obligation, on an annual basis, to tender on the centralised market 40% of the traded volume as seller and to tender 40% of the contracted purchase volume. The tender obligation for the purchased volume was temporarily cancelled for April till July 2022.

1. Description of the Group (continued)

Regulatory environment (continued)

C. Relevant regulations in the electricity sector in Moldova

The activity and tariffs for electricity distribution and supply in Moldova are regulated by the National Agency for Energy Regulation (ANRE).

The electricity distribution license is valid until 2025, and the supply license until 2028. The renewal of the licenses is done every 25 years for electricity distribution and every 10 years for electricity supply.

According to the ANRE Methodology ("the Methodology") for tariff setting, the distribution tariffs are determined by ANRE each year based on estimated costs and returns, which include operational costs, costs for purchase of electricity, costs for transportation of electricity, taxes, regulated return of the capital expenditures in the grid (regulated asset base), and regulated supply margin.

The regulated rate of return (pre-tax WACC) on the regulated asset base for 2022 was 8.29% (2021: 7.84%). The regulated rate of return applicable for 2023 has increased to 10.2% due to the increased interest rate environment.

In accordance with the Methodology, at the end of each year, ANRE recalculates the actual tariff for the distribution and supply of electricity using the actual costs and capex incurred for the respective year and the difference should be considered (added or deducted) in the tariffs set for the next year. These tariff deviations for a year are generated by the difference between the revenues billed from electricity distributed and supplied at the regulated tariffs approved by ANRE for a year and the total costs and returns for the year calculated according to the Methodology based on the actual costs and CAPEX incurred in that year. In accordance with the Methodology, an interest equal to the regulated weighted average cost of capital is applied monthly to the accumulated balance of tariff deviations. These tariff differences are to be recovered (under-recoveries) or to be returned (over-recoveries) through future increases or decreases of tariffs, respectively, and are not recognized as assets or liabilities in accordance with IFRSs.

During 2023, the tariffs were higher than actual costs, causing the business to generate more revenue and profits than the regulatory framework generally allows. On the other hand, during 2022 and 2021, the tariffs were lower than actual costs, causing the business to generate less revenue and profits than the regulatory framework generally allows.

The operator has the right to request ANRE to adjust during the year the tariff for electricity distribution and supply if the variations between actual costs and the costs used for the determination of tariff for electricity distribution and supply in that year exceed 5%. In such cases, the operator/supplier shall submit to the Agency an analysis of the influencing factors and deviations between the data applied in the calculation of tariffs and the actual data recorded, and the Agency shall, in such cases, adjust the tariffs on a half-year basis or, where appropriate, more frequently depending on the level of influence of objective factors on the tariffs.

On 8 June 2022, as a result of continued increasing energy costs and tariff deviation under-recoveries, ANRE in the Republic of Moldova approved an average 22% increase to the sale of electricity tariff for I.C.S. "PREMIER ENERGY" S.R.L. and an average 19% increase to the distribution of electricity tariff for I.C.S. "PREMIER ENERGY DISTRIBUTION" S.A. to be effective on 10 June 2022. In 2023, by the decisions of the Board of Directors of ANRE nr. 1008 dated 30 December 2022, nr.210 dated 12 April 2023, nr. 424 dated 05 July 2023, nr. 676 dated 10 November 2023 new supply and distribution tariffs were approved and are in force, both of them resulted into a decrease of electricity and distribution tariff.

1. Description of the Group (continued)

Description of the Ownership Structure

The Company controls, directly or indirectly, other companies in Cyprus, Romania, Moldova, Hungary and Serbia. Subsidiary companies are controlled by the Company and they are fully consolidated.

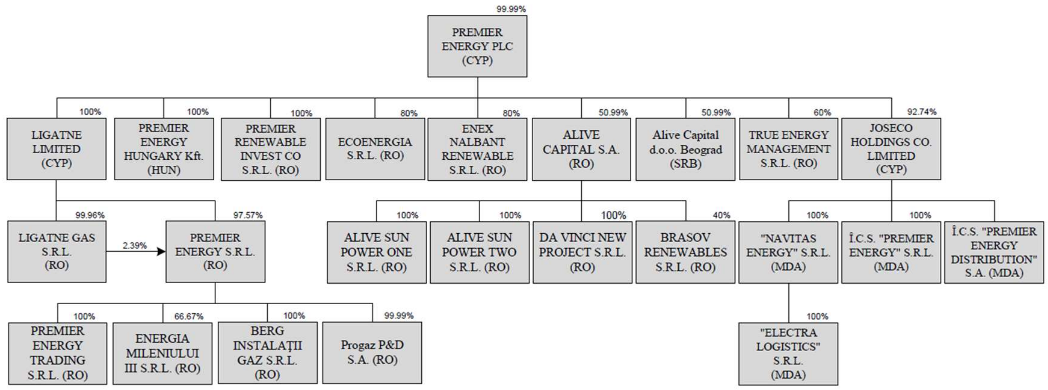
Consolidated subsidiaries	**Country of incorporation**	**Effective ownership interest (%)**		
		2023	**2022**	**2021**
JOSECO HOLDINGS CO. LIMITED[1)]	Cyprus	92.74	92.74	92.74
• I.C.S. "PREMIER ENERGY" S.R.L. [1)]	Moldova	92.74	92.74	92.74
• I.C.S. "PREMIER ENERGY DISTRIBUTION" S.A. [1)]	Moldova	92.74	92.74	92.74
• NAVITAS ENERGY S.R.L.[1)]	Moldova	92.74	92.74	92.74
• ELECTRA LOGISTICS S.R.L. [1), 5)]	Moldova	92.74	--	--
LIGATNE LIMITED[2)]	Cyprus	100.00	100.00	100.00
LIGATNE GAS S.R.L. [2)]	Romania	99.96	99.96	99.96
PREMIER ENERGY S.R.L. [2) 3)]	Romania	99.96	99.97	99.97
• PREMIER ENERGY TRADING S.R.L. [2)]	Romania	99.96	99.97	99.97
• B.E.R.G Sistem Gaz S.A. [2) 3)]	Romania	--	99.97	99.97
• B.E.R.G Instalatii Gaz S.R.L. [2)]	Romania	99.96	99.96	99.96
• ENERGIA MILENIULUI III S.A. [2)]	Romania	66.64	66.65	--
• HARGAZ HARGHITA GAZ S.A. [2) 4)]	Romania	--	99.64	--
• PROGAZ P&D S.A. . [2)]	Romania	99.95	--	--
ALIVE CAPITAL S.A.	Romania	50.99	50.99	--
• ALIVE SUN POWER ONE S.R.L.	Romania	50.99	--	--
• ALIVE SUN POWER TWO S.R.L.	Romania	50.99	--	--
• DA VINCI NEW PROJECT S.R.L.	Romania	50.99	--	--
ECOENERGIA S.R.L.	Romania	80.00	80.00	--
TRUE ENERGY MANAGEMENT S.R.L.	Romania	60.00	60.00	--
PREMIER ENERGY HUNGARY Kft.	Hungary	100.00	100.00	--
PREMIER RENEWABLE INVEST CO S.R.	Romania	100.00	--	--
ENEX NALBANT RENEWABLE S.R.L.	Romania	80.00	--	--
ALIVE CAPITAL D.O.O. Beograd	Serbia	50.99	--	--

[1)] Forms part of JOSECO HOLDINGS CO. LIMITED GROUP.
[2)] Forms part of LIGATNE LIMITED GROUP.
[3)] B.E.R.G Sistem Gaz S.A. was merged to PREMIER ENERGY S.R.L with effective date 31 December 2022.
[4)] HARGAZ HARGHITA GAZ S.A. was merged to PREMIER ENERGY S.R.L with effective date 30 June 2023.
[5)] ELECTRA LOGISTICS S.R.L. was established on 11 May 2023 focusing mainly on purchase of land suitable for photovoltaic systems installation.

Equity-accounted investees (associates)	**Country of incorporation**	**Ownership interest (%)**		
		2023	**2022**	**2021**
BRASOV RENEWABLES S.R.L.	Romania	20.40	--	--

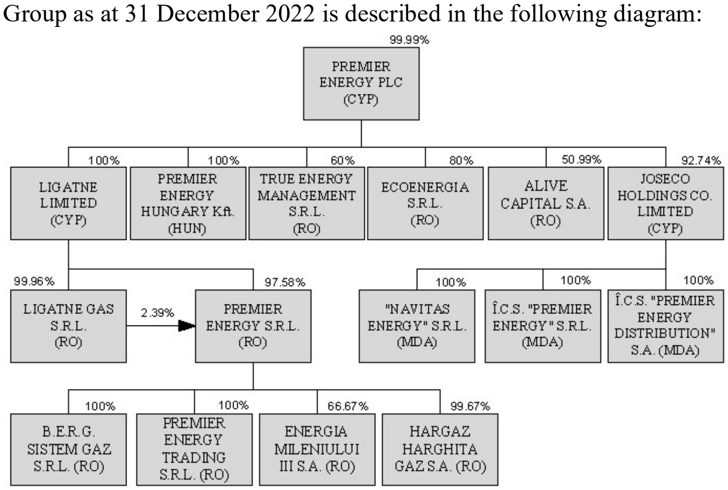
<u>The Group structure as at 31 December 2023</u>

The structure of the Group as at 31 December 2023 is described in the following diagram:



<u>The Group structure as at 31 December 2022</u>

The structure of the Group as at 31 December 2022 is described in the following diagram:

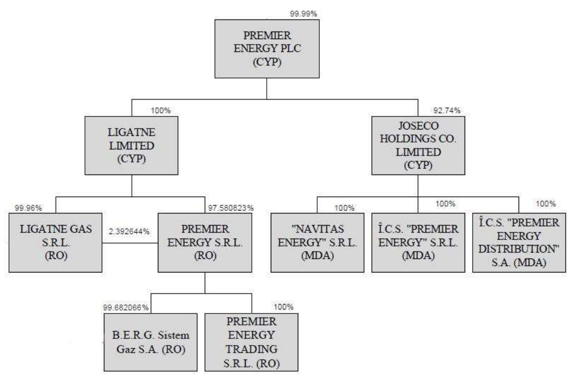


1. Description of the Group (continued)

Description of the Ownership Structure (continued)

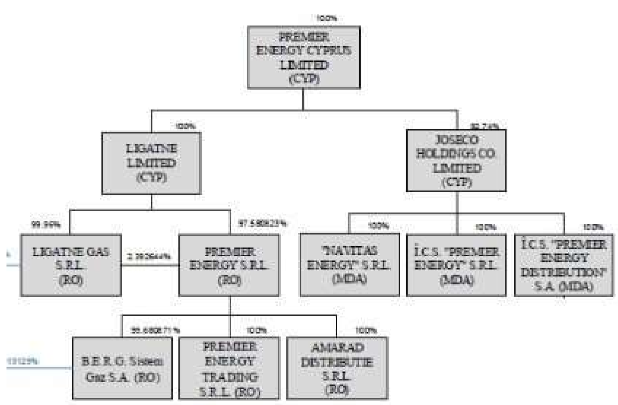
The Group structure as at 31 December 2021

The structure of the Group as at 31 December 2021 is described in the following diagram:



The Group structure as at 1 January 2021

The structure of the Group as at 1 January 2021 is described in the following diagram:



1. Description of the Group (continued)

Acquisitions in 2023

On 9 January 2023, the Group acquired an 80% stake in ENEX NALBANT RENEWABLE S.R.L., a 13.75 MW wind electricity generation plant with rights to an additional 13.75 MW wind energy generation plant development near the town of Nalbant, Romania. The consideration for the percentage acquired amounted to TEUR 3,280. Total net assets with the fair value of TEUR 8,210 comprise mainly wind park assets and grid connection assets. Gain on bargain purchase in the amount of TEUR 3,288 was recognised as a result of this transaction due to a well negotiated acquisition by the management of the Group.

The fair value of the non-controlling interest was TEUR 1,642 as at the acquisition date. In addition, loans payables in the amount of TRON 35,240 (approximately TEUR 7,120) were assumed by the group from the former shareholders. On 2 March 2023, the Group received a loan in the amount of TEUR 8,900 from Vista Bank (Romania) S.A., effectively refinancing the loans assumed.

The acquisition was completed due to the Group's strategic growth initiative within the renewables electricity generation sector. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For nearly the 12 months ended 31 December 2023, the entity ENEX NALBANT RENEWABLE S.R.L. generated standalone revenue of TEUR 3,218 and a profit before tax of TEUR 1,084.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ENEX NALBANT RENEWABLE S.R.L.:

	Note	TEUR
Intangible assets	7	218
Property, plant and equipment	8	19,044
Trade and other receivables	10	96
Other assets (financial and non-financial)	14	34
Deferred tax asset	21	35
Cash and cash equivalents	9	4
Interest-bearing loans and borrowings – non-banks	18	(41)
Lease liabilities	8	(217)
Other liabilities	20	(9,044)
Provisions	17	(319)
Deferred tax liabilities	21	(1,600)
Total identifiable net assets acquired		**8,210**
Non-controlling interest (on fair value of net assets)		**(1,642)**
Consideration, paid in cash		(3,280)
Gain on bargain purchase (+)		**3,288**
Cash effect on acquisition		
Consideration, paid in cash		(3,280)
Cash acquired		4
Net cash outflow		**(3,276)**

1. Description of the Group (continued)

Acquisitions in 2023

On 30 June 2023, the Group's Alive Capital subsidiary acquired a 100% stake in the entity ALIVE SUN POWER TWO S.R.L., a company operating a 1.9 MW solar park on over 40,000 sq.m. of owned land in Urlati Commune, Prahova County, Romania, for the total purchase price of TEUR 1,710. The purchase price consists of the amount of TEUR 1,947 less the refinancing of TEUR 237 in shareholder loans provided to ALIVE SUN POWER TWO S.R.L. by the previous owners. Gain on a bargain purchase in the amount of TEUR 749 was recognized as a result of this transaction due to a well negotiated acquisition by the management of the Group.

The acquisition was completed because of its strong complementary, strategic fit within the green energy production business in Romania. The acquisition benefits from over 2,200 MWh of annual electricity production and receives 4 green certificates plus 2 deferred green certificates for each MWh of production until 2028. For the 6 months ended 31 December 2023, the entity ALIVE SUN POWER TWO S.R.L. generated standalone revenue of TEUR 314 and a profit before tax of TEUR 157. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been higher by TEUR 260 and consolidated profit would have been higher by TEUR 115.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ALIVE SUN POWER TWO S.R.L.:

	Note	TEUR
Property, plant and equipment	8	2,459
Green certificates	15	534
Trade and other receivables	10	4
Income tax receivable	32	5
Other assets (financial and non-financial)	14	38
Cash and cash equivalents	9	4
Interest-bearing loans and borrowings – non-banks	18	(237)
Trade and other payables	19	(14)
Other liabilities	20	(10)
Current income tax liabilities	32	(1)
Deferred tax liabilities	21	(323)
Total identifiable net assets acquired		**2,459**
Consideration, paid in cash		(1,710)
Gain on bargain purchase (+)		**749**
Cash effect on acquisition		
Consideration, paid in cash		(1,710)
Cash acquired		4
Net cash outflow		**(1,706)**

1. Description of the Group (continued)

Acquisitions in 2023

On 18 July 2023 a new entity called ALIVE SUN POWER ONE S.R.L. was established as a 100% owned subsidiary of the Group's Alive Capital subsidiary. ALIVE SUN POWER ONE S.R.L. acquired through an asset transaction a 5.4 MW operational solar plant located in Valea Calugareasca Comunne, Prahova County, Romania with a normalised annual production of approximately 5,600 MWh/year. The fair value of the net assets in the total amount of TEUR 26 was acquired.

The acquisition was completed because of its strong complementary, strategic fit within the renewable energy production business in Romania. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ALIVE SUN POWER ONE S.R.L.:

	Note	TEUR
Intangible assets	7	82
Property, plant and equipment	8	2,831
Trade and other receivables	10	96
Other liabilities	20	(2,983)
Total identifiable net assets acquired		**26**
Consideration, paid in cash		(26)
Gain on bargain purchase (+)		**--**
Cash effect on acquisition		
Consideration, paid in cash		(26)
Cash acquired		--
Net cash outflow		**(26)**

1. Description of the Group (continued)

Acquisitions in 2023

On 25 August 2023, the Company acquired a 99.99% stake in the entity PROGAZ P&D S.A., a gas distribution company with 3 concessions in Romania, including one in Berceni, for the total purchase price of TEUR 1,911. Goodwill in the amount of TEUR 1,333 was recognized as a result of this transaction.

The acquisition was completed because of the Group's strategic growth initiative within the natural gas distribution and supply business with expected synergies from combining operations of the acquiree and the acquirer. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 4 months ended 31 December 2023, the entity PROGAZ P&D S.A. generated standalone revenue of TEUR 704 and a loss before tax of TEUR 79. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been higher by TEUR 538 and consolidated profit would have been lower by TEUR 479.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of PROGAZ P&D S.A.:

	Note	TEUR
Intangible assets	7	262
Property, plant and equipment	8	2,129
Trade and other receivables	10	80
Income tax receivable	32	1
Other assets (financial and non-financial)	14	25
Inventories	11	22
Cash and cash equivalents	9	78
Trade and other payables	19	(2,019)
Total identifiable net assets acquired		**578**
Consideration, paid in cash		(1,911)
Goodwill (-)		**(1,333)**

Cash effect on acquisition	
Consideration, paid in cash	(1,911)
Cash acquired	78
Net cash outflow	**(1,833)**

1. Description of the Group (continued)

Acquisitions in 2023

On 20 November 2023, the entity DA VINCI NEW PROJECT S.R.L., a 23 MW solar plant development with 4.6 MWh storage capacity and for which the company received a EUR 5.4 million government grant, was acquired with an effective Group ownership of 50,99 %. The purchase price consists of the amount of TEUR 2,541 less the outstanding shareholders loans of TEUR 141 plus the additional deferred consideration of TEUR 2,361 (the fair value of the deferred consideration as at 31 December 2023 was TEUR 1,993). Goodwill in the amount of TEUR 560 was recognized as a result of this transaction.

The acquisition was completed because of its strong complementary, strategic fit within the renewable energy production business in Romania. For the period between the acquisition date and 31 December 2023, the entity DA VINCI NEW PROJECT S.R.L. generated no standalone revenue and a loss before tax of TEUR 12.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of DA VINCI NEW PROJECT S.R.L.:

	Note	TEUR
Intangible assets	7	4,533
Property, plant and equipment	8	582
Other assets (financial and non-financial)	14	5,370
Cash and cash equivalents	9	1
Interest-bearing loans and borrowings – non-banks	18	(145)
Lease liabilities		(422)
Other liabilities	20	(5,364)
Deferred tax liabilities	21	(725)
Total identifiable net assets acquired		**3,830**
Consideration, paid in cash		(2,397)
Consideration, deferred		(1,993)
Goodwill (-)		**(560)**
Cash effect on acquisition		
Consideration, paid in cash		(2,397)
Cash acquired		1
Net cash outflow		**(2,396)**

During 2023, subsidiaries ENERGIA MILENIULUI III S.A. and TRUE ENERGY MANAGEMENT S.R.L. increased their share capitals and share premiums. The capital contributions were subscribed to by the Group and by the non-controlling shareholders of the subsidiaries accordingly to their respective ownership interests. As a result of these transaction, non-controlling interest of ENERGIA MILENIULUI III S.A. increased by TEUR 642 and non-controlling interest of TRUE ENERGY MANAGEMENT S.R.L. increased by TEUR 647.

1. Description of the Group (continued)

Acquisitions in 2022

On 20 January 2022, the Company acquired a 100% stake in the entity ECOENERGIA S.R.L., a company operating a 34.5 MW wind farm near the town of Stejaru, Romania, for the total purchase price of TEUR 3,595. The purchase price consists of the amount of TEUR 34,400 less the refinancing of TEUR 30,805 in shareholder loans provided to ECOENERGIA SRL by the previous owners. Gain on a bargain purchase in the amount of TEUR 10,843 was recognized as a result of this transaction due to a well negotiated acquisition by the management of the Group.

The acquisition was completed because of its strong complementary, strategic fit within the renewable energy production business in Romania. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 11 months ended 31 December 2022, the entity ECOENERGIA S.R.L. generated standalone revenue of TEUR 12,612 and a profit before tax of TEUR 4,064. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have been higher by TEUR 2,588 and consolidated profit would have been higher by TEUR 811.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ECOENERGIA S.R.L.:

	Note	TEUR
Property, plant and equipment	8	35,920
Green certificates	15	6,380
Trade and other receivables *	10	770
Other assets (financial and non-financial)	14	944
Restricted deposits	12	269
Cash and cash equivalents	9	3,496
Interest-bearing loans and borrowings – non-banks	18	(29,858)
Trade and other payables	19	(1,435)
Provisions	17	(1,359)
Deferred tax liabilities	21	(689)
Total identifiable net assets acquired		**14,438**
Consideration, paid in cash		(3,595)
Gain on bargain purchase (+)		**10,843**
Cash effect on acquisition		
Consideration, paid in cash		(3,595)
Cash acquired		3,496
Net cash outflow		**(99)**

* The gross value of the receivables acquired is the same as the fair value (TEUR 770) and the Group expects the full recovery of the amount.

On 2 September 2022, a 20% stake in ECOENERGIA SRL was sold to Alive Energy SRL, a related party to the non-controlling shareholder of ALIVE CAPITAL S.A., for TEUR 1,660. As a result of this transaction, non-controlling interest of ECOENERGIA SRL in the amount of TEUR 3,470 was recognised.

1. Description of the Group (continued)

Acquisitions in 2022 (continued)

On 24 February 2022, the Group acquired a 51% stake in the entity ALIVE CAPITAL S.A., a company that provides integrated asset management services to renewable energy producers in Romania (managing 450 MW of renewable production in 2022 and growing to over 720 MW in 2023) while also having a sale of electricity division. The purchase price for the stake acquired by the Group was TEUR 9,384. Goodwill in the amount of TEUR 7,562 was recognized. The acquisition was completed due to the Group's strategic growth initiative within the renewable electricity generation and supply business with expected synergies from combining operations of the acquiree and the acquirer.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 10 months ended 31 December 2022, the entity ALIVE CAPITAL S.A. contributed revenue of TEUR 159,028 and profit before tax of TEUR 71,765 to the Group's results.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of ALIVE CAPITAL S.A.:

	Note	TEUR
Intangible assets	7	13,701
Property, plant and equipment	8	526
Loans provided	13	88
Trade and other receivables *	10	4,176
Income tax receivable	32	232
Other assets (financial and non-financial)	14	3,152
Restricted deposits	12	2,364
Inventories	11	5
Cash and cash equivalents	9	3,795
Interest-bearing loans and borrowings – non-banks	18	(7,117)
Trade and other payables	19	(9,850)
Bonds issued	18	(2,021)
Financial liabilities - other items	20	(10)
Other liabilities	20	(4,560)
Deferred tax liabilities	21	(908)
Total identifiable net assets acquired		**3,573**
Non-controlling interest (on fair value of net assets)		**(1,751)**
Consideration, paid in cash		(9,384)
Goodwill (-)		**(7,562)**

Cash effect on acquisition	
Consideration, paid in cash	(9,384)
Cash acquired	3,795
Net cash outflow	**(5,589)**

* Gross amount of trade receivables acquired amounted to TEUR 6,537, whereas the fair value of these receivables amounted to TEUR 4,176 and the best estimate of the cash not expected to be collected amounted to TEUR 2,361.

On 22 July 2022, ALIVE CAPITAL S.A. increased its share capital from RON 100,000 to RON 100,000.1. The amount of RON 0.1 contributed to share capital and related contribution to share premium of RON 10,377,452 was subscribed to by the non-controlling shareholder of the subsidiary, thereby reducing the ownership interest of the Group from 51% to 50.99%. As a result of this transaction, non-controlling interest of the entity increased by TEUR 1,031 and the equity attributable to the owners of the Group increased by TEUR 1,074.

1. Description of the Group (continued)

Acquisitions in 2022 (continued)

On 31 May 2022 and on 2 June 2022, PREMIER ENERGY S.R.L. signed 2 separate Stock Purchase Agreements to acquire a combined stake of 66.67% of ENERGIA MILENIULUI III S.A., a company developing a 99 MW wind plant project near the town of Razboieni, Romania, for TEUR 4,175. In addition, loans payable in the amount of TEUR 2,825 were assumed by the group from the former shareholders. The closing of the acquisition occurred on 14 June 2022. Goodwill in the total amount of TEUR 1,986 was recognized as a result of this transaction due to expected synergies from combining operations of the acquiree and the acquirer. The acquisition was completed due to the Group's strategic growth initiative within the renewables electricity generation sector.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 7 months ended 31 December 2022, the entity ENERGIA MILENIULUI III S.A. contributed revenue of TEUR 0 and loss of TEUR 101 to the Group's results.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of ENERGIA MILENIULUI III S.A.:

	Note	TEUR
Intangible assets	7	7,486
Property, plant and equipment	8	2,316
Other assets (financial and non-financial)	14	154
Cash and cash equivalents	9	1
Interest-bearing loans and borrowings – non-banks	18	(3,849)
Lease liabilities	8	(2,316)
Trade and other payables	19	(510)
Total identifiable net assets acquired		**3,282**
Non-controlling interest (on fair value of net assets)		**(1,093)**
Consideration, paid in cash		(675)
Consideration, deferred		(3,500)
Consideration, total		**(4,175)**
Goodwill (-)		**(1,986)**

Cash effect on acquisition	
Consideration, paid in cash	(675)
Cash acquired	1
Net cash outflow	**(674)**

1. Description of the Group (continued)

Acquisitions in 2022 (continued)

On 2 September 2022, PREMIER ENERGY S.R.L purchased 99.67% in HARGAZ HARGHITA GAZ S.A., a natural gas distribution and supply company in Harghita county in Romania, for the total purchase price TEUR 2,750. Goodwill in the total amount of TEUR 250 was recognized as a result of this transaction. The acquisition was completed due to the Group's strategic growth initiative within the gas distribution and supply business with expected synergies from combining operations of the acquiree and the acquirer.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 4 months ended 31 December 2022, the entity HARGAZ HARGHITA GAZ S.A. contributed revenue of TEUR 0 and profit before tax of TEUR 11 to the Group's results.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of HARGAZ HARGHITA GAZ S.A.:

	Note	TEUR
Property, plant and equipment	8	2,427
Trade and other receivables *	10	131
Income tax receivable	32	16
Cash and cash equivalents	9	158
Trade and other payables	19	(169)
Provisions	17	(55)
Total identifiable net assets acquired		**2,508**
Non-controlling interest (on fair value of net assets)		**(8)**
Consideration, paid in cash		(2,750)
Goodwill (-)		**(250)**

Cash effect on acquisition	
Consideration, paid in cash	(2,750)
Cash acquired	158
Net cash outflow	**(2,592)**

* Gross amount of trade receivables acquired amounted to TEUR 127, whereas the fair value of these receivables amounted to TEUR 131, and the Group expects the full recovery of the amount.

On 13 October 2022, the company PREMIER ENERGY HUNGARY Kft. was incorporated by PREMIER ENERGY PLC.

1. Description of the Group (continued)

Acquisitions in 2022 (continued)

As at 17 October 2022, the Group acquired a 60% share in TRUE ENERGY MANAGEMENT S.R.L., the owner at that time of an inoperable cogeneration plant requiring refurbishing located in the city of Fagaras, Romania, for a total purchase price of TEUR 2,700. The acquisition was completed due to the Group's strategic growth initiative within the renewable electricity generation sector. In 2023 the Group refurbished the plant and it is now fully operational. The transaction was treated as an asset deal and therefore no goodwill or gain on bargain purchase was recognised.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 2 months ended 31 December 2022, the entity TRUE ENERGY MANAGEMENT S.R.L contributed revenue of TEUR 0 and loss of TEUR 49 to the Group's results.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of TRUE ENERGY MANAGEMENT S.R.L.:

	Note	**TEUR**
Property, plant and equipment	8	8,426
Other assets (financial and non-financial)	14	747
Cash and cash equivalents	9	22
Interest-bearing loans and borrowings – non-banks	18	(4,693)
Other liabilities	20	(2)
Total identifiable net assets acquired		**4,500**
Non-controlling interest (on fair value of net assets)		**(1,800)**
Consideration, paid in cash		(2,700)
Goodwill		**--**
Cash effect on acquisition		
Consideration, paid in cash		(2,700)
Cash acquired		22
Net cash outflow		**(2,678)**

As at 5 September 2022, PREMIER ENERGY S.R.L. purchased an additional share of 0.32% and increased its holding in B.E.R.G. Sistem Gaz S.A. to 100% for the consideration of TEUR 0.9.

1. Description of the Group (continued)

Acquisitions in 2021

On 15 May 2021, the Company's subsidiary PREMIER ENERGY S.R.L. acquired certain tangible assets and property, plant and equipment, which comprised of natural gas pipes and connections, and assumed the rights and obligations attributable to 2 natural gas infrastructure concession arrangements in the towns of Matca and Ivesti in the county of Galati, Romania, for the aggregate consideration of TEUR 283. The natural gas infrastructure assets related to both distribution and supply operations of Vega 93 S.R.L., an entity in judicial reorganization, were acquired via a bidding process within the Romanian insolvency process. This was also one of the reasons for the transaction resulting in a gain on bargain purchase of TEUR 1,205. The acquisition was completed because of its strong complementary, strategic fit within the natural gas distribution and supply business in Romania.

As part of the acquisition, the majority of the employees working on the natural gas infrastructure assets became employees of PREMIER ENERGY S.R.L. Along with these employees, the daily operational processes were also transferred and integrated into PREMIER ENERGY S.R.L.'s own processes, making them an integral part of PREMIER ENERGY S.R.L.'s natural gas infrastructure operations. Acquisition related cost was not significant and are recognized within the line, Services and material expenses, in profit or loss.

The following table summarises the recognised amounts of assets acquired under the business definition in accordance with IFRS 3 as of the date of acquisition:

	Note	TEUR
Property, plant and equipment	8	1,488
Total identifiable net assets acquired		**1,488**
Consideration, paid in cash		(283)
Gain on bargain purchase		**1,205**
Cash effect on acquisition		
Consideration, paid in cash		(283)
Cash (acquired)		--
Net cash outflow		**(283)**

2. Basis of preparation

In accordance with the requirements of the EU Prospectus Directive, we have prepared these special purpose consolidated financial statements solely for inclusion in the Initial Public Offering application of the Company's shares on the Bucharest Stock Exchange in Romania. The special purpose consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

a) Statement of compliance

These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The main purpose of preparing these Special Purpose Consolidated Financial Statements is to provide comprehensive financial information about the Group, which assists with its financing needs and reporting requirements as well as in potentially concluding capital markets transactions in the future. These are not the Company's statutory financial statements.

b) Basis of measurement

These special purpose consolidated financial statements have been prepared under the historical cost convention basis, except in the case of gas distribution networks (classified as property, plant and equipment) and financial instruments at fair value through profit or loss, including derivatives financial instruments, which are stated at their fair value. Financial assets and liabilities and non-financial assets and liabilities, which are valued at historical cost are stated at amortised cost or historical cost, as appropriate, net of any relevant impairment.

c) Presentation and functional currency

The special purpose consolidated financial statements are presented in Euro (EUR), which is the Company's functional currency and Group's presentation currency. The functional currency of the Romanian entities is the Romanian Leu, for the Moldovan entities is the Moldovan Leu, for the Hungarian entity is the Hungarian forint, for the Serbian entity is the Serbian denar and for the Cypriot entities is the Euro. Financial information presented in EUR has been rounded to the nearest thousand (TEUR). Please refer to accounting policy 3(a) for further details.

The following exchange rates were used during translations:

Date	Closing exchange rate MDL/EUR	Average exchange rate MDL/EUR for the 12-month period
31 December 2023	19.3574	19.6431
31 December 2022	20.3792	19.8982
31 December 2021	20.0938	20.9255

Date	Closing exchange rate RON/EUR	Average exchange rate RON/EUR for the 12-month period
31 December 2023	4.9756	4.9467
31 December 2022	4.9495	4.9313
31 December 2021	4.9480	4.9210

Date	Closing exchange rate HUF/EUR	Average exchange rate HUF/EUR for the 12-month period
31 December 2022	430.65	408.81
31 December 2023	382.8	381.85

Date	Closing exchange rate RSD/EUR	Average exchange rate RSD/EUR for the 12-month period
31 December 2023	117.174	117.245

2. Basis of preparation (continued)

d) Use of estimates and judgements

The preparation of the special purpose consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such 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 estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements is included in the following notes:

- Note 7: impairment test of goodwill and fixed assets;
- Note 8: determining the fair value of gas distribution network on the basis of significant unobservable inputs;
- Note 25: own use exemption application for forward contracts.

Assumption and estimation uncertainties

- The Group concludes Purchase Power Agreements with renewable energy producers, covering all type of renewable energy from solar, wind, mycrohidro and biomass. These contracts typically cover the whole production capacity of the assets for a predetermined period (1 to 3 years), with the electricity being paid as produced, in exchange for a price either fixed, as the majority of the contracts, or pre-determined % of market price;
- The Group is facing the risk of imbalances from these contracts, resulting from the inherent nature of the green energy production, which cannot be exactly predicted due to variable weather conditions and other external factors. As a result of these imbalances the Group needs to sell the excess of energy supplied on a Day Ahead Market (“DAM”) at the moment of the delivery, for the market price prevailing at the moment of the sale. As such, the timing and price of these sales is not under control of the Group and does not represent an intentional trading to benefit from short term market price fluctuations. In these situations the market price is typically lower in comparison to price obtained from end customer since also other market participants are hit by the same external factors leading to sales of excess supply. In addition, to achieve balance between portfolio of bilateral contracts, consumption forecast and availability of generation units at hourly level for the delivery day, the Group can also be in a position to buy the energy, usually, at a higher price per MWh, as these purchases occur in the moment when the market is short on energy;
- The Group constantly monitors, on monthly averages, the volume of these sales in comparison to total sales in order to reassess that these are not significant and are still consistent with the own use exemptions. In addition to this the Group monitors the impact of these sales on the profit or loss. In 2022 and 2023 both volume of sales and impact on the profit or loss were assessed as not significant and consistent with own use intention. The Group is actively managing the risk of imbalances mainly by structure of contracts concluded with renewable energy producers and continuous improvement of predictive capacity based on data collected from the suppliers;
- The Group considers transactions entered into with the aim of balancing electricity amounts purchased and sold to be part of an integrated energy group’s ordinary activities; therefore, such contracts are not within the scope of IFRS 9;
- The Group is facing a risk of potential future more significant sales of excess supplies due to unpredictable external factors linked mainly to weather conditions and will continuously assess the appropriate classification of these contracts to identify cases where own use intention can no longer be sustained.

2. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

Fair values of financial instruments and non-financial assets

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors.

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 – inputs other than quoted prices included 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For the information on fair value determination of gas distribution networks refer to Note 8 Property, plant and equipment.

2. Basis of preparation (continued)

e) Basis of consolidation

The Group special purpose consolidated financial statements comprise the financial statements of the parent company PREMIER ENERGY PLC and the financial statements of its subsidiaries and the Group's interest in associates, as stated in Note 1. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

f) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

g) Interest in equity-accounted investees

Associates are enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The special purpose consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. Under equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

h) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the special purpose consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

i) Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company'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 owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal 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), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). 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: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity

2. Basis of preparation (continued)

j) 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 the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are always 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 that:

- deferred tax assets or liabilities are recognized and measured in accordance with IAS 12 Income Taxes; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these special purpose consolidated financial statements and in stating the financial position of the Group. The accounting policies have been consistently applied by all Group entities.

a) Foreign currency

(i) Foreign currency transactions

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. Transactions in foreign currencies are translated into the respective currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date on which the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are retranslated using the exchange rate ruling at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of equity investments designed at FVOCI which are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) Financial information of foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR, the Group´s presentation currency, at exchange rates ruling at the reporting date. Income and expenses of foreign operations, are translated to EUR at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on translation to presentation currency are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of so that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

b) Cash and cash equivalents

The Group considers cash in hand, unrestricted balances with banks and other financial institutions due within one month to be cash and cash equivalents. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Material accounting policies (continued)

c) Financial assets and liabilities

(i) Classification

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designed as such on initial recognition.

(ii) Recognition

Trade receivables and debt securities issued are initially recognised in the statement of financial position when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividend are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Material accounting policies (continued)

c) Financial assets and liabilities (continued)

(iii) Measurement (continued)

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iv) Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

(v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount in which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, net of any relevant impairment.

(vi) Gains and losses on subsequent measurement

Gains and losses on financial instruments classified at fair value through profit or loss are recognised in profit or loss. Gains and losses on FVOCI financial assets are recognised in other comprehensive income (including for impairment losses but except foreign exchange gains and losses) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

3. Material accounting policies (continued)

c) Financial assets and liabilities (continued)

(vii) Identification and measurement of expected credit losses

The Group has developed a provisioning policy, which describes in detail the procedures and methodology of the expected credit losses measurement, and a write-off policy. The expected credit losses measurement is dealt with as follows:

The Group uses for the recognition and measurement of expected credit losses of financial assets measured at amortised costs and debt investments measured at FVOCI the "expected credit loss" model (ECLs).

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to the lifetime ECLs.

The Group assesses at each reporting date whether there is objective evidence that financial assets carried at amortised costs and debt securities at FVOCI are credit impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Applicable for trade receivables

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group limits its exposure to credit risk from trade receivables by establishing a payment period between 30 to 60 days.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the trade or other receivable is more than 180 days past due.

Applicable for financial assets at amortised cost (other than trade receivables):

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group´s historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the receivable is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. Material accounting policies (continued)

c) Financial assets and liabilities (continued)

(vii) Identification and measurement of expected credit losses (continued)

In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgement to estimate the amount of any credit impairment loss.

All impairment losses in respect of financial assets are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of amortisation, if no impairment loss had been recognised.

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(ix) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(x) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 3 years past due based on historical experience of recoveries of similar assets. However, in cases where the Group has taken actions in order to recover the amounts, or the customer is in insolvency or in a bankruptcy process, the Group does not proceed with any write off until the procedures are finalised. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3. Material accounting policies (continued)

c) Financial assets and liabilities (continued)

(xi) Derivative financial instruments

A contract to buy or sell a non-financial item may be required to be accounted for as a derivative, even though the non-financial item itself falls outside the scope of the financial instruments standards. Non-financial items may include various items, such as gas and electricity. If contracts to buy or sell non-financial items can be settled net in cash or another financial instrument, including if the non-financial item is readily convertible into cash, then they are generally included in the scope of the financial instruments standards.

There is an exception to the above scope inclusion for contracts that are entered into and continue to be held for the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (the 'normal sales and purchases' or 'own-use' exemption).

The commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of non-financial items in accordance with the Group’s expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts and they fall under own use exemption. The Group enters into renewable electricity forward contracts with physical delivery, creating links within the value chain for the commodity, purchasing the contracted volume from suppliers with the purpose to physically deliver the commodity to the customers. The Group does not have a practice of settling similar contracts net in cash or another financial instrument or by exchanging financial instrument. The Group constantly monitors the sales made from these contracts on the DAM (Day Ahead Market) and/or BRM (Romanian Comodity Exchange) due to imbalances between gas or electricity supplied vs. demand from customes at the moment of delivery and reassesses whether the own use exemption is applicable for such contracts. The Group does not have a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuation in price or dealer’s margin.

Gas forward contracts that do not meet the definition of own use exemptions are accounted for as financial derivatives. Such contracts were recognised only in 2022.

d) Intangible assets

Goodwill and gain on bargain purchase

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less accumulated impairment losses (refer to Note 7).

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Software and other intangible assets

Software and other intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over their estimated useful lives (1 - 3 years), from the date that they are available for use. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3. Material accounting policies (continued)

e) Property, plant and equipment

Property, plant and equipment comprise the electricity distribution network, the gas distribution network, other constructions for materials storage purposes, technical equipment and cars, furniture and office equipment as well as assets in the course of construction.

Recognition and measurement

Electricity and gas distribution network and other plant and equipment are recorded initially at cost less accumulated depreciation and accumulated impairment losses.

The cost of a property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gas distribution networks are subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated economic useful lives, as follows:

	Years
Gas distribution network	29-49
Administrative Buildings	40-70
Wind and Solar operational parks	25-30
Operational Buildings	40-60
Electricity lines	35-45
Electro-energetic equipment	15-25
Other equipment	3-12
Meters	18
Cars	7-10
Specialized vehicles	10
Other tangible assets	7 - 10

Land is not depreciated.

3. Material accounting policies (continued)

e) Property, plant and equipment (continued)

Depreciation (continued)

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. For further information, please refer to Note 3(g).

The depreciation and impairment losses are charged to profit or loss.

Disposal

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in “Other expenses” line when the asset is derecognized.

f) Leases – the entity acting as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

The Group acting as a lessee recognizes a right-of-use asset and the related lease liability in the statement of financial position with the following exceptions:

- the lease term does not exceed 12 months or;
- the underlying asset has a low value.

Right-of-use asset

At the commencement date, a right-of-use asset is measured at cost which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

3. Material accounting policies (continued)

f) Leases – the entity acting as a lessee (continued)

Right-of-use asset (continued)

A right-of-use asset is recognized in the statement of financial position in line, Property, plant and equipment, and is depreciated over the shorter of economic useful life of the underlying asset or the lease term. The related depreciation is recognized in the profit or loss in line, Depreciation and amortization.

Lease liability

At the commencement date, a lease liability is initially measured at the present value of the lease payments, which are not paid at that date. The lease payments are discounted using an interest rate which a lessee would have to pay, if a lessee borrowed cash to acquire the underlying asset taking into consideration the terms relating to a lease (i.e. lease/loan term, amount of loans, etc.).

Subsequently, the lease liability is remeasured when there is a change in its future lease payments (e.g. due to a change in an assessment whether and when it will exercise extension or termination option). When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is recognized in the statement of financial position and included in line, Lease liabilities.

Interest expense on lease liability is recognized in profit or loss and included in line, Finance expense, using the effective interest rate.

g) Impairment for non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash generating units). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Inventories

Inventories consist mainly of: gas pipes, gas meters, regulators, fittings and other materials and consumables used for constructing connections, utility installations and gas network extensions. These materials are recorded in inventories when purchased and then expensed as appropriate, when consumed.

Inventories are measured at the lower of cost and net realizable value. The valuation method of inventories is the weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Where necessary, an allowance is made for slow moving and obsolete inventories in order to arrive at the net realizable value. Obsolete or defective inventories are provided for in full or written-off.
The value of the gas inventories (gas stored in underground facilities operated by third parties) includes only the gas molecule, as provided on the invoice.

3. Material accounting policies (continued)

i) Green certificates

Green certificates are received by the Group based on the production levels of its renewable electricity generation assets in Romania. Green certificates are recognized at fair value when the wind producer is entitled to receive them. The deferred green certificates existing in the opening balance at the acquisition date were measured at fair value at the business combination date (refer to note 3 (n) for the revenues).

The cost of green certificates is based on the first-in-first-out acquisition cost principle.

Green certificates are presented separately in the statement of financial position as they are received and held for sale in the ordinary course of business of the Group.

j) Equity

Share capital

Share capital represents the nominal value of shares issued by the Company. To the extent such shares remain unpaid as of the end of the reporting period a corresponding receivable is presented in other assets.

Share premium

Share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Dividends

Dividends on share capital are recognised as a liability provided, they are approved by the shareholders. Dividends distributions to the Company's shareholders are recognised in the Group’s financial statements in the year in which they are approved. Dividends declared after the end of the reporting period are not recognised as a liability but are disclosed in the notes.

Non-controlling interests

Non-controlling interests consist of the minority shareholders’ proportion of the fair values of a subsidiary’s net assets, at the date of the original combination, plus or minus their share of changes in the subsidiary’s equity since that date.

Translation reserve

The translation reserve includes exchange differences relating to the translation of the results and net assets of the Group’s foreign operations from functional to the Group’s presentation currency. Exchange differences previously accumulated in the translation reserves are reclassified to profit or loss on the disposal of the foreign assets and operations.

Legal reserve

The legal reserve represents the amount required by the states in which the Company´s subsidiaries operate to protect companies themselves against future financial losses.

k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

l) Deferred income

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

m) Related parties

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, significantly influence or jointly control the other party. Related parties include both other entities and natural persons, such as shareholders that have control or a significant influence, members of the Group’s key personnel and close members of their families.

3. Material accounting policies (continued)

n) Revenues

In accordance with IFRS 15, the Group has adopted a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue should be recognized when (or as) the Group transfers control of goods or services to a customer for the amount which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized:

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

Revenues from renewable energy and green certificates

Production and sale of renewable energy in Romania and green certificates

According to the regulations in force, the producers of certain electricity from renewable sources benefit from green certificates for each MWh produced and delivered to the national energy system.

The transport and system operator, Transelectrica, sends to the Group, monthly, the number and series of green certificates allocated, corresponding to the production of electricity delivered in the national energy system. The green certificates can be traded on the OPCOM spot market, at term or combined markets. The sale price must fall between the minimum and maximum values established by Law no. 220/2008 for the establishment of the system for promoting the production of electricity from renewable energy sources, republished, with subsequent changes.

As a producer of electricity from renewable sources (solar and wind), the Company receives green certificates through the support scheme established by Law no. 220/2008. Each renewable production its having its own scheme support, considering the type and sourse of the production as well as the year it was in operation.

The Group sells green certificates on the spot and in the combined market. The customers obtain control over the green certificates when the transaction is recorded by market operator in its electronic register. In case of the spot market, the invoices are issued on the transaction date and the payment term is within 3 financial days. In case of combined market, the green certificates invoices are issued in 20 days and have a payment term of 5 financial days. Revenue is recognized at a specific point in time, when the control over the green certificates is transferred.

The group sells part of the renewable electricity based on forward contracts with electricity suppliers and traders as well as on the spot market (day-ahead market) to the market operator (OPCOM). Invoices are issued at the end of the month, during the delivery month or at the beginning of the next month for the electricity delivered in the current month. The payment term is depending on the individual agreement concluded with the counterparty (i.e before the delivery month, during the delivery month of the following month of the delivery).
Revenue is recognized over time because the customer receives and consumes simultaneously the benefits as the Group delivers electricity. The production and consumption of electricity are simultaneous because electricity is not stored. Advance payments received from customers for future energy sales of electricity are recognized as liabilities related to contracts with clients.

3. Material accounting policies (continued)

n) Revenues (continued)

Revenues from the sale and distribution of natural gas

Supply and distribution of natural gas

Invoices for natural gas supply are issued monthly based on meter readings and based on estimates of natural gas delivered for which no readings have been made, communicated by the distribution operators.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers gas.

Advance payments received from customers for future gas sales are recognized as contract liabilities.

Revenues related to supply of gas to final consumers include transportation tariffs. These services are provided by the gas transportation operators. The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal. The Group, therefore, recognizes revenue as it provides natural gas transportation services to the users of its infrastructure (the consumers) with the delivery of each unit of gas delivered. Revenue is measured based on the volume of gas delivered to the customer during the reporting period at the regulatory tariff.

Maintenance services is not considered as a separate performance obligation. Regular or routine repair and maintenance activities are necessary activities to be able to operate the existing infrastructure over the period of the concession arrangement and are considered part of the operation services for which the users of the infrastructure are the customers.

However, major maintenance services (e.g. replacement of significant infrastructure assets/components when needed) are treated and accounted for similarly to grid upgrade/expansion construction services based on the manner of compensation for these activities for regulatory revenue purposes (included in the regulated asset based and remunerated with the regulated rate of return).

Construction revenue

Revenues from sale and distribution of natural gas also include construction-related revenue earned based on grid construction, upgrades and expansions. The construction of the initial network revenue and network upgrade/expansion construction revenue are accounted for in accordance with IFRS 15.

3. Material accounting policies (continued)

n) Revenues (continued)

Revenues from the sale and distribution of natural gas (continued)

Supply and distribution of natural gas (continued)

Construction revenue (continued)

A cash advance is sometimes invoiced and received at the beginning of the construction contract. The Group recognizes a contract liability for any advance received at the beginning of the contract, which is offset against construction services rendered.

Users may also incur part of the costs of extension of the network based on contracts signed between the users and the Group, which stipulate the value of the extension works that will be reimbursed to the operator by the user. The contracts stipulate that the co-financing by the user of the construction works does not transfer any right to the user in relation to the grid or provide access to gas supply; however, the network extension is a pre-requisite of connection to the gas distribution network, which would otherwise not reach the customer's location.

The incentive for the users to co-finance the extension of the network arises from the Group's right under the applicable legislation at that time to refuse a connection if the technical solution was not economically feasible. In such case, the network was constructed, and the cost was borne by the user at the user's request.

The contractual relationship between the end user and the Group starts at signoff of the construction contract under co-financing conditions and ends when the network segment is constructed. Later, a connection contract is to be concluded by the end-user(s) with the Group for getting access to the gas network.

The amounts for such projects that are paid for by the users are not included in the regulated asset base (RAB) or the OPEX used in the tariff setting mechanism (i.e. they are not remunerated to the operator through the distribution tariff).

The Group determined that the accounting treatment in respect of connection fees above also applies to the case of user co-financing arrangements, as it determines appropriate to combine the user co-financing contract with the gas distribution contract under IFRS 15, because by agreeing to pay for the network extension, the user obtains an unconditional right to require connection to the network once the extension is completed.

Gas sale-purchase contracts

In the normal course of business, the Company concludes gas sale-purchase contracts on the centralized markets operated by Romanian Energy Market Operator (OPCOM) or Romanian Commodities Exchange (BRM) or negotiated contracts concluded outside the centralized platforms, as follows:

- spot contracts: sale or buy contracts concluded on OPCOM's day-ahead and intra-day markets, and BRM's spot market and balancing market (the latter refers to transactions with Transgaz, the Romanian transportation system operator);
- sale or buy forward contracts on centralized markets: contracts concluded on OPCOM's Centralized Market and BRM's gas forward markets; and
- sale or buy forward negotiated contracts, concluded directly with the counterparty.

Contracts to buy or sell gas that are entered into and continue to be held for receipt or delivery in accordance with the Group's normal expected purchase, sale or usage requirements - meaning that the gas is not intended to be delivered to final consumers or for balancing activities with delivery within 1-2 days ("own use exemption"), are accounted as executory contracts. Revenues are recognised over time as the customer receives and consumes simultaneously the benefits resulting from the performance of the obligation by the entity.

The contracts to buy or sell gas that do not qualify for own-use exemption are accounted for as derivatives in accordance with IFRS 9. The derivatives are classified as FVTPL.

Revenues from the sale and distribution of electricity

Supply and distribution of electricity

The invoicing of electricity sales is performed on a monthly basis. Monthly electricity invoices are based on meter readings or on estimated consumptions based on the historical data of each consumer.

3. Material accounting policies (continued)

n) Revenues (continued)

Revenues from the sale and distribution of electricity (continued)

Supply and distribution of electricity (continued)

Electricity delivered which is not yet billed at the reporting date is accrued on the basis of recent average consumption. Differences between estimated and actual amounts are recorded in subsequent periods.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers electricity.

Advance payments received from customers for future electricity sales are recognized as contract liabilities.

Revenues related to supply of electricity to final consumers include transportation tariffs. These services are provided by the electricity transportation operator.

The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal.

o) Finance income and expense

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

p) Fee and commission income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income and expense relate mainly to transaction and service fees, which are recognised as the services are rendered or received.

q) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

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

r) Common control transactions

Where the entities of the Group are involved in transactions, including business combinations, with other entities under common control (i.e. entities under common control of the same parent or the same controlling party or parties), the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, have been considered and the following accounting policy has been developed.

3. Material accounting policies (continued)

r) Common control transactions (continued)

The acquirer in a common control transaction should use either of the following in its special purpose consolidated financial statements:

• book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another; or

•IFRS 3 accounting on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole.

The chosen accounting policy should be applied consistently to all similar common control transactions. The Group made the election to apply the pooling of interests method. The assets and liabilities acquired are recognised at the carrying amounts of the acquiree (i.e. value at cost as at the date of acquisition less accumulated depreciation and/or potential impairment). The difference between fair value of consideration transferred in the acquisition and net assets acquired is recognised directly in equity.

In the special purpose consolidated financial statements, the acquirer is permitted to re-present its comparatives and adjust its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented. However, this restatement should not extend to periods during which the entities were not under common control. The Group have opted to restate the comparative information, since all entities were always under the common control of parent entity.

In case of transactions which do not qualify as business combinations, if a standard requires the transaction to be recognised initially at fair value, it must be measured at that fair value regardless of the actual consideration. In all other cases, where there is a difference between the fair value and the consideration after having taken account of all goods or services being provided, the entities of the Group opted to recognise the transaction at the actual consideration stated in any agreement related to the transaction.

Acquisition under common control which is a combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the acquisition, and that control is not transitory. Such acquisitions are excluded from the scope of IFRS 3.

s) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. Currently, the Group concluded that the useful life of property, plant and equipment has not impacted from climate-related matters.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. The Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, however the Group monitors and considers the future expectations in assessing value-in-use amounts.

3. Material accounting policies (continued)

t) Adoption of new and revised IFRS and Interpretations as adopted by the EU

As from 1 January 2021, the Group adopted all changes to IFRSs as adopted by the EU which are relevant to its operations. This adoption did not have a material effect on the financial statements.

The following New IFRSs, Amendments to IFRSs and Interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on 1 January 2021. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these New IFRSs, Amendments to IFRSs and Interpretations early.

(i) New IFRSs, Amendments to IFRSs and Interpretations adopted by the EU

- **IAS 12 *Income Taxes* (Amendments): International Tax reform – Pillar Two Model Rules** (effective for annual periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023; the mandatory temporary exception applies immediately)
  The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:
  - A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
  - Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before it's effective date.

  The use of the mandatory temporary exception is required to be disclosed.

  Management does not expect to have a material effect on the financial statements.

- **IAS 1 *Presentation of Financial Statements* (Amendments): Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants** (effective for annual periods beginning on or after 1 January 2024)
  In 2020, the IASB has amended IAS 1 to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

  On 31 October 2022 the IASB issued further amendments to IAS 1 i.e. Non-current liabilities with covenants. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

  The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt). When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity. Companies may have interpreted the existing IAS 1 requirements differently when classifying convertible debt. Therefore, convertible debt may become current.

  Management does not expect to have a material effect on the financial statements.

3. Material accounting policies (continued)

t) Adoption of new and revised IFRS and Interpretations as adopted by the EU

(i) New IFRSs, Amendments to IFRSs and Interpretations adopted by the EU (continued)

- **IFRS 16 *Leases* (Amendments): Lease Liability in Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024)
  The IASB has issued amendments to IFRS 16 *Leases*, which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. A sale and leaseback is a transaction for which a company sells an asset and leases that same asset back for a period of time from the new owner. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 had not specified how to measure the transaction when reporting after that date. The amendments issued in September 2022 impact how a seller-lessee accounts for variable lease payments that arise in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale and leaseback transactions entered into since 2019.

  The amendments confirm the following: (1) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. (2) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  Management does not expect to have a material effect on the financial statements.

(ii) Standards issued but not yet effective

- **IAS 7 *Statement of Cash Flows* (Amendments) *and IFRS 7 Financial Instruments:* Disclosures (Amendments) – Supplier Finance Arrangements** (effective for annual periods beginning on or after 1 January 2024)
  The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – to enable the users of the financial statements in understanding and assessing the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk as well as the impact to the entity if supplier finance arrangements were no longer available.

  The amendments do not define the supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. Specifically, all the following characteristics should apply:
  - a finance provider pays amounts that the entity owes to its suppliers;
  - the entity agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid; and
  - the entity is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

  Management does not expect to have a material effect on the financial statements.

3. Material accounting policies (continued)

t) Adoption of new and revised IFRS and Interpretations as adopted by the EU (continued)

(ii) Standards issued but not yet effective (continued)

- **IAS 21 *The Effects of Changes in Foreign Exchange Rates (*Amendments): Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2025)
  The amendments, as issued in August 2023, aim to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. According to the amendments, a currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable at the measurement date, the company will be required to estimate a spot rate as the rate that would have been applied to an orderly exchange transaction between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate, but they set out a framework under which an entity can determine the spot rate at the measurement date using an observable exchange rate without adjustment or another estimation technique.

  Companies will be required to provide also new disclosures to help users assess the impact of a currency not being exchangeable to the entity's financial performance, financial position, and cash flows. To achieve this objective, entities will disclose information about the nature and financial impacts of a lack of exchangeability, the spot exchange rate(s) used, the estimation process and risks to the company because the currency is not exchangeable.

  Management does not expect to have a material effect on the financial statements.

- **IFRS 10 *Consolidated Financial Statements* (Amendments) and IAS 28 *Investments in Associates and Joint Ventures* (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (effective date postponed indefinitely; early adoption continues to be permitted)
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

  Management does not expect to have a material effect on the financial statements.

4. Financial risk management

The risk management function within the Group is carried out in respect of financial risks (credit, market and liquidity risk), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- legal risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4. Financial risk management (continued)

Other risks related to operational activities

(a) Litigation and claims

The Group is the subject of a number of court actions resulting from the normal course of business, in which it has the position of plaintiff or defendant. The list of litigations is analysed on a timely basis and based on the results of such analysis the Group recognises provisions for potential losses from litigations and claims. The Group considers that litigation and claims will not have a significant impact on the Group's operations and financial position, except for the amounts recorded in these financial statements (refer to Note 17, Provisions).

(b) Environmental protection

The Group pays particular attention on the environmental protection and compliance with relevant environmental legislation. The purpose of the environmental legislation is to prevent pollution and deterioration of the environment, to apply the proper measures in this respect, to protect the population's health, to put to good use in a reasonable manner the renewable and non-renewable resource, and to preserve the natural ecological balance. During the 1st half of 2021, the Group implemented full scale of Environmental, Social and Governance (ESG) policies and guidelines throughout the organization. In the years 2023, 2022 and 2021, the Group was neither involved in major incidents related to environment pollution, nor sued for damages to the environment.

(c) Tax investigations

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded.

The Romanian tax system is undergoing a consolidation process and is being harmonized with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the Romanian State authorities have findings from reviews relating to breaches of the tax legislation and related regulations, these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties. As a result, the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State.

Tax audits in Moldova consist of detailed verifications of the accounting records of the tax payers. Such audits sometimes take place after months, even years, from the dates liabilities are established. Consequently, companies may be found liable for significant taxes and fines. Moreover, tax legislation is subject to frequent changes and the authorities demonstrate inconsistency in the interpretation of the law. Income tax returns may be subject to revisions and corrections by tax authorities, generally for the 4 year period after they are completed.

The Group considers that all taxes due were fully paid and on time. Adequate tax liabilities were recognized in the financial statements. The Group's management is not aware of any circumstances which may give rise to a potential material tax liability to the Group in this respect.

4. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a debtor or counterparty on their obligation to the Group. The majority of the Group's exposure to credit risk arises in connection with the bank deposits, provided loans, receivables and other financial assets which relate to the Group's principal business. The remaining part of the Group's exposures to credit risk is related to due from banks and other financial institutions and other financial assets.

Credit risk results from business transactions (receivables from counterparties) and from the transactions in financial markets (money market, currency exchange, derivatives transactions, etc.). Several criteria are applied when assessing the level of credit risk.

Credit terms for individual transactions are assessed by the Group's specialists, including middle and top management of the Group. Experts from both law firms and financial institutions were also consulted on the risks related to the transactions. Publicly available information and information from external agencies were used for ongoing monitoring of the credit quality of the counterparties.

The receivables are divided by counterparties and are allocated to the responsible person overseeing each case. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, trading history with the Group and existence of previous financial difficulties.

The Group's policies provide for gas and electricity sales to clients with low credit risk. Moreover, sales have to be secured either by advanced payments or by letters of bank guarantee. The net value of receivables following the adjustment for impairment of doubtful debts, represents the maximum value exposed to credit risk. The Group has a credit risk concentration related to its biggest clients. For bankrupt or insolvent customers, the Group estimates losses throughout the entire life of current and outstanding receivables and records corresponding impairment losses. Even though collection of receivables might be influenced by economic factors, the management believes that there is no significant risk of loss for the Group, besides the impairment of doubtful debts, already established.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period between 30 and 60 days.

The Group also continuously monitors the performance of individual credit exposures using a number of criteria. The Group has an active fraud prevention and detection program. Credit risk developments are reported by the Group Credit Risk Department to the Board of Directors on a regular basis.

As a result of recent negative developments on financial markets, the credit environment in certain countries in which the Group operates has deteriorated. The Group has taken strict measures in its underwriting and collection policies in order to limit the negative impact of such market changes.

4. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

The Group has provided loans in the amount of TEUR 5,056 (2022: TEUR 4,845, 2021: TEUR 2,368). The tables below provide a detailed analysis of the Group's exposure to credit risk.

Loans - Due from non-banks	**2023**	**2022**	**2021**
	TEUR	**TEUR**	**TEUR**
Stage I – Carrying amount	5,056	4,845	2,368
Total carrying amount	**5,056**	**4,845**	**2,368**

Credit quality of financial assets
The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's (if applicable). The most material bank balances with no credit ratings arise from the Moldavian component, ICS Premier Energy SRL, the parent company Premier Energy Plc and the Romanian component, Premier Energy SRL. Bank balances and bank deposits are measured at 12-month ECL:

	2023	**2022**	**2021**
	TEUR	**TEUR**	**TEUR**
Cash at bank and term bank deposits			
Ba1	--	14	--
Ba3	--	--	384
Baa1	5,530	12,348	549
Baa2	291	3,460	10
Baa3	5,807	1,184	--
Non-rated	67,803	30,513	17,858
Gross carrying amount cash at bank	**79,431**	**47,519**	**18,801**
Demand deposits			
Non-rates	307	**--**	**--**
Subtotal	**307**	**--**	**--**
Deposits with restricted access			
Baa1	267	1,373	--
Ba3	--	--	813
Non-rated	7,674	14,007	106
Gross carrying amount deposits	**7,941**	**15,380**	**919**
Term bank deposits			
Non-rated	--	64	64
Gross carrying amount term bank deposits	**--**	**64**	**64**
Total cash at bank, deposits with restricted access and term bank deposits	**87,679**	**62,963**	**19,784**

During the year 2023,2022 and 2021 no impairment provision was recognised in respect to cash at bank and bank deposits.

4. Financial risk management (continued)

Credit risk (continued)

The exposure to credit risk for the above financial assets at the reporting date by geographic region was as follows:

	2023 TEUR	2022 TEUR	2021 TEUR
Romania	37,311	51,448	8,197
Moldova	40,921	5,980	1,925
Cyprus	7,855	5,535	9,662
Hungary	266	--	--
Serbia	1,326	--	--
	87,679	**62,963**	**19,784**

Classification of financial assets by credit risk – provided loans

The following table presents an analysis of the credit quality of provided loans at amortised cost. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and if they were credit-impaired.

2023	**12-month ECL (Stage I) TEUR**	**Lifetime ECL not credit-impaired (Stage II) TEUR**	**Lifetime ECL credit-impaired (Stage III) TEUR**	**Total TEUR**
Gross provided loans – low risk grade	5,063	--	--	5,063
Loss allowances	(7)	--	--	(7)
Net provided loans	**5,056**	**--**	**--**	**5,056**
Weighted average loss rate	**0.14%**	**n/a**	**n/a**	**0.14%**
Equivalent to external credit rating	**BBB+**	**n/a**	**n/a**	
Credit impaired	**NO**	**n/a**	**n/a**	

2022	**12-month ECL (Stage I) TEUR**	**Lifetime ECL not credit-impaired (Stage II) TEUR**	**Lifetime ECL credit-impaired (Stage III) TEUR**	**Total TEUR**
Gross provided loans – low risk grade	4,910	--	--	4,910
Loss allowances	(65)	--	--	(65)
Net provided loans	**4,845**	**--**	**--**	**4,845**
Weighted average loss rate	**1.34%**	**n/a**	**n/a**	**1.34%**
Equivalent to external credit rating	**BBB+**	**n/a**	**n/a**	
Credit impaired	**NO**	**n/a**	**n/a**	

4. Financial risk management (continued)

Credit risk (continued)

2021	12-month ECL (Stage I) TEUR	Lifetime ECL not credit-impaired (Stage II) TEUR	Lifetime ECL credit-impaired (Stage III) TEUR	Total TEUR
Gross provided loans – low risk grade	2,385	--	--	2,385
Loss allowances	(17)	--	--	(17)
Net provided loans	2,368	--	--	2,368
Weighted average loss rate	**0.71%**	**n/a**	**n/a**	**0.71%**
Equivalent to external credit rating	**BBB+**	**n/a**	**n/a**	
Credit impaired	**NO**	**n/a**	**n/a**	

Classification of financial assets by credit risk – financial assets at amortised costs – deposits and restricted deposits

The following table presents an analysis of the credit quality of financial assets at amortised cost - deposits. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and if they were credit-impaired.

2023	12-month ECL (Stage I) TEUR	Lifetime ECL not credit-impaired (Stage II) TEUR	Lifetime ECL credit-impaired (Stage III) TEUR	Total TEUR
Deposits	--	--	--	--
Restricted deposits	7,941	--	--	7,941
Loss allowances	--	--	--	--
Net financial assets at amortised cost – deposits	**7,941**	**--**	**--**	**7,941**
Weighted average loss rate	**0.00%**	**n/a**	**n/a**	**0.00%**

2022	12-month ECL (Stage I) TEUR	Lifetime ECL not credit-impaired (Stage II) TEUR	Lifetime ECL credit-impaired (Stage III) TEUR	Total TEUR
Deposits	64	--	--	64
Restricted deposits	15,380	--	--	15,380
Loss allowances	--	--	--	--
Net financial assets at amortised cost – deposits	**15,444**	--	--	**15,444**
Weighted average loss rate	**0.00%**	**n/a**	**n/a**	**0.00%**

4. Financial risk management (continued)

Credit risk (continued)

Classification of financial assets by credit risk – financial assets at amortised costs – deposits and restricted deposits (continued)

2021	12-month ECL (Stage I) TEUR	Lifetime ECL not credit-impaired (Stage II) TEUR	Lifetime ECL credit-impaired (Stage III) TEUR	Total TEUR
Deposits	64	--	--	64
Restricted deposits	919	--	--	919
Loss allowances	--	--	--	--
Net financial assets at amortised cost – deposits	**983**	--	--	**983**
Weighted average loss rate	**0.00%**	**n/a**	**n/a**	**0.00%**

The Group recognizes allowances for ECLs for financial assets measured at amortized costs (other than trade receivables). The ECL calculation is based on external or internal credit ratings of the counterparty, associated probabilities of default and loss given default. External credit rating is based mainly on reports issued by well-known rating agencies. Due to the fact that there has not been a significant credit risk on the above-mentioned financial assets, since initial recognition, credit losses are measured at 12-month ECLs.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

As at 31 December 2023, the ageing analysis of trade receivables, contract assets and other assets is detailed as follows:

2023	Current (not past due)	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	181-360 days past due	360+ past due	Total
Trade receivables	62,373	22,919	1,143	407	1,428	220	12,480	100,970
Contract assets**	779	--	--	--	--	--	--	779
Other financial assets*	25,343	1	--	--	--	--	123	25,467
Total balance	**88,495**	**22,920**	**1,143**	**407**	**1,428**	**220**	**12,603**	**127,216**
Loss allowance	(2,248)	(336)	(4)	(52)	(82)	(83)	(12,150)	(14,955)
Weighted average loss rate	**2.54%**	**1.47%**	**0.35%**	**12.78%**	**5.74%**	**37.56%**	**96.41%**	**11.76%**
Credit-impaired	No	No	No	No	No	Yes	Yes	

*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For the detail, refer to Note 14.
** Contract assets excluding Group's rights for network construction works not completed by the reporting date, refer to Note 25.

4. Financial risk management (continued)

Credit risk (continued)

Classification of financial assets by credit risk – trade receivables and other assets (continued)

As at 31 December 2022, the ageing analysis of trade receivables, contract assets and other assets is detailed as follows:

2022	**Current (not past due)**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**91-180 days past due**	**181-360 days past due**	**360+ past due**	**Total**
Trade receivables	67,722	35,866	3,737	516	1,255	1,657	10,493	**121,246**
Contract assets**	154	--	--	--	--	--	--	**154**
Other financial assets*	10,862	--	88	--	--	--	--	**10,950**
Total balance	**78,738**	**35,866**	**3,825**	**516**	**1,255**	**1,657**	**10,493**	**132,350**
Weighted average loss rate	2.98%	2.16%	4.84%	19.96%	71.71%	72.90%	91.43%	**11.39%**
Loss allowance	**2,345**	**775**	**185**	**103**	**900**	**1,208**	**9,594**	**15,110**
Credit-impaired	No	No	No	No	No	Yes	Yes	

*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For the detail, refer to Note 14.
** Contract assets excluding Group's rights for network construction works not completed by the reporting date, refer to Note 25.

As at 31 December 2021, the ageing analysis of trade receivables, contract assets and other assets is detailed as follows:

2021	**Current (not past due)**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**91-180 days past due**	**181-360 days past due**	**360+ past due**	**Total**
Trade receivables	57,381	13,866	1,442	397	680	2,233	10,773	**86,772**
Contract assets**	208	--	--	--	--	--	--	**208**
Other financial assets*	4,034	--	--	--	--	--	685	**4,719**
Total balance	**61,623**	**13,866**	**1,442**	**397**	**680**	**2,233**	**11,458**	**91,699**
Weighted average loss rate	1.14%	1%	7.8%	18.9%	45.2%	78.2%	91.2%	**14.58%**
Loss allowance	700	139	112	75	307	1,746	10,444	**13,523**
Credit-impaired	No	No	No	No	No	Yes	Yes	

*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For the detail, refer to Note 14.
** Contract assets excluding Group's rights for network construction works not completed by the reporting date, refer to Note 25.

4. Financial risk management (continued)

Credit risk (continued)

Classification of financial assets by credit risk – trade receivables and other assets (continued)

The financial assets exposing the Group to a potential credit risk comprise mainly of trade receivables. The Group's trade receivables consist of receivables from revenue in Romania and Moldova.
As at 31 December 2023, the exposure to credit risk for trade receivables, derivatives, loans provided and other financial assets by geographic region was as follows:

	2023		2022		2021	
	TEUR	**%**	**TEUR**	**%**	**TEUR**	**%**
Cyprus	--	--	--	--	--	--
Romania	86,615	69.15%	132,370	71.61%	66,178	77.14%
Other EU countries	11,043	8.82%	2,281	1.23%	2,087	2.43%
Moldova	26,427	21.10%	50,197	27.16%	17,527	20.43%
Other	1,173	0.94%	--	--	--	--
Total	**125,258**	**100.00%**	**184,848**	**100.00%**	**85,792**	**100.00%**

Also, as at 31 December 2023, the exposure to credit risk for trade receivables, derivatives, loans provided and other financial assets by type of counterparty was as follows:

	2023		2022		2021	
	TEUR	**%**	**TEUR**	**%**	**TEUR**	**%**
Financial services	12,340	9.85%	17,865	9.66%	3,001	3.50%
Public sector	13,926	11.12%	14,862	8.04%	6,409	7.47%
Commercial business customers	68,580	54.75%	119,488	64.64%	60,284	70.27%
Households/Individuals	29,089	23.22%	32,347	17.50%	15,532	18.10%
Other	1,323	1.06%	286	0,15%	566	0.66%
Total	**125,258**	**100.00%**	**184,848**	**100.00%**	**85,792**	**100.00%**

The Group uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposure in different segments based on the following common credit risk characteristics – geographic region and type of counterparty. The average loss percentages are calculated based on a history of the past eight years and based on quarterly aging reports. Receivables are split by ageing buckets as of each quarter end. Each quarter analysis also shows the receivables' "migration" to another bucket in the following quarter. The average percentages are applied to each ageing bucket comprising trade receivables as of year-end.

The loss allowances to trade receivables are calculated based on the following:

- 180-360 days after due date – 37%-80% impairment loss;
- more than 360 days after due date – 87%-100% impairment loss; and
- for customers in litigations and for bankrupted customers or customers in insolvency, 100% loss allowance is established.

Management believes that the Group's exposure to credit risk is manageable, as commodities are sold with reputable parties with low credit risk and collection is prompted based on the individual terms with the parties. Credit terms are between 30 days and 60 days. Although it is generally considered that balances over 90 days are considered to be in default, the Group upon reviewing the historical transactions with the Group's customers, it was determined that there is no such credit risk since there is no history of significant amounts of unpaid invoices. In addition, gas sales are required to be secured either by advanced payments or by letters of bank guarantee. Therefore, although a financial asset is generally considered to be in default when it is 90 days past due, due to the above reasons, the Group considers balances to be in default when they are overdue by more than 180 days. Currently, trade receivables which are overdue by more than 360 days are mainly balances with specific corporate customers in litigations or bankrupted customer.

4. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk is managed by ensuring that there are sufficient financial resources to meet the obligations associated with financial liabilities. Cautious liquidity risk management assumes maintenance of a sufficient amount of cash and the availability of required external financing in terms of loans and borrowings.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's Treasury collects information regarding the liquidity profile of the financial assets and liabilities and details of other projected cash flows arising from projected future business. Portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

In order to monitor the current trends in liquidity and to manage other associated risks (exchange rate risk, interest rate risk, foreign exchange risk, payment conditions, tax legislation, etc.), a meeting is held on a monthly basis in attendance with representatives of the Finance Department and with specialists and managers from other departments, if needed. In regular meetings, the Finance Director then reports to the Group management on the liquidity status and its developments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing as at the reporting date. Foreign currency payments are translated using the spot exchange rate as at the reporting date.

Contractual maturity analysis

The following table shows financial assets and liabilities by remaining maturity dates.

2023

TEUR	**Less than 30 days**	**31-90 Days**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**No maturity**	**Carrying amount**
Non-derivative financial assets							
Cash and cash equivalents	81,272	--	--	--	--	--	81,272
Restricted deposits	1,879	2,435	1,324	2,303	--	--	7,941
Loans - due from non-banks	18	36	147	1,736	3,119	--	5,056
Trade receivables	74,500	11,671	1,069	29	--	1,117	88,386
Other financial assets*	1,112	20	8,057	123	500	13,284	23,096
Total financial assets	**158,781**	**14,162**	**10,597**	**4,191**	**3,619**	**14,401**	**205,751**

	Less than 30 days	**31-90 Days**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**No maturity**	**Carrying amount**
Non-derivative financial liabilities							
Loans - due to non-banks	--	655	663	--	--	--	**1,318**
Loans - due to banks and other financial institutions	1,999	1,858	49,239	94,579	5,800	--	**153,475**
Lease liabilities	49	97	528	2,181	2,361	--	**5,216**
Bonds issued	--	--	--	--	--	--	--
Trade payables	39,245	6,794	701	1	--	37	**46,778**
Other financial liabilities**	7,715	7,120	1,863	2,284	--	3	**18,985**
Total financial liabilities	**49,008**	**16,524**	**52,994**	**99,045**	**8,161**	**40**	**225,772**
Net position	**109,773**	**(2,362)**	**(42,397)**	**(94,854)**	**(4,542)**	**14,361**	**(20,021)**

*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.
**Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

4. Financial risk management (continued)

Liquidity risk (continued)

Contractual maturity analysis (continued)

2022

TEUR	Less than 30 days	31-90 Days	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Carrying amount
Non-derivative financial assets							
Cash and cash equivalents	48,657	--	--	--	--	--	48,657
Restricted deposits	2,337	2,958	4,639	5,446	--	--	15,380
Financial assets at amortised cost – deposits	--	64	--	--	--	--	64
Loans - due from non-banks	15	31	150	2,367	2,282	--	4,845
Trade receivables	96,365	10,782	327	--	--	1,046	108,520
Other financial assets*	226	--	4,874	3,466	--	--	8,566
Subtotal non-derivative instrument	**147,600**	**13,835**	**9,990**	**11,279**	**2,282**	**1,046**	**186,032**
Derivative financial assets							
Commodity derivatives – Gas	--	--	3,123	--	--	--	3,123
Subtotal derivative instruments	**--**	**--**	**3,123**	**--**	**--**	**--**	**3,123**
Total financial assets	**147,600**	**13,835**	**13,113**	**11,279**	**2,282**	**1,046**	**189,155**

	Less than 30 days	31-90 Days	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Carrying amount
Non-derivative financial liabilities							
Loans - due to non-banks	1	--	3,964	--	--	--	3,965
Loans - due to banks and other financial institutions	265	2,118	47,496	88,646	2,497	--	141,022
Lease liabilities	62	84	364	1,288	1,924	--	3,722
Bonds issued	--	--	2,020	--	--	--	2,020
Trade payables	13,402	4,856	142	--	--	34	18,434
Other financial liabilities**	32,494	11,084	2,961	357	2	--	46,898
Subtotal financial liabilities	**46,224**	**18,142**	**56,947**	**90,291**	**4,423**	**34**	**216,061**
Commodity derivatives - Gas	--	--	3,777	--	--	--	3,777
Total	**--**	**--**	**3,777**	**--**	**--**	**--**	**3,777**
Total financial liabilities	**46,224**	**18,142**	**60,724**	**90,291**	**4,423**	**34**	**219,838**
Net position	**101,376**	**(4,307)**	**(47,611)**	**(79,012)**	**(2,141)**	**1,012**	**(30,683)**

*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.
**Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

4. Financial risk management (continued)

Liquidity risk (continued)

Contractual maturity analysis (continued)

2021

TEUR	Less than 30 days	31-90 Days	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Carrying amount
Non-derivative financial assets							
Cash and cash equivalents	19,783	--	--	--	--	--	19,783
Restricted deposits	431	347	--	141	--	--	919
Financial assets at amortised cost – deposits	--	64	--	--	--	--	64
Loans - due from non-banks	--	4	29	245	2,087	3	2,368
Trade receivables	59,131	14,658	165	22	--	--	73,976
Other financial assets*	3,158	366	232	91	--	145	3,992
Total financial assets	**82,503**	**15,439**	**426**	**499**	**2,087**	**148**	**101,102**

	Less than 30 days	31-90 Days	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Carrying amount
Non-derivative financial liabilities							
Bank overdrafts	7,607	--	--	--	--	--	7,607
Loans - due to non-banks	--	--	1,736	--	--	--	1,736
Loans - due to banks and other financial institutions	84	2,981	43,524	81,759	--	--	128,348
Lease liabilities	38	75	322	1,147	314	--	1,896
Trade payables	16,737	4,566	--	--	--	--	21,303
Other financial liabilities**	17,541	749	182	232	22	--	18,726
Total financial liabilities	**42,007**	**8,371**	**45,764**	**83,138**	**336**	**--**	**179,616**
Net position	**40,496**	**7,068**	**(45,338)**	**(82,639)**	**1,751**	**148**	**(78,514)**

*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.
**Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

The cumulative negative Net position with maturity shorter than 1 year relates mainly to bank loans from the Romanian entities. These loans are credit facilities for working capital purposes, which get renewed annually.

4. Financial risk management (continued)

Liquidity risk (continued)

Contractual cash flows of financial liabilities (gross undiscounted cash flows)

The following table shows gross undiscounted cash flows including estimated interest payments and the carrying amounts in the statement of financial position.

2023	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying amount**
TEUR						
Non-derivative financial liabilities						
Loans - due to non-banks	667	700	--	--	1,367	1,318
Loans - due to banks and other financial institutions	6,305	55,454	122,515	8,526	192,800	153,475
Lease liabilities	146	528	2,181	2,361	5,216	5,216
Bonds issued	--	--	--	--	--	--
Trade payables	46,039	701	1	37	46,778	46,778
Other financial liabilities*	14,835	1,863	2,284	3	18,985	18,985
Total financial liabilities	**67,992**	**59,246**	**126,981**	**10,927**	**265,146**	**225,772**

*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

2022	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying amount**
TEUR						
Non-derivative financial liabilities						
Loans - due to non-banks	44	4,066	--	--	4,110	3,965
Loans - due to banks and other financial institutions	5,436	56,555	105,678	4,161	171,830	141,022
Lease liabilities	164	407	1,531	9,205	11,307	3,722
Bonds issued	--	2,182	--	--	2,182	2,020
Trade payables	18,258	142	--	34	18,434	18,434
Other financial liabilities*	43,578	2,961	357	2	46,898	46,898
Subtotal non-derivative instruments	**67,480**	**66,313**	**107,566**	**13,402**	**254,761**	**216,061**
Derivative financial liabilities						
Commodity derivatives - Gas	--	3,777	--	--	3,777	3,777
Subtotal derivative instruments	**--**	**3,777**	**--**	**--**	**3,777**	**3,777**
Total financial liabilities	**67,480**	**70,090**	**107,566**	**13,402**	**258,538**	**219,838**

*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

4. Financial risk management (continued)

Liquidity risk (continued)

Contractual cash flows of financial liabilities (gross undiscounted cash flows) (continued)

2021	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
TEUR						
Non-derivative financial liabilities						
Bank overdrafts	7,646	--	--	--	7,646	7,607
Loans - due to non-banks	29	1,823	--	--	1,852	1,736
Loans - due to banks and other financial institutions	4,735	47,690	89,118	--	141,543	128,348
Lease liabilities	113	322	1,147	314	1,896	1,896
Trade payables	21,303	--	--	--	21,303	21,303
Other financial liabilities*	18,290	182	232	22	18,726	18,726
Total	**52,116**	**50,017**	**90,497**	**336**	**192,966**	**179,616**

*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

As disclosed in Note 18, the Group has secured bank loans and bonds that contain covenants. A future breach of covenant may require Group to repay the loan earlier than indicated in the above tables. Under the agreement, covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

4. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The majority of the Group's exposure to market risk arises in connection with the funding of the Group's operations with liabilities denominated in foreign currencies and to the extent the term structure of interest-bearing assets differs from that of liabilities.

Market risk includes currency risk and interest rate risk. Management's objectives are to use natural hedging only. The borrowings are secured by the majority of the Group's receivables.

Interest rate risk

The principal risk to which the Group is exposed to is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. As part of its management of this position, the Group may use interest rate derivatives.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies, The functional currencies of Group companies are primarily the EUR, RON and MLD. The currencies in which these transactions are primarily denominated are EUR, USD, RON and MLD.

Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency. Foreign currency risk is managed principally through monitoring foreign currency mismatches in the structure of assets and liabilities in the individual Group's country operations.

Net investments in foreign operations are not hedged. As a result, the Group's financial position is adequately sensitive to movements of the relevant foreign exchange rates. Impact of such foreign exchange rate changes on the Group's net investment in foreign operations is presented as currency translation in the special purpose consolidated statement of changes in equity.

4. Financial risk management (continued)

Market risk (continued)

Interest rate gap position based on re-pricing dates

2023 **TEUR**	**Effective interest rate**	**Floating interest rate** **Less than 3 months**	 **3 months to 1 year**	 **1 to 5 years**	**Fixed interest rate or Non specified**	**Total**
Interest-bearing financial assets						
Cash and cash equivalents	0.10%	80,965	--	--	307	**81,272**
Restricted deposits	0.00%	--	--	--	7,941	**7,941**
Loans - due from non-banks	4.14%	--	--	--	5,056	**5,056**
Total interest-bearing financial assets	**--**	**80,965**	**--**	**--**	**13,304**	**94,269**
Interest-bearing financial liabilities						
Loans - due to non-banks	3.79%	--	--	--	1,318	**1,318**
Loans - due to banks and other financial institutions	8.06%	31,804	121,671	--	--	**153,475**
Lease liabilities	5.65%	--	--	--	5,216	**5,216**
Total interest-bearing financial liabilities	**--**	**31,804**	**121,671**	**--**	**6,534**	**160,009**

2022 **TEUR**	**Effective interest rate**	**Floating interest rate** **Less than 3 months**	 **3 months to 1 year**	 **1 to 5 years**	**Fixed interest rate or Non specified**	**Total**
Interest-bearing financial assets						
Cash and cash equivalents	0.00%	48,657	--	--	--	**48,657**
Restricted deposits	0.00%	--	--	--	15,380	**15,380**
Financial assets at amortised cost - deposits	0.00%	64	--	--	--	**64**
Loans - due from non-banks	2.65%	--	--	--	4,845	**4,845**
Total interest-bearing financial assets	**--**	**48,721**	**--**	**--**	**20,225**	**68,946**
Interest-bearing financial liabilities						
Loans - due to non-banks	4.88%	--	--	--	3,965	**3,965**
Loans - due to banks and other financial institutions	8.66%	29,475	111,547	--	--	**141,022**
Bonds issued	8.00%	--	--	--	2,020	**2,020**
Lease liabilities	5.01%	--	--	--	3,722	**3,722**
Total interest-bearing financial liabilities	**--**	**29,475**	**111,547**	**--**	**9,707**	**150,729**

4. Financial risk management (continued)

Market risk (continued)

Interest rate gap position based on re-pricing dates (continued)

2021 TEUR	Effective interest rate	Floating interest rate Less than 3 months	3 months to 1 year	1 to 5 years	Fixed interest rate or Non specified	Total
Interest-bearing financial assets						
Cash and cash equivalents	0.00 %	15,337	--	--	4,446	**19,783**
Restricted deposits	0.00 %	--	--	--	919	**919**
Financial assets at amortised cost – deposits	0.00 %	64	--	--	--	**64**
Loans - due from non-banks	2.64 %	--	--	--	2,368	**2,368**
Total interest-bearing financial assets	**--**	**15,401**	**--**	**--**	**7,733**	**23,134**
Interest-bearing financial liabilities						
Bank overdraft	6.14 %	7,607	--	--	--	**7,607**
Loans - due to non-banks	6.65 %	--	--	--	1,736	**1,736**
Loans - due to banks and other financial institutions	4.96 %	10,344	15,738	--	102,266	**128,348**
Lease liabilities	4.56 %	--	--	--	1,896	**1,896**
Total interest-bearing financial liabilities	**--**	**17,951**	**15,738**	**--**	**105,898**	**139,587**

Interest rate sensitivity analysis

An analysis of sensitivity of the Group’s equity to changes in interest rates based on positions existing as at 31 December 2023, 31 December 2022 and 31 December 2021 and a simplified scenario of a 100bp change in interest rates is shown:

	Total effect on equity and profit or loss 2023 TEUR	Total effect on equity and profit or loss 2022 TEUR	Total effect on equity and profit or loss 2021 TEUR
Effect of 100bp decrease in interest rate	1,535	1,215	441
Effect of 100bp increase in interest rate	(1,535)	(1,215)	(441)

4. Financial risk management (continued)

Market risk (continued)

Foreign currency position

2023

TEUR	EUR	USD	RON	MDL	Other	Total
Non-derivative financial assets						
Cash and cash equivalents	14,265	--	26,514	40,111	382	**81,272**
Restricted deposits	1,000	--	6,941	--	--	**7,941**
Financial assets at amortised cost – deposits	--	--	--	--	--	**--**
Loans - due from non-banks	4,660	--	93	303	--	**5,056**
Trade receivables	6,330	--	56,430	25,626	--	**88,386**
Other assets*	782	--	21,722	500	92	**23,096**
Total financial assets	**27,037**	**--**	**111,700**	**66,540**	**474**	**205,751**
Non-derivative financial liabilities						
Loans - due to non-banks	1,199	--	119	--	--	**1,318**
Loans - due to banks and other financial institutions	139,790	11,486	--	2,199	--	**153,475**
Lease liabilities	3,470	--	1,746	--	--	**5,216**
Bonds issued	--	--	--	--	--	**--**
Trade payables	731	76	13,150	32,816	5	**46,778**
Other liabilities**	162	--	16,613	2,210	--	**18,985**
Total financial liabilities	**145,352**	**11,562**	**31,628**	**37,225**	**5**	**225,772**
Net position	**(118,315)**	**(11,562)**	**80,072**	**29,315**	**469**	**(20,021)**

* Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.
**Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

4. Financial risk management (continued)

Market risk (continued)

Foreign currency position (continued)

2022

TEUR	EUR	USD	RON	MDL	Other	Total
Non-derivative financial assets						
Cash and cash equivalents	9,187	2	33,546	5,898	24	**48,657**
Restricted deposits	1,826	--	13,554	--	--	**15,380**
Financial assets at amortised cost – deposits	--	--	64	--	--	**64**
Loans - due from non-banks	4,463	--	76	306	--	**4,845**
Trade receivables	110	--	58,520	49,890	--	**108,520**
Other assets*	--	--	8,566	--	--	**8,566**
Subtotal non-derivative instruments	**15,586**	**2**	**114,326**	**56,094**	**24**	**186,032**
Derivative financial assets						
Commodity derivatives – Gas	--	--	3,123	--	--	**3,123**
Subtotal derivative instruments	**--**	**--**	**3,123**	**--**	**--**	**3,123**
Total financial assets	**15,586**	**2**	**117,449**	**56,094**	**24**	**189,155**

TEUR	EUR	USD	RON	MDL	Other	Total
Non-derivative financial liabilities						
Loans - due to non-banks	3,224	--	741	--	--	**3,965**
Loans - due to banks and other financial institutions	119,911	9,077	--	12,034	--	**141,022**
Lease liabilities	3,451	--	271	--	--	**3,722**
Bonds issued	--	--	2,020	--	--	**2,020**
Trade payables	265	--	11,043	7,126	--	**18,434**
Other liabilities**	198	--	12,924	33,776	--	**46,898**
Subtotal non-derivative instruments	**127,049**	**9,077**	**26,999**	**52,936**	**--**	**216,061**
Derivative financial liabilities						
Commodity derivatives – Gas	--	--	3,777	--	--	**3,777**
Subtotal derivative instruments	**--**	**--**	**3,777**	**--**	**--**	**3,777**
Total financial liabilities	**127,049**	**9,077**	**30,776**	**52,936**	**--**	**219,838**
Net position	**(111,463)**	**(9,075)**	**86,673**	**3,158**	**24**	**(30,683)**

* Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.
**Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

4. Financial risk management (continued)

Market risk (continued)

Foreign currency position (continued)

2021

TEUR	EUR	USD	RON	MDL	Other	Total
Non-derivative financial assets						
Cash and cash equivalents	9,922	--	8,170	1,691	--	**19,783**
Restricted deposits	448	--	471	--	--	**919**
Financial assets at amortised cost – deposits	--	--	64	--	--	**64**
Loans - due from non-banks	2,087	--	--	281	--	**2,368**
Trade receivables	--	--	58,411	15,565	--	**73,976**
Other assets*	--	--	2,311	1,681	--	**3,992**
Total financial assets	**12,457**	**--**	**69,427**	**19,218**	**--**	**101,102**
Non-derivative financial liabilities						
Bank overdrafts	--	--	7,607	--	--	**7,607**
Loans - due to non-banks	1,736	--	--	--	--	**1,736**
Loans - due to banks and other financial institutions	86,855	11,868	24,340	5,285	--	**128,348**
Lease liabilities	1,572	--	324	--	--	**1,896**
Trade payables	611	3	6,595	14,094	--	**21,303**
Other liabilities**	184	--	8,074	10,468	--	**18,726**
Total financial liabilities	**90,958**	**11,871**	**46,940**	**29,847**	**--**	**179,616**
Net position	**(78,501)**	**(11,871)**	**22,487**	**(10,629)**	**--**	**(78,514)**

* Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.
**Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

Foreign currency risk sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2023, 31 December 2022 and 31 December 2021 and a simplified scenario of a 5% change in USD, RON and MDL to EUR exchange rates is shown below:

	Total effect on equity and profit or loss 2023	Total effect on equity and profit or loss 2022	Total effect on equity and profit or loss 2021
	TEUR	TEUR	TEUR
Effect of 5% USD depreciation against EUR	578	454	594
Effect of 5% USD appreciation against EUR	(578)	(454)	(594)
Effect of 5% CZK depreciation against EUR	(5)	(1)	--
Effect of 5% CZK appreciation against EUR	5	1	--
Effect of 5% RON depreciation against EUR	(40,036)	(4,334)	(1,124)
Effect of 5% RON appreciation against EUR	40,036	4,334	1,124
Effect of 5% MDL depreciation against EUR	(14,658)	(158)	531
Effect of 5% MDL appreciation against EUR	14,658	158	(531)

4. Financial risk management (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure supporting the activities with financial instruments, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the limiting of financial losses and damage to the Group's reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk is assigned to senior management of the Group. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Legal risk

Legal risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern, while increasing the return to owners through strive for improving the debt-to-equity ratio. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholder.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the special purpose consolidated statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

The Group's policy is to keep the ratio below 1.95. The Group's net debt-to-equity ratio at 31 December was as follows:

	2023 TEUR	**2022 TEUR**	**2021 TEUR**
Total liabilities	325,855	298,959	243,767
Less: Cash and cash equivalents	(81,272)	(48,657)	(19,783)
Net debt	**244,583**	**250,302**	**223,984**
Total Equity	404,985	334,915	149,359
Net debt-to equity ratio	**0.60**	**0.75**	**1.50**

5. Operating environment

Volatility in global financial markets

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

Operating environment of the Group

The Group currently operates in Romania, Moldova, Hungary, Bulgaria, Serbia and Greece through its investments in subsidiaries and associates. Consequently, the Group is exposed to risks that originate from the operating and economic environments in these jurisdictions.
The Group's three core business sectors comprise of: the generation of renewable energy and supply of electricity in Romania and Moldova, the distribution of gas to users and the supply of gas to household and non-household customers in Romania and the distribution of electricity to users and the supply of electricity to household and non-household consumers in Moldova.

Generation, distribution and supply of electricity activities and distribution and supply of gas are regulated both in Romania and Moldova, with rules for, among others, limits for end-prices, regulated tariffs, fixed permitted return on investments, mandatory network investment requirements, regulated size of the distribution networks, public services obligation, and access to end-consumers.

In Romania, while the gas supply market operates on free market principles, allowing the Group to determine its end prices (subject to certain limits) and purchase its own gas from producers or intermediaries, throughout the SEE region, the Romanian gas distribution market is regulated, with Group returns depending on a regulated target for return on investment as applied to a regulated asset base ("RAB") comprising the Group's recognised permitted investments. Also, due to market volatility, the Romanian government has introduced price caps for final consumers up to 31 March 2025. In addition, as a measure to ensure the continuity and safety of gas supply, every licensed supplier which has final consumers in its own portfolio, as well as every thermal energy producer in cogeneration plants and in thermal plants for consumption intended for the population as direct customers of natural gas producers has the obligation to maintain a minimum stock of gas. Romanian ANRE will publish on a yearly basis the level of minimum stock that needs to be reached on a national level for the respective year.

In Moldova both the supply and distribution markets are currently fully regulated, with yearly regulated return on investment rates on the RAB covered by regulated tariffs for distribution services and yearly regulated tariffs for supply services. Moldova's economic outlook indicates robust growth, with a pro-European government driving integration with the EU, as evidenced by the commencement of accession negotiations. Inflation rates have seen volatility, with a sharp increase in recent times, reflecting global economic pressures. The EU's support remains steadfast, particularly in light of challenges posed by the conflict involving Russia and Ukraine, with Moldova receiving significant aid to bolster its economic stability and structural reforms, including energy security. Since 2022 the Moldovan electricity system has been synchronised with the European Network of Transmission System Operators for Electricity ("ENTSO-E") system, allowing for imports both from Ukraine and Romania. The interconnection capacity of the Moldovan system with its neighbours has been increased since 2022.

6. Operating segments

The Group has applied the criteria of IFRS 8, ‘Operating Segments’ to determine the number and type of operating segments. According to this standard an operating segment is a component carrying out business operations whose operating income is evaluated regularly by the Group’s highest executive decision makers and about which separate financial information is available. The Group’s Operating segments were determined in connection with the nature of the business and how the operations are managed by the Group’s operating decision makers. The Group reports four operating segments based on geographical segmentation and revenue streams: Romania Renewable Energy, Natural Gas, Moldova Electricity and Corporate.

The information monitored by management based on Group’s goals and strategies. Management monitors the revenue generated and the profitability of each operating segment. This involves comparing revenue, costs and profits across segments to identify areas of strengths and weakness.

The operating segments are determined based on the Group’s management and internal reporting structure. As required by IFRS 8, the Group provides information on the business activities in which the Group engages.

The Group operates in Romania, Moldova, Hungary, Serbia and Cyprus. Romanian entities operate in the area of renewable energy generation, management and sale as well as in the sale and distribution of natural gas. Moldovan entities operate in the area of sale and distribution of electricity and in the area of renewable energy generation, management and sale. The Group also operates an energy supply business in Hungary and Serbia. The Corporate entities are primarily based in Cyprus and are intended for management of the Group, financing and investing activities. Details for revenue streams are included in Note 25. Revenues and expenses related to core operations.

6. Operating segments (continued)

The following tables provide the information about the reportable segments:

2023 **TEUR**	**Romania Renewable energy***	**Natural Gas**	**Moldova Electricity**	**Corporate**	**Total**
Revenues	**186,237**	**306,081**	**419,657**	**--**	**911,975**
Profit/(Loss) from operations	41,125	10,255	64,738	(3,460)	**112,658**
Out of which material non-cash items:					
Gain on bargain purchase	4,037	--	--	--	**4,037**
Depreciation and amortisation	(4,024)	(4,726)	(10,359)	--	**(19,109)**
Impairment losses on loans and receivables	(15)	1,024	41	58	**1,108**
Impairment losses on property, plant and equipment and intangibles	--	177	11	--	**188**
Profit/(Loss) before tax	**39,413**	**8,671**	**63,215**	**(9,001)**	**102,298**
Out of which:					
Interest income	988	319	739	277	**2,323**
Interest expense	(2,699)	(945)	(1,206)	(5,818)	**(10,668)**
Profit/(loss) after tax	**26,434**	**6,224**	**55,305**	**(9,001)**	**78,962**
Out of which:					
Income tax	(12,979)	(2,447)	(7,910)	--	**(23,336)**
Assets	**156,293**	**275,286**	**286,720**	**12,541**	**730,840**
Liabilities	**(63,125)**	**(94,261)**	**(83,092)**	**(85,377)**	**(325,855)**
Capital expenditure**	12,604	21,159	25,718	--	**59,481**

*Green energy revenue recognition please see in Note 3n.

**The capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB). Approximately EUR 19.1 million of the capital expenditure within the Moldova Electricity segment was invested into the electricity distribution network (and will become part of RAB) while approximately EUR 6.6 million was an investment into new renewable energy generation assets.

6. Operating segments (continued)

2022 TEUR	Romania Renewable energy*	Natural Gas	Moldova Electricity	Corporate	Total
Revenues	**148,910**	**576,060**	**371,200**	**--**	**1,096,170**
Profit/(Loss) from operations	62,962	150,228	22,961	(1,638)	**234,513**
Out of which material non-cash items:					
Gain on bargain purchase	10,843	--	--	--	**10,843**
Depreciation and amortisation	(2,753)	(4,920)	(9,848)	--	**(17,521)**
Impairment losses on loans and receivables	--	(1,078)	(119)	(48)	**(1,245)**
Impairment losses on property, plant and equipment and intangibles	--	(509)	(14)	--	**(523)**
Change in fair value of derivatives	--	76,444	--	--	**76,444**
Profit/(Loss) before tax	**61,431**	**148,040**	**19,741**	**(4,712)**	**224,500**
Out of which:					
Interest income	502	340	201	113	**1,156**
Interest expense	(1,866)	(1,152)	(2,373)	(4,105)	**(9,496)**
Profit/(loss) after tax	**46,909**	**124,163**	**16,913**	**(4,741)**	**183,244**
Out of which:					
Income tax	(14,522)	(23,877)	(2,828)	(29)	**(41,256)**
Assets	**123,909**	**256,609**	**251,300**	**2,056**	**633,874**
Liabilities	**(46,885)**	**(80,060)**	**(97,599)**	**(74,415)**	**(298,959)**
Capital expenditure**	609	18,662	17,357	--	**36,628**

*Green energy revenue recognition please see in Note 3n.

**The capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB). The capital expenditure within the Moldova Electricity segment was predominantly invested into the electricity distribution network (and will become part of RAB).

6. Operating segments (continued)

2021 **TEUR**	**Natural Gas**	**Moldova Electricity**	**Corporate**	**Total**
Revenues	**209,933**	**191,747**	**--**	**401,680**
Profit/(Loss) from operations	**38,276**	**(4,519)**	**(886)**	**32,871**
Out of which material non-cash items:				
Gain on bargain purchase	1,205	--	--	**1,205**
Depreciation and amortisation	(5,332)	(9,000)	--	**(14,332)**
Reversal of impairment losses on loans and receivables	57	118	4	**179**
Impairment losses on property, plant and equipment and intangibles	(26)	--	--	**(26)**
Profit/(Loss) before tax	**36,479**	**(4,925)**	**(3,933)**	**27,621**
Out of which:				
Interest income	3	41	62	**106**
Interest expense	(1,767)	(786)	(2,894)	**(5,447)**
Profit/(loss) after tax	**30,850**	**(4,605)**	**(3,933)**	**22,312**
Out of which:				
Income tax	(5,629)	320	--	**(5,309)**
Assets	**177,208**	**212,120**	**3,798**	**393,126**
Liabilities	**(85,417)**	**(71,600)**	**(84,047)**	**(241,064)**
Capital expenditure*	3,981	13,651	--	**17,632**

*The capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB) while the capital expenditure within the Moldova Electricity segment was predominantly invested into the electricity distribution network (and will become part of RAB).

7. Intangible assets

	Goodwill	Software	Trademarks	Right-of-use asset	Other intangible assets	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost						
2021						
Balance as at 1 January 2021	**7,413**	**3,452**	--	--	**170**	**11,035**
Additions	--	637	--	--	--	**637**
Disposals	--	(1,195)	--	--	--	**(1,195)**
Translation difference	(34)	154	--	--	(3)	**117**
Balance as at 31 December 2021	**7,379**	**3,048**	--	--	**167**	**10,594**
2022						
Balance as at 1 January 2022	**7,379**	**3,048**	--	--	**167**	**10,594**
Acquisitions through business combinations	9,798	--	--	--	21,187	**30,985**
Additions	--	1,255	--	--	--	**1,255**
Additions through internal development	--	105	--	--	--	**105**
Translation difference	(1)	(36)	--	--	(1)	**(38)**
Balance as at 31 December 2022	**17,176**	**4,372**	--	--	**21,353**	**42,901**
2023						
Balance as at 1 January 2023	**17,176**	**4,372**	--	--	**21,353**	**42,901**
Acquisitions through business combinations	1,893	262	--	217	4,534	**6,906**
Acquisitions through asset deal	--	--	--	--	82	**82**
Additions	--	1,510	2	222	29	**1,763**
Additions through internal development	--	--	--	--	1	**1**
Translation difference	(46)	103	--	(4)	(118)	**(65)**
Balance as at 31 December 2023	**19,023**	**6,247**	**2**	**435**	**25,881**	**51,588**

7. Intangible assets (continued)

	Goodwill	Software	Trademarks	Right-of-use asset	Other intangible assets	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Accumulated amortization						
2021						
Balance as at 1 January 2021	**--**	**(1,119)**	**--**	**--**	**(1)**	**(1,120)**
Charge for the year	--	(348)			(2)	**(350)**
Disposals	--	1,194			--	**1,194**
Translation difference	--	63			--	**63**
Balance as at 31 December 2021	**--**	**(210)**	**--**	**--**	**(3)**	**(213)**
2022						
Balance as at 1 January 2022	**--**	**(210)**	**--**	**--**	**(3)**	**(213)**
Charge for the year	--	(418)			(1,168)	**(1,586)**
Translation difference		(2)			(1)	**(3)**
Balance as at 31 December 2022	**--**	**(630)**	**--**	**--**	**(1,172)**	**(1,802)**
2023						
Balance as at 1 January 2023	**--**	**(630)**	**--**	**--**	**(1,172)**	**(1,802)**
Charge for the year	--	(661)	--	(6)	(1,406)	**(2,073)**
Translation difference		26	--	--	20	**46**
Balance as at 31 December 2023	**--**	**(1,265)**	**--**	**(6)**	**(2,558)**	**(3,829)**
Carrying amount						
As at 31 December 2021	**7,379**	**2,838**	**--**	**--**	**164**	**10,381**
As at 31 December 2022	**17,176**	**3,742**	**--**	**--**	**20,181**	**41,099**
As at 31 December 2023	**19,023**	**4,982**	**2**	**429**	**23,323**	**47,759**

7. Intangible assets (continued)

In 2023, the goodwill of TEUR 1,893 was recognised as a result of the business combinations (refer to Note 1) and is comprised of:

- Goodwill of TEUR 560 resulting from the acquisition of DA VINCI NEW PROJECT S.R.L.
- Goodwill of TEUR 1,333 resulting from the acquisition of PROGAZ P&D S.A.

In 2023, acquisition of intangible assets through business combination relates to the acquisitions in Romania described in Note 1. The acquired intangible assets are comprised mainly of project rights related to DA VINCI NEW PROJECT S.R.L. of TEUR 4,533 with finite useful life of 25 years (the amortization is expected in the second half of 2024, right-of-use assets in total amount of TEUR 217 and software in total amount of TEUR 262.

In 2022, the goodwill of TEUR 9,798 was recognised as a result of business combinations (refer to Note 1) and is comprised of:

- Goodwill of TEUR 7,562 resulting from the acquisition of ALIVE CAPITAL S.A.
- Goodwill of TEUR 1,986 resulting from the acquisition of ENERGIA MILENIULUI III S.A.
- Goodwill of TEUR 250 resulting from the acquisition of HARGAZ HARGHITA GAZ S.A.

In 2022, acquisition of intangible assets through business combination relates to the acquisitions in Romania described in Note 1. The acquired intangible assets are comprised mainly of project rights related to the 99 MW wind plant project near the town of Razboieni in Romania of TEUR 7,486 with finite useful life of 25 years (the amortization is expected to commence in 2025) and other intangibles in total amount of TEUR 13,701 as a result of the ALIVE CAPITAL S.A. acquisition.

In 2021 there were no acquisition through business combination that resulted in goodwill.

Additions during 2021, related to the acquisition of a new software system in the electricity distribution business in Moldova which disposed the previous fully depreciated software.

The Group carried out the assessment of estimated remaining useful lives and amortization rates of intangible assets with finite useful lives as at 31 December 2023, 31 December 2022 and 31 December 2021 and no adjustment is required.

Determining whether goodwill is impaired requires an estimation of its recoverable amount. The recoverable amount is based on the value in use calculations of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group and management to estimate the post-tax future cash flows expected to arise from the cash-generating units over the remaining life of the concession, primarily over the next 29 years, including both natural gas distribution and supply revenues and operating profits based on expectations of future outcomes taking into account past experience while adjusting for anticipated inflation-related revenue and cost growth and using a suitable pre-tax discount rate of 9.6% (2022: 8.0% 2021: 6.0%) for the analysis performed as of 31 December 2023, 31 December 2022 and 31 December 2021 in order to calculate the present value. The average annual revenue growth rate over the 29-year period was flat. The discount rate was based on the 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specified cash generating unit of the Group.

For the renewable energy, the assessments require the use of different estimates and assumptions such as energy prices, discount rates, renewable energy production of our own or managed assets, growth rates as well as gross margins. The key estimates and assumptions used bear the risk of change due to the inherent volatile nature of various macro-economic factors and the uncertainty in asset or CGU specific factors like volume of the electricity sold correlated with the renewable energy production profiles, which can impact the recoverable amount of assets and/or CGUs. The margin assumptions used in impairment testing are based on management's best estimate and were consistent with prior year's results as well as with the external sources. Besides discount rates, the main valuation assumptions for the calculation of the recoverable amounts are the gross margin of the sale of electricity (being the differences between the electricity prices, the cost of electricity as well as imbalances) and the renewable energy production of the assets owned or managed by the Group. The assumptions used for the electricity prices are based on long term forecasting report prepared by ALEA Soft Energy Forecasting, considering specifics of local market as well as the correlation between the local and regional markets.

The Group carried out the impairment analysis and concluded that there were no impairments that should be recorded as at 31 December 2023, 31 December 2022 and 31 December 2021.

8. Property, plant and equipment

	Land and buildings	Vehicles and Other tangible assets and equipment	Right-of-use asset	Tangible assets under construction	Electricity distribution network	Gas distribution networks	Advance payments	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost								
2021								
Balance as at 1 January 2021	**7,466**	**7,083**	**2,875**	**5,071**	**169,976**	**52,393**	**347**	**245,211**
Acquisitions through business combinations	--	72	--	--	--	1,416	--	**1,488**
Additions	27	2,009	218	2,269	9,440	3,030	2	**16,995**
Disposals	(341)	(450)	--	(178)	(1,317)	(70)	(345)	**(2,701)**
Revaluation	--	--	--	--	--	8,329		**8,329**
Transfers	4,337	(997)	--	(1,849)	(1,514)	--	23	**--**
Translation differences	528	9	(181)	151	9,022	(1,048)	(5)	**8,476**
Balance as at 31 December 2021	**12,017**	**7,726**	**2,912**	**5,464**	**185,607**	**64,050**	**22**	**277,798**
2022								
Balance as at 1 January 2022	**12,017**	**7,726**	**2,912**	**5,464**	**185,607**	**64,050**	**22**	**277,798**
Acquisitions through business combinations	240	36,307	2,316	116	--	2,210	--	**41,189**
Acquisitions through asset deals	1,357	--	--	7,069	--	--	--	**8,426**
Additions	14	1,138	612	12,834	11,839	8,712	224	**35,373**
Change in lease contracts conditions	--	--	(652)	--	--	--	--	**(652)**
Disposals	(107)	(215)	--	(2,581)	(1,398)	--	(22)	**(4,323)**
Revaluation	--	--	--	--	--	(213)		**(213)**
Transfers	212	9	--	(1,400)	1,179	--	--	**--**
Translation differences	(166)	(162)	(3)	(180)	(2,878)	743	(5)	**(2,651)**
Balance as at 31 December 2022	**13,567**	**44,803**	**5,185**	**21,322**	**194,349**	**75,502**	**219**	**354,947**
2023								
Balance as at 1 January 2023	**13,567**	**44,803**	**5,185**	**21,322**	**194,349**	**75,502**	**219**	**354,947**
Acquisitions through business combinations	7,527	12,683	422	1,550	-	2,032	-	**24,214**
Acquisitions through asset deals	1,616	1,215	--	--	--	--	--	**2,831**
Additions	60	969	1,353	29,288	12,868	4,700	8 480	**57,718**
Change in lease contracts conditions	--	--	--	--	--	--	--	**--**
Disposals	(64)	(4,082)	(14)	(1,683)	(1,855)	--	(227)	**(7,925)**
Transfers	873	518	-	(16,559)	5,666	9,502	--	**--**
Revaluation	--	--	--	--	--	10,295		**10,295**
Translation differences	61	(21)	(36)	(34)	10,794	(1,586)	37	**9,215**
Balance as at 31 December 2023	**23,640**	**56,085**	**6,910**	**33,884**	**221,822**	**100,446**	**8 509**	**451,296**

8. Property, plant and equipment (continued)

	Land and buildings	Vehicles and Other tangible assets and equipment	Right-of-use asset	Tangible assets under construction	Electricity distribution network	Gas distribution networks	Advance payments	Total
	TEUR	TEUR	TEUR	TEUR	TEUR		TEUR	TEUR
Accumulated depreciation and impairment								
2021								
Balance as at 1 January 2021	**(368)**	**(3,381)**	**(821)**	**(1,010)**	**(7,138)**	**(576)**	**--**	**(13,294)**
Charge for the year	(384)	(2,082)	(312)	--	(7,838)	(3,366)	--	**(13,982)**
(Impairment loss) / reversal of impairment loss	--	--	--	(64)	--	38	--	**(26)**
Revaluation	--	--	--	--	--	(38)	--	**(38)**
Disposals	79	396	--	--	1,288	70	--	**1,833**
Transfers	--	829	(220)	(588)	(21)	--	--	**--**
Translation difference	(35)	368	87	11	(652)	(31)	--	**(252)**
Balance as at 31 December 2021	**(708)**	**(3,870)**	**(1,266)**	**(1,651)**	**(14,361)**	**(3,903)**	**--**	**(25,759)**
2022								
Balance as at 1 January 2022	**(708)**	**(3,870)**	**(1,266)**	**(1,651)**	**(14,361)**	**(3,903)**	**--**	**(25,759)**
Charge for the year	(404)	(2,557)	(475)	--	(8,590)	(3,909)	--	**(15,935)**
(Impairment loss) / reversal of impairment loss	--	--	--	(173)	--	(350)	--	**(523)**
Revaluation	--	--	--	--	--	350	--	**350**
Disposals	93	249	--	--	1,378	--	--	**1,720**
Transfers	(1)	--	--	--	1	--	--	**--**
Translation difference	18	100	3	4	374	10	--	**509**
Balance as at 31 December 2022	**(1,002)**	**(6,078)**	**(1,738)**	**(1,820)**	**(21,198)**	**(7,802)**	**--**	**(39,638)**
2023								
Balance as at 1 January 2023	**(1,002)**	**(6,078)**	**(1,738)**	**(1,820)**	**(21,198)**	**(7,802)**	**--**	**(39,638)**
Charge for the year	(723)	(3,131)	(237)	--	(9,051)	(3,894)	--	(17,036)
(Impairment loss) / reversal of impairment loss	--	--	--	188	--	--	--	**188**
Revaluation	--	--	--	--	--	309	--	**309**
Disposals	--	2,932	--	--	1,832	--	--	**4,764**
Transfers	--	--	--	--	--	--	--	**--**
Translation difference	329	116	11	110	(1,514)	198	--	**(750)**
Balance as at 31 December 2023	**(1,396)**	**(6,161)**	**(1,964)**	**(1,522)**	**(29,931)**	**(11,190)**	**--**	**(52,164)**
Carrying amount								
As at 31 December 2021	**11,309**	**3,856**	**1,646**	**3,813**	**171,246**	**60,147**	**22**	**252,039**
As at 31 December 2022	**12,565**	**38,725**	**3,447**	**19,502**	**173,151**	**67,700**	**219**	**315,309**
As at 31 December 2023	**22,244**	**49,924**	**4,946**	**32,362**	**191,891**	**89,256**	**8,509**	**399,132**

8. Property, plant and equipment (continued)

In 2023, acquisitions through business combinations and asset deals amounted to TEUR 27,045. Acquisitions comprise of ENEX NALBANT RENEWABLE S.R.L., a wind electricity generation plant in Romania near the town of Nalbant (TEUR 19,044), solar plants in Romania (TEUR 5,872) and a gas distribution network in Romania (TEUR 2,129) described in Note 1.

In 2022, acquisitions through business combinations and asset deals amounted to TEUR 49,615. Acquisitions comprise of ECOENERGIA S.R.L., consisting of 15 wind turbines and land that the turbines are installed on in Romania near the town of Stejaru (TEUR 35,920), a 99 MW wind plant development near the town of Razboieni (TEUR 2,316), natural gas distribution and supply networks in Harghita county (TEUR 2,427), land for a photovoltaic power plant with connection to the distribution network (TEUR 526) and the acquisition of a cogeneration plant, buildings and land in the town of Fagarash (TEUR 8,426) described in Note 1.

In 2021, acquisitions through business combinations of TEUR 1,488 relate to an acquisition of 2 natural gas infrastructure concession arrangements in the towns of Matca and Ivesti in the county of Galati, Romania, described in Note 1.

In 2023, 2022 and 2021, additions relate to the construction of electricity networks (power stations, transformers etc.) and/or modernization of the distribution power lines along with additions to the natural gas distribution infrastructure network. In 2021, the Moldovan subsidiary disposed of a building and other assets for the total selling price of TEUR 995 (TMDL 20,000) and recognized a gain on disposal of TEUR 532 (refer to Note 29). In 2022, the Group recognised a gain on disposal of TEUR 56 (Note 29) from the sale of property, plant and equipment.

In 2023, depreciation amount of TEUR 17,036 (2022: TEUR 15,935; 2021: TEUR 13,982) was recognised in profit or loss.

The Group carried out the assessment of estimated remaining useful lives and depreciation rates of property, plant and equipment as at 31 December 2023, 31 December 2022, 31 December 2021 and no adjustment is required. For the useful life, refer to Note 3 (e).

The Group carried out the impairment indicators analysis and concluded that there were no impairment indicators as at 31 December 2023, 31 December 2022 and 31 December 2021.

For pledges on property, refer to Note 18, Loans and borrowings.

Fair value hierarchy

Due to the specialized nature of the gas distribution sector (regulated sector), the assets subject to valuation can only produce economic value associated with the natural gas distribution license held by the operator and with the concession contract related to the location where they are located. These conditions lead to the conclusion that these assets are specialised assets and can only produce economic value associated with certain economic entities that meet certain regulatory requirements. The assets were valued taking into account the existing regulatory framework.

The valued assets are used in a regulated sector, where operating tariffs are set and implicitly determine a certain profitability of the activity and a certain return on assets. Changes in specific regulatory legislation may occur periodically in accordance with government strategy. These changes in specific legislation may have an important impact on the estimated value of assets**.** The fair value measurement for all the gas distribution network has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The key unobservable inputs included in the revaluation report are the inflation rate at 6% used for the growth and the WACC at 9.64% used as discount rate. The estimated fair value would increase (decrease) if a) the inflation rate was higher (lower) and b) the WACC was higher (lower). If the inflation increases/(decreases) by 0,5%, the fair value will increase/(decrease) by TEUR 2. If WACC increases/(decreases) by 1% the fair value will (decrease)/increase by TEUR 5.

8. Property, plant and equipment (continued)

Fair value hierarchy (continued)

The fair value of the gas distribution network was determined by external, independent property values, having appropriate recognised professional qualifications and experience in the location and category of assets being valued. It was considered that the most appropriate approach for the intended purpose is the cost approach, especially due to the fact the assets subject to valuation are assets that cannot move to other locations, represent specialised assets and a relevant trading market could not be identified.

The vast majority of assets are gas distribution networks grouped in approximately 28 locations. The asset valuation involved the Replacement Cost, Net technique. For this purpose, the gross replacement cost was first estimated using one of the following techniques:

- multiplication of the physical dimensions of these assets with the estimated unit values specific to each fixed asset (value/cubic meter, value/sqm, value/length, etc.) for the Reference Date. For example, for buildings the estimated unit cost (lei/sqm) was multiplied by the built area and for pipes and connections the estimated unit cost (lei/meter) was multiplied by its length.
- multiplication of the indexation base (consisting of the acquisition value or replacement value resulted from the last revaluation), with industrial sector specific price indexes related to the period elapsed from the moment of determining the indexation base to the Reference Date (applicable especially in the case of special constructions).

The net replacement cost (and thus the estimate of fair value) was determined by applying a degree of physical, functional and/or economic impairment to gross replacement value.

As regards economic obsolescence, the estimation process takes into account the ability of these assets to recover value by generating sufficient future economic benefits. In this respect, for fixed assets such as pipes and connections, a depreciation test was carried out on the initially estimated value (net replacement cost) by reference to potential future cash flows. This analysis was carried out starting from the regulatory basis in force, the operating costs accepted by ANRE, the regulated assets base (RAB) existing at the Reference Date.

Leases

The right-of-use tangible assets are recognised in accordance with IFRS 16 and are mainly represented by leased premises of Romanian offices and leased land for renewable production assets. As at 31 December 2023, the Group recorded lease liabilities related to right-of-use assets) for the total amount of TEUR 5,216 (2022: 3,722, 2021: TEUR 1,896). Interest expense in respect to lease liabilities for the year 2023 amounted to TEUR 80 (2022: TEUR 186, 2021: TEUR 67). For more information, refer to Note 3 (f). For effective interest rate used and undiscounted cash flows, refer to Note 4. For reconciliation of movements of lease liabilities to cash flows arising from financing activities, refer to Note 18. For interest on lease liabilities, refer to Note 31.

In relation to the acquisition of DA VINCI NEW PROJECT S.R.L. the Group disclosed new lease liabilities in the amount of TEUR 422 and right-of-use asset in the amount of TEUR 422 as at 31 December 2023.

In relation to the acquisition of ENERGIA MILENIULUI III S.A. the Group disclosed lease liabilities and right-of-use asset of the leases not yet commenced to which the lessee is committed. These contracts will commence on 1st December 2024 and terminate on 1st December 2060. As at 31 December 2023, the Group disclosed lease liabilities related to these leases in the total amount of TEUR 1,738 (2022: TEUR 1,786, as at the acquisition: TEUR 2,316) and the right-of-use asset in the total amount of TEUR 1,738 (2022: TEUR 1,663, as at the acquisition: TEUR 2,316). Interest expense in respect to these lease liabilities for the year 2023 amounted to TEUR 0 (2022: TEUR 124). For more information of the acquisition of ENERGIA MILENIULUI III S.A refer to Note 1.

The leases typically run for a period of 1 to 20 years, except for lease of land acquired in business combination in 2022 that runs for 49 years in Romania.

Some leases provide for additional rent payments that are based on a development of inflation rate in the following years and some of them are defined in EUR, although payable in RON.

9. Cash and cash equivalents

Cash and cash equivalents

	2023 TEUR	2022 TEUR	2021 TEUR
Current accounts	79,431	47,519	18,801
Cash on hand	41	94	18
Other cash equivalents	1,493	1,044	964
Demand deposits	307	--	--
Cash and cash equivalents in the statement of financial position	**81,272**	**48,657**	**19,783**
Bank overdrafts	--	--	(7,607)
Cash and cash equivalents in the statement of cash flows	**81,272**	**48,657**	**12,176**

In 2021, the Group's natural gas business opened an escrow account at the Romanian Commodities Exchange (BRM) for settlement of gas transactions. It covers the next month's estimated gas purchases of the business via BRM. The contractual restriction relates only to the use of the funds, while the Group has access and can withdraw these funds at any time. The balance of this account amounted to TEUR 1,408 as at 31 December 2023 (2022: TEUR 6,481; 2021: TEUR 4,446).

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to cash and cash equivalents is described in Note 4.

10. Trade receivables

	2023	2022	2021
	TEUR	TEUR	TEUR
Current	87,240	108,520	73,954
Non-current	1,146	--	22
Total	**88,386**	**108,520**	**73,976**

The trade receivables refer mainly to distribution and sale of electricity and natural gas and works, and services performed (user installations) by the Moldovan and Romanian companies.

In 2023, the decrease in the gross carrying amounts of trade receivables is attributable mainly to the Moldavian subsidiaries due to the fact that the weighted average supply prices decreased by about 53% on 31 December 2023 compared to 31 December 2022 (average 2.26 MDL/kWh on 31 December 2023 compared to an average of 4.81 MDL/kWh on 31 December 2022).

In 2022, the increase in the gross carrying amounts of trade receivables related mainly to the growth of the business in Moldava resulting in increases in trade receivables of TEUR 34,131. This increase was primarily due to the increase of the prices from 31 December 2021 to 31 December 2022 (the average distribution tariff increased by 28.2% while the average supply tariff increased by 61.31%). Furthermore in 2022, trade receivables comprise also trade receivables of TEUR 7,108 related to new acquisitions in 2022, and primarily the ALIVE CAPITAL S.A. acquisition (refer also to Note 1).

The credit terms are generally between 30 days and 60 days. The contractual maturity analysis of trade receivables is included in Note 4.

As at 31 December 2023, 31 December 2022 and 31 December 2021, all trade receivables are measured at amortised cost under IFRS 9. Loss allowances were calculated based on a lifetime expected credit loss (ECL). For detailed classification of financial assets by credit risk, see Note 4.

The exposure of the Group to credit risk, to interest rate risk and to foreign exchange risk in relation to trade receivables is described in Note 4. The fair value of trade receivables approximates to their carrying amounts as presented above.

11. Inventories

	2023	2022	2021
	TEUR	TEUR	TEUR
Raw materials and consumables	751	918	815
Auxiliary materials	338	440	271
Gas stored held at third parties	25,099	47,585	5,020
Other	9,236	189	238
Total	**35,424**	**49,132**	**6,344**

During the year, the Romanian and Moldovan entities recognised raw materials and consumables used as an expense of TEUR 4,847 (2022: TEUR 3,775; 2021: TEUR 1,699).

In 2023, the significant decrease in gas held at third parties was mainly due to a decrease in the average cost of gas held in storage as at 31 December 2023 compared to 31 December 2022, corroborated with an approximate 8% decrease in the quantity of gas stored.

In 2022, the significant increase in gas held at third parties was mainly due to the significant increase in gas prices in 2022.

The Romanian natural gas entities pledged gas in storage as security for liabilities in the amount TEUR 25,099 (2022: TEUR 41,479, 2021: TEUR 5,020) (refer to Note 17).

In 2023, 2022 and 2021 the operating activity of the Group is performed according to licenses for the distribution of energy. The Group fulfilled all the legal obligations of gas stocked in underground storage in 2023, 2022 and 2021.

As at 31 December 2023, 2022 and 2021, the Group considered there was no indication of impairment of the gas inventory: on the regulated market, the cost of gas is recognized in the final selling price of the gas according to the ANRE regulations, while on the free market the pricing scheme fully covers these costs.

12. Financial assets

Financial assets at fair value through profit or loss - equity instruments

As at 31 December 2023, 31 December 2022 and 31 December 2021, the Group held no equity instruments at fair value through profit or loss.

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets, because they are expected to be realised within twelve months from the reporting date.

	2023 TEUR	2022 TEUR	2021 TEUR
At 1st January	--	--	472
Change in fair value (Note 31)	--	--	1,185
Derecognition	--	--	(1,681)
Net foreign currency gains / (losses)	--	--	24
Balance at 31st December	**--**	**--**	**--**

In 2021, change in fair value and derecognition of the equity instruments are related to shares held by Moldavian subsidiary in ENERGBANK S.A. By the Decision no.190 of 17.08.2020 (based on the art. 521 of the Law on banks activity no.202/2017), the National Bank of Moldova ("NBM") cancelled the shares held by the subsidiary in ENERGBANK S.A. The commercial bank made a new issue of shares of the same type, quantity and nominal value in order to be traded on the stock market. The collected funds minus bank's expenses related to the new issue of shares were used to compensate the Company for the cancelled shares. Based on these reasons, on December 31, 2021, the Group re-valued the shares and derecognized the resulting fair value (TEUR 1,681 corresponding with TMDL 33,787) of the shares previously held and cancelled according to the NBM Decision from Financial assets at FVTPL. The resulting receivable from the compensation was recognized and disclosed within Other financial assets. For further information, refer also to Note 14, Other assets.

Financial assets at amortised cost – other deposits

	2023 TEUR	2022 TEUR	2021 TEUR
At 1st January	64	64	65
Withdrawals	(64)	--	--
Translation differences	--	--	(1)
Balance at 31st December	**--**	**64**	**64**

Deposits are used as bank loan collateral.

Restricted deposits

	2023 TEUR	2022 TEUR	2021 TEUR
Deposits with restricted access – current	5,638	9,934	778
Deposits with restricted access – non-current	2,303	5,446	141
Total	**7,941**	**15,380**	**919**

Restricted deposits are used as cash collateral for guarantees for electricity supply contracts with customers, as collateral for letters of guarantees, or as bank loan collateral. Main increase as at 31 December 2022 was caused by the acquisition of ALIVE CAPITAL S.A., an integrated service provider for renewable energy producers, where deposit for restricted cash in amount of TEUR 13,310 relates to guarantees for electricity supply to customers.

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to financial assets at amortised cost – deposits, restricted deposits and restricted cash is described in Note 4. The fair value of deposits and restricted deposits approximates to their carrying amounts as presented above.

13. Loans receivable

The Group has provided loans receivable from its related parties of TEUR 305 (2022: TEUR 2,695; 2021: TEUR 281) and third parties of TEUR 4,751 (2022: TEUR 2,150; 2021: TEUR 2,087) which are repayable as follows:

2023	Average interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5	Non-specified	Total TEUR
Loans receivable	4.14 %	54	147	1,736	3,119	--	**5,056**

2022	Average interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5	Non-specified	Total TEUR
Loans receivable	2.65 %	46	150	2,367	2,282	--	**4,845**

2021	Average interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5	Non-specified	Total TEUR
Loans receivable	2.64 %	4	29	245	2,087	3	**2,368**

As at 31 December 2023, loans receivables are measured at amortised cost under IFRS 9. Loss allowances were calculated based on a 12-month or a lifetime expected credit loss (ECL). As at 31 December 2023, loss allowances related to loans receivable amounted to TEUR 7 (31 December 2022: TEUR 65; 31 December 2021: TEUR 17). Loss allowances attributable to loans provided to related parties amount to TEUR 0 (2022: TEUR 51; 2021: TEUR 0) and loss allowances attributable to loans provided to third parties amount to TEUR 7 (2022: TEUR 14; 2021: TEUR 17).

As at 31 December 2023, 31 December 2022 and 31 December 2021, loan receivable balances from third parties of TEUR 4,751; TEUR 2,150 and TEUR 2,087 were secured over shares held by minority shareholders a Cypriot subsidiary in favour of the Company under the Deed of Pledge Agreements between the Company and the minority shareholders of the Cypriot subsidiary.

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to loan receivables is described in Note 4. The fair value of loan receivables approximates to their carrying amounts as presented above.

14. Other assets

	2023	2022	2021
	TEUR	TEUR	TEUR
Financial assets			
Other assets	23,096	8,566	3,992
Subtotal financial assets	**23,096**	**8,566**	**3,992**
Non-financial assets			
Advances to suppliers	44	--	--
Other tax receivables	3,278	1,894	1,447
Deferred expenses and prepayments	20,927	20,631	16,312
Other assets – non-financial	12,098	8,214	3,208
Subtotal non-financial assets	**36,347**	**30,739**	**20,967**
Total	**59,443**	**39,305**	**24,959**
Current	45,386	35,600	18,151
Non-current	14,057	3,705	6,808
Total	**59,443**	**39,305**	**24,959**

Other assets mainly include gas delivery prepayments and guarantees for payment retained by the gas suppliers.

The increase of other financial assets in 2023 relates to grants to be received by DA VINCI NEW PROJECT S.R.L in a newly acquired Romanian entity (TEUR 5,360) as well as the amounts expected to be received from the Ministry of Energy in Romania of TEUR 11,837. The amounts from the Ministry of Energy are expected to be received within a 12 months period and therefore the amount has been classified as current assets. Refer to further details under Note 1 “Regulatory environment”.

For the year 2023, 2022 and 2021, the amount relates primarily to guarantees provided to the Romania Commodity Exchange market with some gas deliveries being for 2023 and some being considered recurring and therefore their guarantees being classified as non-current in 2021, driving the increase in non-current values vs. prior years when there were no such gas deliveries purchased.

As a result of the cancellation of the shares held by the subsidiary in ENERGBANK S.A. (described in Note 12, Financial assets), the Group recognized a receivable of TEUR 1,681 (corresponding with TMDL 33,787) (disclosed within Other financial assets) representing the amount expected to be received as compensation as at 31 December 2021. The receivable was fully settled on 28 January 2022.

Deferred expenses and prepayments represent mainly advances paid to energy suppliers. In 2022, the increase is mainly driven by the acquisition of ALIVE CAPITAL S.A., an integrated service provider for renewable energy producers (refer also to Note 1).

The exposure of the Group to credit risk and foreign exchange risk in relation to other financial assets is described in Note 4. The fair value of other financial assets approximates to their carrying amounts as presented above.

15. Green certificates

	31.12.2023 TEUR	31.12.2022 TEUR	31.12.2021 TEUR
Current	3,895	2,050	--
Non-current	1,090	3,628	--
Green certificates total	**4,985**	**5,678**	**--**

As at December 2023, the decrease in the value of green certificates is attributable to a higher number of green certificates being sold during 2023 than obtained through the production levels of the Group's renewable electricity generation assets in Romania as well as the addition of the 30 June 2023 acquisition of ALIVE SUN POWER TWO S.R.L., a Romanian entity which operates a 1.9 MW operational solar plant which benefits from 4 green certificates for each MWh of produced electricity. At the acquisition date, the Group recognised green certificates in the amount of TEUR 534.

As at 31 December 2022, the increase in green certificates (TEUR 5,678) is attributable to the acquisition of ECOENERGIA S.R.Las described more in Note 1. At the acquisition date (20 January 2022), the Group recognised green certificates in the amount of TEUR 6,380.

16. Investments in equity-accounted investees

The Group has the following investments which were accounted for using the equity method:

	Type of equity method investment	Country of incorporation	Ownership interest (%)			Carrying amount TEUR		
			2023	2022	2021	2023	2022	2021
BRASOV RENEWABLES S.R.L.[1)]	Associate	Romania	20.40	--	--	199	--	--
						199	**--**	**--**

1) On 7 June 2023 the ownership interest of 40% in BRASOV RENEWABLES S.R.L. was purchased by the entity ALIVE CAPITAL S.A. The Company holds a 50.99% interest in ALIVE CAPITAL S.A.

The financial information relating to investments in equity-accounted investees is summarised below:

TEUR	BRASOV RENEWABLES S.R.L.		
	Associate (20.40%)	--	--
	2023	2022	2021
Summarised balance sheet			
Non-current assets	471	--	--
Current assets	28	--	--
Non-current liabilities	--	--	--
Current liabilities	(1)	--	--
Net assets (100%)	**498**	--	--
NCI on net assets	**--**	--	--
Net assets attributable to equity holders	**199**	--	--
Group's share on net assets	199	--	--
Goodwill	--	--	--
Carrying amount of investments in equity-accounted investees	**199**	--	--

17. Provisions

	2023 TEUR	2022 TEUR	2021 TEUR
Provisions for litigations and claims	1,018	1,015	780
Untaken holiday	1,572	1,772	634
Decommissioning provision	1,358	1,436	--
Tax risks	3,940	--	--
Other	1,037	--	7
Provisions total	**8,925**	**4,223**	**1,421**
Non-current provisions	6,227	2,533	845
Current provisions	2,698	1,690	576
Provisions total	**8,925**	**4,223**	**1,421**

For description of contingencies and commitments, refer to Note 34 and Note 35.

The movements in provisions in 2023, 2022 and 2021 are shown in the following tables:

	Provisions for litigations and claims TEUR	Untaken holiday TEUR	Tax risks TEUR	Decommis -sioning provision TEUR	Other TEUR	Total TEUR
Balance as at 1 January 2023	1,015	1,772	--	1,436	--	**4,223**
Provisions created during the year	17	2,246	3,963	60	1,037	**7,323**
Provisions used during the year	(54)	(2,488)	--	--	--	**(2,542)**
Provisions reversed during the year	--	--	--	(447)	--	**(447)**
Acquisitions through business combinations	--	--	--	319	--	**319**
Translation differences	40	42	(23)	(10)	--	**49**
Balance as at 31 December 2023	**1,018**	**1,572**	**3,940**	**1,358**	**1,037**	**8,925**

	Provisions for litigations and claims TEUR	Untaken holiday TEUR	Decommis-sioning provision TEUR	Other TEUR	Total TEUR
Balance as at 1 January 2022	**780**	**634**	**--**	**7**	**1,421**
Provisions created during the year	127	1,845	78	--	**2,050**
Provisions used during the year	--	(675)	--	(8)	**(683)**
Acquisitions through business combinations	55	--	1,359	--	**1,414**
Translation differences	53	(32)	(1)	1	**21**
Balance as at 31 December 2022	**1,015**	**1,772**	**1,436**	**--**	**4,223**

17. Provisions (continued)

	Provisions for litigations and claims	**Untaken holiday**	**Tax risks**	**Other**	**Total**
	TEUR	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Balance as at 1 January 2021	**751**	**548**	**109**	**--**	**1,408**
Provisions created during the year	19	289	--	7	**315**
Provisions used during the year	(29)	(107)	(109)	--	**(245)**
Provisions reversed during the year	--	(42)	--	--	**(42)**
Translation differences	39	(54)	--	--	**(15)**
Balance as at 31 December 2021	**780**	**634**	**--**	**7**	**1,421**

Acquisitions through business combinations are attributable to wind park in 2023 (decommissioning provision of TEUR 319) and 2022 (decommissioning provision of TEUR 1,359), where the Group recognized decommissioning of tangible assets starting with the date of the acquisition. The Wind Farm has an obligation to bring the leased land for the construction of wind turbines to its original state. The effects of the changes in the assumptions underlying the decommissioning costs are recognized prospectively by recording an adjustment of the decommissioning provision, as well as by a corresponding adjustment of the amount of tangible assets to which the decommissioning provision refers. Annually, the provisions for the decommissioning of tangible assets are updated for any changes in the estimated decommissioning costs until the moment of making the expense, as well as from the point of view of the time value of the money. The effect of updating the decommissioning provision over time is presented in financial expenses.

In addition, acquisitions through business combinations in 2022 at the amount of TEUR 55 relates to natural gas distribution and supply company (provision for litigation and claims) (refer also to Note 1).

The Group recognizes provision from legal claims made against the Company by its customers in the normal course of business. Litigation provisions are recognized when management estimates that the Group is exposed to a cash outflow as a result of an unfavorable court ruling. During 2023, management recognized a provision of TEUR 1,015 (2022: TEUR 127 and 2021: TEUR 19) in respect to these claims, after considering legal advice and it believes that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2023.

In 2023, the Group recognized a provision of TEUR 1,772 in respect to untaken holiday from its employees (2022: TEUR 1,845; 2021: TEUR 289). The provision is made based on the employment contracts. The Group expects to settle the majority of this liability over the next year.

In 2021, the Group fully reversed a tax provision of TEUR 109.

Tax risk line in 2023 is referred mainly to the other risks assessed by the Group in the area of the energy taxation in Romania.

18. Loans and borrowings

Liabilities due to non-banks

The contractual terms of the Group's non-bank loans are summarised below. For more information about the Group's exposure to liquidity risk, interest rate and foreign currency risk, please refer to Note 4.

	2023 TEUR	2022 TEUR	2021 TEUR
Loans from related parties	547	3,965	1,736
Loans from third parties	771	--	--
	1,318	**3,965**	**1,736**

Non-bank loans are payable as follows:

TEUR	Amount as at 31 December 2023	Payable in 1 year	Payable in more than 1 year
Loans from related parties	547	547	--
Loans from third parties	771	771	--
	1,318	**1,318**	--

TEUR	Amount as at 31 December 2022	Payable in 1 year	Payable in more than 1 year
Loans from related parties	3,965	3,965	--
Loans from third parties	--	--	--
	3,965	**3,965**	--

TEUR	Amount as at 31 December 2021	Payable in 1 year	Payable in more than 1 year
Loans from related parties	1,736	1,736	--
Loans from third parties	--	--	--
	1,736	**1,736**	--

18. Loans and borrowings (continued)

Liabilities due to non-banks (continued)

2023	Currency	Maturity	Interest rate	Outstanding principal and interest TEUR
A. Loan from related party	EUR	2024	6.65%	547
				547
A. Loan from third party	EUR	2024	0.00%	652
B. Loan from third party	RON	2024	11.44%	119
				771

2022	Currency	Maturity	Interest rate	Outstanding principal and interest TEUR
A. Loan from related party	EUR	2023	3.00%	1,301
B. Loan from related party	EUR	2023	5.25%	686
C. Loan from related party	RON	2023	5.00%	739
D. Loan from related party	EUR	On demand	6.65%	1,239
				3,965

2021	Currency	Maturity	Interest rate	Outstanding principal and interest TEUR
Loan from related party	EUR	On demand	6.65%	1,736
				1,736

As at 31 December 2023, 31 December 2022 and 31 December 2021, the Group's loans were unsecured.

The fair value of liabilities due to non-banks approximates to their carrying amounts as presented above.

Liabilities due to banks and other financial institutions

The Group's liabilities due to banks and other financial institutions as of 31 December 2023 amount to TEUR 153,475 (2022: TEUR 141,022; 2021: TEUR 128,348). The details are described below.

	2023 TEUR	2022 TEUR	2021 TEUR
Non-current bank loans	100,379	91,143	81,759
Current bank loans	53,096	49,879	46,589
	153,475	**141,022**	**128,348**

18. Loans and borrowings (continued)

Liabilities due to banks and other financial institutions (continued)

2023	Currency	Maturity	Interest rate	Outstanding principal and interest TEUR
A Secured bank loan	EUR	31.12.2024	2.10% + EURIBOR 1M	31,804
B Secured bank loan	MDL	17.05.2024	4.60% + NBM MDL reference index	1,618
C Secured bank loan	USD	03.03.2031	2.80% + 6M CME TERM SOFR	5,711
D Secured bank loan	USD	02.03.2031	5.00% + Compounded SOFR Index Rate	5,776
E Secured bank loan	MDL	31.01.2028	4.60% + NBM MDL reference index	580
F Secured bank loan	EUR	17.03.2029	4.95% + EURIBOR 3M	16,293
G Secured bank loan	EUR	30.06.2027	4.90% + EURIBOR 12M	83,643
H Secured bank loan	EUR	05.12.2030	3.50% + EURIBOR 3M	238
I Secured bank loan	EUR	28.02.2023	4.95% + 3M EURIBOR 3M	7,812
				153,475

2022	Currency	Maturity	Interest rate	Outstanding principal and interest TEUR
A Secured bank loan	EUR	10.09.2023	2.10% + EURIBOR 1M	9,992
B Secured bank loan	EUR	31.12.2023	2.20% + EURIBOR 3M	14,941
C Secured bank loan	MDL	17.05.2024	4.60% + NBM MDL reference index	5,894
D Secured bank loan	MDL	17.01.2024	4.60% + NBM MDL reference index	6,139
E Secured bank loan	EUR	05.02.2025	3.50% + EURIBOR 3M	3,378
F Secured bank loan	EUR	30.06.2025	4.90% + EURIBOR 12M	72,117
G Secured bank loan	USD	05.02.2025	3.75% + LIBOR 3M	9,077
H Secured bank loan	EUR	17.03.2029	4.95% + EURIBOR 1M	19,484
				141,022

2021	Currency	Maturity	Interest rate	Outstanding principal and interest TEUR
A Secured bank loan	RON	10.06.2022	2.75% + ROBOR 3M	6,580
B Secured bank loan	RON	06.10.2022	4% + ROBOR 3M	7,416
C Secured bank loan	RON	10.06.2022	3.35% + ROBOR 1M	10,344
D Secured bank loan	EUR	30.06.2024	4.90% + EURIBOR 12M	82,126
E Secured bank loan	EUR	05.02.2025	3.5% + EURIBOR 3M	4,729
F Secured bank loan	USD	05.02.2025	3.75% + LIBOR 3M	11,668
G Secured bank loan	MDL	31.05.2022	2.50% + MDL reference index	3,743
H Secured bank loan	MDL	29.03.2022	2.50% + MDL reference index	1,742
				128,348

18. Loans and borrowings (continued)

Liabilities due to banks and other financial institutions (continued)

There are covenants to be fulfilled related to secured bank loans. As at 31 December 2023, 2022 and 2021, there were no breaches of covenant conditions.

As at 31 December 2023, the Group's bank loans were secured as follows:

- Bank loan A is secured by pledge on receivables and bank accounts, pledge on gas in storage (refer to Note 11, Inventories) and pledge on 3,634,094 shares of Romania subsidiary, representing a share of 51.23% of the total number of shares of this subsidiary.
- Bank loan G is secured by pledge on 99.994 shares of the Company representing a share of 99.994% of the total number of shares of the Company. In addition, the loan is secured over a corporate guarantee provided by EMMA ALPHA HOLDING LTD.
- Bank loans B, C, D, E, F, H and I are secured by pledge on receivables and bank accounts, pledge on defined immovable assets, equipment and first rank movable mortgage on the shares. F Bank loan is also attached with a corporate guarantee provided by parent company.

As at 31 December 2022, the Group's bank loans were secured as follows:

- Bank loan A is secured by pledge on receivables and bank accounts, pledge on gas in storage (refer to Note 11, Inventories) and pledge on 3,634,094 shares of Romania subsidiary, representing a share of 51.23% of the total number of shares of this subsidiary.
- Bank loan F is secured by pledge on 99.994 shares of the Company representing a share of 99.994% of the total number of shares of the Company. In addition, the loan is secured over a corporate guarantee provided by EMMA ALPHA HOLDING LTD.
- Bank loans B, C, D, E, G and H are secured by pledge on receivables and bank accounts, pledge on defined movable assets and mortgage on defined immovable assets. H Bank loan is also attached with a corporate guarantee provided by parent company.

As at 31 December 2021, the Group's bank loans were secured as follows:

- Bank loan A is secured by pledge on receivables and bank accounts, pledge on defined movable and immovable assets and pledge on 1,912,987 shares of Romania subsidiary, representing a share of 26.32% of the total number of shares of this subsidiary.
- Bank loan B is secured by blank promissory note, by pledge on receivables due from defined customers, pledge on bank accounts, pledge on defined movable assets and pledge on 1,546,689 shares of Romania subsidiary, representing a share of 22.06% of the total number of shares of this subsidiary.
- Bank loan C is secured by pledge on receivables and bank accounts, pledge on gas in storage (refer to Note 11, Inventories) and pledge on 3,634,094 shares of Romania subsidiary, representing a share of 51.23% of the total number of shares of this subsidiary.
- Bank loan D is secured by pledge on 99.994 shares of the Company representing a share of 99.994% of the total number of shares of the Company. In addition, the loan is secured over a corporate guarantee provided by EMMA ALPHA HOLDING LTD.
- Bank loans E, F, G and H are secured by pledge on receivables and bank accounts, pledge on defined movable assets and mortgage on defined immovable assets.

18. Loans and borrowings (continued)

Bonds issued

As a result of the acquisition of the 51% stake in the Romanian ALIVE CAPITAL S.A subsidiary on 24 February 2022, the Group recognized bonds issued of TEUR 2,021. As at 31 December 2022, the bonds issued amounted to TEUR 2,020.

The Romanian subsidiary issued bonds MTS ALV23 (ISIN RO5HFLV9R1X2) on 31 December 2020, at a total nominal value of TRON 10,000, which were accepted for trading on the Bucharest Stock Exchange.

The Bonds were repaid on 23 December 2023.

The Bonds bear a fixed interest rate of 8.00 % p.a. The interest expense related to the bonds issued is TEUR 160 (2022: TEUR 135) (refer to note 31, Net Finance income/expenses).

There were covenants to be fulfilled related to the bonds. There were no breaches of covenant conditions.

The fair value of liabilities due to banks and other financial institutions approximates to their carrying amounts, as presented above.

The exposure of the Group to liquidity risk, interest rate risk and foreign exchange risk in relation to bank loans is described in Note 4.

Financial Covenants

The Group's financing agreements include a range of undertakings and restrictions related to different legal entities (subject to many certain exceptions and carve-outs) including, inter alia, restrictions on the ability to provide security or guarantees, restrictions on investments and disposals of assets, restrictions on declaring or paying dividends or any other distributions, restrictions on entering into any amalgamation, merger, demerger or other corporate reconstruction, and restrictions on incurring or allowing to remain outstanding any financial indebtedness. The finance documents in some cases also include, among others, undertakings to observe certain financial covenants and a variety of events of default, including cross default provisions. The Group currently fully complies with all such covenants and undertakings.

18. Loans and borrowings (continued)

Reconciliation of movements of liabilities

Reconciliation of movements of liabilities to cash flows arising from financing activities in 2023, 2022 and 2021 is described below.

	Loans and borrowings	Bonds and notes issued	Lease liabilities	Restricted deposits	Equity	Total
Balance at 1 January 2023	**144,987**	**2,020**	**3,722**	**(15,380)**	**334,915**	**470,264**
Changes from financing cash flows	--	--	--	--	--	--
Transactions NCI without change in control	--	--	--	--	(7)	**(7)**
Capital contributions from NCI to equity of subsidiaries	--	--	--	--	1,289	**1,289**
Dividends paid	--	--	--	--	(28,748)	**(28,748)**
Bonds repaid	--	(2,022)				**(2,022)**
Proceeds from interest-bearing loans and borrowings	94,941	--	--	--	--	**94,941**
Repayments of interest-bearing loans and borrowings	(86,870)	--	--	--	--	**(86,870)**
Payment of lease liabilities	--	--	(720)	--	--	**(720)**
Total changes from financing cash flows	**8,071**	**(2,022)**	**(720)**	**--**	**(27,466)**	**(22,137)**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**278**	**--**	**639**	**--**	**5,767**	**6,684**
The effect of changes in foreign exchange rates	**(144)**	**2**	**--**	**--**	**8,064**	**7,922**
Other changes						
Change in bank overdraft	--	--	--	--	--	**--**
Change in restricted deposits related to operating activities	--	--	--	7,439	--	**7,439**
Interest expense	10,052	160	80	--	--	**10,292**
Interest paid	(8,451)	(160)	(80)	--	--	**(8,691)**
New lease agreements	--	--	1,575	--	--	**1,575**
Modifications of lease agreements	--	--	--	--	--	**--**
Total liability-related other changes	**1,601**	**--**	**1,575**	**7,439**	**--**	**10,615**
Total equity-related other changes	**--**	**--**	**--**	**--**	**83,705**	**83,705**
Balance at 31 December 2023	**154,793**	**--**	**5,216**	**(7,941)**	**404,985**	**557,053**

18. Loans and borrowings (continued)

Reconciliation of movements of liabilities (continued)

	Bank overdraft	Loans and borrowings	Bonds and notes issued	Lease liabilities	Restricted deposits	Equity	Total
Balance at 1 January 2022	**7,607**	**130,084**	**--**	**1,896**	**(919)**	**149,359**	**288,027**
Changes from financing cash flows	--	--	--	--	--	--	--
Transactions NCI without change in control	--	--	--	--	--	3,754	**3,754**
Dividends paid	--	--	--	--	--	(3,087)	**(3,087)**
Proceeds from interest-bearing loans and borrowings	--	227,593	--	--	--	--	**227,593**
Repayments of interest-bearing loans and borrowings	--	(248,695)	--	--	--	--	**(248,695)**
Change in restricted deposits related to financing activities	--	--	--	--	106	--	**106**
Payment of lease liabilities	--	--	--	(412)	--	--	**(412)**
Total changes from financing cash flows	**--**	**(21,102)**	--	**(412)**	**106**	**667**	**(20,741)**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**--**	**35,584**	**2,021**	**2,316**	**(2,633)**	**4,652**	**41,940**
The effect of changes in foreign exchange rates	**--**	**399**	**(1)**	**(38)**	**--**	**(2,962)**	**(2,602)**
Other changes							
Change in bank overdraft	(7,607)	--	--	--	--	--	**(7,607)**
Change in restricted deposits related to operating activities		--	--	--	(11,934)	--	**(11,934)**
Interest expense	--	9,175	135	186	--	--	**9,496**
Interest paid	--	(9,153)	(135)	(186)	--	--	**(9,474)**
New lease agreements	--	--	--	612	--	--	**612**
Modifications of lease agreements	--	--	--	(652)	--	--	**(652)**
Total liability-related other changes	**(7,607)**	**22**	**--**	**(40)**	**(11,934)**	**--**	**(19,559)**
Total equity-related other changes	**--**	**--**	**--**	**--**	**--**	**183,199**	**183,199**
Balance at 31 December 2022	**--**	**144,987**	**2,020**	**3,722**	**(15,380)**	**334,915**	**470,264**

18. Loans and borrowings (continued)

Reconciliation of movements of liabilities (continued)

	Bank overdraft	Loans and borrowings	Lease liabilities	Restricted deposits	Equity	Total
Balance at 1 January 2021	**4,756**	**55,194**	**2,264**	**--**	**109,568**	**171,782**
Changes from financing cash flows						
Issue of new shares	--	--	--	--	99	**99**
Capital contribution to share premium	--	--	--	--	3,807	**3,807**
Payment of acquisition of subsidiary - Common control transactions	--	--	--	--	(83,236)	**(83,236)**
Dividends paid	--	--	--	--	(350)	**(350)**
Proceeds from interest-bearing loans and borrowings	--	207,835	--	--	--	**207,835**
Repayments of interest-bearing loans and borrowings	--	(135,980)	--	--	--	**(135,980)**
Change in restricted deposits related to financing activities	--	--	--	(106)	--	**(106)**
Payment of lease liabilities	--	--	(586)	--	--	**(586)**
Total changes from financing cash flows	**--**	**71,855**	**(586)**	**(106)**	**(79,680)**	**(8,517)**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**--**	**--**	**--**	**--**	**--**	**--**
The effect of changes in foreign exchange rates	**--**	**--**	**--**	**--**	**6,236**	**6,236**
Other changes						
Change in bank overdraft	2,851	--	--	--	--	**2,851**
Change in restricted deposits related to operating activities	--	--	--	(813)	--	**(813)**
Interest expense	--	5,380	67	--	--	**5,447**
Interest paid	--	(2,345)	(67)	--	--	**(2,412)**
New lease agreements	--	--	218	--	--	**218**
Total liability-related other changes	**2,851**	**3,035**	**218**	**(813)**	**--**	**5,291**
Total equity-related other changes	**--**	**--**	**--**	**--**	**113,235**	**113,235**
Balance at 31 December 2021	**7,607**	**130,084**	**1,896**	**(919)**	**149,359**	**288,027**

19. Trade payables

The Group's trade payables as of 31 December 2023 amounting TEUR 46,778 (2022: TEUR 18,434; 2021: TEUR 21,303) consist mainly of payables to gas and electricity suppliers.

	2023	**2022**	**2021**
	TEUR	**TEUR**	**TEUR**
Current	46,740	18,434	21,303
Non-current	38	--	--
Total	**46,778**	**18,434**	**21,303**

The movement in trade payables from 2022 is attributable mainly to the increase in Moldova region due to energy imbalances (see also Note 20). Trade payables are non-interest bearing and are normally settled between 30 days and 60 days.

The fair value of trade and other payables approximates to their carrying amounts as presented above. For more information about the Group's exposure to liquidity and foreign currency risk, refer to Note 4.

20. Other liabilities

	2023 TEUR	2022 TEUR	2021 TEUR
Financial liabilities			
Accrued expenses	11,064	42,988	17,593
Other liabilities	7,921	3,910	1,133
Subtotal financial liabilities	**18,985**	**46,898**	**18,726**
Non-financial liabilities			
Deferred income	37,184	28,764	25,745
Other tax payable	8,034	10,404	8,297
Advances received	--	--	--
Wages and salaries	1,430	886	1,605
Social security and health insurance	411	430	224
Subtotal non-financial liabilities	**47,059**	**40,484**	**35,871**
Total	**66,044**	**87,382**	**54,597**
Current	28,004	71,166	42,086
Non-current	38,040	16,216	12,511
Total	**66,044**	**87,382**	**54,597**

As at 31 December 2023, the decrease in accrued expenses is mainly attributable to the Moldovan electricity supply subsidiary. During the prior year, the entity booked an accrual for the energy imbalances for the period from September 2022 to December 2022, however during the current year, invoices were obtained and the balances were included in the trade payables account (see Note 19).

As at 31 December 2022, the increase in accrued expenses was mainly attributable to increased prices for purchased electricity at year end in the Moldovan market and to a newly acquired renewable energy subsidiary for electricity consumed, but not invoiced by the suppliers (refer also to Note 1); the increase in deferred income was mainly attributable to the Romania supply company and the increase in other tax payable resulted mainly from a newly acquired entity and it represented VAT payable and Solidarity tax (refer also to Note 1).

As at 31 December 2023, 2022 and 2021, the balance of deferred income is notably represented by liabilities related to the electricity activity of the Moldovan subsidiaries, and of natural gas by the Romanian subsidiaries (described in Note 1). Accrued expenses are represented notably by liabilities related to the electricity purchases by the Moldovan subsidiaries and to natural gas purchases by the Romanian subsidiaries.

The fair value of other liabilities approximates their carrying amounts as presented above. For more information about the Group's exposure to liquidity and foreign currency risk, refer to Note 4.

21. Deferred tax liability and asset

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2023 TEUR	2022 TEUR	2021 TEUR
Deferred tax assets	438	2,542	2,059
Deferred tax liabilities	(22,579)	(20,119)	(16,393)
Net deferred tax liabilities	**(22,141)**	**(17,577)**	**(14,334)**

21. Deferred tax liability and asset (continued)

The recognised deferred tax assets and liabilities are attributable mainly to property, plant and equipment and intangible assets. The detail is summarized in the table below:

	2023 TEUR	2022 TEUR	2021 TEUR
Property, plant and equipment	(20,130)	(11,542)	(15,554)
Intangible assets	(2,498)	(6,723)	(806)
Tax losses carried-forward	439	1,250	1,707
Derivative financial instruments	--	641	--
Other items	48	(1,203)	319
Net deferred tax liabilities	**(22,141)**	**(17,577)**	**(14,334)**

	2023 TEUR	2022 TEUR	2021 TEUR
Deferred tax assets			
Expected to reverse within 12 months	--	641	--
Expected to reverse after 12 months	438	1,901	2,059
Subtotal deferred tax assets	**438**	**2,542**	**2,059**
Deferred tax liabilities			
Expected to reverse within 12 months	--	--	--
Expected to reverse after 12 months	(22,579)	(20,119)	(16,393)
Subtotal deferred tax liabilities	**(22,579)**	**(20,119)**	**(16,393)**
Net deferred tax liabilities			
Expected to reverse within 12 months	--	641	--
Expected to reverse after 12 months	(22,141)	(18,218)	(14,334)
Net deferred tax liabilities	**(22,141)**	**(17,577)**	**(14,334)**

Unrecognised deferred tax assets of TEUR 1,348 resulting from tax losses carried-forward in total amount of TEUR 10,726 are attributable mainly to Cypriot entities (refer also to Note 32).

Deferred tax assets and liabilities are generally expected to be reversed after 12 months as they result mainly from non-current assets and their reversal or settlement within the next 12 months are not certain.

Movements in temporary differences during the year 2023 were as follows:

TEUR	**Balance at 1 January**	**Recognized in profit or loss (Note 32)**	**Additions resulting from business combinatio ns (Note 1)**	**Recognized in OCI**	**Recognized directly in equity**	**Effect of movements in foreign exchange rate**	**Balance at 31 December**
Property, plant and equipment	(11,542)	(4,484)	(1,923)	(1,697)	--	(484)	(20,130)
Intangible assets	(6,723)	4,905	(690)	--	--	10	(2,498)
Tax losses carried-forward	1,250	(854)	--	--	--	43	439
Derivative financial instruments	641	(641)	--	--	--	--	--
Other items	(1,203)	1,283	--	--	--	(32)	48
Total	**(17,577)**	**209**	**(2,613)**	**(1,697)**	**--**	**(463)**	**(22,141)**

21. Deferred tax liability and asset (continued)

Movements in temporary differences during the year 2022 were as follows:

TEUR	Balance at 1 January	Recognized in profit or loss (Note 32)	Additions resulting from business combinations (Note 1)	Recognized in OCI	Recognized directly in equity	Effect of movements in foreign exchange rate	Balance at 31 December
Property, plant and equipment	(15,554)	4,567	(689)	(22)	--	156	(11,542)
Intangible assets	(806)	(4,851)	(908)	--	--	(158)	(6,723)
Tax losses carried-forward	1,707	(444)	--	--	--	(13)	1,250
Derivative financial instruments	--	643	--	--	--	(2)	641
Other items	319	(1,549)	--	--	--	27	(1,203)
Total	**(14,334)**	**(1,634)**	**(1,597)**	**(22)**	**--**	**(10)**	**(17,577)**

Movements in temporary differences during the year 2021 were as follows:

TEUR	Balance at 1 January	Recognized in profit or loss (Note 32)	Additions resulting from business combinations (Note 1)	Recognized in OCI	Recognized directly in equity	Effect of movements in foreign exchange rate	Balance at 31 December
Property, plant and equipment	(14,212)	410	--	(1,327)	--	(425)	(15,554)
Intangible assets	(505)	(527)	--	--	--	226	(806)
Tax losses carried-forward	--	1,639	--	--	--	68	1,707
Other items	189	51	--	--	65	14	319
Total	**(14,528)**	**1,573**	**--**	**(1,327)**	**65**	**(117)**	**(14,334)**

22. Operating derivative instruments – commodity contracts

	2023 TEUR	2022 TEUR	2021 TEUR
Positive fair values of derivatives			
Commodity derivatives – gas	--	3,123	--
Subtotal	**--**	**3,123**	**--**
Negative fair values of derivatives			
Commodity derivatives – gas	--	(3,777)	--
Subtotal	**--**	**(3,777)**	**--**
Total net derivative instruments	**--**	**(654)**	**--**

22. Operating derivative instruments – commodity contracts (continued)

As at 31 December 2022	Currency	Maturity	Fair value at 31/12/2022 TEUR	Due within 1 year TEUR	Due in 1–5 years TEUR
Derivative financial assets					
Commodity derivative – Gas	RON	01.04.2023	3,123	3,123	--
Total derivative financial assets			**3,123**	**3,123**	**--**

As at 31 December 2022	Currency	Maturity	Fair value at 31/12/2022 TEUR	Due within 1 year TEUR	Due in 1–5 years TEUR
Derivative financial liabilities					
Commodity derivative – Gas	RON	01.04.2023	(3,777)	(3,777)	--
Total derivative financial liabilities			**(3,777)**	**(3,777)**	**--**
Total net derivative instruments			**(654)**	**(654)**	**--**

Movements of derivatives during the year 2023, 2022 and 2021 were as follows:

	2023 TEUR	2022 TEUR	2021 TEUR
Balance at 1 January	**(654)**	--	--
Acquisitions through business combinations	--	--	--
Settlement of derivatives	654	(77,098)	--
Change in fair value of derivatives	--	76,444	--
Balance at 31 December	--	**(654)**	**--**

Fair value of derivative financial instruments was disclosed for commodity contracts for gas in Romania that did not qualify for application of "own-use" exemption as at 31 December 2022 (refer also to Note 25, Revenues and expenses related to core operations; operating derivatives). No contracts were designated as hedging derivatives. Fair value is determined on the basis of market data, available from external contributors and are classified at Level 2 for gas. Income approach was used as valuation model. Values were determined based on the future cash flows using a risk-free rate considering the maturity of the contracts, energy prices obtained gas prices from Romania Commodity Exchange and estimated quantities. The estimated fair value would increase/(decrease) if the energy prices were higher/(lower).

Management estimates that a decrease by 10% in gas prices would lead to an increase of liability from TEUR 3,777 to TEUR 4,865 and the assets would decrease from TEUR 3,123 to TEUR 2,409. An increase by 10% in the gas price would lead a decrease in the liability from TEUR 3,777 to TEUR 2,584 and the assets would increase from TEUR 3,123 to TEUR 3,909.

A change by 1% in the risk-free rate would generate a decrease in assets by TEUR 222 and liabilities would suffer immaterial evolution.

For more information about the Group's exposure to liquidity risk and foreign currency risk, refer to Note 4.

23. Equity

Share capital

Authorised capital

As at 31 December 2023, the Company's authorised share capital of EUR 100,001 was composed of 100,001 authorised ordinary shares with a nominal value of EUR 1 each. The Company's issued and fully paid share capital of EUR 100,001 was composed of 100,001 issued ordinary shares with a nominal value of EUR 1 each. On 9 April 2024, the Company increased its authorised share capital by the creation of 40,000 additional shares and performed a 1 to 1,000 share split. For further details refer to Note 36.

	2023 Number of shares	2023 EUR	2022 Number of shares	2022 EUR	2021 Number of shares	2021 EUR
Authorised						
Balance at 1 January	100,001	100,001	100,001	100,001	1,250	1,250
Issue of shares (Ordinary shares of EUR 1 each)	--	--	--	--	98,751	98,751
Balance at 31 December	100,001	100,001	100,001	100,001	100,001	100,001
Issued and fully paid						
Balance at 1 January	100,001	100,001	100,001	100,001	1,210	1,210
Issue of shares (Ordinary shares of EUR 1 each)	--	--	--	--	98,791	98,791
Balance at 31 December	100,001	100,001	100,001	100,001	100,001	100,001

On 26 January 2021, the Board of Directors decided to increase the Company's authorised share capital from EUR 1,250 divided into 1,250 ordinary shares of nominal value of EUR 1 each to EUR 100,000 divided into 100,000 ordinary shares, by the creation of 98,750 additional shares of nominal value of EUR 1 each.

On 18 June 2021, the Company's authorised share capital increased further to EUR 100,001 divided by 100,001 ordinary shares of nominal value of EUR 1 each.

Issued capital

On 26 January 2021, the Company increased its issued share capital from EUR 1,210 to EUR 100,000 by issuing 98,790 additional ordinary shares with nominal value of 1 each. The percentage of the Group's parent company to the Company decreased from 100% to 99.99% and the remaining 0.01% is held by 6 minority shareholders with 1 ordinary share each.

On 18 June 2021, the Company issued 1 additional ordinary share to the Group's parent company at a premium of TEUR 3,807.

The holders of ordinary shares are entitled to receive dividends as approved in the general meeting from time to time and are entitled to one vote per share at meetings of the Company.

The ordinary shares shall confer on their holders the following rights:

a) The right to receive notice, attend and vote at any proposed General Meeting and/or proposed resolution of the General Meeting and/or any proposed unanimous written resolution of the General Meeting.

b) The right to receive dividends in accordance with Regulations 112-114A.

c) On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive assets corresponding to (i) the nominal value of the ordinary shares and (ii) to the amount remaining payable as provided for in Regulation 114A (c).

Share premium

On 18 June 2021, the Company increased its share capital and share premium by issue of 1 ordinary share of nominal value EUR 1 per share and a share premium of TEUR 3,807 per share. As at 31 December 2023, the Company's share premium amounted to TEUR 22,457 (2022: TEUR 22,457, 2021: TEUR 22,457).

23. Equity (continued)

Common control transaction reserve

The common control transaction reserve balance as at 31 December 2023, 31 December 2022 and at 31 December 2021 of negative TEUR (5,018) resulted from the 2020 transfer of shares in LIGATNE LIMITED from EMMA ALPHA HOLDING LTD to the Company under common control.

Revaluation reserve

The revaluation reserve arises on the revaluation of Gas distribution networks to fair value. The revaluation reserve balance as at 31 December 2023 of TEUR 46,790 (2022: TEUR 37,883; 2021: TEUR 37,768) represents total revaluation of TEUR 55,703 (2022: TEUR 45,099; 2021: TEUR 44,962) and tax effect of TEUR (8,913) (2022: TEUR (7,216); 2021: TEUR (7,194)).

Translation reserve

The translation reserve balance as at 31 December 2023 of TEUR 133 (2022: negative TEUR (7,446), 2021: negative TEUR (4,758) represents notably foreign exchange differences arising from the translation of the financial statements of the subsidiaries with a functional currency other than EUR.

Legal reserve

The legal reserve balance as at 31 December 2023 of TEUR 3,434 (2022: TEUR 2,804; 2021: TEUR 2,194) represents the amount required by the Romanian and Moldova state to protect the Group against future financial losses. The Group is in compliance with the specific requirement.

Dividends paid

During 2023, the Group distributed dividends to the Group's parent company in total amount of TEUR 18,000. Interim dividends in the total amount of TEUR 10,748 were distributed to minority shareholders of subsidiaries.

During 2022, interim dividends for the total amount of TEUR 3,087 were distributed to minority shareholders of subsidiaries.

During 2021, interim dividends in the total amount of TEUR 350 were distributed to minority shareholders of subsidiaries.

Dividends per share

Dividends paid to the Group's parent company

	2023 TEUR	2022 TEUR	2021 TEUR
Total dividends paid to the Group's parent company	18,000	--	--
Total dividends paid to the parent company	**18,000**	**--**	**--**
Weighted average number of ordinary shares issued	100,001	100,001	91,769
Dividends per ordinary share attributable to the owners of the Company, basic and diluted (in TEUR per share)	**0.180**	**--**	**--**

23. Equity (continued)

Earnings per share

Basic and diluted earnings per share 2023, 2022 and 2021

The calculation of basic EPS has been adjusted to include the effect of the stock split which occurred after the reporting period. Refer to further details in Note 36. All share and earnings per share information have been retrospectively adjusted to reflect the stock split.

Profit attributable to ordinary shareholders

	2023 TEUR	2022 TEUR	2021 TEUR
Profit for the year attributable to ordinary shareholders	65,871	166,018	22,664
Profit attributable to ordinary shareholders	**65,871**	**166,018**	**22,664**
Weighted average number of ordinary shares issued (in thousands)	100,001	100,001	91,768
Earnings per ordinary share attributable to the owners of the Company, basic and diluted (in EUR per share)	**0.659**	**1.66**	**0.247**

Weighted average number of ordinary shares 2023

In pieces of shares	**Ordinary shares**	**Weight**	**Weighted average**
Issued ordinary shares at 1 January 2023	100,001,000	360	100,001,000
Restated Weighted average number of ordinary shares as at 31 December 2023			100,001,000

Weighted average number of ordinary shares 2022

In pieces of shares	**Ordinary shares**	**Weight**	**Weighted average**
Issued ordinary shares at 1 January 2022	100,001,000	360	100,001,000
Weighted average number of ordinary shares as at 31 December 2022			100,001,000

Weighted average number of ordinary shares 2021

In pieces of shares	**Ordinary shares**	**Weight**	**Weighted average**
Issued ordinary shares at 1 January 2021	1,210,000	360	1,210,000
Effect of ordinary shares issued as at 26 January 2021	98,790,000	330	90,557,500
Effect of ordinary shares issued as at 18 June 2021	1,000	180	500
Weighted average number of ordinary shares as at 31 December 2021			91,768,000

24. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2023.

TEUR	TRUE ENERGY MANAGEMENT S.R.L.	ECOENERGIA S.R.L.	*Subtotal*	*TOTAL*
NCI percentage	**40.00%**	**20.00%**		
Non-current assets	11,245	33,033		
Current assets	1,512	9,509		
Non-current liabilities	--	(14,074)		
Current liabilities	(7,433)	(4,884)		
Net assets	**5,324**	**23,584**		
Net assets attributable to NCI	**2,130**	**4,717**	***6,847***	***39,247***
Revenue	--	(8,017)		
Profit / (loss)	(645)	5,714		
OCI	(30)	(125)		
Total comprehensive income	**(675)**	**5,589**		
Profit / (loss) allocated to NCI	**(258)**	**1,143**	***885***	***13,091***
OCI allocated to NCI	**(12)**	**(25)**	***(37)***	***495***

TEUR	ALIVE CAPITAL S.A.	ENERGIA MILENIULUI III S.A.	JOSECO HOLDINGS Group	*Subtotal*
NCI percentage	**49.00%**	**20.00%**	**7.26%**	
Non-current assets	24,852	10,083	217,923	
Current assets	36,251	277	71,717	
Non-current liabilities	(7,836)	(1,738)	(35,856)	
Current liabilities	(24,750)	(3,847)	(47,043)	
Net assets	**28,517**	**4,775**	**206,741**	
Net assets attributable to NCI	**13,973**	**1,592**	**15,009**	***30,574***
Revenue	180,496	--	532,013	
Profit / (loss)	16,558	(126)	54,263	
OCI	(188)	(27)	8,967	
Total comprehensive income	**16,370**	**(153)**	**63,230**	
Profit / (loss) allocated to NCI	**8,112**	**(42)**	**3,940**	***12,010***
OCI allocated to NCI	**(92)**	**(9)**	**650**	***549***

TEUR	LIGATNE GAS S.R.L.	ENEX NALBANT RENEWABLE S.R.L.	ALIVE CAPITAL D.O.O. Beograd	*Subtotal*
NCI percentage	**0.04%**	**20.00%**	**49.01%**	
Non-current assets	2,623	18,500	2	
Current assets	4,269	913	1,326	
Non-current liabilities	(544)	(6,964)		
Current liabilities	(4,003)	(3,312)	(1,331)	
Net assets	**2,345**	**9,137**	**(3)**	
Net assets attributable to NCI	**--**	**1,827**	**(1)**	***1,826***
Revenue	7,221	232	--	
Profit / (loss)	151	1,008	(13)	
OCI	--	(85)	--	
Total comprehensive income	**151**	**923**	**(13)**	
Profit / (loss) allocated to NCI	**--**	**202**	**(6)**	***196***
OCI allocated to NCI	**--**	**(17)**	**--**	***(17)***

24. Non-controlling interest (continued)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2022 .

TEUR	**HARGAZ HARGHITA GAZ S.A.**	**TRUE ENERGY MANAGEMENT S.R.L.**	***Subtotal***	***TOTAL***
NCI percentage	**0.33%**	**40.00%**		
Non-current assets	4,816	8,407		
Current assets	515	755		
Non-current liabilities	(344)	--		
Current liabilities	(198)	(4,779)		
Net assets	**4,789**	**4,383**		
Net assets attributable to NCI	**16**	**1,753**	***1,769***	***33,480***
Revenue	828	--		
Profit / (loss)	184	(107)		
OCI	--	(10)		
Total comprehensive income	**184**	**(117)**		
Profit / (loss) allocated to NCI	**1**	**(43)**	***(42)***	***17,226***
OCI allocated to NCI	**--**	**(4)**	***(4)***	***(332)***

TEUR	**ECOENERGIA S.R.L.**	**ALIVE CAPITAL S.A.**	**ENERGIA MILENIULUI III S.A.**	***Subtotal***
NCI percentage	**20.00%**	**49.00%**	**33.33%**	
Non-current assets	38,011	13,136	9,639	
Current assets	7,025	38,218	203	
Non-current liabilities	(17,479)	20,125	(1,788)	
Current liabilities	(9,563)	(39,785)	(5,052)	
Net assets	**17,994**	**31,694**	**3,002**	
Net assets attributable to NCI	**3,599**	**15,530**	**1,001**	***20,130***
Revenue	4,586	143,979	--	
Profit / (loss)	1,053	32,474	(280)	
OCI	(410)	(138)	(1)	
Total comprehensive income	**643**	32,336	**(281)**	
Profit / (loss) allocated to NCI	**211**	**15,911**	**(93)**	***16,029***
OCI allocated to NCI	**(82)**	**(68)**	**--**	***(150)***

TEUR	**JOSECO HOLDINGS Group**	**B.E.R.G SISTEM GAZ S.A.**	**LIGATNE GAS S.R.L.**	***Subtotal***
NCI percentage	**7.26%**	**0.32%**	**0.04%**	
Non-current assets	194,729	--	4,018	
Current assets	62,429	--	158	
Non-current liabilities	(39,042)	--	--	
Current liabilities	(58,595)	--	(4.016)	
Net assets	**159,521**	**--**	**160**	
Net assets attributable to NCI	**11,581**	--	**--**	***11,581***
Revenue	371,200	4,196	212	
Profit / (loss)	17,071	(42)	(369)	
OCI	(2,457)	89	(2)	
Total comprehensive income	**14,614**	**47**	**(371)**	
Profit / (loss) allocated to NCI	**1,239**	--	**--**	***1,239***
OCI allocated to NCI	**(178)**	--	--	***(178)***

24. Non-controlling interest (continued)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2021.

TEUR	JOSECO HOLDINGS Group	B.E.R.G Sistem Gaz S.A.	LIGATNE GAS S.R.L.	*Total*
NCI percentage	**7.26%**	**0.32%**	**0.04%**	
Non-current assets	192,303	2,410	1,325	
Current assets	26,922	1,858	141	
Non-current liabilities	(34,293)	--	(4,289)	
Current liabilities	(40,017)	(504)	(79)	
Net assets	**144,915**	**3,764**	**(2,902)**	
Net assets attributable to NCI	**10,520**	**11**	**--**	***10,731***
Revenue	191,747	3,579	207	
Profit	(4,875)	2,592	435	
OCI	7,149	(313)	--	
Total comprehensive income	**2,536**	**2,279**	**435**	
Profit / (loss) allocated to NCI	**(354)**	**2**	**--**	***(352)***
OCI allocated to NCI	**519**	**(1)**	**--**	***518***

25. Revenues and expenses related to core operations; operating derivatives

Revenue streams and related expenses including operating derivatives

	2023 TEUR	2022 TEUR	2021 TEUR
Revenues from renewable energy	181,405	146,882	--
Revenues from sale of green certificates	4,832	3,407	--
Revenues from gas distribution and supply	299,950	553,844	209,933
Revenues from electricity distribution and supply	425,788	392,037	191,747
Revenues	**911,975**	**1,096,170**	**401,680**
Cost of renewable energy sold	(127,427)	(87,675)	--
Green certificates sold	(4,101)	(2,762)	--
Cost of gas sold	(290,734)	(462,827)	(143,077)
Operating derivatives – gas	--	76,444	--
Cost of electricity sold	(280,045)	(300,517)	(148,579)
Transportation of electricity	(36,295)	(33,882)	(20,389)
Costs of electricity, g+as and transportation	**(738,602)**	**(811,219)**	**(312,045)**

In 2023, 2022 and 2021, the revenue from the distribution and supply of electricity is generated mainly by the Moldovan companies. As described in Note 1, at the end of each year, ANRE can recalculate the actual tariff for the distribution and supply of electricity using the actual costs and CAPEX incurred for the respective year and the difference can be taken into account (added or deducted) in the tariffs set for the next year. These tariff deviations for a year are generated by the difference between the revenues billed from electricity distributed and supplied at the regulated tariffs approved by ANRE and the total costs and returns for the year calculated according to the methodology based on the actual costs and CAPEX incurred in that year. During 2023, the tariffs were higher than actual costs, causing the business to generate more revenue and profits than the regulatory framework generally allows. On the other hand, during 2022 and 2021, the tariffs were lower than actual costs, causing the business to generate less revenue and profits than the regulatory framework generally allows.

Revenues include other income related to core business.

25. Revenues and expenses related to core operations (continued)

Revenue streams and related expenses (continued)

In 2023 and 2022, the revenue from the distribution and supply of electricity comprises also revenues of TEUR 6,131 (2022: TEUR 22,216) from sales of electricity in Romania included in the reportable segment Natural Gas.

In 2023, the quantities of gas sold are 6.1 million MWh (2022: 6.5 million MWh; 2021: 7.1 million MWh).

The costs of gas sold comprise the acquisition price of the gas sold, and the transportation tariffs charged by Transgaz. During the year ended 31 December 2023, the Group purchased 6.0 million MWh of gas at an average price of 40 EUR / MWh (2022: 7.0 million MWh of gas at an average price of 57 EUR / MWh; 2021: 6.7 million MWh of gas at an average price of 21 EUR / MWh), including the transportation tariffs charged by Transgaz.

Construction-related revenue related to the natural gas network in Romania and included in the revenues from gas distribution and supply above in 2023 was TEUR 737 (2022: TEUR 2,734; 2021: TEUR 1,544).

As a result of the new acquisitions into renewable electricity generation and management in 2022, ECOENERGIA S.R.L. and ALIVE CAPITAL S.A. in particular (refer also to Note 1), the Group disclosed new revenue streams: Revenues from renewable energy and Revenues from sale of green certificates, refer to Note 3n for further details. In 2023, the quantity of the renewable energy sold accounted for approx. 1.1 TWh (2022: 0.73 TWh) while the total number of green certificates sold was of 166 thousand (2022: 120 thousand).

For information about the reportable segments, including geographic concentration, refer to Note 6.

In 2022, net gain / (loss) on operating derivatives in the amount of TEUR 76,444 resulted from commodity contracts for gas in Romania that did not qualify for application of "own-use" exemption as at 31 December 2022 (refer also to Note 22. Derivative financial instruments). No contracts were designated as hedging derivatives.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	2023 TEUR	2022 TEUR	2021 TEUR
Trade receivables	88,386	108,520	73,976
Contract assets	779	154	208
Contract liabilities	(17,574)	(11,169)	(6,501)

The total amount of contract assets of TEUR 779 (2022: TEUR 154; 2021: TEUR 208) relates to the Group's right to consideration from end users in relation to connection works in progress. There was no impact on contract asset as a result of an acquisition of subsidiary nor any impairment charge.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time. This will be recognized as revenue when the gas is actually delivered, in the case of gas advances, or when the works are completed, in the case of advances for network extensions/connections.

The amount of TEUR 11,169 included in contract liabilities as at 31 December 2022 has been recognised as revenue in 2023 (2022: TEUR 6,501; 2021: TEUR 5,679).

In 2022, an increase in contract liabilities is attributable to ALIVE CAPITAL S.A., the subsidiary managing renewable energy producers that was acquired through business combination in 2022 (refer to note 1). Increase in contract assets is mainly attributable to the Group's natural gas business.

26. Services and material expenses

	2023 TEUR	2022 TEUR	2021 TEUR
Professional services	(3,245)	(2,733)	(2,677)
Independent auditor's remuneration	(1,293)	(615)	(316)
Advertising and marketing	(1,190)	(293)	(93)
Taxes, other than income tax	(2,990)	(1,138)	(1,322)
Rental, maintenance and repair expenses	(10,076)	(8,457)	(5,359)
Telecommunication and postage	(1,305)	(1,070)	(825)
Travel expenses	(332)	(241)	(102)
Information technologies	(1,623)	(1,398)	(1,102)
Distribution, transport and storage of goods	(6,117)	(10,696)	(10,455)
Energy consumption	(328)	(575)	(74)
Provision for tax risks	(3,940)	--	--
Other	(13,582)	(9,343)	(4,333)
Services and material expenses	**(46,021)**	**(36,559)**	**(26,658)**

Professional services expenses represent administration expense, accounting services expense and advisory expense.

Amount paid for audit services totals TEUR 1,283 (2022: TEUR 583; 2021: TEUR 309) and other services provided by auditors TEUR 11 (2022: TEUR 32; 2021: TEUR 7).

27. Personnel expenses

	2023 TEUR	2022 TEUR	2021 TEUR
Employee compensation	(25,700)	(20,293)	(15,623)
Payroll related taxes (including social and pension contribution)	(3,061)	(2,467)	(2,142)
Personnel expenses	**(28,761)**	**(22,760)**	**(17,765)**

The average number of employees in the Group for the year 2023 was 1,332 employees (2022: 1,311 employees; 2021: 1,200 employees).

28. Impairment losses on loans and receivables and other assets

	2023 TEUR	2022 TEUR	2021 TEUR
Net impairment losses on loans	58	(48)	4
Net impairment losses on trade receivables	1,050	(1,197)	180
Net impairment losses on other financial assets	--	--	(5)
	1,108	**(1,245)**	**179**

	2023 TEUR	2022 TEUR	2021 TEUR
Net impairment losses on other non-financial assets	--	--	--
	--	**--**	**--**

For the year ended 31st December 2023, 2022 and 2021, changes in net impairment losses on loans provided to third and related parties are attributable mainly to changes in the country rates (refer also to Note 13. Loans receivable).

28. Impairment losses on loans and other assets (continued)

For the year ended 31st December 2021, net impairment losses on trade receivables were recognized in the gas segment in Romania and electricity infrastructure segment in Moldova. For the year ended 31st December 2022, net impairment losses on trade receivables were recognized in the gas segment in Romania. For the year ended 31st December 2023, net impairment losses on trade receivables were recognized mostly in the gas segment in Romania.

Based on IFRS 9 requirements, net impairment losses on loans and receivables have been disclosed in a separate line item in profit or loss.

In 2022, significant part of impairment on trade receivables in amount of TEUR (1,053) is attributable to gas segment in Romania, in line with the growth of gas business in Romania. In 2022, write-off impairment losses on sold items are attributable to assigned receivables in the segment.

	2023 TEUR	2022 TEUR	2021 TEUR
Balance 1 January	15,175	13,540	12,355
Additions resulting from business combination	2,087	--	--
Impairment loss recognized in profit or loss	381	1,445	177
Reversal of impairment loss recognized in profit or loss	(1,486)	(200)	(356)
Write-off impairment losses on sold items	(1,470)	(1,160)	--
Release of impairment losses on written off items	(3)	--	--
Transfer to/from non-financial assets	--	1,657	--
Effects of movements in foreign exchange rate	278	(107)	1,364
Balance 31 December	**14,962**	**15,175**	**13,540**

29. Other operating income

	2023 TEUR	2022 TEUR	2021 TEUR
Rental income	787	558	521
Gain on sale of property, plant, equipment, and intangible assets	19	56	532
Other income	34,032	22,462	1,855
	34,838	**23,076**	**2,908**

In 2022, Other income is represented mainly by the Romanian State subsidy for price caps that are in place and that are recoverable from the Ministry of Energy.

For the years ended 31st December 2023, 31st December 2022 and 31st December 2021, the Group incurred net foreign currency losses which are disclosed under Other operating expenses.

30. Other operating expenses

	2023 TEUR	2022 TEUR	2021 TEUR
Loss on sale of property, plant and equipment	(180)	--	--
Net impairment losses on property, plant and equipment recognized (Note 8)	188	(523)	(26)
Net foreign currency losses	(1,968)	(1,974)	(576)
	(1,960)	**(2,497)**	**(602)**

31. Net finance income/expenses

	2023 TEUR	2022 TEUR	2021 TEUR
Interest income	2,323	1,156	106
Gain on revaluation of financial equity instruments at fair value through profit or loss (Note 12. Financial assets)	--	--	1,185
Total finance income	**2,323**	**1,156**	**1,291**
Interest expense	(10,668)	(9,496)	(5,447)
Fee and commission expense	(2,015)	(1,630)	(1,061)
Net losses from financial assets and liabilities	--	(43)	(33)
Total finance expense	**(12,683)**	**(11,169)**	**(6,541)**
Net finance expenses	**(10,360)**	**(10,013)**	**(5,250)**

	2023 TEUR	2022 TEUR	2021 TEUR
Interest income			
Due from banks and other financial institutions	2,146	890	21
Loans to corporations and other loans	177	266	85
Total finance income	**2,323**	**1,156**	**106**

	2023 TEUR	2022 TEUR	2021 TEUR
Interest expense			
Due to non-banks	(37)	(360)	(768)
Due to banks and other financial institutions	(10,015)	(8,681)	(4,612)
Interest on lease liabilities	(80)	(186)	(67)
Debt securities issued	(160)	(135)	--
Other	(376)	(134)	--
	(10,668)	**(9,496)**	**(5,447)**

32. Income tax expense

	2023 TEUR	2022 TEUR	2021 TEUR
Current tax expense			
Current year	(23,545)	(39,622)	(6,882)
Deferred tax expense (Note 21)			
Origination and reversal of temporary differences	(1,074)	(85)	(117)
Recognition of previously unrecognised tax losses	--	--	1,639
Other items	1,283	(1,549)	51
	209	(1,634)	1,573
Total income tax expense recognised in profit or loss	**(23,336)**	**(41,256)**	**(5,309)**

32. Income tax expense (continued)

Reconciliation of effective tax rate	2023 %	2023 TEUR	2022 %	2022 TEUR	2021 %	2021 TEUR
Profit before tax		**102,298**		**224,500**		**27,621**
Income tax using the domestic tax rate (see below)	(12.5)	(12,788)	(12.5)	(28,063)	(12.5)	(3,453)
Effect of tax rates in foreign jurisdictions	2.60	2,695	(3.10)	(6,863)	(4.8)	(1,325)
Items taxed at different tax rate	(10.8)	(11,060)	(0.8)	(1,861)	--	--
Non-deductible costs	(4.3)	(4,414)	(3.2)	(7,160)	(16.0)	(4,412)
Non-taxable income	2.1	2,107	1.8	4,128	11.0	3,052
Adjustments to prior year	(0.1)	(122)	(0.0)	(21)	--	--
Tax loss carried forward not recognised	(0.6)	(630)	(0.2)	(539)	(1.3)	(361)
Utilised tax loss not previously recognised	0.4	362	(0.0)	(21)	--	--
Other	0.5	514	(0.4)	(856)	4.3	1,190
Total income tax expense	**(22.7)**	**(23,336)**	**(18.4)**	**(41,256)**	**(19.3)**	**(5,309)**

	2023 TEUR	2022 TEUR	2021 TEUR
Current income tax assets	26	66	26
Current income tax liabilities	(3,946)	(3,126)	(3,965)
Net current income tax position	**(3,920)**	**(3,060)**	**(3,939)**

The following table represents deferred tax recognized in other comprehensive income in years 2023, 2022 and 2021:

	Before tax	Tax (expense) / benefit	Net of tax
	2023 TEUR	**2023 TEUR**	**2023 TEUR**
Revaluation of Gas distribution networks	10,604	(1,697)	8,907
Translation reserve	8,075	--	8,075
Total	**18,679**	**(1,697)**	**16,982**
	2022 TEUR	**2022 TEUR**	**2022 TEUR**
Revaluation of Gas distribution networks	137	(22)	115
Translation reserve	(2,941)	--	(2,941)
Total	**(2,804)**	**(22)**	**(2,826)**
	2021 TEUR	**2021 TEUR**	**2021 TEUR**
Revaluation of Gas distribution networks	8,291	**(1,327)**	**6,964**
Translation reserve	6,367	**--**	**6,367**
Total	**14,658**	(1,327)	13,331

32. Income tax expense (continued)

Corporate income tax rates for tax domiciles of entities in consolidated Group for fiscal years 2023, 2022 and 2021 can be summarized as follows:

	2023	2022	2021
Cyprus	12.5%	12.5%	12.5%
Romania	16%	16%	16%
Moldova	12%	12%	12%
Hungary	9%	9%	--
Serbia	15%	--	--

In Cyprus and Moldova, tax losses may be carried forward for five years. In Romania tax losses may be carried forward for seven years. Group companies may deduct losses against profits arising during the same tax year. The balance of tax losses which is available for offset against future taxable profits amounts to 10,726 for which no deferred tax asset is recognized in the special purpose consolidated statement of financial position because it is not probable that future taxable profit will arise. Out of that amount, the tax losses of TEUR 10,713 are attributable to Cypriot entities and will be expiring in the years 2026-2028.

Under certain conditions, interest income in Cyprus may be subject to defence contribution at the rate of 30%. In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

The Group operates mainly in Cyprus, Romania and Moldova. In Cyprus, the draft legislation to implement the global minimum top-up tax has not been enacted, thus there is no impact for current tax or for additional disclosures for Cyprus. The Group operates in Romania where the statutory tax rate is 16% and in Moldova, where the statutory tax rate is 12%. The Group expects to be subject to the top-up tax in relation to its operations in Moldova and it has been estimated that the effective tax rate is below 15%. There is no current tax impact for the year ended 31 December 2023. The impact for further periods is being estimated.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer also to other risks under Financial Risk Management note.

33. Related party transactions

The Group's parent company is EMMA ALPHA HOLDING LTD and the ultimate controlling party is Mr. Šmejc. Parent company of EMMA ALPHA HOLDING LTD is MEF HOLDINGS LIMITED.

(a) Transactions and balances with the parent company and the ultimate owner

	2023 TEUR	2022 TEUR	2021 TEUR
Interest income	--	201	2
Interest expense	--	(175)	(670)
Total transactions	**--**	**26**	**(668)**

In 2023, no loans were provided to the Group's parent company.

During 2022, entities within the Group provided to EMMA ALPHA HOLDING LTD loans in total amount of TEUR 20,709 that were fully repaid during 2022. Interest income of TEUR 201 was recognised in profit or loss.

During 2022, MEF HOLDINGS LIMITED provided a loan to Ecoenergia S.R.L. as part of the acquisition in the amount of TEUR 24,000 while EMMA ALPHA HOLDING LTD provided a loan of TEUR 1,000. Interest expense of TEUR 175 was recognised in profit or loss. The loans were fully repaid during 2022 primarily with new bank financing and some from cash flow generation within Ecoenergia S.R.L.

During 2021, the Group received a loan from EMMA ALPHA HOLDING LTD in the amount of TEUR 83,137, related to the payable for the shares in LIGATNE LIMITED, which was repaid before the year end. Interest expense of TEUR 670 was recognised in profit or loss.

Loan provided to EMMA ALPHA HOLDING LTD, amounting to TEUR 7,003, was made and repaid during 2021.

During the year 2021, the Company entered into a bank loan agreement for a facility in the amount of TEUR 80,000, under which EMMA ALPHA HOLDING LTD provides a guarantee up to the amount of TEUR 160,000.

33. Related party transactions (continued)

(b) Transactions and balances with other related parties

	2023 TEUR	2022 TEUR	2021 TEUR
Bank balances	7,844	5,515	9,656
Trade receivables	10	5	--
Provided loans	303	2,695	281
Trade payables	--	(70)	--
Loans received - due to non-banks	(547)	(3,965)	(1,736)
Total balances	**7,610**	**4,180**	**8,204**

	2023 TEUR	2022 TEUR	2021 TEUR
Interest income	5	31	--
Interest expense	(9)	(108)	(98)
Total transactions	**(4)**	**(77)**	**(98)**

As at December 2023, provided loans comprise interest-free loans provided to personnel with maturity date as at 31 March 2026 and 31 October 2032. The Group provided a new loan in the total amount of TEUR 10,000 that was fully repaid during the year. No impairment was recognized during the year.

The Group made total repayments of loans from other related parties of TEUR 491.

On 2 September 2022, a 20% stake in a newly acquired company was sold to a related party to the non-controlling shareholder of a Romanian subsidiary, for TEUR 1,660.

As at 31 December 2022, provided loans comprise loans provided to Alive Energy S.R.L. (non-controlling shareholder of ECOENERGIA S.R.L.) with maturity date as at 5 September 2029 and interest-free loans to personnel with maturity date as at 30 April 2028, 31 December 2028 and 31 December 2029. The Group provided a new loan of TEUR 2,534 and new tranches to outstanding loans of TEUR 283 and received repayments of TEUR 378 (including non-cash payments) during the year 2022. Provided loans in the table above comprise also loans provided to management with interest rate of 0,30% per annum and maturity date on 31 December 2029. During the year, provision of impairment loss on the above provided loans amounted to TEUR 51.

During the year 2022, the Group received loans at the total amount of TEUR 3,544 with interest rates between 3% - 6,65% and maturity date in 2023. The Group made total repayments on these loans of TEUR 677.

As at 31 December 2021, provided loans comprised interest-free loans to personnel with maturity date as at 31 December 2026. New loans at the amount of TEUR 180 and repayments of TEUR 131 were made during the year 2021. Provided loans in the table above comprised also loans provided to management. Repayments at the amount of TEUR 675 were made by the Group during 2021.

(b) Transactions and balances with key management personnel

Amounts included in profit or loss in relation to transactions with members of key management and members of Board of Directors of the Company are as follows:

	2023 TEUR	2022 TEUR	2021 TEUR
Remuneration payable to members of Board of Directors	66	113	7
Remuneration payable to key management personnel	1,004	483	500
Total balances	**1,070**	**596**	**507**
Remuneration of members of Board of Directors	418	251	572
Remuneration of key management personnel	3,556	2,973	2,823
Total transactions	**3,974**	**3,224**	**3,395**

Any outstanding remuneration balances for members of the Board of Directors and key management personnel as of 31 December 2023 will be paid during the 1st half of 2024.

33. Related party transactions (continued)

b) Transactions and balances with key management personnel (continued)

Loans provided to members of key management and members of Board of Directors of the Company are as follows:

	2023 TEUR	2022 TEUR	2021 TEUR
Loans provided to management	31	44	12
Total balances	**31**	**44**	**12**

The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group. Loans provided to management comprise interest-free loans with maturity date as at 31 December 2026.

During the year 2023, repayment at the amount of TEUR 13 was received by the Group.

During the year 2022, the Group provided to management the amount of TEUR 32. During the year 2021, repayment at the amount of TEUR 4 was received by the Group. No impairment loss was recognised on the above loan.

34. Contingencies

Tax inspections are frequent in Romania, consisting of thorough examinations of taxpayers' accounting records. Such inspections sometimes take place months or even years after the establishment of payment obligations. In Romania, the fiscal year remains open to inspections for a period of 5 years. Consequently, companies may owe taxes and fines. Moreover, tax legislation undergoes frequent changes, and authorities often demonstrate inconsistency in interpreting the law. The Romanian subsidiaries have not undergone any tax inspection in the past 5 years. The Group believes that it has timely and fully settled all taxes, duties, penalties, and punitive interest, as applicable. Management considers that it has appropriately recorded tax obligations in the special purpose consolidated financial statements; however, there remains a risk that tax authorities may adopt different positions regarding the interpretation of these issues.

35. Commitments

a) Capital commitments

According to ANRE decision No. 64 dated 22 February 2018 regarding the approval of methodology for electricity distribution tariff calculation, the Group carries out capital investments within the energy sector in order to improve or extend the infrastructure network in Moldova.

According to certain service concession contracts, the Group has investment commitments for gas network construction in Romania of approximately 186 km with an estimated value of EUR 14 million to be developed over the next few years. The Group has analysed the fulfilment of the obligations assumed by the concession contracts as at the date of these financial statements and considers that it has fulfilled its assumed obligations to date and there is no risk of penalties or termination of contracts.

b) Letters of guarantee

As at 31 December 2023, the Group has issued letters of guarantee for payment, good execution and tender participation in total amount of TEUR 14,285 (2022: TEUR 22,562; 2021: TEUR 4,584).

36. Events after the reporting period

On 9 April 2024, the Company increased its authorized share capital from EUR 100,001 divided into 100,001 ordinary shares of EUR 1 each to EUR 140,001 divided into 140,001 ordinary shares of nominal value of EUR 1 each by the issue of 40,000 additional authorized shares with a nominal value of EUR 1 each. On the same day, the Company subdivided its authorized share capital into shares of a smaller amount via a 1 to 1,000 stock split. The Company's authorized share capital was therefore subdivided into 140,001,000 ordinary shares of nominal value of EUR 0.001 each. Due to this change, the Company's issued share capital was subdivided from EUR 100,001 divided into 100,001 ordinary shares of EUR 1 each to 100,001,000 ordinary shares of nominal value EUR 0.001 each.

On 21 March 2024, the Company's shares were irrevocably and unconditionally released and discharged from the security pledge under bank loan G.

Also on 21 March 2024, the Group's supply tariffs in Moldova were decreased by ANRE by 2% while the Group's distribution tariffs were increased by 12%.

On 29 February 2024, the Group's 6 MW solar plant development near Budesti, Moldova became fully operational at a cost of TEUR 3,376.

On 27 February 2024, the Group's electricity distribution business in Moldova drew an additional USD 17.0 million (EUR 15.9 million) of financing from the EBRD and EIB to fund capital expenditure projects within the distribution network in Moldova.

On 21 December 2023, Premier Energy Plc entered into a sale and purchase agreement for the acquisition of the entire share capital of the Romanian company CEZ Vanzare S.A. for the consideration of TEUR 20,000 plus annualized interest of 10% between the signing date of 21 December 2023 and closing. The acquisition received Romanian Competition Council approval on 14 March 2024 and Foreign Direct Investment approval on 29 March 2024 and is expected to close during the month of April 2024.

On 7 December 2023, the Group entered into a business transfer agreement in exchange for EUR 18.7 million for the acquisition of an existing wind power plant of 18 MW power installed, with the possibility to extend the capacity with another 8 MW. The transaction received Foreign Direct Investment approval in Romania on 29 March 2024 and the Competition Council approval on 3 April 2024.

On 11 April 2024, the Board of Directors of PREMIER ENERGY PLC authorized these special purpose consolidated financial statements for issue.