ENCAVIS

Annual Report

2023

Group operating KPIs*

in TEUR	2019	2020	2021	2022	2023	+/- compared to previous year
Electricity production in GWh	1,728	2,073	2,755	3,133	3,354	7 %
Operating* revenues / operating* revenues after deduction of the electricity price cap	273,822 / 273,822	292,300 / 292,300	332,703 / 332,703	487,342 / 462,486	460,596 / 449,068	-5 % / -3 %
Operating* EBITDA	217,626	224,819	256,398	350,022	319,249	-9 %
Operating* EBIT	132,229	132,158	149,050	198,285	194,279	-2 %
Operating* EBT	76,627	76,488	87,345	137,079	129,863	-5 %
Group operating* earnings	63,446	68,291	77,004	101,242	102,485	1 %
Operating* EPS (in Euro)	0.43	0.43	0.48	0.60	0.60	0 %
Balance sheet total**	2,747,035	2,823,844	3,215,888	3,405,542	3,573,555	5 %
Equity	722,713	751,561	1,066,388	956,817	1,186,929	24 %
Equity ratio	26.3 %	26.6 %	33.2 %	28.1 %	33.2 %	-
Operating cash flow	189,315	212,947	251,941	327,235	234,876	-28 %
Operating cash flow per share (in Euro)	1.44	1.55	1.74	2.04	1.46	-28 %

* The Group operating KPIs are based solely on the company's operating profitability and do not take any IFRS-related valuation effects into account. The revenue includes sales totalling TEUR 11,528 (previous year: TEUR 24,856), which are skimmed off by the systems implemented throughout Europe to cap electricity prices, which is recognised as part of other expenses.

** Some of the figures for 2019 have been adjusted due to deferred tax assets and tax liabilities being recognised net for the first time in the 2020 financial year, thus making them not reconcilable with the corresponding annual reports.

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Foreword from the Management Board

Dear Shareholders,
Ladies and Gentlemen,

Encavis AG remains clearly on course for growth in the current 2024 financial year. We are working on shaping the turnaround in energy policy and consequently reducing the reliance on fossil fuels. Our Encavis Group wind and solar park portfolio, which is focused on Western Europe, is not affected by the war in Ukraine. Indirect effects from potential countermeasures taken by Russia in response to the sanctions imposed on the country are still not apparent at present. Despite the meteorologically weaker first half of 2023, our production volume for the past financial year exceeded the previous year's figure. The rise in production volume from 3,133 gigawatt-hours (GWh) to around 3,354 GWh in 2023 was mainly driven by the wind and solar parks acquired and connected to the grid for the first time in 2022. The overall output of the wind parks was lower than forecast due to the below-average weather conditions, while that of the solar parks was on target.

In the 2023 financial year, we acquired projects and project rights for around 550 megawatts (MW) of generation capacity, which corresponds to 1,000 GWh of electricity to be produced annually. This means that we have exceeded our own target of acquiring 750 GWh by a third - or more than 33 %!

Never before in our company's history have we acquired as many projects in a single financial year as in 2023. Today, we are able to acquire projects with significantly better returns than in previous years. The latest rise in interest rates on the market for financing the new parks will be more than offset by the lower purchase prices.

We continue to contribute to the major expansion of power generation capacity through renewable energies by realising profitable, low-risk projects. Our goal is to operate the wind and solar parks as efficiently as possible by largely standardising projects and contracts, enhancing the level of digitalisation we have achieved to date and taking additional measures. We want to operate parks profitably on the basis of private-sector contracts alone, without any subsidies. Our "Accelerated Growth Strategy 2027" focuses in particular on the core markets of Denmark, Germany, the Netherland, Italy and Spain.

The energy transition, i.e. the transformation of our energy production as a whole, must be a business case. As a company, we consistently optimise our business models and invest in sustainable processes and solutions. We, by which we mean not only industry, but also – regardless of party affiliation – policymakers, must shape the energy transition in such a way that it engages society and the economy as a whole and becomes successful for everyone. Our economic survival as a location also depends on whether we succeed in achieving this goal. That is what succeeding generations will judge us on.

Other countries such as China and the United States are making huge investments in this transformation. By contrast, uncertainty and scepticism prevail here. As a result, the biggest industrial transformation in 100 years will not take place in Germany. What we need now is a joint alliance of all democratic parties and a political framework that will last for several legislative periods. Transformation processes and the necessary investment decisions are designed for 20, 30 or 40 years and cannot be adapted or even revised after every change in the ruling coalition. We cannot and must not go back on commitments once we have made them. Only reliable prospects offer businesses planning and investment security.

By generating power from renewable energy, we are already making a crucial contribution to supplying environmentally friendly and sustainable energy. There is an abundance of sun and wind, and we are using them to drive a sustainable world. We have it in our hands to use all our resources sustainably in the long term and to continue to grow as a society and economy. As Encavis, we are paving the way into a green future as a Renewable Powerhouse with our approximately 230 solar parks and roughly 90 onshore wind parks in twelve Western European countries that are already saving around 1.3 million tonnes of harmful CO_2 a year. To learn more about our sustainability strategy, as well as the latest measures and ongoing achievements in our Group-wide ESG efforts and ambitions, please refer to our Encavis AG sustainability report, which will be published on our website in an environmentally friendly online-only format from 7 May 2024 on: https://www.encavis.com/en/sustainability/.

As expected, the Group generated net operating sales below the very high prior-year level of EUR 449.1 million in the 2023 financial year (previous year: EUR 462.5 million), but above the planned level (guidance: more than

EUR 440 million). Compared to the meteorologically very strong previous-year period in 2022, which was also characterised by very high electricity prices due to the war, electricity revenue fell due to a substantial drop in prices in some cases and a return to more normal weather conditions. We were able to partially compensate for this through the wind and solar parks that were recently acquired and/or connected to the grid, as well as through the revenue from the fully consolidated Stern subgroup. The price-related reduction in net operating sales of around EUR 46.4 million had a negative impact on operating EBITDA, which now stands at EUR 319.2 million (previous year: EUR 350.0 million) and therefore also exceeds the guidance of “more than EUR 310 million” by around 3 %. This results in an EBITDA margin of around 71 % in relation to the Group’s net operating sales. The decrease in this EBITDA margin was attributable to the inclusion of Stern Energy’s service business in the Group’s figures for the first time for the full-year period of 2023, since service business is associated with lower margins than electricity generation from renewable energy sources. In the PV Parks and Wind Parks segments, the operating EBITDA margin remained at its usual high level of more than 76 % after the deduction of revenue from the electricity price caps.

Operating earnings before interest and taxes (operating EBIT) fell only slightly to EUR 194.3 million (previous year: EUR 198.3 million) and also exceeds the guidance of “more than EUR 185 million” by a good 5 %. An operating financial result that fell only slightly despite the growth and significantly lower taxes on income compared to the exceptionally strong previous year ultimately lead to operating earnings per share of EUR 0.60, which is in line with the guidance and the previous year (both EUR 0.60). In these turbulent times, the Encavis business model is continuing to prove very resilient, with operating net revenue down on the previous year and operating earnings per share (operating EPS) at previous year levels.

The equity ratio as at 31 December 2023 increased from 28.1 % at the end of 2022 to 33.2 %. In this regard, the fully retained net profit for 2022 also had a positive effect.

Despite the reduced operating cash flow from operating activities in 2023 of EUR 234.9 million (previous year: EUR 327.2 million), cash available to the Group as at the end of 2023 for the Group’s further growth stood at EUR 375.6 million (previous year: EUR 344.4 million). The majority of the decline in operating cash flow was due to the considerably lower electricity prices, resulting in around EUR 46.4 million lower operating wind and solar park revenue (price effect). Tax payments that were around EUR 34.2 million higher than in the previous-year period, also contribute to the difference between the 2023 cash flow and compared to the previous year. Another factor was the provisions and liabilities recognised in the previous year, including for the price caps already expected at the time, which affected EBITDA but not cash flow. These provisions and liabilities led to payments in the 2023 financial year. Overall, the operating cash flow for 2023 is therefore only slightly below our expectations. Around EUR 20 million of the decrease, mostly tax receivables and receivables from guarantors and insurance companies, have been deferred to the current financial year 2024. A further EUR 12.4 million from the sale of individual assets was not recognised in operating cash flow but in cash flow from investing activities. Only EUR 12.7 million in tax payments from the previous year 2022, which were reported differently in the plan, remain as a difference.

Dear shareholders, the massive expansion of renewable energy generation capacity is the only sustainable, environmentally-friendly and most cost-effective form of energy generation. Together, wind and solar power will account for over 90 % of the renewable energy capacity added in the next five years. Solar energy installations and onshore wind parks remain the cheapest options for generating power in most countries. The energy crisis marks a historic turning point towards a cleaner and more secure energy supply. The European Commission’s plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, REPowerEU, of 18 May 2022 includes a special EU solar strategy to double photovoltaic capacity by installing new PV systems amounting to 320 gigawatts (GW) by 2025 and a total of 600 GW by 2030. This equates to more than four times the volume of new installations per year compared to the average installed capacity per year over the last ten years. The objective of covering 45 % of total final energy consumption using renewable sources by 2030 With its recently published power plant strategy, which aims to secure electricity demand during low-wind, dark periods (dark doldrums), the German government has once again made a clear commitment to phasing out coal and accelerating the expansion of renewable energies. Renewable energies already generate more than half of our electricity. According to the German government’s plans, they should cover 80 % of electricity generation by 2030. This is gigantic growth, and we at Encavis are front and centre!

After the end of the 2023 financial year, we concluded an investor agreement in March of this year with a consortium of investors led by KKR and including the family-owned company Viessmann. The aim is to enter into a strategic partnership for the long-term growth of Encavis. The investor consortium has announced its intention to make a voluntary public takeover offer for all issued shares of Encavis AG against payment of an offer price of EUR 17.50 per Encavis share in cash. The Management Board and Supervisory Board currently consider the offer to be advantageous for the company and our stakeholders, subject to the review of the offer document and in compliance with all due diligence and fiduciary duties.

We firmly believe that our “Accelerated Growth Strategy 2027” will enable you to benefit considerably more from the tremendous growth opportunities that arise for Encavis AG through growth investments in completely new dimensions and magnitudes than from the distribution of a dividend with a cash outflow that would reduce these investments. That is why we will propose to the Annual General Meeting that the entire consolidated earnings for the period be retained for the 2023 financial year and carried forward to new account, and that no dividend be paid per voting share. Given the historically unique growth that lies ahead of us, in which we intend to play a major role, we are convinced that this is the best decision in favour of all our shareholders.

We are delighted to be able to invite you once again this year to an in-person Annual General Meeting in Hamburg on 5 June 2024, and to talk to you personally.

In light of the Encavis Group’s business strategy, which is geared towards qualitative growth, and the yet again significantly reduced electricity price level, we expect only a moderate overall increase in our KPIs in the 2024 financial year. We aim to make up for a large part of the further significant drop in electricity prices through further revenue growth at Stern Energy, expanded wind capacities in Germany and a further increase in revenue at Encavis Asset Management in the current financial year. Most of the recent acquisitions from the previous year will not be completed until the end of 2024. As a result, they will not yet contribute to revenue in 2024. These new projects will be clearly reflected in the key figures in 2025.

Based on the existing portfolio as at 20 March 2024, and in anticipation of standard weather conditions for the 2024 financial year, the Management Board therefore expects a slight increase in operating revenue to over EUR 460 million (2023: EUR 449.1 million after deduction of electricity price caps of EUR 11.5 million). Operating EBITDA is expected to amount slightly more than EUR 300 million (2023: EUR 319.2 million). The Group anticipates operating EBIT of a bit more than EUR 175 million (2023: EUR 194.3 million). The Group expects operating cash flow of EUR 260 million (2023: EUR 234.9 million). The operating cash flow per share is therefore expected to amount to EUR 1.62 (2023: EUR 1.46). Overall, the Group remains fully on track for growth in line with the “Accelerated Growth Strategy 2027”.

We would be very pleased if you, our Encavis AG shareholders, would continue to place your trust in us and accompany us on our path towards significantly stronger growth. Stay healthy during these times, and stay tuned to see how, with dedication and sound judgment, we ambitiously seize the opportunities of this age and shape our future successfully.

Hamburg, March 2024

The Management Board

Dr Christoph Husmann
Spokesman of the Management Board and
Chief Financial Officer (CFO)

Mario Schirru
Chief Investment Officer (CIO)/
Chief Operating Officer (COO)

The Encavis share

Share's key figures

Listed since	28.07.1998
Subscribed capital	EUR 161,030,176.00
Number of shares	161.03 million
Stock market segment	Prime Standard
Dividend 2016 per share	EUR 0.20
Dividend 2017 per share	EUR 0.22
Dividend 2018 per share	EUR 0.24
Dividend 2019 per share	EUR 0.26
Dividend 2020 per share	EUR 0.28
Dividend 2021 per share	EUR 0.30
Dividend 2022 per share	EUR 0.00
Dividend 2023 per share	EUR 0.00
52-week high	EUR 17.16
52-week low	EUR 10.72
Share price (20 March 2024)	EUR 16.90
Market capitalisation (20 March 2024)	EUR 2,721 million
Indexes	MDAX, MSCI World, MSCI Europe, MSCI Germany Small-Cap, S&P Clean Energy Index, Solar Energy Stock Index, PPVX, HASPAX
Trading centres	Regulated market in Frankfurt am Main (Prime Standard) and Hamburg; over-the-counter market in Berlin, Dusseldorf, Munich, Stuttgart, Tradegate Exchange
ISIN	DE 0006095003
Designated Sponsor	M.M. Warburg & CO Bank; Raiffeisen Bank International AG
Payment office	DZ BANK

*) Dividend proposal by the Management Board and Supervisory Board to the 2024 Annual General Meeting.

Encavis AG financial calendar

Date	Financial event
2024	
26 March 2024	Publication of consolidated financial statements 2023 (after close of trading)
27 March 2024	Analyst conference call on the consolidated financial statements 2023 / 8.30 am CET
4 April 2024	Hauck Aufhäuser Investment Banking (HAIB) Roadshow, Paris, France
8 to 10 April 2024	RBI Zürs Investment Conference 2024, Zürs, Austria
11 April 2024	Hauck Aufhäuser Investment Banking (HAIB) Roadshow, London, United Kingdom
15 to 18 April 2024	Jefferies Roadshow Boston, Montreal, Toronto, USA / Canada
18 April 2024	M.M. Warburg: Meet the Future: Renewables Conference, Frankfurt am Main, Germany
23 April 2024	Quirin Champions Conference 2024, Frankfurt am Main, Germany
7 May 2024	Publication of sustainability reports for 2023 (after close of trading)
8 May 2024	Analyst conference call on the sustainability reports for 2023 / 8.30 am CEST
14 May 2024	Publication of interim statement for Q1/3M 2024 (after close of trading)
15 May 2024	Analyst conference call on the interim statement Q1/3M 2024 / 8.30 am CEST
16 to 17 May 2024	Hauck Aufhäuser Investment Banking (HAIB) Stockpicker Summit 2024, Kitzbuehel, Austria
21 to 22 May 2024	Jefferies' 5th Annual Renewables & Clean Energy Virtual Conference
23 May 2024	Berenberg European Conference 2024, Manhattan, New York, USA
24 May 2024	Interest payment on hybrid convertible bond 2021
5 June 2024	Annual General Meeting, Hamburg, Germany
6 June 2024	M.M. Warburg Highlights 2024, Hamburg, Germany
18 to 21 June 2024	THE smarter E – EMPOWER EUROPE, Munich, Germany
27 June 2024	ODDO BHF London Forum Quality Growth, London, United Kingdom
1 to 2 July 2024	DIRK Conference, Frankfurt am Main, Germany
14 August 2024	Publication of interim statement for Q2/6M 2024 (after close of trading)
15 August 2024	Analyst conference call on the interim statement for Q2/6M 2024 / 8.30 am CEST
2 September 2024	Interest payment on 2023 Green Schuldschein loan (SSD)
12 September 2024	Interest payment on 2018 Green Schuldschein loan (SSD)
23 to 24 September 2024	13. BAADER Investment Conference, Munich, Germany
23 to 25 September 2024	13. Berenberg & Goldman Sachs German Corporate Conference, Munich, Germany
1 October 2024	STIFEL Virtual Renewables Conference
13 November 2024	Publication of interim statement for Q3/9M 2024 (after close of trading)
14 November 2024	Analyst conference call on the interim statement for Q3/9M 2024 / 8.30 am CET
18 November 2024	BNP PARIBAS EXANE 7. MidCap CEO Conference, Paris, France
19 November 2024	DZ BANK Equity Conference 2024, Frankfurt am Main, Germany
19 to 20 November 2024	CIC Forum by Market Solutions, Paris, France
24 November 2024	Interest payment on hybrid convertible bond 2021
25 to 27 November 2024	Deutsches Eigenkapitalforum EKF 2024, Frankfurt am Main, Germany
11 December 2024	Interest payment on 2015 Schuldschein loan (SSD)

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board, as composed throughout the year, exercised its rights and duties in accordance with the law, the Articles of Association and the rules of procedure without restriction in the 2023 financial year. It regularly advised the Management Board in its management of the company and continuously oversaw material management measures for the Group. It also reviewed the risk management and compliance functions of the company and believes that they satisfy the requirements in full. The Supervisory Board was directly involved in all decisions of particular note for the company. The Supervisory Board approved individual transactions insofar as it was required to do so in accordance with the law, the Articles of Association or the rules of procedure.

The Management Board met its information obligations and informed the Supervisory Board regularly, promptly and extensively in writing and orally about the company's financial and economic position, strategic orientation, investment projects as well as risk management and compliance. The Supervisory Board discussed all measures requiring approval with the Management Board in advance. The Chairman of the Supervisory Board also received detailed information between the Supervisory Board's meetings and was therefore always aware of important issues for the company and the Group. The Management Board and the Supervisory Board jointly coordinated the Group's strategic orientation and development.

Four ordinary and one extraordinary Supervisory Board meeting were held in the 2023 financial year. All members of the Management Board were fully represented at all meetings, insofar as discussions of the Supervisory Board did not concern matters of the Management Board. All members of the Supervisory Board attended all Supervisory Board meetings in the 2023 financial year in accordance with their term of office. An overview of individual members' attendance can be found in the table below.

Meeting attendance of Supervisory Board members	Supervisory Board	Audit and ESG Committee	Personnel and Nomination Committee
In the 2023 financial year*			
Dr Rolf Martin Schmitz, Chairman (since the AGM on 1 June 2023; member of the Audit and ESG Committee since 1 June 2023)	5/5	1/2	4/4
Dr Manfred Krüper, Deputy Chairman (member of the Audit and ESG Committee until 1 June 2023)	5/5	1/2	4/4
Christine Scheel	5/5	-	-
Albert Büll	5/5	-	-
Prof. Dr Fritz Vahrenholt (Member of the Personnel and Nomination Committee until 1 June 2023)	5/5	2/2	2/4
Dr Henning Kreke	5/5	-	-
Dr Marcus Schenck (member of the Personnel and Nomination Committee since 1 June 2023)	5/5	2/2	2/4
Isabella Pfaller	5/5	2/2	-
Thorsten Testorp	5/5	-	4/4

* Attendance = number of meetings attended by the Supervisory Board member/total number of meetings.

The Management Board sent detailed reports and presentations to the members of the Supervisory Board before all Supervisory Board meetings. If decisions requiring approval had to be made, the documents contained detailed submissions to facilitate the decision-making and investment process. The Supervisory Board also passed resolutions in circulation procedures. The subjects of the resolutions passed by the Supervisory Board in circulation procedures included investment decisions on various investment proposals, such as at the beginning of the 2023 financial year concerning the acquisition of a German wind park under construction (11.2 MW). In the further course of the financial year, the Supervisory Board dealt with investment proposals on the complete acquisition of a ready-to-build solar park in Italy (30 MW), the start of construction of a solar park in Italy (38 MW), the acquisition of project rights for a battery storage project in Germany (12 MW), the acquisition of a ready-to-build Spanish solar park (28 MW), the acquisition of a Finnish wind park under construction (30 MW), the acquisition of project rights from a partnership for solar companies in Germany (138.2 MW) and the acquisition of a wind park under construction in Germany (17 MW). The resolutions also focused on financing measures, such as the approval of several guarantee credit agreements with a total volume of EUR 35 million. The Supervisory Board also approved the co-operation with badenova AG & Co. KG for the joint realisation of 500 MW of electricity generation capacity from renewable energies in Germany.

Scope of topics/focus of deliberations

In the first half of the 2023 financial year, the Supervisory Board's discussions and resolutions focused on the further development of the growth strategy until the end of 2027. In addition, the remuneration system for the members of the Management Board was adjusted with regard to ESG criteria and the German Corporate Governance Code. The Supervisory Board also dealt with the latest developments in the market, in particular in the PPA market, the development of a co-operation with badenova AG & Co. KG and electricity price trends in Europe in the relevant core jurisdictions.

In addition, the range of topics included the annual and consolidated financial statements as at 31 December 2022, which – at the recommendation of the Audit Committee and following discussions with the auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) – were approved by the Supervisory Board in its meeting on 27 March 2023. The Management Board and Supervisory Board also dealt with the preparation of the Annual General Meeting, which was held as an in-person meeting for the first time since the pandemic, and the associated implementation measures and legal requirements.

Other meetings centred on monitoring existing development partnerships, and forming new ones, as well as evaluating new opportunities relating to the expansion of the wind and solar park portfolio. New partnerships were established in the 2023 financial year, including a framework partnership with the German company Innovar Solar GmbH and an alliance with the Freiburg-based energy supply company badenova AG & Co. KG. The Supervisory Board also discussed the developments of national and European measures on the electricity market on a regular basis, particularly the planning concerning the expansion of renewable energies.

As part of the management report of the Encavis Group and its strategic development, discussions and consultations on the financing situation for new investments continued to play an important role. This is not only due to the change in interest rates within the 2023 financial year, but also due to the increased requirements in the area of ESG and sustainable investments on the part of the investors.

The Chairman of the Supervisory Board took part in the Corporate Governance Roadshow together with the company's Management Board at the end of October and beginning of November 2023. The Chairman of the Supervisory Board reported on the resulting findings and implementation measures at the December meeting of the 2023 financial year.

In addition, the Management Board reported to the Supervisory Board on the status of the company's pending ICSID arbitration proceedings against the Italian state and the possibility of a final arbitration award in the near future.

The Supervisory Board also addressed the development of electricity prices in Europe, the performance of the wind and solar parks and the status of investment projects. In addition, an outlook on current Group financing was provided. The agenda also included reports from the respective chairmen of both committees.

The Supervisory Board's deliberations also regularly focused on the presentation of investment resources, the development of the segments Wind and PV Parks as well as the Asset Management segment and financing for future projects. The Management Board regularly presented investment opportunities and discussed the current state of negotiations. In the process, the Management Board explained the financial conditions of these projects to the Supervisory Board in detail, along with the associated opportunities and risks. Opportunities to procure capital in order to finance further growth were also discussed in detail.

The Management Board reported on the development of the existing portfolio in all of the Supervisory Board's regular meetings. The development of other target markets was considered as well.

The investor agreement concluded by the company with an investor consortium led by KKR and Viessmann after the end of the 2023 financial year in March is also considered by the Supervisory Board to be advantageous for the company and its stakeholders at the current time, subject to the review of the offer document and in compliance with all due diligence and fiduciary duties.

Meetings of the Personnel and Nomination Committee

The members of the Personnel and Nomination Committee are Dr Rolf Martin Schmitz (Chairman), Dr Manfred Krüper, Thorsten Testorp and Dr Marcus Schenck. The committee was renamed at the Supervisory Board meeting on 28 March 2023, as the committee had already acted as the Nomination Committee in the past. In addition, the composition of the Supervisory Board was reconstituted at the Annual General Meeting for the 2022 financial year. Dr Marcus Schenck was appointed to the committee with effect from 1 June 2023. Professor Dr Fritz Vahrenholt has not been a member of the committee since 1 June 2023. In addition, Dr Rolf Martin Schmitz took over as Chairman on 1 June 2023. The Chairman thanked Professor Dr Fritz Vahrenholt for his work over the years.

The committee held four meetings in the past financial year. The Personnel and Nomination Committee dealt in particular with the changes to the remuneration system for members of the Management Board with regard to ESG criteria and the German Corporate Governance Code, as well as the adjustment of the remuneration system for Supervisory Board members.

The Personnel Committee extensively prepared all decisions on personnel matters that were made in plenary.

Meetings of the Audit and ESG Committee

The members of the Audit and ESG Committee are Ms Isabella Pfaller (Chairwoman) as well as Dr Rolf Martin Schmitz, Professor Dr Fritz Vahrenholt and Dr Marcus Schenck. The committee was renamed at the Supervisory Board meeting on 28 March 2023. The expansion of the scope of duties of the previous Audit Committee to include the strategically crucial topic of sustainability will also be reflected in the corresponding designation in future. The Audit and ESG Committee held two meetings in the past financial year. In March 2023, the Audit and ESG Committee dealt with the 2022 consolidated and annual financial statements and discussed these with the Management Board prior to their publication. The auditors attended the meeting and reported on the findings of their audits. The Audit and ESG Committee also dealt with the current status of the audit reviews and the governance report for 2023. It also determined the focal points of the audit for the 2023 consolidated and annual financial statements with the auditor at its last meeting at the end of the year.

In addition, the composition of the Audit and ESG Committee has changed. Dr Manfred Krüper has no longer been a member of the committee since 1 June 2023. Dr Rolf Martin Schmitz was appointed to the committee with effect from 1 June 2023. The Chairwoman thanked Dr Manfred Krüper for his work over the years.

In addition, some of the heads of the Group functions were available in the committee’s meetings for reporting and to answer questions on individual issues.

Corporate governance

In recognition of the fact that corporate governance significantly contributes to responsible, value-oriented management and control, the Supervisory Board also dealt with topics and issues relating to corporate governance in 2023. Together with the Management Board, the Supervisory Board issued an annual declaration pursuant to section 161 of the German Stock Corporation Act (AktG) on the recommendations contained in the German Corporate Governance Code. Further information on corporate governance can be found in the combined declaration on corporate governance in accordance with section 315 (5) in conjunction with section 289f of the German Commercial Code (HGB). The combined declaration on corporate governance also includes the corporate governance report prepared by the Management Board and the Supervisory Board and the declaration on the recommendations contained in the German Corporate Governance Code. The combined declaration on corporate governance can always be accessed on Encavis AG’s website.

The members of the Management Board and the Supervisory Board disclose any conflicts of interest to the Supervisory Board without delay. The Supervisory Board did not receive any notifications or indications of conflicts of interest on the part of the members of the Management Board and the Supervisory Board in the 2023 financial year.

Audit of the annual and consolidated financial statements

The Hamburg branch of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft is the auditor of the annual and consolidated financial statements. The auditing firm issued an unqualified audit opinion on the annual financial statements of Encavis AG and the consolidated financial statements of the Encavis Group. In order to monitor the independence of the auditor, the Audit Committee – in addition to confirming the auditor’s independence – also satisfied itself of the auditor’s compliance with the prohibition of inadmissible non-audit services. Furthermore, the committee has obtained assurance that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg branch, has implemented appropriate processes and measures for quality assurance, including for engagement acceptance and continuation as well as for independent engagement-related quality assurance. The Supervisory Board discussed the annual financial statements prepared pursuant to the German Commercial Code, the consolidated financial statements of Encavis AG and the combined management report in detail at its meeting on 26 March 2024, which the auditor also attended. The Management Board's proposal regarding the appropriation of net earnings was also discussed at the meeting. The consolidated financial statements in accordance with IFRS, the combined management report for Encavis AG and the Group, the annual financial statements of Encavis AG and the relevant auditor's reports were made available to all members of the Supervisory Board in due time. The auditors presented the most important findings of their audit and were available for further questions. The Supervisory Board raised no objections following its own examination and adopted the auditors' report. The Audit Committee discussed the annual and consolidated financial statements, the combined management report and Group management report, audit reports and the proposal on the appropriation of distributable profit at length in its meeting on 25 March 2024 in the presence of the auditors. The key audit matters were also discussed with the auditor. Following the Supervisory Board's own examination, there are no objections to be raised against the financial statements. The Supervisory Board therefore approved the annual financial statements of Encavis AG and the financial statements of the Encavis Group on 26 March 2024. The annual financial statements were therefore adopted. The Supervisory Board endorses the Management Board's proposal to carry forward the company's net retained profits for the 2023 financial year in full to new account.

Changes in the composition of the Supervisory Board

There were no changes in the composition of the Supervisory Board in the reporting year. Dr Rolf Martin Schmitz took over the role of Chairman from Dr Krüper, who is now his deputy.

Changes in the composition of the Management Board

There were no changes in the composition of the Management Board in the reporting year.

The Supervisory Board would like to thank and recognise the Management Board members and the employees of the companies of the Encavis Group for the work done in 2023, as well as for their dedication and personal contribution to the successful 2023 financial year.

Hamburg, 26 March 2024

For the Supervisory Board

Rolf M. Schmitz

Dr Rolf Martin Schmitz

Chairman


Dr Rolf Martin Schmitz (independent)
Chairman of the Supervisory Board


Dr Manfred Krüper
Deputy Chairman of the Supervisory Board


Albert Büll
Member of the Supervisory Board


Dr Henning Kreke (independent)
Member of the Supervisory Board


Isabella Pfaller (independent)
Member of the Supervisory Board


Christine Scheel (independent)
Member of the Supervisory Board


Dr Marcus Schenck (independent)
Member of the Supervisory Board


Thorsten Testorp
Member of the Supervisory Board


Prof. Dr Fritz Vahrenholt
Member of the Supervisory Board

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Management report and Group management report for the 2023 financial year

The Encavis Group

General information

The combined management report covers the Encavis Group (hereinafter referred to as the "Group" or "Encavis") and the parent company Encavis AG, registered in Hamburg, Germany. It was prepared in accordance with the provisions of the German Commercial Code (HGB) and in application of German Accounting Standard (DRS) no. 20.

Encavis AG prepares the individual financial statements in accordance with the accounting principles set out in the HGB and the consolidated financial statements in accordance with the accounting principles set out in the International Financial Reporting Standards (IFRS). The management report and Group management report are combined, whereas financial performance, financial position and net assets are presented separately.

The share capital comes to EUR 161,030,176.00, divided into 161,030,176 no-par-value shares. The average number of (undiluted) shares in circulation during the reporting period amounted to 161,030,176 (previous year: 160.756.644).

All disclosures in this report relate to 31 December 2023 or the financial year from 1 January to 31 December 2023, unless stated otherwise.

Basic information about the Group

Business model

Encavis AG, which is listed on the MDAX of the German stock exchange, makes use of the various opportunities to generate power using renewable energy. As an independent operator of environmentally friendly and emission-free power plant capacities, Encavis has continued to expand its generation portfolio since 2009. The company's core business is the acquisition and operation of onshore wind and solar parks. In the acquisition of new installations, the company focuses on a mix of projects in development, ready-to-build and turnkey projects, or existing installations that have guaranteed feed-in tariffs or for which long-term power purchase agreements (PPAs) have been concluded. The development projects or completed installations are generally located in geographic regions that stand out due to their stable political and economic conditions as well as reliable investment and framework conditions.

The rapidly growing business involving the technical operations and maintenance (O&M) of solar energy installations is run by the 80 % subsidiary Stern Energy S.p.A. The company, based in Parma (Italy), has already set up branches in Germany, The Netherlands, the UK and France, and is also looking to expand into Denmark and Spain going forward. This forms part of the company's strategy to further strengthen the Group's technical services and turn its O&M business into a leading platform for solar services for third-party customers in Europe.

Through its subsidiary Encavis Asset Management AG, Encavis also offers institutional investors attractive opportunities to invest in installations that generate renewable energy. The Asset Management field covers all services in this area, i.e. the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors.

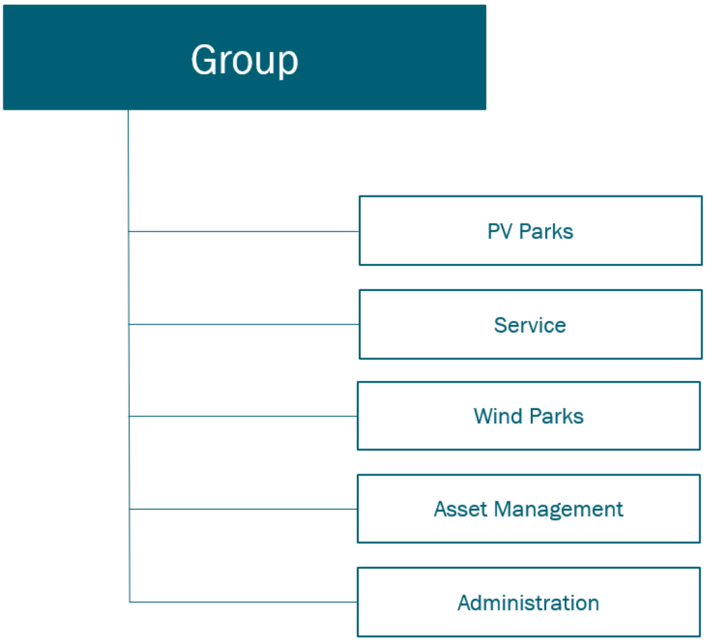
The Encavis portfolio currently comprises approximately 230 solar parks and 90 wind parks with a capacity of more than 3.5 GW in Germany, Italy, France, The United Kingdom, Austria, Finland, Sweden, Denmark, The Netherlands, Spain, Ireland and Lithuania. Of these, the Group operates more than 30 solar parks and around 50 wind parks for third parties in the Asset Management segment.

Encavis Group makes a significant contribution to a sustainable, clean energy supply by generating power from renewable energy. The Group's total electricity production during the year 2023 amounted to some 5.82 terawatt-hours (TWh). Of this figure, around 3.35 TWh was attributable to the wind and solar parks in the company's own portfolio, whose production is reflected in the revenue of the Group.

Group structure

Encavis AG is the parent company of the Encavis Group. In addition to Encavis AG, a total of 301 subsidiaries are reported as at 31 December 2023 (previous year: 276) are included directly or indirectly in the consolidated financial statements.

The diagram illustrates the Group's segments as at 31 December 2023:



PV Parks	This segment comprises all of the company's solar parks in Germany, Italy, France, The United Kingdom, The Netherlands, Spain, Denmark and Sweden, as well as any holding companies.
Service	This segment consists of Encavis Technical Services GmbH and the Italian company Stern Energy S.p.A., which has been fully consolidated since the 2022 financial year, as well as its national service companies in Germany, The United Kingdom, France and The Netherlands. In addition, this segment includes other service companies and battery storage solutions, as well as the business transactions of Encavis AG allocated to this segment.
Wind Parks	This segment includes all of the company's wind parks in Germany, Italy, France, Denmark, Finland and Lithuania, as well as the associated holding companies.
Asset Management	The Asset Management segment includes the business activities of Encavis Asset Management AG and those activities undertaken by Encavis GmbH relating to the asset management field and other companies assigned to this field.
Administration	This segment comprises administrative business transactions concluded by the parent company of the Group, Encavis AG, as well as Encavis GmbH business activities allocated to this segment. This segment also includes Encavis Finance B.V. and other companies allocated to the Administration segment.

Internal control system of Encavis

Encavis' main aim is to generate profitable growth and therefore increase the company's value. The Management Board is informed about current developments on a regular basis as regards the implementation and monitoring of targets. The information received covers technical and commercial aspects of existing parks such as the cumulative power production and the technical availability and technical performance of installations, and the integration of newly acquired wind or solar parks into the Encavis Group. Potential investment opportunities and spare cash available for investment purposes are also discussed by the Management Board. The liquidity of operating wind and solar parks is monitored on a continuous basis, which allows the Management Board to respond to circumstances at short notice and to take suitable measures.

The forecast for the following financial year is also published in the annual report. It is based on the detailed plans provided by the individual Group companies. The published forecast is reviewed quarterly and adapted by the Management Board where required.

Encavis' earnings indicators, EBITDA and EBIT, sometimes include material non-cash valuation effects resulting from the application of IFRS. These include income from the cancellation of the interest benefit from subsidised loans (government grants) and, in the past, the differences determined in the course of purchase price allocations for the first-time consolidation of new wind and solar parks. Due to the adjustment of the definition of a business associated with the amendment to IFRS 3, acquisitions of new wind and solar parks are generally no longer accounted for as business combinations, but as acquisitions of assets. In this context, the difference between the purchase price and the revaluation of equity is no longer recognised as goodwill (balance sheet item) or badwill (in profit or loss), but rather allocated to the individual material assets and capitalised.

As a result, Encavis publishes earnings adjusted for these effects which we believe reflects the company's operating profitability and development in a substantially more transparent and sustainable manner.

The earnings forecast for the 2024 financial year in the "Future outlook" section is also based on these adjusted financial figures.

The main financial and non-financial control parameters used internally within the Group that are orientated towards the interests and expectations of shareholders include:

- operating cash flow
- technical availability (Wind Parks segment) or future technical performance (Solar Parks segment) of the plants
- Adjusted operating revenues
- adjusted operating EBITDA
- adjusted operating EBIT
- operating earnings per share (until 2023)
- Operating cash flow per share (from 2024)

The achievement of key figures with regard to technical installation availability (Wind Parks segment) or technical performance going forward (PV Parks segment), kilowatt-hours (kWh) produced and the resulting revenue is presented in the regular performance report and discussed within the Management Board.

In the PV Parks segment, technical performance rather than technical availability will be used for internal system management in future. This parameter expresses how high the deviation of a plant's production is compared to its planned production, taking into account the prevailing weather conditions. For this purpose, the planned and actual data for irradiation and production are compared in order to provide as accurate a picture as possible of the performance.

Operating cash flow is determined using the indirect method in accordance with IAS 7. Interest payments are reported in full in the cash flow from financing activities. The operating cash tax expense is included in the operating cash flow.

The focus in investment decisions in particular is on the expected internal rate of return (IRR) that reflects the return on the capital invested or the return on the investment over a multi-year period. The return on equity (ROE) is also an important parameter in investment decisions. It reflects the relationship between adjusted operating earnings after interest and taxes (operating EAT) and the equity invested. Qualitative and strategic criteria such as stable remuneration systems, high-quality components and attractive financing terms are also taken into consideration.

The key figures "Adjusted operating revenue", "Adjusted operating EBITDA" and "Adjusted operating EBIT" are derived from the IFRS earnings figures of revenue, EBITDA and EBIT and are adjusted for the following effects.

Operating sales = IFRS sales less the following effects:

- Component of IFRS revenue that has not become cash-effective, taking into account compensation payments from power purchase agreements recognised in accordance with hedge accounting rules

Operating EBITDA = IFRS EBITDA less the following effects:

- already adjusted effects from operating revenue
- income and expenses resulting from the disposal of financial assets and other non-operating cash income
- other non-cash income, primarily from the reversal of the interest benefit from subsidised loans (government grants) and profit from business combinations (badwill)
- non-cash share-based remuneration and other non-operating expenses
- selected one-off effects

Operating EBIT = IFRS EBIT less the following effects:

- already-adjusted effects from operating EBITDA
- depreciation, amortisation, impairment losses and reversals of impairment losses on intangible assets acquired as part of business combinations
- impairment losses and reversals of impairment losses following impairment tests on assets resulting from purchase price allocations
- depreciation, amortisation, impairment losses and reversals of impairment losses on step-ups on property, plant and equipment acquired in business combinations

The financial control parameters for Encavis AG are – with the exception of revenue and the technical availability of installations – essentially identical to the key figures used in the Group. EBITDA and EBIT adjustments at Encavis AG mainly relate to effects from disposals of financial assets, from currency translation and from other non-cash income.

Economic report

Economic framework conditions

Global economy remains robust in a difficult environment, but continues to lose momentum

In 2023, the global economy was slow to recover from the negative effects of the pandemic, the Russian invasion of Ukraine and the sharp rise in the cost of living. Although the problems in the global supply chains were largely overcome, additional geopolitical conflicts did not reduce the uncertainties regarding further economic development over the course of the year. According to the International Monetary Fund (IMF), global gross domestic product (GDP) increased by approximately 3.1 % year on year, compared to 3.5 % in 2022. As a result, growth momentum weakened slightly for the second year in a row.

The successive increases in key interest rates by central banks had a positive effect on the inflation rate over the course of the year. The US Federal Reserve (Fed) raised its benchmark rate to a range of 5.25 % to 5.50 % in July 2023. A while later, the European Central Bank (ECB) followed suit and set its benchmark interest rate to 4.50 % in September 2023. This served to curb the soaring prices and caused a noticeable reduction in global inflation. The annual average global inflation rate fell by just under two percentage points to 6.9 %, meaning that both the Fed and the ECB are expected to change their monetary policy by making initial interest rate cuts over the course of 2024. However, the more restrictive stance of global central banks led to an increase in financing costs for companies and private households.

Advanced economies were particularly hard hit by the slowdown in growth momentum, with the growth rate falling from 2.6 % in 2022 to 1.6 % in the reporting year. The economies of the eurozone also perceptibly felt the impact of the negative factors. According to the IMF, GDP growth in the eurozone for 2023 as a whole was just 0.5 % – a decline in the growth rate of 2.9 percentage points compared to the previous year. The performance of the major economies in the eurozone was very mixed. Spain and Italy performed particularly well, benefiting from a significant recovery in the service sector and tourism.

According to calculations by the German Federal Statistical Office (Destatis), the German economy was significantly affected by the negative impact of the high price level on all levels of the economy in 2023. Rising interest rates led to a deterioration in financing conditions, and demand from Germany and abroad fell noticeably. Overall, price-adjusted GDP fell by 0.3 %, following growth of 1.8 % in the previous year. This made the German economy the only major economy in the world to shrink in 2023. Private consumer spending fell by 0.8 % due to the drop in demand as a result of high consumer prices. Likewise, government consumption expenditure fell by 1.7 % compared to the previous year. The end of the government-financed coronavirus measures in particular had a negative impact here. Construction investment also fell by 2.1% on a price-adjusted basis. By contrast, investments in equipment developed positively, with a price-adjusted increase of 3.0 % that was driven by the rise in new commercial vehicle registrations. The increase in new commercial vehicle registrations was boosted by the environmental bonus for electric vehicles in the company car segment, which is valid until August 2023.

Stabilisation of the global economy expected in 2024

The IMF is forecasting stabilisation, with an unchanged global GDP growth rate of 3.1 % for 2024. However, a sustained return to the dynamic growth path of the pre-pandemic years (2000-2019), with an average annual growth rate of 3.8 %, should not be expected. The economic and geopolitical environment will remain challenging in 2024. The advanced economies in particular are likely to see weaker growth, with stronger demand for services not fully offsetting lower demand for industrial products. In addition, the Chinese economy is likely to remain the growth engine for the global economy in 2024. The ongoing property crisis led to deflation in the second half of 2023, which is expected to continue at the beginning of the year. According to the IMF, global inflation will continue to fall. However, the anticipated global inflation rate of 5.8 % for 2024 as a whole is unlikely to comply with the target corridors of leading central banks.

Industry-specific conditions

Renewable energies remain on a dynamic growth trajectory

According to the International Energy Agency (IEA), the global expansion of renewable energy capacity in 2023 will be the largest for the 22nd year in a row with a new record level of around 510 GW. This corresponds to a growth rate of around 50 %, the highest growth rate in the past two decades. While the expansion of renewable capacities in Europe, the United States and Brazil reached new highs, the pace of expansion in China was exceptionally high. In terms of capacity, China commissioned as many photovoltaic systems in 2023 as the entire world in 2022, while the number of wind power plants added increased by 66 % compared to the previous year.

The increasing speed of capacity expansion for renewable energies reflects political and social changes in large parts of the world. This is also illustrated by the declarations of intent made at the end of the 28th session of the UN Climate Change Conference (COP28). One hundred twenty-three countries have committed to working together to triple the global installed capacity for renewable energies to at least 11,000 GW by 2030. Together with an increase in energy efficiency, the intent is to achieve the goal of limiting global warming to a maximum of 1.5 degrees. The conference’s decision to herald the beginning of the end of the fossil fuel era is also a sign of political and social change. However, this goal can only realistically be achieved if global renewable energy capacities continue to expand dynamically.

Global expansion of renewable capacities expected to reach 7,300 GW by 2028

In its January 2024 study “Renewables 2023 – Analysis and forecasts to 2028”, the IEA forecasts an expansion of global renewable energy capacities to an estimated 7,300 GW by 2028. Despite being remarkable, this growth will not be enough to achieve the target agreed at COP28 under the current political and economic conditions. According to the IEA, the insufficient investment in grid infrastructure in particular must be increased, and the cumbersome administrative and authorisation procedures accelerated, in order to close the gap by 2030. Based on the IEA’s main forecast, almost 3,700 GW of new renewable energy capacity will be commissioned between 2023 and 2028, roughly 95 % of which will be attributable to photovoltaic and wind power plants. Renewable energies are expected to be the largest source of electricity generation as early as 2025, overtaking electricity generation from coal. By 2028, renewable energy sources are expected to account for more than 42 % of global electricity generation, with the share of wind and solar energy doubling to 25 %.

Private-sector power purchase agreements continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional forms of energy generation, as well as companies' clear commitments to maintaining an eco-friendly energy balance (such as outlined in the RE100 initiative), is increasing the momentum in the private-sector power purchase agreements market. Power Purchase Agreements are gaining in significance on account of falling subsidies, ever-growing demand for renewable energy sources and the need for a stable and secure energy supply. Industrial companies are acquiring shares in large renewable energy projects and entering into PPAs to ensure a long-term supply of electricity to their production facilities.

Developments in European core markets

The European Union (EU) is one of the most active players and drivers of global energy policy change. According to initial figures, the share of renewable energies in total net electricity generation in 2023 was around 43 %. Wind energy (onshore and offshore) contributed 18.9 %, run-of-river and storage hydropower 12.6 %, photovoltaics 8.1 % and biomass 3.2 % to total net electricity generation. The EU is continuously promoting the expansion of renewable energies through political measures. In June 2023, the member states adopted a comprehensive revision of the EU Renewable Energy Directive (RED) that significantly raised the European target for renewable energies from 32 % to 45 % in 2030, roughly doubling the envisioned renewable energy expansion between now and then. To achieve the targets, more than 100 GW of new wind and solar power plants will have to be installed each year. The higher EU targets that have now been approved also provide the framework for additional measures and detailed strategies for individual sectors. For example, the EU's solar strategy envisages almost tripling photovoltaic capacity to 600 GW by 2030.

Updates to the regulations to speed up authorisation procedures for the expansion of renewable energies and the grid infrastructure is expected to deliver a further boost for the expansion of capacity. The plan to do so was originally adopted in the EU emergency regulation and extended accordingly in 2023. The aim behind classifying the expansion of renewable energy and grid infrastructure as a project of overriding public interest was to noticeably shorten the lengthy approval procedures and make it possible to complete projects faster, especially in "go-to" areas for renewables. By 2050, Europe intends to be the first continent in the world to be fully climate neutral and plans to have implemented the Green Deal.

Germany

In Germany, renewable energy accounted for around 59.7 % of public net electricity generation in 2023. That figure marks a new record and exceeded the previous year's level by 10.1 percentage points, according to initial data from the Fraunhofer Institute for Solar Energy Systems ISE from early January 2024. In total, around 260 TWh of electricity production came from renewable energy – roughly 7.2 % more than in the previous year. The share of electricity consumption (load) accounted for by renewable energy stood at 57.1 %, compared to 50.2 % in 2022. Taking all electricity sources into account, the load on the electricity grid totalled 457 TWh for the year as a whole, continuing the downward trend that was already apparent over the course of the year. In the previous year, the load was still around 483 TWh.

As in previous years, wind energy was the most important source of renewable energy. In 2023 as a whole, wind installations (onshore and offshore) produced around 139.8 TWh, which corresponds to an increase of 14.1 %. As a result, they accounted for around 32 % of public electricity generation. The share of onshore wind installations rose from 99.0 TWh to 115.3 TWh, while the share of offshore wind turbines remained slightly below the previous year's level of 24.8 TWh at 23.5 TWh. Photovoltaic systems produced around 59.9 TWh in 2023, of which 53.5 TWh was fed into the public grid and 6.4 TWh was used for own consumption. Despite several months with little sunshine, that total was only slightly below the previous year's level of around 61 TWh. At the same time, electricity generation from solar energy reached an all-time high of around 9 TWh in June 2023. The two other renewable energy sources, hydropower and biomass, contributed 20.5 TWh and 42.3 TWh respectively to electricity generation. Electricity production from nuclear and fossil plants declined significantly. Net production for public electricity consumption from lignite plants fell by around 27 % to 77.5 TWh and from black coal plants by around 35 % to 36.1 TWh. Public net electricity generation from natural gas rose slightly by 1.3 % to 45.8 TWh. Following the shutdown of the last three nuclear power plants in April 2023, nuclear energy contributed just 6.7 TWh to public electricity generation, compared to 32.8 TWh in the previous year.

According to initial figures from the German Federal Network Agency (Bundesnetzagentur), the installed capacity of renewable energy sources in Germany rose by 12 % to just under 170 GW in 2023. At 14.1 GW, the expansion of photovoltaic capacity almost doubled compared to the previous year and significantly exceeded the expansion target of 9 GW due to both the increased installation of photovoltaic systems on commercial roofs and strong growth in private systems. At the end of the year, total installed photovoltaic capacity in Germany was 81.7 GW. The increase in wind energy capacity was somewhat more subdued, falling short of the planned figure. Onshore wind turbines with a capacity of 2.9 GW and offshore wind turbines with a capacity of 0.3 GW were newly installed in 2023. The reason for the slower development is often the long approval period for planned installations. At the end of the year, installed capacity from wind turbines totalled 69.4 GW, of which 60.9 GW was attributable to onshore wind turbines and 8.5 GW to offshore wind turbines.

In 2023, the German government created a broad basis for an acceleration of planning, approval and construction of renewable energy installations through regulatory initiatives, specifically the amended German Renewable Energy Act (EEG), which entered into force on 1 January 2023, and the photovoltaic and onshore wind strategies published in May 2023. For the first time, the new EEG is consistently and systematically aligned with the 1.5-degree path under the Paris Agreement. The aim is for 80 % of Germany's gross electricity consumption to come from renewable energy sources in 2030. The photovoltaic strategy of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) includes a comprehensive series of measures for achieving this ambitious goal, such as easier planning and approval processes for new installations and more attractive and simpler conditions for new photovoltaic roof systems. The plans also call for a streamlined process to obtain new spaces for the expansion of solar and wind energy and involving communities more closely. The aim of the BMWK's onshore wind strategy is to accelerate the expansion of onshore wind power. It contains a total of 12 fields of action aimed at minimising the main barriers to progress. The focal points include accelerated approval processes for wind projects, the immediate mobilisation of land and faster repowering.

The pace of expansion needs to increase fundamentally in order to double the share of renewable energy from 40 % to 80 % by 2030. In terms of solar energy, the EEG envisions an installed total output of 215 GW, meaning that the annual rate of photovoltaic expansion will have to triple from some 7 GW in 2022 to 22 GW. The expansion targets for onshore wind energy are 115 GW in 2030 and 157 GW in 2035, which corresponds to an annual expansion of 10 GW. The expansion targets for offshore wind energy are to be increased to at least 30 GW by 2030 through a new site development plan for the expansion of offshore wind energy that Germany's Federal Maritime and Hydrographic Agency (BSH) published in January 2023. The plan takes things yet a step further and starts laying the groundwork for exceeding the expansion target of 40 GW by a substantial 10 GW by 2035.

Denmark

As a pioneer in the field of renewable energies, Denmark is well on its way to achieving independence from fossil fuels. In July 2023, the Danish government published an update to the National Energy and Climate Plan (NECP), in which it confirms its intention to accelerate the expansion of renewable energies. It has also brought its climate neutrality target forward by five years to 2045. Additional offshore wind parks with output of at least 9 GW are planned to achieve these targets. In addition, the "energy island" in the North Sea is expected to generate at least 3 GW in 2033 and 10 GW in 2040. In October 2023, the Danish government also presented a plan to accelerate the expansion of renewable energy on land. A central component is more effective authorisation processes and 32 areas spread across the entire country that could be considered as energy parks for solar and wind energy. At the end of February 2024, the National Energy Crisis Task Force NEKST published a total of 27 specific recommendations for the accelerated expansion of renewable energies. This also includes various measures for faster authorisation processes. The recommendations are to be successively translated into corresponding regulations and laws by the Danish government.

In 2023, renewable energies accounted for roughly 80.2 % of the country's total net energy generation. Of this total, 34.1 % was attributable to onshore wind turbines, 25.4 % to offshore wind turbines, 11.5 % to biomass and 9.2 % to photovoltaic systems. Around 32.6 TWh are fed into the public grid.

Finland

Finland has set itself one of the most ambitious climate targets in the world and wants to be the first industrialised country on the planet to be climate-neutral by 2035 – 15 years ahead of the EU target. The basis for achieving this goal is the update of the NECP, which has so far been available as a draft. The law calls for a 60 % reduction in emissions by 2030, with targets of 80 % by 2040 and 90 to 95 % by 2050 compared to the base year (1990). Renewable energy plays an important role in Finland's climate policy. Finland has already met the 2030 target set by the European Union of covering at least 40 % of gross energy consumption through renewable energies since the year before last. The expansion of wind energy in particular is progressing rapidly. At the end of 2023, the total installed capacity from wind turbines was 6.9 GW. The realised expansion of 1.2 GW is the second-highest figure in Finland's history. However, the country did not manage to maintain the previous year's pace.

In 2023, renewable energy accounted for 45.4 % of total net energy generation in the country. The most important renewable energy sources were run-of-river plants, with a share of 19.4 %, onshore wind installations, with 18.9 %, and biomass, with 7.1 %. The importance of burning fossil fuels has continued to decline. Their share of the electricity mix has been cut in half, from around 16 % to just 8.1 %. Nuclear energy remained the most important source of energy, accounting for 44.2 % of net electricity generation – an increase of 6.3 percentage points compared to the previous year.

France

The French government still bases its energy policy on a mix of renewable energy and nuclear energy, so its targets for expanding renewable energy are somewhat less ambitious. Although France wants to reduce its greenhouse gas emissions and become climate-neutral by 2050, it refrains from naming specific targets for renewable energies in the draft law on energy sovereignty. As a result, the French government has not addressed the targets of the EU Renewable Energy Directive adopted in 2023. Only for nuclear energy does the draft contain the specific target of building at least six and a maximum of 14 new nuclear power plants. The expansion targets for renewable energy are to be set by the government at a later date with a view to energy sovereignty. The government presented initial figures on the matter in November 2023. Accordingly, the capacities of offshore wind turbines are expected to double to 18 GW by 2035, with onshore wind turbines likewise doubling to 40 GW by that deadline. An annual expansion rate is planned for photovoltaic systems, which should lead to an installed capacity of 75 GW in 2035. However, the proposed capacities represent “trends” rather than specific targets. In principle, the French government favours “decarbonisation targets”, which take nuclear power rather than renewable energy into account or give it preference.

United Kingdom

The United Kingdom has set itself a central climate policy goal of net zero greenhouse gas emissions by 2050. The details of the climate policy action and targets were set out in the “Net Zero Strategy: Build Back Greener” paper, which was updated in April 2022. The UK’s energy policy development centres on wind power (onshore and offshore). Offshore wind power capacities are to be expanded to 50 GW by 2030, with plans to decarbonise the energy sector by 2035. The plans do not call for a complete rejection of nuclear power, however.

At the end of November 2023, the British government unveiled plans to further boost renewable energies in the UK. Government investment totalling around GBP 960 million is intended to accelerate the expansion of capacity in key net-zero sectors such as wind energy (offshore), grid infrastructure, hydrogen and nuclear energy. By doing so, the government aims to ensure the achievement of the ambitious climate targets. In addition, the package of measures presented includes plans to halve the construction time for high-voltage lines from 14 to seven years and to drastically reduce the time it takes to connect individual energy projects to the grid from five years to six months.

According to the Department for Energy Security & Net Zero, renewable energy accounted for 44.5 % of electricity generation in the third quarter of 2023, which was almost seven percentage points higher than in the same quarter of the previous year. At the same time, electricity generation from fossil fuels fell by 31 %. Electricity generation from renewable energy totalled 30.1 TWh – 6.8 % more than in the third quarter of 2022, and a record figure for a third quarter. A total of 2.9 GW of new renewable energy capacity was installed over the course of last year. Of this total, 0.9 GW is attributable to offshore wind turbines, 1.1 GW to photovoltaic systems and 0.8 GW to onshore wind turbines, representing an increase of 5.4 %.

Ireland

In December 2022, the Irish government unveiled its Climate Action Plan 2023 (CAP23), the second annual update of the 2019 climate action plan. It specifies the measures that will be necessary to cut greenhouse gas emissions in half by 2030 and achieve net zero emissions by 2050. One cornerstone of CAP23 involves expanding the share of renewable energy to 80 % by 2030. Specifically, installed capacities from onshore turbines are set to rise to 9 GW by that time, with installed capacities from offshore turbines and photovoltaic installations projected to increase to 5 GW and 8 GW, respectively.

In the first half of 2023, renewable energy accounted for 43.0 % of Irish electricity generation. According to the Sustainable Energy Authority of Ireland (SEAI), this corresponds to a slight increase of 0.9 % compared to the same period of the previous year. At the end of September 2023, energy generation from wind temporarily exceeded total Irish electricity demand for the first time ever, reaching a new high of 3.6 GW. This continues the positive trend according to

Wind Energy Ireland (WEI), with the previous monthly records for wind power generation having already been beaten in both July and August 2023.

Italy

In the 2023 update of the NECP, the Italian government formulated even more ambitious expansion plans for renewable energies. The plan centres on a gradual exit from coal-fired power generation by 2025, efforts to increase the share of energy consumption covered by renewable energy to 55 % and carbon neutrality by 2050. Following the government's announcement that it will stop importing natural gas from Russia by 2025, increased efforts to expand renewable energy will be necessary in order to achieve the targets. Accordingly, Italy plans to significantly expand its installed photovoltaic and wind power capacity. Capacity from photovoltaic installations is set to rise from 35.9 GW in 2022 to 71 GW in 2030. Installed capacity from onshore and offshore wind turbines is expected to be increased from 11.7 GW to 19 GW during the same period. Italy would need to add almost 4 GW a year on average to achieve the target outlined in the NECP. Even faster growth of 5 GW a year on average would be needed if it wanted to achieve the more ambitious targets under the Fit-for-55 package (FF55). In November 2023, the Italian government adopted a comprehensive package of measures that is expected to involve investments totalling around EUR 27 billion. The measures include the selection of two sea areas off the southern Italian coast for the construction of new offshore wind turbines, the promotion of carbon capture facilities and the accelerated expansion of LNG terminals.

Renewable energy accounted for around 41 % of Italy's total net electricity generation in 2023. The mix of renewable energies essentially comprised hydropower, photovoltaics, wind power (onshore), biomass and geothermal sources. A total of around 221.5 TWh was fed into the public grid in Italy in the 2023 reporting year.

Lithuania

The expansion of renewable energies, and with it the politically desired independence from imported electricity from fossil fuels, progressed as planned in 2023. The installed capacity of wind turbines (onshore) exceeded the 1 GW mark, indicating that 20 % of the ambitious expansion target for the most important Lithuanian energy source has already been achieved. The Ministry of Energy is currently planning the construction of two offshore wind parks with a capacity of 1.4 GW in the Lithuanian Baltic Sea, which could cover around half of Lithuania's current electricity needs. The NECP, which was revised in mid-2023, envisages a number of targets, such as being able to cover at least 55 % of total final energy consumption from renewable energy sources by 2030 – including 100 % of electricity needs and 90 % of district heating needs. The share of locally generated electricity is planned to increase from 35 % to 70 % by this date, and the share of renewable energy in the transport sector is to increase to 15 %.

In 2023 as a whole, renewable energy accounted for roughly 80 % of net electricity generation. At 48.9 %, wind installations (onshore) were by far the most important energy source, followed by photovoltaic systems (13.2 %), run-of-river (7.9 %) and biomass (5.9 %). A total of around 4.9 TWh was fed into the public grid in Lithuania.

The Netherlands

As part of the updated NECP, the Dutch government has significantly tightened some of the climate targets it has set itself. Accordingly, greenhouse gas emissions are to be reduced by at least 55 % by 2030 and 95 % by 2050 compared to the reference year (1990). In April 2023, the government approved an additional package of measures designed to facilitate the achievement of this ambitious target. In the second half of the year, roughly EUR 420 million was released for the construction of storage power plants, which are to be linked to large freestanding photovoltaic arrays or roof systems.

According to the Nationaal Klimaat Platform, around 50 % of the electricity consumed in The Netherlands in 2023 came from renewable energies. At 17.6 %, photovoltaic systems made the largest contribution, followed by onshore wind turbines (15.1 %) and offshore wind turbines (9.9 %). The continuous expansion of offshore wind power capacity has resulted in a total installed capacity of 4.7 GW, exceeding the target of at least 4.5 GW set in the energy agreement ahead of schedule. The Netherlands Environment Assessment Agency (PBL) forecasts an increase to 85 % renewable energies by 2030.

Austria

According to the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, the energy transition in Austria is progressing at a record pace. Initial figures for 2023 show an increase in the share of renewable energy in Austrian electricity generation from 78 % to 87 %. Electricity generation from photovoltaic systems in particular contributed to this dynamic growth, more than doubling from 0.98 TWh to 2.35 TWh. Electricity generation from wind turbines also increased. Having risen from 7.19 TWh to 8.26 TWh, 4.4 % of Austria's electricity generation is attributable to photovoltaic systems – and 15.3 % to wind installations. More than 60 % of the electricity produced in Austria comes from hydropower plants, making them the most important source of renewable energy.

The Renewable Expansion Act (Erneuerbare-Ausbau-Gesetz – EAG) forms the basis for the further expansion of renewable energy. The law provides for a 27 TWh increase in electricity production from renewable energy to 92 TWh in 2030 in order to achieve the target of 100 % electricity generation from renewable energy sources, representing an increase of 40 %. The additional capacities of 27 TWh in total are to be split as follows: photovoltaic energy 11 TWh, wind power 10 TWh, hydropower 5 TWh and biomass 1 TWh. This should add around 50 % of the currently installed renewable energy capacity in the coming years. Whether or not this capacity expansion will be sufficient is currently the subject of heated debate. In its draft Integrated Austrian Network Infrastructure Plan (ÖNIP), the Environment Agency Austria forecast significantly higher electricity requirements for the future due to the increased transition to electrified solutions for heating and mobility. According to initial calculations, installed solar capacities should now rise to 21 GW instead of the previously assumed 13 GW. The update of the NECP planned for 2023 is still pending.

Sweden

Sweden has been a pioneer of the energy transition in Europe for years and is systematically driving forward the expansion of renewable energy. According to the update of the NECP, the Swedish government plans to increase the installed electricity generation capacity from renewable energy sources to a total of 67 GW by 2030. The installed capacity of wind installations is expected to increase by 13 GW between 2021 and 2030, with capacity from photovoltaic systems rising by just under 5 GW. The national energy strategy adopted by the Swedish parliament calls for a 50 % increase in energy efficiency compared to 2005 by 2030. In June 2023, the government also decided that electricity generation should be fully independent of fossil energy sources by 2040.

In 2023, renewable energy – with a focus on pumped-storage hydroelectricity and onshore wind installations – accounted for roughly 65 % of Sweden's total net electricity generation, corresponding to an increase of 1.4 percentage points compared to the previous year. A total of roughly 155 TWh was fed into the Swedish public grid in 2023.

Spain

The ambitious restructuring of the Spanish energy system remains on track. In the updated NECP, the government has raised the target for the share of renewable energy in energy consumption from 42 % to 48 % by 2030 and for electricity generation from 74 % to 78 %. This planned increase goes hand in hand with intensified measures to promote flexibility, storage and demand management in energy policy. Between 2019 and 2022, the installed capacity of renewable energy was expanded by 27.3 % from 55.3 GW to 70.5 GW. The largest increase during this period was in photovoltaic installations, growing by 129.3 % to 20.1 GW, while wind power increased by 17.1 % to 30.1 GW. The installed capacity of renewable energy has exceeded that of conventional technologies since 2019. By 2030, the installed capacity of wind installations (onshore and offshore) is expected to reach up to 62 GW. That metric is expected to stand at 76 GW for photovoltaic systems, including own consumption. Only 39.2 GW were planned in the 2021 NECP.

In 2023, renewable energy accounted for around 53 % of total net energy generation in Spain, following 45 % in the previous year. Electricity generation from photovoltaic systems made a significant contribution to the increased share of renewable energy in the electricity mix, with a jump in growth from 11.9 % to 16.5 %. However, onshore wind energy remained the most important renewable energy source, with a share of 24.9 %. A further 9.9 % was attributable to storage and run-of-river hydropower and 1.3 % to biomass. A total of around 245 TWh was fed into the Spanish public grid in 2023.

Significant events

Course of business

Significant events in the Group portfolio and in the project pipeline

Encavis AG and ILOS sign a framework agreement on a 300 MW pipeline of solar projects in Italy
On 25 January 2023, Encavis AG announced that it had concluded a framework agreement on a solar project pipeline of up to 300 MW with ILOS New Energy Italy S.r.l. (a wholly owned subsidiary of the German company ILOS Projects GmbH).

This new partnership provides Encavis with exclusive access to ten solar park projects in Italy that are already at a very advanced stage of development. The projects, which each have generation capacities of between 20 MW and 55 MW, are located in central and southern Italy, as well as on Sardinia and Sicily.

All the documents for the respective approval processes either have been or are about to be filed in the case of all projects. The pipeline projects are expected to reach ready-to-build (RtB) status in the short to medium term. The plan is to combine several of these Italian projects after completion in order to conclude long-term power purchase agreements based on a pay-as-produced structure.

Encavis AG acquires shares in post-repowering wind park in Germany with a generation capacity of 11.2 MW from Energiekontor
On 8 February 2023, Encavis AG reported that it had acquired a 49.9 % stake in the “Bergheim” wind park in North Rhine-Westphalia. This repowering project offers particularly reliable income because it draws on long-term, historical data on the wind volume in the region. The two wind turbines have an aggregate nominal capacity of around 11.2 MW. From their first full year of operation, they will generate approximately 28.1 GWh of electricity per year. The two wind turbines are scheduled for commissioning in the near future.

The Bergheim wind park repowering project developed by Energiekontor, which involves replacing old wind turbines with new ones, is located in the cities of Bergheim and Pulheim in the Rhein-Erft district of North Rhine-Westphalia. The wind park benefits from a state-guaranteed feed-in tariff in accordance with the German Renewable Energy Act for a total duration of 20 years from (re-)commissioning. The renewable energy will be provided by two Vestas V 150-5.6 turbines with a rotor diameter of 150 metres and a nacelle height of 166 metres.

Encavis AG is granted ready-to-build status for a 105-MW solar park in Mecklenburg-West Pomerania
Encavis AG announced on 7 March 2023 that it had obtained official approval for the development plan of their solar park with a total capacity of currently 114 MW in the local council meeting of 28 February 2023. It is one of the first solar projects in Mecklenburg-West Pomerania which has successfully passed through a planning permission variation process, and at the same time the first project from the development pipeline with the strategic development partner PVPEG (formerly Greifensolar).

Encavis acquires two ready-to-build solar parks (93 MW) in focus market Italy
On 25 April 2023, Encavis announced the acquisition of two ready-to-build solar park projects in the region of Lazio, Italy, around 100 km north-west of Rome. The Montalto di Castro solar park will have power generation capacity of 55 MW, while the capacity of the Montefiascone park will amount to 38 MW. Both solar park projects originate from the development pipeline of strategic development partner Psaier.Energies based in Brixen in the South Tyrol region. With their bifacial solar modules, the two solar parks should generate an average of approximately 154 GWh of power per year. For the first time, Encavis will be marketing the generated power on the Italian market by way of long-term power purchase agreements in a lower-risk marketing structure (such as pay-as-produced) over a period of ten years.

Encavis AG to work with badenova and other partners to create 500 MW of electricity generation capacity from renewable energy and invest roughly EUR 200 million by 2027
Encavis announced on 27 July 2023 that it would join forces with the Freiburg-based energy supply company badenova AG & Co. KG to promote the expansion of renewable energy in Germany. To this end, Encavis Energieversorger I GmbH (EEV) was founded in Hamburg, with Encavis AG holding 51 % and Kommunale Energiewende GmbH & Co. KG (KEW)

holding 49 %. In terms of renewable electricity generation, EEV focuses on the purchase and operation of wind and photovoltaic systems in Germany. At the same time, related technologies, such as battery storage and the marketing of electricity generated from renewable energy, are also to be part of the common approach. The alliance is also open to other partners through shares in the holding company KEW, which was founded by badenova at the start of the venture, allowing them to participate in long-term investments in wind and PV.

Encavis and Allego expand their ten-year PPA in Germany to supply electric vehicle drivers with 100 % renewable energy

On 8 August 2023, Encavis AG announced that it had expanded its ten-year power purchase agreement with Allego, a leading pan-European ultra-fast charging network for electric vehicles. Allego's most extensive clean energy agreement to date can now rely on 100 % renewable energy from Encavis' solar parks in Groß Behnitz (25 MW/Brandenburg) and Borrentin (114 MW/Mecklenburg-Western Pomerania). The new solar park in Borrentin will be Encavis' largest PV park in Germany. The two solar parks will supply Allego's charging network with more than 100 GWh of renewable energy and the associated certificates of origin. Together, the two parks will enable more than 1.75 million electric vehicle charging sessions based on an assumed average battery size of 60 kWh per electric vehicle.

Encavis acquires first battery project to optimise marketing of power from German wind and solar parks

Encavis AG announced on 30 August 2023 that it had acquired a ready-to-build battery project (12 MW, 24 MWh). The Battery Energy Storage System (BESS) in Hettstedt (Saxony-Anhalt) is based on lithium-ion technology and is scheduled to be connected to the grid in early 2025. BESS will be charged during the hours of the day when electricity prices are lower, and discharged during the higher-priced hours by participating in the day-ahead and intra-day markets. This mechanism optimises the capture rates of the existing wind and solar park portfolio, smooths the typical generation fluctuations for renewable energies and reduces the associated balancing energy costs. The battery can absorb electricity from all Encavis parks in Germany, regardless of location, and discharge it again later. The lack of grid fees for charging the battery in Germany makes it economically attractive.

Encavis and Innovar Solar sign framework agreement for solar projects totalling 160 MW

Encavis AG announced on 31 August 2023 that it had expanded its portfolio of strategic partnerships to include Innovar Solar GmbH, located in Meppen. The framework agreement on an exclusive solar power pipeline comprises a total of nine project sites in Germany with a combined energy generation capacity totalling 160 MW. Eight of the projects are located close to motorways or railway lines or in other areas privileged by construction law for use for ground-mounted PV systems. The sites are subject to the German Renewable Energies Act (EEG) and some of them can be approved and realised quickly in an accelerated process. All of the projects will benefit from the feed-in tariffs under the EEG for a term of 20 years. One of the nine projects also sells the power it generates via a long-term pay-as-produced power purchase agreement.

Encavis expands its solar portfolio in Spain with 28-MW ready-to-build solar park in Castile and León

On 5 September 2023, Encavis announced that it had acquired a 28 MW solar park ready for construction in Spain from ILOS Projects GmbH. When complete, the park will produce an annual 50 GWh of renewable energy. It is scheduled to be connected to the grid at the end of 2024. ILOS Projects GmbH is one of Encavis' existing strategic development partners in Italy. The partnership has now led to this successful joint project in Spain. The expansion of Spanish generation capacity in the Valladolid region (Castile and León) in the north-west of Spain means that Encavis will now be able to supply large industrial buyers with green electricity in a more targeted manner.

Encavis obtains ready-to-build status for additional 132-MW solar park in Denmark

Encavis announced on 7 September 2023 that it had been granted ready-to-build status for its 132-MW solar park project at a very attractive location in Ringkøbing on Denmark's western North Sea coast. It is already the third project as part of the comprehensive strategic partnership with GreenGo Energy in Denmark, with a total capacity of around 600 MW. Photovoltaic sites are particularly interesting in Denmark, because production of solar power during low-wind periods profits from significantly higher prices. The state-of-the-art park with bifacial modules installed on single-axis trackers is scheduled to be commissioned in the first quarter of 2026. Plans are in place to conclude a ten-year power purchase agreement on a pay-as-produced basis.

Encavis launches further strategic development partnership with GreenGo Energy in Germany, increasing its European solar project pipeline to 3.2 GW

Encavis announced on 11 September 2023 that it had increased its involvement in the successful strategic development partnership with GreenGo Energy. The framework agreement provides for a continuous pipeline of 500 MW solar park projects in Germany, in addition to the existing 600 MW continuous pipeline in Denmark.

Encavis investment in TokWise: joint development of AI-driven Software-as-a-Service (SaaS) to optimise electricity sales

On 14 September 2023, Encavis AG announced that it had invested in an 18 % stake in TokWise Ltd, a Bulgarian start-up founded in 2018. The Sofia-based company has set itself the goal of accelerating the digital transformation of the way energy market participants buy and sell their electricity on different markets. The company already has well-known customers in various European countries. The TokWise platform enables power producers, such as Encavis AG, as well as industrial electricity consumers, to link their assets directly to the power exchanges and thereby take control of the purchase and sale of electricity. The company has also established a unique data science team and expertise focused on energy markets to develop algorithms that enable complete automation of power trading decisions. TokWise's AI therefore allows the value of every kilowatt-hour to be maximised.

Encavis acquires 17-MW wind park in Sommerland, Schleswig-Holstein, from BayWa r.e.

Encavis AG announced on 20 September 2023 that it had acquired a 17-MW wind park in Sommerland (Schleswig-Holstein) from BayWa r.e. It was commissioned in October 2023, and the economic transition to Encavis is scheduled for 1 January 2024. The park is expected to generate an average of around 53 GWh of electricity per year. The project will receive a feed-in tariff under the EEG for 20 years and a 20-year service contract with Nordex. The three Nordex wind turbines with a hub height of around 125 metres each provide a generation capacity of 5.7 megawatts.

Encavis acquires six more wind parks

Encavis AG announced on 10 January 2024 that it had acquired six wind parks with a combined generation capacity of 88 MW, which produce around 228 GWh of green electricity per year, by the end of the 2023 financial year; 49 MW of this total capacity is already connected to the grid. Encavis had set itself the goal of acquiring a total of 750 GWh of additional electricity production per year in the 2023 financial year. The acquisition of the new wind parks alone has enabled to company to almost reach this target, with a total of 720 GWh a year. In addition, the acquisition of further solar parks, which would still be attributable to the 2023 financial year, is planned. Four of the six wind parks were acquired from ABO Wind. A wind park in Finland (30 MW) that is already connected to the grid is expected to generate around 98 GWh of green electricity per year, which is to be marketed to a corporate offtaker from October 2024 via a pay-as-produced PPA with a term of ten years. Three additional wind parks in North Rhine-Westphalia and Rhineland-Palatinate (totalling around 27 MW) will also be connected to the grid this year. The marketing of the annual electricity production of around 57 GWh is secured by way of an EEG feed-in tariff over a term of 20 years. One of the wind farms in Rhineland-Palatinate (around 11 MW) was not yet consolidated in 2023 due to conditions precedent from the purchase agreement. Another wind park already connected to the grid (around 19 MW) in Saxony was acquired from the UKA Group. The expected annual electricity production of around 50 GWh is also secured by way of an EEG feed-in tariff with a term of 20 years. Encavis is acquiring a wind park (12 MW) in Rhineland-Palatinate from BayWa r.e., which will also be connected to the grid shortly with annual electricity production of around 23 GWh. This park also has a guaranteed EEG feed-in tariff with a term of 20 years.

Significant developments in Group financing

Encavis AG successfully places a Green Schuldschein loan (SSD) in the amount of EUR 210 million for additional growth projects

On 28 February 2023, Encavis AG released that it had placed a market-wide syndicated green Schuldschein loan (SSD) in the amount of EUR 210 million for the first time since 2018. An issue volume of EUR 50 million was announced with the option of a demand-induced increase. The strong demand of all investor groups exceeded the offered issue volume within a few days, making it possible to place more than four times the issue volume with around 50 investors in three maturity tranches of three, five and seven years at fixed and variable interest rates. In particular, savings banks, cooperative banks, foreign banks as well as pension funds and insurance companies snapped up the opportunity of one of the first SSD loan issues in 2023. Encavis will use the acquired funding to invest in growth projects of new wind and solar parks in accordance with the Group's Green Finance Framework.

SCOPE affirms Encavis AG's BBB- investment grade issuer rating, keeps outlook positive

Encavis AG and its financing subsidiary Encavis Finance B.V. have again been awarded a BBB- investment grade issuer rating by the European rating agency SCOPE Ratings (SCOPE). The outlook remains positive. SCOPE has also affirmed the ratings of BBB- for senior unsecured debt, BB for subordinated (hybrid) debt and S-2 for short-term debt. This reflects both Encavis' sustained robust liquidity and its diversified use of external funding channels from banks and capital markets at project level, from private sources (shareholder and promissory note loans) and public sources at Group level.

Encavis secures EUR 180 million non-recourse debt bridge facility at project level to support accelerated growth strategy for 2027

On 4 September 2023, Encavis announced that it had entered into an agreement with ABN AMRO Bank N. V. (Netherlands) and COÖPERATIEVE RABOBANK U. A. (Netherlands) of EUR 180 million for photovoltaic projects in four of Encavis' core markets, Denmark, Germany, Italy and Spain.

The non-recourse debt bridge financing facility will allow Encavis Bridge Financing GmbH, a wholly owned subsidiary of Encavis AG, to finance ready-to-build solar projects from strategic development partnerships as well as operating projects acquired in the aforementioned four countries. The facility also gives Encavis the opportunity to bundle smaller individual projects into larger project portfolios to achieve better terms for the structure and negotiation of long-term power purchase agreements and long-term project financing, which will make a substantial contribution to the realisation of the accelerated growth strategy 2027.

The non-recourse debt bridge financing facility includes a EUR 150 million revolving facility for financing the corresponding transaction costs, a EUR 20 million letter of credit facility and a EUR 10 million VAT facility, which can be utilised in Euro and Danish krone. The bridge loan has a term of three years and can be extended twice for one year each time, for a total term of up to five years. The facility also includes a mechanism under which Encavis can further increase the financing amount to up to EUR 310 million with existing lenders as well as new lenders.

Significant developments in asset management

Encavis Asset Management expands its wind portfolio for Versicherungskammer

On 23 March 2023, Encavis Asset Management AG announced that it had advised the Versicherungskammer Group on the acquisition of a wind park in Germany with a total capacity of 23.6 MW. The acquisition took place through the Encavis Infrastructure Fund III (EIF III), and the park was developed and realised by the UKA Group. The wind park comprises four turbines; three Vestas V 150-6.0 turbines have been in operation in the district of Treplin since February 2022. A fourth Vestas turbine – a V 150-5.6 model – is situated in Gusow and has been producing green electricity since April 2022.

Encavis Asset Management AG connects two additional solar parks to the German power grid

Encavis Asset Management AG reported on 14 June 2023 that it had connected the Saturn and Dagon solar parks, with a total generation capacity of 45 MW, to the power grid in Germany. The Saturn solar park, with a total output of over 22 MW, was built around an existing wind power installation. The Dagon solar park has a nominal output of roughly 23 MW and was built at nine stand-alone locations along the A 60 motorway. The acquisitions were incorporated into the Encavis Infrastructure Fund II (EIF II) special fund for banks. Encavis Asset Management AG is responsible for structuring the projects and provides commercial management, energy management, accounting and controlling services for the two solar parks.

Encavis Infrastructure Fund IV enables investment in renewable energy as a dark green Article 9 fund

There has been a wave of downgrades from Article 9 funds to Article 8 funds since September 2022 as part of the challenging preparation of the implementation of level 2 of the Sustainable Finance Disclosure Regulation (SFDR). However, the classification of the Encavis Infrastructure Fund IV (EIF IV) as a dark green Article 9 fund, which it has held since the fund's launch, remains unchanged. The special fund is offered exclusively to banks and savings banks, and takes their particular regulatory and risk management requirements into account. The categorisation underscores the fund's commitment to sustainable investment and highlights its long-term focus on environmental and social sustainability. By being categorised under Article 9 of the SFDR, the EIF IV meets the highest sustainability and transparency requirements for proprietary investment.

Encavis Asset Management expands existing wind park at excellent location in Ireland for bank special fund

On 17 October 2023, Encavis Asset Management AG announced the grid connection of an additional turbine for the Clogheravaddy wind park. County Donegal on the west coast of Ireland, with average wind speeds in excess of 8 metres per second, is an exceptionally windy and therefore excellent location for generating clean wind energy. The Clogheravaddy wind park located there previously consisted of a total of six turbines. The first three turbines, each with a capacity of 3.6 MW, were commissioned in 2019, and have been producing clean energy ever since. Three more turbines with the same capacity were put into operation in the first quarter of 2022. The park has now expanded to seven turbines and is capable of supplying green electricity to 24,800 households and preventing emissions of 26,400 tonnes of CO_2 annually. The entire investment is part of the EIF IV portfolio.

Encavis Asset Management harmonises energy generation and agriculture: impressive agri-PV plant now part of Encavis Asset Management's portfolio

Encavis Asset Management AG announced on 15 November 2023 that it had connected an agri-photovoltaic plant in The Netherlands on behalf of EIF II. The plant, with an installed nominal capacity of over 31 MW, is located in the province of North Holland, in the municipality of Middenmeer. The agri-PV system has been in operation since April 2023 and is equipped with 70,887 photovoltaic modules. This type of PV system optimises land use by combining electricity generation and agriculture. The tall photovoltaic modules above generate green electricity for around 1,100 households, while the space below the modules provides state-of-the-art conditions for regional farming.

Encavis Asset Management supports the sale of a renewable energy portfolio with a total capacity of 93 MW for an institutional investor

Encavis Asset Management AG announced on 29 November 2023 that it had completed the sale of a renewable energy portfolio with a total capacity of 93 MW for an institutional investor. The European portfolio, which has been successfully managed by Encavis Asset Management to date, comprises a total of nine wind parks with a total capacity of 76 MW and two solar parks with a total capacity of 17 MW. Five wind parks are located in France, two in Germany and one each in Sweden and The United Kingdom. One of the solar parks is located in France, with the other being situated in Italy.

Further wind park investments for BayernLB's special bank fund

Encavis Asset Management AG released on 18 December 2023 that it had acquired two further wind parks with a total capacity of 18 MW from the UKA Group for the EIF IV special bank fund. The two wind parks consist of a total of three wind turbines. Two Vestas V162-6.0 MW wind turbines are located in the Brandenburg municipality of Lebus and have been in operation since November 2022 and April 2023 respectively. Another Vestas V162-6.0 MW wind turbine is also located in Brandenburg, in the town of Lindendorf, and has been producing green electricity there since June 2023. UKB Umweltgerechte Kraftanlagen Betriebsführung GmbH is responsible for the technical management.

Comparison of the actual and forecast figures in 2023

In its forecast in the management report 2022 regarding the key operating figures adjusted for non-cash IFRS effects, the Encavis Management Board assumed that the sharp decline in electricity prices in Europe would result in a slight decline in key figures in the 2023 financial year despite the Group's healthy growth.

in EUR million

	2023e (AR 2022)	Actual 2023 (operating)	Actual 2022 (operating)	% change on the previous year
Operating* revenues / operating* revenues after deduction of the electricity price cap	>460 / >440	460.6 / 449.1	487.3 / 462.5	-5.5 % / -2.9 %
Operating* EBITDA	>310	319.2	350.0	-8.8 %
Operating* EBIT	>185	194.3	198.3	-2.0 %
Operating cash flow	>280	234.9	327.2	-28.2 %
Operating* EPS (in EUR)	>0.60	0.60	0.60	0.0 %
Technical installation availability in %	>95	95	96	-1.0 %

* The Group operating KPIs are based solely on the company's operating profitability and do not take any IFRS-related valuation effects into account.

Operating revenue fell by EUR 26.7 million, or around 6 %, compared to the previous year and is therefore in line with the forecast of EUR 460 million published in the 2022 annual report. The reported operating revenue includes a levy of around EUR 11.5 million obtained through the Europe-wide system to cap electricity prices, which is recognised as part of other expenses. While the Wind Parks segment's revenue fell short of the forecast, the PV Parks segment's revenue exceeded expectations. Generally speaking, there is more planning uncertainty in the Wind Parks segment than in the PV Parks segment. The amount of wind is subject to greater annual fluctuations than sunshine. Revenue in the Service and Asset Management segments exceeded expectations.

The forecast published in the 2022 annual report on the basis of the existing portfolio in March 2023 was exceeded with regard to operating EBITDA and operating EBIT by EUR 9.2 million and EUR 9.3 million, respectively.

Operating cash flow fell from EUR 327.2 million in the previous year to EUR 234.9 million in the financial year.2023 The forecast published in the 2022 annual report was therefore not achieved. The decline in operating cash flow was primarily attributable to the reduction in wind and solar park revenue by around EUR 46.4 million due to the drastically lower electricity prices (price effect). Higher tax payments, which exceed those of the comparative period by around EUR 34.2 million, also contribute to the difference in cash flow in 2023 compared to the previous year. Another factor was the provisions and liabilities recognised in the previous year, including for the price caps already expected at the time, which affected operating EBITDA but not cash flow. These provisions and liabilities led to payments in the 2023 financial year. Overall, the operating cash flow for 2023 is therefore only slightly below our expectations. Around EUR 20 million of the decrease, mostly tax receivables and receivables from guarantors and insurance companies, have been deferred to the current financial year 2024. A further EUR 12.4 million from the sale of individual assets was not recognised in operating cash flow but in cash flow from investing activities. Only 12.7 million euros in tax payments from the previous year 2022, which were reported differently in the plan, remain as a difference.

At EUR 0.60, operating earnings per share came in at the figure of EUR 0.60 as forecast in the 2022 annual report.

Segment development

The development of the reportable segments in the Encavis Group is presented below. Only acquired companies that have already contributed to the power generation of the respective segment during the financial year are shown.

PV Parks segment

Encavis' own solar park portfolio encompassed over 190 solar parks with a total capacity of more than 1.6 GW as at 31 December 2023. These solar parks are distributed throughout Germany, Italy, France, The United Kingdom, The Netherlands, Spain, Denmark and Sweden.

The Group's business activities are subject to seasonal influences, which leads to fluctuations in revenue and earnings during the course of the year. In terms of the PV Parks segment, which includes all solar parks in the company's own portfolio, the months from April to September generate more revenue than the autumn and winter months.

The electricity supplied by the wind parks held by the Group in the 2023 financial year was 2,105.9 MWh (previous year: 2,136.5 GWh). Representing a decrease of 1.4 % compared to the previous year. Of the electricity supplied to the grid, some 45 % (previous year: 44 %) was attributable to the solar parks in Spain, 13 % (previous year: 15 %) to the solar parks in Germany, 10 % (previous year: 11 %) to the solar parks in France, 10 % (previous year: 10 %) to the solar parks in Italy, 10 % (previous year: 8 %) to the solar parks in The Netherlands, 6 % (previous year: 5 %) to the solar parks in Denmark, 5 % (previous year: 6 %) to the solar parks in The United Kingdom and 1 % (previous year: 1 %) to the solar park in Sweden.

Wind Parks segment

Encavis' own wind park portfolio encompassed over 40 wind parks with a total capacity of more than 530 MW as at 31 December 2023. The wind parks are distributed throughout Germany, Finland, Italy, France, Denmark and Lithuania.

Due to weather conditions, the wind parks generate more revenue in the autumn and winter months than they do in summer.

The electricity supplied by the wind parks held by the Group in the 2023 financial year was 1.247.8 MWh (previous year: 996,6 GWh). This figure therefore increased by some 25.2 % year on year. Of the electricity supplied to the grid, some 44 % (previous year: 48 %) was attributable to the wind parks in Germany, 29 % (previous year: 37 %) to the wind parks in Denmark, 16 % (previous year: 0 %) to the wind park in Lithuania, 7 % (previous year: 8 %) to the wind parks in France, 3 % (previous year: 6 %) to the wind farms in Finland and 1 % (previous year: 1 %) to the wind park in Italy.

The following wind parks already in operation were acquired in the 2023 financial year:

- Windpark Schnellwettern GmbH & Co. KG, Germany, Group share 100 %
- UGE Voigtsdorf GmbH & Co. KG Umweltgerechte Energie, Germany, Group share 100 %
- Illevaaran Tuulivoima Oy, Finland, Group share 100 %

Service segment

Since October 2022, the segment has included Encavis' shares in Stern Energy S.p.A. and its subsidiaries. The companies offer various services for solar parks in Italy, Spain, Germany, The United Kingdom, The Netherlands and France. As at 31 December 2023, their Group volume under management amounted to around 593 MW, and their non-Group volume under management was approximately 949 MW.

The segment also contains the wholly owned subsidiary Encavis Technical Services GmbH. The company has taken over the technical operation of numerous German and Italian solar parks belonging to the Encavis Group. The Group volume under management amounted to approximately 280 MW as at 31 December 2023.

Furthermore, Encavis Technical Services GmbH has taken over contracts for the technical operation of parks that do not belong to the Encavis Group since 2012. The parks are located in Thuringia and northern Italy. The non-Group volume under management amounts to approximately 9 MW.

The definition of the former PV Service business segment was expanded following the establishment of Encavis Green Energy Supply GmbH and the acquisition of BESS Hettstedt Fünfte Energie GmbH. Consequently, the name of the segment was changed to Service. Going forward, Encavis Green Energy Supply GmbH will provide direct marketing services for selected German solar and wind parks within the Encavis Group. BESS Hettstedt Fünfte Energy GmbH is developing a battery storage solution in Germany that cannot be attributed to a specific wind or solar park of the Group.

The following companies were acquired or founded in the Service segment in the 2023 financial year:

- Stern Energy SAS, France, Group share 80 %
- BESS Hettstedt Fünfte Energie GmbH, Germany, Group share 100 %
- Encavis Green Energy Supply GmbH, Germany, Group share 100 %

Asset Management segment

The Asset Management field covers all services for third-party investors, such as the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors. As at 31 December 2023, the managed portfolio comprised a total of more than 30 solar parks and around 50 wind parks in Germany, Austria, Italy, France, Spain, The United Kingdom, The Netherlands, Ireland and Finland.

Installed output from renewable energies remained stable at around 1.4 GW. Overall, the generation capacity connected to the grid decreased by around 86 MW on balance, whereby the newly connected generation capacity of around 73 MW was offset by sales of around 159 MW for several institutional customers.

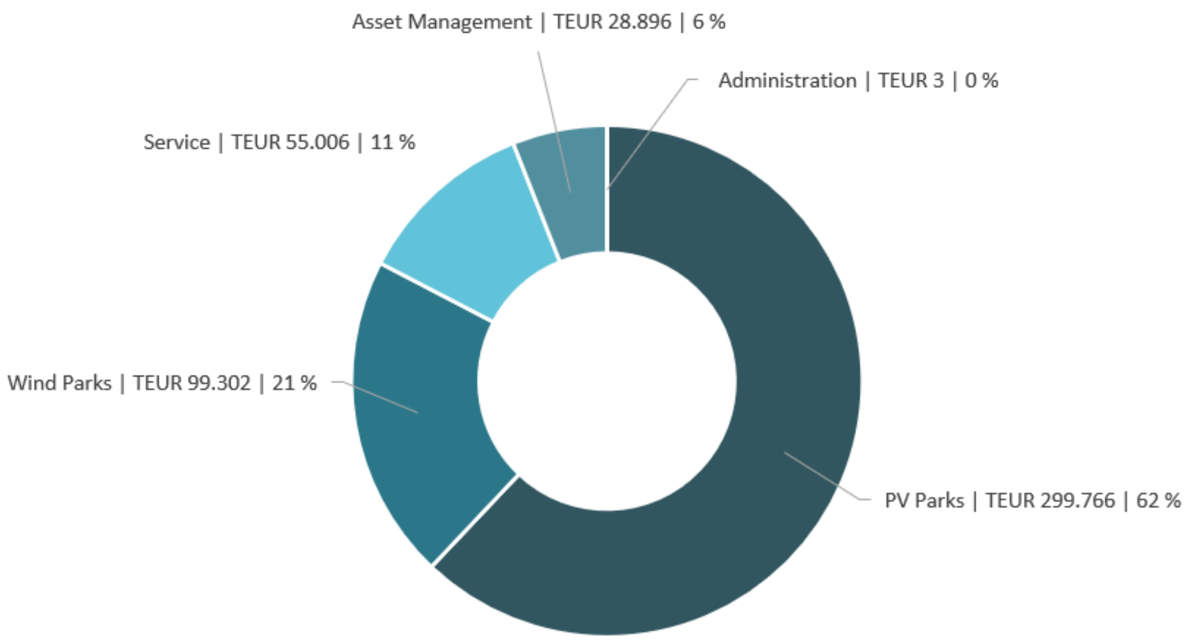
Financial performance, financial position and net assets of the Encavis Group

Financial performance

In the 2023 financial year, the Group generated revenue of TEUR 469,637 (previous year: TEUR 487,342), in line with the forecast provided. This corresponds to a decline of TEUR 17,705, or approximately 4 %. This revenue includes amounts totalling TEUR 9,041 (previous year: TEUR 0), which did not have a cash effect, taking into account compensation payments from power purchase agreements of two Spanish subsidiaries recognised in accordance with hedge accounting regulations. The solar parks and parks newly acquired or connected to the grid in 2023 were unable to offset the price and weather-related decline compared to the very strong previous-year period in this regard. Of this decline, TEUR 25,819 can be attributed to the solar park portfolio and TEUR 22,572 to the wind park portfolio. In the solar park portfolio, the German, Italian and Spanish solar parks in particular contributed to the decline, while the decline in the wind park portfolio is mainly attributable to the German wind parks. It should be noted that the reported revenue include sales totalling TEUR 11,528 (previous year: TEUR 24,856), which are skimmed off by the systems implemented throughout Europe to cap electricity prices and which are recognised as part of other expenses. The significant year-on-year reduction in the electricity price level over the course of the year, compared to the extreme price triggered by the war in Ukraine in 2022, led to a decline in net revenue of around EUR 46 million, as projected. At TEUR 55,006, revenue in the Service segment was significantly higher than the previous year's figure of TEUR 12,697 due to the inclusion of the Stern subgroup. The revenue also included income in the amount of TEUR 28,896 (previous year: TEUR 24,003) from the Asset Management segment.

Group revenue is made up of revenue from feeding electricity into the grid, the operation of parks owned by third parties and additional revenue from the Asset Management and Service segments. In addition, the revenue include amounts that have not been recognised in cash, taking into account compensation payments from power purchase agreements of two Spanish subsidiaries recognised in accordance with hedge accounting regulations.

Revenue by segment, excluding non-cash revenue from two Spanish solar parks totalling TEUR 9,041, breaks down as follows:



The Group generated other income of TEUR 42,892 (previous year: TEUR 43,276), including income of TEUR 4,210 from the deconsolidation of the majority interests in two German wind parks. In the previous year, this figure included TEUR 29,906 in non-recurring income relating to the initial consolidation of an Italian company formerly accounted for using the equity method from the reconciliation statement. This item also includes income from the valuation of power purchase agreements totalling TEUR 11,495 (previous year: TEUR 661), the increase in which is largely attributable to new contracts concluded in 2023. This item also includes income from insurance compensation totalling TEUR 8,034 (previous year: TEUR 3,540) and non-period income of TEUR 4,278 (previous year: TEUR 2,003) as well as income from the reversal of deferred income (government grants) in the amount of TEUR 1,260 (previous year: TEUR 1,628). Of the non-period income, TEUR 1,720 (previous year: TEUR 640) is due to the reversal of provisions. Other income also includes reversals of impairment losses totalling TEUR 2,155.

Other own work capitalised of TEUR 2.519 (previous year: TEUR 0), which is being disclosed for the first time in the 2023 financial year, arises in connection with expansions provided by the Service segment for multiple proprietary solar installations.

The cost of materials totalled TEUR 30,599 in the reporting year (previous year: TEUR 9,949). This primarily includes material consumption in the service business, expenses in connection with the direct marketing of the electricity produced and expenses for purchased power at the wind and solar parks. The increase is primarily attributable to higher direct marketing costs, as well as to the expansion of the service business through the full consolidation of the Stern subgroup in October 2022.

Personnel expenses increased from TEUR 27,030 in the 2022 financial year to TEUR 35,292 in the reporting year. The increase was mainly due to the acquisition of the Stern subgroup in October 2022 and the growth-induced expansion of the Encavis team.

The following amounts were recognised as personnel expenses in the 2023 financial year:

- TEUR 0 (previous year: TEUR 651) from the 2019 virtual share option programme
- TEUR 81 (previous year: TEUR 1,122) from the 2020 virtual share option programme
- TEUR 78 (previous year: TEUR 542) from the 2021 virtual share option programme
- TEUR 264 (previous year: TEUR 17) from the 2022 virtual share option programme and
- TEUR 90 for the 2023 virtual share option programme newly created in the 2023 financial year recorded as personal expenses.

The SOPs from 2019 to 2023 are annually recurring, long-term remuneration components related to the overall performance of the Encavis share. An allotment amount defined by the Supervisory Board is converted into virtual share options known as share appreciation rights (SARs). The amount of the variable components was calculated based on the share option plans for 2019 to 2023, which entered into force on 1 July 2019, 1 July 2020, 1 July 2021, 1 July 2022 and 1 July 2023, respectively.

Besides the Management Board, the Encavis Group employed 394 people as at 31 December 2023 (previous year: 303) employees. This rise in the number of employees was due to the growth-induced expansion of the Encavis team.

Other operating expenses totalled TEUR 116,487 in the 2023 financial year (previous year: TEUR 117,134). This comprises, in particular, the costs of operating wind and solar parks in the amount of TEUR 74,490 (previous year: TEUR 93,564) including expenses for repairs and maintenance as well as technical and commercial management, insurance and various other costs such as vehicle costs and costs for IT and telecommunications. In addition, the costs for the operation of the wind and solar parks include levies totalling TEUR 11,528 (previous year: TEUR 24,856), which were recognised in connection with the systems implemented across Europe to cap electricity prices. Other expenses also include TEUR 41,997 in costs for current operations (previous year: TEUR 23,570).

In the 2023 financial year, the Group therefore generated earnings before interest, taxes, depreciation and amortisation (EBITDA) in the amount of TEUR 332,670 (previous year: TEUR 376,504). The EBITDA margin stood at around 71 % (previous year: 77 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects. The significantly lower margin associated with Stern Energy's technical business than with electricity production involving renewable energy, as based on customary market conditions, contributed to the decline in the EBITDA margin. In the PV

Parks and Wind Parks segments, the operating EBITDA margin remained at its usual high level of more than 76% after the deduction of revenue from the electricity price caps.

Depreciation and amortisation of TEUR 164,114 (previous year: TEUR 152,619) chiefly comprises depreciation of the photovoltaic and wind power installations, as well as amortisation of intangible assets (electricity feed-in contracts and exclusive rights of use). In addition, Encavis tested the Group's assets for impairment as at 31 December 2023, as an analysis of the indicators that are specific to Encavis' business model pointed to the existence of a triggering event for some national markets. The impairment test resulted in an impairment loss of TEUR 5,490 (previous year: TEUR 62,017), as a result of which impairment losses of TEUR 3,395 (previous year: TEUR 41,079) and TEUR 2,095 (previous year: TEUR 20,938) were recognised on property, plant and equipment and intangible assets, respectively.

Earnings before interest and taxes (EBIT) rose from TEUR 161,867 in the previous year to TEUR 163,066 in the 2023 financial year, corresponding to an EBIT margin of around 35% (previous year: 33%).

Financial income decreased from TEUR 40,654 in the previous year to TEUR 35,608 in the reporting year. This item includes income relating to changes in the market values of interest rate swaps of TEUR 5,529 (previous year: TEUR 33,160) and interest income from the reversal of step-ups on bank loans and lease liabilities of TEUR 2,995 (previous year: TEUR 3,793). Financial expenses of TEUR 106,170 were incurred (previous year: TEUR 85,489) They include, in particular, the interest expenses for the non-recourse loans to finance installations at park companies, the interest expenses in connection with the mezzanine capital of Gothaer Versicherungen and interest expenses for further Group financing and various non-cash expenses. The development of financial income and financial expenses is also influenced by income and expenses from currency translation, resulting in an increase of TEUR 2,501 within financial income and a decrease of TEUR 4,875 within the financial expenses. The financial result also includes earnings from financial assets accounted for using the equity method in the amount of TEUR -927 (previous year: TEUR -561).

The resulting earnings before taxes (EBT) amounted to TEUR 91,577 (previous year: TEUR 116,471). The EBT margin is approximately 20% (previous year: 24%).

The tax expenses reported in the consolidated statement of comprehensive income in the 2023 financial year total TEUR 32,851 (previous year: TEUR 32,876) and are attributable to non-cash deferred taxes and effective tax payments. The current tax expense amounts to TEUR 28,582 (previous year: TEUR 37,071). Deferred tax assets of TEUR 4,269 (previous year: income in the amount of TEUR 4,195) was recognised.

Altogether, Encavis generated consolidated earnings of TEUR 58,726 (previous year: TEUR 83,595).

Consolidated earnings are made up of earnings attributable to shareholders of the parent company totalling TEUR 53,329 (previous year: TEUR 78,490), earnings attributable to non-controlling shareholders totalling TEUR 728 (previous year: TEUR 417) and the share of earnings attributable to hybrid bondholders of TEUR 4,668 (previous year: TEUR 4,688). Consolidated comprehensive income of TEUR 232,068 (previous year: TEUR -69,627) is made up of consolidated earnings and changes in other reserves shown in equity. In addition to changes in the currency translation reserve in the amount of TEUR -745 (previous year: TEUR 222), the change in other reserves still relates to the change in hedge reserves in the amount of TEUR 182,614 (previous year: TEUR -156,393), which also contain amounts to be recognised in profit or loss in future over the remaining term of the respective underlying items for interest rate swaps previously held in a hedging relationship, as well as costs of hedging in the amount of TEUR -18 (previous year: TEUR -49). Amounts recognised in equity will be reclassified in full to consolidated earnings once the corresponding hedged items have expired. In the 2023 financial year, TEUR 0 (previous year: TEUR 1,328) from the hedge reserve was reclassified to consolidated earnings as a result of the early termination of an interest rate swap that was previously in a hedging relationship. There were corresponding deferred tax effects of TEUR -8,454 (previous year: TEUR 1,724). Undiluted earnings per share (after non-controlling interests) amounted to EUR 0.33 (previous year: EUR 0.49). The average number of shares in circulation in the reporting period amounted to 161,030,176 (previous year: 160,756,644). Diluted earnings per share were also EUR 0.33 (previous year: EUR 0.48).

Calculating operating KPIs (adjusted for IFRS effects)

As described under "Internal control system of Encavis", the Group's IFRS accounting is affected by non-cash valuation effects and the resulting depreciation and amortisation. Non-cash interest effects and deferred taxes also hamper a transparent assessment of the operating income situation pursuant to IFRS.

In TEUR	Notes	01.01.–31.12.2023	01.01.–31.12.2022
Revenue	3.21; 5.1	469,637	487,342
Adjusted for the following effects:			
Non-operating sales from PPA valuation effects		-9,041	0
Adjusted operating sales		**460,596**	**487,342**
Other income	5.2	42,892	43,276
Other own work capitalised	3.22; 5.3	2,519	0
Cost of materials	5.4	-30,599	-9,949
Personnel expenses, of which TEUR -513 (previous year: TEUR -2,331) in share-based remuneration	5.5	-35,292	-27,030
Other expenses	5.6	-116,487	-117,134
Adjusted for the following effects:			
Other non-operating income		-9,042	-30,894
Other non-operating expenses		4,663	4,412
Adjusted operating EBITDA		**319,249**	**350,022**
Depreciation, amortisation and impairment losses	5.7	-169,604	-214,637
Adjusted for the following effects:			
Depreciation, amortisation and impairment of intangible assets (electricity feed-in contracts) and goodwill acquired in the course of business combinations		49,514	67,005
Subsequent measurement of uncovered hidden reserves and liabilities from step-ups for property, plant and equipment acquired as part of business combinations		-4,881	-4,105
Adjusted operating EBIT		**194,279**	**198,285**
Financial result	5.8	-71,490	-45,396
Adjusted for the following effects:			
Other non-cash interest and similar expenses and income (mainly resulting from effects from currency translation, calculation of the effective rate, swap valuation and interest expense from subsidised loans [government grants])		7,073	-15,810
Adjusted operating EBT		**129,863**	**137,079**
Tax expenses	5.9	-32,851	-32,876
Adjusted for the following effects:			
Deferred taxes (non-cash items) and other non-cash tax effects		5,473	-2,961
Adjusted operating consolidated earnings		**102,485**	**101,242**
of which attributable to Encavis AG shareholders		96,985	95,965
Average number of shares in circulation in the reporting period		161,030,176	160,756,644
Adjusted operating earnings per share (in EUR)		**0.60**	**0.60**

Financial position and cash flow

Changes in cash and cash equivalents amounted to TEUR 19,687 in the reporting year (previous year: TEUR 106,149) and consisted of the following:

Net cash flow from operating activities fell by approximately TEUR -92,359 from TEUR 327,235 in the previous year to TEUR 234,876 in the reporting year. This consisted largely of cash inflows from the operating business of the solar parks and wind parks. Also included here were changes in assets and liabilities not attributable to investing or financing activities. The decline is related to the significantly lower revenue (price effect) and higher tax payments, which were higher than in the previous year.

Cash flow from investing activities amounted to TEUR -205,383 (previous year: TEUR -297,605) and included in particular payments for the construction of solar parks in The Netherlands, Denmark, Italy Spain, The United Kingdom and Germany, as well as the acquisition of solar and wind parks in Germany, Spain and Finland. It also comprised payments for the erection of a German wind park under construction which is accounted for as an associated entity until commissioning.

Cash flow from financing activities amounted to TEUR -9,963 (previous year: TEUR -134,960) and resulted chiefly from regular loan repayments and interest paid less newly paid-out loans. This item also includes the change in restricted cash and cash equivalents and the dividend payment to the hybrid bondholders. A Green Schuldschein loan (SSD) of EUR 210 million was issued in the first half of 2023 and a working capital loan of EUR 20 million taken out. The previous-year period included the payment of cash dividends to the shareholders of Encavis AG.

In the 2023 financial year, TEUR 336,863 (previous year: TEUR 198,463) was raised in the form of loans. Of this, essentially TEUR 210,000 (previous year: TEUR 0) to the raising of promissory note loans, TEUR 64,601 (previous year: TEUR 103,463) to the raising of long-term loans to finance wind and solar parks and TEUR 59,200 (previous year: TEUR 95,000) to the utilisation of various credit lines. Total interest payments and repayments for the Group's loans resulted in a cash outflow of TEUR 359,765 in the 2023 financial year (previous year: TEUR 281,791).

At the Annual General Meeting of Encavis AG on 1 June 2023, it was decided by a large majority not to distribute a dividend for the 2022 financial year and to retain the entire consolidated earnings for the period (i.e. to carry it forward to new account).

As at the balance sheet date, the Group had unused credit lines available in the amount of TEUR 328,444 (previous year: TEUR 76,669).

Net assets

As at 31 December 2023, equity amounted to TEUR 1,186,929 (31 December 2022: TEUR 956,817). The increase in the amount of TEUR 230,112, or 24.0 %, was primarily due to various value changes, particularly from the subsequent measurement of PPAs, accounted for in equity with no effect on profit or loss. The consolidated earnings in accordance with IFRS also had an effect. The equity ratio was 33.2 % as at the reporting date (31 December 2022: 28.1 %).

The balance sheet total rose from TEUR 3,405,542 in the previous year to TEUR 3,573,555 in the reporting year.

As at 31 December 2023, the Group reported intangible assets in the amount of TEUR 429,606 (31 December 2022: TEUR 446,887).

Goodwill amounted to TEUR 107,151 as at 31 December 2023 (31 December 2022: TEUR 107,129). The change of TEUR 23 compared to the previous year relates to currency effects. Encavis had annual goodwill impairment testing conducted as at 31 December 2023. This testing took place at the level of a group of cash-generating units (CGUs) which have, since the 2016 financial year, reflected the operative segments, which are divided by country. The impairment test did not give rise to an impairment loss.

The increase in property, plant and equipment to TEUR 2,431,213 (31 December 2022: TEUR 2,304,994) is mainly due to the acquisition of five German wind parks, some of which are still under construction; the construction of one Spanish, one British and one Swedish solar park; and the acquisition of an Italian solar park under construction. This was offset by ongoing depreciation as well as impairment losses from the asset impairment test.

Deferred tax assets prior to offsetting primarily resulted from differences in property, plant and equipment in the comparison between IFRS and tax balance sheets, from differences in lease liabilities recognised exclusively in accordance with IFRS 16 as well as from tax loss carryforwards that are likely able to be utilised.

Current assets increased from TEUR 450,001 in the previous year to TEUR 539,203 as at 31 December 2023. These included liquid assets of TEUR 375,639 as at the balance sheet date (31 December 2022: TEUR 344,403). The increase in current assets is also due to an increase in other current receivables from TEUR 9,475 as at 31 December 2022 to TEUR 47,885 as at 31 December 2023, which mainly results from the capitalisation of services performed by the companies in the Service segment at the solar parks, from purchase price receivables from the sale of two German wind parks and from the recognition of positive market values of interest rate hedges.

Liquid assets include restricted funds in the amount of TEUR 66,642 (31 December 2022: TEUR 54,920). Of this, TEUR 48,602 (previous year: TEUR 48,484) is attributable to capital services and project reserves and TEUR 18,040 (previous year: TEUR 6,436) to other restricted credit balances.

Liabilities to non-controlling interests decreased from TEUR 42,156 as at 31 December 2022 to TEUR 37,401. The reason for the decline is mainly due to reduced settlement obligations as a result of the adjustment of the distribution forecasts of the corresponding park companies due to lower electricity price expectations.

The Group’s financial liabilities (primarily bank and lease liabilities) amounted to TEUR 2,052,130 as at 31 December 2023 (31 December 2022: EUR 2,094,888). These comprised loans and lease agreements for the financing of wind and solar parks, as well as the mezzanine capital provided by Gothaer Versicherung in November 2014. They also contained liabilities from listed notes from the Grid Essence portfolio (UK) of TEUR 26,822 (previous year: TEUR 27,662), including accrued interest, and liabilities from debenture bonds and/or registered/bearer bonds, including accrued interest, in the amount of TEUR 310,371 (previous year: TEUR 132,387). Liabilities from lease obligations amounted to TEUR 211,303 (31 December 2022: TEUR 201,954). The power purchase agreements recognised as derivatives are reported in the amount of TEUR 39,707 (31 December 2022: EUR 253,270); the decline in the market values of these PPAs is mainly due to lower electricity price forecasts.

Deferred tax liabilities prior to offsetting primarily resulted from differences in the electricity feed-in contracts in the comparison between IFRS and tax balance sheets, from differences of the energy installations in the comparison between IFRS and tax balance sheets and rights of use capitalised exclusively in accordance with IFRS 16.

Income tax liabilities decreased from TEUR 26,286 as at 31 December 2022 to TEUR 16,979 as at 31 December 2023. This is mainly due to lower consolidated earnings compared to the previous year.

Current provisions as at 31 December 2023 amounted to TEUR 15,900 (31 December 2022: TEUR 19,535). The decrease of TEUR 3,635 is mainly due to the decrease in provisions for share options and provisions for rents and leases.

Trade payables decreased by TEUR 5,158 compared to the previous year and amounted to TEUR 5,158 as at 31 December 2023 TEUR 32,060 (31 December 2022: TEUR 37,218).

Segment reporting (operating)

Income and expenses within the segments were largely attributed to services relating to technical and commercial company management and to interest income from, and interest expenses for, intra-Group loans. These loans were predominantly granted as bridge financing for VAT and investments in solar park projects.

PV Parks

In the 2023 financial year, revenue from solar parks decreased to TEUR 299,766 (previous year: TEUR 334,625). The decline in revenue in the solar park portfolio is mainly due to the German (TEUR -21,176), Spanish (TEUR -12,575) and Italian (TEUR -12,225) parks. Revenue from the British solar parks developed in the opposite direction (+TEUR 12,576). Other income in 2023 totalled TEUR 13,989 (previous year: TEUR 7,586) and included income from reversals of impairment losses on power generation installations totalling TEUR 1,224 that were impaired in the past as part of an asset impairment test. This was offset by the costs for operation of the solar parks as well as other expenses totalling TEUR 91,387 (previous year: TEUR 92,046) and depreciation and amortisation on PV installations and other intangible assets in the amount of TEUR 88,113 (previous year: TEUR 124,246). Other expenses include levies in connection with the systems implemented across Europe to cap electricity prices totalling TEUR 11,164. The decrease in impairments is due to the fact that, compared to the previous year (TEUR: 41,079) lower impairments of TEUR 37,684 (TEUR 3,395) due to the asset impairment test carried out as at 31 December 2023. In total, the PV Parks segment generated operating earnings before interest and taxes (operating EBIT) in the amount of TEUR 133,586 (previous year: TEUR 125,920) and operating EBITDA in the amount of TEUR 221,698 (previous year: TEUR 250,166).

Wind Parks

In the 2023 financial year, revenue from wind parks decreased to TEUR 99,302 (previous year: TEUR 121,874). The decline in revenue was mainly due to the German wind parks (TEUR -30,290). Other income in 2023 totalled TEUR 18,874 (previous year: TEUR 4,066) and included operating income of TEUR 10,623 from the deconsolidation of the majority interests in two German wind parks. Expenses for operating and managing the parks and other expenses came to TEUR 32,129 (previous year: TEUR 25,993). The levies recognised in other expenses in this segment, which are related to the Europe-wide system to cap electricity prices, only contributed to TEUR 355 (previous year: TEUR 1,272). Operating EBITDA amounted to TEUR 86,047 (previous year: TEUR 99,947). Depreciation and amortisation on wind installations and other intangible assets amounted to TEUR 30,207 (previous year: TEUR 25,608). Overall, the Wind Parks segment generated operating earnings before interest and taxes (operating EBIT) of TEUR 55,840 (previous year: TEUR 74,338).

Asset Management

In the 2023 financial year, operating earnings before interest and taxes (operating EBIT) were TEUR 9,994 (previous year: TEUR 9,927), and operating EBITDA amounted to TEUR 14,836 (previous year: TEUR 10,645). Revenue and other income of TEUR 29,919 (previous year: TEUR 24,319) was offset by cost of materials, personnel expenses, other expenses and depreciation and amortisation in the amount of TEUR 19,925 (previous year: TEUR 14,391).

Service

In the Service segment, revenue, other income and own work capitalised less cost of materials amounting to TEUR 40,503 (previous year: TEUR 11,142) were offset by personnel expenses and other expenses totalling TEUR 35,412 (previous year: TEUR 8,669). Operating earnings before interest and taxes (operating EBIT) amounted to TEUR 5,090 (previous year: TEUR 2,474), and operating EBITDA stood at TEUR 6,060 (previous year: TEUR 2,685). The change in these KPIs compared to the previous year is attributable to the increase in the stake in Stern Energy S.p.A. to 80 % in October 2022, as a result of which the company and all the subsidiaries controlled by it and allocated to the Service segment are fully consolidated. The performance indicators of the Stern subgroup were therefore included in the consolidated financial statements on a pro rata basis only for around two months in the previous year. The earnings of Encavis for the period before full consolidation were recorded in the previous year as a change in the carrying amount using the equity method in the financial result.

Administration

Operating earnings before interest and taxes (operating EBIT) for the Administration segment totalled TEUR -10,181 (previous year: TEUR -14,297). Revenue and other income fell from TEUR 2,906 in the previous year to TEUR 1,753 in the reporting year. Personnel expenses, other expenses and depreciation and amortisation amounted to TEUR 11,934 (previous year: TEUR 17,203). Other expenses primarily comprised operating expenses but also included legal and consulting costs relating to the purchase of new park companies and other matters.

Notes to the individual financial statements of Encavis AG (HGB)

The annual financial statements of Encavis AG for the 2023 financial year were prepared pursuant to the provisions of the German Commercial Code (HGB) in accordance with the supplementary provisions of the German Stock Corporation Act (AktG).

Financial performance

Encavis AG generated revenue of TEUR 5,070 in the reporting year (previous year: TEUR 6,549). Most revenue was generated from the charging of expenses for insurance, administration and commercial management of the wind and solar parks to Encavis Group companies, as well as from the charging of expenses for tax returns, accounting and management of the wind and solar park companies.

TEUR 71,723 of the increase in other operating income from TEUR 4,242 to TEUR 87,510 is due to the realisation of hidden reserves from the contribution of subsidiaries to newly established holding companies and TEUR 6,488 from an upward merger at fair value. In total, write-ups amounting to TEUR 4,732 were recognized. In particular, the valuation of investments based on the discounted cash flow method as at 31 December 2023 taking into account the upper acquisition cost limit, resulted in write-ups totalling TEUR 4,304. Furthermore, TEUR 428 is attributable to write-ups due to currency translation.

In addition, the valuation of the investment, based on the discounted cash flow method, resulted in write-ups totalling TEUR 4,304 as at 31 December 2023, taking into account the upper acquisition cost limit.

At TEUR 16,311, personnel expenses were TEUR 1,509 lower compared to the previous year (TEUR 17,820). Compared to the previous year, no severance obligations arose at Encavis AG in 2023.

Other operating expenses of TEUR 17,096 were TEUR 2,236 lower compared to the previous year (TEUR 19,331). Other operating expenses mainly include costs for legal advice and other consultancy services totalling TEUR 5,177 (previous year: TEUR 6,595), expenses for insurance benefits amounting to TEUR 2,003 (previous year: TEUR 2,657), financial statement and audit costs totalling TEUR 1,128 (previous year: TEUR 895), office space costs totalling TEUR 942 (previous year: TEUR 898), Supervisory Board remuneration totalling TEUR 771 (previous year: TEUR 511) and maintenance costs for hardware and software in the amount of TEUR 389 (previous year: TEUR 350).

Financial income and income from investments rose to TEUR 110,638 in the 2023 financial year (previous year: TEUR 89,425). This includes income from investments in the amount of TEUR 5,772 (previous year: TEUR 15,357). Due to an internal Group requirement, the subsidiaries have primarily repaid the IC loan interest and IC loans and largely waived profit distributions.

In addition, Encavis AG received profits totalling TEUR 61,370 from profit transfer agreements in 2023 (previous year: TEUR 38,428). Encavis AG collected income in the amount of TEUR 1,443 in total (previous year: TEUR 2,096) from the control and profit transfer agreement concluded in the 2012 financial year between Encavis AG and Encavis Technical Services GmbH. Encavis AG collected income in the amount of TEUR 168 in total (previous year: TEUR 1,125) due to the control and profit transfer agreement concluded on 12 March 2020 between Encavis AG and Solarpark Neuhausen GmbH. In addition, a control and profit transfer agreement was concluded between Encavis GmbH and Encavis AG in December 2021, which resulted in income of TEUR 59,758 (previous year: TEUR 35,207). In 2023, Encavis AG assumed a loss of TEUR 2,159 (previous year: profit of TEUR 169) due to the control and profit transfer agreement concluded on 12 March 2020 between Encavis AG and Capital Stage Solar IPP GmbH.

This item also includes interest income from loans issued to affiliates of TEUR 38,524 (previous year: TEUR 35,256). The increase in interest income from affiliates relates in particular to additional loans issued to affiliates.

Financial expenses of TEUR 26,514 were incurred (previous year: TEUR 12,515). They mainly include interest expenses to banks totalling TEUR 17,766 (previous year: TEUR 5,665) and to affiliated companies in the amount of TEUR 6,585 (previous year: TEUR 6,681).

The investment valuation, based on the discounted cash flow method, as at 31 December 2023 resulted in impairment losses on financial assets in the amount of TEUR 23,304 (previous year: TEUR 5,713) to the lower fair values in accordance with section 253 (3) sentence 5 HGB.

Furthermore, there was an amortisation from currency translation in the amount of TEUR 257 (previous year: TEUR 904).

Taxes on income in the amount of TEUR 8,571 (previous year: TEUR 7,973) include expenses from additions to provisions for corporation taxes in the amount of TEUR 265, the solidarity surcharge in the amount of TEUR 13 and trade taxes in the amount of TEUR 728 from the current taxable profit. This item also includes an expense from the addition of deferred tax liabilities of TEUR 7,189.

Encavis AG reported a net profit for the year of TEUR 111,114 (previous year: TEUR 35,489).

Compared to the forecast, Encavis AG's earnings situation is more favourable. At EUR 44.6 million, the actual operating EBITDA is significantly higher than the forecast figure of EUR -24.6 million. The difference between the actual operating EBIT of EUR 44.3 million and the forecast operating EBIT of EUR -25.1 million is similarly high. The differences are essentially due to three effects. Firstly, the hidden reserves in the shares in Encavis Wind Danmark ApS and Encavis Nordbrise A.S. were realised in 2023 as part of intra-Group tax neutral restructuring, which made a positive contribution to operating EBITDA and operating EBIT. Encavis AG was also able to generate higher income by passing on its services to its subsidiaries and had lower personnel expenses overall compared to the previous year.

Net assets and financial position

In 2023, cash flow from operating activities amounted to TEUR -29,247 (previous year: TEUR -25,581). In comparison to the previous year, Encavis AG did not receive a refund of capital gains tax on profit distributions received (previous year: TEUR 6,127). In addition to that, there were also lower payments for personnel expenses.

Investment activity yielded a cash flow of TEUR -69,300 (previous year: TEUR 66,757). The change compared to the previous year is due in particular to the fact that Encavis AG has continued and intensified its growth course. Specifically, shares were acquired in the German wind park companies Windpark Schnellwettern GmbH & Co. KG totalling TEUR 14,176, UGE Voigtsdorf GmbH & Co. KG Umweltgerechte Energie totalling TEUR 9,020 and Windpark Desloch GmbH & Co. KG totalling TEUR 3,523. Encavis also acquired shares in the two solar park companies located in Spain, Hornet Solar S.L.U. (in the amount of TEUR 4,381) and Fundici Hive S.L.U. (in the amount of TEUR 4,351). In addition, shares in the Bulgarian start-up TokWise OOD were acquired in the amount of TEUR 2,745. Existing shareholder loans totalling TEUR 54,319 were redeemed as part of company acquisitions. Loans totalling TEUR 7,000 were also granted to associated entities. In contrast, Encavis AG received distributions of profits from the operating activities of affiliated companies totalling TEUR 4,254 (previous year: TEUR 2,898) and proceeds from profit transfers, in particular from Encavis GmbH totalling TEUR 35,207 (previous year: TEUR 39,094).

Cash flow from financing activities came to TEUR 111,407 (previous year: TEUR -1,099). In 2023, Encavis AG received cash inflows from promissory note loans (Schuldscheindarlehen) and bank loans totalling TEUR 289,200 (previous year: TEUR 115,000). Encavis AG repaid bank loans and interest as well as bonds in the amount of TEUR 135,695, which had an offsetting effect (previous year: TEUR 60,624) were repaid. Compared to the previous year, Encavis AG had no cash outflow due to the cash payment of the dividend to shareholders (previous year: TEUR 38,129).

Shareholders' equity increased from TEUR 851,510 in the previous year to TEUR 962,624 as at 31 December 2023. The change in equity results from the net profit for the year of TEUR 111,114 (previous year: TEUR 35,489). The equity ratio was 54.49 % as at the reporting date (previous year: 57.27 %).

The balance sheet total rose to TEUR 1,766,485 in the 2023 financial year (previous year: TEUR 1,492,496). With regard to assets, the increase primarily results from the expansion of financial assets through the acquisition of additional shares in affiliates and the issue of loans to affiliates as well as company restructuring. With regard to equity and liabilities, there was a particular increase in liabilities to banks and the company equity.

Supplementary report

MSCI upgrades Encavis' ESG rating to "AA"

Encavis AG announced on 31 January 2024 that it had improved its MSCI ESG rating to "AA". As a result, Encavis is now one of the leading companies in the energy sector. The improvement is largely due to optimisations in talent management and the systematic implementation of measures to reduce CO_2 emissions. MSCI, a leading international ESG rating company, praised the significant progress made on social aspects in particular, highlighting Encavis' pioneering role in the further professionalisation of HR management. Every year, Encavis carries out several "pulse checks" to measure employee satisfaction and ensure that the numerous employee retention measures are effective. The result is extremely satisfactory, with employee turnover showing a remarkable decline from 9.4 % in the 2021 financial year to just 5.3 % in the 2022 financial year. MSCI also emphasises Encavis' successful implementation of further measures to reduce CO_2 emissions. The Encavis Transition Plan sets out specific targets and strategic measures to show how the company can achieve its net-zero CO_2 emissions target by 2040.

Aliaxis and Encavis sign long-term power purchase agreement for Aliaxis' European business

Encavis AG announced on 19 February 2024 that it had signed a ten-year power purchase agreement with Brussels-based Aliaxis Holdings SA. The PPA is Aliaxis' first in Europe. Aliaxis is a leading global provider of advanced fluid management solutions that enable access to water and energy. With more than 15,000 employees, the company supplies municipalities around the world with sustainable and innovative solutions such as pipe and installation systems that meet the demanding requirements of the construction, infrastructure, industrial and agricultural sectors. The 38 MW Encavis solar park in Montefiascone in the Lazio region, around 100 kilometres north-west of Rome, is due to be connected to the grid in 2025. Under the PPA, Aliaxis will purchase around 50 GWh of electricity per year, totalling 500 GWh over ten years. This corresponds to a large proportion of the electricity consumption of Aliaxis companies in Europe.

Encavis acquires two more solar parks in Spain

Encavis announced on 26 February 2024 that it had expanded its Spanish solar park portfolio with two additional solar parks in Andalusia. Acquired from BayWa r.e., the Lirios solar park (109 MW, 220 GWh per year) is located 35 kilometres west of Seville. The park is already under construction and is expected to be connected to the grid in the fourth quarter of 2025. The La Florida Hive solar park (30 MW, 60 GWh per year) is being built south-east of Seville in Dos Hermanas and is due to be connected to the grid in the second half of 2025. It was developed by Hive Energy, as was a solar park project acquired in 2022 in Guillena (also in Andalusia), which will start producing electricity in the third quarter of this year.

Encavis Asset Management announces start of construction of Germany's second-largest solar park

Encavis Asset Management AG announced on 6 March 2024 that it had started construction of a state-of-the-art solar park for the EIF IV special bank fund. The solar park will have a generation capacity of 260 MW and cover an area of 205 hectares. The location of the solar park in the municipality of Bartow, around 150 kilometres north of Berlin, was carefully selected to ensure ideal sunshine conditions and efficiency. Construction of the ground-mounted solar plant will take place in two phases. Construction of the first section began in March 2024. Commissioning is expected to take place in summer 2025. The solar park is expected to generate around 270,000 MWh of electricity per year, which will supply around 96,000 households with green electricity and save 100,100 tonnes of CO_2 annually.

Encavis signs project refinancing agreements totalling EUR 203 million for the Talayuela and La Cabrera solar parks in Spain

Encavis reported on 7 March 2024 that it had signed two project refinancing agreements for a total amount of EUR 203 million for its Talayuela and La Cabrera solar installations in operation (both in Spain). The refinancing was structured, arranged and issued by Encavis' internal project financing team. The Talayuela solar park in the Extremadura region has a generation capacity of 300 MW, while the La Cabrera solar park in the Andalusia region has a generation capacity of 200 MW. Both projects have been in operation since 2020 and 2021 respectively and are among the first European solar parks to be realised and operated without public funding. The prices for the majority of the electricity generated by both projects are agreed in long-term power purchase agreements, each with an initial term of ten years. Refinancing is provided by a club of four international banks: ABN AMRO Bank N. V. (Netherlands), Coöperatieve

Rabobank U. A. (Netherlands), Bankinter S. A. (Spain) and NatWest Bank Europe GmbH (Germany/UK). While ABN AMRO, Rabobank and Bankinter have been financing partners of Encavis for many years, NatWest is providing project financing for Encavis for the first time. Encavis is therefore expanding and internationalising the universe of its banking partners in order to finance the Group's future growth strategy. In total, the refinancing comprises EUR 181.5 million in fixed-term credit facilities (hedged by interest rate swaps) as well as EUR 13 million in credit facilities and EUR 8.5 million in debt service reserve facilities.

Conclusion of an investor agreement with KKR to accelerate Encavis' growth

Encavis signs an investor agreement with a consortium of investors led by KKR and including the family-owned company Viessmann after the end of the 2023 financial year on 14 March of this year. The aim is to enter a strategic partnership for the long-term growth of Encavis. The investor consortium has announced its intention to make a voluntary public takeover offer for all issued shares of Encavis AG against payment of an offer price of EUR 17.50 per Encavis share in cash. The Management Board and Supervisory Board currently consider the offer to be advantageous for the company and all stakeholders, subject to the review of the offer document and in compliance with all due diligence and fiduciary duties.

Other

Personnel

In the 2023 financial year, there were an average of 368 employees at the Group (2022: 193 employees). The change in the average number of employees is mainly due to the 2023 financial year first full-year inclusion of the employees of the Stern subgroup, which was fully consolidated for the first time in October 2022. Further details can be found in chapter 5.5 Personnel expenses.

At the end of 2023, there were 394 staff within the Group. The change in the number of employees is mainly due to the growth-induced expansion of the team at Encavis. The number of employees per function at the end of 2023 was as follows:

Number of employees per company and function at year-end	Finance	Operations	Staff	Investments	Corporate Finance/ Project Finance	Asset Manage-ment	Technology / Administration	Total
Encavis AG	22	33	41	18	7			121
(previous year)	(22)	(26)	(30)	(14)	(7)			(99)
Asset Ocean GmbH			4					4
(previous year)			(0)					(0)
Encavis Finance B.V.			1					1
(previous year)			(0)					(0)
UAB L-VĖJAS			1					1
(previous year)			(0)					(0)
Encavis Asset Management AG						78		78
(previous year)						(71)		(71)
Encavis Portfolio Management GmbH						1		1
(previous year)						(0)		(0)
Stern Energy S.p.A.							119	119
(previous year)							(86)	(86)
Stern Energy GmbH							21	21
(previous year)							(16)	(16)
Stern Energy Ltd.							37	37
(previous year)							(28)	(28)
Stern Energy B.V.							6	6
(previous year)							(3)	(3)
Stern Energy SAS							5	5
(previous year)							(0)	(0)
Total	**22**	**33**	**47**	**18**	**7**	**79**	**188**	**394**
(previous year)	(22)	(26)	(30)	(14)	(7)	(71)	(133)	(303)

As at 31 December 2023, Encavis AG and Encavis Asset Management AG each had two Management Board members.

Supervisory Board

Dr Rolf Martin Schmitz was elected as the new Chairman of the Supervisory Board on 1 June 2023. The previous Chairman, Dr Manfred Krüper, is now Deputy Chairman.

Remuneration report

As in the previous year, specific information on the remuneration system as well as information on the individual remuneration of the members of the Management Board and the Supervisory Board will be disclosed for the 2023 financial year in a separately published remuneration report which will be presented at the latest at the 2024 Annual General Meeting. Information on share-based payment and valuations are provided in the notes to the consolidated financial statements and in the information on remuneration pursuant to section 314 of the German Commercial Code (HGB).

Other disclosures

Disclosure of barriers to takeovers pursuant to section 289a (1) and section 315a (1) of the HGB

- As at the reporting date of 31 December 2023, the subscribed capital of the company amounted to EUR 161,030,176.00 (in words: one hundred and sixty-one million, thirty thousand, one hundred and seventy-six), divided into 161,030,176.00 no-par-value shares. The shares are issued in bearer form.
- There are no restrictions on voting rights or transferability.
- The following shareholders held equity carrying a total of 10 % of voting rights as at the balance sheet date:

  Pool consisting of AMCO Service GmbH (Büll family), Hamburg, Germany, Dr Liedtke Vermögensverwaltung GmbH, Hamburg, Germany, PELABA Vermögensverwaltungs GmbH & Co.KG, Neubiberg, Germany, ALOPIAS Anlagenverwaltungs GmbH & Co.KG, Neubiberg, Germany, Krüper GmbH, Essen, Germany, ABACON CAPITAL GmbH, Hamburg, Germany as well as Dr Manfred Krüper and Sebastian Krüper.
- There are no special-rights shares.
- There are no limits of any kind of voting rights.
- Management Board members are appointed and dismissed in accordance with the provisions of section 84 et seq. of the German Stock Corporation Act (Aktiengesetz – AktG).
- Any amendments to the Articles of Association require a resolution by the Annual General Meeting. The power to make editorial changes has been granted to the extent specified in the Articles of Association.
- Authority granted to the Management Board by the Annual General Meeting in relation to increasing the share capital and issuing shares is set out in sections 4 and 6 of the Articles of Association. Please refer to the detailed information on shareholders' equity provided in the notes for further information.

Encavis AG is the borrower of several financing agreements, which usually contain change of control clauses. A change of control is defined as an event in which a natural or legal person directly or indirectly acquires more than 50 % of the shares and/or voting rights in Encavis AG or otherwise exercises control over it. Essentially, the following restrictions are relevant:

- The change of control clauses in the syndicated loan agreement for EUR 125 million and in the majority of bilateral loan agreements with banks grant each individual lender the right to early cancellation and repayment in the event of a change of control. This can be exercised with a certain period of notice.
- In the promissory note loans and similar instruments, which together account for a loan volume of around EUR 300 million, the change of control clause initially provides for a negotiation phase in the event of a change of control, during which the borrower and the respective lenders discuss the continuation of the loan

relationship. This phase starts with the notification of a change of control and lasts 30 calendar days. If no agreement on the continuation of the loan relationship is reached during this period, each lender may demand early repayment of the loan amount within 20 days.

- Encavis AG provides a subordinated guarantee under the hybrid convertible bond issued by Encavis Finance B.V. for EUR 250 million. Every investor in this bond can, with the exception of short periods, demand conversion of their bond share into new shares of Encavis AG at any time at the then applicable conversion price. The documentation for the hybrid convertible bond defines a change of control as the legal or other ownership of ordinary shares in Encavis AG representing 30% or more of the voting rights in Encavis AG, or the percentage that, in the event of a change in the relevant laws, would in future give rise to a mandatory offer. Both a takeover bid and a change of control lead to an adjustment of the conversion price under the hybrid convertible bond. Upon the occurrence of a change of control, the issuer Encavis Finance B.V. has the right to repay the outstanding amount of the hybrid convertible bond at par within a period beginning 20 business days after the occurrence of the change of control and ending 40 business days thereafter. If such a repayment is not made, the interest rate of the instrument increases by 500 basis points from the next interest payment date for subsequent periods.

Internal control system

The disclosures in this section are information not included in the management report, which are not based on the recommendations of the German Corporate Governance Code in its version dated 27 June 2022. The disclosures are not included in the audit report of the management report by the auditor.

Encavis AG has implemented an internal control system (ICS) to combine all principles, guidelines, measures and processes as a whole. The internal control system is therefore an essential component in the management of the Group. The Management Board of Encavis AG controls the scope and structure of the ICS and incorporates the managers into the organisational implementation of decisions. This ensures that all essential operational processes are recorded by the ICS. This applies in particular to operational risks and compliance as well as risk and opportunity management. The Management Board will be regularly advised and supervised by the Supervisory Board and the Audit Committee in matters of appropriateness and effectiveness of the ICS, the risk management system and the internal audit system.

The specific structure of the internal control system includes all essential transactions at Encavis AG in their entirety and goes beyond the controls in the accounting process.

With regard to the onboarding of new business partners of Encavis AG, there are various checking mechanisms which provide a standardised customer onboarding process. To meet internal compliance requirements, all business partners also commit to the Business Partner Code of Conduct and its recognition during the business relationship under the contractual arrangements. All business relationship contracts are signed using the four eyes principle and are subject to a signature guideline, which regulates the powers of representation and is implemented in the company and adapted where required.

In the area of IT, Encavis AG has implemented a modern security concept. System saves are performed regularly to avoid data losses and system failures, Battery systems have been installed in the event of a blackout, in order to protect the existing server environment from a power outage. Encavis AG also diversifies the service providers to avoid dependencies in the security backup concept.

Encavis AG will also continue to develop the requirements of the internal control system in the future and thus ensure its ongoing improvement. To safeguard this, Encavis AG can conduct an internal audit every year, which is outsourced to a service provider, thus an auditing firm. The audit issues are determined by the Audit Committee in the last Audit Committee's meeting of a financial year for the next year. The findings of the audit will be used for continuous further development of the general business management as well as the preventive and detective controls, and implemented according to the recommendations.

The Management Board of Encavis AG has considered the recommendations of the DCGK in 2022 at length with the appropriateness and effectiveness of the risk management system and the internal control system. There were no circumstances to argue against the appropriateness and effectiveness of the internal control system.

Key features of the internal control system for the accounting process

The Encavis AG Management Board is responsible for preparing the annual financial statements and management report for Encavis AG in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act. In addition, the consolidated financial statements are prepared according to International Financial Reporting Standards. German Accounting Standard 20 (GAS 20) is applied to the consolidated management report.

The Management Board established an appropriate internal control system in order to safeguard the accuracy and completeness of the financial reports, including the integrity of the accounting system.

The internal control system has been designed to ensure the prompt, uniform and accurate recording in accounts of all business processes and transactions, as well as to guarantee compliance with statutory requirements and financial accounting regulations. Any amendments to legislation and the accounting standards and other official announcements are continually analysed for their implications for the individual and consolidated financial statements. The internal control system is also based on a number of control measures embedded in the process. These process-integrated control measures include organisational safeguards, ongoing automatic measures (segregation of duties, access restrictions, organisational policies and procedures such as powers of representation) as well as control mechanisms integrated into workflows. In addition, non-process-based control measures guarantee the effectiveness of the internal control system.

Accounting for the majority of the fully consolidated companies and the consolidation procedures are centralised. Automated controls are monitored by staff and complemented by manual checks. A standard consolidation system is applied to consolidation procedures.

All staff involved in accounting processes receive regular training.

The Supervisory Board of Encavis AG is responsible for regularly reviewing the effectiveness of the internal control and monitoring systems and receives regular reports from the Management Board. In this context, an auditing company was commissioned in the 2023 financial year to review the internal control and monitoring systems with regard to the processes “Compliance with data protection and labour law regulations in mobile working arrangement” and “Implementation of the compliance management system (‘CMS’)” at Encavis AG. The audit of the CMS system, which is still in the early stages of establishment, did not start until the fourth quarter of the 2023 financial year and will be consciously continued in the subsequent financial year. The finding of the audit on the first-mentioned audit topic were presented to the Management Board and Supervisory Board in an audit report.

Opportunities and risks

Risk and opportunity management system

Risk and opportunity management is an essential component of all planning, controlling and reporting systems within the individual companies and at Group level and is a central element of reporting. It comprises the systematic identification, evaluation, control, documentation and monitoring of both risks and opportunities, which are controlled by a Group-wide risk management system. However, the effects of risks and opportunities are not offset against each other. The risk management system enables Group management to act and intervene quickly and effectively to take timely measures to minimise risks and to exploit opportunities for the benefit of the Group.

The objectives and strategies of the risk and opportunity management system are:

- to meet legal and regulatory requirements,
- to ensure the continued existence of the Encavis Group by means of early, sustainable and transparent identification of overall risks,
- to protect or increase the company's value through the holistic and active management of all risks and opportunities that could interfere with the achievement of the Group's commercial goals,
- to create added value by taking appropriate account not only of return but also of risks in relevant decisions and processes, including investment decisions, risk capital allocations and corporate planning.

Organisation of the risk and opportunity management system

Overall responsibility for monitoring and controlling the total risk of the Group is borne by the Management Board of Encavis (hereinafter also referred to as "Encavis"). The Management Board establishes rules and minimum standards and therefore decides on the framework of risk management and the superordinate risk management strategy of the Encavis Group.

The company's proactive and efficient management of risks and opportunities is based on transparent, intelligible nomenclature as well as timely and targeted communication. Standardised communication across all divisions has been set out to ensure that pertinent information can be forwarded both to the Management Board (decision maker) as well as the risk manager and/or the risk owner.

Risk management at Encavis is to be understood as an iterative process. This can be illustrated as follows:

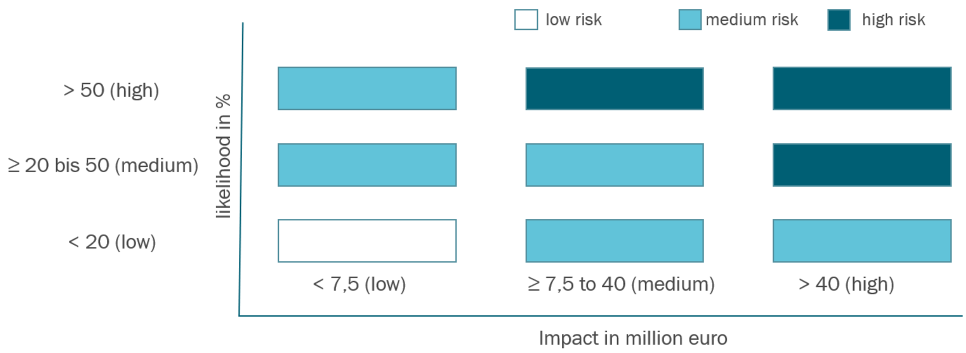
The risk manager is responsible for the implementation, ongoing development and coordination of the risk and opportunity management framework, with the help and assistance of the risk owners in the following areas: Accounting, Controlling, Corporate Finance/Treasury/Insurance, Energy Portfolio Management, Energy Risk Management, Group

Accounting, Investments, Investor Relations/Public Relations, IT, Operations, Project Finance, PPA Origination, Human Resources, Legal, Sustainability & Communications and Tax. The risk owners are responsible for identifying any risks in their respective areas at an early stage, assessing them adequately and managing them in accordance with corporate guidelines. The risk manager reports to the Management Board and is responsible for implementing the risk management system and reporting the Group's risk exposures to the chief financial officer of Encavis. Additionally, the Management Board reports to the Supervisory Board about the risk situation of the Group.

Risk and opportunity management is a continuous process and is integrated into our operational procedures. Risks and opportunities – defined as having a negative or positive impact on corporate goals or at least one of the general project targets of time, costs, scope or quality – are reported quarterly. The risk situation is also monitored between the quarterly reporting dates, in relation to key projects and/or decisions for instance. Any material changes in risk exposure are reported to the Management Board immediately.

Risk assessment

Uniform guidelines are in place to evaluate the risks inherent in the risk classes. Where risks cannot be evaluated quantitatively, they are evaluated at a qualitative level.



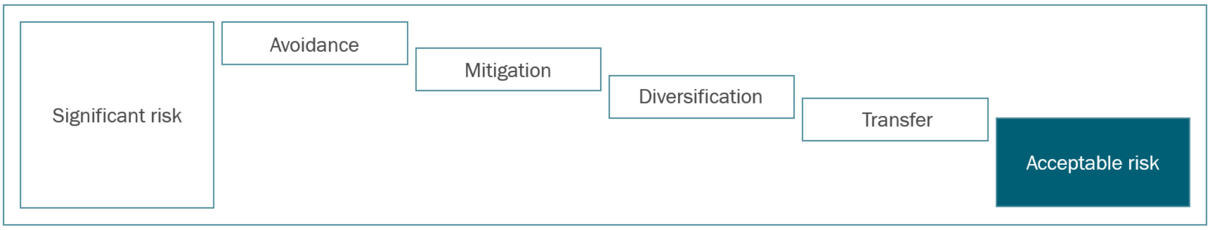
A period of 12 months is generally considered to be the period during which the risk arises. However, individual cases involving longer-term significant risks may extend beyond this general period. Identified risks are evaluated based on their probability of occurrence and effect and assigned to risk classes using the combination (multiplication) of both factors. Both probability of occurrence and effect are allocated a score on a scale of 1 (very low) to 10 (very high). The scores for probability and impact are then multiplied together, resulting in a risk index of between 1 and 100. In this regard, an effect is evaluated as the estimated cost or income loss that would occur if the corresponding risk were to arise. Risks with a rating of up to 19 points are classified as "low risk". Moderate risks are those with a score of 20 to 50 points, and risks given scores of 51 to 100 are classified as high risks. In addition, the "Fact" and "Growth" classifications were introduced. Here, an assessment is made as to whether an identified risk has an impact on the existing business or whether it could merely influence the further growth of the Encavis Group.

Risk class and Thresholds for risk assessment (1–100)	Description of risk class
Low 1–19	The risks have a low probability of occurrence combined with a low impact.
Medium 20–50	The risks have a high probability of occurrence combined with a low impact or a low probability combined with a high impact.
High 51–100	The risks have a high probability of occurrence combined with a major impact.
Fact	Risks have already occurred but do not necessarily have any major impact on the business.
Growth	Risks of this class may influence the future growth of the Encavis Group.

Particular attention is paid to risks classified as "growth", "high" or "moderate", with strategies focusing on managing the risk(s) so that risks are able to be reclassified to the low to moderate range in terms of the net effect. Inventory risks alone are assessed in terms of probability of occurrence and impact. Growth risks are only assessed in terms of probability of occurrence, as such risks have no influence on the existing business of the Encavis Group. Risks are presented on a net basis.

Risk actions

Both active and passive measures are available ("risk strategies") when it comes to managing risks using appropriate instruments. Significant risks are to be brought into acceptable ranges in as cost-optimised a way as possible. This is generally achieved through a mix of the measures and instruments described below.



Active measures have a direct effect on the probability of occurrence and the loss associated with the risk, thereby reducing the gross risk.

a) Avoidance: By avoiding activities in certain areas or projects, situations can be avoided whereby activities leading to risk are performed in the first place.

b) Mitigation: Risks are still taken, but are secured to a certain extent.

c) Diversification: This involves attempting to limit the risk by spreading the risk around or actively passing on losses to other parties.

Unlike active measures, passive measures do not impact the risk structures.

The objective of passive measures is to be able to react to risks at short notice, without delay and quickly by deploying sufficient resources and responding with an appropriate level of potential effectiveness. Passive measures include primarily the following:

d) Risk-taking This involves deliberately taking on and bearing risks, for example by taking precautionary measures-/forming reserves.

e) Risk transfer: Risk can be transferred to another party by concluding agreements/contracts. In addition to the conclusion of insurance policies, this also includes the use of financial derivatives and the shifting of risks to customers or suppliers and financing banks by centring project financing solely on the project without recourse to the rest of the Encavis Group ("non-recourse").

Risk management

The Encavis Group has developed a variety of risk mitigation and risk avoidance strategies involving appropriate measures, a large number of which are covered by the internal organisation. Additionally, Encavis works with highly respected business partners, law firms and consultants. In this context, care is taken to ensure that potential risks are not borne solely by Encavis. One element of risk management is also the consistent financing of projects by means of non-recourse project financing, based on which the banks only have to ensure the repayment of the financing from the financed project. This can be seen in particular in the section on business risks.

Risk control

The objective of Encavis' approach is holistic risk management, in other words applying risk management at all levels and in all areas of the company. All employees are encouraged to actively engage with the topic of risk management. Each member of staff can and should report any newly identified risks, changes or revised estimates directly to the relevant risk owner. In preparation for these quarterly meetings, all risk owners review the risk assessment of their area/risks and formulate and present any appropriate measures they would like to suggest.

The entire risk inventory is presented at the end of the year and discussions are held on any revision of individual risk assessments and classifications as well as any changes to the previous year.

Information regarding material risk changes

Encavis identifies, analyses, assesses and monitors the relevant risks for the company on an ongoing and comprehensive basis. Material risks are listed, explained and classified in the following risk report. In addition, any measures and strategies employed by the company to avoid or mitigate these risks are also presented.

The risks from existing covenant agreements at holding company level were newly included as a “moderate” risk. While the probability of non-compliance with a financial covenant remains low, the potential impact of such an event is high, should it occur.

In addition to the changing market risks and financial risks, the issues of cyber risk and cybersecurity remain critical. Encavis again took additional measures in the 2023 financial year to further minimise these risks due to the increasing threats.

Opportunity management

The purpose of opportunity management is to secure the long-term success of the company. Opportunities are discussed and recorded at the same time as risks and, following their assessment, specific measures are decided on to take advantage of these opportunities. A distinction is made between two types of opportunity in the context of opportunity management:

- external opportunities which have causes we are unable to influence, for instance the retraction of a tax
- internal opportunities which arise within our company, for example as a result of achieving synergies

The opportunities identified within the Encavis Group are detailed in the report on opportunities.

Risk report

As part of risk management, the risks listed below to which the Encavis Group is exposed have been assessed and classified according to probability of occurrence and impact and broken down into risk classes. For the purpose of the explanations in this risk report, we have limited ourselves to the risk categories that were material in the reporting year as well as to individual risks that were classified as moderate and high. Material risks not classified as moderate and high are those that, despite being classified as low, have an impact on Encavis’ growth or are generally known, such as regulatory measures that cannot be anticipated or the growing shortage of skilled workers in Germany.

Overview of material risks in the reporting year

Strategic risks	Risk class	Change year on year
Political and regulatory risks	moderate	↗
Risks arising from the short- and long-term marketing of electricity	moderate	→
Market risks	growth	→
Operational risks		
Business risks	moderate	→
Meteorological risks from sun and wind	moderate	→
Financial risks		
Project financing risk	low	↘
Risks associated with the Group's capital procurement	low	↘
Risks from existing covenant agreements at holding company level	moderate	new
Currency risk	low	→
Interest rate risks	moderate	→
Risks in the Asset Management segment		
Capital procurement and investment risks	growth	moderate
Liability or reputation risks	low	→
Compliance risks		
Tax compliance risks	moderate	→
Corporate compliance risks	low	→
Stricter climate reporting obligations	low	→
Organisational risks		
Personnel and organisational risks	low	→
IT risks (cyber risk and cybersecurity)	low	↘

Legend:
→ Unchanged risk class ↗ Higher risk class ↘ Lower risk class

Brief explanation of risk changes in the reporting year

- The Group's project financing and capital procurement risks were downgraded from "moderate" to "low". The market for project financing remains very stable, and the holding company has reliable access to banking and debt capital markets, both for new investments and for refinancing existing debt. The interest rate environment has stabilised compared to the previous year.
- The risks from existing covenant agreements at holding company level were newly included as a "moderate" risk. While the probability of non-compliance with a financial covenant remains low, the potential impact of such an event is high, should it occur. In the overall assessment, this results in a rating of "moderate" risk.
- The IT risks were downgraded to "low" compared to the previous year. This is made possible by a large number of measures that relate in particular to IT security.

Disclosure of material risks

Strategic risks

Political and regulatory risks
As an internationally operating group, we are exposed to various political and regulatory changes in different countries and markets. After Russia's war of aggression against Ukraine in the 2022 financial year, the electricity market has had to face many challenges. The impact on Encavis was discussed regularly, and discussions on implementing measures to soften the impact on electricity prices were actively monitored.

After the German legislator passed the Electricity Price Cap Act as part of the energy price measures on 20 December 2022 with effect from January 2023, which regulates, among other things, levies on so-called windfall profits or excessive profits on the electricity markets, Encavis assessed the specific effects in individual cases before each investment against the background of the passed levies. The levy was introduced on 1 December 2022 and was limited until 30 June 2023, whereby the statutory order could be extended until 30 April 2024 at the latest.

It expired on 30 June 2023 for electricity generation. The German government has not extended the period of application of the corresponding provisions of the Electricity Price Cap Act. In view of the secure electricity supply, currently falling electricity prices and the resulting lack of income from the levy, as well as the possibility of investment barriers, an extension of the levy was not considered justified. There was also no extension of the corresponding European legal basis under European law. Council Regulation (EU) 2022/1854 of 6 October 2022 on emergency measures in response to high energy prices was also limited until 30 June 2023. In its report presented on 5 June 2023, the European Commission rejected an extension.

This means that the levy is limited to the first two accounting periods (1 December 2022 to 31 March 2023 and 1 April 2023 to 30 June 2023). In addition, constitutional complaints have already been lodged against the levy of proceeds due to concerns under EU and constitutional law, with the consequence that, if these are decided in favour, the law would be declared null and void and thus a reclaim of the levy already paid for the periods concerned could be asserted.

We are also currently taking legal action against the cap on profits from electricity revenue adopted in Italy as a result of the implementation of the EU regulation on a levy on windfall profits generated on the energy market and its effects on parks operated using state subsidies – primarily because the price cap set there is significantly below the EU requirements.

The French government decided in October 2020 to retroactively reduce solar subsidies for feed-in contracts signed before 2011 for solar installations with outputs above 250 kW and to decree/order new tariffs to take effect from 1 December 2021. Encavis has taken legal action against the individual reduction notices in the local administrative courts in France for each of the SPVs concerned. In a decision dated 27 January 2023, the French Supreme Court (Conseil d’État) overturned the orders on which the reduction notices were based, meaning that the legal basis for the reduction has ceased to exist. In the meantime, the reduction notices have also been confirmed as cancelled by the state. The SPVs concerned have already had the reduction notices overturned by the administrative courts, with the result that the old tariffs prior to the reduction will apply again once the reversal takes effect. In view of this, the risk that exists until a possible new order is adopted is reduced accordingly, given that the superseding decree is still in place, and assessed as low. As a result, the protection clause proceedings before the Commission de régulation de l’énergie (CRE) to suspend the reduced feed-in tariff while maintaining the previous tariff until 31 March 2023 has also been resolved.

In Spain, the regulation that came into force on 16 September 2021, which contains provisions to mitigate the effects of rising natural gas prices on the gas and electricity market and Spanish electricity consumers, is still in force. Measures include a mechanism to reduce the tariff temporarily by requiring electricity producers to make reimbursements for high electricity prices. The mechanism takes effect when the price of gas exceeds EUR 20/MWh; it is currently EUR 80/MWh. Against the backdrop of Russia’s war of aggression against Ukraine, Spain (like Portugal) extended the cap on its gas prices for electricity generation until 31 December 2023. The European Commission has approved the extension. Exceptions are also defined for a reduction in tariffs if a PPA was concluded prior to 16 September 2021 with full or partial hedging that does not contain a price adjustment provision and is not internal to the Group. This exception also applies for PPAs after 16 September 2021, if the term is a minimum of one year.

Risks arising from the short- and long-term marketing of electricity
Encavis’ portfolio is exposed to two main risks: “market risk” and “credit risk”.

In terms of “market risk”, “market price risk” represents one of the most significant risks. Market price risk is defined as both positive and negative fluctuations in market prices that can change the value of energy positions (energy position is defined as the amount of energy, expressed in MWh, which is generated by an asset or portfolio from when it starts operation to end of life).

Credit risk, by contrast, relates mainly to “replacement risk”, which is the risk that arises if the counterparty defaults, resulting in all active contracts with that counterparty having to be concluded at current (unfavourable) prices instead of those stipulated in the original contracts.

In the countries in which Encavis operates, the energy sector is organised around free market pricing. Falling prices on the wholesale electricity markets can lead to a loss of profitability for production installations. This also applies to renewable energy installations that are not subsidised by fixed feed-in tariffs. PPAs are one way to reduce the market price risk for a project/portfolio over the long term as they contain a fixed electricity price agreed between the two contracting parties for the term of the respective PPA.

However, depending on how the PPA is structured, this kind of pricing and concurrent supply obligations to the customer can also give rise to market price risks for a project/portfolio. Rising prices on the wholesale electricity markets may mean, for example, that shortfalls in electricity volumes have to be purchased on the market at higher prices than originally planned in order to be able to fulfil the supply obligation under a PPA.

To address the replacement risk, long-term PPAs include, for example, mutual guarantees or sureties to cover the potential loss in the event of early termination.

Market risks

The transition from a fossil fuel-based energy supply to more sustainable sources of energy, such as renewables like wind and solar power, means that renewables continue to be one of the world’s fastest growing industries. Operating wind parks and solar parks is only subject to minor economic fluctuations as a result of legally guaranteed feed-in tariffs, long-term power purchase agreements (PPAs) or renewable purchase obligations (RPOs) such as those set out in the German Renewable Energy Act (EEG).

In order to respond quickly and appropriately to market risks, Encavis continuously monitors the relevant markets by studying various trade publications; attending conferences, symposiums and trade shows; and maintaining memberships of industry associations, such as the German Solar Association. In addition, the company cultivates direct contacts and participates in regular discussions on relevant issues as part of a network of partners, experts and industry representatives.

Operational risks

Business risks

Technical faults in the installations or substations can bring wind parks and solar parks to a standstill, or they may be temporarily disconnected from the grid by energy suppliers so that necessary works can be undertaken. This carries the risk of prolonged downtimes if they are not detected early and any technical faults are not repaired in due time.

The Encavis Group mitigates the risk of downtimes in its wind and solar power plants at an early stage, as the management and monitoring of the installations are undertaken by experienced external partners. Online monitoring in real time ensures that technical issues are detected and investigated immediately. In 2022, Encavis increased its stake in the pan-European O&M service provider Stern Energy S.p.A., based in Italy, to 80 %. This company provides technical management services for a large number of the Group’s own solar installations, as well as for many external customers. Consequently, Encavis has secured access to the relevant services required to mitigate risk and rectify damage. In addition, the development of the plants’ performance is continuously monitored by the respective project managers and the Group’s internal New Build & Technical Services department. All installations are insured against the economic consequences of business interruption due to external events. As an example, two French solar parks were damaged by fire in 2022. Insurance covers both the material damage to the solar power plants caused by the fires and the losses due to business interruption for a downtime of up to twelve months.

Meteorological risks from sun and wind

The output of solar parks (ground-mounted systems) depends on meteorological conditions, which may negatively impact the performance. Assessments of expected solar radiation may prove inaccurate, and climate changes and pollution could result in predicted weather conditions not occurring or deviating from both existing assessments and the meteorological mean.

Encavis looks to its own experience and external assessments of expected solar radiation as part of the economic efficiency calculation for the acquisition of new solar parks. These assessments are based on long-term historical data on the levels of sunshine and form median values for the forecast. The effects of deviations from these prognoses on the economic efficiency calculation are also tested with sensitivity analyses. In addition, diversification of the current portfolio of solar parks reduces dependence on the meteorological conditions in one region. It must also be considered that, due to changes in climate, the hours of sunshine in several European countries are regularly increasing and are well above the long-term average. This meteorological trend has been observed in recent years and is not factored into the evaluation of the parks.

Generally speaking, generation capacity in the Wind Parks segment is subject to greater fluctuations than the solar power sector. Fluctuations in the wind energy sector may be up to 25 % above or below the median value per year. Encavis mitigates the risk by factoring in the greater volatility in the wind segment in the economic efficiency calculation for the acquisition of new (onshore) wind parks in the form of haircuts and/or by simulating worst-case scenarios. Here, too, the Group relies on its own experience and external assessments of expected levels of wind.

However, such fluctuations cannot be completely ruled out, with the resulting risk that the performance of individual wind parks will fall below the values originally planned. Geographic diversification of the current portfolio of wind parks, as well as the lower share of individual parks in the Wind Parks segment in the Group's total revenue, makes the associated overall risk acceptable for the Encavis Group.

Financial risks

Encavis is exposed to various financial risks (such as interest risks) and, due to its comprehensive business relationships, credit risks (such as counterparty default risks under project contacts such as PPAs or EPC agreements).

Project financing risk

The construction and commissioning of wind parks and solar parks are associated with high investment costs. For the most part, these are financed by the project company's borrowing of project-related loans which, depending on the geographic region and the level of guaranteed remuneration for the electricity purchase, can comprise as much as 80 % of the total investment. Restrictions on the provision of suitable loans and stricter covenant requirements imposed by the lending banks could make financing any future projects much more difficult or even impossible moving forward. Moreover, a deterioration in the economic situation could result in an increase in the cost of financing by banks (and consequently in interest costs for projects) and, in the event of an increasing number of insolvencies, a reduction in the overall willingness to lend. As a result, the Encavis Group would have fewer financing opportunities, which would significantly slow down its potential growth. However, interest rate risks would not have a direct impact on the current project portfolio, as the interest rates on existing financing are generally hedged over the entire financing term.

The Encavis Group therefore maintains direct and ongoing contact with leading project-financing European financial institutions that have been in this business for many years. Splitting funding requirements for individual Group projects between different banks means that the company is not dependent on any particular institution, thereby avoiding cluster risks. At the same time, Encavis has a proven track record in arranging project finance for a total of around 300 externally financed wind farms and solar parks.

Additionally, the Encavis Group constantly monitors compliance with the covenants for all existing as well as any new project funding. The company examines financing alternatives and is continuously expanding its circle of banks by inviting new banks to join the financing consortium.

Unlike the financing of Encavis AG itself, there are no refinancing risks at project level, as project financing is committed over the longer term and repaid over the long term of the loan, with no further final maturities. In this respect, no mini-perm financing structures are applied.

Furthermore, all project financing is based exclusively on the respective financed project (non-recourse). As a result, no other Encavis Group company is liable for the repayment of the corresponding project financing in the event of insolvency of a project company. In this respect, the Encavis Group's liability is limited purely to the equity invested in the project in question.

Risks associated with the Group's capital procurement

In terms of the shareholder contribution, investment in wind and solar installations for the Encavis Group's own portfolio is financed on a project-by-project basis by drawing on Encavis AG's investment resources. These are fuelled by the operating cash flow, borrowing and equity measures. Any inability of the Encavis Group to make sufficient financial resources available as equity for projects in the future would have a negative impact on the further growth of the company.

Encavis AG's current borrowing requires sufficient funds to repay it upon reaching the respective maturity date, which constitutes a refinancing risk. The repayments can be made from operating cash flow, partial or full refinancing by means of new financial instruments, equity capital measures or a combination of all of these options.

Both growth risk and refinancing risk are classified as low. Encavis AG has very good access to the debt and lending markets and, as a listed company, has access to the equity capital market. The Encavis Group has an investment grade rating of BBB- with a positive outlook from SCOPE and central bank eligibility certified by the Deutsche Bundesbank. In 2023, Encavis AG's maturities were easily serviced from operating cash flow and refinancing. Encavis AG also raised significant funds for investment purposes with the issue of a promissory note loan totalling EUR 210 million and demonstrated its good access to the debt capital market.

Risks from existing covenant agreements at holding company level

As the borrower, Encavis AG is obliged to comply with certain financial covenants for some of the debt financing concluded at holding company level. This essentially involves compliance with a contractually defined equity ratio at consolidated Group level. In some loan agreements, non-compliance with the financial covenants is agreed as grounds for cancellation by the creditors. If the creditors call in their receivables due to non-compliance with a financial covenant, this leads to an outflow of funds at Encavis AG, while – depending on the amount of the loan amount called in – all creditors of Encavis AG's debt financing are entitled to terminate their loan receivables via cross-cancellation clauses. Should this eventuality occur, it would have a major impact on Encavis AG's liquidity position.

The probability of such an event occurring is very low. All financial covenants agreed in the loan agreements concluded with Encavis AG as the borrower are comfortably met. Compliance with the financial ratios is monitored on an ongoing basis and future developments are forecast. Potential future adverse developments are anticipated at an early stage and Encavis AG has numerous options at its disposal to take appropriate measures to avoid non-compliance with financial covenants.

Currency risk

Encavis is also active outside of the eurozone and operates ground-mounted photovoltaic installations and wind power installations in countries such as The United Kingdom, Denmark and Sweden. Investments and revenue denominated in foreign currencies are subject to exchange rate fluctuations as soon as one currency is exchanged for another.

The Encavis Group takes care at the level of project companies to ensure that the corresponding payment obligations and revenue of the companies are in the same currency and that no relevant currency risks exist in this respect. This is achieved, for example, by borrowing the project funding in the corresponding local currency or by means of derivative hedges, such as cross-currency swaps.

Encavis proactively minimises the risk by continuously monitoring the performance of foreign currencies and entering into hedging arrangements as and when required.

Interest rate risks

The financing strategy of the Encavis Group for the acquisition of suitable wind and solar parks includes a borrowing portion in the form of loans. Wind farms and solar parks are financed with loans at both fixed and variable interest rates with maturities of up to 20 years. If, in the case of a fixed-interest loan, an agreed fixed-interest period depends on the financing term, substantial interest rate premiums are factored into the calculations of the projects after the end of the fixed-interest period to take appropriate account of the corresponding interest rate risks – unless the interest rate risks are otherwise excluded, for example by means of forward interest rate swaps. Any rises following the expiry of fixed-interest periods above and beyond those allowed for in the calculations may reduce the profitability of some wind farms or solar parks. That is why Encavis AG has consistently used interest-rate hedges at the project level for the entire term of the loan in the case of its larger project funding in recent years. In some cases, it has also used interest-rate hedges retrospectively for existing project funding where the fixed interest rate period expired before the term of the loan. In the case of loans with variable interest rates, interest rate risks are eliminated over the financing term by concluding corresponding derivative interest rate hedging instruments, known as interest rate swaps, thus enabling reliable long-term calculation and planning. In this respect, any changes in the interest rate level will primarily only have an impact on our growth, and not on the existing portfolio.

Encavis' non-current financial liabilities either have a fixed interest rate or are hedged using interest rate swaps. Most of Encavis' credit lines are not hedged against interest rate risk due to their fluctuating drawdowns or because they are utilised in the form of guarantees. Appropriate interest rate hedges, such as forward swaps, are concluded whenever drawdowns are expected with a high degree of predictability and in the case of planned debt issuances that are highly likely to be implemented. The portions of the credit lines that are not interest-hedged have an interest rate and maturity structure that is in line with the market. Following a sharp rise in market interest rates in 2022 and parts of 2023, these have now consolidated at a new level. A further increase is not expected in view of the European Central Bank's decisions on the key interest rate and an inverted yield curve. The interest rate risk for drawdowns of the portions of the credit lines that are not interest-hedged is assessed as low.

Risks in the Asset Management segment

Capital procurement and investment risks

Encavis Asset Management AG specialises in services for institutional investors within the Encavis Group. The subsidiary provides institutional and professional investors who wish to invest in the renewable energy sector with structured investment options (such as special funds, debt instruments, direct investments). These institutional investors, in particular insurance companies, banks and other financial institutions, are subject to specific regulations designed to safeguard the interests of their beneficiaries. Investment options for European insurance companies are further limited by EU directives. The Solvency II directive, for instance, introduces new capital requirements for insurance companies and pension funds, and the European Capital Requirements Regulation (CRR), imposes new capital requirements on banks. These and other unforeseen amendments to the regulatory framework may reduce the willingness of institutional and professional investors to engage with renewable energies.

Under these circumstances, it may be more difficult for the Encavis Group to persuade institutional investors to increase their holdings in (special) funds or invest directly in renewable energy projects. The result of such a development would be a reduction in future revenues from performance-related remuneration and asset management fees in this business segment. Interest rate developments in particular have made institutional investors more cautious about investing.

The company is therefore continuously optimising its investment offering and working towards broadening its access and consulting to a wider pool of potential investors, including differently regulated client segments such as insurance companies, pension funds, utility companies, foundations and religious organisations. Further geographical expansion of activities in this business segment is also planned and, in some cases, has already been achieved (such as solar parks in Spain and wind parks in Ireland). Against this backdrop, sales risks are to be regarded as a moderate risk at present. However, Encavis is confident that it will be able to further expand the Asset Management segment as a sustainable third source of income.

Liability or reputation risks

Non-compliance with investment criteria when purchasing, resulting in the funds managed by a Encavis Asset Management AG on behalf of institutional investors performing worse than planned, or poor decisions within the scope of the management of wind farms and solar parks could lead to liability claims again Encavis Asset Management AG, and therefore to a deterioration in the reputation of the Encavis Group.

Such risks are counteracted insofar as clear criteria for investment in the fund are laid down and acquisition decisions are ultimately not reviewed and made by the investment company appointed for this purpose rather than by Encavis Asset Management acting as an investment advisor. If there is a deviation of defined investment criteria, the relevant investor is also asked to make a decision prior to making the investment. In addition, Encavis Asset Management AG is appropriately insured for any liability arising from its activities.

Compliance risks

Tax compliance risks

The tax structures in Encavis' national markets can be complex due to the application of rules for tax groups formed for income tax purposes or group taxation rules, along with different legal forms and the existence of holding structures for non-tax reasons. The risks of tax compliance violations resulting from this are mitigated by local tax consultants. They provide the companies with continuous support and coordinate with Encavis on issues relevant to the Group. Tax risks for Encavis' German national market are managed by its own tax department together with external tax consultants. For the acquisition of new projects, tax risks are assessed by performing tax due diligence and an investment evaluation as well as, for foreign transactions, by involving experts in the respective national tax law.

In international tax law, risks are primarily dependent upon the transfer prices within the Group. Intra-Group services provided to subsidiaries are rendered through the provision of loans and, to a much smaller financial extent, in the form of services. Encavis has agreed target figures with experts in transfer pricing for the corresponding invoicing processes.

Even though the company is of the opinion that tax risks have been taken into account comprehensively with the tax provisions, it is not possible to rule out that taxes may become payable as a result of future tax audits in Germany and abroad. The Group ensures that all relevant tax-related issues and developments are regularly discussed with the tax advisers.

Corporate compliance risks

Business operations necessitate the assumption of legal risk. In addition to the possibility of court or arbitration proceedings, the Encavis Group is subject to other regulations and principles.

The Encavis Group companies are exposed to risks from current or possible future legal disputes. Such legal disputes may arise from ordinary activities, in particular from the assertion of claims resulting from failures relating to performance or delivery, or from payment disputes.

Encavis recognises provisions for litigation risks when an obligation is likely to arise and a reasonable estimate of the sum can be made. An actual claim may exceed the deferred amount under certain circumstances.

However, legal risks may also arise from infringements of internal guidelines by individual employees or from infringements other legal requirements arise. Encavis has a compliance management system in place to assess risks in the compliance topics defined by the Management Board and to implement the necessary measures. The strict compliance requirements designed to protect all stakeholders prevent risks, especially those in the areas of anticorruption, anti-money laundering, data protection and IT security, since these can have an enormous impact in terms of both financial losses and reputational damage. The Encavis Group has a training concept in place to provide employees with solutions and possible courses of action, so that the risks inherent in day-to-day business can be monitored, addressed promptly and mitigated in a timely manner.

With the introduction of the anonymous whistle-blower system, which applies not only to internal purposes but also to external business partners, any irregularities, in particular violations of applicable law and internal directives and processes, can be reported and tracked anonymously.

Stricter sustainability reporting obligations

The EU's push in recent years to make its economy more climate-neutral and sustainable has led to a number of new regulations. Many have already been adopted, and some are in the final rounds of voting. Statutory disclosure obligations and regulations are becoming increasingly strict. An interdisciplinary Sustainability Committee has been established within the Encavis Group in order to effectively integrate the topic of sustainability into the various business areas and processes. Furthermore, Encavis places great value on social responsibility and ethical conduct and requires the same of its business partners. Encavis complies with regulations such as the German Act on Corporate Due Diligence in Supply Chains (Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten), although Encavis itself is not governed by the Act. The Sustainability & Communications department is also working on processes and structures so that Encavis can fulfil the requirements of future mandatory climate reporting.

Organisational risks

Personnel and organisational risks

With regard to personnel, the Encavis Group competes with other companies for qualified technical staff and managers so that it remains well-equipped to tackle future challenges. There is a risk that it may not be possible to fill vacancies with adequately qualified professionals and managers. To fill vacancies and enable Encavis to continue to expand, it is also looking within the Group. Encavis offers individual guidance for employees and managers with regard to further training, thus ensuring quality assurance and the creation new potential in day-to-day business life.

IT risks (cyber risk an cybersecurity)
The business activities of the Encavis Group are characterised by the use and development of information technology. All essential operational processes are supported by IT and modelled with the help of modern software solutions. At the same time, however, the inherent systemic risk rises with the increasing complexity and the dependence on the availability and reliability of IT systems.

There is a growing threat to cybersecurity around the world, as online criminality becomes increasingly professionalised. Risks relating to system and network security, as well as risks regarding the confidentiality, availability and integrity of data, are also a danger to Encavis. To minimise the risks, Encavis continuously optimises its IT systems. Cybersecurity covers all information technology of the entire Encavis Group, including office-based IT systems and applications, special networks and remote working. The Group also makes use of professional service providers so that utilisation of internal resources for ongoing maintenance of the IT system and the implementation of new components is kept to an appropriate level. The system environment and data processing are protected by taking comprehensive precautions such as firewalls, up-to-date anti-virus programs, contingency plans, IT security training and the end-to-end use of multi-factor authentication. The high level of effort required to protect IT is also reflected in the VdS certification obtained in the reporting year. This certification is, among other things, the basis for the cyber risk insurance policy that has been in place since 2021, which provides Encavis with further protection against any claims it may make itself as well as potential third-party claims. The IT risks were reduced to “low” compared to the previous year. This is made possible by a large number of measures that relate in particular to IT security. Implementation of guidelines that regulate access to the data and applications exclusively by Encavis clients and with a defined compliance status. Various technical measures that support employees in identifying potentially dangerous content. Extension of policies on servers and clients to recognise potentially dangerous files and attack patterns. The data centre was also outsourced from the Hamburg office to a specialist service provider in Munich. This has significantly reduced the potential for attack.

Overall risk
During the reporting period, these risk exposures were continuously identified, analysed and managed by means of a proactive risk management system. The Encavis Group has implemented appropriate risk management measures as and when required. The risk assessment is underpinned by Encavis’ overall risk-bearing capacity. At present, no risks have been identified that, either individually or in aggregate, could jeopardise the continued existence of Encavis.

Opportunity report

Conservative investment strategy
For many years, the continuous expansion of renewable energy has made a significant contribution towards achieving national and global climate protection targets.

The dynamic and growing market for renewable energies is constantly opening up new chances and opportunities for Encavis. Systematic identification and exploitation of these opportunities, while recognising and minimising any potential risks, is the basis for the company’s sustainable growth.

This includes taking advantage of any opportunities that arise within the company and increase the Encavis Group’s efficiency and profitability, for example. The foundation for identifying, analysing and successfully exploiting these opportunities is the profile of Encavis Group employees, whose personal qualifications are compared with the job descriptions.

The Encavis Group will continue to primarily concentrate on ground-mounted PV installations and onshore wind parks in the future and will also be active in the Asset Management segment as a service provider for investments in the renewable energy sector. Encavis’ business model remains risk-averse with a focus on existing installations and turnkey or ready-to-build projects (and also involves working with selective project development partners in the PV sector, including on projects that are not yet ready to build). Encavis currently operates wind and solar parks in the markets of Germany, France, The Netherlands, Lithuania, The United Kingdom, Denmark, Sweden, Finland, Italy and Spain – all countries with an investment-grade rating.

Strategic opportunities

The ongoing expansion of renewable energies and their steadily growing importance in the energy supply has increased the interest of financial and infrastructure investors in the sector.

The Encavis Management Board and Supervisory Board regularly evaluate strategic options to support long-term growth and strengthen Encavis' competitive position, always focusing on creating long-term value for all stakeholders.

Opportunities arising from meteorological conditions

The generation capacity of solar parks and wind parks is highly dependent on meteorological conditions. In view of this, Encavis generally takes a conservative approach to calculating the profitability of any solar parks and wind parks it plans to acquire. Any positive deviation from the predicted long-term mean of sunshine hours or wind levels has a direct short-term impact on the financial performance, financial position and cash flow of the company. At the same time, meteorological forecasts and prognoses have become more and more precise over the past years, with only rare material discrepancies. The forecast accuracy for sunlight in particular is now very high, whereas wind forecasting remains more volatile. Encavis works on the general assumption that the differences between forecast and actual values will continue to fall on average in future, especially for newly acquired installations.

Opportunities arising from the regulatory environment and international developments

The various public support instruments are generally designed to strengthen the profitability of wind farms and solar parks. The global need to increase sources of renewable energy may therefore make new regions and countries attractive and worthwhile for Encavis and enable further geographical diversification.

The goals agreed by the German federal government in the coalition agreement and the “Fit for 55” package presented by the EU also provide Encavis with tremendous opportunities with regard to further growth. The intensive expansion of wind and solar parks on newly designated areas in Germany is expected to result in an increasing number of new projects being realised. This gives Encavis the opportunity to expand its portfolio and intensify its cooperation with project developers. At the same time, European efforts are creating further opportunities abroad.

Due to the violation of Ukraine’s sovereignty by Russian military personnel crossing the country’s border at the end of February 2022, Encavis believes it is imperative to switch the energy supply sector in Europe to renewable energies even faster. A faster transition will reduce dependence on fossil fuels, strengthen the growth of innovation in the area of renewable energies and boost their expansion within Europe directly. Scaling up expansion will give rise to new projects and enable Encavis to continue to play a direct role in the energy transition.

To achieve its desired goal, the German government plans in its coalition agreement to drastically accelerate the expansion of new onshore and offshore wind turbines. Moreover, all suitable roof surfaces are to be used for solar installations, among other things. The aim is to increase solar energy installed capacity to 200 GW. The target is to add up to 20 GW per year.

Opportunities arising from geographical diversification

Encavis constantly monitors and reviews the development of renewable energies and relevant opportunities in other regions. However, as part of its published growth strategy 2025, Encavis has also identified European target markets in which investments are to be prioritised. While this is intended to ensure a focused approach, these are also markets which, according to Encavis’ assessment and on the basis of objective criteria, have stable economic and regulatory conditions. Geographic diversification contributes to further reducing risk in the existing portfolio by decreasing dependence on the sunshine or wind in individual regions as well as theoretically plausible retroactive adjustments to the subsidy programmes and amounts.

Opportunities from large portfolio volumes in the core regions

Encavis operates in core European markets that have long been focused on renewable energy, among other things, and has a corresponding portfolio of wind and solar parks, which supports the future expansion and operation of the portfolio. In addition, Encavis’ own portfolio offers multiple opportunities for profitable investments that could enable the company to achieve long-term revenue and earnings growth in its existing projects.

Opportunities arising from innovation

The renewable energy sector is benefiting from continuous innovation. This not only leads to more efficient existing technologies, it also means that new technologies can be brought to market which, in turn, will increase or prolong the profitability of future projects (for example, bifacial PV modules that follow the position of the sun on trackers and use the reflection from the ground below it to generate energy). In many regions, the renewable energy sector has already achieved grid parity and is competing with conventional power stations. Technically and qualitatively superior installations are likely to increase the profitability and geographic usability of the technologies, opening up further opportunities for the Encavis Group. The establishment of new technologies – for example the use of battery storage systems or hydrogen and the application of existing technologies such as energy management systems – could also offer fresh business opportunities and greater independence from weather conditions for energy production while enabling more needs-based power generation and decentralisation.

Encavis also places great importance on the technical components of the parks, whose condition and construction are important for long-term operation.

Opportunities arising from business relationships and collaborations

Encavis is visible in the market thanks to the size of the company and the track record of its current portfolio. Thanks to the expertise in long-term power purchase agreements that it has now built up, Encavis is increasingly being approached by project developers as a possible cooperation partner for the realisation of project pipelines. This has enabled the Encavis Group to build up a broad and reliable network of project developers, general contractors, operators, service providers, brokers, consultants and banks over the years. Strategic partners include the Danish project developer GreenGo, Norway's Solgrid AS, ILOS New Energy Italy S.r.l. (a wholly owned subsidiary of Germany's ILOS Projects GmbH) and various other developers.

The size of its power plant portfolio makes Encavis attractive to utilities and large electricity consumers with whom we have already concluded long-term power purchase agreements.

Future outlook

The statements below include projections and assumptions which are not certain to materialise. If one or more of these projections and assumptions do not materialise, actual results and developments may differ materially from those described.

Stabilisation of the global economy expected in 2024

The IMF is forecasting stabilisation, with an unchanged global GDP growth rate of 3.1 % for 2024. However, a sustained return to the dynamic growth path of the pre-pandemic years (2000-2019), with an average annual growth rate of 3.8 %, should not be expected. The economic and geopolitical environment will remain challenging in 2024. The advanced economies in particular are likely to see weaker growth, with stronger demand for services not fully offsetting lower demand for industrial products. In addition, the Chinese economy is likely to remain the growth engine for the global economy in 2024. The ongoing property crisis led to deflation in the second half of 2023, which is expected to continue at the beginning of the year. According to the IMF, global inflation will continue to fall. However, the anticipated global inflation rate of 5.8 % for 2024 as a whole is unlikely to comply with the target corridors of leading central banks.

War in Ukraine

The Encavis Group wind and solar park portfolio, which is generally focused on Western Europe, is not affected by the war in Ukraine. Indirect effects from potential countermeasures taken by Russia in response to the sanctions imposed on the country are not apparent at present. Encavis has a variety of up-to-date security systems to counter the general risk of cyberattacks on electricity networks in Western Europe, on power-generating installations or on the Encavis Group's IT systems. The company has completely overhauled its IT infrastructure in the past years and mitigates cyber risks using measures such as regular external audits and security tests in order to ensure the maximum possible protection of its systems' data and integrity. The redesign included a strict separation between the IT systems at Encavis and those of the power-generating installations and the electricity networks. This means that an attack on the installations or electricity networks would not affect the company's IT systems. Likewise, an attack on Encavis' IT infrastructure would not impact the output of the wind and solar parks.

With regard to the debt financing of new projects, rising credit risks affecting banks with greater or accumulated exposure to Russia could indirectly result in reduced project financing business overall. Loan defaults (or even mere uncertainty regarding them) could damage the credit rating of such banks and increase their refinancing costs. As these refinancing costs have to be met by bank margins from project financing, credit margins could rise as part of general competition among banks for such business. Combined with the current general increase in long-term interest rates, this could put further pressure on returns from planned projects. The fact that Encavis usually issues tenders for new project finance at least on a Europe-wide basis means that the Group always has a broad overview of financing structures and conditions and is not dependent on individual banks, whose future lending capabilities may be affected by credit losses in Russia. In addition, there is significant demand from banks for opportunities to finance renewable energy projects, and the target volumes for such investments have been continuously raised in recent years. The lending market therefore remains highly competitive and, as a result, the current crisis involving Russia is not expected to have any major effects.

Further tightening of monetary policy as inflation persists

The ECB has announced that it will gradually scale back its net asset purchases. In addition, in view of the high inflation rates, the ECB announced that it would maintain its key interest rate level until adequate progress was made in stabilising inflation at its medium-term target. Subsequently, the central bank will review its economic outlook on a regular basis and, in view of the economic environment, will presumably come to the obvious conclusion that it has significantly underestimated inflation so far.

Renewable energies remain on a dynamic growth trajectory

The significance of renewable energies continues to increase considerably. Across the globe, conventional sources of energy and fossil fuels are being supplemented or replaced by the growth and use of regenerative energy sources. The worldwide energy crisis triggered by Russia's invasion of Ukraine brought an end to the era of low energy and commodity prices in 2022. Inflation, currency fluctuations, higher financing costs and the risk of recession dominated the investment environment. The increasing speed of capacity expansion for renewable energies reflects political and social changes in large parts of the world. This is also illustrated by the declarations of intent made at the end of the 28th session. UN Climate Change Conference (COP28). One hundred twenty-three countries have committed to working together to triple the global installed capacity for renewable energies to at least 11,000 GW by 2030. Together with an increase in energy efficiency, the intent is to achieve the goal of limiting global warming to a maximum of 1.5 degrees. The conference's decision to herald the beginning of the end of the fossil fuel era is also a sign of political and social change.

In its January 2024 study "Renewables 2023 – Analysis and forecasts to 2028", the IEA forecasts an expansion of global renewable energy capacities to an estimated 7,300 GW by 2028. Despite being remarkable, this growth will not be enough to achieve the target agreed at COP28 under the current political and economic conditions. According to the IEA, the insufficient investment in grid infrastructure in particular must be increased, and the cumbersome administrative and authorisation procedures accelerated, in order to close the gap by 2030. Based on the IEA's main forecast, almost 3,700 GW of new renewable energy capacity will be commissioned between 2023 and 2028, roughly 95 % of which will be attributable to photovoltaic and wind power plants. Renewable energies are expected to be the largest source of electricity generation as early as 2025, overtaking electricity generation from coal. By 2028, renewable energy sources are expected to account for more than 42 % of global electricity generation, with the share of wind and solar energy doubling to 25 %.

Together, wind and solar power will account for over 90 % of the renewable energy capacity added in the next five years. Solar energy installations and onshore wind parks remain the cheapest options for generating power in most countries. To continue driving forward the expansion of wind and solar energy, the IEA believes that shorter approval times in EU countries and better incentive systems for installing photovoltaic systems on roofs will be required. In December 2021, the "regulation laying down a framework to accelerate the deployment of renewable energy" was adopted in order to support the implementation of the "Fit for 55" climate plan launched in summer 2021, which outlines how the EU aims to reduce carbon dioxide emissions by 55 % compared to the level emitted in 1990 by 2030. To put the plan into practice, the EU intends to tighten other existing laws and anchor additional requirements in legislation. This involves, for example, modifying the EU emissions trading system and expanding emissions trading to include the transportation and building sectors, as well as extending CO_2 limits and matters related to funding.

One of the key pillars of the programme is the development of renewable energies. The European Commission's plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, REPowerEU, of 18 May 2022 includes a special EU solar strategy to double photovoltaic capacity by 2025 by installing new PV systems amounting to 320 GW by 2025 and a total of 600 GW by 2030. The objective of covering 45 % of total final energy consumption using renewable sources by 2030 was adopted by the European Parliament when it revised the Renewable Energy Directive in September 2022. The 45 % target set by MEPs exceeds the 40 % mark adopted by the member states in June 2022. In addition, the framework conditions for the use of green hydrogen are expected to improve in industry and transportation. The expansion of renewable energies is categorised as an issue of overriding European public interest. By 2050, Europe intends to be the first continent in the world to be capable of complete climate neutrality and plans to have implemented the "Green Deal".

Private-sector power purchase agreements continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional energy carriers, as well as companies' commitments to maintaining an eco-friendly energy balance (such as outlined in the RE100 initiative), is increasing the momentum on the private-sector power purchase agreements market. PPAs are gaining in significance on account of falling subsidies and ever growing demand for renewable energy sources. Industrial companies are acquiring shares in large renewable energy projects and signing PPAs to ensure a long-term supply of electricity to their sites. As before, technology firms continue to be among the key electricity buyers for these kinds of contract. PPAs are therefore playing an increasingly important role in the energy transition.

Encavis is accelerating its growth trajectory and pursuing ambitious goals by 2027

Today, Encavis is one of the largest independent power producers in the field of renewable energies in Europe. The positive framework conditions and the successful economic development of the company are the perfect prerequisites for further strengthening this position. Approaching solutions from the perspective of existing and potential customer gives Encavis the opportunity to evolve its successful business model, which will continue to be based on the realisation and operation of high-yield, low-risk wind and solar parks. The company's strategy is ultimately geared towards taking customer requirements into account at an early stage, meaning when parks are developed or acquired, and realising precisely targeted projects. Customers may include industrial electricity buyers or real estate investors or co-investors. To systematically grasp emerging growth opportunities and further boost the efficiency of the company, the plan for the next five years until 2027 is focused on the following key areas:

1. further investments in ready-to-build wind and solar parks as well as securing projects in earlier phases of development in coordination with strategic development partners while maintaining a long-term equity ratio of more than 24 %,
2. disposal of minority interests in wind and individual selected solar parks of up to 49 % to free up liquidity for investments in additional wind and solar parks,
3. reduction and continued optimisation of costs related to the operation and maintenance of solar parks,
4. optimisation and refinancing of SPV project financing,
5. systematic utilisation of the Group's financial strength/rating for borrowing at all levels of the Group,
6. expansion of the Group-wide cash pool, including all single entities,
7. the use of intelligent investment models for external equity partners with stakes of up to 49 % for long-term marketing of electricity from renewables,
8. concentration on selected high-growth core markets in Western Europe – primarily Germany, The Netherlands, Denmark, Spain and Italy, in other words countries with a large energy market and high renewables targets, but also markets such as The United Kingdom, Sweden and Finland, and to a lesser extent France and Lithuania.

As part of its accelerated growth strategy for 2027, Encavis will focus on the following targets (basis year is the financial year 2022):

1. tripling the company's own contractually secured generation capacity from 2.6 GW to 8.0 GW,
2. significantly increasing generation capacities connected to the grid from 2.1 GW to 5.8 GW,

3. increasing revenue from EUR 440 million to EUR 800 million,
4. growing operating EBITDA from EUR 310 million to EUR 520 million,
5. achieving an operating EBITDA margin for wind and PV park segments greater than or equal to 75 %,
6. increasing operating cash flow from EUR 280 million to EUR 450 million,
7. increasing operating cash flow per share (CFPS) from EUR 1.70 to EUR 2.60.

The expected dynamic growth of Encavis can be seen not least in consideration of the corresponding annual growth rates (CAGR): the generation capacity is to increase by some 33 % annually by the year 2027. In the same period, revenue is to increase by approximately 16 % per annum, and an annual growth rate of operating EBITDA of 14 % is expected. Annual growth of the operating cash flow per share amounts to around 11 %.

These assumptions are a base case that does not take any additional growth opportunities into account which may arise inorganically from mergers and acquisition transactions and potential equity transactions.

Direct demand for green electricity among industrial customers is rising at a rapid pace. Commercial real estate owners and other investor groups are increasingly looking for green investments. In future, we will be paying greater attention to the needs of these market participants when expanding our portfolio, thereby making an even more targeted contribution to achieving the energy transition. On this basis, we are planning to accelerate our growth trajectory significantly by 2027, We want to expand generation capacity to 8 GW by 2027, of which 5.8 GW are already to be connected to the grid by then. We also intend to generate operating sales of around EUR 800 million and an operating result (operating EBITDA) of EUR 520 million with an operating cash flow of EUR 450 million by 2027. This accelerated growth is to be made possible by cash flow, utilisation of the Group's debt capacity and funds from financing partners.

Overall assessment of future development

In light of the Encavis Group's business strategy, which is geared towards qualitative growth, and the significantly reduced electricity price level, we expect only a moderate overall increase in our KPIs in the 2024 financial year. We aim to make up for a large part of the further significant drop in electricity prices through further revenue growth at Stern Energy, expanded wind capacities in Germany and a further increase in revenue at Encavis Asset Management in the current financial year. Most of the recent acquisitions from the previous year will not be completed until the end of 2024. As a result, they will not yet contribute to revenue in 2024.

Based on the existing portfolio as at 20 March 2024 and in anticipation of standard weather conditions for the 2024 financial year, the Management Board therefore expects a slight increase in operating revenue to more than EUR 460 million (2023: EUR 449.1 million; after deduction of EUR 11.5 million electricity price caps). Operating EBITDA is expected to amount to slightly more than EUR 300 million (2023: EUR 319.2 million). The Group anticipates operating EBIT of more than EUR 175 million (2023: EUR 194.3 million). The Group expects operating cash flow to slightly exceed EUR 260 million (2023: EUR 234.9 million). The operating cash flow per share is therefore expected to amount to EUR 1.62 (2023: EUR 1.46). Overall, the Group remains fully on track for growth in line with the "Accelerated Growth Strategy 2027".

The technical availability (Wind Parks segment) and technical performance of the plants (PV Parks segment) in operation is expected to remain above 95 % in the 2024 financial year.

These predictions are based on the following assumptions:

- No significant retroactive changes to legislation
- No significant deviations from the multi-year weather forecasts

The Encavis Group will be able to cover the liquidity requirements of its business operations and other planned short-term investments from its existing liquidity portfolio together with the expected cash flows from operating activities in the 2024 financial year. Identification of attractive acquisition opportunities or possible business combinations or takeovers may lead to additional capital requirements during the course of the year. Other financing options – such as borrowing or, in the event of leaps in growth beyond the planned scale, mezzanine capital at Group or company level, as well as equity capital measures – are not ruled out should they be required, provided that they are economically advantageous.

The Management Board predicts that earnings before interest, taxes, depreciation and amortisation (EBITDA) will amount to approximately EUR -33 million for the 2024 financial year for Encavis AG, which, as the holding company, bears the administrative expenses of the Group – that is, essentially the costs of acquisitions, financing and operational supervision of the parks. Earnings before interest and taxes (EBIT) are expected to amount to approximately EUR -33 million.

Corporate governance declaration in accordance with sections 289f and 315d of the German Commercial Code (HGB)

The declaration on corporate governance contains the annual declaration of conformity, corporate governance report, disclosures on corporate governance practices and a description of the working practices of the Management Board and the Supervisory Board. The declaration has been made permanently available to shareholders on the Group website at https://www.encavis.com. It has therefore been omitted from the combined management report. The declaration on corporate governance in accordance with sections 289f and 315d HGB is a component of the combined management report.

Hamburg, 26 March 2024

The Management Board

Dr Christoph Husmann	Mario Schirru
Spokesman of the Management Board and CFO	CIO/COO

Consolidated financial statements of Encavis AG
Consolidated statement of comprehensive income

in TEUR

	Notes	2023	2022
Revenue	3.21; 5.1	469,637	487,342
Other income	5.2	42,892	43,276
Of which income from the reversal of impairments for expected credit losses		*215*	*83*
Other own work capitalised	3.22; 5.3	2,519	0
Cost of materials	5.4	-30,599	-9,949
Personnel expenses	5.5	-35,292	-27,030
Of which in share-based remuneration		*-513*	*-2,331*
Other expenses	5.6	-116,487	-117,134
Of which impairment for expected credit losses	5.6	*-562*	*-317*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**332,670**	**376,504**
Depreciation and amortisation	5.7	-164,114	-152,619
Impairment losses	5.7	-5,490	-62,018
Earnings before interest and taxes (EBIT)		**163,066**	**161,867**
Financial income	5.8	35,608	40,654
Financial expenses	5.8	-106,170	-85,489
Earnings from financial assets accounted for using the equity method	6.4	-927	-561
Earnings before taxes (EBT)		**91,577**	**116,471**
Taxes on income	5.9	-32,851	-32,876
Consolidated earnings		**58,726**	**83,595**
Items that may be reclassified through profit or loss			
Currency translation differences	5.10	-745	222
Cash flow hedges – effective portion of changes in fair value	5.10	182,614	-156,393
Cost of hedging measures	5.10	18	-49
Other comprehensive income from investments accounted for using the equity method	5.10	0	46
Income tax relating to items that may be reclassified through profit or loss	5.10	8.545	1,724
Reclassifications	5.10	0	1,228
Other comprehensive income		**173,343**	**-153,222**
Consolidated comprehensive income		**232,068**	**-69,627**
Consolidated earnings for the period			
Attributable to Encavis AG shareholders		53,329	78,490
Attributable to non-controlling interests		728	417
Attributable to hybrid capital investors		4,668	4,688
Consolidated comprehensive income for the period			
Attributable to Encavis AG shareholders		226,704	-74,709
Attributable to non-controlling interests		696	394
Attributable to hybrid capital investors		4,668	4,688
Earnings per share	3.26; 12		
Average number of shares in circulation in the reporting period			
Undiluted		161,030,176	160,756,644
Diluted		161,030,176	172,087,164
Undiluted earnings per share (in EUR)		0,33	0.49
Diluted earnings per share (in EUR)		0,33	0.48

Consolidated cash flow statement

in TEUR

	Notes	2023	2022
Consolidated earnings		58,726	83,595
Impairments or reversals of impairments on fixed assets	5.7	167,449	214,637
Profit/loss from the disposal of fixed assets		99	151
Other non-cash expenses		7,016	5,145
Other non-cash income		-4,710	-32,439
Financial income	5.8	-35,608	-40,654
Financial expenses	5.8	106,170	85,489
Income taxes (recognised in profit or loss)	5.9	32,851	32,876
Income taxes (paid)		-43,778	-9,589
Earnings from deconsolidation	5.2	-4,210	0
Change in other assets not attributable to investing or financing activities		-39,274	-21,983
Changes in other liabilities not attributable to investing or financing activities		-9.855	10,006
Cash flow from operating activities		**234,876**	**327,235**
Payments for the acquisition of consolidated companies less cash and cash equivalents acquired	4.2	-93,964	-243,762
Proceeds from the sale of consolidated entities	4.3	5,649	1,520
Payments for investments in property, plant and equipment		-89,734	-42,150
Proceeds from the disposal of property, plant and equipment		30	60
Payments for investments in intangible assets Fixed assets		-19,950	-459
Payments for investments in financial assets		-9,804	-13,671
Proceeds from the sale of financial assets		1,084	581
Dividends received		1,307	275
Cash flow from investing activities		**-205,383**	**-297,605**
Loan proceeds		336,863	198,463
Loan repayments		-278,604	-218,361
Repayment of lease liabilities		-11,225	-9,458
Interest received		18,933	1,045
Interest paid		-69,936	-53,972
Proceeds from capital increases		2,371	296
Payments for issuance costs		-4	-1,945
Payments for the acquisition of shares without change of control		0	-668
Dividends paid to Encavis AG shareholders		0	-38,129
Dividends paid to hybrid capital investors		-4,688	-4,688
Payments to non-controlling interests		-3,082	-2,939
Change in cash with restrictions in disposition		-592	-4,604
Cash flow from financing activities		**-9,963**	**-134,960**
Change in cash and cash equivalents		19,530	-105,330
Change in cash due to exchange rate changes		158	-819
Change in cash and cash equivalents		**19,687**	**-106,149**
As at 01.01.2023 (01.01.2022)	6.11	286,277	392,425
As at 31.12.2023 (31.12.2022)	6.11	305,964	286,277

Consolidated balance sheet

Assets in TEUR	Notes	31.12.2023	31.12.2022
Non-current assets			
Intangible assets	3.5; 3.8; 6.1	429,606	446,887
Goodwill	3.6; 6.2	107,151	107,129
Property, plant and equipment*	3.7; 3.8; 3.25; 6.3; 6.16	2,431,213	2,304,994
Financial assets accounted for using the equity method	3.9; 6.4	8,404	6,684
Financial assets	3.10; 6.5	10,598	3,726
Other receivables	3.10; 3.11; 6.6	38,280	63,435
Deferred tax assets	3.14; 6.7	9,099	22,686
Total non-current assets		**3,034,351**	**2,955,541**
Current assets			
Inventories	3.13; 6.8	5,312	5,612
Trade receivables	3.10; 3.15; 6.9	76,614	69,815
Non-financial assets	3.15; 6.10	19,476	8,502
Receivables from income taxes	3.14; 6.10	14,277	11,144
Other current receivables	3.10; 3.15; 6.10	47,885	9,475
Liquid assets	3.16; 6.11	375,639	344,403
Cash and cash equivalents	3.16; 6.11	308,996	289,483
Liquid assets with restrictions on disposition	3.16; 6.11	66,642	54,920
Assets held for sale	3.17; 6.12	0	1,050
Total current assets		**539,203**	**450,001**
Balance sheet total		**3,573,555**	**3,405,542**

* Property, plant and equipment includes rights of use capitalised pursuant to IFRS 16. The right-of-use assets are recognised in the same balance sheet item as the underlying assets owned by Encavis.

Equity and liabilities in TEUR	Notes	31.12.2023	31.12.2022
Equity			
Subscribed capital	6.13	161,030	161,030
Capital reserves	6.13	625,636	625,640
Other reserves	6.13	14,213	-159,162
Net retained profit	6.13	132,843	78,309
Equity attributable to Encavis AG shareholders		**933,722**	**705,817**
Equity attributable to non-controlling interests	6.13	7,016	4,789
Equity attributable to hybrid capital investors	6.13	246,191	246,210
Total equity		**1,186,929**	**956,817**
Non-current liabilities			
Non-current liabilities to non-controlling interests	3.20; 6.15	34,326	40,512
Non-current financial liabilities	3.18; 6.16	1,441,202	1,465,333
Non-current lease liabilities	3.25; 6.17	195,567	187,684
Other non-current liabilities	3.18; 6.20	4,350	5,817
Non-current provisions	3.19; 6.18	56,584	51,246
Deferred tax liabilities	3.14; 6.7	139,541	143,051
Total non-current liabilities		**1,871,571**	**1,893,643**
Current liabilities			
Current liabilities to non-controlling interests	3.20; 6.15	3,075	1,644
Liabilities from income taxes	3.14; 6.20	16,979	26,286
Current financial liabilities	3.18; 6.16	399,625	427,600
Current lease liabilities	3.25; 6.17	15,736	14,271
Trade payables	3.18; 6.19	32,060	37,218
Other current liabilities	3.18; 6.20	31,680	28,528
Current provisions	3.19; 6.18	15,900	19,535
Total current liabilities		**515,055**	**555,082**
Balance sheet total		**3,573,555**	**3,405,542**

Consolidated statement of changes in equity

in TEUR			Other reserves			
	Subscribed capital	Capital reserve	Currency translation reserve	Hedge reserve	Cost of hedging measures	Reserve from equity valuation
As at 01.01.2022	**160,469**	**616,363**	**882**	**-6,895**	**-4**	**54**
Consolidated earnings						
Other comprehensive income*			245	-154,681	-37	46
Reclassifications to profit/loss				1,328		-100
Consolidated comprehensive income for the period			**245**	**-153,353**	**-37**	**-54**
Dividend						
Recognised directly in equity Income and expenses		66				
Changes from corporate actions	561	9,451				
Transactions with shareholders recognised directly in equity		-120				
Issuance costs		-120				
Acquisition/disposal of shares of non-controlling shareholder						
As at 31.12.2022	**161,030**	**625,640**	**1,127**	**-160,248**	**-41**	
As at 01.01.2023	**161,030**	**625,640**	**1,127**	**-160,248**	**-41**	
Consolidated earnings						
Other comprehensive income			-713	174,074	14	
Consolidated comprehensive income for the period			**-713**	**174,074**	**14**	
Dividend						
Recognised directly in equity Income and expenses						
Issuance costs		-4				
Acquisition/disposal of shares of non-controlling shareholder						
As at 31.12.2023	**161,030**	**625,636**	**414**	**13,826**	**-27**	

* Excluding separately recognised effects from reclassifications.

in TEUR

	Net retained profit	Equity attributable to Encavis AG share-holders	Equity attributable to non-controlling interests	Equity attributable to hybrid capital investors	Total
As at 01.01.2022	**46,750**	**817,619**	**2,464**	**246,305**	**1,066,388**
Consolidated earnings	78,490	78,490	417	4,688	83,595
Other comprehensive income*		-154,427	-23		-154,450
Reclassifications to profit/loss		1,228			1,228
Consolidated comprehensive income for the period	**78,490**	**-74,709**	**394**	**4,688**	**-69,627**
Dividend	-48,141	-48,141	-360	-4,688	-53,189
Recognised directly in equity Income and expenses	1,209	1,276			1,276
Changes from corporate actions		10,012	296		10,308
Transactions with shareholders recognised directly in equity		-120	120		
Issuance costs		-120		-95	-215
Acquisition/disposal of shares of non-controlling shareholder			1,875		1,875
As at 31.12.2022	**78,309**	**705,817**	**4,789**	**246,210**	**956,817**
As at 01.01.2023	**78,309**	**705,817**	**4,789**	**246,210**	**956,817**
Consolidated earnings	53,329	53,329	728	4,668	58,726
Other comprehensive income		173,375	-32		173,343
Consolidated comprehensive income for the period	**53,329**	**226,704**	**696**	**4,668**	**232,068**
Dividend			-853	-4,688	-5,541
Recognised directly in equity Income and expenses	1,204	1,204			1,204
Issuance costs		-4			-4
Acquisition/disposal of shares of non-controlling shareholder			2,383		2,383
As at 31.12.2023	**132,843**	**933,722**	**7,016**	**246,191**	**1,186,929**

* Excluding separately recognised effects from reclassifications.

Table of contents for the notes to the consolidated financial statements

Notes to the consolidated financial statements of Encavis AG

1 General information

Encavis AG, as the parent company of the Group, was entered in the commercial register of the Hamburg district court under registration number HRB 63197 on 18 January 2002. The company's registered office is located at Große Elbstraße 59, 22767 Hamburg, Germany.

According to the Articles of Association, the business activities of Encavis AG comprise the operation of installations for the production of electricity from renewable energy sources in Germany and abroad, either by the company itself or its subsidiaries, as an independent power producer.

Other business activities include the provision of commercial, technical or other services not subject to authorisation or approval in connection with the acquisition, construction and operation of installations for the production of electricity from renewable energy sources in Germany and abroad, either by the company itself or its subsidiaries, as well as the acquisition, holding, management and disposal of equity interests. The Group also provides advisory and asset management services to institutional investors in the renewable energy sector.

The company is entitled to undertake all measures and transactions which are suitable for promoting the company's purpose. It may set up branches in Germany and abroad, establish other companies, acquire existing ones or acquire an interest in such companies and conclude corporate contracts. It may acquire, use and transfer patents, trademarks, licences, distribution rights and other objects and rights. The business purposes of subsidiaries and investees may differ from those of Encavis AG if they appear suitable for furthering the company's purpose.

The consolidated financial statements present the operations of Encavis AG and its affiliated undertakings. Please refer to the list of shareholdings in section 18 of the notes for more information on the companies included in the scope of consolidation.

The consolidated financial statements of Encavis AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) – including the interpretations of the IFRS Interpretations Committee (IFRS IC) regarding the IFRS as adopted by the European Union and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (HGB) – and are published in the German electronic Federal Gazette (Bundesanzeiger).

To improve clarity, various statement of comprehensive income and balance sheet items have been combined. These items are disclosed separately and explained in the notes. The statement of comprehensive income has been prepared using the total-cost (nature of expense) method. The figures in the notes are given in euros (EUR), thousands of euros (TEUR) or millions of euros. Rounding differences may occur in percentages and figures in this report.

As a rule, the consolidated financial statements are prepared using the cost principle. This does not apply to certain financial instruments that are measured at their fair value.

The Group's business activities are subject to seasonal influences that lead to fluctuations in revenue and earnings during the course of the year. Due to seasonal factors, revenue in the PV Parks segment is usually higher in the second and third quarters than in the first and fourth quarters of the financial year, while revenue and earnings in the Wind Parks segment are generally higher in the first and fourth quarters than in the second and third quarters of the financial year.

2 Application of new and revised International Financial Reporting Standards (IFRS)

The Group applied the following new and amended International Financial Reporting Standards and interpretations, as adopted by the EU, in the financial year. This also includes the amendments published as part of the IASB's ongoing Annual Improvements to IFRS Project (AIP). Unless stated otherwise, application of these amended standards and interpretations does not have any material impact on the presentation of the Group's financial performance, financial position and net assets.

The Group has applied the following new and/or amended standards and interpretations for the first time in the 2023 financial year:

New and amended standards and interpretations – Mandatory until 31.12.2023

		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at 31.12.2023)	Status of application at Encavis
IFRS 17	New standard – Insurance Contracts; including Deferral of Mandatory Effective Date	01.01.2023	Adopted	Applied
IFRS 17	Amendment – Initial Application of IFRS 17 and IFRS 9: Comparative information[1]	01.01.2023	Adopted	Applied
IAS 1, IFRS Practice Statement 2	Amendment – Disclosure of Accounting Policies	01.01.2023	Adopted	Applied
IAS 8	Amendment – Definition of Accounting Estimates	01.01.2023	Adopted	Applied
IAS 12	Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01.01.2023	Adopted	Adopted early
IAS 12	Amendment – Global minimum taxation – Pillar Two Model Rules	01.01.2023	Adopted	Applied

[1] If the decision is made to apply the amendment to IFRS 17, this must be done when IFRS 17 is applied for the first time.

Standards, interpretations and amendments of standards and interpretations to be applied for the first time in the reporting period which had an impact on the amounts and disclosures reported in the period under review

The new and amended standards/interpretations have no significant impact on these consolidated financial statements.

The new IFRS 17 standard, including amendments, is fundamentally relevant for Encavis. However, as at 31 December 2023, no contracts were identified that meet the definition of an insurance contract within the meaning of IFRS 17 and are within the scope of the standard.

The amendment to IAS 1 and IFRS Practice Statement 2 specifies that accounting policies of a material rather than significant nature need to be disclosed in the notes. This adjustment has no material impact on the presentation in the notes.

The amendment to IAS 8 is generally relevant for Encavis, but there are no material effects on these consolidated financial statements.

As explained in the 2022 annual report, the amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" was applied retroactively in modified form ahead of schedule as at 1 January 2021.

The amendment to IAS 12 "International Tax Reform – Pillar Two Model Rules" is not relevant to Encavis at the present time.

New and amended IFRS and interpretations not yet required to be applied

In addition, the IASB or IFRS IC has published or amended the following new standards and interpretations which will either not be applicable until a later date or which have not yet been endorsed by the European Commission.

New and amended standards and interpretations – Not mandatory as at 31.12.2023		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at 31.12.2023)	Status of application at Encavis
IAS 7, IFRS 7	Amendment – reverse factoring transactions	01.01.2024	Not yet adopted	Not applied
IAS 1	Amendment – Classification of Liabilities as Current or Non-Current; including Deferral of Mandatory Effective Date Non-Current Liabilities with Covenants	01.01.2024	Adopted	Not applied
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	01.01.2024	Adopted	Not applied
IAS 21	Amendment – Effects of exchange rate changes due to lack of exchangeability of currencies	01.01.2025	Not yet adopted	Not applied

Encavis AG does not currently assume that the application of the new accounting standards, which are not mandatory, will have a material impact on current or future reporting periods or on foreseeable future transactions in the consolidated financial statements.

3 Significant accounting policies and consolidation principles

3.1 Consolidation principles

Encavis AG and all significant domestic and foreign subsidiaries under its control are included in the consolidated financial statements. Control exists if the company is exposed to, or has rights to, fluctuating returns on its investment and is able to influence the returns through its power of disposal. As a rule, control is exercised if a direct or indirect voting right majority exits. The profits and losses of subsidiaries acquired or sold during the year are included in the statement of comprehensive income from the acquisition date or until their date of disposal. Intra-Group transactions are conducted on arm's-length terms.

The effects of intra-Group transactions are eliminated. Loans and other receivables and payables between consolidated companies are offset against each other. Inter-company profits and losses are eliminated and intra-Group income is offset against the corresponding expenses.

Companies over which Encavis AG has a significant influence on the financial and operating policies (associated entities) are generally recognised using the equity method, as are joint ventures which are controlled together with other companies. A joint venture is then classified as such if the parties which jointly control the venture have rights to the net assets of the venture. Changes in the equity interest of the enterprise/joint venture that do not have to be recognised in the statement of comprehensive income are recognised directly in equity. The same accounting policies are applied to determine Encavis AG's interest in the equity of all companies using the equity method.

The reporting date of all consolidated subsidiaries corresponds to that of Encavis AG.

The following table shows the main measurement principles underlying the preparation of the consolidated financial statements:

Balance sheet item	Measurement principle
Assets	
Intangible assets	Amortised cost (IAS 38)
Goodwill	Cost less possible impairment losses (IFRS 3)
Property, plant and equipment	Amortised cost (IAS 16)
Right-of-use assets	Detailed description in section 3.25 (IFRS 16)
Financial assets accounted for using the equity method	Development of pro rata net assets (IAS 28)
Financial assets	Detailed description in section 3.10 (IFRS 9)
Other receivables	Amortised cost (IFRS 9)
Deferred tax assets	Detailed description in section 3.14 (IAS 12)
Inventories	According to the lower of cost or market principle (IAS 2)
Trade receivables	Amortised cost less expected credit losses (IFRS 9)
Non-financial assets	Amortised cost
Receivables from income taxes	Amortised cost less expected credit losses (IAS 12)
Other current receivables	Amortised cost (IFRS 9)
Cash and cash equivalents	At nominal value (IFRS 9)

Balance sheet item	Measurement principle
Liabilities	
Reserve for equity-settled employee remuneration	Detailed description in section 3.24 (IFRS 2)
Liabilities to non-controlling interests	Detailed description in section 3.20 (IFRS 9)
Financial liabilities	Amortised cost using the effective interest method (IFRS 9)
Lease liabilities	Detailed description in section 3.25 (IFRS 16)
Other liabilities	Settlement value (IFRS 9)
Provisions	Settlement value (IAS 37)
Deferred tax liabilities	Detailed description in section 3.14 (IAS 12)
Trade payables	Amortised cost (IFRS 9)

3.2 Business combinations

To be classified as a business, an acquired set of activities and assets requires an input and a substantive process which, together, contribute to the capability to create output (production of goods or provision of services). If the significant portion of the fair value of the acquired gross assets is concentrated in a single identifiable asset, or a group of comparable assets, this does not constitute a business within the meaning of IFRS 3. The acquisition therefore does not constitute a business combination, but rather an acquisition of assets, which are measured at the consideration transferred as part of the transaction, with differences to the net assets acquired being allocated proportionately to the assets. No recognition of goodwill takes place, nor does any negative goodwill arise.

The acquisition of a business is accounted for using the purchase method. The consideration transferred in a business combination is recognised at fair value, which comprises the sum of the fair values of the assets transferred at the date of exchange, the liabilities assumed by the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. As a rule, any incurred costs associated with the business combination are recognised in profit or loss.

The identifiable assets acquired and liabilities assumed are carried at fair value, with the following specific exceptions:

- Deferred tax assets or deferred tax liabilities and assets or liabilities associated with employee benefit arrangements are to be recognised and accounted for in accordance with IAS 12 “Income Taxes” or IAS 19 “Employee Benefits”.
- In accordance with IFRS 2 “Share-based Payment”, liabilities or equity instruments associated with share-based payments or the reimbursement of share-based payments by the Group are recognised at the acquisition date.

- Assets (or disposal groups) classified as held for sale as per IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" are recognised in accordance with this standard.

Goodwill represents the excess of the sum of the consideration transferred, the amount of all non-controlling interests in the acquiree, the fair value of the equity interest previously held by the acquirer in the acquiree (if any) and the balance of the amounts of identifiable assets acquired and liabilities assumed on the acquisition date. In the event that, following reassessment, the Group's share of the fair value of the identifiable net assets acquired is greater than the sum of the consideration transferred, the non-controlling interest in the acquiree and the fair value of the equity interest previously held by the acquirer in the acquiree (if any), the excess amount is recognised directly in profit or loss as income (within other operating income).

Non-controlling interests that currently confer ownership rights and, in the event of liquidation, entitle the holder to receive a proportionate share of the net assets of the enterprise are recognised upon addition either at fair value or at the corresponding share of the recognised amounts of the identifiable net assets. This option can be exercised with every new business combination. Other components of non-controlling interests are recognised at fair value or at value measurements derived from other standards.

If initial accounting for a business combination is incomplete at the end of the financial year in which it takes place, the Group discloses provisional amounts for the items with incomplete accounting. The provisional amounts recognised are adjusted during the accounting period, or additional assets or liabilities must be recognised in order to reflect the new information on facts and circumstances existing at the acquisition date and which would have affected the measurement of amounts recognised at that date had they been known.

Technical factors may cause a slight discrepancy between the technical date of initial consolidation and the actual closing date when accounting for business combinations.

3.3 Foreign currency translation

The consolidated financial statements are prepared in euros. The euro is the functional and reporting currency of Encavis AG. The annual financial statements of the consolidated subsidiaries prepared in foreign currencies are translated into euros using the functional currency concept as set out in IAS 21. The functional currency of foreign companies is determined by the primary economic environment in which they operate. Assets and liabilities are translated at the closing rate, while equity, with the exception of income and expenses recognised directly in equity, is carried at historical rates. Until the disposal of the subsidiary, any resulting currency translation differences are not recognised in the statement of comprehensive income and are reported as a separate item in equity. The statement of comprehensive income items are converted into euros using weighted average exchange rates.

Currency translation is based on the following exchange rates:

EUR 1 =	Closing exchange rates		Average exchange rates	
	31.12.2023	31.12.2022	2023	2022
British pound (GBP)	0.8691	0.8869	0.8699	0.8526
Danish krone (DKK)	7.4529	7.4365	7.4510	7.4396
Lew (BGN)	1.9558	-	1.9558	-
Norwegian krone (NOK)	11.2405	10.5138	11.4232	10.1015
Swedish krona (SEK)	11.0960	11.1218	11.4722	10.6274
Swiss franc (CHF)	0.9262	-	0.9717	-

3.4 Significant accounting decisions and key sources of estimation uncertainties

Within the scope of preparing the consolidated financial statements, estimates and assumptions that affect how accounting methods are applied, as well as which amount of assets, liabilities, income and expenses are recorded, are made in certain cases. The actual values may differ from these estimates. The estimates and underlying assumptions are reviewed continuously. The adapted estimates are accounted for on a prospective basis.

The following section lists the main assumptions for the future and other key sources of estimation uncertainties at the end of the reporting period which may give rise to a significant risk that calls for a material adjustment to assets and liabilities in the next financial year.

Useful life of property, plant and equipment and intangible assets
When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated while taking into account, in particular, contractual provisions, industry knowledge and assessments by management. Additional information is included in notes 3.5 and 3.7.

Lease terms
In order to measure lease liabilities and right-of-use assets under leases in accordance with IFRS 16, it is necessary to estimate the term of the lease; in particular, the probability of the utilisation of extension options must be estimated. Explanations on how estimates are made can be found in note 3.25 and note 6.17.

Recognition of receivables within the scope of “Tremonti Ambiente”
The determination of tax receivables from “Tremonti Ambiente” is based on the calculated tax expenses that can probably be claimed in this case. However, the actual tax credits from claiming these expenses cannot be precisely quantified, as they depend on the outcome of the corresponding proceedings with the tax authorities and courts in Italy. Accordingly, the tax assets are determined based on an assessment of the likelihood of success of the respective proceedings. Further explanations can be found in note 5.9.

Impairment of goodwill
In order to determine whether goodwill is impaired, it is necessary to calculate the value in use of the group of cash-generating units to which the goodwill is allocated. Calculating the value in use requires an estimate of future cash flows from the group of cash-generating units as well as an appropriate capitalisation interest rate for the calculation of the present value. A material impairment may result if the actual expected future cash flows are less than previously estimated. Since 2018, goodwill has been tested for impairment annually in accordance with IAS 36 as at 30 September of each year. Due to the optimised availability of current electricity price forecasts in the meantime and in 2023 in particular, the review date for 2023 was set to 31 December. This relocation means that the review can be carried out on the basis of electricity price forecasts available on the balance sheet date of 31 December and therefore current planning figures. As goodwill was tested for impairment as at 31 December 2022, the deadline for the test was met. In future, goodwill will continue to be tested for impairment annually as at the respective balance sheet date (31 December).

The carrying amount of goodwill as at 31 December 2023 was TEUR 107,151 (previous year: TEUR 107,129). The increase amounts to TEUR 23. The change results from the translation at closing rates in accordance with IAS 21 of goodwill of British companies (TEUR +39), whose functional currency is sterling, and of a Danish company (TEUR -17), whose functional currency is Danish krone.

Impairment of property, plant and equipment and intangible assets
The impairment test carried out following the identification of a triggering event is used to estimate the recoverable amount of the asset in order to determine the extent of any impairment loss. When calculating the value in use, several input factors are subject to substantial estimation uncertainties and scope for discretion, in particular the estimated future cash flows of the assets, their estimated useful life and the capital market parameters used for discounting the cash flows. In the financial year, the impairment test resulted in an impairment loss of TEUR 3,395 on property, plant and equipment and TEUR 2,095 on intangible assets, which was recognised as a reduction in profit. For more details, please refer to section 5.7 on depreciation, amortisation and impairment.

Business combinations
The IASB has added further details to IFRS 3 with regard to the definition of a business. These additions apply to financial years beginning on or after 1 January 2020. The amendments in IFRS 3 and Appendix B – Application guidance require that an acquired set of activities and assets have an input and a substantive process which, together, contribute to the capability to create output (production of goods or provision of services) in order to be considered a business within the meaning of IFRS 3. To classify the acquisition, the Group uses the concentration test to determine whether the significant portion of the fair value of the acquired gross asset is concentrated in a single identifiable asset or a group of comparable assets. If this is the case, the acquisition is accounted for as the acquisition of assets rather than as a business combination. Regardless of their date of completion or commissioning, the acquisition of solar and wind installations generally represents an acquisition of assets.

All identifiable assets and liabilities are recognised at their fair values at the time of initial consolidation within the scope of business acquisitions. The recognised fair values are subject to estimation uncertainties. If intangible assets are identified, the fair value must be estimated using generally accepted valuation methods. The valuations are based on the company's plans, which are based on estimates by management while taking contractual agreements into account. Differences between identifiable assets and their fair values are recognised in the relevant assets of the company.

In particular, the determination of the fair value of contingent consideration is also subject to estimation uncertainties, as it depends on future events that are sometimes difficult to predict. The amount of contingent consideration recognised at the acquisition date can have a significant effect on the total purchase price, and consequently also on the difference calculated.

Measurement of put options
As part of the acquisition of Stern Energy S.p.A., a put option for the remaining minority interest of 20 % was recognised as a non-current financial liability. The amount of the repayment liability was determined in accordance with IAS 32. The fair value of the put option is subject to estimation uncertainties, as the amount disbursed depends on events that are difficult to predict.

Valuation of derivative financial instruments
Derivative financial instruments (interest rate hedges, PPAs) are recognised at fair value. The recognised fair values are subject to estimation uncertainties with regard to the future cash flows used to determine the present value and the capital market parameters used to discount these cash flows.

Control of the companies Windkraft Olbersleben II GmbH & Co KG and Windkraft Kirchheilingen IV GmbH & Co. KG
The aforementioned wind parks are structured in the form of a limited commercial partnership (KG) formed with a limited liability company (GmbH) as general partner and the members of the GmbH, their families, or outsiders as limited partners. In each case, the general partner, and thus the personally liable partner, is BOREAS Management GmbH, Reichenbach. The general partner has no share in the company's assets or profit and loss and has not made a financial contribution. The limited partners are Capital Stage Wind IPP GmbH, Hamburg (with a contribution over 50 %), and BOREAS Energie GmbH, Dresden (with a contribution under 50 %). Encavis does not hold interests in the general partner.

In accordance with IFRS 10, a control situation is assumed if the parent company bears the risk exposure due to fluctuating yields from the investment, is able to influence the amount of returns, has full control of the investment and thus decides on the relevant activities. For one wind park, the relevant operational and financial activities are mainly liquidity planning and -control, as well as decisions on the conclusion of maintenance agreements and on necessary repairs.

The management is the responsibility of the general partner. However, according to the partnership agreement, the main decisions mentioned above require a simple majority of the voting rights at the shareholders' meeting. Encavis holds the direct or indirect voting majority (with an investment of over 50 %) in all the aforementioned wind parks and can exert significant influence on the operating and financial activities.

Encavis is therefore not restricted to the supervisory role typical of a limited partner, but instead plays an active role in all significant decisions. If a decision does not require a vote by the shareholders' meeting, the general partner prepares decision proposals that Encavis may approve, amend or reject.

Encavis thus exercises control over the company, as it initially holds the decision-making power on financial and operating activities and these activities allow it to generate significant economic benefits through its shareholding of over 50 %.

The aforementioned wind parks are therefore included in the fully consolidated companies in the consolidated financial statements.

3.5 Intangible assets
With the exception of goodwill, all intangible assets have a finite useful life and are measured at cost less straight-line amortisation in accordance with their useful lives. Encavis recognises acquired project rights for energy generation installations as intangible assets until the start of construction of the installation. At the start of construction, these are reclassified to property, plant and equipment as they flow into the energy generation plant. Currently, only acquired intangible assets exist within the Encavis Group.

If the recoverable amount is below the carrying amount as at the balance sheet date, the lesser value is allocated. If the reasons for impairment losses previously charged no longer apply, the impairment losses are reversed and the resulting amounts are recognised in profit or loss.

Electricity feed-in contracts are usually amortised over the term of the statutory subsidy period for the respective wind parks or solar parks. The expected useful lives of the individual intangible assets are as follows:

Useful life in years	
Electricity feed-in contracts – solar and wind parks in Germany and Italy	20
Electricity feed-in contracts – solar parks in France	20
Electricity feed-in contracts – solar parks under feed-in tariffs (FiT) in The United Kingdom	20
Electricity feed-in contracts – wind parks in France	15
Electricity feed-in contracts – solar parks in The Netherlands	15
Electricity feed-in contracts – wind parks after the term of the bonus remuneration depending on the amount of kWh subsidised (Denmark)	Approx. 6 to 8
Electricity feed-in contracts – wind parks supported by renewable obligation certificates (ROC) in The United Kingdom	Max. 30
Project rights	18 to 30
Other intangible assets	3 to 5

3.6 Goodwill

The goodwill resulting from a business combination is accounted for at cost less impairment losses, if necessary, and is reported separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups thereof) that are expected to be able to take advantage of the synergy effects resulting from the combination.

Cash-generating units (or groups thereof) to which part of goodwill has been allocated must be tested annually for impairment. If there are indications that a unit is impaired, it is tested more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is initially allocated to the carrying amount of any goodwill attributed to the unit and then proportionately to the remaining assets based on the carrying amount of each asset within the unit. Any goodwill impairment is recognised directly in the statement of comprehensive income. Impairment losses recognised on goodwill cannot be reversed in future periods.

If a cash-generating unit is sold, the amount of goodwill attributable to the unit is taken into account in the calculation of the gain or loss on deconsolidation.

3.7 Property, plant and equipment

Property, plant and equipment are valued at acquisition cost minus accumulated depreciation. Profits or losses from the disposal of property, plant and equipment are included in other income or expenses. The depreciation period and the depreciation method are reviewed at the end of each financial year.

Items of property, plant and equipment are depreciated pro rata temporis over their expected useful lives. The expected useful lives of the individual items of property, plant and equipment are as follows:

Useful life in years	
Photovoltaic and wind installations	18 to 30
Office equipment	2 to 15

In individual cases, the term of 30 years may be exceeded for new energy generation plants if the agreed lease agreements permit this or if the project holds a plot of land in its own portfolio.

Assets from other own work capitalised are reported under property, plant and equipment. This mainly relates to extensions and improvements to several solar installations in the company’s own portfolio, which are carried out by the Encavis Group’s service companies.

3.8 Impairment of property, plant and equipment and intangible assets with the exception of goodwill

Impairment tests are carried out at least once a year to determine if there are indications of impairment. If such indications are discovered, the recoverable amount of the asset is estimated in order to determine the amount of any impairment loss.

The recoverable amount is the higher of the fair value less costs to sell and the value in use of an asset or a cash-generating unit. To determine the value in use, the estimated future cash flows from the continued use of the asset and from its ultimate disposal are discounted using a pre-tax rate. This pre-tax rate reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the individual asset cannot be estimated, the estimated value is the recoverable amount of the cash-generating unit to which the asset belongs.

If the estimated recoverable amount of an asset or a cash-generating unit is less than the carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to the recoverable amount. An impairment loss charged on a cash-generating unit first reduces the carrying amount of any goodwill that is allocated to the cash-generating unit and then reduces the value of the other assets of the unit on a pro rata basis according to the carrying amounts of each individual asset. The impairment loss is recognised immediately in profit or loss.

If the reasons for impairment losses previously charged no longer apply, the carrying amount of the asset or the cash-generating unit is increased to the most recent estimate of the recoverable amount, and the resulting amount is recognised in profit or loss. The increase in the carrying amount must not exceed the value that would have been determined if no impairment loss had been recognised in previous years. A reversal of an impairment loss for a cash-generating unit is allocated pro rata to the carrying amount of the assets of the unit, except for goodwill.

3.9 Financial assets accounted for using the equity method

Financial assets accounted for using the equity method are initially recognised at acquisition cost and in subsequent periods at amortised pro rata net assets. The carrying amounts are increased or reduced annually by the share of profits or losses, the distributions and all other changes in equity. Other changes in equity include, in particular, items recognised directly in equity (reserve from equity-method accounting) via other comprehensive income. Any goodwill is not reported separately but is included in the carrying amount of the investment. Financial assets accounted for using the equity method are written down if the recoverable amount is less than the carrying amount. Once the carrying amount is fully depleted by negative allocations of earnings and/or distributions, the allocations are transferred to any existing assets associated with the investment, such as loans to these entities.

3.10 Primary financial instruments

The accounting treatment of primary and derivative financial instruments is governed by IFRS 9 “Financial Instruments”.

3.10.1 Financial assets

IFRS 9 sets out a uniform method for classifying financial assets, dividing them into the following three categories:

- financial assets measured at amortised cost (AC)
- financial assets measured at fair value through profit or loss (FVPL)
- financial assets (both equity and debt instruments) measured at fair value in other comprehensive income (FVOCI)

Financial assets whose cash flows consist exclusively of interest and principal payments are classified according to Encavis’ business model. Financial assets held within a business model that provides for holding the asset in order to collect the contractual cash flows are measured at amortised cost. These business models are managed primarily on the basis of the interest rate structure and the credit risk. If the business model generally provides for holding the assets, but disposals are also made if necessary, for example to cover a certain liquidity requirement, these assets are measured at fair value in other comprehensive income. Financial assets that contain only interest and principal payments but are not held within one of the two aforementioned business models are measured at fair value through profit or loss. Encavis recognises standard market transactions on the settlement date.

At Encavis, financial assets whose cash flows do not consist exclusively of interest and principal payments, such as investments in investment funds, are measured at fair value through profit or loss. For equity instruments, IFRS 9 optionally permits measurement at fair value in other comprehensive income. Encavis does not currently use this option.

Under IFRS 9, trade receivables, loans, other current receivables and liquid assets are classified as measured at amortised cost (AC) and are generally subject to the effective interest method.

Under IFRS 9, mezzanine capital held and investments in investment funds which are reported under non-current financial assets are classified as at fair value through profit or loss (FVPL). They do not meet the criteria for measurement at amortised cost, as the resulting cash flows do not exclusively constitute interest and principal payments.

Financial liabilities at fair value through profit or loss relate to derivatives outside of hedge accounting (category FVPL).

Changes in the value of financial assets measured at fair value are recognised either under other reserves in other comprehensive income (FVOCI) or in consolidated earnings through profit or loss (FVPL).

Impairment model based on expected credit losses (ECL model)

IFRS 9 defines an impairment model based on expected credit losses which is applicable to all financial assets (debt instruments) that are either measured at amortised cost or at fair value in other comprehensive income. This approach takes into account not only credit losses that have already occurred, but also expectations about the future. The recognition of expected credit losses generally uses a three-step procedure for allocating impairments:

Level 1: Expected credit losses within the next 12 months

This includes all contracts without a material increase in credit risk since initial recognition and usually includes new contracts and those whose payments are not, or not materially, overdue. The portion of the expected credit losses over the term of the instrument that is attributable to a default within the next 12 months is recognised.

Level 2: Expected credit losses over the entire term – no impaired credit rating

A financial asset is allocated to this level if it has experienced a material increase in credit risk but its credit rating is not impaired. The expected credit losses over the entire term of the financial asset are recorded as an impairment.

Level 3: Expected credit losses over the entire term – impaired credit rating

A financial asset is allocated to this level if its credit rating is impaired or defaulted. The expected credit losses over the entire term of the financial asset are recorded as an impairment. From Encavis' point of view, objective indications that the credit rating of a financial asset is impaired include, for example, an overdue period of 90 days or more and further information on the debtor's material financial difficulties.

The determination of whether a financial asset has experienced a material increase in credit risk is based on an assessment of the probability of default, which is carried out at least quarterly and takes into account both external rating information and internal information on the credit quality of the financial asset. A material increase in credit risk is primarily determined on the basis of information regarding overdue payments. The Group usually assumes that the loans are past due from 30 days.

A financial asset is transferred to level 2 if the credit risk has materially increased compared to its credit risk at the time of initial recognition. Credit risk is estimated on the basis of the probability of default. For trade receivables, the simplified approach is applied, according to which the expected credit loss for these receivables is calculated over the entire term. Accordingly, no assessment of a material increase in credit risk is required. Encavis applies the simplified impairment model of IFRS 9 to trade receivables and thus recognises the expected losses over the entire term. Other receivables and loans, including interest receivables, are shown using the general approach.

Valuation of expected credit losses

Expected credit losses are calculated based on the following factors:

a) credit risk broken down by country (based on the one-year CDS of the respective country);

b) credit risk divided into private and public or semi-public customers;

c) receivables divided according to the aforementioned aspects as at the balance sheet date;

d) the expected default loss rate; and

e) time value of money.

A financial instrument is derecognised if it is reasonably unlikely that a financial asset can be fully or partially realised, for example after the end of insolvency proceedings or as a result of court decisions.

Material modifications (for example if the present value of the contractual cash flows changes by 10 %) of financial assets result in derecognition. The expectation is that this will usually not be relevant for Encavis. If the terms of the contract are renegotiated or modified and this does not result in derecognition, the gross carrying amount of the contract is recalculated and any difference is recognised in profit or loss.

For reasons of materiality, despite the classification in the AC category, no expected loss is determined for liquid assets and recorded in the consolidated statement of comprehensive income.

The following items are affected by impairments:

Trade receivables

The Group applies the simplified impairment model of IFRS 9 for trade receivables in accordance with the standard. This is based on the so-called lifetime expected loss.

In order to determine the expected credit defaults, trade receivables have been combined into largely homogeneous groups with similar characteristics with regard to their estimated default risks. In particular, there has been a separation between public and semi-public buyers, which account for the majority of buyers in the electricity production sector, and private buyers. The Encavis Group has private buyers mainly in the Asset Management segment and, to a lesser extent, also in the area of electricity buyers.

Loans to associated entities and other loans as well as other current receivables

The Group principally deems the default risk for loans issued and other current receivables to be low, which is why a risk provision in the amount of the expected 12-month losses on receivables has been formed for these items.

Material estimation uncertainties and judgements

Impairment losses on financial assets are generally based on estimates for loan defaults and expected default rates based on the valuation parameters described above and, where appropriate, on individual estimates on a case-by-case basis in the case of items actually at risk of default. The Group exercises a certain degree of judgement when making this assessment. Even minor deviations in the valuation parameters – in interest rates, for example – used for calculation can lead to material deviations in the calculation, particularly due to the amount of trade receivables.

Derecognition of financial assets

The derecognition of financial assets occurs when the contractual rights to cash flows from the asset expire or the financial asset is transferred, which is the case when all material opportunities and risks associated with ownership of the asset are transferred or the authority to dispose of the asset is ceded.

3.10.2 Current financial liabilities

The Group's financial liabilities include trade payables, financial liabilities, liabilities to non-controlling interests, liabilities from put options and other financial liabilities. These are carried at amortised cost (AC). The liability for the put option constitutes the repayment liability for the remaining minority interest in Stern Energy S.p.A. This item is initially measured according to IAS 32, with Encavis electing to apply the anticipated acquisition method, under which it does not recognise non-controlling interests prior to the actual acquisition. As a result, Encavis no longer accounts for non-controlling interests before the actual acquisition. The subsequent measurement of the repayment liability is performed in accordance with IFRS 9. Interest is added to the liabilities for the put option through profit or loss. The forecast cash flows are also updated according to IFRS 9.B5.4.6. Lease liabilities are not allocated to any category of IFRS 9.

Financial liabilities are recognised if a Group company becomes a contractual party to the financial instrument. They are measured at amortised cost pursuant to the effective interest method.

The effective interest method is a way of calculating the amortised cost of a financial liability and allocating the interest expense to the respective periods. The effective interest rate is the rate at which estimated future cash payments (including all fees and payments received or effected which are an integral component of the effective interest rate, transaction costs and other premiums or discounts) are discounted to the net carrying amount from the initial recognition over the expected lifetime of the financial instrument or a shorter period, if applicable.

Derecognition of financial liabilities

The Group only derecognises a financial liability if the Group's corresponding liability (or liabilities) has (or have) been settled, cancelled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration received or to be received must be recorded as profit or loss.

3.10.3 Fair value measurement

Calculating the fair values financial assets and liabilities requires a wide range of accounting and valuation methods and information from the Group.

To determine the fair value of an asset or a liability, the Group relies as much as possible on observable market data (market or stock exchange price). If no active market value exists, the fair value is determined as far as possible using other observable input factors. If no observable input factors are available, the fair value is determined using valuation techniques, such as by discounting future cash flows at the market interest rate or by applying recognised option pricing models, and is verified as far as possible by confirmations from the banks settling the transactions. Depending on the availability of observable parameters and the significance of these parameters for measuring fair value as a whole, the fair value measurement is assigned to level 1, 2 or 3. This fair value hierarchy is defined as follows:

- Input parameters for level 1 are quoted prices (unadjusted) on active markets for identical assets or liabilities that the company can access on the measurement date.
- Input parameters for level 2 are quoted prices other than those used for level 1, which can either be observed for the asset or liability directly or derived indirectly from other prices.
- Input parameters for level 3 are unobservable inputs for the asset or liability.

Assets and liabilities consistently measured at fair value are reclassified from one level to another if, for example, an asset is no longer traded on an active market or is traded for the first time.

3.11 Derivative financial instruments and hedge accounting

Encavis only uses derivative financial instruments to hedge future cash flows (so-called underlying transactions) for financial risks resulting from commercial business or refinancing activities. These are primarily interest rate, price and currency risks. In accordance with the Group's risk management principles, generally 100 % of the forecast highly probable cash flows are hedged. There are no expected transactions at Encavis for which hedge accounting was used in the previous period but which are no longer expected to occur.

Derivative financial instruments are recognised at fair value upon initial recognition and on each subsequent balance sheet date. The fair value corresponds to their positive or negative market value. If no market values are available, they are calculated using recognised valuation techniques, such as discounted cash flow models or option pricing models. Derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative.

A prerequisite for hedge accounting is that the clear hedging relationship between the underlying transaction and the hedging instrument is documented and its effectiveness has been demonstrated. Interest rate and currency swaps and forward exchange contracts are used as hedging instruments. If the requirements of IFRS 9 for hedge accounting are met, Encavis designates and documents the hedging relationship as a cash flow hedge from this point in time. In the case of a cash flow hedge, fluctuations in future cash flows from highly probable expected transactions or cash flows to be paid or received in connection with a recognised asset or liability are hedged. The Group enters into interest rate swaps that generally have the same terms as the underlying transaction, such as reference interest rates, repricing dates, payment dates, maturities and nominal amounts. During the financial year, all material contractual terms and conditions were the same, so that there was an economic relationship between the hedged item and the hedging instrument. The documentation of the hedging relationships includes the objectives and strategy of risk management, the type of hedging relationship, the hedged risk, the designation of the hedging instrument and the underlying transaction, as well as an assessment of the effectiveness criteria, which include the risk-reducing economic relationship, the effects of the credit risk and the appropriate hedge ratio. Hedging relationships are regularly reviewed to determine whether they have been effective throughout the period for which they were designated. The reasons for ineffectiveness of interest rate swap hedges may be credit value/debit value adjustments that are not offset by changes in the value of the hedged loans, and subsequent designations in which the date on which the interest rate derivative is designated differs from the date on which it is designated as a hedge.

Both the designated effective portion of the hedging instrument and the undesignated portion of the hedging instrument based on changes in forward components and foreign currency basis spreads are to be recognised in other comprehensive income. The forward component exempted from designation and the foreign currency basis spreads are recognised in other comprehensive income in the costs of hedging measures item and transferred to the income statement (financial result) upon realisation of the underlying transaction. The ineffective portion of a cash flow hedge is recognised immediately through profit or loss and transferred to the income statement (financial result) over the term of the hedge. Changes in the value of undesignated derivatives are measured at fair value through profit or loss. Under IFRS 9, amounts recognised as effective hedging gains/losses from hedging transactions in other comprehensive income are removed from the equity reserve and directly added to the acquisition cost of the underlying transaction upon recognition if the underlying item, such as the expected transaction, results in the recognition of a non-financial asset or non-financial liability.

In the case of cash flow hedges, the cumulative hedging gains/-losses from the hedging transactions are transferred from the equity reserve to the consolidated earnings for other underlying transactions at the same time as the effect on profit or loss of the hedged underlying transactions.

If derivative financial instruments are not, or no longer, included in hedge accounting because the requirements for hedge accounting are not, or are no longer, met, they are measured at fair value through profit or loss (FVPL). Forward exchange transactions are also allocated to the FVPL category.

3.12 Collateral

The financial liabilities from the solar parks and wind parks are essentially non-recourse loans. For these financial liabilities and, where appropriate, also contingent liabilities, the consolidated Group companies for the most part have provided collateral to the financing banks or creditors. As usual in this type of financing, property, plant and equipment and all rights, as well as future claims, have been assigned to the banks. Consequently, the current amount of the collateral furnished corresponds to the carrying amount of the assets or the amount of reserves recognised (note 6.11), or constitutes intangible assets (such as the right to join feed-in contracts). The main forms of collateral are:

- enforceable land charges (property, plant and equipment)
- pledging of debt service and project reserve accounts (restricted liquid assets)
- assignment of the right to payment of the electricity feed-in tariff from the respective grid company and assignment of payment and remuneration claims against third parties from any direct marketing contracts (revenue)
- assignment of goods stored in a specific place (property, plant and equipment)

3.13 Inventories

Inventories mainly comprise replacement parts for power generation installations and merchandise. They are recognised at the lower of cost or net realisable value. Net realisable value is calculated from the expected selling price less the estimated costs until completion and the estimated necessary distribution costs.

3.14 Income taxes

Income tax expenses are the sum of current tax expenses and deferred taxes.

Current and deferred taxes are recorded in the consolidated statement of comprehensive income, unless they are related to items recognised in other comprehensive income or directly in equity. In this case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity. The income tax consequences of dividend payments within the meaning of IFRS 9 on financial instruments classified as equity are treated in accordance with the treatment of the transactions giving rise to the tax effect. The tax effects from the deductibility of interest on the hybrid convertible bond classified as equity, which, due to its lack of profit dependency, does not include any profit distributions within the meaning of IFRS 9, are recognised in equity.

Current taxes

The actual tax refund claims and tax liabilities are valued at the expected amount of a reimbursement from or payment to the tax authorities. They are based on the tax rates and tax laws in effect as at the balance sheet date.

Changes in legal precedent and other circumstances could lead to a change in the interpretation of tax provisions by the tax authorities. Differences between the interpretation of tax provisions by Encavis and the tax authorities therefore cannot be ruled out. To reflect this uncertainty, tax refund claims and tax liabilities are regularly reviewed and, if necessary, adjusted accordingly.

Actual tax claims and liabilities are presented if an enforceable right to compensation exists and there is an intention to settle on a net basis.

Deferred taxes

Deferred taxes are calculated in relation to temporary recognition and measurement differences between the IFRS carrying amount of an asset or liability and its tax base. Deferred tax liabilities are generally recognised for all taxable temporary differences. However, deferred tax liabilities are not recognised if they result from the initial recognition of goodwill. Deferred taxes are also not recognised if they arise from the initial recognition of an asset or liability in a transaction that is not part of a business combination and, at the time of the transaction, do not affect accounting or tax profit (initial recognition exemption, or IRE). Since the 2020 financial year, this has related to temporary differences arising within the scope of the acquisition of new solar parks and wind parks that do not meet the definition of a business and are accounted for like acquisitions of assets. Deferred taxes related to leases and asset retirement obligations are also recognised if the corresponding temporary differences arise within the scope of acquisitions of solar and wind parks that do not meet the definition of a business combination and equal in amount.

Deferred tax assets are recorded to the extent that it is probable that there will be sufficient taxable profits in future that can be used for the deductible temporary differences. Deferred tax assets from unused loss carryforwards are recognised to the extent that it is likely within a planning period that is appropriate to the business model that they can be offset against available taxable income in the future. In addition, further requirements of IAS 12 must be observed if there is a surplus of deferred tax liabilities.

Deferred tax assets and liabilities are generally calculated using the respective individual corporate and country-specific tax rate of the company that is expected to be valid at the time the liability is settled or the asset is realised. For the German companies, a weighted tax rate that takes into account the various trade tax rates in Germany was used.

Deferred tax assets and liabilities are presented net, provided there is an enforceable right to offset the actual tax refund claims against tax liabilities and the deferred tax liabilities pertain to the same tax authority.

Individual Group companies are entitled to tax breaks for investments in qualified assets (such as the “Tremonti Ambiente” tax incentive programme in Italy). The Group accounts for such tax credits as an increase in the tax base of the subsidised installations. Deferred taxes on the resulting temporary differences are not recognised because they arise from the initial recognition of assets outside of a business combination and, at the time of the transaction, do not affect accounting or tax profit. They reduce the income tax liability and the actual tax expense in the years in which the subsidised installations are used and taxable income is generated.

The tax reconciliation and additional information are provided in note 5.9.

3.15 Trade receivables and other assets

In accordance with IFRS 15, trade receivables are initially recognised at their transaction price. As a result, they are measured at amortised cost. Impairment losses are charged as at every reporting date on the basis of the expected credit loss model in accordance with IFRS 9. Impairment losses are recognised in other expenses; they are reversed and/or reduced in other income.

3.16 (Restricted) cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank and deposit balances which have a high degree of liquidity and a total maturity of up to three months. They are not subject to any interest rate risk and are carried at nominal values. The debt service and project reserve accounts are an exception. They serve as collateral for the lending banks involved in the solar parks and wind parks and can only be used in agreement with the lending banks. To a lesser extent, another exception is restricted liquid assets at Encavis AG and other Group companies. They are classified as restricted cash and cash equivalents but do not form part of cash and cash equivalents within the meaning of IAS 7.

3.17 Assets held for sale and associated liabilities

Individual non-current assets or groups of assets and any directly attributable liabilities (disposal groups) are reported in these line items if they can be disposed of in their current condition and it is highly likely that their disposal will actually take place. For a group of assets and associated liabilities to be classified as a disposal group, the assets and liabilities in it must be held for sale in a single transaction or as part of a comprehensive plan.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group.

Non-current assets that are held for sale either individually or collectively as part of a disposal group or that belong to a discontinued operation are no longer depreciated. They are instead accounted for at the lower of carrying amount and fair value less any remaining costs to sell. If the fair value is less than the carrying amount, an impairment loss is recognised.

Gains and losses on the measurement of components held for sale at fair value less any remaining costs to sell, as well as gains and losses on the disposal of discontinued operations, are reported separately in the statement of comprehensive income under gain/loss from discontinued operations, together with the gain or loss from the ordinary operating activities of these components. However, gains and losses on the measurement of individual assets held for sale and disposal groups are recognised in the impairment losses.

3.18 Financial liabilities and other liabilities

Financial liabilities are recognised at their fair value at the time they are carried in the balance sheet. They are subsequently measured at amortised cost using the effective interest method. The financial liabilities from the solar parks and wind parks are essentially non-recourse loans; that is, the solar and wind energy installations are the collateral for each respective loan. Other liabilities are recognised at the amount required to settle the respective obligation if the time value of money is negligible given their short maturity (less than one year).

3.19 Provisions

Other current provisions are recognised at the expected settlement amount without a discount and take into account all liabilities identifiable at the balance sheet date that are based on past transactions or past events prior to the balance sheet date and whose amount or maturity is uncertain. The amount is calculated on the basis of the most likely settlement value.

Non-current provisions are discounted (risk-free) at an appropriate interest rate.

Provisions are only recognised if there is an underlying legal or constructive obligation towards third parties and the probability of occurrence is greater than 50 %. Recognising provisions presupposes that the settlement of the obligation is likely to result in the outflow of resources and a reliable estimate of the amount of the provision is possible.

3.20 Liabilities to non-controlling interests

Non-controlling interests in partnerships are reported as non-current or current liabilities. Upon initial recognition, they are measured on a pro rata basis in accordance with the discounted projected distributions over the minimum term of the company plus the expected claims. The liabilities are continuously valued through the interest effect and by way of adjustments in line with the distribution projection (if applicable). They also include loans issued to non-controlling shareholders plus accrued interest.

3.21 Revenue

The core principle of IFRS 15 is the recognition of revenue in the amount that an entity can expect in return for the transfer of goods or services to a customer. Revenue is recognised when the customer has control over the goods or services. IFRS 15 also contains requirements for the disclosure of excess performance or of performance obligations at contract level.

To determine the timing (or period) and the amount of revenue to be recognised, IFRS 15 has introduced a five-step model, which Encavis uses in assessing its business transactions.

The goods transferred by Encavis (primarily the supply of electricity) and services offered in the Asset Management and Service divisions each represent individual performance obligations or performance obligation bundles.

Revenue from the supply of electricity is recognised over time. Power progress is measured on the basis of the energy units supplied. Revenue is generally recognised on the basis of market prices. Further income from certificate trading is realised on a time-based basis with sales.

In the Asset Management segment, revenue from project structuring, PPA structuring and financing structuring is recognised on a time basis when the agreed (partial) service is provided, while revenue from asset management and consulting as well as project development management is recognised on a straight-line basis over the term of the contract.

Revenue from O&M, C&I, new installations, revamping and repowering as well as the Service segment's project development business is recognised on a straight-line basis over the term of the contract or according to the stage of completion of the respective project. Other technical and non-technical services are realised on a time basis after the agreed service has been provided.

If the transaction prices include variable remuneration components, these are estimated on the basis of past experience or taking into account the progress of the project.

3.22 Other own work capitalised

Other own work capitalised results from capitalised services in the Encavis Group's solar parks, which are performed by service companies in the Service segment. These mainly relate to extensions and improvements for several solar installations in the company's own portfolio.

3.23 Financial income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably).

Interest income must be recognised if it is likely that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income must be accrued or deferred on the basis of the outstanding nominal amount using the applicable effective interest rate. The effective interest rate is the exact rate by which the expected future payments over the lifetime of the financial asset will be discounted from the net carrying amount of that asset on initial recognition.

3.24 Share-based remuneration

Cash-settled share-based payments (share appreciation rights – SARs) are measured using a Monte Carlo simulation. The SARs are measured at each reporting date and settlement date. The calculated value of the SARs that are expected to become exercisable is recognised pro rata temporis in profit or loss as personnel expenses according to the services rendered as consideration during the vesting period. Provisions are recognised to the same extent. When SARs expire, the provisions already recognised are released to other income.

3.25 Leases

Because Encavis does not act as a lessor, the following statements are limited to the accounting methods used by a lessee.

At the start of each contract, an assessment is made as to whether the contract constitutes or contains a lease as defined by IFRS 16. A lease as defined by IFRS 16 exists when the agreement grants Encavis the right to control the use of an identified asset for a specified period in return for a fee.

If a lease has been identified, a right-of-use asset must be recognised in an amount equal to the cost at the commencement date (i.e. the date on which the asset is available for use by Encavis). The cost includes:

- the amount of the initial measurement of the lease liability,

- any initial direct costs incurred,
- any lease payments already made at or before the commencement date, less any lease incentives received,
- all estimated asset retirement and comparable obligations.

Right-of-use assets are subsequently measured at cost less any straight-line depreciation and impairment losses, adjusted for any revaluations and modifications of the lease liability. The depreciation period is defined as the shorter of the useful life and the lease term. If the exercise of a call option is deemed sufficiently certain, the asset is depreciated over the useful life of the underlying asset.

At the commencement date, a lease liability must be recognised in the amount of the present value of the outstanding lease payments over the term of the lease. Encavis uses the incremental borrowing rate as the basis for discounting, provided that the interest rate implicit in the lease cannot otherwise be readily determined. Since the interest rate implicit in the lease cannot usually be readily determined, Encavis uses the incremental borrowing rate in most cases. The incremental borrowing rate is defined as the interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The estimate of Encavis' incremental borrowing rate is based on observable market yields from which effective interest rates are derived and which are subsequently adjusted for liquidity and country-specific risks.

The lease liabilities include:

- fixed payments (including de facto fixed payments) less lease incentives to be received,
- variable lease payments linked to an index or interest rate,
- amounts expected to be paid as part of residual value guarantees,
- exercise prices for call options, provided that their exercise is sufficiently probable,
- penalties for early termination of the lease, if it is reasonably certain that the termination will be exercised.

Variable lease payments not pegged to an index or interest rate are recognised in the statement of comprehensive income. In the case of Encavis, these are mainly lease payments that are linked to the revenue or other earnings figures of the respective energy installation, for example.

The lease term consists of the binding term plus any extension options whose exercise is sufficiently likely as well as periods during which a termination option is granted, provided that this option is sufficiently unlikely to be exercised.

Interest is added to the lease liability over the term, and the lease liability is reduced by the payments made. In the event of any changes in the lease that affect future lease payments, the lease must be revalued. These changes include, for example, revised estimates regarding the exercise of extension and termination options or adjustments to the amount of the lease payments.

When a purchase option for leased power generation installations is exercised, the carrying amount of the leased power generation installation is transferred from the right-of-use asset for power generation installations as defined in IFRS 16 to the power generation installations owned by Encavis. The lease liability is repaid via a redemption payment, resulting in a corresponding cash outflow for leases. Any valuation effects from the balance sheet are recognised in profit or loss under other income or expenses and offset against the purchase price for the leased power generation installations and other costs incurred for this purpose.

Encavis makes use of the option granted by the standard not to recognise short-term leases of up to 12 months and leases with low-value underlying assets (i.e. with an original value of up to USD 5,000) as assets or liabilities in the balance sheet. All related payments are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. As Encavis primarily has long-term contracts due to its business model, these exceptions rarely occur within the Group and are not considered significant.

3.26 Earnings per share

Undiluted (basic) earnings per share are calculated by dividing the earnings attributable to the holders of no-par-value shares by the weighted average number of shares issued for the period. Diluted earnings per share are calculated by dividing the earnings attributable to the holders of no-par-value shares plus the earnings of the hybrid capital investors by the weighted average number of shares issued for the period plus the number of potential ordinary shares from the hybrid convertible bond issued in 2021. In 2023, the potential ordinary shares from the hybrid convertible bond issued in 2021 will not have a dilutive effect due to the anti-dilution protection in accordance with IAS 33.41.

3.27 Borrowing costs

Borrowing costs incurred directly in connection with the creation of qualified assets from the start of production to commissioning are capitalised and then depreciated with the corresponding asset value. If the operating company does not have its own loan to finance the construction of the plant, the borrowing costs are capitalised using a weighted mixed interest rate from the superseding Group financing. The cost-of-funding rate underlying the capitalisation of TEUR 3,055 was based was 5.57 %. There was no capitalisation in the previous year. Other borrowing costs are recognised as current expenses.

3.28 Government grants

The interest rate advantage of a government loan (such as a subsidised loan from the KfW Group) issued at a below-market rate of interest is treated as a government grant and measured as the difference between the proceeds received and the fair value of the loan determined at the market rate. The interest rate advantage is recognised as deferred income and reversed to profit or loss over the term of the subsidised fixed-interest rate for the loan. Encavis benefits from state feed-in tariffs for some of the energy generation plants it holds, which can be higher than the prices achievable on the respective electricity market. These additional payments are recognised in revenue. Encavis reports on these grants in the notes to the revenue.

3.29 Segment reporting

Segment reporting is carried out in accordance with the accounting standard IFRS 8 “Operating Segments” and uses the management approach set out therein, which provides for segmentation and reporting based on the internal organisational and reporting structure as well as the internal control parameters. The segments were therefore defined and identified in accordance with the internal organisational and reporting structure. The Group has the following reportable operating segments: PV Parks, Service, Wind Parks and Asset Management. In addition, the non-reportable segment Administration is reported under other companies and Group functions because it is not a separate business segment under IFRS 8.6. Reporting is generally based on services rendered and products; a breakdown by region is shown in note 7. In particular, revenue and operating earnings before interest, taxes, depreciation and amortisation (EBITDA) are monitored separately by management in order to make decisions about the allocation of resources and to determine the profitability of the segments. The management also monitors the following operating result indicators of the segments: EBITDA margin and operating result (EBIT).

3.30 Risk management

The Encavis Group’s risk management system is designed to detect potential risks at an early stage and evaluate them precisely. Risk identification is therefore of great importance for the Encavis Group. For detailed information on the various types and classes of risk, please refer to the risk report within the management report.

4 Subsidiaries

4.1 Disclosures on subsidiaries

Details of subsidiaries in the consolidated financial statements as of 31 December 2023 are listed below:

Segment	Country	Number of wholly owned subsidiaries	
		31.12.2023	31.12.2022
PV Parks	Germany	56	53
	Italy	70	68
	France	15	15
	United Kingdom	27	24
	Netherlands	12	12
	Ireland	1	1
	Spain	11	10
	Denmark	12	11
Wind Parks	Germany	21	17
	France	4	4
	Denmark	2	2
	Finland	2	1
	Lithuania	1	1
Service	Germany	3	1
	Denmark	1	0
Asset Management	Germany	20	20
Administration	Germany	9	6
	Netherlands	1	1
Total		**268**	**247**

Segment	Country	Number of non-wholly owned subsidiaries	
		31.12.2023	31.12.2022
PV Parks	Germany	6	2
	Netherlands	1	1
	Italy	7	6
	Sweden	3	3
Wind Parks	Germany	9	11
	Denmark	1	1
	Italy	1	1
Service	Germany	1	1
	Italy	1	1
	United Kingdom	1	1
	Netherlands	1	1
	France	1	0
Total		**33**	**29**

The following changes in the subsidiaries included in the consolidated financial statements occurred in the 2023 financial year:

Changes in subsidiaries included in the consolidated financial statements	Domestic	Abroad	Total
Included as at 31 December 2022	111	165	276
Acquisition/establishment	18	11	29
Sale/merger/liquidation	-4	0	-4
Included as at 31 December 2023	**125**	**176**	**301**

The following holding and service companies were founded or acquired in the financial year:

Foundation in the financial year	Segment
Asset Ocean GmbH	Administration
BESS Hettstedt Fünfte Energie GmbH	Service
BESS M01a K/S	Service
Encavis Bridge Financing GmbH	Administration
Encavis Energieversorger I GmbH	PV Germany
Encavis Green Energy Supply GmbH	Service
Encavis Nordbrise Beteiligungs AG & Co. KG	Administration
Encavis Solar Infrastruktur I GmbH	PV Germany
Encavis Wind Danmark Beteiligungs AG & Co. KG	Administration
Mermaid Solar Net K/S	PV Denmark
Stern Energy SAS	Service

With the acquisition of the German company BESS Hettstedt Fünfte Energie GmbH and the founding of the Danish company BESS M01a K/S, Encavis entered into battery storage solutions for the first time in the financial year. Both projects were yet to begin construction at the time of finalisation.

Encavis Solar Projects Holding GmbH was merged into Encavis AG during the financial year. Encavis Windinvest GmbH was merged into Encavis GmbH. Both intermediate holding companies were no longer required in the Encavis structure.

The former Encavis Grundstück Beteiligungs GmbH was renamed Encavis Solar Beteiligungs GmbH during the financial year and now serves as the Group’s general partner for German solar projects.

Details on the other transactions can be found in the following section of these notes.

Details on non-wholly owned subsidiaries which include significant non-controlling interests

The following table includes details on non-wholly owned subsidiaries which include significant non-controlling interests. Intra-Group transactions have not been eliminated from the specified amounts.

Subsidiaries

	Equity interest and share of voting rights of non-controlling interests in %		Profit or loss for the year attributable to non-controlling interests in TEUR		Cumulative non-controlling interests in TEUR	
	31.12.2023	31.12.2022	2023	2022	31.12.2023	31.12.2022
Zonnepark Zierikzee B.V.	10.00	10.00	-105	-66	205	309
Parco Eolico Monte Vitalba S.r.l.	15.00	15.00	46	-3	418	408
Nørhede-Hjortmose Vindkraft I/S	18.50	18.50	671	254	1,583	1,561
DE Stern 11 Srl	36.00	36.00	49	0	969	1,011
DE Stern 14 Srl	36.00	36.00	49	0	674	705
Varberg Norra 3 MW AB	46.00	46.00	4	231	219	215
EnSol Nordic AS	10.00	10.00	10	2	439	459
UK Sol SPV 2 AB	10.00	10.00	11	-1	10	-1
Encavis Energieversorger I GmbH	49.00	-	0	0	2,383	0
Aton 21 S.r.l.	1.00	-	-7	0	-7	0
Other immaterial subsidiaries			0	0	123	123
Total amount of non-controlling interests			**728**	**417**	**7,016**	**4,789**

Condensed financial information relating to subsidiaries in which the Group holds significant non-controlling interests is provided below. The condensed financial information corresponds to the amounts before intra-Group eliminations.

For first-time reported companies Encavis Energieversorger I GmbH and Aton 21 S.r.l., revenue and earnings for the 2023 financial year are recognised on a pro rata basis in accordance with their Group affiliation.

Zonnepark Zierikzee B.V., Netherlands

	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	1,838	2,193
Non-current assets	9,268	12,236
Current liabilities	5,825	1,716
Non-current liabilities	3,237	9,622
Net assets	2,045	3,091
Carrying amount of non-controlling interests	205	309
	2023	**2022**
Revenue	2,210	2,303
Profit or loss for the year	-1,045	-657
Total comprehensive income	-1,045	-657
Profit or loss attributable to non-controlling interests	-105	-66
	2023	**2022**
Dividends paid to non-controlling shareholders	0	57
Cash flow from operating activities	44	2,435
Cash flow from financing activities	-1,065	-1,443
Net change in cash and cash equivalents	**-1,021**	**992**

Parco Eolico Monte Vitalba S.r.l., Italy

	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	1,820	898
Non-current assets	2,678	2,968
Current liabilities	843	196
Non-current liabilities	889	971
Net assets	2,766	2,700
Carrying amount of non-controlling interests	418	408
	2023	**2022**
Revenue	1,706	716
Profit or loss for the year	307	-20
Total comprehensive income	307	-20
Profit or loss attributable to non-controlling interests	46	-3
	2023	**2022**
Dividends paid to non-controlling shareholders	36	7
Cash flow from operating activities	1,059	301
Cash flow from investing activities	-25	0
Cash flow from financing activities	-238	-51
Net change in cash and cash equivalents	**795**	**251**

Nørhede-Hjortmose Vindkraft I/S, Denmark

	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	1,438	483
Non-current assets	8,683	9,086
Current liabilities	233	12
Non-current liabilities	1,380	1,164
Net assets	8,507	8,393
Carrying amount of non-controlling interests	1,583	1,561
	2023	**2022**
Revenue	4,026	2,118
Profit or loss for the year	3,629	1,374
Other comprehensive income	-17	0
Total comprehensive income	3,612	1,374
Profit or loss attributable to non-controlling interests	671	254
Total comprehensive income attributable to non-controlling interests	668	254
	2023	**2022**
Dividends paid to non-controlling shareholders	635	312
Cash flow from operating activities	3,517	1,603
Cash flow from investing activities	0	10
Cash flow from financing activities	-3,288	-1,704
Net change in cash and cash equivalents	**230**	**-90**

DE Stern 11 Srl, Italy

	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	1,339	1,150
Non-current assets	7,837	8,724
Current liabilities	876	807
Non-current liabilities	3,628	4,249
Net assets	4,673	4,819
Carrying amount of non-controlling interests	969	1,011
	2023	**2022**
Revenue	1,959	220
Profit or loss for the year	304	-235
Total comprehensive income	304	-235
Profit or loss attributable to non-controlling interests	49	0
	2023	**2022**
Dividends paid to non-controlling shareholders	90	0
Cash flow from operating activities	1,539	160
Cash flow from investing activities	0	796
Cash flow from financing activities	-1,366	-402
Net change in cash and cash equivalents	**173**	**554**

DE Stern 14 Srl, Italy

	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	957	863
Non-current assets	4,758	5,293
Current liabilities	461	523
Non-current liabilities	1,982	2,267
Net assets	3,272	3,366
Carrying amount of non-controlling interests	674	705
	2023	**2022**
Revenue	1,400	157
Profit or loss for the year	306	-159
Total comprehensive income	306	-159
Profit or loss attributable to non-controlling interests	49	0
	2023	**2022**
Dividends paid to non-controlling shareholders	80	0
Cash flow from operating activities	1,079	91
Cash flow from investing activities	0	575
Cash flow from financing activities	-962	-245
Net change in cash and cash equivalents	**117**	**421**

Varberg Norra 3 MW AB, Sweden	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	283	609
Non-current assets	2,750	2,699
Current liabilities	292	271
Non-current liabilities	2,130	2,437
Net assets	611	601
Carrying amount of non-controlling interests	224	215
	2023	**2022**
Revenue	242	747
Profit or loss for the year	10	509
Other comprehensive income	0	-32
Total comprehensive income	10	447
Profit or loss attributable to non-controlling interests	4	234
Total comprehensive income attributable to non-controlling interests	4	219
	2023	**2022**
Cash flow from operating activities	40	718
Cash flow from investing activities	0	-310
Cash flow from financing activities	-394	204
Net change in cash and cash equivalents	**-354**	**612**

EnSol Nordic AS, Norway	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	32	518
Non-current assets	11,749	4,269
Current liabilities	7,303	173
Net assets	4,478	4,615
Carrying amount of non-controlling interests	439	459
	2023	**2022**
Profit or loss for the year	95	25
Other comprehensive income	-232	-145
Total comprehensive income	-137	-120
Profit or loss attributable to non-controlling interests	10	2
Total comprehensive income attributable to non-controlling interests	-13	-13
	2023	**2022**
Cash flow from operating activities	-5	3
Cash flow from investing activities	-170	464
Cash flow from financing activities	-269	163
Net change in cash and cash equivalents	**-444**	**630**

UK Sol SPV 2 AB, Sweden	31.12.2023 in TEUR	31.12.2022 in TEUR
Current assets	1,012	1,435
Non-current assets	10,228	1,401
Current liabilities	210	56
Non-current liabilities	10,007	1,891
Net assets	1,024	888
Carrying amount of non-controlling interests	10	-1
	2023	**2022**
Profit or loss for the year	115	-15
Other comprehensive income	2	-20
Total comprehensive income	117	-35
Profit or loss attributable to non-controlling interests	11	-1
Total comprehensive income attributable to non-controlling interests	11	-3
	2023	**2022**
Cash flow from operating activities	294	-7
Cash flow from investing activities	-8,479	2
Cash flow from financing activities	7,038	1,435
Net change in cash and cash equivalents	**-1,147**	**1,430**

Encavis Energieversorger I GmbH, Germany	31.12.2023 in TEUR
Current assets	392
Non-current assets	4,937
Current liabilities	2,114
Net assets	3,215
Carrying amount of non-controlling interests	2,383
	2023
Profit or loss for the year	-62
Total comprehensive income	-62
	2023
Cash flow from operating activities	-68
Cash flow from investing activities	-4,686
Cash flow from financing activities	4,839
Net change in cash and cash equivalents	**85**

Aton 21 S.r.l., Italy	31.12.2023 in TEUR
Current assets	3,608
Non-current assets	18,949
Current liabilities	465
Non-current liabilities	22,737
Net assets	-646
Carrying amount of non-controlling interests	-7
	2023
Profit or loss for the year	-690
Total comprehensive income	-690
Profit or loss attributable to non-controlling interests	-7
	2023
Cash flow from operating activities	-336
Cash flow from investing activities	-16,830
Cash flow from financing activities	18,211
Net change in cash and cash equivalents	**1,045**

Reference is made to the list of shareholdings in note 18.

4.2 Company acquisitions

Acquisition of subsidiaries that do not meet the definition of a business

In the 2023 financial year, thanks to a number of acquisitions, Encavis was able to significantly expand its international portfolio of solar and wind installations. Under the amendments to IFRS 3, which entered into force at the beginning of 2020, the following transactions do not meet the definition of a business acquisition. These acquisitions were therefore presented as acquisitions of assets in the consolidated financial statements, regardless of when the installation was commissioned. Following a review into whether an input or substantive process exists to allow an output to be created, it was found that no business exists, as there is no organised workforce and the process of electricity generation is not unique. Given that this transaction constitutes the acquisition of assets and not the acquisition of a business, the difference between the purchase price and the revalued assets was allocated to acquired net assets and capitalised rather than being recognised as goodwill. Financial assets and liabilities were recognised at their fair values. Following the early adoption of the amendment to IAS 12 concerning the IRE, Encavis recognises deferred taxes at the acquisition date, and they cancel each other out. The following tables do not contain non-netted figures.

Windpark Schnellwettern GmbH & Co KG

On 18 September 2023, Encavis acquired 100 % of the shares in the Schnellwettern GmbH & Co. KG wind park located in Schleswig-Holstein. The acquisition price was TEUR 14,176. The company has three Nordex wind turbines with a total generation capacity of 17.1 MW. They were commissioned in autumn 2023 and will benefit from remuneration under the Renewable Energy Sources Act for the first 20 years.

in TEUR	Purchase price allocation
Intangible assets	136
Power generation installations	36,875
Right-of-use asset IFRS 16	1,642
Current assets	1,688
Cash and cash equivalents	2,752
Liabilities and provisions	27,590
Lease liability IFRS 16	1,326
Identified acquired net assets	**14,176**

UGE Voigtsdorf GmbH & Co. KG Umweltgerechte Energie

On 21 December 2023, Encavis acquired 100 % of the shares in the UGE Voigtsdorf GmbH & Co. KG Umweltgerechte Energie wind farm located on the Saidenberg in the Ore Mountains, Saxony. The purchase price was TEUR 9,917. The company's three wind turbines are from Vestas, have a total generation capacity of 18.6 MW and were commissioned in November 2022. For the first 20 years, the systems benefit from remuneration in accordance with the Renewable Energy Sources Act.

in TEUR	Purchase price allocation
Intangible assets	972
Power generation installations	40,687
Right-of-use asset IFRS 16	3,530
Current assets	957
Cash and cash equivalents	12,173
Liabilities and provisions	45,439
Lease liability IFRS 16	2,963
Identified acquired net assets	**9,917**

Windpark Desloch GmbH & Co KG

Also on 21 December 2023, Encavis acquired 100 % of the shares in Windpark Desloch GmbH & Co. KG, which is located in the district of Bad Kreuznach, Rhineland-Palatinate. The purchase price was TEUR 3,523. The two Vestas wind turbines are currently under construction. They will have a total generation capacity of 12.4 MW and are expected to go into operation in the first half of 2024. For the first 20 years, the systems benefit from remuneration in accordance with the Renewable Energy Sources Act.

in TEUR	Purchase price allocation
Intangible assets	7,252
Power generation installations	-15
Right-of-use asset IFRS 16	2,473
Current assets	1
Liabilities and provisions	3,715
Lease liability IFRS 16	2,473
Identified acquired net assets	**3,523**

WP Niederöfflingen GmbH & Co. KG

Again on 21 December 2023, Encavis acquired 100 % of the shares in WP Niederöfflingen GmbH & Co. KG wind park located in the district of Bernkastel-Wittlich, Rhineland-Palatinate (formerly: ABO Wind WP Niederöfflingen GmbH & Co. KG). The purchase price was TEUR 5. The two wind turbines from Enercon are currently under construction. They will have a total generation capacity of 11.12 MW and are expected to go into operation in mid-2024. For the first 20 years, the systems benefit from remuneration in accordance with the Renewable Energy Sources Act.

in TEUR	Purchase price allocation
Intangible assets	4,157
Power generation installations	6,471
Right-of-use asset IFRS 16	1,569
Current assets	1,153
Cash and cash equivalents	10
Liabilities and provisions	11,786
Lease liability IFRS 16	1,569
Identified acquired net assets	**5**

WP Drensteinfurt GmbH & Co. KG

On 21 December 2023, Encavis also acquired 100 % of the shares in the WP Drensteinfurt GmbH & Co. KG wind park located in the district of Warendorf, North Rhine-Westphalia (formerly: ABO Wind WP Drensteinfurt GmbH & Co. KG). The purchase price was TEUR 5. The Nordex wind turbine is currently under construction. It will have a generation capacity of 4.8 MW and is expected to go into operation in mid-2024. For the first 20 years, the system benefits from remuneration in accordance with the Renewable Energy Sources Act.

in TEUR	Purchase price allocation
Intangible assets	1,011
Power generation installations	2,327
Right-of-use asset IFRS 16	759
Current assets	484
Liabilities and provisions	3,818
Lease liability IFRS 16	759
Identified acquired net assets	**5**

Illevaaran Tuulivoima Oy (Illevaara)

On 22 December 2023, Encavis acquired 100 % of the shares in the subsidy-free Illevaara Tuulivoima Oy wind park in the Kainuu region of northern Finland with a generation capacity of 30 MW, connected to the grid at the end of 2023. The purchase price for the shares was TEUR 49.

in TEUR	Purchase price allocation
Power generation installations	46,229
Right-of-use asset IFRS 16	3,306
Non-current assets	1,478
Current assets	617
Cash and cash equivalents	4
Liabilities and provisions	49,068
Lease liability IFRS 16	2,517
Identified acquired net assets	**49**

Acquisition of subsidiaries that meet the definition of a business

No subsidiaries that meet the definition of a business were acquired in the financial year.

Other acquisitions

Encavis also acquired or founded the following projects in various stages of development during the financial year. The majority of these additions were made via the Group’s existing or newly entered development partnerships.

Aton 21 S.r.l.	PV Italy
Chiltern Renewables Colmworth Limited	PV United Kingdom
CHILTERN RENEWABLES ES LIMITED	PV United Kingdom
Chiltern Renewables Honeydon Limited	PV United Kingdom
CMS Solar Pappelberg GmbH & Co. KG	PV Germany
CMS Solar Priesterbruch GmbH & Co KG	PV Germany
CMS Solar Tackscher Bruch GmbH & Co KG	PV Germany
Encavis Ecklak PV GmbH	PV Germany
Encavis Solar Fincken GmbH & Co. KG	PV Germany
ENCAVIS SOLAR VITERBO SRL	PV Italy
HORNET SOLAR S.L.U.	PV Spain
LT08 S.R.L.	PV Italy

At the time of acquisition, all these companies constitute energy installations at extremely early or early stages of development and do not yet have a material effect on the consolidated financial statements.

Business combinations and other acquisitions after the balance sheet date

In January 2024, Encavis acquired seven solar projects at a very early stage of development via the Innovar pipeline. The projects currently have no material impact on the consolidated financial statements, either individually or in total.

In February 2024, Encavis also acquired a solar project at an advanced stage of development in Spain (Andalusia) from BayWa respectively Hive Energy. These two projects also have no material impact on the consolidated financial statements.

There were no other changes in scope of consolidation of Encavis at the time this report was published.

Business combinations in the previous year

In the 2022 financial year, the scope of consolidation was expanded through the business combination with the Italian service company Stern Energy S.p.A. and its subsidiaries (Stern subgroup).

4.3 Disposals of subsidiaries and investments

In December 2023, the shares in the two German wind park companies BOREAS Windfeld Greußen GmbH & Co. KG (71.40 %) and Windkraft Sohland GmbH & Co. KG (74.30 %) were sold in full to the previous minority shareholder. Net assets totalling TEUR 8,377 and TEUR 5,088 respectively were disposed of upon sale. The disposal of cash and cash equivalents totalled TEUR 166 and TEUR 186 respectively. The cash inflows from the sale are reported in cash flow from investing activities and total TEUR 5,649. The Group was able to generate income of TEUR 4,210 from the transaction.

Solarpark Glendelin GmbH was sold back to the project developer at the beginning of 2024, as the project is no longer being realised. The payments already made can be credited to Solarpark Lindenhof GmbH (Borrentin project) of the same project developer.

4.4 Significant restrictions

Pursuant to IFRS 12.13, CSG IPP GmbH is subject to the following significant restrictions that result from the mezzanine capital contract with Gothaer Lebensversicherung AG (hereinafter "Gothaer"). Investments in connection with the mezzanine capital are subject to various investment criteria that are determined by a committee comprising equal numbers of representatives of Encavis and Gothaer. Furthermore, during the term of the mezzanine capital contract, the shares in CSG IPP GmbH must not be pledged or encumbered with other rights and no cash-pooling contracts are permitted to exist. This does not include contracts between CSG IPP GmbH and the subsidiaries of CSG IPP GmbH. Material measures such as the dissolution or liquidation of CSG IPP GmbH require a unanimous decision by the committee. If Encavis intends to sell its interest in CSG IPP GmbH, Gothaer has a right of first refusal. Furthermore, the mezzanine capital contract stipulates narrowly defined rules on the liquidity available for distribution. The carrying amount of the assets of CSG IPP GmbH totalled TEUR 246,163 as at the balance sheet date (previous year: TEUR 238,992), the book value of the liabilities amounts to TEUR 220,008 (previous year: TEUR 213,068). The carrying amount of the assets of CSG IPP GmbH in the consolidated financial statements totalled TEUR 47,528 as at the balance sheet date (previous year: TEUR 34,303), the book value of the liabilities amounts to TEUR 163,961 (previous year: TEUR 159,363).

5 Notes to the consolidated statement of comprehensive income

5.1 Revenue

TEUR 469.637

Previous year: TEUR 487.342

The following table shows a breakdown of external revenue by the main geographical markets and the time of revenue recognition in order to illustrate the influence of economic factors on the type, amount, timing and uncertainty of revenue and cash flows:

in TEUR	PV Parks	Wind Parks	Service	Asset Management	Total
Main geographical markets					
Germany	65,320	47,029	572	27,311	140,232
(previous year)	(87,200)	(77,319)	(485)	(24,033)	(189,037)
Italy	74,737	1,706	25,650		102,093
(previous year)	(86,961)	(716)	(4,864)		(92,541)
Spain	61,833				61,833
(previous year)	(65,367)				(65,367)
France	35,152	8,072	43		43,267
(previous year)	(36,722)	(7,096)	(0)		(43,818)
Denmark	5,175	31,730			36,905
(previous year)	(4,446)	(32,744)			(37,190)
Netherlands	30,990		676		31,666
(previous year)	(31,111)		(158)		(31,269)
United Kingdom	35,351		7,284		42,635
(previous year)	(22,775)		(597)		(23,372)
Finland		4,667			4,667
(previous year)		(3,999)			(3,999)
Sweden	242				242
(previous year)	(747)				(747)
Ireland	0				0
(previous year)	(2)				(2)
Lithuania		6,097			6,097
(previous year)		(0)			(0)
Total	**308,799**	**99,301**	**34,226**	**27,311**	**469,637**
(previous year)	(335,331)	(121,874)	(6,104)	(24,033)	(487,342)
Time of revenue recognition					
Goods transferred/services rendered at a specific point in time	**16,767**	**2,120**	**10,361**	**9,063**	**38,311**
(previous year)	(12,012)	(114)	(3,803)	(9,302)	(25,231)
Services rendered over a certain period of time	**292,032**	**97,181**	**23,865**	**18,248**	**431,326**
(previous year)	(323,319)	(121,760)	(2,301)	(14,731)	(462,111)
Total	**308,799**	**99,301**	**34,226**	**27,311**	**469,637**
(previous year)	(335,331)	(121,874)	(6,104)	(24,033)	(487,342)

Of the revenue, TEUR 3,797 (previous year: TEUR 5,193) stems from compensation for throttling. These are payments made to compensate for the shutting down of energy generation installations by the grid operator (due to bottlenecks in the grid or for other technical reasons) or by the direct marketer (for example due to remuneration being temporarily too low on the electricity exchange).

Of the revenue generated by the PV Parks and Wind Parks segments, 33.4 % (previous year: 13.5 %) were collected via government subsidy programmes.

5.2 Other income

TEUR 42,892

Previous year: TEUR 43,276

This item comprises:

Type of income in TEUR	2023	2022
Non-period income	4,278	2,003
- of which from the reversal of provisions	*1,720*	*640*
Income from the reversal of deferred income (government grant)	1,260	1,628
Miscellaneous other income	37,354	39,645
Total	**42,892**	**43,276**

Miscellaneous other income includes income from the deconsolidation of the two German wind farm companies BOREAS Windfeld Greußen GmbH & Co. KG and Windkraft Sohland GmbH & Co. KG totalling TEUR 4,210 as well as income from the further development of PPAs totalling TEUR 11,495 (previous year: TEUR 661) were recognised. In the previous year, these included in particular income from the transition from equity accounting to full consolidation at Stern Energy S.p.A. TEUR 29,906.

On 31 December 2023, those assets for which an impairment was recognised on the reporting date of 31 December 2022 were reviewed to determine whether this impairment still applies. Impairment losses of TEUR 1,036 and TEUR 1,119 were recognised for some assets of the PV United Kingdom and PV Italy units, which are reported under other income. The reversals of impairment losses recognised for the assets of the Italian solar park Polesine 1 are primarily the result of adjusted planning assumptions after an agreement was reached between the parties in the 2023 financial year following the suspension of feed-in tariff payments by GSE. The reversals of impairment losses recognised for the assets of the Italian solar park DE - Stern 1 S.R.L. are mainly based on a longer revenue recognition period compared to the previous year's assumption. The reversals of impairment losses recognised for the assets of the British solar park Capital Stage Cullompton Ltd. are mainly the result of a higher future revenue expectation based on the revenue realised in 2023.

The value-in-use concept is used in the calculations to determine the recoverable amount. The post-tax discount rate is between 6.18 and 8.08 % for the PV United Kingdom unit and between 5.46 and 7.11 % for the PV Italy unit.

The value in use of the assets in question stands at TEUR 29,227 in total. Of this amount, TEUR 5,535 is attributable to the PV United Kingdom unit and TEUR 23,692 to the PV Italy unit. The carrying amount of the assets before reversing the impairment totalled TEUR 27,072. Of this amount, TEUR 4,499 is attributable to the PV United Kingdom unit and TEUR 22,573 to the PV Italy unit.

In addition to determining the write-ups, a sensitivity analysis was carried out. In the first scenario, the after-tax discount rate was increased by 75 basis points. In this scenario involving an increased after-tax discount rate, the hypothetical write-up is TEUR 647 lower. Of this amount, TEUR 400 is attributable to the PV Italy unit and TEUR 247 to the PV United Kingdom unit. In the second scenario, the after-tax discount rate was lowered by 75 basis points. In this scenario of the reduced after-tax discount rate, the hypothetical write-up is TEUR 621 higher. Of this amount, TEUR 512 is attributable to the PV Italy unit and TEUR 109 to the PV United Kingdom unit.

5.3 Other own work capitalised

TEUR 2,519

Previous year: TEUR 0

Other own work capitalised results from capitalised services in the Encavis Group's solar parks, which are performed by companies in the Service segment. These mainly relate to extensions and improvements for several solar installations in the company's own portfolio and totalled TEUR 2,519 in the financial year (previous year: TEUR 0).

5.4 Cost of materials

TEUR -30,599

Previous year: TEUR -9,949

These are mainly trading and direct marketing costs totalling TEUR 6,083 (previous year: TEUR 4,377) and the purchase of electricity from third parties for the operation of the solar parks and wind farms in the amount of TEUR 3,987 (previous year: TEUR 2,923). It also includes costs from the service business and, to a lesser extent, network costs and costs for infrastructure companies. The increase in the cost of materials year on year is primarily attributable to higher direct marketing costs, as well as to the expansion of the service business through the full consolidation of the Stern subgroup since October 2022.

5.5 Personnel expenses

TEUR -35,292

Previous year: TEUR -27,030

Personnel expenses changed as follows:

in TEUR	2023	2022
Salaries	29,967	21,941
Social security contributions	4,092	2,369
Other personnel expenses	719	390
Personnel expenses from share options	513	2,331
Total	**35,292**	**27,030**

In the 2023 financial year, there were an average of 368 employees at the Group (2022: 193 employees) are employed in the Group. The change in the number of employees is due in particular to the growth-induced expansion of the team at Encavis and the acquisition of the Stern subgroup in October 2022. The average number of employees is shown below broken down by company:

Average number of employees	2023	2022
Encavis AG	115	94
Asset Ocean GmbH	4	0
Encavis GmbH	0	15
Encavis Finance B.V.	1	0
UAB L-VĖJAS	1	0
Encavis Asset Management AG	76	51
Encavis Portfolio Management GmbH	2	0
Stern Energy S.p.A.	110	21
Stern Energy GmbH	19	4
Stern Energy Ltd.	34	7
Stern Energy B.V.	4	1
Stern Energy SAS	2	0
Total	**368**	**193**

Salaries also include expenses for employee bonuses and other payments. A breakdown of Management Board remuneration will be published in a separate remuneration report no later than the 2024 Annual General Meeting.

From the share option programmes (see Note 6.14), TEUR 513 was paid out in the 2023 financial year (previous year: TEUR 2,331) in personnel expenses recognised in the consolidated result.

In the 2023 financial year, payments of the employer's shares of statutory German pension insurance contributions amounted to TEUR 1,334 (previous year: TEUR 934) and to foreign statutory pension insurance TEUR 1,352 (previous year: TEUR 269).

5.6 Other expenses

TEUR -116,487

Previous year: TEUR -117,134

This item comprises:

Type of expense in TEUR	2023	2022
Costs for solar and wind parks	74,490	93,564
Legal and consulting costs, third-party services	25,854	12,271
Operating expenses	10,957	6,110
Costs for the preparation and audit of the annual financial statements	1,414	1,091
Supervisory Board remuneration	771	511
Rent and cost of premises	448	352
Impairment for expected credit losses	441	86
Investor relations and designated sponsoring	358	63
Publications and Annual General Meeting	272	459
Due diligence and transaction costs	254	762
Other	1,228	1,865
Total	**116,487**	**117,134**

Other expenses are primarily comprised of costs for the operation of the parks, acquisition and administration, stock exchange listing costs, costs for legal and tax advice as well as auditing and general administrative costs such as travel expenses, insurance, advertising costs, telecommunications, vehicle costs and Supervisory Board remuneration. The following table provides a more detailed overview of the item "Costs for solar and wind parks". Expenses from the addition of the imputed loss allowance (ECL) in accordance with IFRS 9 for receivables, loans and other assets are reported under "Impairment for expected credit losses".

Costs for solar and wind parks can be broken down as follows:

Costs for solar and wind parks in TEUR

	2023	2022
Repairs, maintenance and servicing	20,416	21,336
Technical and commercial management	14,635	23,785
Expenses from the electricity price cap	11,528	24,856
Legal and consulting costs, third-party services	5,858	5,241
Other tax expenses for parks	5,845	3,340
Expenses from the continuous valuation of PPAs	4,101	2,778
Insurance	2,697	2,933
Commercial lease	1,232	2,175
Alarm and security costs	1,191	865
Fees, incidental costs and expenses	770	671
Other	6,217	5,586
Total	**74,490**	**93,564**

"Expenses from the electricity price cap" relate to the levy recognised in connection with the Europe-wide system to cap electricity prices.

5.7 Depreciation, amortisation and impairment losses

TEUR -169,604

Previous year: TEUR -214,637

This item comprises:

Depreciation and amortisation in TEUR

	2023	2022
Amortisation of intangible assets	52,431	47,221
– of which on electricity feed-in contracts/project rights	*44,711*	*45,429*
Impairment losses on intangible assets	2,095	20,938
– of which on electricity feed-in contracts/project rights	*2,095*	*20,938*
Depreciation of property, plant and equipment	111,683	105,399
– of which on power generation installations	*108,920*	*103,335*
Impairment losses on property, plant and equipment	3,395	41,079
– of which on power generation installations	*3,395*	*41,079*
Total	**169,604**	**214,637**

The impairment losses on property, plant and equipment were recognised as a consequence of the asset impairment test, which demonstrated a shortfall below the value in use for certain individual installations in the PV Germany, PV Italy and PV Netherlands units. As a result, the power generation installations accounted for were written down to the lower fair value as at the reporting date. This was mainly due to a slight change in capital market conditions. The impairment losses on intangible assets were recorded at the same time and primarily relate to electricity feed-in contracts. These impairment losses are solely attributable to the PV Parks segment. On 31 December 2023, those assets for which an impairment was recognised on the reporting date of 31 December 2022 were additionally reviewed to determine whether these impairments still apply. A write-up was subsequently recognised for some assets, which is reported under other income; please refer to section 5.2 Other income for further details. The following disclosures relate to all units or assets for which an impairment loss was recognised in the financial year 2023.

The value-in-use concept is utilised as part of the asset impairment test to calculate the recoverable amount. The after-tax discount rate for the PV Germany unit is between 5.59 and 6.06 %, for the PV Italy unit between 5.88 and 6.98 % and for the PV Netherlands unit between 5.51 and 6.02 %.

The value in use of the assets in question stands at TEUR 43,480 in total, of which TEUR 3,461 is attributable to the PV Germany unit, TEUR 32,321 to the PV Italy unit and TEUR 7,696 to the PV Netherlands unit. The carrying amount of the assets before impairment totalled TEUR 48,970, of which TEUR 3,795 is attributable to the PV Germany unit, TEUR 35,068 to the PV Italy unit and TEUR 10,106 to the PV Netherlands unit.

A sensitivity analysis was also carried out in addition to the asset impairment test. In the first scenario, the after-tax discount rate was increased by 75 basis points. In this scenario involving an increased after-tax discount rate, the hypothetical impairment loss is TEUR 1,693 higher, of which TEUR 1,086 is attributable to the PV Italy unit, TEUR 485 to the PV Netherland unit and TEUR 122 to the PV Germany unit. In the second scenario, the after-tax discount rate was lowered by 75 basis points. In this scenario of the reduced after-tax discount rate, the hypothetical impairment loss is TEUR 1,776 lower. of which TEUR 1,113 is attributable to the PV Italy unit, TEUR 532 to the PV Netherlands unit and TEUR 131 to the PV Germany unit.

Details on the procedure for the annual impairment test are presented in Note 3.8.

5.8 Financial result

TEUR -71,490

Previous year: TEUR -45,396

This item comprises:

in TEUR	2023	2022
Interest and similar income	28,802	38,357
Income from investments	1,154	275
Income from securities and loans classified as financial assets	1,196	0
Income from the amortisation of liabilities to non-controlling shareholders	4,456	2,022
Financial income	**35,608**	**40,654**
Interest and similar expenses	-103,968	-73,713
Expenses from the disposal of investments	0	-19
Expenses from the amortisation of liabilities to non-controlling shareholders	-5,257	-11,757
Financial expenses	**-109,225**	**-85,489**
Capitalised borrowing costs	3,055	0
Recognised financing expenses	**-106,170**	**-85,489**
Earnings from financial assets accounted for using the equity method	**-927**	**-561**
Total	**-71,490**	**-45,396**

The item “Interest and similar income” includes income from the valuation of derivative financial instruments of TEUR 6,180 (previous year: TEUR 33,205), income from the continuous valuation of financial liabilities within the scope of business combinations in the amount of TEUR 2,995 (previous year: TEUR 3,793) and interest income from loans to associated entities of TEUR 413 (previous year: TEUR 45). The item “Income from the continuous valuation of liabilities to non-controlling interests” (TEUR 4,456) includes reductions in the liabilities attributable to non-controlling interests in partnerships. The item “Interest and similar expenses” also includes the effects of interest added to recognised lease liabilities in the amount of TEUR 8,717 (previous year: TEUR 7,953) were recognised. The financial result includes net income from foreign currency translation in the amount of TEUR 2,405 (previous year: net expenses in the amount of TEUR 4,971). The measurement of non-current financial assets at fair value through profit or loss resulted in net expenses of TEUR 322 in the 2023 financial year (previous year: net income in the amount of TEUR 126). The net income from financial assets accounted for using the equity method is used to adjust the originally recognised carrying amounts in profit or loss. The item “Expenses from the continuous valuation of liabilities to non-controlling interests” (TEUR 5,257) includes increases in the liabilities attributable to non-controlling interests in partnerships.

5.9 Income taxes

TEUR -32,851

Previous year: TEUR -32,876

The reconciliation of expected to actual expenses for income taxes can be seen in the following table:

in TEUR	2023	2022
Earnings before taxes (EBT)	91,577	116,471
Expected income taxes (29.01 %; previous year: 29.04 %)	**-26,508**	**-33,823**
Differences due to different local tax rates and tax rate changes as well as changes in the law	799	2,830
Taxes relating to other periods	741	-7,137
Effects from the sale of subsidiaries	-3,744	0
Effects from tax-exempt income	682	10,199
Effects from non-tax-deductible operating expenses	-1,358	-4,673
Effects due to the utilisation or value adjustment of loss carryforwards	1,005	771
Effects from the initial recognition exemption	-4,053	-2,549
Effects from financial assets accounted for using the equity method	-269	-160
Effects from trade tax additions and deductions	808	1,842
Other	528	-176
Income taxes	**-32,851**	**-32,876**

The tax expense recognised in the consolidated result for 2023 amounts to TEUR 28,582 (previous year: TEUR 37,071) and a deferred tax expense of TEUR 4,269 (previous year: deferred tax income of TEUR 4,195) totalling TEUR 32,851 (previous year: TEUR 32,876).

Deferred tax liabilities recognised in other comprehensive expenses amount to TEUR 8,545 (previous year: deferred tax assets of TEUR 1,724). They relate to the effective portion of the change in fair value of derivative financial instruments used in cash flow hedges.

For the hybrid capital raised via Encavis Finance B.V. (equity according to IFRS), calculated income taxes on the interest expense claimed for tax purposes amounting to TEUR 1,204 (previous year: TEUR 1,209) were recognised directly in equity.

Numerous tax audits in Germany were completed in 2023. Provisions were recognised as at 31 December 2023 for the subsequent tax payments resulting from these tax audits for which no provisions had been formed, provisions in amount of TEUR 675 (previous year: TEUR 44) have been formed. Due to the lack of significant audit findings, no provisions for income taxes have been formed for the tax audits still under way. Accordingly, the provision of TEUR 1,000 recognised in 2020 for corresponding risks was also reversed in 2023.

As at 31 December 2023, the consolidated financial statements included receivables totalling TEUR 3,608 (previous year: TEUR 4,049) for benefits in Italy due to the possible tax credit as part of the “Tremonti Ambiente” tax incentive. In 2023, decisions were again made against Encavis on appeal in various court proceedings. The court of appeal rejected the asserted claims with reference to existing supreme court case law of the Italian Court of Cassation from 2023. In Encavis' opinion, however, this case law is based on an incorrect understanding of the objective of the “Tremonti Ambiente” and contradicts previous case law of the Court of Cassation from 2022 and, in Encavis’ opinion, also contradicts the interpretation of the “Tremonti Ambiente” by the Italian legislator. Against this backdrop, it is still assumed that the prospects of success of the claims sought in favour of Encavis are predominantly likely, despite the dismissal rulings in the court of appeal. Accordingly, Encavis brought various proceedings before the Italian Court of Cassation in 2023. However, due to the negative rulings of the Court of Cassation from 2023, which cannot be completely ignored despite Encavis taking a different view, the probability of a positive outcome of the proceedings as at 31 December 2023 was still assessed as largely probable, but lower than at 31 December 2022. Accordingly, the receivables were reassessed and written down by TEUR 441 as at 31 December 2023 (previous year: TEUR 3,179). For the future, it is assumed that it will be possible to claim further tax credits in the amount of TEUR 3,614 (previous year: TEUR 5,099) if the assessment of the prospects for success remains the same as at 31 December 2023.

5.10 Other comprehensive income

TEUR 173,343

Previous year: TEUR -153,222

Other comprehensive income mainly comprises the change to the hedge reserve of TEUR 182,614 (previous year: TEUR -156,393), currency differences in the amount of TEUR -745 (previous year: TEUR 222) from the translation of subsidiaries managed in foreign currencies and changes in value from the equity method, which are recognised directly in equity (TEUR 0; previous year: TEUR 46). The high changes in value in the hedge reserve result specifically from the PPAs reflected in the hedging relationships.

Amounts recognised in equity will be reclassified in full to consolidated earnings once the corresponding hedged items have expired. In the previous year, with the full consolidation of the formerly associated entity Stern Energy S.p.A. TEUR -100 from the hedge reserve was reclassified to consolidated earnings. Furthermore, the effective portion of the changes in value of the interest rate swap previously in a hedging relationship in the amount of TEUR 1,328 in total was reclassified from the hedge reserve to consolidated earnings for two French project financing agreements. No reclassifications were recognised in the 2023 financial year.

The corresponding deferred tax effects amount to TEUR -8,545 (previous year: TEUR 1,724). There are currently no items in the Encavis Group that cannot be reclassified to profit or loss.

in TEUR	Amount before taxes	Tax effect	Amount after taxes
Items that may be reclassified through profit or loss			
Currency translation differences	-745	0	-745
(previous year)	(222)	(0)	(222)
Cash flow hedges – effective portion of changes in fair value	182,614	-8,540	174.074
(previous year)	(-156,393)	(1,712)	(-154,682)
Cost of hedging measures	18	-5	14
(previous year)	(-49)	(12)	(-37)
Changes in value from the equity method recognised directly in equity	0	0	0
(previous year)	(46)	(0)	(46)
Reclassifications	0	0	0
(previous year)	(1,228)	(0)	(1,228)
Total change	**181,887**	**-8.545**	**173,343**
(previous year)	**(-154,946)**	**(1,724)**	**(-153,222)**

6 Notes to the consolidated balance sheet

6.1 Intangible assets

TEUR 429,606

Previous year: TEUR 446,887

Changes in intangible assets were as follows:

in TEUR	Other intangible assets	Electricity feed-in contracts/project rights	Total
Cost			
As at 01.01.2022	15,032	722,023	737,055
Additions	99	343	442
Changes in the scope of consolidation	18,907	50,497	69,404
Disposals	-4	0	-4
Currency translation	-22	-1,779	-1,801
As at 31.12.2022	**34,013**	**771,084**	**805,097**
Depreciation, amortisation and impairment losses			
As at 01.01.2022	6,319	284,417	290,735
Additions to depreciation and amortisation	1,792	45,266	47,058
Additions to impairment losses	0	20,938	20,938
Changes in the scope of consolidation	162	0	162
Currency translation	-1	-683	-684
As at 31.12.2022	**8,272**	**349,938**	**358,209**
Carrying amount as at 31.12.2022	**25,741**	**421,147**	**446,887**
Cost			
As at 01.01.2023	34,013	771,084	805,097
Additions	0	36,659	36,659
Changes in the scope of consolidation	0	6,256	6,256
Disposals	-1,315	-13,397	-14,712
Currency translation	23	443	466
As at 31.12.2023	**32,721**	**801,047**	**833,766**
Depreciation, amortisation and impairment losses			
As at 01.01.2023	8,272	349,938	358,209
Additions to depreciation and amortisation	7,682	44,711	52,393
Additions to impairment losses	0	2,095	2,095
Write-ups	0	-932	-932
Changes in the scope of consolidation	0	-6,572	-6,572
Disposals	-1,265	0	-1,265
Currency translation	-2	233	231
As at 31.12.2023	**14,687**	**389,474**	**404,161**
Carrying amount as at 31.12.2022	25,741	421,147	446,887
Carrying amount as at 31.12.2023	**18,033**	**411,573**	**429,606**

The collateral provided is described in note 3.12. There are no contractual obligations to acquire intangible assets.

Other intangible assets include an agency agreement for the CHORUS IPP portfolio of renewable energy plants. This portfolio was sold in full at the end of 2023, which resulted in the associated agreement being written off in full. Further details can be found in section 6.4.

The write-ups recognised in the financial year are reported under other income.

6.2 Goodwill

TEUR 107,151

Previous year: TEUR 107,129

The goodwill was mainly derived from the acquisition of the Stern subgroup, CHORUS Clean Energy AG and its subsidiaries, as well as the acquisition of Encavis Technical Services GmbH and multiple solar park portfolios in England and wind parks in Denmark.

As at the reporting date, the following groups of cash-generating units accounted for a significant portion of goodwill:

	31.12.2023 *(31.12.2022)*	31.12.2023 *(31.12.2022)*	
	Goodwill in TEUR *(previous year)*	**Pre-tax WACC in % *(previous year)***	**After-tax WACC in % *(previous year)***
PV Germany	1,674 / *(1,674)*	7.45 *(7.28)*	5.75 *(5.80)*
PV Italy	1,073 / *(1,073)*	9.13 *(9.59)*	6.40 *(6.54)*
PV United Kingdom	2,931 / *(2,892)*	10.00 *(8.45)*	7.18 *(6.17)*
Wind Germany	570 *(570)*	7.21 *(8.02)*	5.75 *(5.80)*
Wind Denmark	7,568 / *(7,585)*	7.77 *(6.45)*	5.87 *(5.16)*
Wind France	2,445 / *(2,445)*	7.56 *(7.27)*	5.89 *(6.05)*
Service	81,250 / *(81,250)*	8.53 *(8.07)*	6.21; (5.80)
Asset Management	9,640 *(9,640)*	7.61 *(7.77)*	5.75 *(5.80)*
Total	**107,151 *(107,129)***		

The goodwill figures for the Wind Denmark and PV United Kingdom groups of cash-generating units are subject to currency fluctuations.

Goodwill is tested for impairment once a year in accordance with IAS 36. This takes place at the level of a group of cash-generating units. With regard to goodwill, these groups are the operating segments broken down by country.

The impairment test involves comparing the sum of the carrying amounts of the group of cash-generating units with the recoverable amount. The recoverable amount is the value in use, which is calculated from discounted future cash flows. The cash flows are reduced by income taxes and discounted using a capitalisation interest rate after taxes. The capitalisation interest rate is the weighted average cost of capital (WACC), which is determined individually for each group of cash-generating units using the capital asset pricing model. The detailed planning approved by Encavis AG's Management Board forms the basis for these cash flow forecasts, which take internal historical data into account.

The detailed planning period covers the period in which individual forecasts can be made for each park company within a group of cash-generating units. Following the detailed planning period, the forecast individual performance and the price expectation is used as a basis for modelling the term until the beginning of perpetuity (terminal value) for each park company within a group of cash-generating units. Perpetuity begins when the weighted average term of all the park companies that comprise the group of cash-generating units has expired. A growth rate of 1.0% is assumed.

The cash flow forecasts are most sensitive to the assumed long-term growth rate and the cost of capital.

In the previous five years, the review was performed as at 30 September of each financial year. In the 2023 financial year, the review date was moved to 31 December, where it will remain for future financial years. The reason for this move is the availability of electricity price studies prepared closer to the balance sheet date and therefore a more up-to-date planning basis for impairment testing. As goodwill was also tested for impairment as at 31 December 2022, the prescribed deadline for testing within one year is met. All goodwill was recoverable as at 31 December 2023.

Three sensitivity analyses were carried out for each group of cash-generating units in addition to this test. During the first sensitivity analysis, a scenario without a growth rate was assumed for each group of cash-generating units. The capitalisation interest rate was increased by 75 basis points for the second sensitivity analysis. For the third sensitivity analysis, sales in the detailed planning period were reduced by 500 basis points.

In the scenario of the increased capitalisation interest rate, instead of an excess of TEUR 2,164, a shortfall would arise as at 31 December 2023 for the “Wind Germany” group of cash-generating units from an increase of the capitalisation interest rate by more than 3 basis points.

In the scenario of reduced revenue during the detailed planning period, the group of cash-generating units “Wind Germany” would have a shortfall as at 31 December 2023 from a reduction in revenue in the detailed planning period of more than 47 basis points instead of a surplus of TEUR 2,164. For the “Service” group of cash-generating units, this scenario would lead to a shortfall from a reduction in revenue of more than 285 basis points in the detailed planning period instead of a surplus of TEUR 30,493.

For all other cash-generating units, the adjustments to the aforementioned parameters in the sensitivity analyses would not lead to an impairment.

6.3 Property, plant and equipment

TEUR 2,431,213

Previous year: TEUR 2,304,994

Changes in property, plant and equipment were as follows:

in TEUR

	Installations under construction	Land, land rights and buildings including buildings on third party land	Power generation installations	Other property, plant and equipment	Total
Cost					
As at 01.01.2022	22,428	242,317	2,397,925	27,403	2,690,074
Additions	18,189	6,183	24,131	1,503	50,006
Changes in the scope of consolidation	30,910	25,159	213,020	4,426	273,515
Disposals	-151	-396	0	-139	-686
Change in valuation of provisions	0	-32,216	0	0	-32,216
Transfers	-22,920	0	22,920	0	0
Change from revaluation/ Modification IFRS 16	0	8,121	0	554	8,675
Currency translation	1	-1,658	-7,662	-40	-9,360
As at 31.12.2022	**48,457**	**247,509**	**2,650,334**	**33,708**	**2,980,010**
Depreciation and amortisation/ Impairment losses					
As at 01.01.2022	0	28,902	479,629	6,592	515,122
Additions to depreciation and amortisation	0	9,854	93,481	2,064	105,399
Additions to impairment losses	0	0	41,079	0	41,079
Changes in the scope of consolidation	0	206	14,316	1,130	15,652
Disposals	0	-110	0	-85	-195
Currency translation	0	-160	-1,877	-6	-2,043
As at 31.12.2022	**0**	**38,693**	**626,627**	**9,694**	**675,016**
Carrying amount as at 31.12.2022	**48,457**	**208,817**	**2,023,706**	**24,013**	**2,304,994**

in TEUR

	Installations under construction	Land, land rights and buildings including buildings on third party land	Power generation installations	Other property, plant and equipment	Total
Cost					
As at 01.01.2023	48,457	247,509	2,650,334	33,708	2,980,010
Additions	48,418	17,200	30,105	2,526	98,249
Changes in the scope of consolidation	45,974	10,258	74,224	0	130,456
Disposals	0	-180	-14,281	-1,365	-15,826
Change in valuation of provisions	0	2,470	0	0	2,470
Transfers	-53,234	74	53,160	0	0
Change from revaluation/ Modification IFRS 16	0	4,915	0	-327	4,588
Currency translation	421	360	2,289	55	3,124
As at 31.12.2023	**90,036**	**282,606**	**2,795,831**	**34,597**	**3,203,070**
Depreciation and amortisation/ Impairment losses					
As at 01.01.2023	0	38,693	626,627	9,694	675,016
Additions to depreciation and amortisation	0	10,304	98,616	2,763	111,683
Additions to impairment losses	0	0	3,395	0	3,395
Write-ups	0	0	-1,224	0	-1,224
Changes in the scope of consolidation	0	-1,362	-15,113	0	-16,475
Disposals	0	-180	0	-1,092	-1,272
Currency translation	0	62	666	7	736
As at 31.12.2023	**0**	**47,516**	**712,970**	**11,372**	**771,857**
Carrying amount as at 31.12.2022	48,457	208,817	2,023,706	24,013	2,304,994
Carrying amount as at 31.12.2023	**90,036**	**235,090**	**2,082,862**	**23,225**	**2,431,213**

Right-of-use assets for buildings and cars are included in the item “Other property, plant and equipment”. Further details on right-of-use assets can be found in section 6.17. The category “Change in valuation of provisions” includes the adjusted value of capitalised asset retirement costs. “Change from revaluation/modification under IFRS 16” comprises revaluations and modifications of recognised right-of-use assets, in particular the indexation and other adjustments of leases.

The write-ups recognised in the financial year are reported under other income.

Of the “Property, plant and equipment” item, energy generation plants, assets under construction and other property, plant and equipment totalling TEUR 2,101,065 (previous year: TEUR 2,041,966) as collateral for existing financing. There are no contractual obligations to purchase property, plant and equipment and no material non-current items of property, plant and equipment have been disposed of.

6.4 Financial assets accounted for using the equity method

TEUR 8,404

Previous year: TEUR 6,684

The associated entities developed as follows in the financial year. The shares in these companies are generally accounted for using the equity method.

in TEUR	CHORUS IPP Europe GmbH	Gnannenweiler Windnetz GmbH & Co. KG	Pexapark AG	Sistema Electrico de Conexion Nudo Don Rodrigo 220 KV S.L.
As at 01.01.2023	153	79	5,141	1,311
Addition/acquisition	0	0	0	0
Disposals/payments received	-153	0	0	0
Attributable consolidated earnings	0	-14	-913	0
As at 31.12.2023	**0**	**65**	**4,228**	**1,311**

in TEUR	Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG	TokWise OOD	Total
As at 01.01.2023	0	0	6,684
Addition/acquisition	55	2,745	2,800
Disposals/payments received	0	0	-153
Attributable consolidated earnings	0	0	-927
As at 31.12.2023	**55**	**2,745**	**8,404**

In the previous year, the associated entities developed as follows:

in TEUR	CHORUS IPP Europe GmbH	Gnannenweiler Windnetz GmbH & Co. KG	Pexapark AG	Sistema Electrico de Conexion Nudo Don Rodrigo 220 KV S.L.
As at 01.01.2022	153	90	6,125	1,253
Addition/acquisition	0	0	0	58
Transition to full consolidation	0	0	0	0
Reclassification from equity reserve	0	0	0	0
Derecognition of ancillary transaction costs	0	0	0	0
Attributable consolidated earnings	0	-11	-984	0
Attributable other comprehensive income	0	0	0	0
As at 31.12.2022	**153**	**79**	**5,141**	**1,311**

in TEUR	Stern Energy S.p.A.	Stern PV2 Srl	Stern PV3 Srl	Stern PV4 Srl	Total
As at 01.01.2022	7,441	45	75	51	**15,233**
Addition/acquisition	12,779	0	0	18	**12,855**
Transition to full consolidation	-20,584	-45	-75	-69	**-20,773**
Reclassification from equity reserve	-100	0	0	0	**-100**
Derecognition of ancillary transaction costs	-16	0	0	0	**-16**
Attributable consolidated earnings	434	0	0	0	**-561**
Attributable other comprehensive income	46	0	0	0	**46**
As at 31.12.2022	**0**	**0**	**0**	**0**	**6,684**

As at the balance sheet date, Encavis held all the shares in CHORUS IPP Europe GmbH, Neubiberg, Germany. Despite the majority interest, the company is not fully consolidated, but is instead classified as an associated entity, as most of the returns from the investment are received by an external third party via interest on mezzanine capital. In addition to the shares in CHORUS IPP Europe GmbH, Encavis holds mezzanine capital in the company and provides services for it. Overall, the investment served as a means to expand the Group's asset management business by taking over management of the portfolio of solar parks and wind parks held. This interest is part of the Asset Management segment. The CHORUS IPP portfolio of renewable energy installations was sold in full at the end of 2023. The carrying amount of the investment was utilised in full by cash inflows from the withdrawal of reserves. Excess payments in the 2023 financial year – as well as payments in future financial years – were recognised in profit or loss. The company is to be liquidated in 2025 once the remaining payments are settled.

As in the previous year, Encavis held 20 % of the shares in Gnannenweiler Windnetz GmbH & Co. KG at the balance sheet date. The company serves various energy installations as a substation and is used jointly by them. Due to the significant influence of Encavis, the equity method is used.

At the end of 2018, Encavis acquired 18.16 % of shares in the Swiss company Pexapark. After a further capital increase of TEUR 2,417 and other dilution effects, the shareholding has amounted to 14 % as at the end of 2023. Significant influence is assumed on the basis of the number of shares held and the co-determination rights conferred by a seat on the company's board of directors.

As a result of a 38.64 % shareholding, significant influence is assumed in the case of the Spanish company Sistema Electrico de Conexion Nudo Don Rodrigo 220 KV S.L. The company serves various solar energy installations as a substation and is used jointly by them.

At the beginning of 2023, Encavis acquired 49.9 % of the shares in the Bergheim wind park project in North Rhine-Westphalia. The wind energy installations are still under construction. The remaining shares are to be acquired once the wind park is commissioned. The company's transition to full consolidation will also take place at this time.

In October 2023, Encavis acquired 18 % of the shares in the Bulgarian start-up TokWise OOD. The company provides artificial intelligence solutions for energy market players. Due to Encavis' significant influence and strategic interest in the investment, it is recognised as an associated entity.

Quantitative information on the business relationships maintained can be found in section 11 of the notes.

6.5 Financial assets

TEUR 10,598

Previous year: TEUR 3,726

Changes to financial assets are as follows:

in TEUR	Investments	Securities	Loans to associated entities	Other loans	Total
Cost					
As at 01.01.2022	1,311	2,328	1,236	0	4,875
Additions/acquisitions	585	0	275	4	864
Changes in the scope of consolidation	188	0	0	540	728
Disposals/payments	-281	0	-302	0	-583
Reconciliation to full consolidation	0	0	-1,240	0	-1,240
Reclassifications under IFRS 5	-1,050	0	0	0	-1,050
Changes in fair value measurement/ECL	201	-94	31	-5	133
As at 31.12.2022	**954**	**2,234**	**0**	**538**	**3,726**
Depreciation and amortisation					
As at 01.01.2022	0	0	0	0	0
As at 31.12.2022	**0**	**0**	**0**	**0**	**0**
Carrying amount as at 31.12.2022	**954**	**2,234**	**0**	**538**	**3,726**
Cost					
As at 01.01.2023	954	2,234	0	538	3,726
Additions/acquisitions	0	0	7,413	4	7,416
Disposals/payments	0	-34	0	-4	-38
Changes in fair value measurement/ECL	-320	-2	-185	0	-507
As at 31.12.2023	**634**	**2,199**	**7,228**	**538**	**10,598**
Depreciation and amortisation					
As at 01.01.2023	0	0	0	0	0
As at 31.12.2023	**0**	**0**	**0**	**0**	**0**
Carrying amount as at 31.12.2022	954	2,234	0	538	3,726
Carrying amount as at 31.12.2023	**634**	**2,199**	**7,228**	**538**	**10,598**

The non-current financial assets of the Encavis Group are divided into investments and securities. As at 31 December 2023, investments include various equity holdings totalling TEUR 263 (previous year: TEUR 263), which themselves include investments in non-listed shares that are not traded on an active market. In addition, shares in CHORUS Infrastructure Fund S.A. SICAV-SIF in the amount of TEUR 371 (previous year: TEUR 691) are also part of the investments.

The securities recognised in non-current assets contain mezzanine capital of CHORUS IPP Europe GmbH, Neubiberg, in the amount of TEUR 950 (previous year: TEUR 1,020). This mezzanine capital is part of the Asset Management segment. Due to the sale of the portfolio of renewable energy installations at the end of 2023, the expected inflows from the transaction were reassessed and the carrying amount of the securities adjusted accordingly. The inflows are expected by the beginning of 2025. These securities also include a money market fund of the Spanish company Genia Extremadura Solar S.L.U. (TEUR 1,248), which serves as a guarantee for all obligations arising from the company's lease agreement.

As at the balance sheet date, Encavis does not intend to dispose of any of these financial investments.

Mezzanine capital held, fund shares and investments are classified as at fair value through profit or loss (FVPL) in accordance with IFRS 9. They do not meet the criteria for measurement at amortised cost, as the resulting cash flows do not exclusively constitute interest and principal payments. In the 2023 financial year, net losses from changes in the fair value of these investments were recognised in the amount of TEUR 322 (previous year: net gains of TEUR 107) were recognised in the consolidated result. Of this amount, TEUR 35 (previous year: TEUR 201) in financial income and TEUR -357 (previous year: TEUR -94) are recognised under financial expenses.

Financial assets also include loans to associated entities in the amount of TEUR 7,000 (previous year: TEUR 0), which relate to the Bergheim wind park project, which is currently not yet consolidated. In addition, other loans in the amount of TEUR 538 (previous year: TEUR 538), which mainly resulted from the initial consolidation of Stern Energy S.p.A. In addition, these items include related deferred interest.

As the Group has consistently deemed that loans issued have had a generally low default risk since initial recognition, it has recognised a loss of TEUR 191 allowance for these items in the amount of the expected 12-month losses on receivables (previous year: TEUR 5).

6.6 Other receivables (non-current)

TEUR 38,280

Previous year: TEUR 63,435

This item comprises:

in TEUR	2023	2022
Derivative financial instruments	25,566	53,398
of which carrying amounts of derivatives with positive fair values (non-current portion)	*22,603*	*53,398*
of which long-term PPAs	*2,963*	*0*
Other non-current receivables	12,714	10,037
Total	**38,280**	**63,435**

The decrease in the carrying amounts of the derivatives with positive fair values is primarily due to the development of the underlying yield curves.

Sureties in the amount of TEUR 5,250 (previous year: TEUR 3,672) are recognised in other non-current receivables. Of this, TEUR 2,395 (previous year: EUR 1,528) are attributable to contract assets within the meaning of IFRS 15.

6.7 Deferred taxes

TEUR 9,099/TEUR 139,541

Previous year: TEUR 22,686/TEUR 143,051

Deferred taxes are generally recognised for the foreign companies in the Group at the respective company's individual tax rate. To reflect the different trade tax rates in Germany, weighted tax rates were used to calculate the deferred taxes of the German companies. The expected Group tax rate is 29.01 % (previous year: 29.04 %) and corresponds to the tax rate of the Group parent company Encavis AG, consisting of the corporation tax rate of 15 %, the solidarity surcharge of 5.5 % on the corporation tax rate and a trade tax rate of 13.18 % (previous year: 13.21 %). The change in the tax rate for Encavis AG (i.e. the Group tax rate) is based on a minimal change in the breakdown criterion and/or a change in the trade tax rate in one of the local or regional communities of the tax group that is entitled to levy trade tax.

The provisional loss carryforwards for the Group as at 31 December 2023 amount to TEUR 84,250 in corporation tax (previous year: TEUR 100,873) and TEUR 49,840 in German trade tax. Of this, amounts totalling TEUR 30,073 in corporation tax (previous year: TEUR 15,401) and TEUR 19,600 in German trade tax (previous year: TEUR 17,064) are not expected to be utilised within a reasonable period of time. Therefore, no deferred tax assets have been recognised for these amounts. The high decrease in corporation tax loss carryforwards was based on high loss utilisation in the financial year on account of sufficiently high earnings. The increase in trade tax loss carryforwards is due to the utilisation of special write-downs (one-off effect), which created trade tax loss carryforwards but also directly resulted in a reduction in corporation tax.

Interest carryforwards totalled TEUR 40,748 as at 31 December 2023 (previous year: TEUR 41,648). The utilisation of interest carried forward is difficult to forecast at the present time, both in terms of amount and reason. Nevertheless, interest carried forward totalling TEUR 25,623 (previous year: TEUR 0) are considered recoverable as they are offset by sufficiently high surpluses of deferred tax liabilities. Accordingly, deferred tax assets were recognised on this amount.

In addition, surpluses from deferred tax assets totalling TEUR 2,213 (previous year: TEUR 2,294) were not recognised for temporary differences at some Group companies, as these deferred tax assets are not expected to be recoverable within a reasonable period of time.

Deferred tax assets and liabilities arise due to measurement differences concerning the following items:

Deferred taxes	31.12.2023		31.12.2022		
	Assets in TEUR	Liabilities in TEUR	Assets in TEUR	Liabilities in TEUR	Change
Intangible assets	3,337	9,080	3,942	7,224	-2,460 (previous year: -3,881)
Electricity feed-in contracts	768	93,490	812	104,223	10,689 (previous year: 15,231)
Power generation installations	48,032	117,141	40,049	92,842	-16,315 (previous year: 64)
Capitalised asset retirement obligations	557	8,528	516	7,928	-559 (previous year: 1,550)
Right-of-use asset IFRS 16	0	44,223	0	46,842	2,619 (previous year: -4,468)
Derivatives with positive fair values	1,408	2,947	92	8,001	6,370 (previous year: -7,574)
Other assets	8,732	8,042	8,255	3,798	-3,767 (previous year: -222)
Asset retirement obligations recognised as a liability	11,371	444	10,197	516	1,246 (previous year: -6,692)
Financial liabilities	4,346	2,915	15,868	3,277	-11,161 (previous year: 7,977)
Lease liability IFRS 16	52,587	0	49,560	0	3,027 (previous year: 2,367)
Other liabilities	2,190	975	2,011	267	-529 (previous year: -416)
Tax loss carryforwards	24,015	0	23,251	0	764 (previous year: -4,991)
Subtotal	**157,343**	**287,785**	**154,553**	**274,918**	
Offset	-148,244	-148,244	-131,867	-131,867	
Total	**9,099**	**139,541**	**22,686**	**143,051**	**-10,078 (previous year: -1,057)**
of which recognised directly in equity (other comprehensive income)					-8,545 (previous year: 1,284)
of which from currency translation not recognised in profit or loss					-624 (previous year: 199)
of which deferred tax expense in connection with capital increase costs					0 (previous year: 42)
of which from business combinations					0 (previous year: -6,778)
of which sales of subsidiaries					3,360 (previous year: 0)
Change recognised in profit or loss in 2023					**-4,269 (previous year: 4,195)**

Of the deferred tax assets, an amount of TEUR 3,838 (previous year: TEUR 3,773) to companies that realised tax losses in either 2022 or 2023. Despite past losses, these deferred tax assets are regarded as recoverable and therefore recognised because the earnings prospects of the respective companies are considered positive.

Non-current assets and liabilities include deferred tax assets of TEUR 132,610 (previous year: TEUR 134,310) and deferred tax liabilities of TEUR 290,735 (previous year: TEUR 284,121). Current assets and liabilities include deferred tax assets of TEUR 11,077 (previous year: TEUR 7,538) and deferred tax liabilities of TEUR 8,097 (previous year: TEUR 3,173).

Taxable temporary differences of TEUR 13,599 (previous year:

6.8 Inventories

TEUR 5,312

Previous year: TEUR 5,612

Inventories are primarily commodities and spare parts.

6.9 Trade receivables

TEUR 76,614

Previous year: TEUR 69,815

in TEUR	2023	2022
Trade receivables (gross)	77,064	70,537
Impairments	-449	-722
Net carrying amount	**76,614**	**69,815**

Trade receivables are amounts owed by government or private purchasers or other customers for goods sold or services rendered in the ordinary course of business. They are generally due within 30 to 60 days, depending on the country, and are therefore classified as current. Trade receivables are initially recognised at the amount of the unconditional consideration. No significant financing components are included for Encavis. The Group holds trade receivables in order to collect the contractual cash flows and subsequently measures them at amortised cost using the effective interest method. Details of the Group's impairment methods and the calculation of the impairments and other risks to which the Group is exposed are disclosed in the section on credit risks in note 8. Impairment losses on trade receivables decreased over the course of the year from TEUR 722 to TEUR 449, mainly due to the development of the underlying yield curves. Encavis has not currently entered into any agreements on the transfer of receivables (factoring).

Of the trade receivables, TEUR 77,064 (previous year: TEUR 70,537) were provided as collateral. TEUR 70,537) were provided as collateral. This consists of the assignment of the right to payment of the electricity feed-in tariff from the respective grid company and the assignment of payment and remuneration claims against third parties from any direct marketing contracts.

6.10 Other current assets

TEUR 81,638

Previous year: TEUR 29,120

Other current assets break down as follows:

in TEUR	2023	2022
Non-financial assets	19,476	8,502
Receivables from income taxes	14.277	11,144
Other current receivables	47,885	9,475
of which carrying amounts of derivatives with positive fair values (current portion)	*9,707*	*0*
of which contract assets	*7,849*	*0*
of which short-term PPAs	*2,902*	*661*
Total	**81,638**	**29,120**

Non-financial assets comprise primarily VAT receivables. The increase compared to the previous year is mainly due to the increase in VAT receivables from investing activities (TEUR 9,844; previous year: TEUR 3,075).

Income tax receivables are divided up in the amount of TEUR 11,657 (previous year: TEUR 9,557) in corporate income tax receivables, in the amount of TEUR 810 (previous year: TEUR 938) in trade tax receivables and in the amount of TEUR 1,810 (previous year: TEUR 649) in capital gains tax receivables. TEUR 9,557) to corporate income tax receivables, in the amount of TEUR 810 (previous year: TEUR 938) on trade tax receivables and in the amount of TEUR 1,810 (previous year: TEUR 649) on capital gains tax receivables.

The other current receivables mainly consist of the receivables from the sale of shares in two German wind farm companies, BOREAS Windfeld Greußen GmbH & Co. KG and Windkraft Sohland GmbH & Co. KG, in the amount of TEUR 9,347 and from the recognition of work in progress (contract assets) of the Stern Energy S.p.A. in the amount of TEUR 7,849 (previous year: TEUR 0) and of the current portion of the carrying amounts of derivatives with positive fair values of TEUR 9,707 (previous year: TEUR 0) and of the current PPAs of TEUR 2,902 (previous year: TEUR 661). They also include various other assets and receivables. The financial assets included here, which are measured at amortised cost, were written down accordingly in the amount of TEUR 256 (previous year: TEUR 55). As the Group has consistently deemed that these items have had a low default risk since initial recognition, it has recognised a loss allowance in the amount of the expected 12-month losses on receivables.

6.11 Liquid assets

TEUR 375,639

Previous year: TEUR 344,403

The liquid assets item comprises the following:

in TEUR	2023	2022
Cash and cash equivalents	308,996	289,483
of which overdraft facilities	*3,032*	*3,206*
of which cash and cash equivalents in the cash flow statement	*305,964*	*286,277*
Liquid assets with restrictions on disposition	66,642	54,920
Total	**375,639**	**344,403**

Liquid assets are composed exclusively of cash on hand and bank balances. This includes debt service and project reserves that serve as collateral for the lending banks for the solar parks and wind parks and can only be utilised in consultation with the lending banks (TEUR 48,602; previous year: TEUR 48,484) and, to a lesser extent, restricted cash and cash equivalents (TEUR 18,040; previous year: TEUR 6,436).

6.12 Assets held for sale

TEUR 0

Previous year: TEUR 1,050

The assets held for sale in the previous year concern an interest in an Irish development fund which was previously held to support the development of the market segment. As at 31 December 2022, the shares were recognised at market value, or at the expected proceeds from disposal. The transaction was closed in March 2023.

6.13 Equity

TEUR 1,186,929

Previous year: TEUR 956,817

Changes in equity are presented in the consolidated statement of changes in equity.

As at 31 December 2023, the fully paid-up share capital of Encavis AG totalling TEUR 161,030 (previous year: TEUR 161,030) is divided into 161,030,176 (previous year: 160,030,176) no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share.

Authorised Capital 2021

By resolution of the ordinary Annual General Meeting of the company dated 27 May 2021, the Authorised Capital 2017 was cancelled in full and a new Authorised Capital 2021 was created. Thus, by way of an amendment to the Articles of Association (cf. Article 6 of the Articles of Association), which was entered in the commercial register on 4 June 2021, the Management Board was authorised, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 27,687,446.00 by issuing new no-par-value bearer shares against cash and/or non-cash contributions on one or more occasions until 26 May 2026 (inclusive) (the "Authorised Capital 2021").

After partial utilisation of the aforementioned authorisation by the Management Board with the approval of the Supervisory Board in the 2021 and 2022 financial years – but not in the 2023 financial year – the Authorised Capital 2021 still amounts to EUR 25,197,269.00 as at 31 December 2023.

Contingent capital 2020

The share capital is further contingently increased by up to EUR 14,000,000.00 by the issue of up to 14,000,000 new no-par-value bearer shares ("Contingent Capital 2020"). The contingent capital increase will only be implemented to the extent that holders of conversion rights or option rights attached to bonds with warrants, option bonds, convertible bonds, mezzanine capital and/or profit-linked bonds (or a combination of these instruments) issued up to 12 May 2025 by the company or its direct or indirect wholly owned investees on the basis of the authorising resolution of the Annual General Meeting dated 13 May 2020 (collectively the "bonds") exercise their conversion rights or option rights, or the holders or creditors of the bonds to be issued up to 12 May 2025 by the company or its indirect or direct wholly owned investees on the basis of the authorising resolution of the Annual General Meeting dated 13 May 2020 meet their obligation to convert their bonds or exercise their options. The Contingent Capital 2020 was entered in the commercial register at the Hamburg district court (HRB 63197) on 19 June 2020 and was not utilised as at 31 December 2023.

Capital reserves

The change in the capital reserves is exclusively due to the offsetting of issuance costs incurred in the financial year (TEUR -4; previous year: TEUR -120). In order to compensate for tax effects in connection with capital increase costs recognised in the capital reserve and directly in equity of the hybrid capital investors, TEUR 66 was also offset against the capital reserve with no effect on profit or loss in the previous year. Similarly, TEUR -120 was offset in the previous year as part of the majority-preserving increases in shareholdings.

Other reserves

The currency translation adjustment item of TEUR 414 (previous year: TEUR 1,127) relates primarily to the translation of British pounds sterling, Danish and Norwegian kroner and Swedish kronor from the respective subsidiaries into euros as at the balance sheet date.

In addition to the currency translation reserve, other reserves also include the hedge reserve (including corresponding deferred tax effects) in the amount of TEUR 13,826 (previous year: TEUR -160,248) as well as the cost of hedging measures in the amount of TEUR -27 (previous year: TEUR -41); TEUR 1,328 was reclassified from the hedge reserve to consolidated earnings in the previous year.

The hedge reserve comprises gains or losses from the effective portion of cash flow hedges arising from changes in the fair value of the hedges. The cumulative gain or loss from changes in the fair value of the hedges, which was recognised in the hedge reserve, is only transferred to consolidated earnings if the underlying hedged item affects consolidated earnings. A cumulative loss from changes in the fair value of hedging instruments in the amount of TEUR 3,730 (previous year: TEUR 82,199) were transferred to consolidated earnings in the reporting period. TEUR 82,199) were transferred to the consolidated result.

Net retained profit

Consolidated net retained profits comprise the following:

in TEUR	31.12.2023	31.12.2022
Consolidated earnings after non-controlling interests	53,329	78,490
Profit carried forward	78,309	46,750
Other items recognised directly in equity	1,204	1,209
Dividend distribution	0	-48,141
Consolidated net earnings	**132,843**	**78,309**

At the Annual General Meeting of Encavis AG on 1 June 2023, it was decided not to distribute a dividend for the 2022 financial year.

Equity attributable to non-controlling interests

The non-controlling interests amounting to TEUR 7,016 (previous year: TEUR 4,789) mainly relate to the following companies Encavis Energieversorger I GmbH, which was founded in the 2023 financial year, the Danish company Nørhede-Hjortmose Vindkraft I/S, the two Italian solar parks DE Stern 11 and DE Stern 14, which are each held at an average of 64 %, the Dutch solar park Zierikzee, the Italian wind park Vitalba, as well as the Swedish solar park Varberg Norra and the associated Norwegian intermediate holding company EnSol Nordic.

Equity attributable to hybrid capital investors

On 24 November 2021, Encavis AG successfully placed a perpetual subordinated bond at 100 % of its nominal value.

The hybrid convertible bond issued exclusively to institutional investors is guaranteed by Encavis AG on a subordinated basis. The issuer is the wholly owned Dutch financing subsidiary Encavis Finance B.V., Rotterdam, Netherlands. The issue and value date of the hybrid convertible bond was 24 November 2021. It was listed on the Frankfurt Open Market with a denomination of TEUR 100 each within one month of the settlement date.

No fixed deadline for repayment of the hybrid convertible bond is set. The hybrid convertible bond carries the option of being converted by the investors into ordinary shares at any time (with a few exceptions) up to the tenth trading day before 24 November 2027 as the “first interest adjustment date”. The initial conversion price was set at EUR 22.0643, a premium of 35.0 % on the volume-weighted average price of the ordinary shares on Xetra between the start and completion of the placement. The conversion price will be subsequently adjusted upon the occurrence of certain events such as payment of a dividend by Encavis AG or a capital increase.

Encavis Finance B.V. will have the right to convert the outstanding amount of the hybrid convertible bond into ordinary shares of the company for the first time with effect from 14 December 2025 and thereafter with effect from each subsequent interest payment date until the one on 24 November 2027. This early mandatory conversion by Encavis Finance B.V. was subject to the condition that the share price equals or exceeds 130 % of the conversion price for a certain period.

From the settlement date and until the first interest adjustment date, 24 November 2027, the coupon of the hybrid convertible bond amounts to 1.875 % per year. After this date, the interest coupon of the hybrid convertible bond will be set at 10.0 % above the 5-year EUR swap rate. This rate will be reset every five years. The interest is payable every six months in arrears. Subject to certain requirements, Encavis may decide to defer any scheduled partial or total payment of the interest. Such non-payment of interest does not constitute default or a breach of any other obligation.

Encavis Finance B.V. has the right, for the first time with effect from the first interest adjustment date and thereafter with effect from each subsequent interest payment date, to repurchase the hybrid convertible bond in its entirety from investors at a nominal amount of 100 %, subject to payment of all accrued and outstanding interest and all outstanding subsequent interest.

As Encavis AG is not contractually obliged to repay the nominal value or to pay the interest to the investors of the hybrid convertible bond, as was the case with the previous convertible bond, the instrument was classified as an equity instrument in accordance with IAS 32. The amount initially recognised in equity is not remeasured. In the previous year, the costs associated with the bond issue of TEUR 95 were offset against equity with no effect on profit or loss.

In the financial year, TEUR 4,668 (previous year: TEUR 4,688) was recognised as an earnings contribution for the hybrid capital investors and TEUR 4,688 (previous year: TEUR 4,688) was distributed to them.

Capital management

The objective of capital management is to ensure that the Group is able to meet its financial obligations. The Group's long-term goal is to increase its corporate value. The Group actively manages its capital structure in consideration of general economic conditions. In order to maintain or to adjust its capital structure, the Group can, for example, opt to adjust dividend payments to shareholders, pay back capital to shareholders or issue new shares. As at the balance sheet date, the equity ratio of the Group was 33.21 % (previous year: 28.10 %).

The table below discloses equity, the equity ratio and liquid assets.

	31.12.2023	31.12.2022
Equity in TEUR	1,186,929	956,817
Equity ratio in %	33.21	28.10
Liquid assets in TEUR	375,639	344,403

6.14 Share-based remuneration

Virtual share option programmes 2017 ff. (SOP 2017 to SOP 2023)

SOP 2017 is a programme that, in terms of its framework and objective, is designed as an annually recurring, long-term remuneration component based on the overall performance of the Encavis share. The programmes of the following years were modelled on SOP 2017 and contain similar conditions. An allotment amount defined by the Supervisory Board is converted into virtual share options known as share appreciation rights (SARs), meaning that the programme is considered to be cash-settled. The group of beneficiaries comprises the Management Board members, selected executives and other key employees in the Encavis Group.

The aim of SOP 2017 and its successor programmes is to ensure the long-term commitment of the Management Board members and executives to Encavis AG. The SARs can be exercised for the first time after a vesting period of three years from 1 July of the respective year of issue, after which they can be exercised as at half-yearly exercise dates within two years of the end of the three-year vesting period. A prerequisite for exercising a SAR is the achievement of the performance target. To achieve the performance target, the overall performance of the Encavis share in Xetra trading (or in a comparable successor system) on the Frankfurt Stock Exchange must exceed the basic price by at least 30 % (strike price) on the day on which the SAR is exercised, as measured by the interim price rise and the dividends paid since the issue of the SARs. The basic price is the arithmetic average of the daily closing prices of the Encavis share performance index in Xetra trading on the Frankfurt Stock Exchange (or in a comparable successor system) during the six months before the effective date of the plan. Each SAR granted confers a claim to payment of the difference between the exercise price and the basic price. The maximum payment is three times the difference between the strike price and the basic price. If a Management Board member or an employee leaves the company of their own accord, or if their employment is terminated for good cause, the programme rules stipulate that any SARs granted are forfeited in whole or in part.

The liability relating to the SARs is measured at fair value as at the grant date and all subsequent balance sheet dates until the SARs have been exercised or expire. The SARs issued from the 2017 to 2023 financial years were measured on the basis of a Monte Carlo simulation.

With the exception of SOP 2017 and 2018, which already had no effect on the Group's figures in the previous year, the table below contains details of the individual SOPs:

Share option programme

	SOP 2019	SOP 2020	SOP 2021
Effective date	01.07.2019	01.07.2020	01.07.2021
Grant date for employees	08.10.2019	07.12.2020	09.12.2021
Grant date for Management Board	25.09.2019	23.09.2020	29.03.2022
Number of original SAR commitments	740,235	281,249	280,911
of which to the Management Board	*224,140*	*136,362*	*129,032*
of which to employees	*516,095*	*144,887*	*151,879*
Number of SARs as at 01.01.2023	0	208,096	216,395
of which attributable to the Management Board	*0*	*82,386*	*77,957*
Number of SARs issued in the financial year	0	0	0
Number of SARs exercised in the financial year	0	-163,746	0
Number of SARs expired in the financial year	0	-5,681	-2,016
Number of SARs as at 31.12.2023	0	38,669	214,379
of which attributable to the Management Board	*0*	*34,091*	*77,957*
Personnel expenses recognised in 2023 (in TEUR)	0	81	78
(previous year)	651	1,122	542
Carrying amount of the liability as at 31.12.2023 (in TEUR)	0	240	444
(previous year)	0	1,340	379

Share option programme

	SOP 2022	SOP 2023	Total
Effective date	01.07.2022	01.07.2023	
Grant date for employees	07.12.2022	06.11.2023	
Grant date for Management Board	16.12.2022	18.09.2023	
Number of original SAR commitments	219,130	330,542	1,852,067
of which to the Management Board	*86,000*	*136,110*	*711,644*
of which to employees	*133,130*	*194,432*	*1,140,423*
Number of SARs as at 01.01.2023	219,130	0	643,621
of which attributable to the Management Board	*0*	*0*	*160,343*
Number of SARs issued in the financial year	0	330,542	330,542
Number of SARs exercised in the financial year	0	0	-163,746
Number of SARs expired in the financial year	-4,688	0	-12,385
Number of SARs as at 31.12.2023	214,442	330,542	798,032
of which attributable to the Management Board	*86,000*	*136,110*	*334,158*
Personnel expenses recognised in 2023 (in TEUR)	264	90	513
(previous year)	17	0	2,331
Carrying amount of the liability as at 31.12.2023 (in TEUR)	280	90	1,054
(previous year)	17	0	1,736

All SARs from SOP 2019 were exercised during the 2022 financial year (payment of TEUR 3,871). The majority of SARs from the 2020 SOP were exercised in the 2023 financial year. A total of TEUR 1,092 was paid out for this purpose. The remaining SARs from the 2020 SOP will continue to be held by the beneficiaries and can be exercised in future exercise windows.

6.15 Liabilities to non-controlling interests

TEUR 37,401

Previous year: TEUR 42,156

Liabilities to non-controlling interests are composed of the following:

Liabilities to non-controlling interests in TEUR

	31.12.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Compensation obligation	16,847	2,348	23,093	1,644
Loans (incl. interest) from non-controlling shareholders	17,479	727	17,418	0
Total	**34,326**	**3,075**	**40,512**	**1,644**

The compensation obligation declined primarily as a result of the adjustment of the long-term distribution projections of the corresponding park companies due to the fall in expected energy prices.

6.16 Financial liabilities

TEUR 1,840,827

Previous year: TEUR 1,892,933

Financial liabilities are comprised of the following items:

Financial liabilities in TEUR

	31.12.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Liabilities to banks and other loans	907,811	362,044	1,027,068	264,954
Liabilities from debenture bonds	220,848	7,807	11,416	39,826
Liabilities from mezzanine capital	150,000	8,519	150,000	6,000
Liabilities from registered bonds	59,665	616	59,626	613
Liabilities from listed notes	24,754	2,068	25,658	2,004
Liabilities from PPAs	24,627	15,080	140,867	112,403
Liabilities from put option	24,319	0	21,993	0
Liabilities from bearer bond	19,828	448	19,820	448
Derivatives with negative fair value	6,755	1,849	4,977	0
Liabilities from contingent consideration	2,595	1,193	3,908	1,352
Total	**1,441,202**	**399,625**	**1,465,333**	**427,600**

In addition to the non-derivative financial liability, each item also contains the associated interest liabilities, if applicable. The mezzanine capital provided by Gothaer Versicherung in November 2014 in the amount of TEUR 150,000 has a fixed term to 31 December 2039 and bears 4 % interest p.a. until 31 December 2034. Due to the contractual provisions, Gothaer Versicherung is also entitled to variable remuneration depending on the distributable liquidity at CSG IPP GmbH, in addition to the fixed remuneration. The liabilities from the put option arose in relation to the initial consolidation of Stern Energy S.p.A.

In both the financial year and the previous year, it was not possible to meet the project financing covenants under the loan agreement for the financing of two French project companies that incurred fire damage midway through the 2022 financial year. Because the agreement concerned group financing, all loans pooled in the arrangement are in default. The loans are consequently also reported in full under current financial liabilities in the consolidated financial statements as at 31 December 2023, as the bank still had a formal right of termination as at said time. The reclassification to current assets amounts to TEUR 22,462 as at 31 December 2023. Encavis is currently in consultation with the financing bank regarding a waiver. The two parks were fully operational again in July and August 2023 respectively.

Payments of feed-in tariffs for a solar project in Italy were suspended by the GSE in mid-2022. The parties have now reached an agreement on the matter, which has also been agreed with the financing banks. A cancellation waiver was obtained from the financing bank at the beginning of 2023. The matter solely concerns form-related breaches of the loan agreement. The projects were still fully solvent at all times.

The conditions of the project financing for a German wind park project could not be met in the financial year due to operational interruptions caused by turbine damage. As there was no cancellation waiver from the financing bank at the end of the year, the relevant non-current liabilities were reported under current liabilities (TEUR 17,516). Once the repairs to the damage have been completed, it is anticipated that the conditions of the financing will be complied with.

A covenant breach for 2023 was determined for nine Dutch solar park projects after the balance sheet date and is merely due to the postponement of electricity feed-in payments between 2021, 2022 and 2023. This particularity is due to the Dutch system of payment receipts for tariff-based subsidies and electricity customers, and is not an indication of any payment problems with the projects. In the respective previous periods, the financing banks confirmed in each case that they would waive their rights of termination. The projects were solvent at all times and therefore never faced insolvency. As the loans in question could technically have been terminated at the end of the year, the associated liabilities from project financing are recognised as current (reclassification totalling TEUR 78,749). The requirements from the loan financing could also not be met in relation to another financing agreement for a solar project. However, the financing bank already indicated in mid-2023 that it would waive its right of cancellation.

6.17 Leases

Encavis' leases include leases of both movable assets (such as company cars and other vehicles, company bicycles, copy machines, coffee machines) and immovable property (such as office space, land, power generation installations). The fixed basic terms of the contracts, including exercised options, are three years for company bicycles, three to five years for coffee machines, five years for copy machines, for company cars and other vehicles three to six years, between 15 and 42 years for land, between one year and 29 years for buildings and between 18 years and 22 years for power generation installations.

A number of the leases include termination and extension options to ensure maximum flexibility in the use of the underlying assets. Encavis assesses at its own discretion whether the exercise of the option is sufficiently probable by considering all relevant factors that provide an economic incentive to exercise the option. Changes in lease terms as a result of extension or termination options are only taken into account if it is sufficiently certain that they will be exercised. In the case of subsequent material events or changes in circumstances that have an impact on the assessment, the term will be reassessed if Encavis has control over this. Extension options are a significant component at Encavis, in particular within the context of leases. They were largely taken into account when determining the term of the leases. This is due to the fact that the planned operating life of the power generation installations erected on the leased land often exceeds the basic rental period and that exercising the option therefore makes economic sense.

With regard to the leased power generation installations, the Encavis Group has the option to acquire them at a fixed price at the end of the contractually agreed period. These purchase options were partially exercised in the 2021 financial year. As the exercise of the other existing purchase options is not sufficiently certain, they were again not included in lease liabilities in the 2023 financial year.

Many lease agreements contain variable lease payments. On the one hand, these are payments linked to indices (such as the consumer price index). These are taken into account in the lease liability in the amount of the currently payable indexed amount (i.e. excluding estimates of future index development). In addition, some lease agreements for land contain variable lease payments depending on the electricity income received or comparable earnings figures. Such payment conditions are used primarily to minimise fixed costs. Fully revenue-dependent payments are not included in the lease liability, but are recognised in the statement of comprehensive income in the period in which they are incurred.

The leased assets themselves serve as collateral for the lessor. In some cases, collateral has also been agreed as part of the lease agreements. Apart from this, the agreements do not contain any additional collateral. Furthermore, the lease agreements for power generation installations are linked to compliance with covenants.

The following table provides an overview of the right-of-use assets recognised for each asset class as at 31 December 2023:

Right-of-use assets in TEUR	31.12.2023	31.12.2022
Land	217,038	196,515
Buildings	8,075	8,807
Power generation installations	25,697	27,571
Cars and other vehicles	409	513
Total	**251,219**	**233,406**

Additions to right-of-use assets in the 2023 financial year totalled TEUR 27,056 (previous year: TEUR 29,760) and mainly arose in the context of company acquisitions (TEUR 14,776). Additions are included in particular as a result of the recognition of leasehold rights in development projects upon disbursement or achievement of defined recognition criteria in the development process (TEUR 12,280). In addition, there were disposals of right-of-use assets totalling TEUR 3.299 in the 2023 financial year. These are mainly due to the deconsolidation of the two German wind farm companies BOREAS Windfeld Greußen GmbH & Co. KG and Windkraft Sohland GmbH & Co. KG (totalling TEUR 3,156) and terminated lease agreements for cars and buildings (TEUR 106).

Lease liabilities as at 31 December 2023 are as follows:

Lease liabilities in TEUR	31.12.2023	31.12.2022
Non-current	195,567	187,684
Current	15,736	14,271
Total	**211,303**	**201,954**

In the 2023 financial year, the following amounts relating to leases were recognised in the consolidated statement of comprehensive income:

Amounts recognised in the consolidated statement of comprehensive income in TEUR	01.01. – 31.12.2023	01.01. – 31.12.2022
Depreciation of right-of-use assets	13,255	12,553
of which for land	*10,077*	*9,735*
of which for buildings	*1,049*	*803*
of which for power generation installations	*1,874*	*1,874*
of which for cars and other vehicles	*254*	*141*
Interest expense from interest added to lease liabilities	8,717	7,953
Expenses in connection with short-term leases	15	27
Expenses in connection with low-value leased assets	509	122
Variable lease expenses	720	2,374
Total	**23,216**	**23,029**

Cash outflows resulting from leases (including variable lease payments and payments for low-value and short-term leases) totalled TEUR 22,505 in the 2023 financial year (previous year: TEUR 17,979). The increase is due in particular to the higher variable lease expenses in connection with the high revenue in the 2022 financial year, most of which was paid out in the 2023 financial year.

6.18 Provisions

TEUR 72,484

Previous year: TEUR 70,781

Provisions are comprised as follows:

Provisions in TEUR	31.12.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Provisions for asset retirement obligations	55,352	0	50,513	0
Provisions for personnel expenses	1,203	7,237	704	7,179
Other provisions	29	8,663	29	12,356
Total	**56,584**	**15,900**	**51,246**	**19,535**

Provisions for asset retirement obligations include the estimated cost for the demolition and clearing of an asset and restoration of the site on which it is located. When measuring asset retirement obligations, there are minor uncertainties that relate exclusively to the amount of the provision. This results from the fact that the due dates of asset retirement for the power generation installations are fixed by the residual term of the leases, which range from 8, 25 to 30 years. In determining the actual asset retirement costs, an average inflation rate of 2 % was assumed (previous year: 2 %). The discount on the provisions is unwound each year to reflect present value. Expenses from the unwinding of the discount in the financial year were TEUR 1,325 (previous year: TEUR 679).

The provisions for personnel expenses largely comprise employee bonuses and bonuses for the Management Board, as well as share options. Other provisions contain a large number of minor items. Most of the corresponding outflows are expected within one year. Other provisions also include provisions for the levy amounts recognised in connection with the systems implemented across Europe to cap electricity prices (TEUR 829; previous year: TEUR 1,318).

Changes in provisions were as follows:

Statement of changes in provisions in TEUR	As at 01.01.2023	Consumption	Additions	Changes Scope of consolidation	Unwinding of discount
Provisions for dismantling costs obligations	50,513	0	106	896	1,325
Provisions for personnel expenses	7,883	-6,500	7,397	0	0
Other Provisions	12,385	-9,945	7,833	135	0
Total	**70,781**	**-16,445**	**15,336**	**1,031**	**1,325**

Statement of changes in provisions in TEUR	Reversals	Measurement effect with no impact on profit or loss	Currency adjustments, Transfers	As at 31.12.2023
Provisions for dismantling costs obligations	0	2,470	42	55,352
Provisions for personnel expenses	-340	0	0	8,440
Other Provisions	-1,720	0	4	8,692
Total	**-2,060**	**2,470**	**46**	**72,484**

6.19 Trade payables

TEUR 32,060

Previous year: TEUR 37,218

Trade payables are comprised as follows:

Trade payables in TEUR	31.12.2023	31.12.2022
Supplier invoices received	28,205	33,366
Deferred supplier invoices	3,855	3,852
Total	**32,060**	**37,218**

6.20 Other liabilities

TEUR 53,009

Previous year: TEUR 60,631

Other liabilities are attributable to the following items:

Other liabilities in TEUR	31.12.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Income tax liabilities	0	16.979	0	26,286
Liabilities from energy price cap	0	11,083	0	4,187
Other tax liabilities	0	3,714	0	8,201
Deferred income (interest rate advantage)	1,342	812	2,061	1,364
Liabilities relating to personnel and welfare	0	563	0	395
Other	3,008	15,508	3,756	14,381
Total	**4,350**	**48,659**	**5,817**	**54,814**

Deferred income mainly relates to the benefit of subsidised loans from KfW Bankengruppe at a below-market interest rate and, in the case of liabilities from the price cap the levies which were recognised in connection with the systems implemented throughout Europe to cap electricity prices. The “Other” item includes, among other things, advance payments received for projects not yet completed in the Service segment. It also includes TEUR 2,779 (previous year: TEUR 9,565) in refund liabilities within the meaning of IFRS 15 from the deferral of repayment obligations from the Dutch feed-in tariff.

Other information

7 Segment reporting

During the reporting year, the focus of the Encavis Group’s business activities did not change significantly from the previous year and remains on the operation of the existing solar parks and wind parks and the expansion of the portfolio. The Group is made up of the reportable segments PV Parks, Service (formerly: PV Service), Wind Farms and Asset Management as well as the Administration unit. Additional information on the companies consolidated for the first time as well as deconsolidated companies can be found in note 4.

PV Parks

The PV Parks segment comprises the solar parks in The United Kingdom, Germany, France, Italy, The Netherlands, Spain, Denmark and Sweden and any associated holding companies, as well as the transactions of Encavis AG and Encavis GmbH assigned to this segment.

This segment's main business activity is the production of electricity. The segment's revenue comes mainly from the feed-in tariffs paid by the various local providers, long-term purchase agreements with private companies and the market premiums paid for the direct marketing of electricity on the energy markets.

Service

The Service segment consists of Encavis Technical Services GmbH and Stern Energy S.p.A., as well as its other controlled service companies. Going forward, Encavis Green Energy Supply GmbH, which is also included in this segment, will provide direct marketing services for selected German solar and wind parks within the Encavis Group. BESS Hettstedt Fünfte Energy GmbH is developing a battery storage solution in Germany that cannot be attributed to a specific solar or wind park of the Group. The transactions of Encavis AG assigned to this segment are also included.

The principal business activity of this segment is the technical management of solar parks owned by the Group and by third parties. The revenue generated by this segment mainly comes from plant operation charges and various services such as servicing, maintenance and improvements to solar parks.

Wind Parks

The Wind Parks segment includes all wind parks in Germany, Italy, France, Denmark, Finland and Lithuania as well as the associated holding companies, as well as the transactions of Encavis AG and Encavis GmbH assigned to this segment.

This segment's main business activity is the production of electricity. The segment's revenue comes mainly from either the feed-in tariffs paid by the various local providers or the market premiums paid for the direct marketing of electricity on the energy markets.

Asset Management

The Asset Management segment comprises the business activities of Encavis GmbH in the area of asset management as well as other companies that are active in this area, in particular Encavis Asset Management AG.

This segment's main business activities are the provision of commercial services for the managed third-party portfolio as well as consulting services such as setting up funds for professional investors and offering tailored and structured renewable energy investments for these groups of investors. After structuring these portfolios, Encavis provides asset management services for institutional funds and other investment vehicles used by professional investors and the operating companies owned by them.

Reconciliation (administration)

The Group-wide activities of Encavis AG and Encavis GmbH are presented separately in the Reconciliation (administration) segment. This segment also includes Encavis Finance B.V., Encavis Renewables Beteiligungs GmbH, Encavis Real Estate GmbH, H&J Energieportfolio Verwaltungs GmbH, REGIS Treuhand & Verwaltung GmbH für Beteiligungen and Pexapark AG as well as the newly founded Asset Ocean GmbH, Encavis Nordbrise Beteiligungs AG & Co. KG, Encavis Wind Danmark Beteiligungs AG & Co. KG and the acquired Encavis Bridge Financing GmbH. Administration is included in the section on other companies and Group functions.

Segment reporting generally uses the same recognition and measurement methods as in the consolidated financial statements, adjusted for purely measurement-related, non-cash effects. Segment reporting is based on internal reporting by operating KPIs.

Intersegment transactions are conducted at arm's-length terms.

The following table contains information on the business segments of the Group for the 2023 and 2022 financial years:

in TEUR	Wind Parks	PV Parks	Service	Asset Management
Operating revenues	99,302	299,766	55,006	28,896
(previous year)	(121,874)	(334,625)	(12,697)	(24,033)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	86,047	221,698	6,060	14,836
(previous year)	(99,947)	(250,166)	(2,685)	(10,645)
Operating EBITDA margin (%)	87 %	74 %	11 %	51 %
(previous year)	(82 %)	(75 %)	(21 %)	(44 %)
Operating depreciation and amortisation	-30,207	-84,717	-969	-4,842
(previous year)	(-25,608)	(-83,096)	(-211)	(-718)
Operating impairment loss	0	-3,395	0	0
(previous year)	(0)	(-41,150)	(0)	(0)
Operating earnings (operating EBIT)	55,840	133,586	5,090	9,994
(previous year)	(74,338)	(125,920)	(2,474)	(9,927)

in TEUR	Total of reportable operating segments	Reconciliation (administration)	Reconciliation (consolidation)	Total
Operating revenues	482,971	3	-22,377	460,596
(previous year)	(493,229)	(705)	(-6,593)	(487,342)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	328,641	-9,326	-65	319,249
(previous year)	(363,442)	(-13,328)	(-92)	(350,022)
Operating EBITDA margin (%)	68 %	-	0 %	69 %
(previous year)	(74 %)	-	(1 %)	(72 %)
Operating depreciation and amortisation	-120,736	-854	15	-121,576
(previous year)	(-109,633)	(-969)	(15)	(-110,587)
Operating impairment loss	-3,395	0	0	-3,395
(previous year)	(-41,150)	(0)	(0)	(-41,150)
Operating earnings (operating EBIT)	204,510	-10,181	-51	194,279
(previous year)	(212,659)	(-14,297)	(-77)	(198,285)

The consolidation of revenue (TEUR -22,377) is mainly attributable to the Service segment.

The timing of the recognition of the revenue presented in the segment reporting is carried out largely in relation to the period. For details of revenue recognition, please refer to note 5.1 Revenue.

Revenue with third parties is attributed to the individual operating segments and Administration as follows:

Revenue by segment

	in TEUR	Interest in %
PV Parks		
2023	299,757	65.1
(previous year)	(334,625)	(68.7)
Wind Parks		
2023	99,301	21.6
(previous year)	(121,874)	(25.0)
Asset Management		
2023	27,311	5.9
(previous year)	(24,033)	(4.9)
Service		
2023	34,225	7.4
(previous year)	(6,104)	(1.3)
Administration		
2023	3	0.0
(previous year)	(705)	(0.1)
Total		
2023	**460,596**	**100.0**
(previous year)	**(487,342)**	**(100.0)**

The Encavis Group is not reliant on major customers as defined in IFRS 8.34.

The primary assets (intangible assets and property, plant and equipment) are distributed across the individual regions as follows:

Revenue and non-current assets by region

	Revenue in TEUR	Interest in %	Non-current assets in TEUR	Interest in %
Denmark				
2023	36,905	8.0	227,458	8.0
(previous year)	(37,189)	(7.6)	(228,444)	(8.3)
Germany				
2023	140,232	30.4	893,543	31.2
(previous year)	(189,037)	(38.8)	(828,852)	(30.1)
Finland				
2023	4,667	1.0	75,909	2.7
(previous year)	(4,000)	(0.8)	(27,297)	(1.0)
France				
2023	43,267	9.4	311,832	10.9
(previous year)	(43,818)	(9.0)	(328,134)	(11.9)
United Kingdom				
2023	42,635	9.3	139,938	4.9
(previous year)	(23,372)	(4.8)	(134,982)	(4.9)
Ireland				
2023	0	0.0	0	0.0
(previous year)	(2)	(0.0)	(0)	(0.0)
Italy				
2023	102,093	22.2	380,168	13.3
(previous year)	(92,542)	(19.0)	(388,746)	(14.1)
Lithuania				
2023	6,097	1.3	116,711	4.1
(previous year)	(0)	(0.0)	(117,559)	(4.3)
Netherlands				
2023	31,667	6.9	209,636	7.3
(previous year)	(31,268)	(6.4)	(212,926)	(7.7)
Sweden				
2023	242	0.1	12,975	0.5
(previous year)	(747)	(0.2)	(4,100)	(0.1)
Spain				
2023	52,792	11.5	492,647	17.2
(previous year)	(65,367)	(13.4)	(480,838)	(17.4)
Total				
2023	**460,596**	**100.0**	**2,860,819**	**100.0**
(previous year)	**(487,342)**	**(100.0)**	**(2,751,880)**	**(100.0)**

Revenue from external customers is allocated on the basis of the revenue-generating company’s registered office.

Reconciliation of key operating figures to IFRS:

The key operating figures are reconciled to earnings before taxes (EBT) as follows:

in TEUR	Notes	2023	2022
Operating revenues		**460,596**	**487,341**
Non-operating revenues		9,041	0
Revenue	5.1	**469,637**	**487,341**
Adjusted operating EBITDA		**319,249**	**350,022**
Other non-operating income		9,042	30,894
Other non-operating expenses		-4,663	-4,412
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**332,670**	**376,504**
Operating depreciation and amortisation		-121,576	-110,587
Non-operating depreciation and amortisation		-42,538	-42,032
Depreciation and amortisation	5.7	**-164,114**	**-152,619**
Operating impairment losses		-3,395	-41,150
Non-operating impairment losses		-2,095	-20,868
Impairment losses	5.7	**-5,490**	**-62,018**
Financial result	5.8	71.490	-45,396
Earnings before taxes (EBT)		**91,577**	**116,471**

In order to reconcile the key figure “Operating revenue” to revenue, non-operating revenue of TEUR 9,041 (previous year: TEUR 0), which were not recognised in cash, taking into account compensation payments from power purchase agreements of two Spanish subsidiaries recognised in accordance with hedge accounting regulations. These amounts are therefore no longer included in the adjusted operating EBITDA. To reconcile the key figure “adjusted operating EBIT” to earnings before taxes (EBT), the amortisation and impairment of intangible assets (electricity feed-in contracts) and goodwill acquired as part of business combinations in the amount of TEUR 49,514 (previous year: TEUR 67,005) and the subsequent measurement of uncovered hidden reserves and liabilities from step-ups for property, plant and equipment acquired as part of business combinations amounting to TEUR -4,881 (previous year: TEUR -4,105) must be taken into account in addition to the adjustments stated in the reconciliation statement. In order to reconcile adjusted operating EBT to earnings before taxes (EBT), other non-cash interest and similar expenses and income (mainly from currency translation effects, effective interest rate calculation, swap valuation and interest expense from subsidised loans) in the amount of TEUR 7,073 (previous year: TEUR -15,180) must be taken into account in addition to the adjustments mentioned in the reconciliation and the aforementioned adjustments. In order to reconcile other non-operating income to other income, income from the reversal of deferred income and other non-operating income (primarily from the effects of deconsolidation, reconciliation to full consolidation, the IFRS 9 impairment model and the continuous valuation of PPAs) of TEUR -9,042 (previous year: TEUR 30,894) must be taken into account. In order to reconcile other non-operating expenses to other expenses, non-operating expenses (primarily from the termination of swaps, the IFRS 9 impairment model and the continuous valuation of PPAs) of TEUR -4,663 (previous year: TEUR -4,412) must be taken into account.

8 Additional disclosures related to financial assets and liabilities

Carrying amounts, recognised amounts and fair value according to classes and measurement categories under IFRS 9

Classes of financial instruments in TEUR			Carrying amount under IFRS 9				
	Measurement category according to IFRS 9*	Carrying amount as at 31.12.2023 (31.12.2022)	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount under IAS 28	Fair value as at 31.12.2023 (31.12.2022)
Financial assets							
Non-current financial assets	FVPL	2,833			2,833		2,833
(31.12.2022)		(3,188)			(3,188)		(3,188)
Financial assets accounted for using the equity method	n/a	8,404				8,404	8,404
(31.12.2022)		(6,684)				(6,684)	(6,684)
Trade receivables	AC	76,614	76,614				76,614
(31.12.2022)		(69,815)	(69,815)				(69,815)
Other non-current receivables	AC	6,748	6,748				6,748
(31.12.2022)		(3,672)	(3,672)				(3,672)
Other current receivables	AC	11,969	11,969				11,969
(31.12.2022)		(3,810)	(3,810)				(3,810)
Loans to associated entities and other loans	AC	7,765	7,765				7,765
(31.12.2022)		(538)	(538)				(538)
Liquid assets	AC	375,639	375,639				375,639
(31.12.2022)		(344,403)	(344,403)				(344,403)
Derivative financial assets							
Derivatives in a hedging relationship (swap)	FVOCI	18,773		18,773			18,773
(31.12.2022)		(30,229)		(30,229)			(30,229)
Derivatives not in a hedging relationship (swap)	FVPL	13,538			13,538		13,538
(31.12.2022)		(23,169)			(23,169)		(23,169)
Derivatives in a hedging relationship (PPA)	FVOCI	2,963		2,963			2,963
(31.12.2022)		(0)		(0)			(0)
Derivatives not in a hedging relationship (PPA)	FVPL	2,902			2,902		2,902
(31.12.2022)		(661)			(661)		(661)

* FVPL: Fair value through P&L; AC: amortised cost (financial assets/liabilities recognised at amortised cost); FVOCI: derivative financial instruments measured as part of hedging relationships (presented in other non-current and current receivables and/or non-current and current financial liabilities). Non-current financial assets, loans to associated entities and other loans have been aggregated and presented under the line item for financial assets in the balance sheet. In comparison to the balance sheet, financial liabilities are shown separately in the following categories: financial liabilities, liabilities from contingent consideration, other financial liabilities, other financial liabilities, liabilities from the put option, derivatives with a hedging relationship and derivatives without a hedging relationship.

Classes of financial instruments in TEUR	Measurement category according to IFRS 9*	Carrying amount as at 31.12.2023 (31.12.2022)	Carrying amount under IFRS 9: Amortised cost	Carrying amount under IFRS 9: Fair value through other comprehensive income	Carrying amount under IFRS 9: Fair value through profit or loss	Carrying amount under IFRS 16	Fair value as at 31.12.2023 (31.12.2022)
Financial liabilities							
Trade payables	AC	32,060	32,060				32,060
(31.12.2022)		(37,218)	(37,218)				(37,218)
Financial liabilities	AC	1,764,408	1,764,408				1,813,668
(31.12.2022)		(1,607,433)	(1,607,433)				(1,549,314)
Lease liabilities**	n/a	211,303				211,303	-
(31.12.2022)		(201,954)				(201,954)	(-)
Liabilities to non-controlling interests	AC	37,401	37,401				37,401
(31.12.2022)		(42,156)	(42,156)				(42,156)
Liabilities Put Option	AC	24,319	24,319				24,501
(31.12.2022)		(21,993)	(21,993)				(21,993)
Non-current liabilities from contingent consideration	FVPL	2,595			2,595		2,595
(31.12.2022)		(3,908)			(3,908)		(3,908)
Current liabilities from contingent consideration	FVPL	1,193			1,193		1,193
(31.12.2022)		(1,352)			(1,352)		(1,352)
Derivative financial liabilities							
Derivatives in a hedging relationship (swap)	FVOCI	4,006		4,006			4,006
(31.12.2022)		(206)		(206)			(206)
Derivatives not in a hedging relationship (swap)	FVPL	4,598			4,598		4,598
(31.12.2022)		(4,772)			(4,772)		(4,772)
Derivatives in a hedging relationship (PPA)	FVOCI	37,719		37,719			37,719
(31.12.2022)		(251,983)		(251,983)			(251,983)
Derivatives not in a hedging relationship (PPA)	FVPL	1,988			1,988		1,988
(31.12.2022)		(1,287)			(1,287)		(1,287)

** The relief provision of IFRS 7.29 was applied to the disclosures on the fair values of lease liabilities.

Classes of financial instruments in TEUR Of which aggregated by valuation categories as per IFRS 9	Measurement category according to IFRS 9*	Carrying amount as at 31.12.2023 (31.12.2022)	Carrying amount under IFRS 9: Amortised cost	Carrying amount under IFRS 9: Fair value through other comprehensive income	Carrying amount under IFRS 9: Fair value through profit or loss	Carrying amount under IFRS 16	Fair value as at 31.12.2023 (31.12.2022)
Financial assets measured at amortised cost	AC	478,735	478,735				478,735
(31.12.2022)		(422,238)	(422,238)				(422,238)
Financial assets measured at fair value through profit or loss	FVPL	19,272			19,272		19,272
(31.12.2022)		(27,018)			(27,018)		(27,018)
Financial liabilities measured at amortised cost	AC	1,858,189	1,858,189				1,907,630
(31.12.2022)		(1,708,800)	(1,708,800)				(1,650,680)
Financial liabilities measured at fair value through profit or loss	FVPL	10,374			10,374		10,374
(31.12.2022)		(11,319)			(11,319)		(11,319)

Fair value hierarchy

Fair value hierarchy 31.12.2023 (31.12.2022) in TEUR	Level 1	Level 2	Level 3
Assets			
Non-current financial assets			2,833
(previous year)			(3,188)
Derivative financial assets:			
Derivatives in a hedging relationship (swap)		18,773	
(previous year)		(30,229)	
Derivatives not in a hedging relationship (swap)		13,538	
(previous year)		(23,169)	
Derivatives in a hedging relationship (PPA)		2,963	
(previous year)		(0)	
Derivatives not in a hedging relationship (PPA)		2,902	
(previous year)		(661)	
Liabilities			
Non-current liabilities from contingent consideration			2,595
(previous year)			(3,908)
Current liabilities from contingent consideration			1,193
(previous year)			(1,352)
Derivative financial liabilities:			
Derivatives in a hedging relationship (swap)		4,006	
(previous year)		(206)	
Derivatives not in a hedging relationship (swap)		4,598	
(previous year)		(4,772)	
Derivatives in a hedging relationship (PPA)		37,719	
(previous year)		(251,983)	
Derivatives not in a hedging relationship (PPA)		1,988	
(previous year)		(1,287)	

Interest rate and currency hedges are measured using market-yield and foreign exchange (FX) forward curves on the basis of recognised mathematical models (present value calculations). The market values recognised in the balance sheet thus correspond to Level 2 of the IFRS 13 fair value hierarchy.

The development of level 2 financial liabilities from the power purchase agreements measured at fair value for the 2023 financial year can be described as follows: is TEUR 251,983 (fair value as at 1 January 2022: TEUR 50,238). In the reporting year, TEUR 201,049 was recognised directly in equity and TEUR 5,855 was recognised through profit or loss (previous year: TEUR -200,254 directly in equity and TEUR -1,491 through profit or loss). In addition, TEUR 15,813 was realised (previous year: TEUR 79,821). Changes resulted from a change in the scope of consolidation and from additions relating to a PPA concluded by a Finnish company in the reporting year. There were no reclassifications.

The receivables from contingent consideration carried at fair value in the consolidated balance sheet as well as the liabilities from contingent consideration are based on Level 3 information and input factors.

Changes between levels occurred in neither the current nor the previous financial year.

The following table shows the level of the fair value hierarchy to which the measurement of fair value has been assigned in its entirety for each class of asset and liability not measured at fair value in the balance sheet and for which fair value does not approximate the carrying amount.

Fair value hierarchy 31.12.2023 (31.12.2022) in TEUR	Level 1	Level 2	Level 3
Liabilities			
Financial liabilities measured at amortised cost Valued at acquisition cost			
Financial liabilities		1,813,668	
(previous year)		(1,549,314)	
Liabilities to non-controlling interests			37,401
(previous year)			(42,156)
Liabilities put option			24,501
(previous year)			(21,993)

The following tables show the valuation techniques used to determine fair values.

Financial instruments measured at fair value

Type	Valuation method	Significant, unobservable input factors
Non-current financial assets: mezzanine capital	Discounted cash flows: the fair values are determined on the basis of the future expected cash flows discounted using the standard observable market data of the corresponding yield curves	**Expected distributions** The estimated fair value of the mezzanine capital would increase (decrease) if the distributions would be higher (lower) and/or would be made at an earlier (later) date.
Interest rate swaps, PPAs	Discounted cash flows: the fair values are determined on the basis of the future expected cash flows discounted using the standard observable market data of the corresponding yield curves	Not applicable
Liabilities from contingent consideration	Discounted cash flows on the basis of contractually fixed mechanisms	**Average EBITDA** The estimated fair value of the liabilities from contingent consideration would increase (decrease) if the average EBITDA for the financial years 2023 and 2024 were higher (lower) **Costs in connection with development stages** The estimated fair value of the liabilities from contingent consideration would increase (decrease) if the costs of individual projects were higher (lower) than planned

The forward curve for pricing the variable side is the decisive valuation parameter for the fair value of the financial liabilities from the power purchase agreements. This forward curve is essentially made up of the listed prices of recognised electricity exchanges (EEX and OMIP) and price modelling within the industry of recognised market price providers, which integrate various macroeconomic and microeconomic factors into pricing. If the prices on the support points of this forward curve had been 5 % lower or higher, the market value of these transactions recognised as financial liabilities would have changed by TEUR -10,891 or TEUR 10,856 (previous year: TEUR -20,774 or TEUR 20,770).

Financial instruments not measured at fair value

Type	Valuation method	Significant, unobservable input factors
Financial liabilities	Discounted cash flows: the fair values are determined on the basis of the future expected cash flows discounted with equivalent terms using standard observable market interest rates and taking an appropriate risk premium into account	Not applicable
Liabilities to non-controlling interests	Discounted expected distributions: the fair values are determined on the basis of the future expected distributions discounted with equivalent terms using standard observable market interest rates and taking an appropriate risk premium into account	**Expected distributions** The estimated fair value of the liabilities to non-controlling interests would increase (decrease) if the forecast distributions were higher (lower) and/or were made at an earlier (later) date
Liabilities from put Option	Multiple approach: fair value is discounted on the basis of expected EBITDA applying a multiple approach with equivalent terms using standard observable market interest rates	**EBITDA** The estimated fair value of liabilities from the put option would increase (decrease) if EBITDA were higher (lower) in 2025

For financial instruments with short-term maturities, including cash and cash equivalents, trade receivables, trade payables and other current receivables and current liabilities, it is assumed that their fair values approximate their carrying amounts. The relief provision of IFRS 7.29 was applied to the disclosures relating to the fair values of lease liabilities, on the basis of which the fair value was not determined.

The following overview shows a detailed reconciliation of assets and liabilities in level 3 regularly measured at fair value.

in TEUR	2023	2022
Non-current financial assets		
As at 01.01.	3,188	3,639
Additions	0	773
Reclassifications under IFRS 5	0	-1,050
Disposals	-34	-281
Unrealised profit (+)/loss (-) in consolidated earnings	-322	126
Realised profit (+)/loss (-) in consolidated earnings	0	-19
As at 31.12	**2,833**	**3,188**
Non-current liabilities from contingent consideration		
As at 01.01.	3,908	0
Additions	0	3,866
Unrealised profit (-)/loss (+) in consolidated earnings	-1,313	42
As at 31.12	**2,595**	**3,908**
Current liabilities from contingent consideration		
As at 01.01.	1,352	609
Additions	0	1,352
Disposals	-156	-525
Realised profit (-)/loss (+) in consolidated earnings	-2	-84
As at 31.12	**1,193**	**1,352**
Non-current receivables from contingent consideration		
As at 01.01.	0	325
Disposals	0	-331
Unrealised profit (+)/loss (-) in consolidated earnings	0	6
As at 31.12	**0**	**0**
Current receivables from contingent consideration		
As at 01.01.	0	1,655
Disposals	0	-1,520
Realised profit (+)/loss (-) in consolidated earnings	0	-135
As at 31.12	**0**	**0**

The current earn-out liability from previous years is related to the acquisition of the solar park in Boizenburg during the 2018 financial year. The payment is mainly associated with the performance of the park after planned repairs. In the second half of the 2022 financial year, Encavis paid TEUR 525 to settle the current earn-out liability and recognised TEUR 84 in profit or loss.

The current earn-out liability of TEUR 1,352 was recognised in relation to the full consolidation of Stern Energy S.p.A. in October 2022. Additional payments must be made by Encavis to the seller as soon as development projects reach ready-to-build status or the remaining shares in the development projects are sold by the seller. In the 2023 financial year, payments of TEUR 156 were made in this context and an amount of TEUR 2 was derecognised through profit or loss.

A non-current earn-out liability of TEUR 3,866 was also accounted for as part of the full consolidation of Stern Energy S.p.A. in October 2022. The amount of the earn-out liability and therefore the additional payment to be made by Encavis to the seller is calculated on a sliding scale according to average EBITDA in the 2023 and 2024 financial years. Payment is expected midway through the 2025 financial year. Interest of TEUR 42 was added in the 2022 financial year. In the 2023 financial year, a further TEUR 223 of interest was added to the liability and it was written down by TEUR 1,536.

The non-current earn-out receivable was recognised in connection with the sale of Stern Energy GmbH in the 2020 financial year, since the purchase price may increase depending on the usability of tax losses for the acquirer of the company. The earn-out receivable with a carrying amount of TEUR 331 was included in the remeasured equity during the purchase price allocation as part of the full consolidation of Stern Energy S.p.A.

The current earn-out receivable from the acquisition of the wind park UGE Markendorf Eins GmbH & Co. KG Umweltgerechte Energie from the 2017 financial year of TEUR 135 was recognised in full as an expense in the financial year 2022. This was due to the fact that no other wind installations were added by the latest possible deadline and, as a result, no further payments were expected from the seller to Encavis.

In the course of the sale of the Austrian wind park portfolio in December 2021, a contingent purchase price receivable of TEUR 1,520 was recognised as a current earn-out receivable. The amount of the additional payment depends on the additional revenue generated by the wind installations in the first quarter of 2022 compared to the subsidy rates. The receivable was settled in full at the beginning of 2022.

The following table shows the net gains and losses from financial instruments taken into account in the statement of comprehensive income, pursuant to IFRS 9 and broken down by measurement category:

in TEUR	Measurement category	From interest, dividends (through profit or loss)	Income statement from the subsequent Measurement at fair value	Net result
Financial assets				
Measured at amortised cost (previous year)	AC	5,004 (391)		**5,004** **(391)**
Financial instruments measured at fair value through profit or loss (previous year)	FVPL		-322 (132)	**-322** **(132)**
Ineffective portion of derivatives in a hedging relationship (swap) (previous year)	FVPL		1,680 (450)	**1,680** **(450)**
Derivatives not in a hedging relationship (swap) (previous year)	FVPL		-8,219 (24,944)	**-8,219** **(24,944)**
Derivatives not in a hedging relationship (PPA) (previous year)	FVPL		3,526 (661)	**3,526** **(661)**
Financial liabilities				
Measured at amortised cost (previous year)	AC	-74,914 (-58,682)		**-74,914** **(-58,682)**
Financial instruments measured at fair value through profit or loss (previous year)	FVPL		1,313 (-42)	**1,313** **(-42)**
Ineffective portion of derivatives in a hedging relationship (swap) (previous year)	FVPL		93 (3,896)	**93** **(3,896)**
Ineffective portion of derivatives in a hedge relationship (PPA) (previous year)	FVPL		5,855 (-1,491)	**5,855** **(-1,491)**
Derivatives not in a hedging relationship (swap) (previous year)	FVPL		385 (-2,439)	**385** **(-2,439)**
Derivatives not in a hedging relationship (PPA) (previous year)	FVPL		-1,988 (-1,287)	**-1,988** **(-1,287)**
2023 **(previous year)**		**-69,910** **(-58,291)**	**2,323** **(24,824)**	**-67,587** **(-33,467)**

The net gains and losses from financial instruments pursuant to IFRS 9 comprise measurement gains and losses, the recognition and reversal of impairment losses as well as interest and all other effects on profit or loss from financial instruments. Components of net income from financial instruments recognised in profit or loss are usually included in the financial result. The item “Derivatives not in a hedging relationship” contains gains and losses from instruments which are not designated as hedging instruments as part of a hedging relationship in accordance with IFRS 9. The item

"Ineffective portion of derivatives in a hedging relationship (swap)" includes the effects on profit or loss from the ineffective portion of the financial instruments designated as hedging instruments pursuant to IFRS 9, the measurement of forward exchange contracts and the effects on profit or loss – which were recycled from the hedge reserve to other reserves – for financial instruments that are no longer effective. The ineffective portion from the PPAs is reported separately in the item "Ineffective portion of derivatives in a hedging relationship (PPA)". Net gains or losses for this item do not contain any interest or dividend income.

The following interest income and interest expenses originate from financial instruments not measured at fair value through profit or loss:

in TEUR	2023	2022
Interest income	20,754	4,274
Interest expenses	-81,695	-57,958
Total	**-60,941**	**-53,684**

Not included, in particular, are interest income and interest expenses from derivatives and interest income and interest expenses from assets and liabilities outside of the scope of IFRS 7. In accordance with IFRS 7.20 (b), interest expenses include interest expenses in connection with IFRS 16, as the lease liabilities are classified as financial liabilities not measured at fair value through profit or loss.

Derivative financial instruments

The fair value of interest rate swaps on the balance sheet date is determined by discounting future cash flows using the yield curves on the balance sheet date and the credit risk associated with the contracts.

As at the balance sheet date, the Group held a total of 94 (31 December 2022: 100) interest rate swaps, under which the Group receives interest at a variable rate and pays interest at a fixed rate. As a general rule, these are amortising interest rate swaps, whose nominal volume is reduced at regular, defined intervals. The following table shows the nominal volumes as at the reporting date, the average (volume-weighted) fixed interest rate and the fair value. The Group differentiates between interest rate swaps that are part of an effective hedging relationship pursuant to IFRS 9 and those that are not.

in TEUR	31.12.2023	31.12.2022
Nominal volume	**790,246**	**829,038**
Of which in a hedging relationship	*496,317*	*428,596*
Of which not in a hedging relationship	*293,929*	*400,442*
Average interest rate in %	2.01	1.91
Average remaining term in years	7.29	7.51
Fair value	**23,705**	**48,421**
Of which in a hedging relationship	*14,766*	*30,024*
Of which not in a hedging relationship	*8,939*	*18,397*

The following table provides information on the nominal volume of hedging instruments:

in TEUR	Remaining term			Total nominal volume	Total nominal volume	Average interest rate / price per MWh
	Up to one year	One to five years	Over five years	31.12.2023	31.12.2022	31.12.2023
Hedging interest rate and currency risk						
Interest rate and currency swaps (GBP)	0	0	21,179	21,179	21,887	4.90 %
Hedging interest rate risk						
Interest rate swaps	25,000	101,968	348,170	475,138	406,710	1.91 %
Hedging price risk						
PPAs	28,965	129,825	82,404	241,194	212,342	EUR 40.43

The following table contains information on hedging instruments as part of cash flow hedges:

in TEUR	Carrying amount	Balance sheet item	Change in fair value to determine ineffectiveness	Nominal volume
	31.12.2023	31.12.2023	31.12.2023	31.12.2023
Hedging interest rate and currency risk				
Interest rate and currency swaps				
Derivative assets	1,174	*Other current and non-current receivables*	660	16,273
Derivative liabilities	-71	*Current and non-current financial liabilities*	33	4,906
Hedging interest rate risk				
Interest rate swaps				
Derivative assets	17,458	*Other current and non-current receivables*	22,771	288,879
Derivative liabilities	-3,794	*Current and non-current financial liabilities*	3,575	186,259
Hedging price risk				
PPA				
Derivative assets	2,753	*Other current and non-current receivables*	1,474	53,801
Derivative liabilities	-37,509	*Current and non-current financial liabilities*	14,896	187,393

The following table contains information on profit and loss from cash flow hedges:

in TEUR				Reclassifications from the hedge reserve to the income statement		
	Gains or losses from CFH recognised in equity	**Ineffectiveness recognised in the income statement**	**Item in the statement of comprehensive income in which the ineffectiveness recognised is included**	**Due to premature termination of CFH**	**Due to the realisation of the hedged item in the income statement**	**Items in the statement of comprehensive income in which the reclassification is included**
	31.12.2023	**31.12.2023**	**31.12.2023**	**31.12.2023**	**31.12.2023**	**31.12.2023**
Hedging interest rate and currency risk	-275	-8	Financial expenses/ Financial income	0	0	Financial expenses/ Financial income
Hedging interest rate risk	-17,258	1,687	Financial expenses/ Financial income	650	12,083	Financial expenses/ Financial income
Hedging price risk	201,049	5,855	Other expenses other income	0	-15,813	Revenue

The market value of swaps that are not in a hedging relationship was recognised as income of TEUR 7,834 through profit or loss (previous year: income of TEUR 22,505). The market value PPAs, that are not in a hedging relationship was recognised as income of TEUR 1,539 through profit or loss (previous year: expense of TEUR 626).

The following table shows the hedged items for cash flow hedges:

in TEUR	Change in value during the period of the hedged item to determine ineffectiveness 2023	Balance of hedge reserve and currency reserve for active cash flow hedges 31.12.2023	Balance of hedge reserve and currency reserve for terminated cash flow hedges 31.12.2023
Hedging interest rate and currency risk			
Designated components	-731	549	
Non-designated components		-36	
Hedging interest rate risk			
Designated components	-16,577	16,597	96
Non-designated components			
Hedging price risk			
Designated components	-3,332	1,472	
Non-designated components			

The following table shows the reconciliation and breakdown of the hedge reserve:

in TEUR			Reclassifications from the CFH reserve to the income statement		
	Carrying amount as at 01.01.2023 (01.01.2022)	Hedging instruments recognised in equity Gains or losses	due to premature Termination CFH	Due to the realisation of the hedged item in the income statement	Carrying amount as at 31.12.2023 (31.12.2022)
Hedge accounting reserve	-160,289	177,194	650	-3,730	-13,826
(previous year)	(-6,899)	(-70,794)	(-397)	(-82,199)	(-160,289)

Principles of risk management

With regard to its financial assets and liabilities and planned transactions, Encavis is mainly exposed to risk from interest rate changes. The aim of financial risk management is to limit this market risk by means of ongoing activities. Derivative hedging instruments are used to this end, depending on the risk assessment. In order to minimise default risk, interest rate hedging instruments are only concluded with renowned banks with corresponding credit ratings. As a general rule, only risks that impact the Group's cash flow are hedged. At the end of the reporting period, no risk concentrations are seen for the Group's companies.

Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in market interest rates. In addition to the acquisition financing, the risk of fluctuations results primarily from the financing of individual items if this financing has a floating rate of interest. If the market interest rate level for the variable-rate loans not hedged by a swap had been 100 basis points higher as at 31 December 2023, earnings before taxes would have been TEUR 307 (previous year: TEUR 137) lower. If the market interest rate level had been 100 basis points lower as at 31 December 2023, earnings before taxes would have been TEUR 211 (previous year: TEUR 26) higher.

For the other financing transactions, unconditional interest rate hedges are in place in the form of interest rate swaps over the entire nominal volume, resulting in only marginal fluctuations in current consolidated earnings. However, a change in market expectations regarding interest rates causes a change in the measurement of gains and losses expected from the interest rate hedge, which – if the derivatives are part of an effective hedging relationship – is assumed to solely impact the hedge reserve. For derivatives not in a hedging relationship pursuant to IFRS 9, the change in expectations accordingly directly impacts earnings.

Interest rate risks are shown by means of sensitivity analyses pursuant to IFRS 7. If market interest rates had been 100 basis points higher as at 31 December 2023, earnings before taxes would have been TEUR 4,849 (previous year: TEUR 4,849) higher: TEUR 7,876) and the hedge reserve in equity before taxes increased by TEUR 14,513 (previous year: TEUR 12,595) would have been higher. If market interest rates had been 100 basis points lower as at 31 December 2023, earnings before taxes would have been TEUR 6,523 (previous year: TEUR 6,523) lower: TEUR 8,396) and the hedge reserve in equity before taxes by TEUR 15,501 (previous year: TEUR 13,887) would have been lower. This is due to the fact that an increase (decrease) in the market interest rate level as at the balance sheet date reduces (increases) net cash outflows from the interest rate hedging instruments over the entire duration of the interest rate swaps and thus increases (decreases) their present value.

Exchange rate risk

The company has issued loans to its British and Danish subsidiaries and project companies in British pounds and Danish kroner respectively. The loans are, as a general rule, subject to exchange rate fluctuations between the British pound or Danish krone and the euro. The resulting risks from exchange rate fluctuations are presented by means of a foreign currency sensitivity analysis pursuant to IFRS 7. As the Danish krone is subject to the European exchange rate mechanism (ERM II) and has thus been pegged to the euro since its introduction on 1 January 1999, no sensitivity analysis is performed for the Danish krone. If the euro were to rise by 10 % against the British pound, annual earnings and equity would decrease by TEUR 6,638 (previous year: TEUR 7,157). This is due to the fact that, from a Group perspective, the existing receivables must be adjusted by the currency translation loss. If the euro were to fall by 10 % against the British pound, annual earnings and equity would increase by TEUR 8,114 (previous year: TEUR 8,747).

The exchange rate risk associated with interest and principal payments made by British subsidiaries in the Group's functional currency (euro) is hedged by combined interest rate and currency swaps. The risks are hedged with the aim of minimising the volatility of interest and principal payments. No further material exchange rate risks pursuant to IFRS 7 currently exist in the Encavis Group.

Price risk

In the absence of legally guaranteed feed-in tariffs, the company may be exposed to the volatility of the market price of electricity with its solar and wind parks. In order to minimise the risk profile, the company has therefore concluded power purchase agreements with reputable private sector customers that provide for fixed prices for a large proportion of the electricity produced.

Credit risk

Credit risk describes the risk that counterparties are unable to meet their obligations as contractually agreed. The receivables from solar parks and wind parks are primarily trade receivables from the sale of the kilowatt-hours produced. In nearly all the markets in which the Encavis Group operates, the purchase of the electricity produced, which is based on contractually defined remuneration rates, is regulated and safeguarded by law. As a result of its entry into the market in The United Kingdom and Denmark, the Group also has trade receivables whose counterparties are not exclusively semi-public grid companies or comparable organisations, but private companies. The Group is not, however, exposed to any significant default risk because the companies are renowned companies with a good or very good credit rating.

Trade receivables are exclusively current receivables that are generally settled within 30 to 60 days depending on the country. The maximum default risk is limited to the carrying amounts of the corresponding trade receivables and other receivables. Upon initial recognition of trade receivables and other receivables, the Group recognises impairment losses using the expected credit loss model. If there are objective indications of impairment, impairment losses are also recognised on a case-by-case basis. Such indications exist if the invoices for the kilowatt-hours produced, which are generally issued by the purchaser, are not issued or not paid within the agreed periods. In addition, other objective indications such as insolvency are continuously monitored. If trade receivables become past due, the corresponding items are examined again in detail and, if necessary, an additional impairment loss is recognised. In the reporting period, the default rate for trade receivables was 0 % (previous year: 0 %).

The following items are affected by impairments:

Trade receivables

The Group applies the simplified impairment model of IFRS 9 for trade receivables in accordance with the standard. This is based on the so-called lifetime expected loss.

In order to determine the expected credit defaults, trade receivables have been combined into largely homogeneous groups with similar characteristics with regard to their estimated default risks. In particular, there has been a separation between public and semi-public buyers, which account for the majority of buyers in the electricity production sector, and private buyers. The Encavis Group has private buyers mainly in the Asset Management segment and, to a lesser extent, also in the area of electricity buyers.

In the 2023 financial year, impairments of trade receivables decreased by TEUR 273 to TEUR 449.

Loans to associated entities and other loans as well as other current receivables

The Group principally deems the default risk for loans issued and other current receivables to be low, which is why a risk provision in the amount of the expected 12-month losses on receivables has been formed for these items. The loss allowance amounted to TEUR 447 as at the reporting date (previous year: TEUR 60). The increase is due to a rise in loans and other receivables.

Material estimation uncertainties and judgements

Impairment losses on financial assets are based on estimates of loan defaults and expected default rates. The Group exercises judgement when making this assessment. Even minor deviations in the valuation parameters used for calculation can lead to material deviations in the calculation, particularly due to the amount of trade receivables.

Changes in impairments during the financial year

The closing balance of the impairment losses on trade receivables, as well as on loans and other current receivables, is reconciled to the opening balance of the impairment losses as follows and adjusted up to the end of the financial year:

in TEUR	Trade receivables		Other loans and short-term receivables	
	2023	2022	2023	2022
1 January	722	472	60	49
Recognised in profit or loss for the financial year Change in the allowance for credit losses	-273	250	387	11
31 December	**449**	**722**	**447**	**60**

No amounts were written off as unrecoverable and no impairments recognised were utilised in the financial year. The changes in the impairments recognised relate exclusively to the fluctuation in the amount of receivables between the beginning of the year and the end of the year as well as to the development of the underlying interest rate parameters for the individual country portfolios.

The maximum default risk for the Encavis Group is therefore measured on the basis of the carrying amount of trade receivables and other loans and receivables, all of which are measured at amortised cost and are therefore subject to the impairment model. Financial assets measured at fair value through profit or loss are also subject to a full default risk. As these financial assets are recognised at market value, they are measured using other market parameters rather than on the basis of the impairment model. The Encavis Group does not currently hold any collateral that would mitigate the aforementioned default risks.

The derecognition of financial assets measured at amortised cost did not result in any material amounts being recognised in the consolidated statement of comprehensive income.

If an increased number of credit defaults occur in the Group's financial assets, the classification of the default risk would be adjusted. This was not necessary as at the balance sheet date. A bundling of credit risks is not evident in the Group due to the diversification across different country markets and customers.

The following table shows the gross carrying amounts of financial assets by rating class. There are currently no credit commitments or financial guarantees.

in TEUR	Stage 1	Stage 2	Stage 3	Simplified Approach	Stage 4
	12-month ECL	Total-term ECL (not impaired)	Total-term ECL (impaired)	Total-term ECL	Impaired assets purchased/extended
Credit risk rating grade 1: receivables not at risk of default	8,548			77,064	
Credit risk rating grade 2: receivables at risk of default					
Credit risk rating grade 3: defaulted receivables					
Total	**8,548**			**77,064**	
(previous year)	(2,553)			(70,537)	

Liquidity risk

Liquidity risk describes the risk that the Group is unable to meet its obligations as they fall due. Financial liabilities did not pose any liquidity risk as the Group held cash and cash equivalents of TEUR 308,996 as at the balance sheet date (previous year: TEUR 289,483). The Group also receives cash flows from the solar parks and wind parks in operation; there is a high degree of certainty that these cash flows can be expected to comfortably service the interest payments, principal repayments and the related financial liabilities on the basis of equivalent terms. Ultimately, the Management Board is responsible for liquidity risk management and has established an appropriate concept for managing short-, medium- and long-term financing and liquidity requirements. The Group manages liquidity risks by holding suitable reserves and constantly monitoring forecast and actual cash flows, as well as by matching the maturity profiles of financial assets and liabilities.

IFRS 7 also requires a maturity analysis for derivative and non-derivative financial liabilities. The following maturity analysis shows how the non-discounted cash flows in connection with the liabilities as at 31 December 2023 (31 December 2022) influence the Group’s future liquidity situation.

Type of liabilities in TEUR	Carrying amount as at 31.12.2023 (31.12.2022)	Remaining term of up to one year	Remaining term of one to five years	Remaining term of more than five years
Non-derivative financial liabilities				
Trade payables	32,060	32,060	0	0
(previous year)	(37,218)	(37,218)	(0)	(0)
Financial liabilities	1,764,408	344,646	978,859	825,186
(previous year)	(1,607,433)	(301,297)	(811,923)	(883,801)
Lease liabilities	211,303	20,966	76,980	204,840
(previous year)	(201,955)	(18,182)	(71,836)	(187,563)
Liabilities to non-controlling interests	37,401	3,075	0	34,326
(previous year)	(42,156)	(1,644)	(4,111)	(40,512)
Liabilities from put option	24,319	0	24,319	0
(previous year)	(21,993)	(0)	(21,993)	(0)
Liabilities from contingent consideration	3,788	1,193	2,595	0
(previous year)	(5,260)	(1,352)	(3,908)	(0)
Derivative financial liabilities				
Interest rate derivatives in a hedging relationship	4,006	591	3,635	1,264
(previous year)	(206)	(22)	(315)	(116)
Interest rate derivatives not in a hedging relationship	4,598	2,066	1,817	98
(previous year)	(4,772)	(2,013)	(3,958)	(2,243)
Other derivatives in a hedging relationship (PPA)	37,719	13,350	24,419	5,852
(previous year)	(251,983)	(117,761)	(140,945)	(35,305)
Other derivatives not in a hedging relationship (PPA)	1,988	1,988	0	0
(previous year)	(1,287)	(1,287)	(0)	(0)

The approach when calculating the amounts was generally as follows:

If the contractual partner can demand a payment at various dates, the liability is recognised at the earliest due date. Interest payments made on financial instruments with floating interest rates are calculated on the basis of forward interest rates. The cash flows of the lease liabilities comprise their non-discounted interest payments and principal repayments. Parts of the liabilities to non-controlling interests may become due at any time as a result of a termination right with a compensation claim and are therefore partially classified as current liabilities. In the case of derivative financial instruments, the non-discounted net payments are shown.

9 Notes to the consolidated cash flow statement

The cash flow statement is presented as a separate statement.

The cash flow statement shows the changes in the Encavis Group's cash funds. Cash funds comprise cash and cash equivalents that are not subject to any restrictions. The cash flow statement was prepared in accordance with IAS 7 and classifies the changes to liquid assets into cash flows from operating, investing and financing activities. Cash flow from operating activities is presented using the indirect method.

Liquid assets are composed exclusively of cash on hand and bank balances. This includes debt service and project reserves of TEUR 66,642 (previous year: TEUR 54,920) that serve as collateral for the lending banks involved in the solar parks and wind parks and can only be used in agreement with the lending banks for the respective company and, to a lesser extent, other restricted liquid assets. The restricted liquid assets at CSG IPP have been reported as cash and cash equivalents, as these assets can be accessed in certain circumstances due to the contractual conditions regarding the mezzanine capital provided by Gothaer.

Reconciliation of the movement of liabilities to cash flows from financing activities
The development of liabilities from financing activities is measured in terms of cash and non-cash changes; classification as a component of cash flow from financing activities determines whether a change affects cash. The following table shows the reconciliation of the opening balances to the closing balances of the balance sheet items.

in TEUR	Non-current financial liabilities	Current financial liabilities	Lease liabilities	Cash flow hedges with positive market value	Liabilities to non-controlling interests	Total
Balance as at 01.01.2023	**1,465,333**	**424,394**	**201,954**	**53,398**	**42,156**	**2,187,235**
(Balance as at 01.01.2022)	**(1,482,599)**	**(167,730)**	**(186,696)**	**(1,866)**	**(36,871)**	**(1,875,761)**
Loan proceeds	270,130	65,874			859	336,863
(previous year)	(128,801)	(69,662)			(0)	(198,463)
Loan repayments	-146,223	-132,233			-148	-278,604
(previous year)	(-174,118)	(-41,354)			(-2,889)	(-218,361)
Repayment of lease liabilities			-11,225			-11,225
(previous year)			(-9,458)			(-9,458)
Interest paid	-394	-60,175	-8,546		-821	-69,936
(previous year)	(-1,278)	(-43,097)	(-7,425)		(-2,172)	(-53,972)
Payments to non-controlling interests					-2,241	-2,241
(previous year)					(-2,562)	(-2,562)
Payments for the acquisition of shares without change of control					0	0
(previous year)					(-668)	(-668)
Cash-effective Change in cash flows	**123,513**	**-126,534**	**-19,771**		**-2,350**	**-25.143**
(previous year)	**(-46,595)**	**(-14,789)**	**(-16,883)**		**(-8,291)**	**(-86,559)**
Acquisition	80,525	7,127	12,987	1,282	32	101,952
(previous year)	(65,894)	(6,499)	(16,027)	(0)	(2,982)	(91,402)
Deconsolidation	-6	6	-3,035		-4,114	-7,150
(previous year)	(0)	(0)	(0)		(0)	(0)
Exchange rate change	860	120	272	94	2	1,348
(previous year)	(-2,931)	(-403)	(-1,264)	(-117)	(-27)	(-4,742)
Changes in fair value	-114,327	-95,473		-16,599		-226,398
(previous year)	(71,509)	(112,403)		(51,649)		(235,561)
Reclassifications	-116,342	116,342				0
(previous year)	(-108,664)	(108,664)				(0)
Interest expenses		70,231	8,717		863	79,811
(previous year)		(44,329)	(7,953)		(903)	(53,185)
Additions of lease liabilities			5,268			5,268
(previous year)			(2,501)			(2,501)
Disposals of lease liabilities			-143			-143
(previous year)			(-323)			(-323)
Modifications and revaluations of lease liabilities			5,831			5,831
(previous year)			(8,112)			(8,112)
Valuation and other effects	1,647	380	-776		813	2,064
(previous year)	(3,521)	(-39)	(-864)		(9,718)	(12,336)
Non-cash change	**-147,644**	**98,733**	**29,120**	**-15,223**	**-2,404**	**-37,417**
(previous year)	**(29,329)**	**(271,453)**	**(32,141)**	**(51,532)**	**(13,577)**	**(398,032)**
Balance as at 31.12.2023	1,441,202	396,593	211,303	38,176	37,401	**2,124,675**
(31.12.2022)	(1,465,333)	(424,394)	(201,954)	(53,398)	(42,156)	**(2,187,235)**

The sum of the cash flows (loan proceeds, loan repayments, repayment of lease liabilities, interest paid, payments to non-controlling interests, payments for the acquisition of shares without change of control) reflects the corresponding components of cash flow from financing activities in the consolidated cash flow statement. In the 2023 financial year, TEUR 841 (previous year: TEUR 376) was allocated as a distribution to non-controlling interests in equity, which is why the payments to non-controlling interests differ from cash flow from financing activities by this amount. Payments for the acquisition of shares without change of control only reflect payments for the acquisition or sale of existing liabilities (shareholder loans and associated interest) from or to non-controlling interests. The additional amounts recognised in cash flow from financing activities comprise other payments, in particular for the acquisition of shares themselves or incidental purchase costs. The non-cash changes in liabilities were broken down into changes from acquisitions, deconsolidations, exchange rate changes, changes in fair value, reclassifications, interest expenses and other valuation effects not subsumed in other categories. Additions, disposals, modifications and revaluations of lease liabilities are also shown under non-cash changes in order to illustrate the effects of IFRS 16. Unlike the balance sheet item, current financial liabilities do not contain any current accounts held at banks because they are not for financing purposes. The current accounts held at banks are therefore included as a component of liquid assets in the opening and closing cash flows.

10 Contingent liabilities and other obligations

No right-of-use assets or lease liabilities are recognised in the balance sheet for short-term leases, leases with low-value underlying assets or variable, revenue-dependent lease payments. Further details can be found in chapters 3.25 and 6.17.

As at the balance sheet date, the Group therefore had the following off-balance-sheet obligations in connection with rental and lease contracts, excluding variable, revenue-dependent lease payments:

Type of obligation	Other obligations of up to one year in TEUR	Other obligations of one to five years in TEUR	Other obligations of more than five years in TEUR
Rental and leasing agreements	288	128	0
(previous year)	(35)	(18)	(0)

As at 31 December 2023, there are contingent liabilities of TEUR 218 (previous year: TEUR 218) resulting from rental guarantees.

11 Related-party disclosures

In the course of normal business, the parent company Encavis AG maintains relationships with subsidiaries and with other related companies (associated entities and companies with the same staff in key positions) and individuals (majority shareholders and members of the Supervisory Board and Management Board as well as their relatives).

Transactions with individuals in key positions in management

The remuneration to be disclosed in accordance with IAS 24 for management in key positions within the Group comprises the remuneration for active members of the Management Board and Supervisory Board. In addition to fixed remuneration and other fringe benefits (largely travel expenses and company cars), the members of the Management Board receive short-term variable remuneration in the form of an annual bonus as well as long-term variable remuneration in the form of share-based payment (details can be found in note 6.14). Short-term variable remuneration is measured according to the level of target achievement for strategic goals (growth targets, such as kilowatts of new acquisitions and grid connections, or earnings targets such as achieving a defined EPS) and individual personal goals (usually specific projects like the (partial) sale of portfolios, closing of complex financing transactions or the conclusion of project partnerships). The level of target achievement can be between 0 % and 200 % and is determined by the Supervisory Board after the end of the financial year. In return for their services, the members of the Supervisory Board receive fixed remuneration based on their membership of the individual committees, as well as attendance fees.

The members of the Management Board and Supervisory Board were remunerated in accordance with IAS 24.17 as follows:

Remuneration in TEUR	2023	2022
Short-term benefits	2,491	2,560
Share-based remuneration	211	1,041
Post-employment benefits and expenses	0	2,235
Total remuneration	**2,702**	**5,836**

The total remuneration of the active members of the Management Board for the 2023 financial year pursuant to section 314 (1) no. 6a of the German Commercial Code (HGB) amounts to TEUR 1,931 (previous year: TEUR 3,090). In addition, post-employment expenses of TEUR 2,235 were incurred during the previous year relating to the former member of the Management Board, Dr Dierk Paskert. A total of 136,110 SARs from SOP 2023 were granted to members of the Management Board in the financial year. These share options with a total value of TEUR 415 were issued and measured at their fair value at the grant date. As in the previous year, the members of the Management Board did not receive any loans or advances in the 2023 financial year.

The disclosure of share-based payment in the previous year also includes expenses for the share option programme SOP 2017 as well as its successor programmes. The amount of the provision for cash-settled share-based payment for the members of the Management Board is TEUR 553 (previous year: TEUR 664). The previous year's amount also included expenses for the settlement of the SOP 2020 and 2021 tranches for Dr Dierk Paskert, which were settled with a lump-sum payment. Provisions of TEUR 781 for short-term variable remuneration (previous year: TEUR 778) were recognised. No provisions relating to the termination of employment relationships were formed in the financial year or in the previous year.

Total remuneration recorded for the Supervisory Board amounts to TEUR 771 (previous year: TEUR 511) for the financial year. This figure includes the total remuneration for the Personnel Committee and the Audit Committee.

Associated entities

Transactions with associated entities are carried out under the same conditions as those with independent business partners. Outstanding items at the end of the year are unsecured and (with the exception of loans) interest-free, and settlement is made in cash. No guarantees were provided to or by related parties with regard to receivables or liabilities.

in TEUR	Achieved Benefits incl. interest	Related payables	Receivables	Binding opportunities	Committed Loans incl. interest
CHORUS IPP Europe GmbH	830				
Gnannenweiler Windnetz GmbH & Co. KG		28			
Pexapark AG		1,127	18		
Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG	413				7,413
TokWise OOD		103		6	
Total	**1,243**	**1,258**	**18**	**6**	**7,413**
(previous year)	(1,103)	(2,894)	(165)	(27)	(0)

Services performed for CHORUS IPP Europe GmbH relate to the commercial operation of parks managed by third parties. With the sale of the associated portfolio at the end of 2023, these services will no longer be incurred in future.

We procure from Pexapark AG software solutions to calculate the actual and projected revenue of our park portfolio in order to carry out risk simulations and assessments of the effects of market prices on our assets and to evaluate and validate PPA prices. All price components of our assets are therefore reported.

A loan of TEUR 7,000 was granted to Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG for the construction of the wind turbine, on which interest of TEUR 413 was incurred.

Joint arrangements

The interest in Richelbach Solar GbR of TEUR 120 as at 31 December 2023 (previous year: TEUR 120) is classified as a joint operation in accordance with IFRS 11 due to the contractually agreed co-determination rights of the two solar parks involved. All decisions must be made unanimously. The shareholders only have joint power over the relevant activities, which are exclusively aimed at providing the infrastructure for the solar parks. Encavis recognises its interest in the joint operation through the recognition of its share in the assets, liabilities, income and expenses in accordance with its contractually assumed rights and obligations.

Other related companies and individuals

As at the reporting date, rental agreements at arm’s-length terms exist with B&L Holzhafen West GmbH & Co. KG, a company related to Supervisory Board member Albert Büll, for office space for Encavis AG. In the 2023 financial year, the sum of the transactions with B&L Holzhafen West GmbH & Co. KG amounts to TEUR 918 (previous year: TEUR 820). As at the balance sheet date, there were no outstanding balances from transactions with B&L Holzhafen West GmbH & Co. KG.

For the company Encavis Asset Management AG, there is a rental agreement regarding the Asset Management segment’s office space in Neubiberg in place with PELABA Vermögensverwaltungs GmbH & Co. KG, a company related to Encavis Asset Management AG Supervisory Board member Peter Heidecker. The contract runs until June 2024, as agreed. The monthly rent is based on customary market conditions. In the 2023 financial year, the sum of the transactions with PELABA Vermögensverwaltung GmbH & Co. KG amounts to TEUR 139 (previous year: TEUR 143). As at the balance sheet date, there were no outstanding balances from transactions with PELABA Vermögensverwaltungs GmbH & Co. KG. From 1 July 2024, employees at the Neubiberg location will move into a new office building. A rental agreement has already been concluded with ALOPIAS Verwaltungs GmbH & 9. KG, which has a fixed term of ten years. The company is also related to Peter Heidecker.

12 Earnings per share

The weighted average number of ordinary shares used in calculating the diluted earnings per share is calculated from the weighted average number of ordinary shares used in calculating the basic earnings per share, as derived below. The potential shares from the hybrid convertible bond issued in 2021 are not taken into account in the calculation of diluted earnings per share due to the dilution protection within the meaning of IAS 33.41. If the potential shares from the 2021 hybrid convertible bond (11,330,520 shares) were used to calculate diluted earnings per share and the consolidated earnings were increased accordingly by the share of earnings attributable to the 2021 hybrid capital investors (TEUR 4,668) to a total of TEUR 57,997, diluted earnings per share would be higher than undiluted earnings per share. Due to the dilution protection, diluted earnings per share are limited to basic earnings per share and also amount to EUR 0.33 for the 2023 financial year.

	31.12.2023	31.12.2022
Consolidated earnings in (TEUR)	58,726	83,595
of which attributable to shareholders of Encavis AG (TEUR)	53,329	78,490
Weighted average number of ordinary shares used in the calculation of basic earnings per share	161,030,176	160,756,644
Earnings per share from continuing operations, basic (EUR) (in Euro)	**0.33**	**0.49**
Weighted average number of shares that may arise from the conversion of equity instruments:		
Number of shares from the conversion of the hybrid convertible bond 2021	11,330,520	11,330,520
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	161,030,176	172,087,164
Proportion of consolidated earnings attributable to hybrid capital investors in 2021 (in TEUR)	4,668	4,688
Earnings per share from continuing operations, diluted (in Euro)	**0.33**	**0.48**

13 Management Board

The total remuneration granted to members of the Management Board in the financial year amounted to TEUR 1,931 (previous year: TEUR 5,324).

Information on other memberships of supervisory boards/advisory boards		
Dr Christoph Husmann	Encavis Asset Management AG, Neubiberg	Chairman of the Supervisory Board
Mario Schirru	Encavis Asset Management AG, Neubiberg	Member of the Supervisory Board
	Pexapark AG, Zurich (since January 2023)	Member of the Board of Directors

For details on the remuneration system as well as information on the individual remuneration of the members of the Management Board and the Supervisory Board, please refer to the extensive disclosures concerning transactions with individuals in key positions in management (note 11) and the separately published remuneration report for the 2023 financial year, which will be made available by the 2024 Annual General Meeting at the latest.

14 Supervisory Board

Members of the Supervisory Board of Encavis AG		
Chairman	Dr Rolf Martin Schmitz	Former Chairman of RWE AG's Management Board
Deputy Chairman	Dr Manfred Krüper	Independent management consultant
Other members	Albert Büll	Partner in the Büll & Liedtke Group
	Professor Dr Fritz Vahrenholt	Independent management consultant
	Christine Scheel	Independent management consultant
	Dr Henning Kreke	Entrepreneur
	Dr Marcus Schenck	Head of German-speaking countries, Member of the Global Management Committee Financial Advisory Lazard
	Thorsten Testorp	Managing Director of B & L Real Estate GmbH
	Isabella Pfaller	Former member of the Management Board (CFO) of Versicherungskammer Bayern

Information on other memberships of supervisory boards/advisory boards		
Dr Rolf Martin Schmitz	E.ON SE, Essen	Member of the Supervisory Board
	TÜV Rheinland AG, Cologne	Member of the Supervisory Board
	KELAG-Kärntner Elektrizitäts-AG, Klagenfurt	Member of the Supervisory Board
Dr Manfred Krüper	Power Plus Communication AG, Mannheim	Chairman of the Supervisory Board
	EQT Partners Beteiligungsberatung GmbH, Munich	Senior Advisor
	EEW Energy from Waste GmbH, Helmstedt (until June 2023)	Member of the Supervisory Board
Albert Büll	noventic GmbH, Hamburg	Chairman of the Advisory Board
Prof. Dr Fritz Vahrenholt	Aurubis AG, Hamburg	Chairman of the Supervisory Board
Christine Scheel	Barmenia Versicherungsgruppe, Wuppertal	Member of the Advisory Board
	Evangelische Bank eG, Kassel	Member of the Sustainability Advisory Board
Dr Henning Kreke	Deutsche EuroShop AG, Hamburg	Member of the Supervisory Board
	Douglas GmbH, Dusseldorf	Chairman of the Supervisory Board
	Thalia Bücher GmbH, Hagen	Member of the Supervisory Board
	Perma-Tec GmbH & Co. KG, Euerdorf	Member of the Advisory Board
	AXXUM Holding GmbH, Wuppertal	Member of the Advisory Board
	noventic GmbH, Hamburg	Member of the Advisory Board
	Slyrs Destillerie GmbH & Co. KG, Schliersee	Member of the Advisory Board
Dr Marcus Schenck	Uniper SE, Düsseldorf	Member of the Supervisory Board
Thorsten Testorp	Power Plus Communication AG, Mannheim	Member of the Supervisory Board
	noventic GmbH, Hamburg	Member of the Advisory Board
Isabella Pfaller	International Center of Insurance Regulation, Frankfurt am Main	Member of the Supervisory Board

15 Corporate governance

The declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) has been issued and is permanently available to shareholders on the company's website.

16 Auditor's fees and services

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft (PwC), Hamburg, a member of the German Chamber of Auditors in Berlin, has been the company's auditor since the 2016 financial year. The undersigned auditors are Mr Christoph Fehling and Mr Christian Eden. The above-mentioned auditing firm has signed the financial statements for the eighth consecutive year.

The total fees for the auditor recognised as an expense in the 2023 financial year can be broken down as follows:

in TEUR	2023	2022
Audit services	1,022	755
of which for the previous year	*31*	*10*
Other services	14	23
Total	**1,036**	**778**

Audit services relate in particular to the annual and consolidated financial statements of Encavis AG and one subsidiary and services provided in connection with enforcement proceedings.

Other services mainly relate to agreed analyses of financial information and consulting services on regulatory issues.

17 Events after the balance sheet date

MSCI upgrades Encavis' ESG rating to "AA"

Encavis AG announced on 31 January 2024 that it had improved its MSCI ESG rating to "AA". As a result, Encavis is now one of the leading companies in the energy sector. The improvement is largely due to optimisations in talent management and the systematic implementation of measures to reduce CO_2 emissions. MSCI, a leading international ESG rating company, praised the significant progress made on social aspects in particular, highlighting Encavis' pioneering role in the further professionalisation of HR management. Every year, Encavis carries out several "pulse checks" to measure employee satisfaction and ensure that the numerous employee retention measures are effective. The result is extremely satisfactory, with employee turnover showing a remarkable decline from 9.4 % in the 2021 financial year to just 5.3 % in the 2022 financial year. MSCI also emphasises Encavis' successful implementation of further measures to reduce CO_2 emissions. The Encavis Transition Plan sets out specific targets and strategic measures to show how the company can achieve its net-zero CO_2 emissions target by 2040.

Aliaxis and Encavis sign long-term power purchase agreement for Aliaxis' European business

Encavis AG announced on 19 February 2024 that it had signed a ten-year power purchase agreement with Brussels-based Aliaxis Holdings SA. The PPA is Aliaxis' first in Europe. Aliaxis is a leading global provider of advanced fluid management solutions that enable access to water and energy. With more than 15,000 employees, the company supplies municipalities around the world with sustainable and innovative solutions such as pipe and installation systems that meet the demanding requirements of the construction, infrastructure, industrial and agricultural sectors. The 38 MW Encavis solar park in Montefiascone in the Lazio region, around 100 kilometres north-west of Rome, is due to be connected to the grid in 2025. Under the PPA, Aliaxis will purchase around 50 GWh of electricity per year, totalling 500 GWh over ten years. This corresponds to a large proportion of the electricity consumption of Aliaxis companies in Europe.

Encavis acquires two more solar parks in Spain

Encavis announced on 26 February 2024 that it had expanded its Spanish solar park portfolio with two additional solar parks in Andalusia. Acquired from BayWa r.e., the Lirios solar park (109 MW, 220 GWh per year) is located 35 kilometres west of Seville. The park is already under construction and is expected to be connected to the grid in the fourth quarter of 2025. The La Florida Hive solar park (30 MW, 60 GWh per year) is being built south-east of Seville in Dos Hermanas and is due to be connected to the grid in the second half of 2025. It was developed by Hive Energy, as was a solar park project acquired in 2022 in Guillena (also in Andalusia), which will start producing electricity in the third quarter of this year.

Encavis Asset Management announces start of construction of Germany's second-largest solar park

Encavis Asset Management AG announced on 6 March 2024 that it had started construction of a state-of-the-art solar park for the EIF IV special bank fund. The solar park will have a generation capacity of 260 MW and cover an area of 205 hectares. The location of the solar park in the municipality of Bartow, around 150 kilometres north of Berlin, was carefully selected to ensure ideal sunshine conditions and efficiency. Construction of the ground-mounted solar plant will take place in two phases. Construction of the first section began in March 2024. Commissioning is expected to take place in summer 2025. The solar park is expected to generate around 270,000 MWh of electricity per year, which will supply around 96,000 households with green electricity and save 100,100 tonnes of CO_2 annually.

Encavis signs project refinancing agreements totalling EUR 203 million for the Talayuela and La Cabrera solar parks in Spain

Encavis reported on 7 March 2024 that it had signed two project refinancing agreements for a total amount of EUR 203 million for its Talayuela and La Cabrera solar installations in operation (both in Spain). The refinancing was structured, arranged and issued by Encavis' internal project financing team. The Talayuela solar park in the Extremadura region has a generation capacity of 300 MW, while the La Cabrera solar park in the Andalusia region has a generation capacity of 200 MW. Both projects have been in operation since 2020 and 2021 respectively and are among the first European solar parks to be realised and operated without public funding. The prices for the majority of the electricity generated by both projects are agreed in long-term power purchase agreements, each with an initial term of ten years. Refinancing is provided by a club of four international banks: ABN AMRO Bank N. V. (Netherlands), Coöperatieve Rabobank U. A. (Netherlands), Bankinter S. A. (Spain) and NatWest Bank Europe GmbH (Germany/UK). While ABN AMRO, Rabobank and Bankinter have been financing partners of Encavis for many years, NatWest is providing project financing for Encavis for the first time. Encavis is therefore expanding and internationalising the universe of its banking partners in order to finance the Group's future growth strategy. In total, the refinancing comprises EUR 181.5 million in fixed-term credit facilities (hedged by interest rate swaps) as well as EUR 13 million in credit facilities and EUR 8.5 million in debt service reserve facilities.

Conclusion of an investor agreement with KKR to accelerate the growth of Encavis

Encavis signs an investor agreement with a consortium of investors led by KKR and including the family-owned company Viessmann after the end of the 2023 financial year on 14 March this year. The aim is to enter into a strategic partnership for the long-term growth of Encavis. The investor consortium has announced its intention to make a voluntary public takeover offer for all issued shares of Encavis AG against payment of an offer price of EUR 17.50 per Encavis share in cash. The Management Board and Supervisory Board currently consider the offer to be favourable for the company and all stakeholders, subject to the review of the offer document and in compliance with all due diligence and fiduciary duties.

18 List of shareholdings pursuant to section 313 (2) HGB

In addition to Encavis AG, the following Group companies were included in the consolidated financial statements as at 31 December 2023:

Company	Registered office	Interest in %
Fully consolidated Group companies		
Alameda S.R.L.	Bruneck, Italy	100.00
APOLLO SOLAR SRL	Bruneck, Italy	100.00
ARSAC 4 SAS	Paris, France	100.00
ARSAC 7 SAS	Paris, France	100.00
Asperg Erste Solar GmbH[3)]	Hamburg, Germany	100.00
Asperg Fünfte Solar GmbH[3)]	Hamburg, Germany	100.00
Asperg Sechste Solar GmbH[3)]	Hamburg, Germany	100.00
Asperg Zweite Solar GmbH[3)]	Hamburg, Germany	100.00
Asset Ocean GmbH[1)]	Hamburg, Germany	100.00
Atlantis Energy di CHORUS Solar Italia Centrale 5. S.R.L. & Co. S.A.S.	Bruneck, Italy	100.00
Aton 19 S.r.l.	Bolzano, Italy	100.00
Aton 21 S.r.l.[1)]	Bolzano, Italy	99.00
BESS Hettstedt Fünfte Energie GmbH[1)]	Hamburg, Germany	100.00
BESS M01a K/S[1)]	Roskilde, Denmark	100.00
Bypass Nurseries LSPV Ltd.	London, United Kingdom	100.00
Cabrera Energía Solar S.L.U.	Valencia, Spain	100.00
Cagli Solar di CHORUS Solar Italia Centrale 5. S.R.L. & Co. S.A.S.	Bruneck, Italy	100.00
Capital Stage Caddington Ltd.	London, United Kingdom	100.00
Capital Stage Caddington II Ltd.	London, United Kingdom	100.00
Capital Stage Cullompton Ltd.	London, United Kingdom	100.00
Capital Stage Hall Farm Ltd.	Edinburgh, United Kingdom	100.00
Capital Stage Investments Ltd.	Athlone, Ireland	100.00
Capital Stage Manor Farm Ltd.	London, United Kingdom	100.00
Capital Stage Solar IPP GmbH	Hamburg, Germany	100.00
Capital Stage Tonedale 1 Ltd.	London, United Kingdom	100.00
Capital Stage Tonedale 2 Ltd.	London, United Kingdom	100.00
Capital Stage Tonedale LLP	London, United Kingdom	100.00
Capital Stage Venezia Beteiligungs GmbH	Hamburg, Germany	100.00
Capital Stage Wind Beteiligungs GmbH	Hamburg, Germany	100.00
Capital Stage Wind IPP GmbH	Hamburg, Germany	100.00
Casette S.R.L.	Bruneck, Italy	100.00
Centrale Eolienne de Bihy SARL	Vern-sur-Seiche, France	100.00
Centrale Fotovoltaica Camporota S.R.L.	Bruneck, Italy	100.00
Centrale Fotovoltaica Santa Maria in Piana S.R.L.	Bruneck, Italy	100.00
Centrale Fotovoltaica Treia 1 S.A.S. di Progetto Marche S.R.L.	Bruneck, Italy	100.00
Centrale Photovoltaique d'Avon – les – Roches SAS	Paris, France	100.00
Centrale Photovoltaique S-au-S06 SARL	Castelnau-le-Lez, France	100.00
Chiltern Renewables Colmworth Limited[1)]	London, United Kingdom	100.00
CHILTERN RENEWABLES ES LIMITED[1)]	London, United Kingdom	100.00
Chiltern Renewables Hockliffe Limited	London, United Kingdom	100.00

Company	Registered office	Interest in %
Chiltern Renewables Honeydon Limited[1)]	London, United Kingdom	100.00
CHORUS CleanTech 1. Fonds Invest GmbH	Neubiberg, Germany	100.00
CHORUS CleanTech 2. Fonds Invest GmbH	Neubiberg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solardach Betze KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Bitterfeld KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Bockelwitz KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Burgheim KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Denkendorf KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Eisleben KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Gardelegen KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Greiz KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Gut Werchau KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Kemating KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Neuenhagen KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Pasewalk KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Richelbach KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Rietschen KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Rüdersdorf KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Ruhland KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Scheibenberg KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Vilseck KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Solarparks Niederbayern KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Windpark Hellberge KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Windpark Ruhlkirchen KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech GmbH & Co. Windpark Stolzenhain KG[3)]	Hamburg, Germany	100.00
CHORUS CleanTech Management GmbH	Neubiberg, Germany	100.00
CHORUS Energieanlagen GmbH	Neubiberg, Germany	100.00
CHORUS Solar 3. S.R.L.	Bruneck, Italy	100.00
CHORUS Solar 3. S.R.L. & Co. S.A.S. 2	Bruneck, Italy	100.00
CHORUS Solar Casarano S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 2 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 3 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 4 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 5 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 6 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 7 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 8 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Foggia 9 S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Italia Centrale 5. S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Matino S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Nardo S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Ternavasso Due S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Ternavasso Uno S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Torino Due S.R.L.	Bruneck, Italy	100.00
CHORUS Solar Torino Uno S.R.L.	Bruneck, Italy	100.00

Company	Registered office	Interest in %
CHORUS Wind Amöneburg GmbH & Co. KG[3)]	Hamburg, Germany	100.00
CHORUS Wind Appeln GmbH & Co. KG[3)]	Hamburg, Germany	100.00
CHORUS Wind Hürth GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Clawdd Ddu Farm Ltd.	London, United Kingdom	100.00
CMS Solar Pappelberg GmbH & Co. KG[1)]	Gnevkow, Germany	50.95
CMS Solar Priesterbruch GmbH & Co. KG[1)]	Gültz, Germany	50.95
CMS Solar Tackscher Bruch GmbH & Co. KG[1)]	Gnevkow, Germany	50.95
Collecchio Energy S.R.L.	Bruneck, Italy	100.00
Communal le Court SAS	Paris, France	100.00
CPV Bach SARL	Castelnau-le-Lez, France	100.00
CPV Entoublanc SARL	Castelnau-le-Lez, France	100.00
CPV Sun 20 SARL	Castelnau-le-Lez, France	100.00
CPV Sun 21 SARL	Castelnau-le-Lez, France	100.00
CPV Sun 24 SARL	Castelnau-le-Lez, France	100.00
CS Solarpark Bad Endbach GmbH[3)]	Hamburg, Germany	100.00
CSG IPP GmbH	Hamburg, Germany	100.00
Data Trust GmbH	Neubiberg, Germany	100.00
DE - Stern 1 S.R.L.	Bolzano, Italy	100.00
DE - Stern 15 S.R.L.	Bolzano, Italy	100.00
DE - Stern 4 S.R.L.	Bolzano, Italy	100.00
DE - Stern 11 S.R.L.	Parma, Italy	64.00
DE - Stern 14 S.R.L.	Parma, Italy	64.00
DE - Stern 8 S.R.L.	Parma, Italy	80.00
Desarrollos Empresariales Luanda S.L.U.	Valencia, Spain	100.00
DE - Stern 10 S.R.L.	Bolzano, Italy	100.00
DMH Treuhand Vermögensverwaltung GmbH	Neubiberg, Germany	100.00
ENCAVIS AM Advisor GmbH	Neubiberg, Germany	100.00
ENCAVIS AM Capital GmbH	Neubiberg, Germany	100.00
ENCAVIS AM Komplementär GmbH	Neubiberg, Germany	100.00
ENCAVIS AM Management GmbH	Neubiberg, Germany	100.00
ENCAVIS AM Services GmbH	Neubiberg, Germany	100.00
Encavis Asset Management AG[5)]	Neubiberg, Germany	100.00
Encavis Bridge Financing GmbH[1)]	Hamburg, Germany	100.00
Encavis Ecklak PV GmbH[1)]	Hamburg, Germany	100.00
Encavis Energieversorger I GmbH[1)]	Hamburg, Germany	51.00
Encavis Finance B.V.	Rotterdam, Netherlands	100.00
Encavis GmbH	Neubiberg, Germany	100.00
Encavis Green Energy Supply GmbH[1)]	Hamburg, Germany	100.00
Encavis Hispania S.L.U.	Valencia, Spain	100.00
Encavis Iberia GmbH	Hamburg, Germany	100.00
ENCAVIS Infrastructure S.à r.l.	Munsbach, Luxembourg	100.00
Encavis Nordbrise A/S	Roskilde, Denmark	100.00
Encavis Nordbrise Beteiligungs AG & Co. KG[1)]	Hamburg, Germany	100.00
Encavis Portfolio Management GmbH	Neubiberg, Germany	100.00
Encavis Real Estate GmbH	Hamburg, Germany	100.00
Encavis Renewables Beteiligungs GmbH	Hamburg, Germany	100.00

Company	Registered office	Interest in %
Encavis Solar Beteiligungs GmbH[4)]	Hamburg, Germany	100.00
Encavis Solar Denmark ApS	Roskilde, Denmark	100.00
Encavis Solar Fincken GmbH & Co. KG[1)]	Hamburg, Germany	100.00
Encavis Solar Infrastruktur I GmbH (formerly: Encavis Portfolio II GmbH)[1)]	Neubiberg, Germany	100.00
Encavis Solar Netherlands B.V.	Rotterdam, Netherlands	100.00
ENCAVIS SOLAR VITERBO SRL[1)]	Bruneck, Italy	100.00
Encavis Technical Services GmbH	Halle (Saale), Germany	100.00
Encavis Wind Danmark ApS	Roskilde, Denmark	100.00
Encavis Wind Danmark Beteiligungs AG & Co. KG[1)]	Hamburg, Germany	100.00
Energia & Sviluppo S.R.L.	Bruneck, Italy	100.00
Energie Solaire Biscaya SAS	Paris, France	100.00
Energiekontor Windstrom GmbH & Co. UW Lunestedt KG[3)]	Hamburg, Germany	51.00
Energiepark Breitendeich RE WP BD GmbH & Co. KG[3)]	Hamburg, Germany	51.00
Energiepark Debstedt GmbH & Co. RE WP DE KG[3)]	Hamburg, Germany	51.00
Energiepark Grevenbroich RE WP GRE GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Energiepark Hürth-Barbarahof WP HB GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Energiepark Lunestedt GmbH & Co. WP HEE KG[3)]	Hamburg, Germany	51.00
Energiepark Lunestedt GmbH & Co. WP LUN KG[3)]	Hamburg, Germany	51.00
Energiepark Odisheim GmbH & Co. WP ODI KG[3)]	Hamburg, Germany	100.00
Energiepark Passow WP Briest III GmbH & Co. KG[3)]	Hamburg, Germany	51.00
Enerstroom 1 B.V.	Rotterdam, Netherlands	100.00
Enerstroom 2 B.V.	Rotterdam, Netherlands	100.00
EnSol Nordic AS	Lillestrøm, Norway	90.00
Fano Solar 1 S.R.L.	Bolzano, Italy	100.00
Fano Solar 2 S.R.L.	Bolzano, Italy	100.00
Ferme Eolienne de Maisontiers-Tessonniere SAS	Paris, France	100.00
Ferme Eolienne de Marsais I SAS	Paris, France	100.00
Ferme Eolienne de Marsais II SAS	Paris, France	100.00
Foxburrow Farm Solar Farm Ltd.	London, United Kingdom	100.00
Fundici Hive S.L.U.	Alicante, Spain	100.00
GE.FIN. Energy Oria Division S.R.L.	Bruneck, Italy	100.00
Genia Extremadura Solar S.L.U.	Valencia, Spain	100.00
Gosfield Solar Ltd.	London, United Kingdom	100.00
Green Energy 010 GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Green Energy 018 GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Green Energy 034 GmbH & Co. KG	Hamburg, Germany	100.00
GreenGo Energy M01a K/S	Roskilde, Denmark	100.00
GreenGo Energy M01b K/S	Roskilde, Denmark	100.00
GreenGo Energy M23 K/S	Roskilde, Denmark	100.00
GreenGo Energy M30 K/S	Roskilde, Denmark	100.00
GreenGo Energy M34 K/S	Roskilde, Denmark	100.00
GreenGo Energy M111 K/S	Roskilde, Denmark	100.00
Grid Essence UK Ltd.	London, United Kingdom	100.00
Griffin Develops, S.L.	Valencia, Spain	100.00
H&J Energieportfolio Verwaltungs GmbH	Neubiberg, Germany	100.00
Haut Lande SARL	Paris, France	100.00

Company	Registered office	Interest in %
HORNET SOLAR S.L.U.[1)]	Madrid, Spain	100.00
Illevaaran Tuulivoima Oy[1)]	Helsinki, Finland	100.00
Infrastruktur Amöneburg-Roßdorf GmbH & Co. KG	Wörrstadt, Germany	71.43
IOW Solar Ltd.	London, United Kingdom	100.00
Krumbach Photovoltaik GmbH[3)]	Hamburg, Germany	100.00
Krumbach Zwei Photovoltaik GmbH[3)]	Hamburg, Germany	100.00
La Gouardoune Centrale Solaire SARL	Paris, France	100.00
La Rocca Energy di CHORUS Solar 3. S.R.L. & Co. S.A.S.	Bruneck, Italy	100.00
Labraise Sud SARL	Paris, France	100.00
Lagravette SAS	Paris, France	100.00
Le Communal Est Ouest SARL	Paris, France	100.00
Le Lame S.R.L.	Bruneck, Italy	100.00
LT 08 S.R.L.[1)]	Bruneck, Italy	100.00
LT01 S.R.L.	Bolzano, Italy	100.00
LT02 S.R.L.	Bolzano, Italy	100.00
LT04 S.R.L.	Bruneck, Italy	100.00
Lux Energy S.R.L.	Bruneck, Italy	100.00
Mermaid Solar Holding ApS	Roskilde, Denmark	100.00
Mermaid Solar Komplementar ApS	Roskilde, Denmark	100.00
Mermaid Solar Net K/S[1)]	Roskilde, Denmark	100.00
MonSolar IQ Ltd.	London, United Kingdom	100.00
MTS4 S.R.L.	Bolzano, Italy	100.00
Narges Develops, S.L.U.	Valencia, Spain	100.00
Navid Enterprise, S.L.U.	Valencia, Spain	100.00
Neftis Business, S.L.U.	Valencia, Spain	100.00
Nørhede-Hjortmose Vindkraft I/S	Fårup, Denmark	81.50
Notaresco Solar S.R.L.	Bolzano, Italy	100.00
Oetzi S.R.L.	Bruneck, Italy	100.00
Paltusmäen Tuulivoima Oy	Helsinki, Finland	100.00
Parco Eolico Monte Vitalba S.R.L.	Bolzano, Italy	85.00
Pfeffenhausen-Egglhausen Photovoltaik GmbH3[)]	Hamburg, Germany	100.00
Piemonte Eguzki 2 S.R.L.	Bolzano, Italy	100.00
Piemonte Eguzki 6 S.R.L.	Bolzano, Italy	100.00
Polesine Energy 1 S.R.L.	Bolzano, Italy	100.00
Polesine Energy 2 S.R.L.	Bolzano, Italy	100.00
Progetto Marche S.R.L.	Bolzano, Italy	100.00
REGIS Treuhand & Verwaltung GmbH für Beteiligungen	Neubiberg, Germany	100.00
REM Renewable Energy Management GmbH	Neubiberg, Germany	100.00
Ribaforada 3 S.R.L.	Bolzano, Italy	100.00
Ribaforada 7 S.R.L.	Bolzano, Italy	100.00
Rodbourne Solar Ltd.	London, United Kingdom	100.00
San Giuliano Energy S.R.L.	Bruneck, Italy	100.00
San Martino S.R.L.	Bruneck, Italy	100.00
Sant'Omero Solar S.R.L.	Bolzano, Italy	100.00
Solaire Ille SARL	Castelnau-le-Lez, France	100.00
Solar Energy S.R.L.	Bruneck, Italy	100.00

Company	Registered office	Interest in %
Solar Farm FC1 S.R.L.	Bolzano, Italy	100.00
Solar Farm FC3 S.R.L.	Bolzano, Italy	100.00
Solar Park Rødby Fjord ApS	Søborg, Denmark	100.00
Solar Park Svinningegården ApS	Søborg, Denmark	100.00
Solarpark Bad Harzburg GmbH[3)]	Hamburg, Germany	100.00
Solarpark Boizenburg I GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Solarpark Brandenburg (Havel) GmbH[3)]	Hamburg, Germany	100.00
Solarpark Gelchsheim GmbH & Co. KG[3)]	Hamburg, Germany	100.00
Solarpark Glebitzsch GmbH[3)]	Hamburg, Germany	100.00
Solarpark Glendelin GmbH	Rostock, Germany	100.00
Solarpark Gnannenweiler GmbH & Co. KG.	Reußenköge, Germany	56.80
Solarpark Golpa GmbH & Co. KG	Reußenköge, Germany	100.00
Solarpark Lettewitz GmbH[3)]	Hamburg, Germany	100.00
Solarpark Lindenhof GmbH	Rostock, Germany	100.00
Solarpark Lochau GmbH[3)]	Hamburg, Germany	100.00
Solarpark Neuhausen GmbH[3)]	Hamburg, Germany	100.00
Solarpark PVA GmbH[3)]	Hamburg, Germany	100.00
Solarpark Ramin GmbH[3)]	Hamburg, Germany	100.00
Solarpark Rassnitz GmbH[3)]	Hamburg, Germany	100.00
Solarpark Roitzsch GmbH[3)]	Hamburg, Germany	100.00
Solarpark Staig GmbH & Co. KG	Reußenköge, Germany	75.70
Sowerby Lodge Ltd.	London, United Kingdom	100.00
SP 07 S.R.L.	Bolzano, Italy	100.00
SP 09 S.R.L.	Bolzano, Italy	100.00
SP 10 S.R.L.	Bolzano, Italy	100.00
SP 11 S.R.L.	Bolzano, Italy	100.00
SP 13 S.R.L.	Bolzano, Italy	100.00
SP 14 S.R.L.	Bolzano, Italy	100.00
Stern Energy B.V.	Rotterdam, Netherlands	80.00
Stern Energy GmbH	Halle (Saale), Germany	80.00
Stern Energy Ltd.	London, United Kingdom	80.00
Stern Energy S.p.A.	Parma, Italy	80.00
Stern Energy SAS[1)]	Paris, France	80.00
Stern PV2 Srl	Bolzano, Italy	99.00
Stern PV3 Srl	Bolzano, Italy	99.00
Stern PV4 Srl	Bolzano, Italy	99.00
Sun Time Renewable Energy di CHORUS Solar 3. S.R.L. & Co. S.A.S.	Bruneck, Italy	100.00
TC Wind Management GmbH	Neubiberg, Germany	100.00
Todderstaffe Solar Ltd.	London, United Kingdom	100.00
Treia 1 Holding S.R.L.	Bruneck, Italy	100.00
Treponti di CHORUS Solar 3. S.R.L. & Co. S.A.S.	Bruneck, Italy	100.00
Trequite Farm Ltd.	London, United Kingdom	100.00
Trequite Freehold Ltd.	London, United Kingdom	100.00
Trewidland Farm Ltd.	London, United Kingdom	100.00
UAB L-VĖJAS	Vilnius, Lithuania	100.00
UGE Malterhausen GmbH & Co. KG Umweltgerechte Energie[3)]	Hamburg, Germany	100.00

Company	Registered office	Interest in %
UGE Markendorf Eins GmbH & Co. KG Umweltgerechte Energie[3]	Hamburg, Germany	100.00
UGE Voigtsdorf GmbH & Co. KG Umweltgerechte Energie[1]	Lohmen, Germany	100.00
UK Sol SPV 2 AB	Västervik, Sweden	90.00
UVG Umspannwerk Verwaltungsgesellschaft mbH	Neubiberg, Germany	100.00
Vallone S.R.L.	Bruneck, Italy	100.00
Varberg Norra 3 MW AB	Varberg, Sweden	54.00
Windkraft Kirchheilingen IV GmbH & Co. KG	Kirchheilingen, Germany	50.99
Windkraft Olbersleben II GmbH & Co. KG	Olbersleben, Germany	74.90
Windpark Breberen GmbH	Neubiberg, Germany	100.00
Windpark Dahme - Wahlsdorf 3 GmbH & Co. KG[3]	Hamburg, Germany	100.00
Windpark Desloch GmbH & Co. KG[1]	Gräfelfing, Germany	100.00
Windpark Gauaschach GmbH	Hamburg, Germany	100.00
Windpark Lairg Management GmbH	Neubiberg, Germany	100.00
Windpark Lairg Services GmbH	Neubiberg, Germany	100.00
Windpark Lairg Verwaltungs GmbH	Neubiberg, Germany	100.00
Windpark Schnellwettern GmbH & Co. KG[1]	Hamburg, Germany	100.00
Windpark Viertkamp GmbH & Co. KG	Hamburg, Germany	100.00
Wisbridge Solar Ltd.	London, United Kingdom	100.00
Witches Solar Ltd.	London, United Kingdom	100.00
WP Drensteinfurt GmbH & Co. KG (formerly: ABO Wind WP Drensteinfurt GmbH & Co. KG[1][3][4]	Hamburg, Germany	100.00
WP Niederöfflingen GmbH & Co. KG (formerly: ABO Wind WP Niederöfflingen GmbH & Co. KG)[1][3][4]	Hamburg, Germany	100.00
Zonnepark Apeldoorn Bloemenkamp B.V.	Rotterdam, Netherlands	100.00
Zonnepark Apeldoorn IJsseldijk B.V.	Rotterdam, Netherlands	100.00
Zonnepark Budel B.V.	's-Hertogenbosch, Netherlands	100.00
Zonnepark Ermelo Schaapsdijk B.V.	Rotterdam, Netherlands	100.00
Zonnepark Hijken B.V.	Rotterdam, Netherlands	100.00
Zonnepark Houten Oostrumsdijkje B.V.	Rotterdam, Netherlands	100.00
Zonnepark PV12 B.V.	Rotterdam, Netherlands	100.00
Zonnepark PV16 B.V.	Rotterdam, Netherlands	100.00
Zonnepark PV21 B.V.	Rotterdam, Netherlands	100.00
Zonnepark Zierikzee B.V.	Rotterdam, Netherlands	90.00
Joint arrangements		
Richelbach Solar GbR	Neubiberg, Germany	60.00
Associated entities		
Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG[1]	Bremerhaven, Germany	49.90
CHORUS IPP Europe GmbH	Neubiberg, Germany	100.00
Gnannenweiler Windnetz GmbH & Co. KG	Bopfingen, Germany	20.00
Pexapark AG[2]	Schlieren, Switzerland	14.00
Sistema Electrico de Conexion Nudo Don Rodrigo 220 KV S.L.	Seville, Spain	38.64
TokWise OOD[1]	Sofia, Bulgaria	18.00

1) Initial consolidation or acquisition of shares/establishment in the 2023 financial year. 2023

2) Change in the ownership interest in the 2023 financial year.2023

3) Transfer of registered office in the period of preparation of the consolidated financial statements 2023

4) Change of name in the period of preparation of the consolidated financial statements 2023

5) The company is utilising the exemption provisions defined in section 264 (3) HGB for the 2023 financial year

The equity interests are equal to the share of voting rights. CHORUS IPP Europe GmbH is not consolidated despite the majority interest; please refer to note 6.4 for more details. The solar park Glendelin GmbH was sold back to the project developer at the beginning of 2024, as the project will no longer be realised. The payments already made can be transferred to Solarpark Lindenhof GmbH (project Borrentin) of the same project developer.

19 Notification requirements

Encavis AG Hamburg, Germany, received the following notifications pursuant to section 40 (1) of the German Securities Trading Act (WpHG) up to 14 March 2024: The percentages in the individual notifications reported here are calculated on the basis of the number of outstanding shares of Encavis AG as at 31 December 2023 (161,030,176 no-par-value shares) and could therefore differ from the percentages in the originally calculated voting rights notifications.

Encavis AG was notified in a letter dated 6 February 2024, pursuant to section 33 (1) WpHG that the share of voting rights of BlackRock Inc., USA, had exceeded the threshold of 3 % of voting rights on 1 January 2024 and, as of that date, amounted to 3.004 % (4,837,248 voting rights) via indirect voting rights and 1.19 % (1,909,366 voting rights) via other instruments, in total 4.19 % (6,746,614 voting rights). The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a letter dated 23 October 2023 pursuant to section 33 (1) WpHG that the share of voting rights of the pool of AMCO Service GmbH, Dr. Liedtke Vermögensverwaltung GmbH and ALOPIAS Anlagenverwaltungs GmbH & Co. KG had exceeded the threshold of 25 % of voting rights on 23 October 2023 and, as from that date, amounted to 25.03 % (40,308,171 voting rights) via direct voting rights. The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a Directors' Dealings notification dated 16 August 2023 that Lobelia Beteiligungs GmbH, Germany, had exceeded the threshold of 3 % of voting rights on 16 August 2023, and as from that date has 3.03 % (4,877,899 voting rights) direct voting rights. The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a letter dated 7 June 2023 pursuant to section 33 (1) WpHG that the share of voting rights of BayernInvest Kapitalverwaltungsgesellschaft mbH, Germany, had exceeded the threshold of 3 % of voting rights on 2 June 2023 and, as from that date, amounted to 3.52 % (5,667,266 voting rights) via indirect voting rights. The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a letter dated 25 November 2021 pursuant to section 33 (1) WpHG that the share of voting rights of Bank of America Corporation, USA, had exceeded the threshold of 3 % of voting rights on 23 November 2021 and, as from that date, amounted to 1.08 % (1,745,552 voting rights) via indirect voting rights and 3.60 % (5,803,954 voting rights) via other instruments, in total 4.69 % (7,549,506 voting rights). The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a letter dated 8 October 2021 pursuant to Section 33 (1) WpHG that the share of voting rights of The Goldman Sachs Group, Inc., USA, had exceeded the threshold of 3 % of voting rights on 6 October 2021 and, as from that date, amounted to 1.26 % (2,027,728 voting rights) via indirect voting rights and 1.98 % (3,182,288 voting rights) via other instruments, in total 3.24 % (5,210,016 voting rights). The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a letter dated 5 October 2021 pursuant to Section 33 (1) WpHG that the share of voting rights of UBS Group AG, Switzerland, had exceeded the threshold of 3 % of voting rights on 29 September 2021 and, as from that date, amounted to 1.98 % (3,194,682 voting rights) via direct voting rights and 1.64 % (2,637,028 voting rights) via other instruments, in total 3.62 % (5,831,710 voting rights). The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

Encavis AG was notified in a letter dated 13 May 2021 pursuant to Section 33 (1) WpHG that the share of voting rights of Morgan Stanley, USA, had exceeded the threshold of 3 % of voting rights on 10 May 2021 and, as from that date, amounted to 0.01 % (13,421 voting rights) via indirect voting rights and 4.25 % (6,851,359 voting rights) via other instruments, in total 4.26 % (6,864,780 voting rights). The party subject to the notification requirement is not controlled, nor does the party subject to the notification requirement control other companies that hold voting rights in Encavis AG or to which voting rights in Encavis AG are attributed.

With reference to the reporting thresholds for shares of voting rights pursuant to section 33 et seq. WpHG (3, 5, 10, 15, 20, 25, 30, 50 and 75 %), the pool of AMCO Service GmbH, Dr. Liedtke Vermögensverwaltung GmbH, PELABA Vermögensverwaltungs GmbH & Co. KG, ALOPIAS Anlagenverwaltungs GmbH & Co.KG, Krüper GmbH, Sebastian Krüper and Dr Manfred Krüper held more than 3 %, and Bank of America Corporation, Morgan Stanley, BlackRock Inc., UBS Group AG, die BayernInvest Kapitalverwaltungsgesellschaft mbH, The Goldman Sachs Group, Inc. and Lobelia Beteiligungsgesellschaft/Kreke Immobilien KG each held more than 3 % of the voting rights in Encavis AG as at 14 March 2024.

20 Date of approval for publication

These consolidated financial statements were approved for publication by resolution of the Management Board of Encavis AG on 26 March 2024.

Assurance of the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the annual financial statements and consolidated financial statements give a true and fair view of the financial performance, financial position and net assets of the company and the Group, and that the combined management report and the Group management report include a fair review of the development and performance of the business and the position of the company and the Group, together with a description of the material opportunities and risks associated with the expected development of the company and the Group.

Hamburg, 26 March 2024

Encavis AG

Management Board

Dr Christoph Husmann

Spokesman of the Management Board and CFO

Mario Schirru

CIO/COO

The auditor's report reproduced below also includes a "Report on the audit of the electronic reproductions of the financial statements and the management report prepared for disclosure purposes in accordance with Section 317 (3b) HGB" ("ESEF report"). The subject matter of the ESEF report (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed in or retrieved from the Federal Gazette (Bundesanzeiger).

"INDEPENDENT AUDITOR'S REPORT

To Encavis AG, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Encavis AG, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Encavis AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an audit opinion on those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill

❷ Financial instruments – accounting treatment of hedging transactions

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Recoverability of goodwill**

① In the Company's consolidated financial statements goodwill amounting in total to € 107.2 million is reported under the “Goodwill” balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we evaluated the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. We discussed and examined supplementary adjustments to the medium-term business plan for the purposes of the impairment test with the members of the Company's staff responsible. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied as well as the sustainable growth rate can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model as well as reviewed the sustainable valuation parameters for appropriateness. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company and carried out our own sensitivity analyses for those groups of cash-generating units with low headroom (recoverable amount compared to carrying amount). Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures on goodwill are contained in section 6.2 of the notes to the consolidated financial statements.

❷ **Financial instruments – accounting treatment of hedging transactions**

① The companies of the Encavis Group use a number of different derivative financial instruments to hedge against currency, price and interest rate risk arising in the ordinary course of business. The hedging policy defined by the executive directors serves as the basis for these transactions and is documented in the respective internal guidelines of the Encavis Group. Currency risk mainly arises from financing denominated in foreign currency. Interest rate hedges are entered into for the purpose of avoiding exposure to variable interest rates. In addition, long-term electricity purchase agreements are in place to hedge against price fluctuations on the electricity spot market. Derivative financial instruments are recognized at fair value as of the balance sheet date. The positive fair values of all derivative financial instruments used for hedging purposes and included in a hedging relationship in accordance with IFRS 9 amount to EUR 21.7 million as of the balance sheet date, and the negative fair values amount to EUR 41.7 million. The changes in fair value are recognized in other comprehensive income over the duration of the hedging relationship until such time as the hedged expected future cash flows are recognized in profit or loss (effective portion). The cash flow hedge reserve amounted to EUR 13.8 million as of the balance sheet date. Given the highly complex nature and large number of hedging transactions as well as the potential impact on earnings resulting from the accounting treatment and measurement, we believe that these matters were of particular significance in the context of our audit.

② As a part of our audit and with the assistance of our internal specialists from Corporate Treasury Solutions, among other things we assessed the contractual and financial bases and the accounting treatment of the effects on equity and profit or loss arising from the various hedging transactions. Together with these specialists, we assessed, among other things, the internal control system with regard to derivative financial instruments, including the internal activities to monitor compliance with the hedging policy. Furthermore, for the purpose of evaluating the fair value measurement of derivative financial instruments, we also reviewed the calculation methods on the basis of market data and the underlying data used. With respect to the hedging of expected cash flows, we mainly assessed the prospective effectiveness test, the estimate of expected future hedge effectiveness, and the determination of hedge ineffectiveness. We obtained bank confirmations as of the balance sheet date for the purpose of assessing the completeness of the hedging instruments and the correctness of the fair values of currency and interest rate derivatives. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

③ The Company's disclosures relating to hedging transactions are contained in section 8 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in the “statement on corporate governance pursuant to § 289f HGB and § 315d HGB”
- section of the group management report.

The other information comprises further all remaining parts of the annual report – excluding further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 audit opinions. 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 controls.

Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Encavis_AG_KA+KLB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 1, 2023. We were engaged by the Supervisory Board on November 10, 2023. We have been the group auditor of Encavis AG, Hamburg, without interruption since the financial year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christoph Fehling."

Hamburg, den 26. March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Fehling	ppa. Christian Eden
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Glossary

Abbreviations and terms from the energy sector	
BESS	Battery Energy Storage System
BMWK	Bundesministerium für Wirtschaft und Klimaschutz – German Federal Ministry for Economic Affairs and Climate Action
CRE	Commission de Régulation de l'Energie – French Energy Regulatory Commission
C&I	Commercial and Industrial – commercial management
DGEG	Direção Geral de Energia e Geologia – Portuguese General Directorate for Energy and Geology
EAG	Erneuerbare-Ausbau-Gesetz – Austrian Renewable Energies Expansion Act
EEG	Erneuerbare-Energien-Gesetz – German Renewable Energies Act
EEX	European Energy Exchange – Energy market for energy and energy-related products based in Leipzig
EKF	Energie- und Klimafonds – Energy and Climate Fund
EPC agreement	Engineering, procurement and construction agreement– form of project in which the contractor hands over a turnkey installation to the customer within an often predefined time frame and budget
FiT	Feed-in tariff
Fit for 55	Package of measures adopted by the EU in order to implement climate targets
GW	Gigawatt – unit of power
IEA	International Energy Agency
IPP	Independent power producer
kW	Kilowatt – unit of power
kWh	Kilowatt-hour – unit for measuring electricity and amount of energy
MW	Megawatt – unit of power
MWh	Megawatt-hour – unit for measuring electricity and amount of energy
Offshore	Wind parks built at sea for the generation of electricity
O&M	Operations and Maintenance
OMIP	Operador do Mercado Ibérico de Energia Portugal – portuguese energy exchange
Onshore	Wind parks build on land for the generation of electricity
PPA	Power purchase agreement – private purchase contract for electricity
PV	Photovoltaics – energy generation from the sun
RE100	Global initiative of companies with the goal of meeting 100 % of the energy needs of member companies with electricity from renewable sources
RED	Renewable Energy Directive
RePowerEU	Plan to rapidly reduce dependence on fossil fuels from Russia and accelerate the ecological transition
Repowering	Power plant modernisation of wind and solar parks to increase electricity generation capacity
Revamping	Power plant renewal of wind and solar parks to maintain existing power generation capacity
ROC	Renewable Obligation Certificates
TW	Terawatt – unit of power
TWh	Terawatt hour – unit for measuring electricity and amount of energy
WEA	Wind turbine

Abbreviations and terms relating to business and finance	
AC	Amortised cost – category under IFRS 9 in which financial assets are measured at amortised cost
AIP	IFRS Annual Improvements Project
AktG	Aktiengesetz – German Stock Corporation Act

SOP	Share option programme (share-based payment scheme)
Badwill	Negative goodwill – if the purchase price of an acquired company is less than the value of the assets after deduction of liabilities, the difference must be recognised as income
GDP	Gross domestic product – economic output of a country
BSH	Federal Maritime and Hydrographic Agency
CAGR	Compound annual growth rate
CAP23	Climate Action Plan 2023
Cash flow	Economic indicator representing the net inflow of liquid funds during a given period
CDS	Country default spread – premium paid as compensation for taking country risks
CFH	Cash flow hedges
CGU	Cash-generating unit – smallest identifiable group of assets that generates cash inflows that are largely independent of other assets
CMS	Compliance management system – all measures, structures and processes set up in a company to ensure compliance with regulations.
COP28	28th Conference of the Parties to the UN Framework Convention on Climate Change
Conseil d'État	French Supreme Court
Covid-19	Coronavirus Disease 2019 – notifiable infectious disease
CRR	Capital Requirements Regulation – EU regulation on the adequate capitalisation of credit institutions
DAX	Deutscher Aktienindex – German share index
DCGK	Deutscher Corporate Governance Kodex – German Corporate Governance Code
Debt Service Reserve Facility	Debt service reserve facility
Destatis	German Federal Statistical Office
DTG	Devisentermingeschäft – Forward exchange contracts. Obligation to buy or sell a specific foreign currency amount at a specified time in the future at a defined rate
GAS	German Accounting Standards
Due diligence	Careful examination of a company as part of an acquisition
EAT	Earnings after taxes
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation EBITDA is calculated as EBIT plus depreciation and amortisation recognised in profit or loss and less reversals of impairment losses on intangible assets and property, plant and equipment recognised in profit or loss
EBT	Earnings before taxes
ECL model	Expected credit loss model – impairment model based on expected credit losses
EPC	Engineering, procurement and construction
EPS	Earnings per share
Equity method	Accounting method under which shares in joint ventures and associated entities are initially recognised at cost and subsequently measured in accordance with the investor's share of the changing net assets of the investee
ESG	Environmental, social, governance
ECB	European Central Bank
Factoring	Agreement on the transfer of receivables
FED	Federal Reserve System – US central bank
FVOCI	Fair value through other comprehensive income – measurement category under IFRS 9
FVPL	Fair value through profit or loss – measurement category under IFRS 9
FX	Foreign exchange
Goodwill	If the purchase price of an acquired company exceeds the value of the assets after deduction of liabilities, the positive difference must be recognised as goodwill

Hedge accounting	Method of accounting for contracts that are in a hedging relationship
HGB	Handelsgesetzbuch – German Commercial Code
HRB	Handelsregister Abteilung B – German Commercial Register Department B
IAS	International Accounting Standards – international accounting standards that must be applied by publicly traded companies in the European Union
IASB	International Accounting Standards Board – independent private-sector body that develops and adopts the IFRS
IBOR	Interbank Offered Rate
ICSID	International Centre for Settlement of Investment Disputes
IFRS	International Financial Reporting Standards – international accounting standards that must be applied by publicly traded companies in the European Union
IFRS IC	IFRS Interpretations Committee – entity that develops and publishes interpretations of the IFRS
ICS	Internal control system
IRE	Initial recognition exemption
IRR	Internal rate of return – indicator for measuring the return on an investment
IMF	International Monetary Fund
KKR	Kohlberg Kravis Roberts & Co. - listed investment company based in New York City
Lifetime expected loss	Estimate of expected losses over the entire term of a transaction
MSCI	US financial services provider
NECP	National Energy and Climate Plan
Operating	In the Encavis Group, “operating” refers to all key figures that do not contain any IFRS-related valuation effects
PPA	Purchase price allocation – allocation of the purchase price to the individual assets and liabilities as part of the initial inclusion of a newly acquired company in the consolidated financial statements
Ready-to-build project	Project ready for construction
ROE	Return on equity – indicator for measuring the operating return on equity of an investment
SARs	Share appreciation rights – virtual share options
SCOPE	SCOPE Ratings – a ratings agency
SFDR	European Union Sustainable Finance Disclosure Regulation – EU disclosure regulation on sustainability-related disclosure requirements in the financial services sector
SSD	Schuldscheindarlehen – debenture bond governed by German law
TEUR	Thousands of euros
WACC	Weighted average cost of capital
WpHG	Wertpapierhandelsgesetz – German Securities Trading Act

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