EEW Holding GmbH
Helmstedt

Short-form audit report
Consolidated financial statements
and group management report
31 December 2023

Translation from the German language

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Table of contents

Note:

We have issued the independent auditor's report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for disclosure in accordance with Sec. 325 HGB, only the files containing the financial reporting and, in the case of a statutory audit, the independent auditor's report, are intended for this purpose.

Translation from the German language

Independent auditor's report

To EEW Holding GmbH

Opinions

We have audited the consolidated financial statements of EEW Holding GmbH, Helmstedt, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2023 to 31 December 2023, and the consolidated statement of financial position as at 31 December 2023, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January 2023 to 31 December 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 EEW Holding for the fiscal year from 1 January 2023 to 31 December 2023.

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 Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the fiscal year from 1 January 2023 to 31 December 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.

Pursuant to Sec. 322 (3) 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 opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and 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 German commercial and professional law, and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of the executive directors 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 Sec. 315e (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.

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 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 Sec. 317 HGB 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 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 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 Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 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.

Hamburg, 21 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Opaschowski	Krone
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Translation from the German language

CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023

Translation from the German language

EEW Holding GmbH
Helmstedt

Table of contents

CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated income statement

Figures in EUR k		2023	2022
Revenue from contracts with customers	5.1	**752,659**	**715,516**
Own work capitalized		**3,284**	**3,671**
Other operating income	5.2	**33,985**	**24,398**
Cost of materials	5.3		
Cost of raw materials, consumables and supplies and of purchased merchandise		-90,075	-86,338
Cost of purchased services		-251,622	-218,734
Total cost of materials		**-341,697**	**-305,072**
Personnel expenses	5.4		
Wages and salaries		-104,492	-95,025
Social security costs		-18,159	-17,200
Pension costs		-3,700	-5,960
Other personnel expenses		-95	-80
Total personnel expenses		**-126,446**	**-118,265**
Amortization, depreciation and impairment			
Amortization and impairment of intangible assets	6.1	-9,334	-11,414
Depreciation and impairment of property, plant and equipment	6.1	-81,951	-83,209
Total amortization, depreciation and impairment	6.1	**-91,285**	**-94,623**

Consolidated income statement

Figures in EUR k		**2023**	**2022**
Other operating expenses	5.5	**-96,343**	**-79,060**
EBIT		**134,157**	**146,565**
Interest and similar income		4,534	5,876
Interest and similar expenses		-6,626	-3,750
Share of results of joint ventures accounted for using the equity method		993	0
Share of results of associates and joint ventures (other)		554	1,007
Financial result	5.6	**-545**	**3,133**
Earnings before taxes		**133,612**	**149,698**
Income taxes	5.7		
Current taxes		-47,244	-51,891
Deferred taxes		5,813	6,857
Total income taxes		**-41,431**	**-45,034**
Consolidated profit for the period		**92,181**	**104,664**
– thereof shareholders of EEW Holding GmbH		66,759	90,754
– thereof non-controlling interests		25,422	13,910

2. Consolidated statement of comprehensive income

Figures in EUR k		2023	2022
Consolidated profit for the period		**92,181**	**104,664**
Items that will not subsequently be reclassified to profit or loss			
Actuarial gains/losses	6.7	-9,863	51,402
thereon income taxes		2,963	-15,471
Changes in the fair value of equity instruments		1,368	-27,199
Items that may subsequently be reclassified to profit or loss under certain conditions			
Exchange differences from the translation of foreign operations		18	4
– thereof unrealized changes		18	4
Other comprehensive income		**-5,514**	**8,736**
Total comprehensive income		**86,667**	**113,400**
– thereof shareholders of EEW Holding GmbH		61,307	99,044
– thereof non-controlling interests		25,360	14,356

3. Consolidated statement of financial position

ASSETS **Figures in EUR k**		**31 Dec 2023**	**31 Dec 2022**
Non-current assets			
Intangible assets	6.1	**47,979**	**43,278**
Property, plant and equipment	6.1	**1,239,780**	**980,487**
Joint ventures accounted for using the equity method	6.2	**8,089**	**0**
Miscellaneous financial assets	6.2	**22,668**	**29,446**
Receivables and other assets			
Finance lease receivables (lessor)	6.11	0	50,717
Other receivables and other assets	6.4	7,347	7,177
Total receivables and other assets		**7,347**	**57,894**
Deferred tax assets	6.5	**18,463**	**15,323**
Total non-current assets		**1,344,326**	**1,126,428**
Current assets			
Inventories	6.3	**31,431**	**28,526**
Receivables and other assets			
Trade receivables and contract assets	6.4	145,318	119,284
Current tax assets	6.4	16,595	5,213
Finance lease receivables (lessor)	6.11	43,867	11,659
Other receivables and other assets	6.4	18,976	22,264
Total receivables and other assets		**224,756**	**158,420**
Cash and cash equivalents		**20,881**	**53,876**
Total current assets		**277,068**	**240,822**
Total assets		**1,621,394**	**1,367,250**

EQUITY AND LIABILITIES **Figures in EUR k**		**31 Dec 2023**	**31 Dec 2022**
Equity			
Subscribed capital	6.6	1,000	1,000
Capital reserves	6.6	275,900	275,900
Other revenue reserves/profit or loss carryforward	6.6	181,144	155,942
Profit or loss attributable to controlling interests		66,759	90,754
Equity attributable to the shareholders of EEW Holding GmbH		**524,803**	**523,596**
Non-controlling interests	3	**64,828**	**56,818**
Total equity		**589,631**	**580,414**
Non-current liabilities			
Pension provisions	6.7	58,889	49,119
Other provisions	6.8	28,003	21,014
Bonds	6.9	399,019	398,628
Liabilities to banks	6.9	1,997	19,982
Lease liabilities	6.11	7,876	6,999
Other financial liabilities	6.9	65,931	28,748
Investment grants		8,906	9,944
Other liabilities		375	860
Deferred tax liabilities	6.5	68,726	74,362
Total non-current liabilities		**639,722**	**609,656**
Current liabilities			
Other tax provisions	6.8	11,080	2,496
Other provisions	6.8	17,427	19,442
Bonds	6.9	722	722
Liabilities to banks	6.9	150,000	139
Lease liabilities	6.11	1,929	2,114
Other financial liabilities	6.9	24,043	0
Trade payables		87,096	92,308
Income tax liabilities		37,584	38,027
Other liabilities		62,160	21,932
Total current liabilities		**392,041**	**177,180**
Total equity and liabilities		**1,621,394**	**1,367,250**

4. Consolidated statement of cash flows

Figures in EUR k			2023	2022
	Consolidated profit for the period		**92,181**	**104,664**
+/-	Tax expense/income	5.7	41,431	45,034
-	Investment result		-1,547	-1,007
-	Interest income		-4,534	-5,876
+	Interest expenses		6,626	3,750
+	Amortization, depreciation and impairment	6.1	91,285	94,623
+/-	Increase/decrease in pension provisions		1,158	-14,816
+/-	Increase/decrease in other tax provisions		8,584	-522
+/-	Increase/decrease in other provisions		-3,354	3,166
+/-	Other non-cash expenses and income		14,305	14,297
+/-	Losses/income on disposals of property, plant and equipment		2,380	3,207
-/+	Increase/decrease in inventories		-2,905	-4,798
-/+	Increase/decrease in trade receivables		-26,035	-11,642
-/+	Increase/decrease in other receivables and other assets		21,638	29,615
+/-	Increase/decrease in trade payables		-6,095	23,844
+/-	Increase/decrease in other liabilities		-21,183	-1,149
+	Dividends received		1,547	1,007
+	Interest received		4,523	5,378
-	Interest paid		-2,524	-2,439
-	Income tax paid/refunded		-59,069	-49,507
-/+	Increase/decrease in short-term loan to shareholders		0	44,000
	Cash flows from operating activities		**158,412**	**280,829**
+	Cash received from disposals of intangible assets	6.1	1,075	3,072
-	Cash paid for investments in intangible assets	6.1	-15,108	-7,526
+	Cash received from disposals of property, plant and equipment	6.1	3,523	206
-	Cash paid for investments in property, plant and equipment	6.1	-332,356	-200,731
-	Cash paid for investments in financial assets		7	-10
	Cash flows from investing activities		**-342,859**	**-204,989**
+	Cash received from short-term bank loans	7	154,042	0
-	Repayments of current financial liabilities	7	0	-71,000
+	Cash received from non-current financial liabilities	7	37,118	28,420
-	Cash outflow for the repayment of lease liabilities	7	-2,350	-2,463
-	Dividends paid (-) to the shareholder of the parent company		-20,000	-52,600
-	Dividends paid to non-controlling interests		-17,358	-18,129
	Cash flows from financing activities		**151,452**	**-115,772**
	Change in cash and cash equivalents		**-32,995**	**-39,932**
	Cash and cash equivalents at the beginning of the fiscal year		**53,876**	**93,808**
	Cash and cash equivalents at end of the fiscal year		**20,881**	**53,876**

5. Consolidated statement of changes in equity

Figures in EUR k	Subscribed capital	Capital reserves	Other revenue reserves, profit or loss carryforward, consolidated profit	Reserve for the currency translation of foreign companies
As of 1 Jan 2023	**1,000**	**275,900**	**243,980**	**51**
Consolidated profit for the period	0	0	66,759	0
Other comprehensive income	0	0	0	18
Total comprehensive income	**0**	**0**	**66,759**	**18**
Dividends	0	0	-60,100	0
Other	0	0	0	0
As of 31 Dec 2023	**1,000**	**275,900**	**250,639**	**69**

Figures in EUR k	Subscribed capital	Capital reserves	Other revenue reserves, profit or loss carryforward, consolidated profit	Reserve for the currency translation of foreign companies
As of 1 Jan 2022	**1,000**	**275,900**	**232,826**	**47**
Consolidated profit for the period	0	0	90,754	0
Other comprehensive income	0	0	0	4
Total comprehensive income	**0**	**0**	**90,754**	**4**
Dividends	0	0	-79,600	0
Other	0	0	0	0
As of 31 Dec 2022	**1,000**	**275,900**	**243,980**	**51**

Figures in EUR k	Reserve for actuarial gains and losses	Reserve for changes in the fair value of equity instruments	Equity of the shareholders of EEW Holding GmbH	Non-controlling interests	Consolidated equity
As of 1 Jan 2023	**2,593**	**72**	**523,596**	**56,818**	**580,414**
Consolidated profit for the period	0	0	66,759	25,422	92,181
Other comprehensive income	-6,834	1,364	-5,452	-62	-5,514
Total comprehensive income	**-6,834**	**1,364**	**61,307**	**25,360**	**86,667**
Dividends	0	0	-60,100	-17,358	-77,458
Other	0	0	0	8	8
As of 31 Dec 2023	**-4,241**	**1,436**	**524,803**	**64,828**	**589,631**

Figures in EUR k	Reserve for actuarial gains and losses	Reserve for changes in the fair value of equity instruments	Equity of the shareholders of EEW Holding GmbH	Non-controlling interests	Consolidated equity
As of 1 Jan 2022	**-32,794**	**27,173**	**504,152**	**60,591**	**564,743**
Consolidated profit for the period	0	0	90,754	13,910	104,664
Other comprehensive income	35,387	-27,101	8,290	446	8,736
Total comprehensive income	**35,387**	**-27,101**	**99,044**	**14,356**	**113,400**
Dividends	0	0	-79,600	-18,129	-97,729
Other	0	0	0	0	0
As of 31 Dec 2022	**2,593**	**72**	**523,596**	**56,818**	**580,414**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

EEW Holding GmbH (EEW Holding, Braunschweig Local Court, HRB no. 204030) has its registered office in Helmstedt, Germany. The address of the Company's registered office is:

Schöninger Str. 2-3
38350 Helmstedt

The EEW Group designs, builds and operates energy from waste plants that generate electricity, district heating and process steam. In 2023, 13 out of currently 18 plants were operated as independent businesses and five plants were managed by EEW on the basis of long-term operational management agreements. The EEW Group is the leading private-sector provider of waste incineration on the German market with further operations in Luxembourg and the Netherlands.

The ultimate parent of EEW Holding GmbH is Beijing Enterprises Holdings Ltd., Hong Kong, China (BEHL), which as of 31 December 2023 holds 100% of the shares in EEW Holding, via Beijing Enterprises Holdings European Investment Management S.à r.l. Luxembourg (BEHEIM). The financial statements of BEHL are available on the Hong Kong Stock Exchange website (HKEXnews, Listed Company Information).

The consolidated financial statements for the fiscal year from 1 January through 31 December 2023 include EEW Holding and its subsidiaries (EEW), whose fiscal years correspond to the calendar year.

The consolidated financial statements of EEW Holding and its subsidiaries were prepared in accordance with the International Accounting Standards Board's (IASB) International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee's (IFRS IC) interpretations applicable and endorsed by the European Union as of the reporting date, and also in compliance with commercial law regulations applicable under Sec. 315e HGB ["Handelsgesetzbuch": German Commercial Code].

The consolidated financial statements were prepared in euros. Unless otherwise noted, the amounts are stated in thousands of euros (EUR k). The amounts are commercially rounded in each case.

The consolidated financial statements were prepared by the management board on 21 March 2024 and authorized for issue. The shareholders of EEW Holding may amend the consolidated financial statements after authorization for issue.

2. Basis of preparation

The consolidated financial statements are prepared on an amortized or depreciated cost basis. Certain financial assets are measured at fair value. See our notes on financial instruments for further information.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The statement of financial position is classified using the current/non-current distinction. The consolidated income statement is prepared according to the nature of expense method.

Recognition of revenue and expenses

Revenue from contracts with customers

Revenue from contracts with customers is recognized in accordance with IFRS 15, which provides that an entity shall recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled for the performance obligations assumed, i.e., in exchange for goods or services. This core principle is implemented using a five-step framework model:

1. Identify the contract(s) with a customer
2. Identify the separate performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations under the contract
5. Recognize the revenue upon fulfillment of the performance obligations by the entity

1. Identify the contract(s) with a customer

In identifying contracts, EEW also takes into consideration arrangements resulting from legal regulations.

2. Identify the separate performance obligations in the contract

As part of the second analysis step, it identifies EEW's contractual performance obligations, i.e., the promised goods and services, and examines them to identify whether they are capable of being distinct and are distinct within the context of the contract. If the promised goods or services are not distinct, they are combined with other goods or services until the Company identifies a bundle of goods or services that is distinct. As a rule, EEW acts as the principal.

Due to the large number of customer contracts with similar performance obligations, EEW defines portfolios of similar contract types. In addition, it takes into account criteria such as contractual term, customer group, etc.

Overview of the EEW contract portfolio		
Performance obligations	**Contract types**	**Customer categories**
Waste disposal	Waste contracts	Municipal
		Commercial
		Spot
		Imports
Energy marketing	Energy contracts	Electricity
		Heat/steam
		Other
Operational management	Operational management agreements	

The waste disposal category includes thermal waste recovery and thermal sewage sludge recovery. In the waste disposal category, similar contracts are combined into customer categories. Municipal and commercial contracts account for the largest contractual volume. Municipal contracts have terms of up to 35 years, while spot contracts have terms of less than 12 months. The performance obligation is fulfilled when the Company takes delivery of the waste at the energy from waste plant and thus assumes its waste disposal obligation. A processing provision is recognized for the costs of the thermal recovery of waste not yet processed as of the reporting date.

In the energy marketing category, the Company distinguishes between electricity, heat and steam as well as other energy contracts. As a rule, long-term contracts are concluded for heat and steam supply and short-term contracts for electricity supply. The performance obligation under energy contracts consists of energy supply to customers. Energy is supplied over time. The volumes of supplied energy are determined using meters. For pricing arrangements based on annual volumes, the Company charges installment payments toward the final bill. Revenue that cannot be invoiced as of the reporting date is recognized as a contract asset.

In the operational management category, the performance obligation, i.e., the operation of an energy from waste plant on behalf of a third party, is satisfied over time. The contracts are long term. For pricing arrangements based on annual volumes, the Company charges installment payments toward the final bill. Contract assets are recognized if final billing of variable consideration has not taken place by the reporting date.

3. Determine the transaction price

EEW's customer contracts include fixed and variable consideration components. Variable consideration components are estimated on the basis of the expected value. There are no rights of return, licenses, significant financing components, non-cash consideration or consideration payable to a customer. The payment terms are customary for the industry and generally range from 7 to 30 days.

4. Allocate the transaction price to the performance obligations under the contract

The customer contracts contain only one distinct performance obligation. As a result, no allocation of the transaction price takes place and revenue is recognized immediately upon performance.

5. Recognize the revenue upon fulfillment of the performance obligations by the entity

The right to consideration is established upon satisfaction of the performance obligations, i.e., the transfer of control over the provided services. For waste disposal, this takes place at a point in time.

Basis of preparation

For energy marketing and operational management, the performance obligations are satisfied over time. No costs to obtain contracts are recognized as an asset due to their immateriality.

The contract analysis yielded the following results:

Performance obligation	Variable consideration	Significant payment terms
Waste disposal	None	Payment terms customary in the industry
		No financing components
Energy marketing	Yes – distinct and determinable on a monthly basis	Payment terms customary in the industry
		No financing components
Operational management	Yes – distinct and determinable on a monthly basis	Payment terms customary in the industry
		No financing components

<u>Interest income and expenses</u>

Interest is recognized as an income or expense item in the period to which it relates using the effective interest method. Interest expenses incurred in connection with the acquisition or production of qualifying assets are recognized as assets if material. Transaction costs are also included where applicable.

Intangible assets and property, plant and equipment

Non-current assets are measured at cost less accumulated amortization/depreciation.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The residual carrying amounts and useful lives of each asset are reviewed at least at the end of every fiscal year. Intangible assets and property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

Production costs comprise the full costs relating to production.

CO_2 emission allowances are recognized under intangible assets and are not amortized.

Other intangible assets and property, plant and equipment have limited useful lives and are amortized/depreciated using the straight-line method over the following useful lives:

Intangible assets

Software, licenses and patents	3 to 8 years
Customer-related intangible assets (agreements and similar)	up to 17 years

Property, plant and equipment

Land	not depreciated
Buildings	13 to 50 years
Plant and machinery	3 to 25 years
Other equipment, furniture and fixtures	3 to 13 years

Investment subsidies and investment grants from governments are not deducted from the cost of an asset; they are recognized as liabilities and released to income over the same period in which the subsidized asset is depreciated.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are recognized as an asset, if material, and are amortized over the useful life of the facility. A qualifying asset is an asset that necessarily takes a substantial period of time to be prepared for its intended use or sale. Borrowing costs are calculated using a group-wide borrowing rate. For funds borrowed specifically for a qualifying asset, the interest rate on these borrowings is applicable.

Leases

EEW concludes agreements both as lessor and as lessee.

Lessor

For lease transactions in which EEW is the lessor, a distinction is made between operating leases and financing leases. Leases are recognized as finance leases if the significant risks and rewards of the use of the leased asset are transferred to the contractual partner. This assessment involves an examination of the lease as pertains to the duration of the lease compared to the asset’s economic life, the terms of purchase and renewal options and the degree of specialization of the leased asset.

For finance leases, the present value of the outstanding lease payments (fixed and variable payments pegged to an index or to a reference interest rate) including the exercise price for any bargain purchase option for the underlying asset of the lease and/or any unguaranteed residual value is recognized as a receivable. Payments by the lessee are treated as repayments plus interest income. The interest rate implicit in the lease is used for this purpose. Revenue is recognized using the effective interest method over the term of the lease.

The lessor receivables must be tested for impairment in accordance with the rules applicable to financial assets.

Lessee

For transactions in which EEW acts as the lessee, an asset is recognized for the right of use and a lease liability is recognized starting from the commencement date of the lease.

Basis of preparation

At the commencement date, the liability is recognized at the present value of the lease payments that have not yet been made (fixed and variable payments pegged to an index or to a reference interest rate) including the exercise price for any bargain purchase option for the underlying asset. The right-of-use asset is stated at the present value of the lease liability plus any lease payments made before commencement and initial direct costs and less any lease incentives received. EEW's incremental borrowing rate is regularly used as the discount rate.

The following approach will be adopted taking into account the options and practical expedients pursuant to IFRS 16:

- The recognition, measurement and disclosure requirements of IFRS 16 are not applied to short-term leases (up to 12 months) and leases of low-value assets.
- As a rule, the option to not separate lease components and non-lease components of an agreement and to account for them as a single lease component is not exercised. Accordingly, non-lease components are separated and accounted for in accordance with the applicable standards.
- IFRS 16 is not applied to leases of intangible assets.
- Right-of-use assets are stated under property, plant and equipment.
- Lease liabilities are recognized as a separate line item in the statement of financial position.

The right-of-use asset is generally depreciated over the term of the lease. If a purchase option was included in measurement or if ownership of the asset is transferred to EEW at the end of the lease term, depreciation is charged over the economic life of the asset. The liability is measured using the effective interest method in subsequent periods.

The reassessment of the lease term to consider the exercise of purchase or renewal options previously not included in the determination of the term is accounted for as a modification.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

Inventories

Inventories are valued at cost using the average method or at the lower net realizable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and are recognized at nominal values.

Basis of preparation

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one contractual party and a financial liability or equity instrument of another party.

Financial assets – first-time recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

The business model for managing financial assets refers to how an entity manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

A financial asset is measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets are measured at fair value, with the exception of receivables that do not contain a significant financing component or for which the practical expedient set out under IFRS 15 is applied for terms of up to 12 months (on the assumption that no financing component exists). Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Financial assets at amortized cost (debt instruments held)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The financial assets at amortized cost largely include loan receivables, trade receivables as well as cash and cash equivalents.

Financial assets designated at fair value through OCI (equity instruments held)

Valuation gains and losses in this category are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments classified as FVTOCI were irrevocably allocated to this category and are recognized under financial assets.

Impairment of financial assets

If significant, an allowance for expected credit losses (ECLs) is recognized for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). In order to assess the credit risk, tried-and-tested default estimates are applied that are based on data found to predict the exposure to loss. Such data primarily include external credit reports, audited financial statements and available press releases.

For trade receivables and contract assets, a simplified approach in calculating ECLs is applied. Changes in credit risk are not tracked, but instead a loss allowance based on lifetime ECLs is recognized at each reporting date. Loss allowances are determined using a provision matrix that is based on the likelihood that a receivable will pass through consecutive stages of arrears. The loss rates are calculated on the basis of the actual credit losses over the past seven years taking into account the geographic location. These rates are also adjusted to the present conditions as well as the current economic developments.

Basis of preparation

The following table provides information on the estimated exposure to credit risk and ECLs for trade receivables and contract assets.

Impairment matrix	31 Dec 2023	31 Dec 2022
Status	Expected credit loss rates (weighted average)	
Not due		
1 to 30 days past due	0.05%	0.07%
31 to 60 days past due	0.02%	0.01%
61 to 90 days past due	0.00%	0.10%
More than 90 days past due	2.15%	0.02%

Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method. At EEW, this category includes bonds, liabilities to banks, lease liabilities, trade payables, other financial liabilities and other current liabilities. Financial liabilities are derecognized when the obligations specified in the contract are discharged, canceled or expire.

Income taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- With regard to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- With regard to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

<u>Global minimum taxation – Pillar Two</u>

Laws have been enacted to implement global minimum taxation in accordance with the OECD “Pillar Two” guidelines in countries in which the EEW Group and the BEHL Group operate. The EEW Group is likely to fall within the scope of the laws that have been enacted or that will be enacted. However, the laws were only adopted shortly before the reporting date. The EEW Group is therefore still in the process of assessing the implementation of the Pillar Two rules and of reviewing the potential risk of additional income taxes. The potential income tax burden under Pillar Two is currently neither known nor can it be reasonably estimated. The EEW Group expects that it will be able to disclose the potential risk in its next financial statements.

As a result, no deferred taxes were recognized in accordance with IAS 12.

Other provisions

Provisions are recognized if there is a present legal or actual obligation as a result of a past event, an outflow of resources embodying economic benefits to fulfill this obligation is likely and the probable amount of the necessary provision can be estimated reliably. Provisions are measured pursuant to IAS 37 at the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are also recognized for contracts under which the unavoidable costs for contractual fulfillment are higher than the expected economic benefits. They are measured at the lower of the contractual fulfillment costs and any compensation or penalties arising from failure to fulfill it.

Basis of preparation

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss.

The reversal of provisions is posted to other operating income.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are recognized for defined benefit obligations within the Group. In accordance with IAS 19, they are measured using the projected unit credit method. Future salary and pension trends are included in the calculation under this valuation method. The calculated pension obligation is reported net of the existing plan assets. According to IAS 19.8, plan assets are either assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are measured at their fair value.

Actuarial gains and losses resulting from changes in the underlying measurement parameters are recognized in full in the period in which they arise. They are presented in other comprehensive income (reserve for actuarial gains and losses) and will not subsequently be reclassified to profit or loss.

The defined benefit obligation recognized in the consolidated statement of financial position represents the current shortfall or surplus of defined benefit plans in the Group.

Payments for defined contribution plans are recognized as expenses at the time the employees render the service.

Statement of cash flows

The statement of cash flows presents the change in the balance of cash and cash equivalents which is reported in the consolidated statement of financial position under the cash and cash equivalents item and includes cash and cash equivalents with a term of not more than three months. The cash flows are presented grouped into the areas of operating, investing and financing activities.

The cash inflow from operating activities is derived indirectly by adjusting profit or loss for the period for effects and the financial result not affecting cash and supplementing it with changes in current assets and liabilities and paid and received interest and income taxes.

Judgments and estimates

The preparation of the consolidated financial statements in accordance with IFRSs requires to a certain extent management to make judgments, estimates and assumptions concerning the application of financial reporting methods and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates, judgments and assumptions; such changes may have a significant impact on the consolidated financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments of estimates relevant for the financial reporting are made in the period in which the change occurs if the change only relates to that period. Any changes affecting both the current and future periods are made in both the current and in subsequent periods. Estimates are required to value property, plant and equipment and intangible assets, specifically in connection with purchase price allocations, measurement of financial instruments at fair value, measurement of pension and other provisions and for impairment testing in accordance with IAS 36.

EEW's non-current assets mainly comprise intangible assets and property, plant and equipment with finite useful lives. An impairment test for these assets must only be performed when triggering events occur which could reduce the recoverable amount of the CGU. An asset is impaired when its carrying amount exceeds its recoverable amount. A CGU at EEW is a single waste incineration plant, as this is the smallest identifiable group of assets that is independent of the cash inflows from other assets or groups of assets.

The fair value of financial assets measured at fair value through other comprehensive is calculated using a discounted cash flow model based on the forecast. The underlying discount rate is estimated based on a risk-free market interest rate, adjusted by a suitable credit risk premium.

The basis for estimates with regard to other relevant topics are explained in the respective sections.

Effects of climate-related issues

EEW is rising to the challenges and opportunities presented by climate change and constantly changing conditions such as economic and environmental change, the energy and heat transition and the limited availability of resources. The Company is already playing an important role in climate and resource protection.

By recycling sewage sludge in its own incineration plants, one of its business areas, EEW makes a valuable contribution to the circular economy and enables phosphorus recovery in downstream processes. In addition to the sewage sludge mono-incineration plant already in operation in Helmstedt, four plants are currently being built. To date, EUR 139,624k has been invested in the four plants under construction, EUR 54,013k thereof in 2023.

EEW is increasingly entering into cooperation agreements at various locations to feed heat generated in the plants into district heating networks. District heating provided by thermal waste recovery avoids the use of primary energy sources such as coal, oil and gas for heating and thus helps to reduce our carbon footprint. The increasing supply of district heating is leading to shifts between electricity and heat production and the associated revenue at EEW.

At the end of last year, the German legislator amended the BEHG ["Brennstoffemissionshandelsgesetz": German Fuel Emissions Trading Act] to include thermal waste recovery in the German fuel emissions trading scheme from 2024. EEW expects to be able to pass on the additional costs to its customers. However, the amendment has an impact on fiscal year 2023, as EEW will have to purchase CO_2 certificates in 2024 for quantities of waste accepted but not yet incinerated. The processing provision had to be increased as a result.

Effects of the Russia-Ukraine war and the Israel-Hamas conflict

In fiscal year 2023, society and the economic environment were again shaped by the ongoing Russia-Ukraine war that began in February 2022 as well as by the Israel-Hamas conflict later in the year. These events and the related geopolitical situation affected economic activity, led to high inflation, rising interest rates and supply shortages, and thus caused significant uncertainties in regard to the economic development.

In this difficult economic environment, EEW recorded a decrease in waste revenue in fiscal year 2023 although it accepted greater quantities of waste than in the prior year. This decline was, however, more than offset by an increase in energy revenue. At the same time, cost of materials in particular increased significantly.

Basis of preparation

Negative effects on the liquidity situation are not apparent at present, as there are no significant indications of an increase in payment defaults by customers.

EEW's financial and economic situation thus remains stable overall, so there are no significant impairment risks.

This assessment is based on the information available at present. If the geopolitical situation were to worsen, this could have negative effects on the EEW Group's assets, liabilities, financial position and financial performance.

Effects of new or revised accounting standards and interpretations

Standard/interpretation			Mandatory application in the EU	Endorse-ment
Amend-ment	IAS 1	Disclosure of Accounting Policies	1 Jan 2023	Yes
Amend-ment	IAS 8	Definition of Accounting Estimates	1 Jan 2023	Yes
Amend-ment	IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	Yes
Amend-ment	IAS 12	Temporary exception from the recognition of deferred Pillar Two taxes	1 Jan 2023	Yes

EEW reviewed its disclosures of accounting policies and adapted them to the amended IAS 1. The application of the other standards did not have any material effect on the consolidated financial statements for the EEW Group.

New accounting standards and interpretations not yet applied

The following accounting standards and interpretations published by the IASB by the reporting date may be relevant for EEW but will only become effective at a later date. When they have already been endorsed by the EU, the date of mandatory first-time adoption in the EU is shown; otherwise the date of mandatory first-time adoption stated by the IASB is shown. The EEW Group will adopt the amendments no earlier than the date of mandatory application.

Standard/interpretation			**Mandatory application according to the IASB**	**Endorse-ment**
Amend-ment	IAS 1	Classification of Liabilities as Current or Non-current	1 Jan 2024	Yes
Amend-ment	IAS 1	Non-current Liabilities with Covenants	1 Jan 2024	Yes
Amend-ment	IFRS 16	Lease Liability in a Sale and Leaseback	1 Jan 2024	Yes
Amend-ment	IAS 7, IFRS 7	Supplier Finance Arrangements	1 Jan 2024	No
Amend-ment	IAS 21	Lack of Exchangeability	1 Jan 2025	No

As it currently stands, the amendments will not have any material effect on the EEW Group's consolidated financial statements.

3. Consolidation

In addition to the group parent, EEW Holding, the following subsidiaries are included in the consolidated financial statements:

Name	Registered office	Share of capital as of 31 Dec 2023	Share of capital as of 31 Dec 2022
EEW Energy from Waste GmbH	Helmstedt *	99.6	99.6
EEW Energy from Waste Göppingen GmbH	Göppingen *	100	100
EEW Energy from Waste Grossräschen GmbH	Grossräschen *	100	100
EEW Energy from Waste Hannover GmbH	Hanover	85	85
EEW Energy from Waste Helmstedt GmbH	Helmstedt *	100	100
EEW Energy from Waste Heringen GmbH	Heringen *	100	100
EEW Energy from Waste Premnitz GmbH	Premnitz *	100	100
EEW Energy from Waste Saarbrücken GmbH	Neunkirchen *	100	100
EEW Energy from Waste Stapelfeld GmbH	Stapelfeld *	100	100
EEW Energy from Waste Stavenhagen GmbH & Co. KG	Stavenhagen *	100	100
EEW Energy from Waste Leudelange S.à r.l.	Leudelange	100	100
EEW Energy from Waste Delfzijl B.V.	Farmsum	100	100
EEW Energy from Waste Polska Sp. z o.o.	Warsaw	100	100
IHKW Industrieheizkraftwerk Andernach GmbH	Andernach *	100	100
Kraftwerk Schwedt GmbH & Co. KG	Schwedt/Oder *	99	99
M+E Holding GmbH & Co. KG	Helmstedt	94	94
Müllheizkraftwerk Rothensee GmbH	Magdeburg	51	51
NEEW Ventures GmbH	Berlin *	100	100
Wasteer GmbH	Berlin	70	0

* Applying the exemption pursuant to Sec. 264 (3) and Sec. 264b HGB with regard to preparation and disclosure

Wasteer GmbH, Berlin, was added to the basis of consolidation in fiscal year 2023. The entity was founded by articles of incorporation and bylaws dated 11 January 2023. Its capital stock amounts to EUR 25k. It was entered in the commercial register on 27 March 2023. The Group holds 70% of the shares in Wasteer GmbH.

Unless stated otherwise, the share of capital corresponds to EEW's voting interest.

EEW Energy from Waste GmbH, Helmstedt (EEW GmbH), is included in the exempting consolidated financial statements of EEW Holding. Furthermore, EEW GmbH made use of the exemption from the duty to prepare consolidated financial statements and a group management report pursuant to Sec. 291 HGB. The disclosures under Sec. 291 (2) No. 4 HGB were included in the notes to the consolidated financial statements of EEW Holding since EEW GmbH applied Sec. 264 (3) HGB and dispensed with the preparation of notes and a management report and also with the publication of the same.

50% equity investments are held in EBS Kraftwerk GmbH, Hürth (EBS), and Entsorgungszentrum Salzgitter GmbH, Salzgitter (EZS). In prior years, equity method accounting was not applied for reasons of materiality. EEW changed this assessment and accounted for the shares in these companies using the equity method for the first time as of 1 January 2023. The non-retrospective approach was chosen. The reasons for the change are a modified business model for one company and a reassessment of the term of major contracts. EBS has been the owner of a waste incineration plant since 1 July 2022. The EEW Group operates this plant and supplies refuse-derived fuels. EZS primarily operates a municipal landfill site. EZS also operates a long-term storage facility for residual waste bales on behalf of the EEW Group.

The key financial information for these joint ventures is presented in the table below:

Figures in EUR k	**EBS**	**EZS**
Non-current assets	23,592	11,270
Current assets	4,264	4,254
thereof cash	*652*	*1,613*
Non-current liabilities	-10,146	-1,388
thereof non-current financial liabilities excluding trade payables, other liabilities and provisions	*-10,146*	*-1,309*
Current liabilities	-10,566	-5,102
thereof current financial liabilities excluding trade payables, other liabilities and provisions	*-3,875*	*0*
Equity	**7,144**	**9,034**
Group's share in equity (50%)	3,572	4,517
Carrying amount of the Group's share	**3,572**	**4,517**
Revenue	37,473	13,101
Amortization and depreciation	-1,878	-966
Interest income	7	0
Interest expenses	-259	-37
Income tax expense	-2,475	-331
Profit and total comprehensive income (100%)	1,108	878
Group's share of profit and comprehensive income (50%)	**554**	**439**
Dividends received by the Group	611	437

A stake of at least 20% is held in the following companies. Full consolidation or accounting using the equity method was not applied for reasons of materiality. These equity investments are measured at fair value through other comprehensive income and presented under non-current assets.

Consolidation

Name	Registered office	Share of capital in %	Equity* 31 Dec 2022 in EUR k	Profit or loss for* 2022 in EUR k
Non-consolidated subsidiaries				
EEW Vermögensverwaltungs-GmbH	Helmstedt	100	7	-2
Kraftwerk Schwedt Verwaltungs-gesellschaft mbH	Schwedt/Oder	100	164	7
EEW Energy from Waste Stavenhagen Verwaltungs GmbH	Stavenhagen	100	163	5
TREA Breisgau Betriebsgesellschaft mbH	Eschbach	100	369	80
Joint ventures				
Slibverwerking Noord Oost Neederland B.V. **	Opheusden	50	20	0
Associates				
AVA Velsen GmbH	Saarbrücken	49	5,115	0
TREA Breisgau Energieverwertung GmbH	Eschbach	30	887	36

* Most recent financial statements according to local GAAP
** Entity established in December 2022

The revenue and total assets of the non-consolidated subsidiaries amount to 1.9% and 0.2%, respectively, of those of the EEW Group.

Non-controlling interests

There are significant non-controlling interests in the following companies:

Subsidiary name	Registered office	Ownership and voting rights of non-controlling interests in %		Profit or loss attributable to non-controlling interests in EUR k		Accumulated non-controlling interests in EUR k	
		2023	2022	2023	2022	2023	2022
MHKW Rothensee GmbH	Magdeburg	49	49	23,564	11,703	56,281	47,462
Other subsidiaries with non-controlling interests						8,519	9,356
Total non-controlling interests						**64,800**	**56,818**

The following table offers detailed information about Müllheizkraftwerk Rothensee GmbH (MHKW Rothensee GmbH) before consolidation.

Consolidation

MHKW Rothensee GmbH Figures in EUR k	**2023**	**2022**
Revenue	128,522	85,202
Current assets	48,822	34,290
Non-current assets	261,363	155,963
Current liabilities	25,220	8,846
Non-current liabilities	170,534	84,909
Profit for the period	**47,910**	**23,795**
Other comprehensive income	**-35**	**436**
Total comprehensive income	**47,875**	**24,231**
Dividends paid to non-controlling interests	**14,672**	**16,211**
Cash flows from operating activities	54,408	19,316
Cash flows from investing activities	-103,539	-39,907
Cash flows from financing activities	48,138	24,539
Total cash flows	**-993**	**3,948**

Consolidation principles

The consolidated financial statements are prepared on the basis of the single-entity financial statements of the companies included in the consolidated financial statements, which were prepared according to uniform accounting and valuation rules as of 31 December 2023.

Due to materiality considerations, all companies are included over which EEW Holding has control within the meaning of IFRS 10. They are included (fully consolidated) in the consolidated financial statements from the date on which control is transferred to the Group. EEW Holding has control when it has existing rights that give it the current ability to direct the relevant activities. The relevant activities are the activities that significantly affect the (investee) company’s returns. Normally the power of control is based on EEW Holding’s indirect or direct majority of voting rights. They are deconsolidated when control ends.

The recognition and measurement methods of the consolidated subsidiaries correspond to the recognition and measurement methods that are uniform throughout the Group, as presented here.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

As soon as EEW Holding loses control over a subsidiary, all assets and liabilities and also the non-controlling interests and accumulated amounts in other comprehensive income (except the measurement effects relating to pensions and changes in fair value relating to specific financial assets) are derecognized. The deconsolidation result is presented in other operating income or other operating expenses.

4. Foreign currency translation

EEW Holding's functional currency and the EEW Group's reporting currency is the euro.

Where the financial statements of foreign subsidiaries are prepared in a functional currency other than the euro, the assets and liabilities are translated at the exchange rate on the reporting date. Expenses and income are translated at the annual average rate. Differences on currency translation are reported in equity in the "reserve for the currency translation of foreign companies" without affecting profit or loss. If group companies leave the consolidated group, the relevant currency translation difference is released to profit or loss.

The following exchange rates were used for currency translation in the financial statements of EEW Energy from Waste Polska Sp. z o.o.:

	2023		2022	
	Average rate in EUR	Closing rate in EUR	Average rate in EUR	Closing rate in EUR
1 Polish zloty	0.22	0.23	0.21	0.21

5. Notes to the consolidated income statement

5.1 Revenue from contracts with customers

Revenue primarily resulted from the recovery and disposal of waste and the sale of the energy generated from it (EUR 620,282k; prior year: EUR 582,028k) as well as from the operational management of individual waste incineration facilities (EUR 81,578k; prior year: EUR 80,975k).

Revenue breakdown

The following tables shows the breakdown of the Group's revenue from contracts with customers:

Figures in EUR k	2023		
Revenue recognition	**Revenue recognized at a point in time**	**Revenue recognized over time**	**Total**
Type of goods or service			
Waste	350,338	0	350,338
Energy	0	269,944	269,944
Operational management	0	81,578	81,578
Other revenue	44,033	6,766	50,799
Total	**394,371**	**358,288**	**752,659**

Figures in EUR k	2022		
Revenue recognition	**Revenue recognized at a point in time**	**Revenue recognized over time**	**Total**
Type of goods or service			
Waste	360,739	0	360,739
Energy	0	221,289	221,289
Operational management	0	80,975	80,975
Other revenue	47,469	5,044	52,513
Total	**408,208**	**307,308**	**715,516**

Other revenue is closely related to waste revenue. It mainly includes revenue from residual waste recovery and freight fees as well as other service fees and allocated incineration taxes. In order to ensure a gross presentation of incineration revenue, other revenue is stated separately.

Figures in EUR k	2023	2022
Geographical markets		
Germany	640,168	594,269
Netherlands	91,617	99,205
Luxembourg	20,874	22,042
Total	**752,659**	**715,516**

Contract balances

Figures in EUR k	31 Dec 2023	31 Dec 2022
Trade receivables	106,068	76,736
Contract assets	39,250	42,548
Contract liabilities	-800	-850
Total	**144,518**	**118,434**

5.2 Other operating income

Figures in EUR k	2023	2022
Other operating income		
Income from the allocation of costs for goods and services	9,613	8,673
Income from the reversal of provisions	8,191	1,680
Refunds and damages	4,438	5,903
Income from energy tax refunds	2,159	1,634
Income from allocation of amounts paid related to the skimming of windfall profits	1,684	0
Income from the reversal of bad debt allowances	1,470	0
Income from the release of investment grants	1,038	283
Income from sales of scrap and materials	449	841
Rental and lease income	273	238
Miscellaneous other operating income	4,670	5,146
Total other operating income	**33,985**	**24,398**

5.3 Cost of materials

The cost of raw materials, consumables and supplies and of purchased merchandise (EUR 90,075k; prior year: EUR 86,338k) primarily includes materials consumption for servicing and maintenance (EUR 17,410k; prior year: EUR 15,629k) and for the operation of facilities (EUR 40,786k; prior year: EUR 39,964k) and fuel for the generation of electricity and heat (EUR 31,879k; prior year: EUR 30,745k).

The cost of purchased services (EUR 251,622k; prior year: EUR 218,734k) includes purchased maintenance services (EUR 68,085k; prior year: EUR 61,734k), waste flow costs (EUR 80,230k; prior year: EUR 69,825k), the costs of disposing of ash, slag and flue gas cleaning residues (EUR 76,577k; prior year: EUR 58,748k) as well as miscellaneous purchased services (EUR 26,730k; prior year: EUR 28,427k).

5.4 Personnel expenses

On an annual average the Group employed (excluding management):

	2023	2022
Wage earners	798	753
Salaried employees	625	590
Inactive employees	14	14
Total	**1,437**	**1,357**

5.5 Other operating expenses

Figures in EUR k	2023	2022
Other operating expenses		
Insurance premiums, fees and contributions	15,483	12,021
Other taxes	13,782	4,186
Other purchased services and allocation of costs for goods and services	13,696	14,164
IT costs	11,344	9,799
Audit and advisory fees	5,772	4,945
Training, travel expenses	5,637	3,971
Rents and leases	4,377	3,801
Advertising and marketing expenses	2,497	3,523
Losses on the disposal of intangible assets and property, plant and equipment	2,417	3,287
Impairment losses on current assets	7,881	2,266
Repair and maintenance expenses	1,266	1,252
Voluntary social benefits	880	1,006
Expenses for insurance claims	575	426
Court, notary and lawyers' fees	517	4,919
Office expenses	476	484
Miscellaneous other operating expenses	9,743	9,010
Total other operating expenses	**96,343**	**79,060**

5.6 Financial result

Interest income mainly includes income from finance leases (see note 6.11).

Interest expenses include the interest expense from external financing as well as the unwinding of discounts on pensions and other non-current provisions.

Interest expenses are stated net of capitalized borrowing costs of EUR 2,643k (prior year: EUR 927k). Due to the utilization of the revolving credit facility, the group-wide borrowing rate increased from 0.43% to 1.25% from September 2023. The loan taken out from a subsidiary for the purpose of financing a qualifying asset bears interest at a rate of 1.6%.

The result of joint ventures accounted for using the equity method includes impairment losses of EUR 1,910k. Apart from this, the investment result includes profit transfers and dividends.

5.7 Income taxes

The following table reconciles the expected tax expense for the fiscal year with the reported tax expense. The expected tax expense results from an overall tax rate of 30% – unchanged on the prior year – earnings before taxes. The overall tax rate comprises the corporate income tax rate including solidarity surcharge of 16% and the effective average trade tax rate of 14%.

Due to the year-on-year decrease in earnings, both expected and effective tax expense dropped significantly.

The increase in out-of-period tax income and expense is largely attributable to follow-on effects from adjusting tax returns to reflect the findings of the tax audit.

The lower effects from differences between entity and group tax rates are primarily due to earnings fluctuations at partnerships and foreign entities.

The decline in the effects from permanent differences and the lower offsetting effect of trade tax add-backs mainly relate to the lower profits from fully consolidated partnerships in the reporting year compared with the prior year.

Figures in EUR k	**2023**	**2022**
Consolidated profit before income taxes	133,612	149,698
Expected tax expense 30% (prior year: 30%)	**-40,084**	**-44,909**
Income tax reductions on distributed dividends and sale proceeds	334	286
Tax effects on tax-free income	0	1
Tax effects on non-deductible operating expenses	-2,817	-3,316
Trade tax add-backs/deductions	1,495	2,273
Out-of-period taxes	598	-338
Effects from differences between entity and group tax rates	1,570	4,080
Loss/interest carryforwards	-173	-46
Permanent differences	-2,354	-3,120
Other	0	55
Effective tax expense	**-41,431**	**-45,034**
Effective tax rate	**31%**	**30%**

6. Notes to the consolidated statement of financial position

6.1 Intangible assets and property, plant and equipment

Intangible assets

EEW has significant intangible assets with a finite useful life, deriving from the contractual customer relationships identified in the purchase price allocation (PPA) recognized when control was obtained by EEW Holding on 31 March 2013 as well as technology-related intangible assets and CO_2 emission allowances. Customer-related intangible assets of EUR 25,640k (prior year: EUR 32,739k) mainly include long-term disposal agreements with municipalities and operational management agreements. The customer relationships were valued on the acquisition date using the multi-period excess earnings method. The revenue from the customer relationships of the individual companies in the EEW Group was taken from the EEW Group's business plan. The useful life is the contractual term. The agreements are amortized over their remaining useful lives of up to six years. The year-on-year change in technology-related intangible assets by EUR 8,537k to EUR 12,398k is due in particular to investments in the ongoing implementation of SAP S4/HANA software. CO_2 emission allowances rose from EUR 6,678k to EUR 9,941k in fiscal year 2023. Amortization of intangible assets amounted to EUR 9,334k in fiscal year 2023 (prior year: EUR 11,414k). No impairment losses were charged in fiscal year 2023 or in the prior year.

Research and development expenses of EUR 1,869k were recognized in the income statement in fiscal year 2023 (prior year: EUR 721k).

Property, plant and equipment

The carrying amount of property, plant and equipment includes the carrying amount of right-of-use assets of EUR 13,309k (prior year: EUR 12,317k). Additions of right-of-use assets during fiscal year 2023 came to EUR 3,234k (prior year: EUR 1,330k).

Depreciation of property, plant and equipment totaled EUR 81,951k in fiscal year 2023 (prior year: EUR 83,209k). This includes depreciation of recognized right-of-use assets in the amount of EUR 2,054k (prior year: EUR 2,041k). No impairment losses were charged in fiscal year 2023 or in the prior year.

The development of intangible assets and property, plant and equipment is presented in the following overview:

2023

Intangible assets and property, plant and equipment
Development of cost

Figures in EUR k	As of 1 Jan 2023	Additions	Disposals	Reclassifi-cations	As of 31 Dec 2023
Customer-related intangible assets	272,734	0	0	0	272,734
Technology-related intangible assets	9,892	7,555	-151	3,257	20,553
CO_2 emission allowances	6,678	7,554	-4,291	0	9,941
Intangible assets	**289,304**	**15,109**	**-4,442**	**3,257**	**303,228**
Land and land rights (owned)	25,103	3,324	-82	1,730	30,075
Rights of use for land	5,250	2,139	0	0	7,389
Land and land rights	**30,353**	**5,463**	**-82**	**1,730**	**37,464**
Buildings, including buildings on third-party land (owned)	135,117	21,618	-26	10,943	167,652
Rights of use for buildings, including buildings on third-party land	2,883	108	-124	0	2,867
Buildings, including buildings on third-party land	**138,000**	**21,726**	**-150**	**10,943**	**170,519**
Plant and machinery (owned)	1,072,820	49,959	-8,108	33,339	1,148,010
Rights of use for plant and machinery	10,213	1	0	0	10,214
Plant and machinery	**1,083,033**	**49,960**	**-8,108**	**33,339**	**1,158,224**
Other equipment, furniture and fixtures (owned)	26,124	2,103	-175	435	28,487
Rights of use for other equipment, furniture and fixtures	3,485	986	-689	0	3,782
Other equipment, furniture and fixtures	**29,609**	**3,089**	**-864**	**435**	**32,269**
Prepayments and assets under construction	**302,462**	**266,909**	**-28**	**-49,704**	**519,639**
Property, plant and equipment	**1,583,457**	**347,147**	**-9,232**	**-3,257**	**1,918,115**
Intangible assets and property, plant and equipment	**1,872,761**	**362,256**	**-13,674**	**0**	**2,221,343**

Accumulated amortization, depreciation and impairment and net carrying amounts

Figures in EUR k	As of 1 Jan 2023	Additions	Disposals	As of 31 Dec 2023	Carrying amount 31 Dec 2023
Customer-related intangible assets	-239,995	-7,099	0	-247,094	25,640
Technology-related intangible assets	-6,031	-2,235	111	-8,155	12,398
CO_2 emission allowances	0	0	0	0	9,941
Intangible assets	**-246,026**	**-9,334**	**111**	**-255,249**	**47,979**
Land and land rights (owned)	-259	4	0	-255	29,820
Rights of use for land	-923	-303	0	-1,226	6,163
Land and land rights	**-1,182**	**-299**	**0**	**-1,481**	**35,983**
Buildings, including buildings on third-party land (owned)	-52,801	-2,287	12	-55,076	112,576
Rights of use for buildings, including buildings on third-party land	-2,114	-452	0	-2,566	301
Buildings, including buildings on third-party land	**-54,915**	**-2,739**	**12**	**-57,642**	**112,877**
Plant and machinery (owned)	-524,840	-74,548	5,798	-593,590	554,420
Rights of use for plant and machinery	-4,244	-433	0	-4,677	5,537
Plant and machinery	**-529,084**	**-74,981**	**5,798**	**-598,267**	**559,957**
Other equipment, furniture and fixtures (owned)	-15,556	-3,066	151	-18,471	10,016
Rights of use for other equipment, furniture and fixtures	-2,233	-866	625	-2,474	1,308
Other equipment, furniture and fixtures	**-17,789**	**-3,932**	**776**	**-20,945**	**11,324**
Prepayments and assets under construction	**0**	**0**	**0**	**0**	**519,639**
Property, plant and equipment	**-602,970**	**-81,951**	**6,586**	**-678,335**	**1,239,780**
Intangible assets and property, plant and equipment	**-848,996**	**-91,285**	**6,697**	**-933,584**	**1,287,759**

2022

Intangible assets and property, plant and equipment
Development of cost

Figures in EUR k	As of 1 Jan 2022	Additions	Disposals	Reclassifi-cations	As of 31 Dec 2022
Customer-related intangible assets	272,734	0	0	0	272,734
Technology-related intangible assets	8,253	1,638	-77	78	9,892
CO_2 emission allowances	3,941	5,887	-3,150	0	6,678
Intangible assets	**284,928**	**7,525**	**-3,227**	**78**	**289,304**
Land and land rights (owned)	25,125	0	-22	0	25,103
Rights of use for land	5,159	91	0	0	5,250
Land and land rights	**30,284**	**91**	**-22**	**0**	**30,353**
Buildings, including buildings on third-party land (owned)	128,515	7,749	-1,952	805	135,117
Rights of use for buildings, including buildings on third-party land	2,532	392	-41	0	2,883
Buildings, including buildings on third-party land	**131,047**	**8,141**	**-1,993**	**805**	**138,000**
Plant and machinery (owned)	982,400	39,516	-15,091	65,995	1,072,820
Rights of use for plant and machinery	11,573	1	-1,361	0	10,213
Plant and machinery	**993,973**	**39,517**	**-16,452**	**65,995**	**1,083,033**
Other equipment, furniture and fixtures (owned)	23,578	2,491	-192	247	26,124
Rights of use for other equipment, furniture and fixtures	2,868	846	-229	0	3,485
Other equipment, furniture and fixtures	**26,446**	**3,337**	**-421**	**247**	**29,609**
Prepayments and assets under construction	**227,139**	**145,193**	**-2,745**	**-67,125**	**302,462**
Property, plant and equipment	**1,408,889**	**196,279**	**-21,633**	**-78**	**1,583,457**
Intangible assets and property, plant and equipment	**1,693,817**	**203,804**	**-24,860**	**0**	**1,872,761**

Accumulated amortization, depreciation and impairment and net carrying amounts

Figures in EUR k	As of 1 Jan 2022	Additions	Disposals	As of 31 Dec 2022	Carrying amount 31 Dec 2022
Customer-related intangible assets	-229,752	-10,243	0	-239,995	32,739
Technology-related intangible assets	-4,937	-1,171	77	-6,031	3,861
CO_2 emission allowances	0	0	0	0	6,678
Intangible assets	**-234,689**	**-11,414**	**77**	**-246,026**	**43,278**
Land and land rights (owned)	-254	-5	0	-259	24,844
Rights of use for land	-690	-233	0	-923	4,327
Land and land rights	**-944**	**-238**	**0**	**-1,182**	**29,171**
Buildings, including buildings on third-party land (owned)	-48,591	-4,257	47	-52,801	82,316
Rights of use for buildings, including buildings on third-party land	-1,590	-565	41	-2,114	769
Buildings, including buildings on third-party land	**-50,181**	**-4,822**	**88**	**-54,915**	**83,085**
Plant and machinery (owned)	-455,680	-73,718	4,558	-524,840	547,980
Rights of use for plant and machinery	-5,170	-435	1,361	-4,244	5,969
Plant and machinery	**-460,850**	**-74,153**	**5,919**	**-529,084**	**553,949**
Other equipment, furniture and fixtures (owned)	-12,542	-3,188	174	-15,556	10,568
Rights of use for other equipment, furniture and fixtures	-1,642	-808	217	-2,233	1,252
Other equipment, furniture and fixtures	**-14,184**	**-3,996**	**391**	**-17,789**	**11,820**
Prepayments and assets under construction	**0**	**0**	**0**	**0**	**302,462**
Property, plant and equipment	**-526,159**	**-83,209**	**6,398**	**-602,970**	**980,487**
Intangible assets and property, plant and equipment	**-760,848**	**-94,623**	**6,475**	**-848,996**	**1,023,765**

6.2 Miscellaneous financial assets

Miscellaneous financial assets include investments in affiliates, joint ventures and associates of EUR 12,665k (prior year: EUR 19,443k) which for reasons of immateriality are neither consolidated nor accounted for using the equity method. Changes in fair value are recorded under other comprehensive income. Information about the methods used to determine fair value is provided in note 6.10. The year-on-year decrease is mainly attributable to the fact that two joint ventures (EBS and EZS) were accounted for using the equity method for the first time in the reporting period and are now reported in a separate line item. Please refer to note 3 of the notes to the consolidated financial statements.

Furthermore, loans issued to joint ventures accounted for using the equity method of EUR 10,000k (prior year: EUR 10,000k) and loans issued to third parties of EUR 3k (prior year: EUR 3k) are included under financial assets.

6.3 Inventories

Inventories comprise raw materials, consumables and supplies. Impairments of EUR 463k were expensed in the fiscal year (prior year: EUR 370k).

6.4 Receivables and other assets

Trade receivables and contract assets break down as follows:

Figures in EUR k	**31 Dec 2023**	**31 Dec 2022**
Trade receivables	106,068	76,736
Contract assets	39,250	42,548
Total	**145,318**	**119,284**

The following table shows the composition of trade receivables and contract assets by maturity.

Figures in EUR k	**31 Dec 2023**	**31 Dec 2022**
Unimpaired receivables		
Neither past due nor impaired	125,530	101,479
1 to 30 days past due, unimpaired	10,180	11,072
More than 31 days past due, unimpaired	8,760	6,587
Total unimpaired receivables	**144,470**	**119,138**
Impaired receivables		
Gross receivables	1,564	5,540
Specific bad debt allowances	-716	-5,394
Total impaired receivables	**848**	**146**
Total	**145,318**	**119,284**

Trade receivables include receivables amounting to EUR 7,463k (prior year: EUR 6,262k) from unconsolidated affiliates, joint ventures and BEHL group companies (Beijing Enterprise Holdings Ltd., Hong Kong, and Beijing Enterprises Holdings Environment Technology Co., Ltd., Hong Kong).

Bad debt allowances comprise specific bad debt allowances. The cost of allocations to bad debt allowances is recognized in the income statement in the other operating expenses item.

The development of the bad debt allowances on trade receivables is presented below.

Figures in EUR k	2023	2022
As of 1 Jan	**5,394**	**3,481**
+ Additions	880	1,913
- Utilizations (realized impairments)	-3,808	0
- Reversals (impairments no longer required)	-1,750	0
As of 31 Dec	**716**	**5,394**

A waste incineration plant constructed by EEW was subsequently leased out. The receivables under this transaction are presented in the receivables from lease transactions (note 6.11).

The remaining receivables and other assets are measured at amortized cost. Other non-current receivables and assets of EUR 7,347k mainly include prepaid expenses and a loan receivable from a minority shareholder of a subsidiary. Other current receivables and assets of EUR 35,571k primarily include receivables from related parties (note 9), reimbursement claims, tax receivables and prepayments.

6.5 Deferred taxes

Figures in EUR k	31 Dec 2023		31 Dec 2022	
	Asset	Liability	Asset	Liability
Deferred taxes	**18,463**	**68,726**	**15,323**	**74,362**
thereof recognized in profit or loss	177	5,636	-2,523	9,380

The following table shows the deferred tax assets and liabilities by item in the statement of financial position.

Figures in EUR k	31 Dec 2023	31 Dec 2022
Deferred tax assets on property, plant and equipment	1,665	2,614
Deferred tax assets on financial assets	74	251
Deferred tax assets on inventories	112	110
Deferred tax assets on provisions	14,973	11,183
Deferred tax assets on liabilities	1,247	1,165
Deferred tax assets on loss carryforwards	392	0
Total deferred tax assets	**18,463**	**15,323**

Figures in EUR k	31 Dec 2023	31 Dec 2022
Deferred tax liabilities on intangible assets	7,525	9,459
Deferred tax liabilities on property, plant and equipment	56,003	56,641
Deferred tax liabilities on receivables and other assets	4,616	7,382
Deferred tax liabilities on liabilities	582	880
Total deferred tax liabilities	**68,726**	**74,362**

Deferred taxes are based on tax rates of 16% for corporate income tax (including solidarity surcharge) and 14% for trade tax.

6.6 Subscribed capital and reserves

The development of the individual equity items is presented separately in the consolidated statement of changes in equity.

EEW Holding’s subscribed capital amounts to EUR 1,000k (prior year: EUR 1,000k) and is fully paid in. The shares have a nominal value of EUR 1. The balance of the capital reserves as of the reporting date is EUR 275,900k (prior year: EUR 275,900k). The capital reserves contain contributions to equity made by shareholders.

Other revenue reserves include actuarial gains and losses, differences from currency translation and changes in the value of equity instruments. In future periods, it will not be possible to reclassify actuarial gains and losses or changes in the value of equity instruments to profit or loss, whereas exchange differences on the translation of foreign operations are reclassified to profit or loss under certain circumstances.

Distributions to the shareholders of EEW Holding for fiscal year 2022 of EUR 60,100k were declared in fiscal year 2023. Dividends of EUR 20,000k had been distributed by the reporting date. The remaining amount of EUR 40,100k is reported under liabilities.

6.7 Pension provisions

Provisions for pensions and similar obligations are recognized for defined benefit obligations within the Group. The calculated pension obligation is reported net of the existing plan assets. Obligations for the pension entitlements of former and active employees of the EEW Group amounting to EUR 93,884k (prior year: EUR 81,739k) contrast with plan assets with a fair value of EUR 34,995k as of 31 December 2023 (prior year: EUR 32,620k).

In accordance with IAS 19, they are measured using the projected unit credit method. The provisions for pensions and similar obligations and the related pension costs are calculated using actuarial models. The valuations are based on a range of assumptions such as current actuarial probabilities (including discounting factors, increase in the cost of living), assumptions on future employee turnover and the probability of pension or lump-sum payments. As markets and the economic situation change, the probabilities assumed for these factors may differ from actual developments.

Future salary and pension trends are included in the calculation under this valuation method. Actuarial gains and losses resulting from changes in the underlying measurement parameters are recognized in full in the period in which they arise. They are presented in the Group’s other comprehensive income.

Notes to the consolidated statement of financial position

Pension plans

There are company pension commitments to most former and active employees in the EEW Group as a supplement to the benefits of state and private pension schemes. Commitments are made under both defined benefit plans and defined contribution plans.

There is an employee pension scheme for present and – after completion of the vesting period – former employees and their survivors. This is financed partly by the employer and by employees in the form of salary conversion.

EEW regularly reviews the pension commitments existing in the Group with regard to their financial risks. Typical risk factors for defined benefit commitments are longevity, investment risks, nominal interest rate changes and increases in inflation and salaries.

Defined contribution plans

The companies of the EEW Group have predominantly made defined contribution commitments to active employees. The contributory commitments granted are based on contractual or legal regulations. The related payments are made to state or private pension insurers. There is no obligation on the part of the employer beyond these payments.

The employer contributions to the statutory pension insurance scheme came to EUR 6,961k in fiscal year 2023 (prior year: EUR 6,450k). The additional expenses totaling EUR 1,350k (prior year: EUR 1,204k) recognized in the consolidated income statement represent the Group's contributions owed to these pensions plans in accordance with the contribution rates regulated therein.

Defined benefit plans

In addition to the defined contribution commitments there are defined benefit plans within the Group. The entitlements under the defined benefit plans as of the reporting date relate to around 1,400 (prior year: 1,377) beneficiaries, including 794 (prior year: 764) active employees, 270 (prior year: 266) former employees with vested benefits and 336 (prior year: 347) pensioners and surviving dependents.

The majority of the benefit obligations to current candidates relate to a pension building block system (occupational pension scheme) or to a variant thereof which emerged from the harmonization of a large number of pension commitments granted in the past. Under this variant, in addition to the defined contribution pension building blocks, final pay-linked formulae are also taken into account in calculating benefits. The plans are closed to new entrants.

The only pension commitment open to new intake employees is a capital account system with the payout options of: pension, proportionate one-off payment, or installment payments. Under the other commitments, regular pension benefits are usually paid.

Future pension adjustments are guaranteed at 1% p.a. for a large part of the active beneficiaries. Pension adjustments for former employees and pensioners keep step with the rate of inflation, normally in a three-year cycle, in some cases more frequently.

The defined benefit obligation recognized in the consolidated statement of financial position represents the current shortfall or surplus of the Group's defined benefit plans. Benefits are paid on reaching retirement age, invalidity and death. The pension provision consists solely of domestic obligations.

Two contractual trust arrangements (CTAs) which are endowed in accordance with the level of the obligation were established to partially secure the obligations. The CTAs for the German group companies are administered in trust by Helaba Pension Trust e.V., Frankfurt am Main. The CTAs relate to plan assets which are earmarked and can be set off against the pension obligations pursuant to IAS 19. There is a strict obligation for the Company to make additional contributions for one CTA.

A large portion of the plan assets are invested in this CTA. Repayments to the trustors can only be made in accordance with the cases regulated in the trust agreement:

- to refund benefits payments fulfilled by the trustor
- insofar as there is an overendowment in the level of the trust assets
- if the trustor has no further benefit obligations or
- if the associated plan expires due to the withdrawal of all the trustor's beneficiaries.

The CTA's investment committee consists exclusively of employees of EEW Energy from Waste GmbH.

To a minor extent one company's plan assets are also held at the VK GFA and VK BAG pension funds.

Due to the pension commitments on hand, the Group is normally exposed to the following actuarial risks:

- **Investment risk**

  The present value of the defined benefit obligation under the plan is calculated using a discount rate which is determined on the basis of the yields on high quality corporate bonds. A shortfall arises if the income from the plan assets is lower than this interest rate.

- **Interest rate risk**

  A decline in the bond interest rate results in an increase in the plan liability. This effect is partially compensated for by an increase in the fair value of fixed-income debt instruments.

- **Longevity risk**

  The present value of the defined benefit obligation under the plan is calculated on the basis of the best estimate of the mortality of the beneficiary employees, both during and after employment. An increase in the life expectancy of the beneficiary employees leads to an increase in the plan liability.

- **Salary risk**

  The present value of the defined benefit obligation under the plan is calculated on the basis of the future salaries of the beneficiary employees. Salary increases for the beneficiary employees thus lead to an increase in the plan liability.

There were no plan adjustments in the current period.

Additional pension benefits were granted under the early retirement agreements to compensate for reductions in the statutory pension.

The development of the pension obligation and the plan assets is evidenced by actuarial reports.

The most important assumptions on which the actuarial valuation was based are presented in the following table:

Actuarial assumptions	2023	2022
Interest rate	3.30%	3.70%
Expected salary increase in percent	2.50%	2.50%
Pension increase	1.75%	1.75%

The interest rate is determined by reference to market yields on high-quality corporate bonds.

The beneficiaries’ life expectancy was calculated on the basis of Prof. Klaus Heubeck’s 2018 G mortality tables.

The amounts in connection with the defined benefit plans listed in the following table are recognized in total comprehensive income:

Figures in EUR k	**2023**	**2022**
Service costs	2,054	4,446
Net interest expense	1,778	1,067
Contributions to defined benefit plans in the income statement	**3,832**	**5,513**
Remeasurement of net liability under a defined benefit plan		
Income (-) and losses (+) from plan assets	91	1,510
Actuarial gains (-) and losses (+) from changes in financial assumptions	5,770	-49,414
Actuarial gains (-) and losses (+) from experience adjustments	4,002	-3,498
Components of amounts for defined benefit plans recognized in other comprehensive income	**9,863**	**-51,402**
Total	**13,695**	**-45,889**

The remeasurement of the net liability under one defined benefit plan is recognized in other comprehensive income.

The amount reported in the statement of financial position based on the Company's obligation under defined benefit plans is composed as follows:

Carrying amount of defined benefit obligations Figures in EUR k	**31 Dec 2023**	**31 Dec 2022**
Present value of covered defined benefit obligations	93,884	81,739
Fair value of plan assets	-34,995	-32,620
Net defined benefit obligation	**58,889**	**49,119**

The changes in the projected benefit obligation (DBO) during the fiscal year are presented below:

Development of defined benefit obligation **Figures in EUR k**	**2023**	**2022**
Opening balance of defined benefit obligation	**81,739**	**131,175**
Service costs	2,054	4,446
Interest expenses	2,994	1,429
Gains (-) and losses (+) from remeasurement:		
Actuarial gains and losses from changes in financial assumptions	5,770	-49,414
Actuarial gains and losses from experience adjustments	4,002	-3,498
Benefits paid	-2,621	-2,399
Other payments	-54	0
Closing balance of defined benefit obligation	**93,884**	**81,739**

The relevant actuarial assumptions used for calculating the defined benefit obligation are the discount rate, expected salary and expected pension increases and mortality rates.

The sensitivity analyses presented below were based on reasonably possible changes in the relevant assumptions as of the reporting date with the other assumptions remaining unchanged.

- If the discount rate were to rise (fall) by 0.5%, the defined benefit obligation would decline by EUR 7,119k (prior year: EUR 6,193k) (rise by EUR 8,090k (prior year: EUR 7,030k)).

- If the expected salary increase were 0.25% higher (lower), the defined benefit obligation would increase by EUR 158k (prior year: EUR 90k) (decline by EUR 154k (prior year: EUR 85k)).

- If the expected pension increase were 0.25% higher (lower), the defined benefit obligation would increase by EUR 463k (prior year: EUR 192k) (decline by EUR 443k (prior year: EUR 183k)).

- If life expectancy were to fall (rise) by one year, the defined benefit obligation would decline by EUR 1,582k (prior year: EUR 1,330k) (rise by EUR 1,784k (prior year: EUR 1,493k)).

The above sensitivity analysis as of 31 December 2023 shows how the present value of the commitment would change in response to a change in the actuarial assumptions. Correlations between the individual assumptions were not taken into account. When one assumption was varied, the other assumptions were kept unchanged.

In the above sensitivity analysis, the present value of the defined benefit obligation was determined as of the reporting date using the projected unit credit method, the same method used to calculate the defined benefit obligation recognized in the consolidated statement of financial position.

The plan assets measured at fair value developed as follows during the fiscal year:

Development of plan assets **Figures in EUR k**	**2023**	**2022**
Opening balance of plan assets measured at fair value	**32,620**	**32,920**
Interest income	1,216	362
Gains (+) and losses (-) from remeasurement:		
Income/expense from plan assets	-91	-1,510
Contributions by employer (+)/refunds to employer (-)	1,101	1,098
Benefits paid	-3	0
Change in excess of plan assets over pension provisions	152	-250
Closing balance of plan assets measured at fair value	**34,995**	**32,620**

The actual income (+)/expense (-) from the plan assets amounted to EUR 1,125k (prior year: EUR -1,148k).

The main investment classes of the plan assets as of 31 December 2023 are presented in the following table:

Main investment classes of plan assets **Figures in EUR k**	**31 Dec 2023**	**31 Dec 2022**
Debt instruments	18,750	18,311
Real estate and infrastructure funds	9,013	8,318
Equity instruments	6,376	5,537
Cash and cash equivalents	775	430
Employer's pension liability insurance	81	24
Total	**34,995**	**32,620**

The debt instruments reflect a diversified structure of public-sector bonds, government-guaranteed bonds, covered bonds and corporate bonds. The fair values of the CTA's equity and debt instruments were determined on the basis of prices quoted in active markets.

The investment strategy and thus also the management of risk are determined by the fund's investment policy and are resolved at investment committee meetings.

The pension fund's policy document contains the following risk management guidelines:

- A maximum of 20% of the fund's assets may be invested in shares, subscription rights, participation certificates similar to shares, etc.

- A maximum of 10% of the fund's assets may be invested in high yield and emerging markets bonds.

- A maximum of 15% of the fund's assets may be invested in real estate funds and infrastructure investments.

Analyses are performed at regular intervals to determine the target portfolio structure for the individual plan asset holdings. In this connection, disbursements in respect of pension payments are also taken into account in regular liquidity planning.

The average term of the defined benefit obligation as of 31 December 2023 is 17 years (prior year: 17 years).

The following maturities of the undiscounted payments for defined benefit pensions and similar obligations are expected in subsequent years:

Expected payments for pensions and similar obligations Figures in EUR k	31 Dec 2023	31 Dec 2022
Less than 1 year	2,883	2,594
Between 1 and 5 years	14,071	11,852
Between 5 and 10 years	22,381	20,066
Total	**39,335**	**34,512**

In the coming fiscal year, the Group expects to make a contribution amounting to EUR 430k (prior year: EUR 1,142k) to the defined benefit plan.

6.8 Other tax provisions and other provisions

Other tax provisions mainly relate to electricity tax risks. In a letter from the General Directorate of Customs dated 4 March 2021 entitled "Information on tax-privileged use of electricity for power generation in accordance with Sec. 9 (1) No. 2 StromStG ["Stromsteuergesetz": German Electricity Tax Act]" the tax authorities significantly restricted the option of tax benefits for electricity used for power generation in thermal waste recovery plants. According to the General Directorate of Customs, this restriction is solely a clarification, such that the letter applies retroactively from 2018 onwards. In the view of EEW and the thermal waste recovery plant associations, this letter does not reflect applicable legal situation. As a result, EEW is challenging the notices issued on the basis of the abovementioned letter for the years from 2018 onwards. To clarify the legal issues, an action was filed by EEW Energy from Waste Hannover GmbH, among others. Provisions were recognized at the relevant power generation entities of the EEW Group in order to cover the additional risks resulting from the current decree. The provision is revalued annually based on past experience of electricity tax audits.

A summary of other provisions is presented in the following statement of changes in provisions.

Figures in EUR k	As of 1 Jan 2023	Unwinding / discounting	Allocation	Utilization	Reversal	As of 31 Dec 2023
Other personnel-related obligations	1,985	-27	695	-308	-32	**2,313**
Site restoration, demolition obligations, etc.	10,988	266	8,097	-65	-33	**19,253**
Potential losses from pending transactions	9,429	30	1,965	-1,500	-2,485	**7,439**
Processing obligations	5,246	0	5,823	-3,984	0	**7,085**
Obligations arising from litigation, liability, etc.	342	0	58	-106	-79	**215**
CO_2 emission allowances	4,788	0	6,623	-4,291	-497	**6,623**
Obligation to transfer profits	1,746	0	1,503	-1,685	-61	**1,503**
Other obligations	5,932	-3	511	-437	-5,004	**999**
Total	**40,456**	**266**	**25,275**	**-12,376**	**-8,191**	**45,430**

If the effect of discounting non-current provisions is material, the provisions are recognized at the present value of the expected future cash flows.

Other personnel-related obligations primarily include provisions for early retirement, phased retirement and long-service award obligations.

Early retirement obligations are calculated using a discount rate of 4.1% (prior year: 2.9%) and an expected annual increase in income of 2.5% (prior year: 2.5%).

Provisions for phased retirement take account of obligations under phased retirement agreements. They are recognized at present value using a discount rate of 3.7% (prior year: 3.2%) and an expected annual increase in income of 2.5% (prior year: 2.5%).

Long-service award obligations are calculated using a vested benefit trend of 2.5% (prior year: 2.5%) and a discount rate of 3.7% (prior year: 3.2%).

The obligations for site restoration and demolition primarily include obligations caused by the retirement of facilities. Previously, the major item was the obligation to retire a facility in 2052. In the fiscal year 2023, an asset retirement obligation was added for another plant still under construction. The expected future payments for these asset retirement obligations amount to EUR 34,435k. These obligations have been recognized on the basis of a new expert opinion, with the expected cost increases taken into account in the measurement. The present value of the obligations was determined applying a risk-free interest rate of 2.26% (prior year: 2.53%). The resulting amount of the allocation to the provision was recognized as an increase in the carrying amounts of the related assets.

Notes to the consolidated statement of financial position

The provision for processing obligations is recognized for waste not yet disposed of as of the reporting date. Measurement uses the expected costs of the thermal recycling of waste volumes minus the energy revenue resulting from incineration.

Potential losses from pending transactions are mainly due to risks under an operational management agreement.

The obligations for litigation include legal costs and risks from existing contractual relationships.

The provision for emission allowances includes emission certificates to be surrendered.

The prior-year obligation to transfer profits arose from the legal requirement in Germany to transfer profits from electricity generation plants in order to help finance the enacted electricity price brake. Operators of electricity generation plants were required to transfer 90% of their windfall profits to their respective grid operators. The windfall profits for the electricity volumes that the government assumed the plant operators would feed into the grid in the period from 1 December 2022 to 30 June 2023 were skimmed. The addition in the reporting period relates to a foreign subsidiary.

An overview of the maturities of other provisions is presented below:

Figures in EUR k	31 Dec 2023	
	Current	Non-current
Other personnel-related obligations	223	2,090
Site restoration, demolition obligations, etc.	64	19,189
Potential losses from pending transactions	1,000	6,439
Processing obligations	7,085	0
Obligations arising from litigation, liability, etc.	215	0
CO_2 emission allowances	6,623	0
Obligation to transfer profits	1,503	0
Other obligations	714	285
Total	**17,427**	**28,003**

6.9 Liabilities

The following table shows the maturity structure of the contractual, undiscounted cash flows of interest and principal payments of liabilities to banks and other financial liabilities. The cash flows resulting from leases are presented in note 6.11.

Figures in EUR k	31 Dec 2023	31 Dec 2022
Bonds	**399,741**	**399,350**
Cash flows with a residual term of		
Up to 1 year	1,773	1,776
1 to 2 years	1,052	1,051
2 to 3 years	401,248	1,052
3 to 4 years	0	401,248
4 to 5 years	0	0
More than 5 years	0	0
Total expected cash flows	**404,073**	**405,127**
Liabilities to banks	**151,997**	**20,121**
Cash flows with a residual term of		
Up to 1 year	153,498	473
1 to 2 years	44	18,337
2 to 3 years	45	45
3 to 4 years	2,045	45
4 to 5 years	0	2,045
More than 5 years	0	0
Total expected cash flows	**155,632**	**20,945**
Other financial liabilities	**89,974**	**28,748**
Cash flows with a residual term of		
Up to 1 year	26,028	455
1 to 5 years	25,108	21,465
More than 5 years	46,933	8,652
Total expected cash flows	**98,069**	**30,572**

Liquidity needs are satisfied by credit lines from banks totaling EUR 330,000k (prior year: EUR 225,000k). As of 31 December 2023, EUR 179,058k of this amount had been used for the provision of bank guarantees (EUR 49,058k) and payments from the revolving credit facility (EUR 130,000k). These lines are also available among other things for short-term capital needs and the provision of collateral. In the fiscal year, the existing revolving credit facility was increased from EUR 100,000k to EUR 200,000k and the term was extended by one year. In addition, a credit facility of EUR 95,000k has been provided by Good Champion Investments Limited, of which EUR 20,000k had been utilized as of the reporting date.

In August 2017, EEW Energy from Waste GmbH issued a promissory note loan of EUR 407,000k. The promissory note loan was issued with terms of 5, 7 and 10 years. The variable portion of the promissory note loan of EUR 316,000k was repaid at the interest payment date in August 2021. In August 2022, the fixed tranche of EUR 71,000k was repaid as scheduled. The remaining fixed tranches bear interest at fixed rates ranging between 1.657% and 2.269%.

The promissory note loan is not collateralized.

In June 2021, a green bond of EUR 400,000k was issued with a term of five years in order to repay the variable tranches of the promissory note loan. The green bond has an interest rate of 0.361% and is unsecured.

The increase in other financial liabilities is due to the loan of EUR 20,000k granted by Good Champion Investment Limited and a further loan of EUR 41,160k (prior year: EUR 28,400k) taken out from a subsidiary for the purpose of financing expansion investments. This loan bears interest at a rate of 1.6% and is repayable in equal quarterly installments from 30 June 2024.

6.10 Financial instruments

The EEW Group is exposed to financial risks as a result of its operations. The EEW Group defines risk as unexpected events having a negative effect on the achievement of the stated aims and expectations. Risks having a major influence on the assets, liabilities, financial position and financial performance are relevant. The Group's risk management system analyzes various risks and attempts to minimize negative effects on the Group's financial position.

Risk management is performed in compliance with existing guidelines. For the measurement and management of material individual risks, the Group distinguishes between liquidity, credit and market risks.

Liquidity risk

Liquidity risk is the risk that present or future payment commitments cannot be met or can be met only on unfavorable terms. The Group generates liquidity predominantly from business operations.

The EEW Group's long-term financing is ensured by the current cash flows from operating activities and the availability of sufficient short and long-term debt finance.

At the EEW group level, a consolidated and integrated liquidity forecast is prepared according to the most recent status of the business budget/forecasts, including additional special effects foreseeable in the short term.

For the maturity structure refer to note 6.9. Liabilities.

The EEW Group has not violated any payment terms with regard to its financial liabilities.

The non-discounted cash flows are subject to the condition that the repayment of liabilities relates to the earliest due date.

Credit risks

Credit risks arise due to the complete or partial default of a customer, for example owing to insolvency, and in relation to investment of funds. The maximum default risk is equal to the carrying amounts of all financial assets. Bad debt allowances on trade receivables and other receivables and impairment losses on assets are recognized according to group-wide uniform rules and cover all foreseeable credit risks.

As a part of risk management, minimum requirements for creditworthiness and upper limits for the exposure are specified for all business partners of the EEW Group.

Identifiable default risks in the receivables portfolio are taken into account by recognizing an adequate level of bad debt allowances. The development of the bad debt allowances on trade receivables and other assets is presented in note 6.4. Receivables.

As our customer portfolio is sufficiently diversified and our receivables management is stringent, there is no material credit risk relating to the EEW Group's trade receivables or finance lease receivables.

The Group concludes derivative financial instruments with financial institutions with investment grade ratings only and, as such, the credit risk from derivative financial instruments is not considered to be material. The Group currently does not use this instrument.

Market risks (interest rate and currency risks)

The EEW Group defines market risk as the risk of a loss which can arise as a result of a change in market parameters (currency, interest rate, price) relevant to valuation.

Currency risks

The Group primarily operates in the euro area. Minor currency risks arise from project business in Poland.

Interest rate risks

Interest rate risks can arise predominantly due to changes in market interest rates leading to changes in the expected cash flows. The EEW Group currently has no interest rate hedges.

Other price risks

Other price risks primarily arise from changes in market prices for raw materials, electricity and gas. However, the EEW Group does not hold any financial instruments which carry such risks. They therefore constitute operational risks.

Concentration risk

EEW has a customer base that is diversified across regions and customer categories and is therefore not exposed to any significant concentration risk.

Carrying amounts and fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (see IFRS 13.9). The following table presents the carrying amounts and fair values of the financial assets:

Notes to the consolidated statement of financial position

31 Dec 2023 Figures in EUR k	At fair value through OCI	At amortized cost	Carrying amount under IFRS 16	Total	
Item of the statement of financial position	**Carrying amount**	**Carrying amount**		**Carrying amount**	**Fair value**
Miscellaneous financial assets	12,665	10,003	0	22,668	22,668
Trade receivables and contract assets	0	145,318	0	145,318	145,318
Finance lease receivables	0	0	43,867	43,867	43,523
Other financial receivables	0	5,539	0	5,539	5,539
Cash and cash equivalents	0	20,881	0	20,881	20,881
Total	**12,665**	**181,741**	**43,867**	**238,273**	**237,929**

31 Dec 2022 Figures in EUR k	At fair value through OCI	At amortized cost	Carrying amount under IFRS 16	Total	
Item of the statement of financial position	**Carrying amount**	**Carrying amount**		**Carrying amount**	**Fair value**
Miscellaneous financial assets	19,443	10,003	0	29,446	29,446
Trade receivables and contract assets	0	119,284	0	119,284	119,284
Finance lease receivables	0	0	62,376	62,376	60,942
Other financial receivables	0	5,638	0	5,638	5,638
Cash and cash equivalents	0	53,876	0	53,876	53,876
Total	**19,443**	**188,801**	**62,376**	**270,620**	**269,186**

The following table presents the carrying amounts and fair values of the financial liabilities:

31 Dec 2023 **Figures in EUR k**	**At amortized cost**	**Total**
Item of the statement of financial position	**Carrying amount**	**Fair value**
Bonds	399,741	365,635
Liabilities to banks	151,997	151,159
Other financial liabilities	89,974	85,372
Trade payables	87,096	87,096
Total	**728,808**	**689,262**

31 Dec 2022 **Figures in EUR k**	**At amortized cost**	**Total**
Item of the statement of financial position	**Carrying amount**	**Fair value**
Bonds	399,350	353,973
Liabilities to banks	20,121	18,619
Other financial liabilities	28,748	25,956
Trade payables	92,308	92,308
Total	**540,527**	**490,856**

Fair value hierarchy for measuring financial instruments at fair value

The fair values of the financial instruments were calculated on the basis of the market information available as of the reporting date and using the methods and premises presented below. Under IFRS 13 they must be assigned to one of three levels of the fair value hierarchy.

The fair values of Level 1 financial instruments are determined on the basis of observable prices in active markets for identical assets and liabilities. At Level 2, the fair value is determined by inputs which can be derived from observable market values. Level 3 financial instruments are measured on the basis of inputs which cannot be derived from market data.

Measurement of financial instruments at fair value

The value of financial assets measured at fair value through other comprehensive income (miscellaneous financial assets) cannot be reliably determined due to the absence of active markets. This relates primarily to shares in non-consolidated subsidiaries, joint ventures not accounted for using the equity method and associates. The fair value is calculated using a discounted cash flow model based on the most recent forecast (Level 3). The underlying discount rate is derived from a risk-free market interest rate, adjusted by a suitable credit risk premium.

A discount rate of 5.41% was applied (prior year: 5.41%). Cash flows that go beyond internal forecasts are calculated in accordance with suitable growth rates. The growth rates applied are based on long-term real growth and amounted to 1.0% and 0.0%, respectively (prior year: 0.0%).

Fair values of assets measured at amortized cost

In the case of trade receivables and contract assets, other financial receivables and cash and cash equivalents the fair values are approximately equal to the carrying amounts of these financial instruments, owing to the short maturities.

In addition, there are non-current financial assets that are not recognized at fair value in the statement of financial position. In the case of these instruments, the fair value does not differ materially from the carrying amount since they earn interest at a rate that approximates the current market rate.

Measurement of the carrying amount under IFRS 16

The fair value of the receivables under finance leases are calculated using a discounted cash flow model. The underlying discount rate is derived from a risk-free market interest rate, adjusted by a suitable credit risk premium (Level 3).

Fair values of liabilities measured at amortized cost

The fair value of the bonds is determined using quoted market prices (Level 1).

The fair value of liabilities to banks and other financial liabilities is calculated using a discounted cash flow model. The underlying discount rate is derived from a risk-free market interest rate, adjusted by a suitable credit risk premium. The credit risk premium is modeled taking market-like trends into account (Level 3).

In the case of trade payables, the carrying amount is equal to the fair value since they either accrue interest at a rate that approximates the current market rate or have short maturities.

Net result from financial instruments by measurement category

The following table presents the net gains or losses from financial instruments taken to profit or loss by measurement category.

31 Dec 2023 Figures in EUR k	Interest	Impairments / reversals	Investment income	Net result
Financial assets at fair value through OCI	0	0	554	554
Loans and receivables measured at amortized cost	238	440	0	678
Liabilities measured at amortized cost	-3,992	0	0	-3,992
Total	**-3,754**	**440**	**554**	**-2,760**

31 Dec 2022 Figures in EUR k	Interest	Impairments / reversals	Investment income	Net result
Financial assets at fair value through OCI	0	0	1,007	1,007
Loans and receivables measured at amortized cost	598	-2,266	0	-1,668
Liabilities measured at amortized cost	-2,835	0	0	-2,835
Total	**-2,237**	**-2,266**	**1,007**	**-3,496**

Not included are in particular interest income and expenses from assets and liabilities outside the scope of IFRS 7 (unwinding of discounts on net pension provisions).

Sensitivity analysis

Interest rate risks arise from a change in the market interest rates which can have an effect on interest to be received or paid and on the market value of the financial instrument. This can result in corresponding effects on earnings and/or equity. Under IFRS 7, interest rate risks must be presented in a sensitivity analysis. This is based on the following assumptions:

The effect on earnings and/or equity determined in the sensitivity analysis relates to the portfolio as of the reporting date and shows the hypothetical effect for one year.

Changes in the market interest rate of non-derivative floating-rate financial instruments have an effect on net interest income and are considered in the earnings-related sensitivity analysis.

Changes in the market interest rate of non-derivative fixed-interest financial instruments which are recognized at amortized cost have no effect on earnings and/or equity and are therefore not considered in the sensitivity analysis. They are subject to an interest rate risk on re-investment, which is, however, not taken into account in the reporting-date sensitivity analysis.

A change of 0.5 percentage points in the level of interest rates as of the reporting date would have resulted in an improvement or deterioration in net interest income of EUR 197k, as the revolving credit facility contains both a variable interest component and a fixed margin.

The EEW Group is not subject to any other material market risks relating to financial instruments.

No material financial instruments denominated in a foreign currency are held as of the reporting date.

6.11 Leases

EEW as a lessee

In order to carry out its business operations, the Group primarily leases land, plant and machinery and vehicles. Expenses and cash outflows from leases in the current fiscal year are presented in the table below.

Figures in EUR k	2023	2022
Short-term lease expense	2,794	2,215
Expense relating to leases of low-value assets	1,391	1,354
Interest expenses on lease liabilities	415	320
Repayments of lease liabilities	2,350	2,399
Cash outflows for leases	**6,950**	**6,288**

The future undiscounted cash flows of the lease liabilities of EUR 9,805k in place as of 31 December 2023 (prior year: EUR 9,113k) are as follows:

Figures in EUR k	Minimum lease payments	
	31 Dec 2023	31 Dec 2022
Up to 1 year	2,300	2,444
1 to 5 years	3,212	3,651
More than 5 years	8,559	5,454
Total	**14,071**	**11,549**

EEW as lessor (finance leases)

The Group has constructed a facility, leased it out and taken on its operational management. The agreement has a total term of 13.5 years. The lessee exercised its contractually agreed purchase option in fiscal year 2023. EEW currently expects a purchase price of EUR 35,606k. The lease receivable was adjusted accordingly as of 31 December 2023. The impairment of EUR 6,850k was recognized in other operating expenses. As of the reporting date, receivables under finance leases therefore amounted to EUR 43,867k (prior year: EUR 62,376k), of which EUR 43,867k (prior year: EUR 11,659k) are current. Interest income from lease receivables was generated in the amount of EUR 4,249k (prior year: EUR 5,278k).

The lease receivables have the following maturity structure:

Figures in EUR k	Undiscounted lease payments	
	31 Dec 2023	31 Dec 2022
Up to 1 year	10,605	15,908
1 to 2 years	0	10,605
Unguaranteed residual values	35,606	42,605
Total	**46,211**	**69,118**
Unearned finance income	-2,344	-6,742
Present value	**43,867**	**62,376**

6.12 Capital management

The Group's objective is to strengthen its equity base by making use of attractive capital market conditions. In fiscal year 2021, EEW placed a green bond (note 6.9). EEW paid dividends of EUR 20,000k in the fiscal year under the dividend policy agreed with the owner.

7. Notes to the consolidated statement of cash flows

The cash flows from investing activities are calculated as the cash inflows from the disposal of assets and the cash outflows for investments in property, plant and equipment as well as intangible assets and financial assets. EUR 347,464k was invested in property, plant and equipment as well as in intangible assets.

The cash inflow from financing activities was primarily shaped by cash received from the utilization of the revolving credit facility of EUR 130,000k and from raising a further loan of EUR 41,160k for the purpose of financing a plant expansion. In addition, dividends of EUR 20,000k were distributed to the shareholders of EEW Holding. Dividends of EUR 60,100k were declared for fiscal year 2023. The remaining amount of EUR 40,100k is reported under liabilities as of the reporting date. In addition, dividends of EUR 17,358k were distributed to non-controlling interests.

The following table provides a reconciliation of the change in financial liabilities as recognized in the statement of financial position to the amounts presented in the statement of cash flows:

Financial liabilities Figures in EUR k	As of 1 Jan 2023	Cash change	Non-cash change	As of 31 Dec 2023
Non-current bonds	398,628	0	391	399,019
Non-current liabilities to banks	19,982	0	-17,985	1,997
Other non-current financial liabilities	28,748	37,118	65	65,931
Non-current financial liabilities	**447,358**	**37,118**	**-17,529**	**466,947**
Current bonds	722	0	0	722
Current liabilities to banks	139	130,000	19,861	150,000
Other current financial liabilities	0	24,043	0	24,043
Current financial liabilities	**861**	**154,043**	**19,861**	**174,765**
Lease liabilities	**9,113**	**-2,765**	**3,457**	**9,805**
thereof cash flows from operating activities		-415		
thereof cash flows from financing activities		-2,350		
Total	**457,332**	**188,396**	**5,789**	**651,517**

Financial liabilities Figures in EUR k	As of 1 Jan 2022	Cash change	Non-cash change	As of 31 Dec 2022
Non-current bonds	398,628	0	0	398,628
Non-current liabilities to banks	19,982	0	0	19,982
Other non-current financial liabilities	314	28,420	14	28,748
Non-current financial liabilities	**418,924**	**28,420**	**14**	**447,358**
Current bonds	335	-722	1,109	722
Current liabilities to banks	71,371	-71,000	-232	139
Other current financial liabilities	0	0	0	0
Current financial liabilities	**71,706**	**-71,722**	**877**	**861**
Lease liabilities	**10,197**	**-2,719**	**1,635**	**9,113**
thereof cash flows from operating activities		-320		
thereof cash flows from financing activities		-2,399		
Total	**500,827**	**-46,021**	**2,526**	**457,332**

8. Contingent liabilities and other financial obligations

Figures in EUR k	31 Dec 2023	31 Dec 2022
Obligations under rental and lease agreements	325	1,625
Other financial obligations	465,133	548,605
Total	**465,458**	**550,230**

The other financial obligations mainly consist of capital expenditure commitments and current contracts placed.

A strict obligation for the Company to make additional contributions to CTA II applies in relation to Helaba Pension Trust e.V., Frankfurt am Main. Please refer to note 6.7 of the notes to the consolidated financial statements.

Otherwise, the risk of recourse under contingent liabilities is assessed as low. This estimate is based above all on the assessment of the creditworthiness of the primary obligors and on experience from previous fiscal years.

9. Related parties

Associates, joint ventures and non-consolidated subsidiaries as well as persons who have a significant influence on the financial and operating policies of EEW are designated as related parties. The latter include all key management personnel as well as their close family members.

BEHL, which holds all the shares in EEW Holding via Good Champion Investments Limited and BEHEIM as of 31 December 2023, is the ultimate parent company.

Note 3 Consolidation provides information about the Group's structure and the subsidiaries.

All business relationships with related parties were arranged on arm's length terms. Essentially, they relate to services and loans.

In the following overview, expenses and income with related companies and also receivables and liabilities as of the reporting date are listed.

2023 Figures in EUR k	Goods delivered and services provided, interest income and dividends	Goods and services received and interest expenses	Receivables	Liabilities
BEHL Group	0	571	2,793	60,671
Non-consolidated subsidiaries	13,976	19	2,510	335
Joint ventures and associates	28,759	32,358	2,860	0

2022 Figures in EUR k	Goods delivered and services provided, interest income and dividends	Goods and services received and interest expenses	Receivables	Liabilities
BEHL Group	1,485	0	2,793	0
Non-consolidated subsidiaries	14,252	22	1,605	328
Joint ventures and associates	26,089	27,457	3,246	0

There is also a loan receivable of EUR 10,000k from EBS Kraftwerk GmbH, Hürth. The loan bears interest at a fixed rate of 1.0% until 31 December 2023. From 1 January 2024, the interest rate is 4.0% and can be adjusted annually if necessary. The loan has an overall term until 31 December 2031. The repayments begin starting in fiscal year 2024 in contractually specified quarterly installments. The loan is unsecured.

Furthermore, a resolution was adopted in 2023 to distribute a dividend for fiscal year 2022 to the shareholder of EEW Holding in the amount of EUR 60,100k. Please refer to note 7 of the notes to the consolidated financial statements.

Related parties

Non-consolidated subsidiaries

The cost of goods and services received from and interest expenses for non-consolidated subsidiaries essentially consist of general partner compensation. The income from goods delivered and services provided to and interest income from non-consolidated subsidiaries consists in particular of operational management fees.

Joint ventures and associates

The Group’s relationships with joint ventures predominantly relate to expenses for waste incineration and slag disposal, income from waste disposal services rendered and operational management fees.

Shareholders

Receivables from the BEHL Group relate to loan receivables and other services rendered.

Related persons

The total remuneration of the management board amounts to EUR 2,213k in the reporting year (prior year: EUR 2,365k). It consists solely of short-term benefits.

Pension provisions of EUR 6,034k (prior year: EUR 5,006k) were recognized for entitlements of former general managers.

The members of the supervisory board received total remuneration of EUR 116k in fiscal year 2023 (prior year: EUR 121k).

No transactions which must be reported have been concluded with members of the management board or supervisory board or persons related to them.

10. Auditor's fees

The other operating expenses item includes the fees of the statutory auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, amounting to EUR 938k (prior year: EUR 770k). EUR 679k (prior year: EUR 611k) of these expenses relate to audit services, EUR 144k (prior year: EUR 54k) to audit-related services and EUR 115k (prior year: EUR 105k) to other services.

11. Events after the reporting period

There were no events after 31 December 2023 that would be reportable in accordance with IAS 10 *Events after the Reporting Period*.

12. Management board

The general managers of EEW Holding are:

Timo Poppe (CEO), since 1 July 2023

Dr. Joachim Manns (COO)

Stefan Schmidt (CFO), since 1 March 2024

Bernard Kemper, until 30 June 2023

Markus Hauck, until 30 April 2023

Helmstedt, 21 March 2024

EEW Holding GmbH

The Management Board

Poppe	Manns	Schmidt

Translation from the German language

GROUP MANAGEMENT REPORT 2023

EEW Holding GmbH

Helmstedt

Table of contents

1. Background of the Group

EEW Energy from Waste is Germany's market leader in the use of environmentally friendly energy from thermal waste recovery. The EEW Group develops, builds and operates energy from waste plants. The Group's current 18 facilities in Germany and neighboring European countries generated energy from the incineration of around 4.8 million metric tons (mt) of waste (not including sewage sludge) in the reporting year. EEW transforms the energy contained in waste into process steam for industry, district heating for residential areas and eco-friendly electricity for around 700,000 households at present. With biogenic substances accounting for an average 50% of waste, EEW generates energy from renewable sources in accordance with the EEG ["Erneuerbare-Energien-Gesetz": German Renewable Energy Act]. This energy recovery from the waste incinerated in EEW's facilities conserves natural resources, recovers valuable raw materials and reduces our carbon footprint.

The EEW Group is managed by the management board of EEW Holding GmbH, Helmstedt, Germany. EEW Holding GmbH holds 94% (directly) or 99.64% (including indirect holdings) of the shares in EEW Energy from Waste GmbH, Helmstedt, Germany. The management board and the EEW Group's other senior executives are primarily organized according to their functional responsibilities.

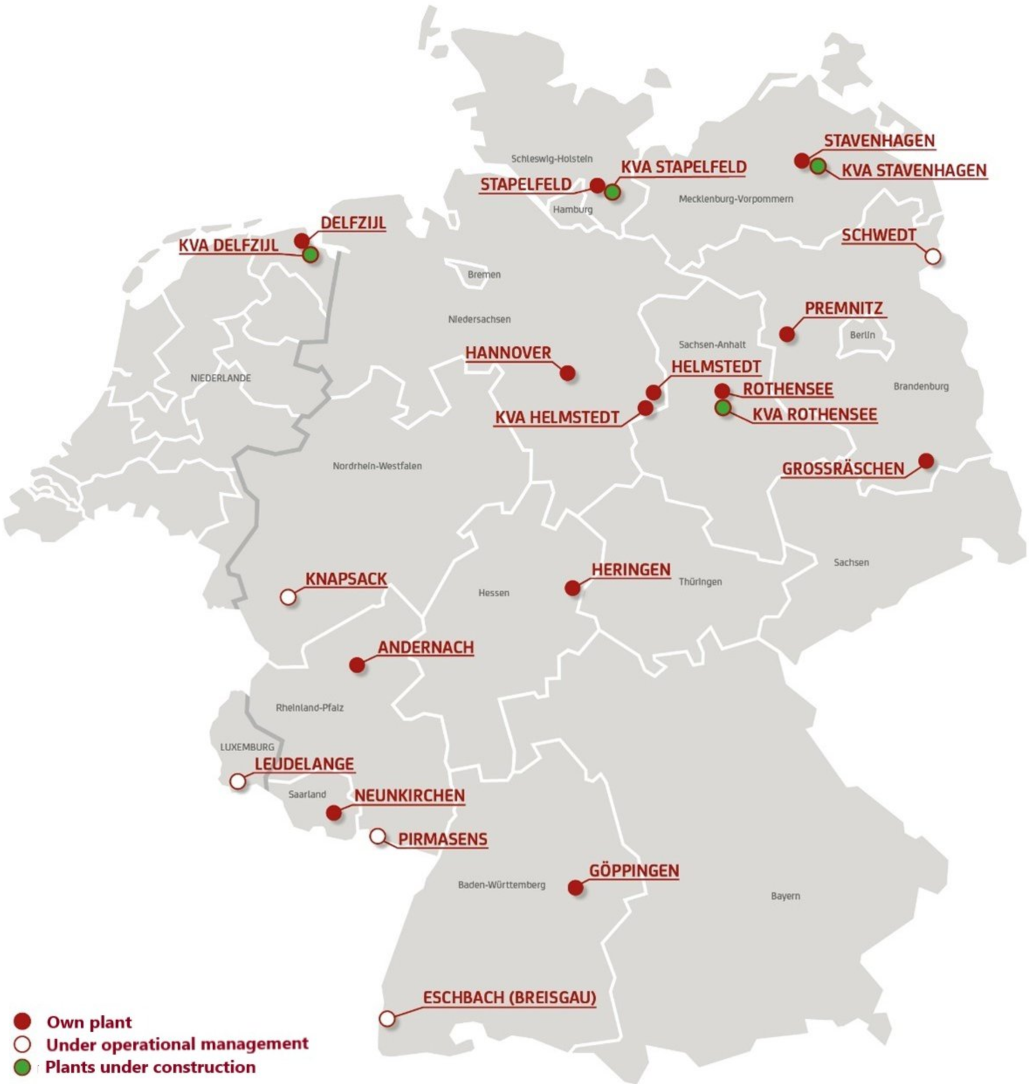
The EEW Group's activities are segmented from a geographical point of view. In terms of the technical design capacity of its plants, the EEW Group leads the market in Germany with a share of approximately 16.3%. It has a market share of 100% in Luxembourg and 6% in the Netherlands (1% less than in the prior year on account of growth in capacities).

In 2023, the EEW Group sold 1.7 TWh of electricity and about 3.0 TWh of heat and steam, the latter of which is normally sold under long-term agreements to local suppliers or directly to local end-customers.

In 2023, 13 facilities were operated as independent businesses and five facilities were managed by the EEW Group on the basis of long-term operational management agreements.

The German thermal waste incineration market, comprised of almost 100 facilities, is highly fragmented. The largest groups of plant operators in Germany comprise municipalities or companies under the majority control of municipalities. There are also private-sector operators with several facilities (Remondis, MVV, PreZero, EnBW and RWE). In 2023, total gross processing capacity of all waste incineration plants in Germany of around 26.6 million mt p.a. (internal EEW research) was available to handle waste quantities in Germany that were at roughly the same level as in 2022 – when they declined for the first time in many years (due to the unprecedented political and economic situation as a result of the coronavirus pandemic, the outbreak of war in Ukraine and the associated energy crisis).

Background of the Group



The legal framework comprises approvals for production activities, environmental regulations, and tax, commercial and company law regulations.

The EEW Group's management system is based on financial and technical indicators. The key parameters of financial reporting are revenue from waste and energy operations resulting from waste volume, electricity sales, steam sales and district heating sales, and the indicators EBITDA and cash flow. EBITDA in the income statement is calculated by adding depreciation and amortization to EBIT as a positive value. Cash flow is calculated as the change in the cash and cash equivalents items between the reporting dates of the current and prior fiscal years.

2. Economic report

2.1 Overall economic and industry-specific background

Market situation in 2023

Overall economic development faltered in Germany in 2023 in an environment that continues to be marked by multiple tensions. According to first calculations of the Federal Statistical Office (Destatis), price-adjusted gross domestic product was 0.3% lower in 2023 than in the prior year. High prices at all stages in the economic process put a damper on economic growth. Unfavorable financing conditions due to rising interest rates and weaker domestic and foreign demand also took their toll. Therefore, the German economy did not continue its recovery from the sharp economic slump experienced in the pandemic year of 2020. According to Destatis, the development of gross value added was very mixed in the individual sectors of economic activity in 2023. Economic performance in industry (excluding construction) declined considerably, contracting by 2.0%, due to much lower production in the energy sector. Alongside the shutdown of the last three German nuclear power plants on 15 April 2023, energy production from lignite and hard coal also fell, while energy generation from renewable energies and electricity purchases from abroad increased. Manufacturing, which accounts for almost 85% of industry (excluding construction), was also in negative territory in 2023 (-0.4%), after adjustment for price effects. Positive contributions in this sector mainly came from the automotive industry and the manufacture of other transport equipment. By contrast, production and value added fell again in energy-intensive industrial branches, such as the chemical and metal industry, after economic performance in these sectors had already reacted very strongly to rising energy prices in 2022. According to Destatis, deteriorating financing conditions had a particularly noticeable impact on development in the construction industry, alongside persistently high building costs and a skilled labor shortage. Overall, the construction industry saw modest growth of 0.2% in 2023, after adjustment for price variations. Most service branches were again able to expand their economic activities compared with the prior year and helped the economy in 2023. However, their overall growth was weaker than in the two preceding years. High consumer prices caused household consumption in 2023 to be down a price-adjusted 0.8% on the prior year, with expenditure on durable goods, such as furnishings and household appliances, particularly affected. Government consumption expenditure fell by 1.7% compared to the prior year, for example due to the discontinuation of coronavirus-related government aid. Gross fixed capital formation in construction declined a price-adjusted 2.1% in 2023. High construction prices and the marked increase in interest rates put a particular damper on housing construction. Positive signals only came from building completion work, which was likely due, in part, to the high demand for energy retrofitting. By contrast, gross fixed capital formation in machinery and equipment increased considerably on 2022 (+3.0%), after adjustment for price effects. This was mainly attributable to the increase in commercial new registrations of passenger cars, which was buoyed by the eco-bonus for electric company cars that applied until August 2023. According to Destatis, the economic performance in 2023 was achieved by an average of 45.9 million persons in employment whose place of employment was in Germany – more than ever before in Germany. The immigration of foreign workers and a rising labor force participation of the domestic population were some of the reasons why employment rose in 2023. These positive effects more than offset the dampening effects of demographic change. The employment growth seen in 2023 was almost entirely attributable to the service branches.

The development of waste volumes on the market over the course of the year was better than expected at the beginning of the year. Thanks to the warm winter of 2022/2023 and the fact that only some of the waste volumes from the above-average winter stocks of the waste incineration plants were required, the plants operated throughout the winter season without any shortages of waste. As expected, both the municipal and commercial waste markets recovered in spring 2023. The waste volumes available on the market were sufficient for stable plant operation.

Company development

EEW intends to expand its role as a leader in resource conservation and sustainable energy generation for industry and households in Europe and enhance the circular economy. By using sustainable and state-of-the-art techniques and exploiting the opportunities of digitalization, EEW is already an integral part of the circular economy and contributes to the energy transition by providing climate-friendly energy in the form of process steam, district heating and electricity and permanently eliminating hazardous substances. This conserves primary energy resources and recovers valuable raw materials. EEW wants to further increase its current contribution to the energy transition and has thus declared sustainability and the reduction of carbon emissions a central pillar of its business strategy.

The EEW Group’s business strategy is built on several pillars. In line with the Company’s own sustainability roadmap, EEW aims to achieve moderate growth in thermal waste recovery and segments related to the core business in Germany and leverages opportunities abroad as well as those for growth in adjacent segments. This includes project activities in thermal waste recovery, thermal sewage sludge recovery operations and the development of products along the value chain of thermal waste recovery. EEW therefore focuses on carbon capture and utilization/carbon capture and storage (CCU/CCS) with technologies that allow carbon dioxide to be used as a raw material for further applications and is investigating technological options for sorting plastics prior to the incineration process in order to reduce the fossil carbon content. Additionally, EEW has launched research projects with the objective of improving the circular economy, for example, the use of technology like pyrolysis to treat problematic waste or projects to recycle residues from the waste incineration process.

In the area of thermal waste recovery, two new construction projects are currently underway to secure the future of the locations in the long term, boost energy efficiency and availability as well as meet the highest environmental standards. At the EEW location in Stapelfeld, construction continued on the new energy from waste plant. This completely new plant, on which construction started in the first quarter of 2022, is expected to commence regular operations in the first quarter of 2025 and will replace the existing plant with the same capacity and significantly higher energy efficiency. A fifth line has been under construction at the Rothensee location as a growth project since the third quarter of 2021. According to the current plan, it will commence regular operations in the third quarter of 2024. Both investment projects ensure reliable regional waste disposal and also provide renewable energy in the respective regions.

In the sewage sludge recovery segment, the sewage sludge mono-incineration plant in Stavenhagen was put into trial operation in fiscal year 2023. Regular operations are expected to commence in the first quarter of 2024. Moreover, construction of additional sewage sludge recovery plants at the locations in Delfzijl (start of construction: second quarter of 2022, regular operations: first quarter of 2025) and Rothensee (start of construction: third quarter of 2021, regular operations: third quarter of 2024) continued in fiscal year 2023. External solutions for phosphorus recycling also underwent rigorous scrutiny. In order to leverage synergies, the development of a sewage sludge mono-incineration plant is being reviewed and advanced at the Stapelfeld location in addition to the new facility being built.

Moreover, EEW intends to drive forward the development of innovations in the area of thermal waste recovery. EEW’s aim is to develop forward-looking solutions to not only think sustainability in the short term but guarantee it in the long term. “Handling climate change,” “Strengthening closed-loop operations” and “Innovating for the future” are the key topics of EEW’s sustainability strategy, under which product innovations should consider environmental aspects as well as economic benefits. In the next few years, carbon emissions will be reduced drastically, resources conserved, loops closed and processes made more efficient. This includes expanding the product and service portfolio in the waste segment and obtaining additional valuable materials from incineration residues and returning them to the cycle.

The EASY project in particular and thus the implementation of SAP S4/HANA software were continued as part of the digitalization process in fiscal year 2023 in order to further improve automation through end-to-end process models, strengthen the internal control system and support the management of the transformation process in the EEW Group based on centralized data management. Alongside specific digital solutions and expanding the digital system landscape, combining digitalization and sustainability is extremely important to the EEW Group. The aim of doing so is to shape the digital transformation sustainably and responsibly in the long term by defining a corporate digital responsibility (CDR) approach and thus focusing on employees. This means creating an optimal digital development framework with five defined action areas (1. Data responsibility, privacy and security, 2. Digital wellbeing, 3. Digital empowerment and inclusion, 4. Technological progress and 5. Innovation, environmental protection and resource conservation).

Since its establishment in 2021, NEEW Ventures GmbH, as part of the EEW Group, has been involved in developing and implementing innovative digital business models along the waste management value chain. Following the successful spin-out of Wasteer in January 2023, the main focus in the past fiscal year was on a project to develop a solution for end consumers, retailers and manufacturers to offset their electronic waste. Funding collection and recycling activities in countries in the Global South enables the issue of e-waste certificates that transparently track the journey from collection to recycling. Electronics manufacturers can purchase these certificates and then label their products as waste neutral. This trading scheme ensures that when a sale is made an equivalent amount of resources is recycled instead of ending up in landfill. The focus is currently on preparing for the spin-out in summer 2024, setting up the token platform and acquiring additional partners and customers. Wasteer, which is developing a digital software-as-a-service (SaaS) platform to centralize all waste information in order to optimize calorific values, planning and plant operations, has already successfully integrated modules at a total of seven EEW plants since the spin-out. Work is currently underway to implement the WS Inspection module, a digital waste control report that enables on-site waste inspections using mobile devices. The WS Plan module, a customer relationship management (CRM) module and its integration into the WS Pass module are the main priorities at the moment. The team is also developing the WS Scan module, which will use automatic image detection at the edge of the bunker while waste is being dumped in to identify and automatically report contaminants to the crane driver and record them directly in WS Pass on the digital customer file at the same time. The process to digitalize waste management planning was started in collaboration with EEW's sales department. A comprehensive rollout to all EEW plants is scheduled for the second quarter of 2024. It is hoped that the first contract with external customers will be signed in 2024; preparations for additional customer acquisitions are ongoing.

2.2 Business performance

Fiscal year 2023 was again characterized by a weakening economy, which was mainly caused by the ongoing Russian war against Ukraine and, later in the year, the Hamas-led terrorist attack on Israel in October 2023 and attacks on maritime trade routes in the Red Sea. To avoid an energy crisis and the risk of a gas shortage, the federal government introduced electricity and gas price brakes, which at least prevented price explosions in the energy sector. Nevertheless, the political situation led to a continued strained economic situation that was shaped by high inflation, ongoing supply shortages and declining industrial production. Geopolitical uncertainties combined with rising capital market returns led to decreasing propensity to invest and consume.

The development of waste volumes on the market over the course of the year was better than expected at the beginning of the year. Thanks to the warm winter of 2022/2023 and the fact that only some of the waste volumes from the above-average winter stock of the waste incineration plants were required, the plants operated throughout the winter season without any shortages of waste. As expected, both the municipal and commercial waste markets stabilized in spring 2023. The waste volumes available on the market were sufficient for secure plant operation.

That said, the waste market was again characterized by the energy crisis and a tense market situation in 2023. Despite this situation, higher import volumes meant that the EEW Group reported a slight year-on-year increase in the total quantity of waste accepted. While the revenue level for municipal volumes was slightly higher than in the prior year due to prices, and tenders saw higher price levels year on year, there was a significant price-driven decline in commercial waste revenue.

The economic situation – especially in the ailing construction industry – meant that there was significantly less commercial waste in 2023. However, the lower quantities were compensated for by more high-calorific refuse-derived fuels (RDF), which had been intended for incineration in the cement industry. According to market participants, these volumes have become entrenched and are also to be expected in the future, at least until the construction industry and thus the demand for cement picks up again. Catch-up effects from travel also had an offsetting impact, as travel led to an increase in commercial waste at train stations, airports, hotels and trade fairs. Overall, commercial waste was said to be stable with a slight downward trend, with municipal waste quantities remaining constant according to market participants.

EEW had its winter stores well filled in order to secure the heating supply for households in the 2023/2024 winter months. The development of prices on the waste market in 2023 varied by region, as in the prior years. Tenders for municipalities saw price levels increase on the prior year. In order to secure the supply for EEW's plants, waste reception agreements with foreign customers, primarily in the UK, Poland, Italy and France, were honored in 2023, too. A moderate price increase was implemented on the market in the commercial sector in mid-2023. This was driven by the upcoming BEHG ["Brennstoffemissionshandelsgesetz": German Fuel Emissions Trading Act], which applies from fall onwards and meant that not as much waste as in the prior year should carried over to 2024. In the first year after the natural gas crisis triggered by the attack on Ukraine, the German energy industry successfully restored stability and proved to be very robust. Additional gas supplies from western Europe and reliable LNG imports ultimately ensured a secure gas supply despite the difficult circumstances. Following the price explosion in fall 2022, energy prices declined again at the beginning of 2023, but still remain well above the pre-crisis level at present.

There were decreases in both electricity generation and electricity consumption on account of the comparatively high energy price level and the weak economy. Electricity prices were also very volatile and closely linked to the development of gas prices. Wholesale prices for electricity began to fall again from October 2022. Although the average price rose again in January 2023, the downward price trend continued in the months that followed. More than half of all electricity was generated by renewable energies for the first time in 2023. The average wholesale spot electricity price in the past year was EUR 95.18/MWh, less than half of the prior-year figure of EUR 235.45/MWh and roughly the same level as in 2021. Over the course of 2023, there was an overall trend toward lower wholesale prices for electricity, particularly in the first and last quarters of the year. In the past year, electricity prices on the spot markets were significantly less volatile than in 2022 and ranged between EUR -53.8/MWh and EUR 202.7/MWh.

Prices for gas and coal skyrocketed following the start of the war in Ukraine in February 2022. Pressure on the European gas markets has eased considerably since December 2022 thanks to a combination of mild winter temperatures, gas saving measures, robust LNG supplies and sufficient gas inventories. At the beginning of 2023, one megawatt hour of gas was still trading at EUR 79. After falling to below EUR 50/MWh, the price continued on this downward trajectory apart from a temporary rise to over EUR 50/MWh again at the beginning of October 2023, when the armed conflict between Israel and Hamas began in the Middle East. Lower gas prices and fewer incentives to switch from gas to coal also relaxed the European coal markets in the first quarter of 2023. Coal prices continued to fall until the middle of 2023 due to the decline in gas prices.

Over the course of 2023, prices for CO_2 emission certificates mostly moved sideways at approximately EUR 80–90/mt but dropped below the EUR 70/mt mark at the end of the year. The average annual carbon price in 2023 was EUR 85/mt.

In 2023, the district heating segment recorded a slight decline in unit sales compared to the prior year, which was mainly attributable to the weather but also to consumers saving on heating. Overall, however, prices were higher than budgeted. Process steam continued to be subject to demand-driven fluctuations and fell slightly short of the budgeted revenue and volumes.

Influence of regulatory measures on business performance

In response to the crisis, the state-owned KfW development bank transferred around EUR 12.6b for the natural gas and heating price brakes in 2023, according to the Federal Ministry for Economic Affairs. The gas, heating and electricity price brakes only took effect retroactively from 1 January 2023. The federal government also paid transmission system operators a total of around EUR 12.6b for the electricity price brake. All in all, the government subsidies for the energy price brakes were significantly lower than had been assumed in fall 2022. The Federal Ministry of Finance had earmarked EUR 40.3b for the gas and heating price brakes alone, and EUR 43b was available for the electricity price brake. At present, little more than one-third of the budgeted energy price brake funds have been used. The main reason for this was the sharp drop in wholesale prices for electricity and natural gas in the past year, which was also reflected in end customer prices, after a delay of varying duration. The electricity price brake applied to household customers for most of their annual consumption and capped the kilowatt hour price at 40 cents. For natural gas customers, the cap was 12 cents per kilowatt hour (kWh).

The federal government had planned to extend the energy price brakes beyond the end of 2023. However, a budget judgment by the Federal Constitutional Court in November 2023 raised considerable doubts as to whether rededicating the Economic Stabilization Fund for the purpose of the price brakes was even constitutional in its current form. The fund was subsequently dissolved and the extension of the energy price brakes was axed. In accordance with the StromPBG [“Strompreisbremsengesetz”: German Electricity Price Brake Act], operators of electricity generation plants were required to transfer 90% of their windfall profits to their respective grid operators. This also affected EEW in the amount of around EUR 3.2m. The profits skimmed off were to be used to partially finance the reduction of the effective electricity price for final consumers on a quota basis, i.e., the electricity price brake. Initially, the windfall profits for the electricity volumes that the government assumes the plant operators will feed into the grid in the period from 1 December 2022 to 30 June 2023 were skimmed. The federal government did not make use of the legal option to issue an ordinance to extend the period of application until 30 April 2024, meaning that no more profit from electricity generated after 1 July 2023 will be skimmed off. Nevertheless, the red tape for EEW in connection with profit skimming reporting obligations has remained high.

In 2023, EEW's procurement market for raw materials, consumables and supplies was shaped by various developments. The recovery in gas prices, which continued until mid-2023, caused some prices to decrease, in particular for ammonia, urea solution and sodium bicarbonate. However, not all areas benefited from the spot price trends, as various suppliers had to stock up for 2023 at peak prices in 2022 in order to secure production for the longer term. The strong inflation in 2022, which only eased gradually during 2023, also led to considerable price hikes. Furthermore, the climate policy measures planned to reduce carbon emissions are having an increasing impact on price levels, as CO_2 is emitted in almost all processes for the production of the necessary raw materials, consumables and supplies. The transformation to carbon-free production requires a high level of investment, which is already to be financed by price increases. This was particularly noticeable in the calcium carbonate industry. Recently, truck tolls, which were increased on 1 December 2023, also led to significantly higher transport prices. In terms of availability, the situation in 2023 was more relaxed than in 2022 with its exceptional limitations on availability.

The supply of all locations was guaranteed in 2023 thanks to the conclusion of fixed supply agreements and the implementation of multiple-supplier strategies. This increased price stability and planning security in a market environment that remained highly volatile. In order to expand the supply options within the EEW Group, the strategy of establishing alternative suppliers was continued. The impact of the war in Ukraine and the energy crisis on prices was not felt to the full extent in 2023 because some of the longer-term contracts only expired in the past year. This effect can be seen in particular in the new supply agreements for calcium carbonate that were concluded at considerably higher costs in 2023. On the other hand, the index-based agreements (ammonium hydroxide, urea solution, caustic soda and, in some cases, sodium bicarbonate) benefited early on from falling energy prices.

In the residual waste disposal segment, the situation for metal recovery remained tense in 2023. Slag collectors are having increasing trouble marketing the metals extracted from slag, as many companies have relocated their production to neighboring countries because of the carbon tax. For the disposal of flue gas cleaning residues, volumes are awarded in parcels when issuing new contracts in order to be able to make use of different disposal methods, which results in greater disposal security. EEW also commissions the transport contracts in order to achieve more pinpointed pricing.

To date, the war in Ukraine and the Israel-Hamas conflict have not had a material impact on EEW's business activities and thus its assets, liabilities, financial position and financial performance. In this difficult economic environment, consolidated revenue increased due to higher energy revenue, while waste revenue fell short of the prior-year level due to prices. However, the increase in consolidated revenue did not offset the higher operating costs, higher personnel expenses and depreciation, resulting in an overall decrease in earnings before taxes compared to the prior year.

2.3 Assets, liabilities, financial position and financial performance

Financial performance

The consolidated financial statements for the fiscal year from 1 January to 31 December 2023 include the Company and its subsidiaries (EEW Group). The following tables comprise the presentation of the EEW Group according to IFRSs. The following section presents the development of earnings in 2023 in comparison to the prior year.

Figures in EUR k	2023	2022
Revenue from contracts with customers	**752,659**	**715,516**
Own work capitalized	**3,284**	**3,671**
Other operating income	**33,985**	**24,398**
Cost of materials	**-341,697**	**-305,072**
Personnel expenses	**-126,446**	**-118,265**
Amortization, depreciation and impairment	**-91,285**	**-94,623**
Other operating expenses	**-96,343**	**-79,060**
EBIT	**134,157**	**146,565**
Financial result	**-545**	**3,133**
Earnings before taxes	**133,612**	**149,698**
Income taxes	**-41,431**	**-45,034**
Consolidated profit for the period	**92,181**	**104,664**
– thereof shareholders of EEW Holding GmbH	66,759	90,754
– thereof non-controlling interests	25,422	13,910

Economic report

Income statement for the period from 1 January to 31 December 2023

Revenue (EUR 752,659k; prior year: EUR 715,516k) was primarily derived from the recovery and disposal of waste, the sale of the energy generated from it and the operational management of individual energy from waste plants. In 2023, revenue from the recovery and disposal of waste and the sale of the energy generated from it amounted to EUR 620,282k (prior year: EUR 582,028k) and from the operational management of individual plants amounted to EUR 81,578k (prior year: EUR 80,975k). The prior year's revenue was surpassed despite lower waste revenue because energy revenue was significantly higher.

The increase in other operating income (EUR 33,985k; prior year: EUR 24,398k) is mainly the result of income from the reversal of provisions and the reversal of bad debt allowances, while income from refunds and compensation for damages, out-of-period income and income from sales of scrap and materials saw a year-on-year decrease.

Cost of materials (EUR 341,697k; prior year: EUR 305,072k) includes expenses for maintenance and inspection work, waste flow costs for honoring fuel supply agreements, disposing of residual waste, slag and other waste, costs for consumables, energy procurement costs and expenses for other services. The change against the prior year is primarily due to higher costs for purchased services, consumables, maintenance and energy procurement. Cost of purchased services exceeded the prior-year level primarily due to higher expenses for disposal, waste flow and maintenance services. Under raw materials, consumables and supplies, the use of materials for flue gas cleaning in particular increased.

Personnel expenses (EUR 126,446k; prior year: EUR 118,265k) include expenses for old-age pensions (EUR 3,700k; prior year: EUR 5,960k) in addition to current personnel costs. The rise in personnel expenses is attributable to an increase in headcount from 1,357 to 1,437 due to the hiring of commercial and technical specialists for current and future projects as well as pay rises under collective wage agreements. Interest expenses from pension obligations are recognized in net interest income.

Other operating expenses (EUR 96,343k; prior year: EUR 79,060k) are primarily influenced by other purchased services, IT expenses, insurance premiums, audit and advisory fees, rents and leases, travel expenses, training costs, advertising and marketing costs and miscellaneous operating expenses. Other operating expenses increased year on year mainly due to other taxes relating to the electricity tax on own consumption and loss allowances on receivables and loans. Expenses for court, notary and lawyers' fees decreased by contrast.

Amortization and depreciation of EUR 91,285k (prior year: EUR 94,623k) include amortization of intangible assets of EUR 9,334k (prior year: EUR 11,414k). The decrease in depreciation of property, plant and equipment is mainly due to the plants in Delfzijl and Stavenhagen.

The lower financial result of EUR -545k (prior year: EUR 3,133k) relates to higher interest expenses and lower interest income. The financial result also includes investment income of EUR 1,547k (prior year: EUR 1,007k).

Due to the year-on-year decrease in earnings, the tax expense dropped significantly. Tax expense came to EUR 41,431k in the fiscal year (prior year: EUR 45,034k). The decrease is mainly attributable to the out-of-period tax income of EUR 598k due to the tax audit for 2016 to 2019, which contrasts with tax expense of EUR 338k in the prior year. This is more than made up for by the offsetting effects from the differences between entity and group tax rates, among other things. As a result, the tax rate increased from 30% to 31%.

In a letter from the General Directorate of Customs dated 4 March 2021 entitled “Information on tax-privileged use of electricity for power generation in accordance with Sec. 9 (1) No. 2 StromStG [“Stromsteuergesetz”: German Electricity Tax Act]” the tax authorities significantly restricted the option of tax benefits for electricity used for power generation in thermal waste recovery plants. According to the General Directorate of Customs, this restriction is solely a clarification, such that the letter applies retroactively from 2018 onwards. In the view of EEW and the thermal waste recovery plant associations, this letter does not reflect applicable legal situation. As a result, EEW is challenging the notices issued on the basis of the abovementioned letter for the years from 2018 onwards. To clarify the legal issues, an action was filed by EEW Energy from Waste Hannover GmbH, among others. Provisions were recognized at the relevant power generation entities of the EEW Group in order to cover the additional risks resulting from the current decree. The provision is revalued annually based on past experience of electricity tax audits.

In the reporting period, EBIT of EUR 91,285k (prior year: EUR 94,623k) was achieved after deducting depreciation and amortization totaling EUR 225,442k (prior year: EUR 241,188k) from EBITDA of EUR 134,157k (prior year: EUR 146,565k). This year-on-year decrease in EBIT is largely due to higher cost of materials, personnel expenses and other operating expenses, for which the increase in revenue could not compensate. Net of the financial result and the tax result totaling EUR -41,976k (prior year: EUR -41,901k), consolidated profit for the period amounted to EUR 92,181k (prior year: EUR 104,664k).

Financial position

Since June 2021, the EEW Group’s financing structure has been based on the first green bond issued by the EEW Group.

A resolution was adopted in 2023 to distribute a dividend for fiscal year 2022 to the shareholder of EEW Holding in the amount of EUR 60,100k, of which a partial amount of EUR 20,000k was paid out. The remaining amount will be paid out at a future date.

Credit facilities of EUR 330,000k with banks are used to cover short-term liquidity requirements. As of 31 December 2023, EUR 179,058k of this amount had been used for the provision of bank guarantees (EUR 49,058k) and payments from the revolving credit facility (EUR 130,000k). These lines are available for short-term capital needs and the provision of collateral. In the fiscal year, the revolving credit facility was increased from EUR 100,000k to EUR 200,000k and the term was extended by one year. The revolving credit facility is also available to cover liquidity requirements. These funds are mainly used to finance new construction projects. In addition, a credit facility agreement of EUR 95,000k has been provided by Good Champion Investments Limited, of which EUR 20,000k had been utilized as of the 31 December 2023 reporting date.

Solvency was ensured during the entire fiscal year 2023. Owing to the positive liquidity position as well as credit lines available in the short term, no risks to liquidity are identifiable. The EEW Group’s financing structure is stable.

Economic report

ASSETS **Figures in EUR k**	**31 Dec 2023**	**31 Dec 2022**
Non-current assets		
Intangible assets	**47,979**	**43,278**
Property, plant and equipment	**1,239,780**	**980,487**
Financial assets	**30,757**	**29,446**
Receivables and other assets	**7,347**	**57,894**
Deferred tax assets	**18,463**	**15,323**
Total non-current assets	**1,344,326**	**1,126,428**
Current assets		
Inventories	**31,431**	**28,526**
Receivables and other assets		
Trade receivables and contract assets	145,318	119,284
Other receivables and other assets	79,438	39,136
Total receivables and other assets	**224,756**	**158,420**
Cash and cash equivalents	**20,881**	**53,876**
Total current assets	**277,068**	**240,822**
Total assets	**1,621,394**	**1,367,250**

EQUITY AND LIABILITIES **Figures in EUR k**	**31 Dec 2023**	**31 Dec 2022**
Equity		
Subscribed capital	1,000	1,000
Capital reserves	275,900	275,900
Other revenue reserves/profit or loss carryforward	181,144	155,942
Profit or loss attributable to controlling interests	66,759	90,754
Equity attributable to the shareholders of EEW Holding GmbH	**524,803**	**523,596**
Non-controlling interests	**64,828**	**56,818**
Total equity	**589,631**	**580,414**
Non-current liabilities		
Pension provisions	58,889	49,119
Other provisions	28,003	21,014
Bonds	399,019	398,628
Liabilities to banks	1,997	19,982
Other non-current liabilities	83,088	46,551
Deferred tax liabilities	68,726	74,362
Total non-current liabilities	**639,722**	**609,656**
Current liabilities		
Other tax provisions	11,080	2,496
Other provisions	17,427	19,442
Bonds	722	722
Liabilities to banks	150,000	139
Lease liabilities	1,929	2,114
Trade payables	87,096	92,308
Income tax liabilities	37,584	38,027
Other liabilities	86,203	21,932
Total current liabilities	**392,041**	**177,180**
Total equity and liabilities	**1,621,394**	**1,367,250**

Economic report

Assets and liabilities

Total assets of the EEW Group increased from EUR 1,367,250k in the prior year to EUR 1,621,394k, mainly due to higher property, plant and equipment on the assets side and the increase in liabilities to banks as a result of additional loans raised and other liabilities.

Cash flows from investing activities came to EUR -342,859k in the reporting period. In addition to operating investments in existing plants, the EEW Group primarily invested in growth projects such as the new waste incineration facility in Stapelfeld, the fifth line and sewage sludge mono-incineration plant in Rothensee and the sewage sludge recovery plants in Stavenhagen and Delfzijl in 2023.

As of the reporting date, financial assets primarily comprise equity investments and loans to other investees and investors as well as non-consolidated subsidiaries. Non-current receivables (EUR 7,347k; prior year: EUR 57,894k) no longer include receivables under finance leases (EUR 0k; prior year: EUR 50,717k) due to reclassification based on their maturities.

Current receivables (EUR 224,756k; prior year: EUR 158,420k) primarily consist of trade receivables amounting to EUR 145,318k and receivables under finance leases (EUR 43,867k). Income tax refund claims increased significantly by EUR 11,382k year on year to EUR 16,595k. The increase in current receivables is attributable to receivables under finance leases and trade receivables.

Cash and cash equivalents decreased by EUR 32,995k from EUR 53,876k in fiscal year 2023 to EUR 20,881k. Cash outflows were shaped in particular by higher investments in the new construction projects.

The equity ratio fell by 6.1 percentage points from 42.5% to 36.4% due to the increased borrowing requirements for investment projects. From today's perspective, the EEW Group's refinancing base is secure given the positive business prospects.

Non-current liabilities mainly relate to the green bond of EUR 399,019k, pension provisions of EUR 58,889k and the long-term portion of a loan taken out from a subsidiary of EUR 65,538k under other financial liabilities. Current liabilities mainly comprise liabilities to banks of EUR 150,000k, trade payables of EUR 87,096k and other liabilities of EUR 86,203k.

Cash flows from operating activities amounted to EUR 158,412k in the reporting period and were therefore down on the prior-year level. The change in cash and cash equivalents (down EUR 32,995k) is mainly due to higher investments in new waste and sewage sludge recovery plants, as is reflected in cash outflows from investing activities of EUR 342,859k. Cash flows from financing activities (EUR 151,452k) are largely shaped by additional loans raised as well as dividends paid to the shareholder of the parent company and the non-controlling interests. As a result of the above, cash and cash equivalents decreased by EUR 32,995k to EUR 20,881k as of year-end 2023.

3. Outlook, opportunities and risks

3.1 Outlook

The EEW Group's consolidated profit is largely shaped by current developments in the waste market, the energy market and the corresponding capacity utilization of the plants. Quantities not secured by long-term contracts in the spot and commercial markets can be subject to significant fluctuations, while municipal waste quantities reflect consumer behavior. Added to this is the influence of the overall economic situation, which continues to be characterized by weak economic development in Germany compared to other EU countries. Geopolitical developments (Russia-Ukraine war, Israel-Hamas conflict, shipping and logistics risks in the Red Sea) and legislative influences such as the federal government's budget deficit are causing or exacerbating existing uncertainties among companies and consumers. For 2024, the EEW Group anticipates an increase in waste volumes as a result of higher import volumes to utilize the expanded capacities (commissioning of the fifth line in Rothensee and transition from the old plant to the new plant in Stapelfeld). In the commercial and spot markets, both volumes and market price levels are expected to increase slightly overall. Overall, the higher waste volumes should mean that incineration capacities are fully utilized. At the beginning of 2024, greater use was made of volumes held in storage since 2023 to offset the BEHG effect, as the carbon pricing of thermally recovered waste volumes came into force on 1 January 2024. However, the EEW Group currently considers it unrealistic to immediately and fully pass on the carbon pricing to import customers and has therefore budgeted in the medium-term plan for the BEHG costs to be passed on to such customers with a delay. It is expected and assumed that the full amount of BEHG costs can be passed on to municipal customers. 2023 marks a significant turning point in German energy policy, as the state electricity and gas price brake, which was introduced in March 2023 with retroactive effect from December 2022 in response to the energy crisis, was terminated early at the end of 2023, having originally been planned to run until March 2024. Federal Minister of Finance Christian Lindner announced this necessary change due to the budget crisis that arose following a judgment by the Federal Constitutional Court in Karlsruhe. The skimming of windfall profits from electricity generation ended on 30 June 2023. The EEW Group anticipates a significantly higher specific sales price in 2024 compared to the prior year in light of the sales volume already marketed in 2023 and the spot electricity price forecasts factored into its planning. An increase in electricity volumes is also anticipated. In terms of heat sales, EEW is expecting sales volumes to rise in the coming year. Weather always has a significant impact on district heating revenue. Revenue from sales of process steam is expected to be slightly higher in 2024 due to sales volumes. A further increase is expected in CO_2 certificate costs despite some volatility. The EEW Group expects the cost of materials to rise, primarily due to decommissioning and maintenance expenses. The cost of raw materials, consumables and supplies is expected to climb. The EEW Group's growth course with a large number of investment projects mean that it will have an increased need for personnel in the coming years. It is also essential to recruit replacements for the employees retiring from the plants in order to ensure business continuity. Personnel expenses will also increase on the back of rises in collective wages.

The expectations presented here are the result of weighting various scenarios, including revenue growth due to potential increases in waste volumes and prices in the best case scenario. By contrast, the worst case scenario is based on significant drops in waste volumes and prices along with simultaneous bottlenecks in the procurement of operating resources and downtime at plants. A base case scenario was derived from these two scenarios, on which the medium-term plan is based.

Overall, based on the economic forecast data on GDP development in Germany, raw material shortages and supply constraints, higher energy and commodity prices, the risk of high inflation and increases in interest rates and financing costs, the EEW Group expects the financial performance indicators of revenue, EBITDA and cash flows to increase significantly year on year in 2024, subject to further developments in the Russia-Ukraine war and the Israel-Hamas conflict.

Targets 2023	Result 2023	Target achievement 2023	Forecast for 2024
Total revenue (EUR k)	752,659	Target exceeded	Significant increase compared with the prior year
EBITDA (EUR k)	225,442	Target exceeded	Significant increase compared with the prior year
Waste accepted at waste incineration facilities (in thousands of metric tons)	4,811	Target achieved	Increase on the prior year

3.2 Major opportunities and risks of future development

The federal government has set itself the objective of making the energy transition a driver of energy efficiency, modernization, innovation and digitalization in power and heat generation. The goal is to achieve a climate-neutral energy system by 2045. While this development poses risks for thermal waste recovery plants, it also presents opportunities as they can offer various system services for the power grid related to flexibilization. EEW's product range currently includes the supply of the minute reserve and revenue from avoided grid use.

The German federal government considers waste disposal to be an essential service. This is shown in the Federal Ministry of the Interior's response to a joint position paper of ITAD, which represents thermal waste treatment companies in Germany, and BDSAV, which represents the hazardous waste incineration sector in Germany. EEW's plants must therefore be afforded special protection in the event of another pandemic. The Company has taken numerous measures in undertaking this task (e.g., crisis team, communication of basic hygiene rules and rules of conduct, provision of protective gear, various organizational measures).

Overall, the basis for the incineration of waste and generation of energy is stable thanks to the regionally diversified facilities and customer structure. This remained so in 2023.

Key indicators for all known risks are systematically analyzed and the necessary measures for risk prevention are initiated as required. There is monthly reporting in particular on plant operation, waste throughput, electricity sales and also on the development of revenue and costs which is supplemented by weekly operating reports from the plants. Apart from the operational risks arising from the operation of facilities, risks arise in particular from developments in the respective markets for waste and energy marketing. There are currently no risks to the Group's ability to continue as a going concern. The risk situation is regarded as manageable thanks to the mechanisms installed. The major risks are explained below.

Market risks

In 2023, German GDP contracted by 0.3%. Forecasts for the German economy for 2024 are now even more pessimistic. Both the federal government and the European Commission have recently lowered their outlook for 2024. The federal government expects minimal growth of 0.2%. Leading economists believe that the German economy will grow by less than 1% in 2024. Additional risks arise among other things from the volatility of the energy market. The electricity market is particularly susceptible to considerable earnings fluctuations for operators of thermal waste recovery plants as some quantities of electricity can only be sold in the short term given the process requirements of thermal waste recovery. EEW's internal energy risk committee takes these special considerations into account in a marketing strategy which it issues several times a year making recommendations on the use of opportunities and minimization of risks. Based on this marketing strategy, annual, quarterly and monthly volumes are traded on the forward market and volumes sold on the spot market and through intraday trading. Price volatilities on the forward and spot markets are estimated using statistical analysis instruments. The probability of changes in EEW Group's sales markets resulting in positive or negative effects is high. Cyclical fluctuations in particular bear risks for business development. The plants operate with a high proportion of fixed costs. Changes in the sales markets could thus have a major impact on revenue and thus on earnings. Expiring long-term contracts can have positive or negative effects on earnings. Impending contract renewals and associated contract periods are carefully reviewed in good time with a view to potential economic impacts.

With regard to disposal of residues, long-term disposal agreements for slag and filter dust are in place with partners to ensure reliable disposal. The price for the disposal of raw slag is also influenced by the sales price generated for the metal extracted from the slag. If this sales price falls below a contractually defined level, EEW must make a compensation payment. 220,000 mt of filter dust is generated in the EEW Group annually and mostly used in backfilling. In December 2023, prices were drastically adjusted by waste disposal operators and forwarding agents due to the statutory increase in truck tolls. At the majority of EEW's locations, agreements for the disposal of flue gas cleaning residues will expire at the end of 2024. Talks have already been held early on with the disposal partners in order to guarantee disposal security in the future and for as long as possible. The EEW Group is also working on establishing additional disposal channels for flue gas cleaning residues for the locations that currently only work with one mine. Additionally, a research project in collaboration with TU Freiberg is looking for alternative uses for filter dust.

The volatility of market prices and the availability of raw materials such as reagents, chemicals, oil and gas have a significant impact on the financial situation of EEW. The EEW Group expects that the key factors influencing the procurement market (supply chain problems, shortage of drivers, high energy costs, generally higher price levels) in 2024 will continue to have an impact on costs and availability. The further geopolitical and economic consequences of the Russia-Ukraine war and merchant shipping restrictions on the world's oceans for EEW's business development cannot be assessed in detail at present. Extreme fluctuations in the prices of raw materials and disruptions to waste supplies could have a negative impact on earnings. In particular, oil and gas prices are expected to increase further and thus lead to price increases for alternative fuels and energy sources. Due to the Russia-Ukraine war, EEW could face limited availability of materials for maintenance and inspection work and raw materials, consumables and supplies for plant operations as well as potential bottlenecks in transport capacities by road due to the lack of truck drivers. In turn, this could lead to restricted plant operations or have a negative impact on project deadlines. EEW expects that the key factors influencing the procurement market (supply chain problems, shortage of drivers, high energy costs, generally higher price levels) in 2024 will continue to have an impact on costs and availability. Moreover, demand for the operating resources required by EEW could increase as fossil fuel-fired power plants recommence operations, further exacerbating the availability situation. The focus in 2024 will therefore continue to be on supply security, for example through the use of multiple supplier strategies in order to mitigate the risk of supply failure. This will be achieved by concluding fixed supply agreements and increasing inventories and storage capacities. Critical developments affecting prices and availabilities in the relevant procurement markets are also possible in 2024. Energy prices, which are still high by global standards, pose challenges for national producers of raw materials, consumables and supplies if they are to withstand the pressure of international competition. Any intensification of this situation could entail both opportunities and risks for EEW. On the one hand, the possibility of production cuts may impact the availability situation. However, if price-driven declines in domestic production can be offset by cheaper import volumes, there is a chance that prices will fall again. At present, it is not economically viable for EEW to procure its raw materials, consumables and supplies globally. The risk of production cuts in some segments is compounded by continued weak demand in sectors such as the automotive and construction industries.

The federal government's environmental policy goals in particular will have a significant impact on the procurement market in the future. The increase in truck tolls adopted in December 2023 to include an additional CO_2 component and the higher carbon price under the BEHG will lead to noticeable price increases in 2024. In addition, virtually all areas relating to raw materials, consumables and supplies will require a high level of investment to convert production facilities and manufacturing processes so that the climate targets can be met. Given the stricter environmental regulations surrounding operating resources used for flue gas cleaning, demand for these is expected to increase, which may subsequently result in higher prices and potential bottlenecks. Procurement will therefore continue to focus on ensuring the supply of EEW plants in the coming years. Alongside the conclusion of fixed supply agreements, priority is also being given to the optimization of inventory and logistics strategies.

Furthermore, developing alternative suppliers and joining purchasing associations remain key instruments in enhancing our market position. By constantly monitoring the procurement markets, EEW can respond swiftly to market developments and identify new suppliers, products and technologies. In light of the expected market developments, projects such as the processing of sodium bicarbonate will become more significant, as they can ensure independence from market prices and volumes.

Operational risks

As part of the thermal waste recovery, EEW offers its customers process steam and district heating as well as electricity generated from steam turbines as products. The energy produced must be provided to the customers in contractually defined periods. The operation of thermal waste recovery plants can be restricted or even stopped by certain factors that EEW cannot influence or only to a limited extent. This includes planned or unplanned operational interruptions, plant shutdowns, extended maintenance periods as well as shortage of waste. Furthermore, the disposal of raw slag and filter ash is a critical aspect in plant operation. Unapproved waste fractions could lead to emission limit breaches or fires and thus damage to plant parts. If EEW is not able to fulfill its obligations to supply electricity, steam or district heating in accordance with contract arrangements and the official requirements, there is a risk of compensation payments to customers and loss of reputation. Since possible operational disruptions, emission limit breaches and plant shutdowns can have a significant negative impact on the financial performance, the incineration parameters are monitored continuously by the plant control room using control technology in order to mitigate the risk. Compliance with the emission values through adjustment of the flue gas cleaning is ensured through measurement and control technology. The facilities are regularly checked and maintenance is performed in the course of inspections. If extended, unscheduled plant outages nevertheless occur, it is possible to redirect waste in the EEW facility network with internal and external warehouse capacities. The probability of these risks occurring is moderate.

In order to address various operational risks such as fire and lightning, insurance has been taken out for plants, companies and their assets and employees and covers specific losses, taking into account deductibles, policy limits and premium costs. However, these insurance policies and the contractual provisions may not cover all cases of damage, lost income or increased expenses. EEW is insured at the individual plant level against risks such as damage from natural forces, operational disruptions, etc. However, non-insurable events pose a certain residual risk. EEW classifies the risk for the entire Group as manageable due to the implemented processes and safeguards and the estimated low probability of occurrence.

EEW regularly invests in growth projects that are subject to various official approval processes to secure and expand its own market position. Planning and bidding processes require long-term preparations and communication with the responsible authorities and other involved parties. This process can be delayed due to extensive and detailed local public hearings, legislative amendments, local ordinances or other external factors. EEW counteracts this at an early stage with a communications strategy geared to the relevant stakeholder groups, continuous monitoring of ongoing and planned legislation and by anticipating other potential factors. The development and implementation of such projects entails risks with regard to the uncertainty of the underlying assumptions concerning investment volume and the time of completion as well as risks from the application and impact of innovative technologies. Projects could be terminated with the loss of the invested capital, hindering the expansion strategy.

In addition to its own thermal waste recovery plants, EEW also manages the operations of public and private plants based on long-term agreements. If an operational management agreement were terminated or were not extended after expiry or were extended on less favorable terms, EEW could lose revenue and earnings.

Just like its competitors, EEW continuously strives to optimize its operational processes and use more efficient processes and technologies. However, it is possible that the initiated measures will not lead to the expected results, or that competitors will develop procedures to make the thermal waste recovery process cheaper. If EEW does not benefit from such process optimizations, this could have negative impacts on revenue, profitability and the economic value of the facilities.

EEW's own information systems and that of its providers and suppliers are threatened by increasing and continuously evolving cybersecurity risks that could arise in different forms (such as Trojan horse, viruses). Therefore EEW has concluded service agreements with leading providers of hardware, software and telecommunications services. The services comprise timely maintenance, update and exchange of networks, equipment, IT systems and software. Additionally, EEW established a cyber security team in fiscal year 2023 in order to improve its own IT security as well as meet the more extensive legal requirements going forward. The BSI ["Bundesamt für Sicherheit in der Informationstechnik": German Federal Office for Information Security] is currently working on tightening the reporting and documentation requirements for companies classified as critical infrastructure, which includes the EEW Group.

The EEW Group's ability to meet future operational targets is significantly dependent on the unwavering commitment of its management and workforce. Hiring, training, retaining and motivating highly qualified employees is therefore of key importance. Employees receive intensive training in numerous training units and comprehensive occupational health and safety measures are also taken. In 2023, all plants of the EEW Group (except for MHKW Rothensee, which has a separate certification system) were recertified to DIN EN ISO 9001/14001/50001 and 45001.

Environmental and regulatory risks

The EEW Group's revenue is dependent on the one hand on the development of the waste and energy market and on the other on the development of listed electricity prices. The legal framework for EEW's "energy from waste" business model is defined by EU regulations as well as national laws and ordinances including, for example, the KrWG ["Kreislaufwirtschaftsgesetz": German Closed-Loop Recycling Act], the VerpackG ["Verpackungsgesetz": German Packaging Act], the GewAbfV ["Gewerbeabfallverordnung": German Commercial Waste Ordinance], the AbfKlärV ["Klärschlammverordnung": German Sewage Sludge Ordinance] or a new climate protection law with more stringent reductions of greenhouse gas emissions.

<u>National emissions trading (BEHG): Inclusion of waste incineration from 2024</u>

At the start of 2024, thermal waste recovery will be subject to reporting and surrender obligations under the national emissions trading scheme. This is based on the BEHG dated 12 December 2019 (BGBl. I p. 2,728), as last amended by Art. 7 of the Act dated 22 December 2023 (BGBl. 2023 I no. 412). These most recent amendments are price changes that have brought the certificate prices back up to the original level of EUR 45 as a fixed price for 2024 and EUR 55 as a fixed price for 2025. The reporting obligation requires plant operators to monitor carbon emissions and report to the competent authority, the German Emissions Trading Authority (DEHSt) at the Federal Environmental Agency (UBA). Operators have two methods to choose from: Monitoring using continuous emissions measurement (CEMS) or using the calculation approach, which is largely based on standard emission factors specified by the authorities. EEW uses the approach based on standard emission factors, as this allows the costs incurred to be allocated transparently to the individual deliveries. These costs can therefore then also be adequately passed on to the suppliers. The surrender obligation means that the plants have to purchase the required quantity of national emission trading certificates at the prices stipulated by law for the monitored and reported emissions and then surrender these certificates to the competent authority (DEHSt) in accordance with the relevant legislation, this being the EBeV 2030 ["Emissionsberichterstattungsverordnung 2030": German Ordinance on Emissions Reporting 2030]. This combination of reporting and surrender obligations applies to each calendar year as a reporting year and requires close cooperation between the plants and central departments as well as a nuanced response to market conditions.

As the carbon pricing that will come into force for waste incineration facility operators from 2024 represents a high cost/risk factor due to the risk of additional costs arising that cannot be fully recharged to customers, ITAD has brought a model case against the BEHG with respect to thermal waste recovery.

<u>European emissions trading (EU ETS): Inclusion of waste incineration from 2028</u>

EEW is currently not required to act on waste incineration due to the applicable exemption under the EU ETS – except IHKW Andernach (due to waste and other fuels) as well as the plants in Stavenhagen and Göppingen (only standby boiler facilities, since they are greater than 20 MW). However, the trilogue agreement with the European Council and European Parliament required the European Commission to present a plan by mid-2026 on how to include waste incineration facilities in the EU Emissions Trading System (ETS) and to what extent other relevant topics, such as the landfilling of waste, which is still used extensively in the EU, can be integrated into the legislation. This integration of waste recovery is currently planned for 2028. In the meantime, plans are in place for the ETS2, which will also include "buildings" and "transport" sectors in emissions trading, albeit separately. As things currently stand, waste recovery is to be integrated into the current emissions trading system for industry, which will then be called the ETS1. However, the European Commission requires a meaningful set of data for its evaluation phase, which is why a reporting obligation for thermal waste recovery in European emissions trading will apply from 1 January 2024. The actual rules for this reporting require these rules to be transposed into national law, which has not yet happened. By all accounts, the German authorities are hoping to harmonize reporting as far as possible at both national and European level. There is no surrender obligation in this context, but such an obligation is expected to be transferred from the German to the European system from 2028. It is not yet clear to what extent the federal government will adapt the rules for this transitional period.

EEW welcomes a harmonized arrangement across the EU that would apply equally to all member states and thus prevent differentiation effects between member states or third countries.

<u>German Commercial Waste Ordinance (GewAbfV): Not consistently enforced as yet</u>

The 2017 revision of the GewAbfV and the subsequent amendments were a major propellant behind the further expansion of the recycling potential of commercial municipal waste and construction and demolition waste in the Federal Republic of Germany. Despite the new obligations, the provisions of the ordinance have not been able to fully achieve their intended effect. This applies in particular to achieving the envisaged recycling rate for the pre-treatment (sorting) of mixed waste. According to experts, waste that needs to be collected separately is still too often collected as mixed waste and pre-treatable waste is too frequently incinerated for energy recovery. The findings of a study commissioned by the Federal Environmental Agency in 2023 revealed that this is because of a lack of clarity in the wording of the ordinance, inadequate implementation by waste producers/holders and deficits in official enforcement. The aim of the revised version of the GewAbfV planned for 2024 by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) is therefore to make the ordinance more stringent and enforceable, to strengthen official control over the separate collection of commercial municipal waste and construction and demolition waste and to ensure that the envisaged recycling rate is achieved during pre-treatment.

In view of the deficits in official enforcement, the planned changes can and should be accompanied by further measures by the federal states based on current law. In particular, there are plans for stricter official controls of thermal waste treatment plants to check for compliance with the pre-treatment obligation.

<u>German Packaging Act (VerpackG): Higher recycling rates starting 2022 – no significant effects</u>

The amended VerpackG requires considerably higher volumes of waste to be recycled. Since 1 January 2022, higher recycling quotas have applied for packaging in Germany that had to be implemented by the dual system operators. The higher recycling quotas of the VerpackG can also contribute to achieving the European target of recycling 50% of plastic packaging from 2025 (according to the output method). More recycling of household packaging is expected to only have a minor impact on waste incineration, as packaging collection currently includes a large proportion of residual waste after sorting and incorrectly sorted waste and technical feasibility is still inadequate even in modern sorting facilities. The VerpackG did not have a significant effect on the thermal waste recovery business for EEW in 2023.

Rising prices for the storage of waste for winter stocks may pose a risk to earnings, but at the same time may offer EEW the opportunity to develop a new line of business in interim storage and possibly also in the pre-treatment of waste.

The EEW Group may encounter logistics risks as a result of higher costs for its own transport organization in the event of having to redirect waste or transport it to storage facilities in response to changes in the legal framework (e.g., toll increases due to carbon pricing). There could also be bottlenecks in transport capacities as a result of smaller operations or transporters filing for insolvency because they cannot fully pass on inflation and cost increases to customers. Transport capacities could also be lost if the economic situation causes the construction industry (e.g., cement plants) to produce less or even shut down production sites. As a result, it may no longer be possible to make round trips, as it is especially difficult in the bulk goods sector to switch to alternative transport goods.

Green Financing Framework

In keeping with its aim of contributing to climate-friendly energy generation and its role in the circular economy, in 2021, EEW established a Green Financing Framework that will connect sustainable projects with sustainable financing. The Green Financing Framework creates the basis for the use of sustainable instruments to finance and refinance sustainable projects and activities offering a clear benefit for the environment and society. It defines, based on various voluntary standards on transparency and openness, the conditions for targeted investment in suitable sustainable projects and activities of EEW. Sustainable projects may include projects aimed at energy efficiency, avoiding and controlling environmental pollution as well as products, production technologies and processes designed for the circular economy. EEW wants to provide added benefit for all partners with this approach to sustainability. The Green Financing Framework is based on the following international standards: the Green Bond Principles published by the International Capital Market Association (ICMA) and the Green Loan Principles issued by the Loan Market Association (LMA). Inclusion in the taxonomy would be a recognition of the circular economy and would also boost the image of thermal waste recovery and offer the prospect of better conditions for future financing.

Legal risks

Due to different legal views between EEW companies and contractual partners, legal risks can materialize, resulting in the necessity to clarify disputes with the help of court or arbitration proceedings. The outcome of such proceedings can in some cases have a significant effect on the operating results of the individual companies. These risks are limited by the early involvement of the Group's own legal department in the negotiation, conclusion and execution of major contracts. External legal advisors are used to assess and mitigate imminent risks from a legal perspective, where necessary.

Financial risks

The EEW Group works with various customers, providing waste disposal services and supplying energy through electricity and heating/steam. Based on the invoiced services, incoming payments on outstanding accounts are regularly reviewed and reminders sent out within the framework of receivables management. Furthermore, credit reports on customers are obtained. Close consultation is maintained between the sales department and receivables management. Since EEW performs its activities in Europe and invoices them almost exclusively in euros, foreign currency risks can only arise through project activities in foreign currencies.

In the course of its business activities, EEW is exposed to financial market risks relating to assets, interest and discount and inflation rates. A change in the discount rate, for instance, affects the present value of pension provisions. In the course of investing its available cash and cash equivalents, EEW mostly uses time deposits with short notice periods.

EEW issues letters of comfort to a normal extent in the course of operating activities. These letters of comfort are assessed continuously and the probability of occurrence is determined based on extensive historical data. The EEW Group considers the risks of claims under these obligations to be low. EEW Energy from Waste GmbH issued letters of comfort in prior years to subsidiaries to secure services to be performed under disposal agreements or operating licenses in accordance with Sec. 4 BImSchG ["Bundes-Immissionsschutzgesetz": German Federal Emission Control Act] as well as to cover obligations from the operational management agreement with MHKW Pirmasens Abfallbehandlungs GmbH & Co. KG or obligations from an energy supply agreement.

Opportunities

Several areas offer growth and related opportunities to boost the EEW Group's earnings in the relevant target waste disposal and energy markets. The new plant to replace the existing facility in Stapelfeld will cement the EEW Group's significance in the Hamburg and Schleswig-Holstein regions for the long term. The planned delivery of district heating from the EVE2 in Premnitz will make a significant contribution to the eco-friendly supply of district heating to the town of Brandenburg in the future. EEW's internal analysis of the development of the electricity and heating market in Germany and the resulting opportunities will be used to establish a new energy marketing business model – including grid system services with battery storage and the integration of heat pumps. Creating flexibility will provide added value.

In the area of sewage sludge disposal, the necessary infrastructure is being expanded, having started at the latest after the legal amendment in 2017. This is due to the entry into force of the AbfKlärV ["Verordnung über die Verwertung von Klärschlamm, Klärschlammgemisch und Klärschlammkompost": German Sewage Sludge Ordinance] in 2017 and the tightening of the DüMV ["Düngemittelverordnung": German Fertilizers Ordinance] since 2019 as well as the obligation to recover phosphorous for municipalities above a certain size. In Germany, major investments are being made in the construction of new capacities for thermal sewage sludge treatment and phosphorous recovery. The sewage sludge disposal situation did not see a substantial improvement in fiscal year 2023 due to the crisis surrounding the Russia-Ukraine war. Prices for mineral fertilizers – especially nitrogen and phosphorous – remain high. Accordingly, there is still high demand from farmers for soil-based use of sewage sludge. Large quantities of sewage sludge were also used for co-incineration in coal-fired power plants in 2023, marking a continuation of the trend toward co-incineration of sewage sludge in thermal waste treatment plants, coal-fired power plants and cement plants. The price for the disposal of sewage sludge for thermal recovery did not recover in fiscal year 2023 due to excess disposal capacity. The obligation to recover phosphorous from sewage sludge applicable from 2029 means that disposal by co-incineration and soil-based use of sewage sludge will largely no longer be possible after this point. A significant market recovery can therefore be expected from 2029 at the latest.

EEW also sees growth potential in the rest of Europe. In Austria, the Benelux states and France the political and social acceptance of the use of sewage sludge as a fertilizer in agriculture is decreasing due to the hazardous substances contained in it such as microplastics, pathogens and heavy metals. There are discussions at EU level on amending the 1986 EU Sewage Sludge Directive. The amendment process is still ongoing and was not completed in 2023, when there was also an EU-wide consultation of stakeholder associations. The comments they have submitted are currently being evaluated. The amendment process is expected to take until 2025.

EEW Energy from Waste Polska Sp. z o.o. (EEW Polska) is engaged in preparatory activities for the construction and operation of thermal waste treatment facilities in Poland. One specific project is planning for a waste incineration facility for the purpose of supplying a major industrial company in northern Poland with steam. A key milestone is obtaining the environmental approval. At the same time, EEW Polska is looking into developing other locations as there is a significant shortage of capacities in the thermal waste treatment market in Poland. EEW Polska is also involved in acquiring waste in Poland for recovery within the EEW Group.

Outlook, opportunities and risks

In addition to building new energy from waste and sewage sludge recovery plants, EEW is also working on expanding its product and service portfolio in the waste segment. Recovering minerals through thermal treatment of road asphalt, chemical recycling of plastic waste or thermal treatment of electronic waste for the purpose of recovering precious metals and rare earth elements are examples of innovations throughout the current value chain.

Projects and activities in connection with residual waste disposal include recovery of operating resources (sodium bicarbonate), preparation of flue gas cleaning residues for use as an additive in the construction materials industry or securing capacities for disposal of flue gas cleaning residues in the long term.

Digitalization will also contribute to process optimization and efficiency enhancements at EEW. Several projects were implemented, continued and initiated in 2023. As in this year, EEW as a company will follow up on data and their appropriate use to streamline processes, make forecasts and increase customer satisfaction in the next years.

The EU Waste Framework Directive and especially the Landfill Directive, with its target of reducing the landfill volume to under 10% by 2035 (2022 status quo: 23.1%), have a future potential of nearly 30 million mt even with the achievement of the set recycling targets, which all EU states have been required to calculate using the output method and report to the European Commission since 2020. This has led to another dramatic drop in recycling rates and enormous efforts by EU countries including Germany (so far leading at 67% according to the input method previously used). According to Eurostat data for 2022, Germany’s recycling rate is 69.3%, which is by far the highest in the EU. The volume of municipal waste in the EU fell by 3.4% in 2022. Here, there is an obvious connection to the subsiding of the coronavirus pandemic, which is likely to have been partly responsible for the significant increase in the volume of household waste in the two prior years. In 2022, EU countries recycled less municipal waste for the first time in almost 30 years. In fact, the proportion of landfill increased again: 48.6% recycled (2021: 49.8%) and 23.1% landfilled (2021: 22.9%). The majority of the 27 member states still have a long way to go if they are to meet the EU target of reducing the amount of municipal waste sent to landfill to 10% or less by 2035.

There will probably be positive effects from the shutdown of coal-fired power plants by 2038 at the latest and from mechanical biological waste treatment plants, which may offset the risks posed by the GewAbfV and new capacities (whose construction has been postponed or discontinued in many locations due to the current political and economic situation). Thermal waste recovery also stands to benefit from the significant decline in the use of RDF in cement plants in 2023 on account of the economic downturn, especially in the construction industry and construction materials industry, and the resulting fall in demand for cement. Cement manufacturers in Germany are struggling with higher energy costs and the future emissions trading framework. In the long term, this could lead to a reduction in German cement production capacities. In 2023, the net export situation seen in the last couple of years as a result of high capacity utilization (Germany had been a net exporter of RDF since 2020) changed back to a net import situation (as prior to 2020), with a strained volume situation due to the current economic and political conditions. According to market information, several notification procedures are currently in the pipeline, mainly from Italy, followed by Poland, the UK and France, all countries in which the carbon tax on landfills is increasing. The RDF import tax in the Netherlands and the introduction of an incineration tax in Sweden in 2020 as well as restrictions on RDF imports in Denmark are expected to curb future exports to these countries.

There are also likely to be more frequent short-term, unplanned interruptions of operations as competitors’ plants age and EEW will have the opportunity to absorb the affected volumes thanks to existing capacity (example: shutdown of AVR in the Netherlands in the third quarter of 2023). An economic recovery is not expected before 2025. In this connection, growing consumption, manufacturing and the construction industry will result in a renewed increase in waste quantities.

EEW intends to expand its role as a leader in resource conservation and sustainable energy generation for industry and households in Europe and thus enhance the circular economy. EEW contributes to reducing its emission footprint by increasing energy efficiency and using renewable energy sources at its plant locations as well as boosting recycling of residual waste and reducing greenhouse gas emissions. Investments in technological innovations and process efficiency, development of new products and services and continuous optimization of the plants leads to better processes for the long term and strengthens the circular economy. EEW positions itself as an attractive and forward-looking employer through personnel development programs, enhanced customer satisfaction, intensified stakeholder management and hazard mitigation plans at plant sites.

Helmstedt, 21 March 2024

EEW Holding GmbH

The Management Board

Poppe	Manns	Schmidt

Translation from the German language

Engagement Terms, Liability and Conditions of Use

We, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the auditor's report is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the auditor's report is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of this financial reporting and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the auditor's report to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this auditor's report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.