N.V. Eneco - Financial Statements

Consolidated financial statements for the 15-month period ended 31 March 2023

Consolidated income statement

For the 15-month period ended 31 March 2023

x €1 million	Note	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Revenues from energy sales and energy-related activities	3	13,145	5,144
Purchases of energy and energy-related activities		-11,179	-3,987
Gross margin		**1,966**	**1,157**
Other income	4	74	67
Gross margin and other income		**2,040**	**1,224**
Employee benefit expenses	5	-378	-258
Cost of contracted work and other external costs		-618	-377
Depreciation and impairment of property, plant and equipment	11, 12	-337	-259
Amortisation and impairment of intangible assets	13	-152	-91
Other operating expenses		-75	-17
Operating expenses		**-1,560**	**-1,002**
Operating profit		**480**	**222**
Share of profit of associates and joint ventures	7	54	63
Financial income	8	13	2
Financial expenses	9	-39	-26
Profit before income tax		**508**	**261**
Income tax	10	-128	-52
Profit after income tax		**380**	**209**

Profit distribution			
Profit after income tax attributable to non-controlling interests		3	-
Profit after income tax attributable to shareholder of N.V. Eneco		377	209
Profit after income tax		**380**	**209**

1 15-month period from 1 January 2022 to 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 12-month calendar year 2021, from 1 January to 31 December.

Consolidated statement of comprehensive income

For the 15-month period ended 31 March 2023

x €1 million	Note	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Profit after income tax		**380**	**209**
Unrealised gains and losses that will not be reclassified to profit or loss			
Remeasurement of defined-benefit pension plans	23	1	1
Unrealised gains and losses that may be reclassified to profit or loss			
Currency translation differences			
- Current period	29	-11	18
Net investment hedge			
- Current period, net change before tax	29	5	-18
- Income tax effect	16	-1	5
Cash flow hedges			
- Current period, net change before tax	29	105	-258
- Income tax effect	16	-27	67
Share of unrealised profit of associates and joint ventures after tax	15, 29	56	6
Total other comprehensive income		**128**	**-179**
Total comprehensive income		508	30
Profit distribution			
Non-controlling interests		3	-
Shareholder of N.V. Eneco		505	30
Total comprehensive income		**508**	**30**

1 15-month period from 1 January 2022 to 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 12-month calendar year 2021, from 1 January to 31 December.

Consolidated balance sheet

x €1 million	Note	At 31 March 2023[1]	At 31 December 2021[2]
Non-current assets			
Property, plant and equipment			
- Owned assets	11	3,216	2,965
- Right-of-use assets	12	336	238
Intangible assets	13	1,043	1,121
Associates and joint ventures	15	317	221
Deferred income tax assets	16	24	21
Financial assets			
- Derivative financial instruments	17	372	600
- Other financial assets	18	104	98
Total non-current assets		**5,412**	**5,264**
Current assets			
Assets held for sale		2	1
Intangible assets and inventories	13	630	231
Trade receivables	19	1,798	1,260
Current income tax assets		2	19
Other receivables	20	794	543
Derivative financial instruments	17	1,314	1,906
Cash and cash equivalents	21	437	654
Total current assets		**4,977**	**4,614**
TOTAL ASSETS		**10,389**	**9,878**
Equity			
Equity attributable to shareholder of N.V. Eneco	22	3,317	2,914
Non-controlling interests	22	12	7
Total equity		**3,329**	**2,921**
Non-current liabilities			
Provisions for employee benefits	23	5	6
Other provisions	24	208	185
Deferred income tax liabilities	16	167	169
Derivative financial instruments	17	775	842
Lease liabilities	12	302	205
Interest-bearing debt	25	619	409
Other liabilities	26	210	182
Total non-current liabilities		**2,286**	**1,998**
Current liabilities			
Liabilities held for sale		-	2
Provisions for employee benefits	23	3	4
Other provisions	24	10	1
Derivative financial instruments	17	1,149	1,980
Lease liabilities	12	31	28
Interest-bearing debt	25	59	783
Current income tax liabilities		106	28
Trade creditors and other liabilities	26	3,416	2,133
Total current liabilities		**4,774**	**4,959**
TOTAL EQUITY AND LIABILITIES		**10,389**	**9,878**

1 Balance sheet position at 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 Balance sheet position at 31 December 2021.

Consolidated cash flow statement

For the 15-month period ended 31 March 2023

x €1 million	Note	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Profit after income tax		**380**	**209**
Adjusted for:			
- Financial income and expense recognised in profit or loss	8, 9	26	24
- Income tax recognised in profit or loss	10	128	52
- Share of profit of associates and joint ventures	7	-54	-63
- Depreciation, amortisation and impairment	11, 12, 13	487	350
- Result from sale of tangible and intangible assets		17	-6
- Movement in working capital	32	83	-436
- Movements in provisions, derivative financial instruments and other		97	-35
Cash flow from business operations		**1,164**	**95**
Interest paid	9, 12	-36	-22
Interest received		11	3
Income tax paid/received		-69	-53
Cash flow from operating activities		**1,070**	**23**
Loans granted		-13	-5
Repayment of loans granted	18	3	-
Dividend received from associates and joint ventures[3]		24	19
Acquisition of subsidiaries (net, exclusively purchased cash)	14	-5	-18
Acquisition of joint operations, joint ventures and associates	14	-20	-134
Disposal of joint operations, joint ventures and associates		4	69
Investments in property, plant and equipment	11	-560	-345
Disposal of property, plant and equipment		2	10
Investments in intangible assets	13	-57	-35
Disposal of intangible assets		1	6
Disposal of assets held for sale		-1	13
Cash flow from investing activities		**-622**	**-420**
Dividend payments		-104	-58
Payment of lease liabilities	12	-36	-28
Repayment of interest-bearing debt	25	-791	-144
Proceeds from interest-bearing debt	25	266	722
Purchase/sale of non-controlling interests		1	1
Cash flow from financing activities		**-664**	**493**
Movement in cash and cash equivalents		**-216**	**96**
Balance of cash and cash equivalents at 1 January 2022 respectively 1 January 2021		654	557
Translation gains and losses on cash and cash equivalents of subsidiaries		-1	1
Balance of cash and cash equivalents at 31 March 2023 respectively 31 December 2021		**437**	**654**

1 15-month period from 1 January 2022 to 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 12-month calendar year 2021, from 1 January to 31 December.
3 Cash flow reclassified from 'Cash flow from operating activities' in 2021 to 'Cash flow from investing activities' in the period ended 31 March 2023 to align with income statement.

Consolidated statement of changes in equity

x €1 million	Equity attributable to shareholder of N.V. Eneco[1]							
	Paid-up and called-up share capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Un-distributed profit	Total	Non-controlling interests	Total equity
At 1 January 2021	**122**	**-13**	**-52**	**2,768**	**117**	**2,942**	**6**	**2,948**
Profit after income tax 2021	-	-	-	-	209	209	-	209
Total other comprehensive income	-	5	-185	1	-	-179	-	-179
Total comprehensive income	**-**	**5**	**-185**	**1**	**209**	**30**	**-**	**30**
Profit appropriation 2020	-	-	-	59	-59	-	-	-
Dividend to shareholder of N.V. Eneco	-	-	-	-	-58	-58	-	-58
Acquisitions of group companies	-	-	-10	10	-	-	-	-
Changes in non-controlling interests in subsidiaries	-	-	-	-	-	-	1	1
Total transactions with owners of the company	**-**	**-**	**-10**	**69**	**-117**	**-58**	**1**	**-57**
At 31 December 2021[2]	**122**	**-8**	**-247**	**2,838**	**209**	**2,914**	**7**	**2,921**
Profit after income tax for the 15-month period ended 31 March 2023	-	-	-	-	377	377	3	380
Total other comprehensive income	-	-7	134	1	-	128	-	128
Total comprehensive income	**-**	**-7**	**134**	**1**	**377**	**505**	**3**	**508**
Profit appropriation 2021	-	-	-	105	-105	-	-	-
Dividend to shareholder of N.V. Eneco	-	-	-	-	-104	-104	-	-104
Other movements	-	-	-	2	-	2	-	2
Changes in non-controlling interests in subsidiaries	-	-	-	-	-	-	2	2
Total transactions with owners of the company	**-**	**-**	**-**	**107**	**-209**	**-102**	**2**	**-100**
At 31 March 2023[3]	**122**	**-15**	**-113**	**2,946**	**377**	**3,317**	**12**	**3,329**

1 See note 22 'Equity' for further information on equity.
2 Balance sheet position at 31 December 2021.
3 Balance sheet position at 31 March 2023, see note 1.2 'Change in financial reporting period'.

Notes to the consolidated financial statements

All amounts in millions of euros unless stated otherwise.

1. Accounting principles for financial reporting

1.1 General information

N.V. Eneco ('the company') is a company incorporated under Dutch law, with its registered office in Rotterdam. N.V. Eneco is the holding company of subsidiaries, interests in joint operations, joint ventures and associates (referred to jointly as 'Eneco' or 'the Group'). Mitsubishi Corporation (Tokyo, Japan) is the ultimate parent of N.V. Eneco (formerly N.V. Eneco Beheer). The full large company regime applies to N.V. Eneco pursuant to the articles of association. The company is registered at the Chamber of Commerce under number 24246970.

In line with its mission of 'everyone's sustainable energy', the Group is investing in making the supply chain more sustainable with the aim of keeping energy clean, available and affordable for customers into the future. The Group focuses on innovative energy services and products that allow customers to save energy or generate sustainable energy jointly or alone and feed it into the energy network. New services are being developed for this, that form and shape the energy transition. These include innovative flexible services and services focusing on saving energy. In addition to the Netherlands, the Group operates in Belgium, Germany and the United Kingdom.

The Group's main strategic alliances are its investments and participating interests in onshore and offshore wind farms, solar farms, start-ups and memberships of co-operatives. These are the joint investment with Mitsubishi Corporation in the Luchterduinen offshore wind farm, investment with Nethys N.V. in the Norther wind farm in the North Sea and investment with a number of others (Partners Group, Swiss Life, Shell, Inpex and Luxcara) in the Blauwwind (Borssele III & IV) offshore wind farm. Eneco is also participating in the SeaMade wind farm being developed off the Belgian coast. The CrossWind consortium is a joint investment between Shell and Eneco to build the Hollandse Kust Noord wind farm without subsidies. The Group is also a member of the Enecogen V.O.F. power station partnership and has an interest in Greenchoice B.V. In December 2022, the Ecowende consortium, a joint investment between Shell and Eneco, was awarded the tender to build the Hollandse Kust (west) site VI wind farm without subsidies.

The consolidated financial statements have been prepared by the company's Management Board. The financial statements for the 15-month period ended 31 March 2023 were signed by the Management Board during its meeting on 15 June 2023 and will be submitted for adoption by the General Meeting of Shareholders on 3 July 2023.

The company's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) in force at 31 March 2023, as adopted by the European Commission, and with the provisions of Part 9, Book 2 of the Dutch Civil Code. Where necessary, the accounting policies of joint operations, joint ventures and associates are brought into line with those of N.V. Eneco. The consolidated financial statements have been prepared on a going-concern basis using the accrual basis of accounting.

The company income statement is presented in a condensed form pursuant to the provisions of Section 402, Part 9, Book 2 of the Dutch Civil Code.

1.2 Change in financial reporting period

On 8 December 2021, the company's Management Board decided that the company's financial reporting period will change from the calendar year to a fiscal year running from 1 April to 31 March in order to align its financial reporting period with that of the ultimate parent, Mitsubishi Corporation.

Accordingly, the accompanying consolidated and company financial statements for the current financial reporting period cover a period of fifteen months, from 1 January 2022 to 31 March 2023. The comparative figures are for twelve months, from 1 January 2021 to 31 December 2021, and hence are not directly comparable.

1.3 Amended IFRS standards

A number of changes to existing IFRS standards adopted by the European Commission have been in force since 1 January 2022 and, where relevant, have been applied by Eneco since that date. They are as follows:

Amendments to IAS 16 'Property, plant and equipment' regarding proceeds before intended use
The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E) any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing them, through profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment, i.e. the financial reporting period 2021.

Amendments to IAS 37 'Provisions, contingent assets and contingent liabilities' regarding onerous contracts – costs of fulfilling a contract
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. Where applicable, Eneco will apply the amendments prospectively to contracts for which it had not yet fulfilled all of its obligations at the beginning of the 15-month period ended 31 March 2023.

Amendments to IFRS 3 'Business Combinations' regarding reference to the Conceptual Framework and some other limited amendments
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' or IFRIC 21 'Levies', if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IFRS 9 'Financial instruments' regarding fees in the '10 per cent' test for derecognition of financial liabilities
The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender,

including fees paid or received by either the borrower or lender on the other's behalf. Where applicable, Eneco will apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the 15-month period ended 31 March 2023.

These amendments do not have a material impact on the Group in the current reporting period.

New standards and amendments to existing standards, which Eneco has not early adopted, become effective from 1 January 2023 and will be applied by Eneco as from the next reporting period (starting on 1 April 2023):

- New standard IFRS 17 'Insurance Contracts': this standard is not applicable to Eneco based on its business activities (not an insurance company). However, Eneco has 'fixed-fee service contracts' (e.g. for central heating boiler maintenance) that meet the definition of an insurance contract in IFRS 17. For these contracts, Eneco has decided to apply IFRS 15 'Revenue from Contracts with Customers', which is permitted by the scoping paragraphs of both IFRS 15 and IFRS 17.

- Amendments to IAS 1 'Presentation of financial statements' and IFRS Practice Statement 2 regarding the disclosure of accounting policies: the amendments may impact Eneco's accounting policy disclosures. This will be determined during the preparation of the financial statements 2023;

- Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' regarding the change of the definition of an accounting estimate: based on a preliminary assessment, it is expected that these amendments will not have a material impact on Eneco's financial statements, but they should provide helpful guidance for the preparation of the financial statements 2023 when determining whether changes are to be treated as changes in estimates, changes in policies, or errors;

- Amendments to IAS 12 'Income taxes' regarding deferred taxes related to assets and liabilities arising from a single transaction: the amendments require the recognition of deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. For Eneco this applies to leases and decommissioning obligations. The impact would have been approximately €80 million to €90 million of additional deferred tax assets and liabilities if these amendments had been adopted in the financial statements for the 15-month period ended 31 March 2023.

Other new IFRS standards, amendments to existing standards and/or new interpretations that will apply in later reporting periods and/or that have not yet been adopted by the European Commission and/or that are not relevant to the Group, are not addressed further in these financial statements.

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of N.V. Eneco, its subsidiaries and the relevant proportion of the joint operations, non-consolidated joint ventures, associates and other capital interests.

Subsidiaries
A subsidiary is an entity where the company exercises control. This means that the company controls, directly or indirectly, that entity's financial and business operations with the purpose of gaining economic benefits from the activities of that entity. Control is based on whether the investor (1) exercises control over the entity, (2) is exposed, or has rights, to variable returns from the investment in the entity and (3) has the ability to affect those returns through its control. In general, the company holds more than half the shares in its subsidiaries.

The financial statements of a subsidiary are recognised in the consolidated financial statements according to the full consolidation method from the date on which control is obtained until the date on which that control no longer exists. Potential voting rights which can be exercised immediately are also taken into account when determining whether control exists. Pursuant to the full consolidation method, 100% of the assets, liabilities, income and expenses from subsidiaries are recognised in the consolidated financial statements. Intercompany balance sheet positions, transactions and results on such transactions between subsidiaries are eliminated.

Non-controlling interests consist of the capital interests of minority shareholders in the fair value of the identifiable assets and liabilities when a subsidiary is acquired and the non-controlling interest in subsequent changes to the equity. Non-controlling interests in the equity and results of subsidiaries are disclosed separately.

Joint operations/Joint ventures
Joint operations and joint ventures are entities for alliances in respect of which there are contractual undertakings with one or more parties under which they have joint decisive control over that entity. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Only the Group’s share of assets, liabilities, income and expenses of joint operations are consolidated, in accordance with the accounting policies of the Group. Joint ventures are recognised using the equity method in accordance with the accounting policies of the Group. Interests in joint operations and joint ventures are recognised from the date on which joint control is obtained until that joint control no longer exists.

Associates
An associate is an entity where there is significant influence over the financial and operating strategy, but not control. In general, 20% to 50% of the voting rights are held in an associate. The share in associates is recognised in the consolidated financial statements using the equity method, in which initial recognition is at the cost of acquisition of the interest in the associate. The carrying amount is then adjusted by the share in the result less dividends received. The cost of acquisition of an associate is the amount at which an associate was acquired by Eneco. If this is higher than the value of the net identifiable assets acquired, it may include goodwill. Associates are recognised from the date on which significant influence has been obtained until the date on which that influence no longer exists. Results on transactions with associates are eliminated in proportion to the interest in the associate. Impairment losses on associates are not eliminated.

Losses on associates are recognised up to the amount of the net investment in the associate, including both the carrying amount and any loans granted to the associate. A provision is only formed for the share in further losses if the Group has assumed liability for those losses.

Other capital interests
Other capital interests are investments in entities in which the Group has an interest but where neither control nor significant influence can be exercised. These interests are carried at fair value with movements recognised through profit or loss. If its fair value cannot be reliably measured, a capital interest is carried at the cost of acquisition. Dividends are recognised through the income statement when they fall due.

2. Accounting policies

2.1 General

The principal accounting policies used when preparing the financial statements for the 15-month period ended 31 March 2023 are summarised below.

The accounting policies used in these financial statements are consistent with those set out in the 2021 financial statements except for the effect of amended standards as set out in 1.3 'Amended IFRS standards'.

Judgements, estimates and assumptions
In preparing the financial statements, management applied judgements, estimates and assumptions which affect the reported amounts and rights and obligations not disclosed in the balance sheet. The judgements, estimates and assumptions that have been applied are based on market information, knowledge, historical experience and other factors that can be deemed reasonable in the circumstances. Actual results could, however, differ from the estimates. Judgements, estimates and assumptions are reviewed on an on-going basis.

Judgements
The following notes disclose information used when forming judgements when applying the accounting principles for financial reporting that have a significant effect on the amounts recognised in the consolidated financial statements:

- note 2.1 ‘General', ‘Impact energy crisis’ section: application of customer support arrangements and inframarginal revenue cap law;
- note 2.2 'Revenues’ whether revenues under the items Energy supply and Energy-related activities are recognised 'over time or at a point in time';
- notes 2.2 'Revenues' and 3 'Revenues from energy sales and energy-related activities’: whether the Group acts as agent or principal (regarding energy contracts and related grid fees); and
- note 1.4 'Basis of consolidation' and the ‘List of principal subsidiaries, joint operations, joint ventures and associates’: the degree of control the Group has over such an investment.

Estimates and assumptions
Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision also affects future periods, the change is made prospectively in the relevant periods. Notes that disclose information on the principal estimates and assumptions involving a considerable risk of a material change to the carrying amount of assets and liabilities or impact on the results include:

- note 3 'Revenues from energy sales and energy-related activities’: estimated consumption relating to energy deliveries as set out in 2.2 (accounting policies for revenues);
- note 11 'Property, plant and equipment – owned assets': the useful lives of property, plant and equipment;
- note 12 'Property, plant and equipment – right-of-use assets and lease liabilities': the useful lives of lease assets if different from the lease term and the potential exercise of renewal options in leases;
- note 13 'Intangible assets': the useful lives of intangible assets and impairment and significant assumptions underlying realisable amounts when performing a goodwill impairment test;

- note 16 'Deferred taxes': recognition of deferred tax assets and availability of future taxable profits against which transferrable tax losses can be used;

- note 17.4 'Fair value hierarchy': the main assumptions for determining the fair value measurement of level 3 financial instruments on the basis of unobservable inputs;

- notes 19 'Trade receivables' and 29.1 'Credit risk': the main assumptions for determining the provision for doubtful debts and impairment of contract assets using the expected credit losses method; and

- notes 23 'Provisions for employee benefits' and 24 'Other provisions' (of which the decommissioning provisions are the greatest part): the main actuarial and other parameters and estimates of future cash outflows regarding these provisions.

Accounting estimates and management judgements related to climate changes
The effects of climate change and the potential impact on the energy transition (including changes in the legal environment) are relevant to some of the economic assumptions in our estimates of future cash flows. The result of these developments, and the degree to which Eneco's activities will be affected by them are sources of uncertainty. Estimating energy demand and commodity prices towards 2035 is a challenging task, involving assessing future developments in supply and demand, the speed of electrification, the impact of the introduction of green hydrogen, other technology changes, taxation, tax on emissions and other important factors. By definition, actual outcomes will differ from assumptions and the related projected scenarios. This could result in significant changes to accounting estimates for Eneco's property, plant and equipment, such as useful life, value-in-use calculations, and residual values. It also affects depreciation periods, timing of decommissioning and impairment assessments.

Since Eneco is a front runner in sustainability, its existing asset base already consists largely of renewable assets. Eneco operates some smaller gas-fired combined heat and power (CHP) plants as part of our district heating infrastructure and we operate two gas-fired power plants as balancing plants when there is too little wind and solar energy. Eneco is developing a clear strategy on renewable heat sources to supply heat for our district heating operations. In the near future, we will investigate how to convert the existing natural-gas-fired plants to green gas and/or hydrogen.

Impairment of assets
There is evidence of an impairment when the carrying amount of an asset is higher than the recoverable amount. The recoverable amount of an asset is the higher of the sale price less costs to sell and the value in use. An asset's value in use is based on the present value of estimated future cash flows calculated using a pre-tax discount rate which reflects the time value of money and the specific risks of the asset. The recoverable amount of an asset which does not independently generate a cash flow and is dependent on the cash flows of other assets or groups of assets is determined for the cash-generating unit of which the asset is part.

A cash-generating unit is the smallest identifiable group of assets separately generating cash flows that are significantly independent of the cash flows from other assets or groups of assets. Cash-generating units are distinguished on the basis of the economic interrelationship between assets and the generation of external cash flows and not on the basis of separate legal entities.

Goodwill is allocated on initial recognition to one or more cash-generating units in line with the way in which the goodwill is assessed internally by the management. An impairment test on goodwill is performed each year to determine the recoverable amount. The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 13 'Intangible assets'.

The recoverable amount of the asset or cash-generating unit concerned is determined if an impairment trigger analysis provides evidence of impairment. If the carrying amount of assets allocated to a cash-generating unit is higher than the recoverable amount, the carrying amount is reduced to the recoverable amount. This impairment is recognised through the income statement.

Impairment of a cash-generating unit is first deducted from the goodwill attributed to that unit (or group of units) and then deducted proportionately from the carrying amount of the other assets of that unit (or group of units).

Impairment may be reversed through the income statement if the reasons for it no longer exist or have changed. Impairment is only reversed up to the original carrying amount less regular depreciation. Impairment losses on goodwill are not reversed.

Foreign currencies
The euro (€) is the Group's functional currency and the currency in which the financial statements are presented. Transactions in foreign currencies are translated into euros at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the reporting date are translated into euros at the exchange rate prevailing on the reporting date. Foreign currency exchange differences that arise on translation are recognised through the income statement.

If the functional currency of a foreign subsidiary, joint operation, joint venture or associate is not the euro, foreign currency exchange differences arising from translation are recognised as translation differences in equity. The accumulated translation difference is recognised through the income statement when a foreign subsidiary, joint operation, joint venture or associate is sold or liquidated.

Translation differences on monetary items that are or were part of the net investment in such foreign operations are also accumulated in the translation reserve and released to profit or loss on sale of the foreign operation.

Offsetting
Receivables and payables with a counterparty are offset if there is a contractual right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. In the absence of an intention or actual netted settlement, the existence of an asset or liability is determined for each contract.

Impact energy crisis

As a response to volatile and rising European energy prices, governments in Europe have introduced certain customer support arrangements to partly compensate for the financial effects of higher energy prices for consumers and businesses. In addition, an inframarginal revenue cap was introduced by the European Union to transfer earnings made from the production of electricity with renewable assets above a certain threshold to the respective local government. The impact on N.V. Eneco's financial statements related to these customer support arrangements in the main countries Eneco operates in and the inframarginal revenue cap law, is explained in more detail below.

Customer support arrangements in response to high energy prices
The Netherlands
The Dutch government has implemented the following customer support arrangements:

Temporary contribution to energy bills for small-scale electricity connections in November and December 2022 ('Tijdelijke overbruggingsregeling tegemoetkoming energieprijzen kleinverbruikers 2022 (CEK22)'): For November and December 2022 a monthly compensation was granted of €190 per month to each small-scale electricity connection with a residential function. Final declaration and settlement with the Dutch government will be ultimately in December 2023.

Price cap for gas, electricity and district heating ('Subsidieregeling bekostiging plafond energietarieven kleinverbruikers 2023 (CEK23)'): For the period from 1 January 2023 to 31 December 2023 a temporary price cap on gas, electricity and district heating has been introduced for Dutch households and other small-scale users up to a specified level (volume) of consumption. It means that, up to a certain volume, these users will not pay more than a maximum tariff. The government requested suppliers of electricity, gas and district heating to execute the price cap arrangement by transferring compensation from the government to the households and other small-scale users. The amount of the compensation from the government to the energy supplier covers the difference between the energy price in the price cap and the average contractual energy price agreed with the customer multiplied by the volume of energy supplied up to the volume cap. The maximum tariffs (including taxes) applicable to the energy consumption ceilings are:

- €0.40 per kWh for 2,900kWh of electricity used
- €1.45 per m^3 for 1,200m^3 of natural gas used
- €47.38 per GJ for 37GJ of district heating used

Final declaration and settlement with the Dutch government will be ultimately in June 2025.

When accounting for this arrangement, some uncertainties are noticed. One of the uncertainties relates to the split between the receivable from/payable to the government versus customers, following from estimated volumes (including churn) and average prices as these can differ over time during the settlement period.

The table below shows the amounts relating to these arrangements in the Netherlands:

The Netherlands					
Arrangement	**Period**	**Received from government**	**(to be) settled with customers**	**Note 20 - Other receivables**	**Note 26 - Trade creditors and other liabilities**
CEK22	November and December 2022	626	624	-	2
CEK23	January 2023 to March 2023	773	896[1]	123	-
CEK23	April 2023	164	-	-	164

1 This amount relates to the revenues recognised for the period 1 January until 31 March 2023 under the price cap arrangement (to be) collected from the government.

As part of the price cap arrangement, the government requires energy suppliers to perform a margin test for the calendar year 2023. An energy supplier that has received compensation from the government regarding the price cap regulation is required to prove that the realised gross margin in 2023 has not exceeded the preliminary determined benchmark. The benchmark is based on an arithmetic average of the historical gross margins over the last four years. It is permitted to leave out one year from this calculation. The arrangement defines the gross margin as the difference between the sourcing costs of the energy supplied (including specific sourcing premiums to cover the risks of profiling, imbalance and weather) and the sales revenues of the energy supplied.

Eneco has performed this margin test for the first quarter of 2023, according to the definitions and calculations as defined in the government regulation. The reference period used to calculate the benchmark was the first quarters of 2019, 2020, 2021 and 2022 of which it is permitted to exclude one quarter. The outcome of the margin test was that the gross margin for the first quarter of 2023 did not exceed the benchmark. Consequently, no adjustment has been made in the financial statements.

The arrangement regarding the margin test is formulated to be applicable for the total energy sector with approximately 60 suppliers in the Netherlands. For that reason, the terms, definitions and formulas used in the regulation aim to be suitable for a broad range of business models, administrations and accounting policies. For the evaluation of the margin test for the first quarter of 2023 the terms, definitions and formulas have been applied to Eneco's specific business model and administration.

For the costs incurred to execute the price cap arrangement, the energy suppliers receive a compensation of €4.31 (excl. VAT) per connection per year from the government.

Temporary energy emergency fund ('Noodfonds Energie'): In addition to the above customer support arrangements, a temporary energy emergency fund was set up on 7 February 2023 by several energy companies in cooperation with the Dutch government. This 'Noodfonds Energie' is intended for Dutch households with a low income to (partly) compensate their energy invoices and to avoid energy debts. Eneco has voluntarily funded the 'Noodfonds Energie' with €5 million. Eneco's customers had received €3 million from the fund at 31 March 2023.

Germany
The German government has implemented the following customer support arrangements:

Emergency assistance ('Soforthilfe'): In November 2022, the German government has decided to financially relieve certain gas customers, by paying one-twelfth of the annual consumption forecast by the energy supplier at the take-off point in September 2022 and of the agreed gas price in December 2022. Energy suppliers were instructed not to collect the December prepayments from their customers. Instead, the federal government transferred the forecasted one-twelfth part of the yearly consumption of these customers to the energy suppliers. The calculation of the one-twelfth yearly consumption was defined by the government.

Electricity and gas price brake ('Strom- und Gaspreisbremse'): In December 2022, the German government decided to launch further price relief for gas and electricity customers.

- Gas: In order to relief households and small and medium-sized enterprises that consume less than 1.5 million kWh of gas, the German government pays the difference between the higher contract price and 12 cents gross per kWh, based on 80% of the customer's prior-year consumption of gas. The allocated amount is based on 80% of the projected annual consumption at September 2022.

For industries who use more than 1.5 million kWh, a price brake of 7 cents net based on 70% of previous year's consumption is applied. The amount allocated is based on 70% of the annual consumption in 2021.

The support arrangement is paid to LichtBlick through Kreditanstalt für Wiederaufbau (KfW - the state-owned investment and development bank).

- Electricity: In order to relief households and small and medium-sized enterprises that consume less than 30,000 kWh of electricity, the German government pays the difference between the higher contract price and 40 cents per kWh, including all taxes, levies, surcharges and grid use fees, based on 80% of forecasted consumption.

For customers which consume above 30,000 kWh, the payments by the customers is limited to 13 cents per kWh plus taxes and levies, based on 70% of the annual consumption in 2021.

In both arrangements, the forecasted consumption is based on either the consumption forecast provided by the grid operators or the customer's actual consumption in 2021.

The support arrangement is paid to LichtBlick through the transmission system operator.

- General: The price brake applies for the calendar year 2023 with a possible extension until April 2024.

The final declaration for both arrangements will be ultimately in this year and the following year aligned with the final annual settlements with customers. The final declaration to transmission system operators will start on 31 May 2024 and to KfW on 31 May 2025.

The table below shows the amounts relating to these arrangements in Germany:

Germany					
Arrangement	**Period**	**Received from government/ grid provider**	**(to be) settled with customers**	**Note 20 - Other receivables**	**Note 26 - Trade creditors and other liabilities**
Emergency assistance (gas)	December 2022	20	20	-	-
Electricity and gas price brake	January 2023 to March 2023	69	69[1]	-	-
Electricity and gas price brake	April 2023	15	-	-	15

1 This amount relates to the revenues recognised for the period 1 January until 31 March 2023 under the price cap arrangement (to be) collected from the government.

Belgium

The Belgian government has implemented the following customer support arrangements:

Heating premium ('Verwarmingspremie'): The federal heating premium of €100 is granted once to families who had a residential contract for electricity supply on 31 March 2022. This was received from the government and paid by Eneco to its customers in May and June 2022. The final declaration to the government will be in May 2023 and paid to the government before the end of 2023.

Regular social tariff and Extended social tariff customers ('Sociaal tarief' and 'Uitgebreid sociaal tarief'): Customers are entitled to obtain social tariffs for gas and electricity, based on certain criteria determined by the government. The government pays the difference between the social tariff and a determined reference price . The social tariff regulation was already in place. Due to the energy crisis more customers became eligible for this regulation. Furthermore, in January 2022 a €80 compensation was given to the people with social tariff, this regulation is called the Social tariff forfait ('SOCTAR Forfait'). For the balance sheet position of €102 million in regard to the regular and extended social tariffs, €46 million was declared for calendar year 2022 and will be received in October 2023, after approval by the CREG (Belgian Federal Commission for Electricity and Gas Regulation). The remaining amount related to calendar year 2023 is to be declared in March 2024.

Basic energy package I and II ('Winterpremie'): Residential customers with a variable energy contract received for the period November 2022 to March 2023 an amount of €135 per month in regard to the gas invoices and €61 per month for the electricity invoices for their primary residence. Final declaration will be ultimately at the beginning of 2024.

The table below shows the amounts relating to these arrangements in Belgium:

Belgium					
Arrangement	**Period**	**Received from government**	**(to be) settled with customers**	**Note 20 - Other receivables**	**Note 26 - Trade creditors and other liabilities**
Heating premium	31 March 2022	46	44	-	2
Social tariff (regular and extended)	January 2022 to March 2023	101	203	102	-
Social tariff forfait	30 September 2021	6	6	-	-
Basic energy package I	November and December 2022	84	83	-	1
Basic energy package II	January 2023 to March 2023	155	133	-	22

Accounting treatment
The way the customer support arrangements have been accounted for is described below.

Eneco is not the intended beneficiary of the above described customer support arrangements per country, but the households and other small-scale users/businesses are. Therefore, the amounts received from the government are processed through the balance sheet as transitory amounts and settled with households and other small-scale users/businesses. These received amounts from the government did not affect the amount of revenues presented in the income statement based on the application of IFRS 15 'Revenue from contracts with customers'. This is on the basis that Eneco remains entitled to receive full consideration for the supply of electricity, gas and district heating based on either the existing price cap structure or customers' fixed or variable priced contracts and such that the transaction price under IFRS 15 is unchanged. The trade receivables arising from the supply of energy are settled both by the customer and the government. Eneco considered the alternative application of IAS 20 'Accounting for government grants and disclosure of government assistance' specifically for the CEK23 arrangement in the Netherlands and the Electricity and Gas price brake arrangements in Germany and concluded that this would have resulted in a similar accounting outcome. Any uncertainties in the accounting applied are disclosed in the above described arrangements.

Inframarginal revenue cap
On 6 October 2022, the European Union has decided to temporarily levy the expected excess market revenues above a certain price cap for electricity producers, applicable from 1 December 2022 to 30 June 2023. This European directive has been translated into country-specific (draft) laws in Germany, Belgium, and the Netherlands.

The rationale for this levy is that certain power generating asset classes, such as solar and wind, are expected to be beneficial from the higher electricity revenues, while the production costs for these asset classes was only impacted by higher inflation.

The general market revenue ceiling is set at €130 per MWh for solar and wind assets or, if applicable, the higher obtained subsidy for that specific asset. For biomass the market revenue ceiling is set at €240 per MWh.

For all assets in scope of this levy, the estimated cost for this levy amounts to €26 million for the period up to and including 31 March 2023. This is recognised as part of 'Purchases of energy and energy-related activities' in the income statement and 'Trade creditors and other liabilities' in the balance sheet.

Since the law in the Netherlands still needs to be approved by Parliament, the final amount may be subject to change. The estimated cost for this levy are based on our own interpretation of the most recent draft law and discussions with the regulator/government. Based on that information, the electricity producer (regardless if the producer is part of a larger or integrated group) may choose from two methods to determine the realised market revenues. The producer cannot switch between the methods during the mentioned period. The methods to determine the market revenues are:

1. based on day ahead pricing;

2. based on the administration of the producer.

For the calculation of the estimated costs for this levy we used method 1.

2.2 Revenues

Performance obligations
Revenues are recognised on the basis of the expected consideration when the performance obligation for a good or service has been met. The consideration may consist of a fixed price with

a variable price supplement for some types of product. Eneco only recognises the variable price when it is highly probable that the cumulative amount of the consideration will not be reversed in the future once uncertainty associated with the variable price is known. Contracts and any separate performance obligations within them are identified to determine the revenues. There is a separate performance obligation if a good or service has a stand-alone value for the end user and delivery is not to a large extent dependent on other components of the contract. Once established, the transaction price is allocated to performance obligations by reference to the price at which the good or service is sold to customers.

Amounts invoiced and collected for the company's own risk (if Eneco acts as principal) are recognised as revenue. Amounts invoiced and collected for third parties (where Eneco is agent) are not recognised as revenue. The Group's payment terms are generally 15-30 days, depending on the type of customer.

A judgement is made for each performance obligation, as to whether it is met over time or at a point in time. Eneco is applying the practical solution in IFRS 15 of ignoring possible financing components in advances and periodic fees from customers if these are not significant according to assessments at portfolio level.

Performance obligations that have been or are still to be performed and settled in the preceding or subsequent period create contract assets or contract liabilities respectively. A contract asset from revenues is a conditional right to compensation for the Group in exchange for goods or services to the customer. Once the goods or services have been transferred to the customer and the Group has no further risk in the transaction, this asset is presented as a receivable (debtor or 'amount to be billed'). These receivables do not form part of the contract assets.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has or will receive compensation. Amounts to be settled under advances paid for energy are part of other liabilities and do not form part of the contract liabilities.

Energy supply
Revenues from the sale of energy to end-users are recognised over the period in which energy is supplied to a customer. If Eneco pays sums to the customer during or at the end of the term of the contract, they are deducted from revenue during the term of the contract.

Sales to large-volume consumers are billed monthly based on meter readings. Billing for sales to retail consumers is also based on actual meter readings or readings taken throughout the year. Part of the amount of energy supplied to retail consumers during the reporting period and the resulting revenues is, therefore, estimated from historical consumption figures, standard customer profiles, weather conditions and applicable energy tariffs. This estimation is corrected for e.g. re-delivery of electricity, because of yearly increasing number of customers with solar panels, and for gas savings by customers as a consequence of the energy crisis.

A difference between the instalments billed and the actual amount of energy delivered to retail consumers is recognised as amounts still to be billed or amounts to be settled at the end of the reporting period. Contributions by heating customers for connection charges are recognised as contract liabilities and are recognised through profit or loss on a straight-line basis over the estimated useful life.

Revenues for energy delivered under ongoing energy contracts correspond directly with the amount consumed by the customer. Eneco is applying the practical solution in IFRS 15 of not disclosing the price of future performance obligations and only recognises delivery obligations in line with 'Contingent assets and liabilities' (see note 27).

Energy-related activities
Revenues from the construction, maintenance and leasing of energy installations and equipment, the sale of solar panels, rental of smart thermostats and electric vehicle charging solutions are recognised as revenues from energy-related activities. Revenue from installing equipment and

sales of solar panels, smart thermostats and electric vehicle charging solutions is recognised when control of the good passes to the customer. Revenue from other energy-related activities is recognised over the period of supply.

Government grants
Government grants are recognised when it is reasonably certain that the conditions related to receiving the grants have been or will be met and that the grants have been or will be forthcoming. Grants related to income as a contribution to costs are recognised as revenues in the period in which those costs are incurred.

2.3 Purchase cost of energy

Purchases of energy comprise directly attributable costs for the sale of energy to end-users. The purchase cost of energy and commodities contracts entered into with the intention of actually acquiring energy ('own use') is recognised in the same period as that in which the sales revenue is realised.

Additional costs incurred to win contracts are capitalised as prepaid expenses and amortised over the term of the contract provided that they will be recovered. The amortisation charge is presented under 'Purchases of energy' in the income statement. Acquisition costs for contracts with a term of one year or less are charged directly to the result.

2.4 Financial income and expenses

Financial income and expenses comprise interest income from outstanding investments, dividend revenues from other capital interests, interest charges on borrowings, interest charges arising from the periodic addition of interest to provisions and lease liabilities, foreign exchange rate gains and losses and gains and losses on financial hedging instruments recognised through the income statement. Interest income and expenses are recognised using the effective interest method.

Dividend revenues from other capital interests are recognised when they fall due.

2.5 Income taxes

Income taxes comprise current taxes and movements in deferred taxes. These amounts are recognised through the income statement unless they concern items that are recognised directly through equity.

Current tax is the likely amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year under review and any adjustments in respect of previous years. The current tax amount is calculated based on applicable tax legislation and rates.

Income taxes comprise all taxes based on taxable profits and losses, including taxes which subsidiaries, associates or joint ventures must pay on distributions to the Group.

Additional income taxes on the result before dividend distributions are recognised at the same time as the obligation to distribute that dividend is recognised.

2.6 Property, plant and equipment - owned assets

Property, plant and equipment is recognised at cost less accumulated depreciation and impairment. Cost comprises the initial acquisition price plus all directly attributable costs. Cost of assets constructed by the company comprises the cost of materials and services, direct labour and other directly attributable costs including depreciation charges for the right-of-use assets and interest expenses in respect of lease liabilities from the commencement date of the lease. Contributions towards cost from third parties and government grants are deducted from the cost, provided they are not contributions from customers. Cost includes an estimate of the present value of the cost of dismantling, demolishing and removing the item when it ceases to be used and of restoring the site on which it is located, if there is a legal or constructive obligation to do so.

Financing costs (interest) directly attributable to the purchase, construction or production of an eligible asset are recognised in cost. If an asset comprises multiple significant components with differing useful lives, these components are recognised separately.

Government grants
Government grants are recognised when it is reasonably certain that the conditions related to receiving the grants have been or will be met and that the grants have been or will be forthcoming. Grants contributing to the cost of an asset are deducted from the asset's cost and reflected in the depreciation throughout the useful life of the asset.

Expenditure incurred subsequent to initial recognition
Expenses incurred at a later date are only added to the carrying amount of an asset if and to the extent that the condition of the asset is improved compared to the originally formulated performance standards. Repair and maintenance are recognised through the income statement in the period in which the costs are incurred.

Depreciation
The depreciation charge for each period is recognised through the income statement using the straight-line method based on estimated useful life, taking into account the estimated residual value. Useful lives and residual values are reassessed annually and any changes are recognised prospectively. Land, sites and assets under construction are not depreciated.

The following useful lives are applied:

Category	Useful life in years
Buildings	25 - 50
Machinery and equipment	10 - 50
Other operating assets	3 - 25

2.7 Property, plant and equipment - right-of-use assets and lease liabilities

General
Leases are recognised in the balance sheet as a right-of-use asset with a corresponding lease liability on the date on which the lease asset becomes available for use at Eneco. The assessment of whether a contract is or contains a lease is carried out at the start of that contract. If payments include non-lease components (such as maintenance or service charges), these are not recognised in the balance sheet but are charged to the result over the period to which the performance relates.

Low-value leases for assets with a value of less than $5,000 (€5,000 is used for practical reasons) or with a lease term of less than 12 months are exempt from capitalisation under IFRS 16 'Leases' and the Group has made use of this exemption.

Measurement of lease liabilities
Liabilities arising from a lease are initially recognised using the present value of the following types of lease payment:

- fixed payments (including payments that appear to be variable but which by their nature are fixed) less any lease incentives receivable;

- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that the option will be exercised;
- the lease payments resulting from a renewal option if it is reasonably certain that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

A lease liability is initially discounted using the rate of interest implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate of the relevant class of asset is used. This is the rate of interest that Eneco would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment and on similar terms.

The lease liability is decreased by lease payments and increased by the addition of interest (interest implicit in the lease or the incremental borrowing rate). The interest charge from adding interest to the lease liabilities is recognised through the income statement in 'Financial expenses'. These financing charges are charged to the result over the lease period in a way that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Eneco reassesses a lease and remeasures the lease liability and associated right-of-use asset if:

- the lease term is changed or there is a change in the assessment of exercising a purchase option;
- there is a change in future fixed or variable lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the amount expected to be payable under the residual value guarantee; and
- a lease is modified and the modification of the lease is not accounted for as a separate lease.

Measurement of right-of-use assets
Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability, as explained in 'Measurement of lease liabilities' above;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration (dismantling) costs if required by the contract.

The right-of-use asset is subsequently depreciated and charged to the result on a straight-line basis over the shorter of the useful life and the lease period of the asset.

The following useful lives are applied:

Category	Useful life in years
Land and buildings	5 - 35
Machinery and equipment	6 - 18
Other operating assets	1 - 5

Under IFRS 16, the right-of-use assets are assessed for impairment in accordance with IAS 36 'Impairment of Assets'.

Amounts not included in the measurement of lease liabilities
These are the following amounts:

- payments related to short-term leases and low-value leases. Short-term leases are those with a lease term of 12 months or less and low-value lease assets are mainly ICT equipment and small items of office furniture; and
- variable lease payments that do not depend on an index or a rate.

These payments are recognised in the period in which an event or condition occurs and are charged to the income statement in line item 'Cost of contracted work and other external costs'.

2.8 Leases – leasing property, plant and equipment

A lease where Eneco, as lessor, has in fact all the benefits and risks of ownership is designated as an operating lease; in other cases, agreements are recognised as finance leases.

Property, plant and equipment made available to third parties by means of an operating lease is recognised in accordance with the accounting policies for property, plant and equipment. Lease income is recognised in the income statement on a straight-line basis over the lease term unless a different allocation is more in line with the pattern of the revenues obtained from the leased asset. Any charges, for example for service and repairs, included in the lease instalments are recognised in accordance with the criteria for providing services.

Property, plant and equipment made available to third parties by means of a finance lease is recognised as a receivable for the net investment in the assets. Lease instalments are then broken down into interest and repayment components based on a constant periodic rate of interest. The interest component is recognised through the income statement in the relevant period. The repayment component is deducted from the lease receivable.

2.9 Goodwill

The acquisition price of a subsidiary, joint operation, joint venture or associate is equal to the amount paid to purchase the interest. If the acquisition price is higher than the share in the fair value at the date of acquisition of the identifiable assets, liabilities and contingent liabilities, the excess is recognised as goodwill. Any shortfall is recognised as a gain (bargain purchase) through the income statement.

Goodwill is measured at cost less impairment. Goodwill is allocated to one or more cash-generating units. Goodwill is tested for impairment annually.

Goodwill purchased on acquisition of subsidiaries and joint operations is recognised in the balance sheet in intangible assets. Goodwill paid to acquire an interest in a joint venture or associate is included in the cost of acquisition.

2.10 Other intangible assets

Other intangible assets comprise customer databases acquired with acquisitions, software and software licences, concessions, permits, other rights, trade names and development expenditure. The related costs are capitalised if it is probable that these assets will have an economic benefit and their costs can be reliably measured. Other intangible assets are recognised at cost less accumulated amortisation and impairment.

Customer databases

A customer database obtained from an acquiree in a business combination or asset acquisition is initially recognised at fair value, including purchased capitalised contract acquisition costs. This value is determined on the date of acquisition on the basis of the most recent comparable transactions if the economic conditions are comparable or, if they are not, the fair value is determined from the present value of the estimated future net cash flow from this asset.

Software and software licences

Software is capitalised at cost. Cost of standard and customised software comprises the one-time costs of software licences plus the costs of making the software ready for use. All costs attributable to software which qualifies as an intangible asset are recognised at cost. Costs of software maintenance are recognised as an expense in the period in which they are incurred. Expenditure on configuring or customising application software in a Software as a Service (SaaS) arrangement is generally recognised as an expense in the period in which it is incurred. When the expenditure meets both the definition of an intangible asset and the recognition criteria, it is capitalised at cost.

Concessions, permits and other rights

Concessions, permits and other rights (obtained or purchased as part of a business combination) relate mainly to the use of property, plant and equipment (for example, wind and solar farms) and the related rights and obligations, such as subsidy and other formal decisions by the government. These are initially recognised at cost or at fair value in the case of a business combination.

Trade names

If, for commercial reasons, the Group decides to retain the trade name of a party acquired as part of a business combination, it is recognised initially at fair value, determined using the 'relief from royalty method' on the acquisition date.

Development expenditure

Development expenditure represents the payments for applying knowledge acquired through research by the company or a third party for a plan or design for the manufacture or application of improved materials, products, processes, systems or services, prior to the commencement of commercial manufacture or use. Development expenditure is only capitalised if they can be regarded as intangible assets. If this is not the case, they are recognised as an expense in the period in which they are incurred.
Research costs are the costs of research aimed at the acquisition of new scientific or technical knowledge and understanding and are recognised through the income statement in the period in which they are incurred.

Amortisation

Amortisation is recognised as an expense on the basis of the estimated useful life from the time that the relevant asset is taken into use. Other intangible assets are amortised using the straight-line method. The residual value of these assets is nil.

The following useful lives are applied:

Category	Useful life in years
Customer databases	6 - 20
Software and software licences	3 - 5
Concessions, permits and other rights	3 - 30
Trade names	20
Development expenditure	5 - 15

2.11 Emission rights

Emission rights are classified on initial recognition either as rights intended for the company's own use, measured at cost, or rights held for trading (held for sale in the ordinary course of business), measured at fair value through profit or loss.

Emission rights held for the company's own use are redeemed with the government for actual CO_2 emissions. These rights are measured at cost and recognised as current intangible assets. A liability is recognised for the redemption obligation of these CO_2 emission rights, measured at the cost of the rights obtained. If a shortfall is expected in the quantity of rights required for redemption and rights purchased, a liability for the obligation to deliver emission rights is recognised on the balance sheet and through the income statement as 'Purchases of energy and energy-related activities'. The liability to deliver this shortfall of emission rights is measured at the lower/higher of market value and the penalty expected to be due for that shortfall.

Emission rights held for trading purposes are recognised as 'Inventory' on the balance sheet. Changes in fair value of these rights are recognised in the income statement and presented as part of 'Purchases of energy and energy-related activities'.

2.12 Deferred taxes

Deferred taxes are calculated using the balance sheet method for the relevant differences between the carrying amount and taxable value of assets and liabilities. Deferred taxes are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and tax legislation. Deferred taxes are recognised at face value.

Deferred tax assets are recognised for temporary differences available for relief, tax losses carried forward and the settlement of unused tax credits. This is only permitted if and to the extent it is probable that future taxable profit will become available, so enabling an offset of unrelieved tax losses and unused taxed credits.

Deferred tax assets for all temporary differences available for relief relating to investments in subsidiaries, joint operations and interests in associates and joint ventures are only recognised if it is probable that the temporary difference will be settled in the near future and that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries, joint operations and interests in associates and joint ventures, unless the Group can determine the time at which the temporary difference will be settled and it is probable that the temporary difference will not be settled in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets against tax liabilities and where the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same fiscal unity.

2.13 Derivative financial instruments

There is exposure to risks in operational and financing activities arising from developments in market prices of energy commodities (electricity, gas, etc.), foreign currencies, interest rates and emission rights. Derivative financial instruments such as foreign exchange contracts and swap contracts are used to manage these risks. In the case of commodity contracts, the instruments are categorised as for own use or hedging when the transaction is entered into.

Measurement and recognition
Derivative financial instruments are measured at fair value. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, that instrument will be accounted for as follows:

- at fair value if this is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets. The difference between the fair value at initial recognition and the transaction price shall be recognised as a gain or loss in the income statement;

- in all other cases (i.e. level 2 and level 3 inputs), also measured at fair value, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, that deferred difference shall be recognised as a gain or loss in the income statement on an appropriate basis over the contract period of the instrument.

Movements in the fair value of derivative financial instruments are recognised directly through the income statement, unless the derivative financial instruments are for own use or hedge accounting is applied.

Fair value measurement of derivative and other financial instruments depends on their level in the fair value hierarchy:

Level 1
The fair value of financial instruments in level 1 is based on using unadjusted quoted prices in active markets for identical instruments.

Level 2
The fair value of financial instruments in level 2 is based on market prices or pricing statements and other available information. Where possible, the measurement method uses observable market prices. Level 2 energy commodity contracts are measured using market prices or pricing statements for periods in which an active market exists for the underlying commodities such as electricity, gas (title transfer facility) and emission rights. Other contracts are measured by agreement with the counterparty, using observable interest rate and foreign currency forward curves.

Level 3
The fair value of financial instruments in level 3 is based on calculations involving significant inputs that are not based on observable market data. The fair value of these power contracts is determined using Eneco's internal valuation models for forecasting energy prices. These models use statistical methods such as linear mathematical programming and include observable information such as quoted market prices (observable for a maximum of five years ahead) and market prices from external sources commonly used in the power industry. The models also use unobservable information such as historical data on wind and solar generation, relationships with historical commodity prices, the electrification of demand and the development of renewable and conventional power assets in Western Europe in relation to climate goals set by governments. Eneco updates the scenarios periodically in line with current market circumstances and/or changes in government policy. The scenarios and their inputs are independently reviewed and approved by Eneco's Commodity Risk Team. The models present long-term scenarios for electricity and other prices which differ primarily in their assumptions on the achievement of government climate goals and the way the market responds to this. The fair value of the contracts is measured using the expected trends in the energy price included in these scenarios and volatility in cases where the contracts have option characteristics.

Presentation in the balance sheet
Derivative financial instruments with a positive value are recognised as current (settlement within one year) or non-current (settlement after one year) assets. Instruments with a negative value are recognised as current or non-current liabilities. Assets and liabilities with each counterparty and

with the same maturity date are offset on a monthly basis if there is a contractual right and the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Own use
Contracts are classified for own use if they are settled by physical delivery or receipt of energy commodities or emission rights in line with the company's needs. Transactions based upon these contracts are recognised through the income statement in the period in which delivery or receipt takes place (accrual accounting).

Cash flow hedge accounting
Contracts are classified as hedging instruments if the risk of fluctuations in current or future cash flows which could affect the result is hedged. If the hedge can be attributed to a particular risk or to the full movement in the transaction (energy contracts) associated with an asset, liability or highly probable forecast transaction, the attributed derivative financial instruments are recognised as hedging instruments.

If the conditions for hedge accounting are met, the effective portion of the changes to the fair value of the derivative financial instruments concerned are recognised directly in the equity through the cash flow hedge reserve. The ineffective portion is recognised through the income statement.

Amounts recognised through equity are recognised through the income statement when the hedged asset or liability is settled. When a hedging instrument expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met, although the underlying future transaction has yet to take place, the accumulated result remains in equity (in the cash flow hedge reserve) until the forecast future transaction has taken place. If the forecast future transaction is no longer likely to take place, the cumulative result is transferred directly from equity to the result.

Hedges of net investment in a foreign operation
Net investment hedge accounting is applied to mitigate translation differences on foreign non-euro operations. Application of this type of hedge accounting means that foreign currency exchange differences arising from translation of foreign operations and those on financial instruments (such as loans or currency foreign exchange contracts) allocated to them are recognised through the translation reserve (taking into account deferred tax) until the end of the hedging relationship or earlier termination.

2.14 Other financial assets

Other financial assets are mainly long-term items with a term of more than one year, such as loans, receivables and prepayments due from associates, joint ventures or third parties. Long-term receivables, loans and prepayments are recognised at fair value and subsequently measured at amortised cost using the effective interest method. To the extent necessary, other receivables and loans are impaired using the expected credit losses method in IFRS 9. See note 2.17 'Trade and other receivables' for more information on this method.

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

2.15 Assets and liabilities held for sale

Assets (and liabilities of an asset group) held for sale and discontinued operations are classified as held for sale when the carrying amount will be recovered through a sale transaction rather than through continuing use. The classification is only made if it is highly probable that the asset group or operations are available for immediate sale in their present condition and the sale is expected to be completed within one year. If activities to be disposed are classified as discontinued operations (e.g. significant business units), their results and the comparative figures in the income statement are presented on the discontinued operations line. Where necessary, eliminations for consolidation are made.

Assets and asset groups held for sale are measured at the lower of the carrying amount preceding classification as held for sale and fair value less costs to sell.

Impairments related to assets and liabilities held for sale are presented as 'Depreciation and impairment of property, plant and equipment' or 'Amortisation and impairment of intangible assets' in the income statement.

2.16 Inventories

Inventories are recognised at the lower of weighted average cost and net recoverable amount. Cost of inventories is the purchase price including directly attributable costs incurred to bring the inventories to their current location and state. Net recoverable amount is the estimated sales price in the ordinary course of business less forecast costs of sale. Impairment of inventories is recognised through the income statement if the carrying amount exceeds the net recoverable amount.

See note 2.11 'Emission rights' for the accounting policy for emission rights held for trading purposes.

2.17 Trade and other receivables

Trade and other receivables are receivables with a term of less than one year. Performance delivered by Eneco at the reporting date but not yet billed to the customer, including amounts that have still to be invoiced on the reporting date in addition to the advances already invoiced are recognised as 'Amounts to be invoiced'. Receivables are recognised at fair value and subsequently measured at amortised cost less impairment losses using the expected credit losses method in IFRS 9.

Impairment of trade receivables is determined over the full lifetime of the asset ('lifetime expected credit losses method' in IFRS 9). This is done for trade receivables using a provision matrix based on historical figures for losses on each category/type of debtor, adjusted for non-recurring past effects, that reflects relevant information on current circumstances and offers a reasonably reliable forecast and the implications for the expected losses. This measurement is made for other receivables (current and non-current) using the 12-month expected credit losses method.

A default on a financial asset is the non-compliance of a counterparty with its contractual obligations towards Eneco, such as payment obligations.

Trade receivables are written off when there is no reasonable expectation of receiving full or partial payment of the receivable or amount still to be invoiced.

Impairment of trade receivables is presented as 'Other operating expenses' in the operating profit. Later reversals of amounts written off are credited to the same line in the income statement.

Receivables with a term of less than one year are not measured at present value on initial recognition. In view of their short-term nature, the carrying amount of trade and other receivables at the reporting date is equal to their fair value.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with a maturity of approximately three months or that can be called within approximately three months.

2.19 Provisions for employee benefits

Defined-contribution pensions
Pension liabilities of almost all Dutch business units have been placed with the industry-wide pension funds: Stichting Pensioenfonds ABP (ABP) and the Stichting Pensioenfonds Metaal en Techniek (PMT). There is a state pension plan for employees in Germany; contributions are collected with the social security charges on the employee's salary. A limited number of employees have individual plans insured with various insurance companies.

In the event of future shortfalls, the pension funds may only adjust future contributions and only within a limited range. Under IFRS, the ABP and PMT plans are classified as multi-employer defined-contribution plans. A defined-contribution plan is a plan in which a fixed contribution is paid for the benefit of an employee without any further claim by or liability to that employee. Liabilities in respect of contributions to pension and related plans on the basis of available contributions are recognised as an expense in the income statement in the period to which they relate.

The amount of the pension in the Netherlands depends on age, salary and years of service. Employees may opt to retire earlier or (with the Group's agreement) later than the state retirement age, in which case their pension is adjusted accordingly. At ABP this is between 60 and the state retirement age plus 5 years and at PMT between 5 years before and 5 years after the state retirement age.

Defined-benefit plans
Defined-benefit plans are obligations to pay out future pension entitlements. The defined-benefit entitlements depend on age, years of service and salary. The liabilities under defined-benefit plans are calculated actuarially for each plan separately. This applies for the pensions plans in Belgium, which are classified as defined-benefit plans since the employer has issued a certain guarantee on returns.

Liabilities for defined-benefit plans are based on the actuarial present value of the liability determined using the projected unit credit method that is based on a straight-line accrual of rights using projected salaries and takes into account aspects such as future salary increases and inflation. The net liabilities are determined as the net amount of the actuarial present value of the liabilities and the fair value of the fund assets according to actuarial reports. Service charges and net interest are included in employee benefits. Gains and losses on settlement of a defined-benefit plan are taken and recognised in the result at the time of settlement. Actuarial gains and losses on the revaluation of a net pension liability are recognised in the statement of comprehensive income.

Other provisions for employee benefits
A provision is recognised for the obligation to pay out amounts related to long-service benefits and on the retirement of employees. A provision is also recognised for the obligation to contribute towards the health insurance premiums of retired employees, salary payments in the event of illness and the employer's risk under the Unemployment Act. Where appropriate, these liabilities are calculated actuarially at the reporting date using the projected unit credit method, using a pre-tax discount rate which reflects the current market assessment of the time value of money.

2.20 Other provisions

A provision is recognised when, due to a past event, there is a present legal or constructive obligation that is of an uncertain size or that will occur at an uncertain future date, and where its settlement will probably lead to outgoings of an economic nature.

Provisions that will be settled within one year of the reporting date, or that are of limited material significance, are recognised at face value. Other provisions are recognised at the present value of the expected expenditure. The specific risks inherent to the relevant obligation are taken into account when determining this expenditure. The present value is calculated using a pre-tax discount rate which reflects the current market assessment of the time value of money. The determination of the expected expenditure is based on detailed plans in order to limit the uncertainty regarding the amount.

Decommissioning

A provision is recognised that equals the present value of the expected costs where there is an obligation to dismantle, demolish or remove an item of property, plant or equipment when it ceases to be used. The present value is calculated using a pre-tax rate which reflects the current market assessment of the time value of money and the risks specific to the liability, with a minimum of 0%. No decommissioning provision is formed if there is only a ‘possible’ or 'remote' likelihood of an outflow of resources under the obligation. The initial recognition of the decommissioning provision for an asset is included in the cost of that asset. If a subsequent assessment shows that the present value of the estimated decommissioning and restoration costs differs considerably from the provision, the difference is settled as an addition or release against the cost of the asset concerned. The adjusted cost is then depreciated over the remaining useful life of that asset. Any increase in the provision due to the passage of time is recognised as interest expense.

Onerous contracts

A provision for onerous contracts is recognised when it is probable that the unavoidable costs of meeting the contractual obligations exceed the economic benefits to be derived from the contract.

Restructuring

A restructuring provision is recognised if a formal plan for the restructuring has been approved and its main features have been announced to those affected by it and there is a valid expectation that the restructuring will be carried out. A restructuring provision only includes the expenditures necessarily entailed by the restructuring and not those relating to continuing activities.

2.21 Interest-bearing debt

On initial recognition, interest-bearing debt is carried at fair value of the consideration received less the directly attributable transaction costs (including any premium/discount). Subsequent to initial recognition, interest-bearing debt is recognised at amortised cost using the effective interest method.

2.22 Trade creditors and other payables

Trade creditors and other payables are recognised at fair value and subsequently at amortised cost. Payables with a term of less than one year are not discounted on initial recognition. In view of their short-term nature, the carrying amount of trade and other payables at the reporting date is equal to their fair value.

Contributions received from district heating customers for connection costs are part of the contract liabilities.

Notes to the consolidated income statement

For the 15-month period ended 31 March 2023.

3. Revenues from energy sales and energy-related activities

The tables below show revenues from energy sales and energy-related activities broken down by type of product and geographical market.

	Period ended 31 March 2023	Year ended 31 December 2021
Electricity	7,740	3,163
Gas	4,633	1,600
Heat	562	276
Energy-related activities	210	105
Total	**13,145**	**5,144**

Electricity revenue included €13 million (2021: €63 million) of government grants.

Each year, the Group settles prior year revenues with its customers. Revenue of €92 million that related to earlier years of supply was recognised (2021: €19 million).

	Period ended 31 March 2023	Year ended 31 December 2021
Netherlands	8,851[1]	3,103
Belgium	1,825	794
Germany	2,252[1]	1,145
United Kingdom	217	102
Total	**13,145**	**5,144**

1 Amounts related to the revenues recognised for the period 1 January until 31 March 2023 under the price cap arrangement (to be) collected from the government are included. See note 2.1 'Accounting policies - Impact energy crisis'.

Revenue included transmission charges of some €389 million (2021: €290 million) invoiced on behalf of grid operators and some €333 million (2021: €482 million) of environmental and other levies and taxes, both from operations in Germany as, under local regulations, Eneco is acting as principal for these items.

4. Other income

Other income mainly concerns the recharge of costs, settlement of claims, income from sales of tangible and intangible assets and the release of contributions to connection charges.

5. Employee benefits

	Period ended 31 March 2023	Year ended 31 December 2021
Wages and salaries	-272	-186
Social security contributions	-37	-25
Pension contributions	-29	-21
Other employee benefits	-40	-26
Total	**-378**	**-258**

Total employee benefits were €417 million (2021: €287 million). €27 million (2021: €20 million) of employee benefits have been capitalised. As their nature is directly related to revenue, employee benefits of €12 million (2021: €9 million) have been recognised as part of Purchases of energy and energy-related activities.

Number of employees in Full Time Equivalents (FTE)

	Period ended 31 March 2023	Year ended 31 December 2021
Average		
FTEs employed	3,119	2,865
of whom, working outside the Netherlands	878	737
At 31 March 2023 respectively 31 December 2021		
FTEs employed	3,340	2,970

6. Remuneration of the Management Board and Supervisory Board

Remuneration of the Management Board
The remuneration policy for the members of the Management Board[1] as proposed by the Supervisory Board was approved by the General Meeting of Shareholders and took effect on 24 March 2020.

The General Meeting of Shareholders adopted an amendment to the remuneration policy regarding the financial targets of the Management Board with effect from 1 April 2021 and the last amendment to the remuneration policy regarding the non-financial targets of the Management Board is dating from 29 March 2022 and took effect on 1 April 2022 (both as explained below). The remuneration of the Management Board is determined by the Supervisory Board on the recommendation of its Remuneration, Selection and Appointments Committee.

1 Members of the Management Board and Supervisory Board are regarded as key management personnel pursuant to IAS 24 'Related Party Disclosures'.

In addition to a fixed salary, the policy provides for variable remuneration consisting of a 'short-term incentive' (STI) and a 'long-term incentive' (LTI). The STI is granted on the basis of targets set each year by the Supervisory Board for the financial result (with a weight of 60%), for customer satisfaction (with a weight of 10%), employee engagement (with a weight of 10%), safety (with a weight of 5%) and sustainability (with a weight of 15%). The on-target level of the STI is set at 30% of base salary including holiday allowance. Pay-out starts at the threshold level at 20% of base salary including holiday allowance and is maximised at an above-target of 40% of base salary including holiday allowance. The 2020 STI applies from 1 April 2020 until 31 March 2021. The 2021 STI applies from 1 April 2021 to 31 March 2022. The 2022 STI applies from 1 April 2022 to 31 March 2023. The targets for STI 2021 and most targets for STI 2022 have been realised and the related amounts are disclosed in footnote 3 of the table below.

The grant of LTI is fully dependent on the improvement of the financial performance over a period of three years. The on-target annual grant level of the LTI is set at 30% of base salary including holiday allowance. The pay-out starts at the threshold level of 20% of base salary including holiday allowance and is maximised at an above-target of 40% of base salary including holiday allowance. This grant is conditional upon the continued employment of the members of the Management Board during a period of three years. The level of achievement is assessed at the end of the relevant three-year period. The 2020-2022 LTI applies from 1 April 2020 to 31 March 2023, the 2021-2023 LTI applies from 1 April 2021 to 31 March 2024 and the 2022-2024 LTI applies from 1 April 2022 to 31 March 2025. The target for LTI 2020-2022 has been realised and the related amount is disclosed in footnote 4 of the table below.

In 2021 the financial targets of the Management Board were aligned with the financial targets of the Bonus Score Card, resulting in a change from EBITDA to the normalised[1] net result for both the STI and the LTI. The STI/LTI arrangements were based on EBITDA until 1 April 2021 and since then on net result. Two non-financial targets (safety and sustainability) were implemented for the STI in 2022.

The pension entitlements of the members of the Management Board have been placed with Eneco's standard pension plan. Since 1 January 2015, tax facilities for accrual of pension entitlements have been limited to an indexed maximum gross annual salary of €114,866 (2022)/ €128,810 (2023). As a result, the contribution to pensions for the part of the gross salary in excess of €114,866 (2022)/€128,810 (2023) is presented in the 'Other pension compensation' column in the Remuneration of the Management Board table below.

The employment contracts with the members of the Management Board are for an unlimited time with a period of notice of four months for the company and two months for the members of the Management Board. The members of the Management Board have been appointed for a period of four years. The members of the Management Board are entitled to a payment of 12 months' salary including the holiday allowance if the employment contract is terminated by or at the initiative of the company.

As noted in the Financial Statements 2021, Ms Tijhaar was appointed as CFO on 1 February 2021. Mr Peters (CCO) stepped down with effect from 15 July 2021.

Ms Thurer was appointed as COO-Customer on 9 May 2022 and receives her wages as from 1 May 2022. Mr Van de Noort stepped down as COO-Assets with effect from 1 April 2023.

No sign-on bonuses or recruitment incentive payments were paid to the members of the Management Board nor were clawbacks applied during the reporting period.

1 The Supervisory Board has discretionary authority to apply normalisations to the reported net result.

Total remuneration was as follows:

Remuneration of the Management Board[1] (15 months) x €1,000	Gross salary[2]	Variable remuneration (STI)[3]	Variable remuneration (LTI)[4]	Pension contributions[2]	Other pension compensation[2]	Other[5]	Total for period ended 31 March 2023
A.C. Tempelman	753	309	265	48	87	-	1,462
C.J. Rameau	562	224	196	41	58	-	1,081
J.M.J. Tijhaar	551	224	98	41	58	-	972
F.C.W. van de Noort	557	224	196	41	58	564	1,640
H. Sakuma	559	224	196	41	58	-	1,078
S.M. Thurer[6]	416	139	40	29	42	-	666
Total	**3,398**	**1,344**	**991**	**241**	**361**	**564**	**6,899**

1 'Gross salary' and 'variable remuneration (STI)' meet the definition of short-term employee benefits in IAS 19 'Employee Benefits' and IAS 24 'Related Party Disclosures'. 'Variable remuneration (LTI)' is covered by the definition of other long-term employee benefits in both IFRS standards. 'Pension contributions' and 'Other pension compensation' are in line with the definition of post-employment benefits. The remuneration in the 'Other' column is in line with the definition of termination benefits in IAS 19 and IAS 24.
2 These amounts are based on a 15-month period (1 January 2022 to 31 March 2023).
3 Includes the 2021 STI (January 2022 to March 2022 based on actual result), an adjustment for the actual realisation of the 2021 STI for the period from April 2021 to December 2021: €218 and the 2022 STI based on actual result (April 2022 to March 2023). The 2022 STI for Ms Thurer is calculated on a pro rata basis for the period May 2022 to March 2023.
4 Three LTI cycles overlap: LTI 2020-2022: EBITDA (April 2020 to March 2023), LTI 2021-2023: Net result (April 2021 to March 2024) and LTI 2022-2024: Net result (April 2022 to March 2025). This amount has been calculated on actual achievement for the completed LTI cycle (LTI 2020-2022: €186) and for the continuing LTI cycles assuming on-target achievement of the financial targets after the three-year period. If applicable, the LTI amounts are calculated on a pro rata basis, dependent on the start date of the employment of the individual board member. For Mr Van de Noort this includes a settlement of the LTI 2021-2023 and LTI 2022-2024 related to the end of his employment for an amount of €98.
5 Mr Van de Noort: continued payment of salary for the period 1 April 2023 to 1 July 2023 during which Mr Van de Noort is not required to work and the compensation at the end of employment (1 July 2023) as contractually agreed.
6 Ms Thurer was appointed with effect from 9 May 2022, but was remunerated from 1 May 2022.

Remuneration of the Management Board (12 months) x €1,000	Gross salary	Variable remuneration (STI)[1]	Variable remuneration (LTI)[2]	Pension contributions	Other pension compensation	Other[3,4,5]	Total for year ended 31 December 2021
A.C. Tempelman	604	216	105	43	71	-	1,039
C.J. Rameau	449	165	76	36	47	-	773
G.A.J. Dubbeld[6]	37	67	11	3	4	88	210
J.M.J. Tijhaar[7]	404	98	33	33	43	10	621
F.C.W. van de Noort	446	165	76	36	47	-	770
J.A.F.M. Peters[8]	242	133	54	22	26	524	1,001
H. Sakuma	450	165	76	36	47	-	774
Total	**2,632**	**1,009**	**431**	**209**	**285**	**622**	**5,188**

1 Includes the 2020 STI (January 2021 to March 2021 based on actual result) and the 2021 STI (April 2021 to December 2021 - this amount has been calculated assuming on-target achievement of the financial and non-financial targets after the one-year period, the amount is based on nine months). This amount includes an adjustment for the actual realisation of 2020 STI: April 2020 to December 2020: €155. Mr Peters has received a pro rata incentive at the termination date of his contract of employment.
2 This amount has been calculated assuming on-target achievement of the financial targets after the three-year period. Two cycles LTI overlap in 2021: LTI 2020-2022 (April 2020 to March 2023) and LTI 2021-2023 (April 2021 to March 2024). The amount of long-term variable remuneration for 2021 is an estimate based on twelve months (January 2021 to December 2021, regarding the LTI 2020-2022) as well an estimate based on nine months (April 2021 to December 2021, regarding the LTI 2021-2023). Mr Dubbeld and Mr Peters have received a pro rata incentive at the termination date of their contract of employment.
3 Mr Dubbeld: continued payment of salary for the period February 2021 to April 2021 during which Mr Dubbeld was not required to work.
4 Ms Tijhaar: as part of an individual agreement, she received a one time settlement for the STI/LTI February/March 2021. The regular STI/LTI arrangements took effect as of April 2021 for Ms Tijhaar.
5 Mr Peters: continued payment of salary for the period 15 July 2021 – 15 September 2021 during which Mr Peters was not required to work and the compensation at the end of employment (15 September 2021) as contractually agreed.
6 Salary to 1 February 2021.
7 Ms Tijhaar was appointed with effect from 1 February 2021.
8 Salary to 15 July 2021.

Remuneration of the Supervisory Board

The General Meeting of Shareholders adopted the remuneration policy for the Supervisory Board with effect from 24 March 2020.

The remuneration of the chairperson of the Supervisory Board is €80,000 per year. The other members of the Supervisory Board each receive an annual fee of €60,000. The chairperson and members of the Audit & Risk Committee receive additional annual fees of €10,000 and €7,500 respectively. The chairperson and members of the Remuneration, Selection and Appointments Committee receive additional annual fees of €8,500 and €6,500 respectively. Each member of the Supervisory Board receives a fixed expense allowance of €1,150 per year.

Total remuneration was as follows:

Period ended 31 March 2023 (15 months) x €1	Remuneration	Committees: Audit & Risk Committee	Committees: Remuneration / Selection and Appointments Committee	Expenses	Total for period ended 31 March 2023
J.M. Kroon, chairperson	100,000	9,375	8,125	1,438	118,938
M. Enthoven	75,000	12,500	10,625	1,438	99,563
J.M. Roobeek	75,000	-	8,125	1,438	84,563
G. Yaguchi[1]	-	-	-	-	-
K. Nakanishi[1,2]	-	-	-	-	-
A. Matsunaga[1,2]	-	-	-	-	-
Y. Kashiwagi[1,3]	-	-	-	-	-
S. Hamada[1,3]	-	-	-	-	-
H. (Hiroki) Sato[1,4]	-	-	-	-	-
K. Sugimori[1,4]	-	-	-	-	-
Total	**250,000**	**21,875**	**26,875**	**4,314**	**303,064**

1 These members have voluntarily waived their remuneration entitlements.
2 Mr Matsunaga was appointed as member of the Supervisory Board on 9 March 2022 and succeeded Mr Nakanishi who stepped down on the same date.
3 Mr Hamada was appointed as member of the Supervisory Board on 9 March 2022 and succeeded Mr Kashiwagi who stepped down on the same date.
4 Mr Sugimori was appointed as member of the Supervisory Board on 1 October 2022 and succeeded Mr Sato who stepped down on the same date.

Year ended 31 December 2021 (12 months) x €1	Remuneration	Committees: Audit Committee	Committees: Remuneration / Selection and Appointments Committee	Expenses	Total for year ended 31 December 2021
J.M. Kroon, chairperson	80,000	7,500	6,500	1,150	95,150
M. Enthoven	60,000	10,000	8,500	1,150	79,650
J.M. Roobeek	60,000	-	6,500	1,150	67,650
K. Nakanishi[1]	-	-	-	-	-
Y. Kashiwagi[1]	-	-	-	-	-
G. Yaguchi[1,2]	-	-	-	-	-
H. (Hiroki) Sato[1,3]	-	-	-	-	-
H. (Haruhiko) Sato[1,2]	-	-	-	-	-
T. Shiozawa[1,3]	-	-	-	-	-
Total	**200,000**	**17,500**	**21,500**	**3,450**	**242,450**

1 Mr Nakanishi, Mr Kashiwagi, Mr Yaguchi, Mr Sato, Mr Sato and Mr Shiozawa have voluntary waived their remuneration entitlements.
2 Mr Yaguchi was appointed as member of the Supervisory Board per 13 March 2021 and succeeded Mr Sato who has stepped down on the same moment.
3 Mr Sato was appointed as member of the Supervisory Board per 28 May 2021 and succeeded Mr Shiozawa who has stepped down on the same moment.

7. Share of profit of associates and joint ventures

The associates and joint ventures are included in the 'List of principal subsidiaries, joint operations, joint ventures and associates' in these financial statements.

	Period ended 31 March 2023	Year ended 31 December 2021
Share in net profit and result on sales of associates and joint ventures	54	65
(Reversal) Impairment	-	-2
Total	**54**	**63**

8. Financial income

Financial income consists mainly of interest €4 million on short term deposits (2021: €0 million), negative interest on Euro Commercial Paper borrowings of €1 million (2021: €1 million), interest on margin calls of €4 million (2021: €0 million) and other €4 million (2021: €1 million).

9. Financial expenses

	Period ended 31 March 2023	Year ended 31 December 2021
Interest expenses	-29	-15
Interest added to provisions and lease liabilities	-8	-5
Other	-2	-6
Total	**-39**	**-26**

See note 25 'Interest-bearing debt' for the average interest rate on the debt.

10. Income tax on the result

The table below shows the tax on the result:

	Period ended 31 March 2023	Year ended 31 December 2021
Current tax expense	-161	-65
Movements in deferred taxes	33	13
Income tax	**-128**	**-52**

N.V. Eneco heads a fiscal unity for corporate income tax purposes which includes almost all of its Dutch subsidiaries.

In 2021, the Dutch Senate approved the 2022 Tax Plan which increased the tax rate from 25% to 25.8%. The impact of this increase (€5 million) was recognised in the 2021 result as deferred tax expenses and it also resulted in a net increase in the deferred tax assets and liabilities.

The tax rate was not changed in the 2023 Tax Plan and remains at 25.8%.

In 2021, the UK government decided to increase the tax rate to 25% and this led to a €4 million impact on result (deferred tax expense) and increase of net deferred tax assets and liabilities.

There were several changes to the government in the UK during 2022. There were plans to cancel the announced tax rate increase, but the current government has decided to proceed with the tax rate increase to 25%.

The corporate income tax rates for Belgium and Germany were not adjusted in the period from 1 January 2022 to 31 March 2023 and are 25% respectively 32.28%.

Including prior year adjustments of €2 million (2021: €4 million), current income tax charges were €161 million (2021: €65 million). The deferred tax gain of €33 million in the table above (2021: deferred tax gain of €13 million) included a release of €4 million from the Energy Investment Allowance to be amortised (2021: €4 million).

The table below shows the effective income tax burden expressed as a percentage of the profit before income tax and the equivalent amount of income tax:

	Period ended 31 March 2023		Year ended 31 December 2021	
Profit before income tax		**508**		**261**
Nominal tax rate (in the Netherlands)	25.8%	-131	25.0%	-65
Effect of:				
- Participation exemption	-2.8%	14	-6.3%	16
- Non tax-deductible expenses	2.4%	-12	3.2%	-8
- Tax incentives	-0.8%	4	-2.1%	5
- Movement in deferred taxes (effect rate change)	0.0%	0	4.1%	-11
- Adjustment of prior years results (current and deferred taxes)[1]	0.4%	-2	0.0%	4
- Investment allowances and foreign loss relief[1]	-0.6%	3	-1.8%	1
- Tax effect of different foreign tax rates	1.0%	-5	-0.8%	2
- Tax-exempt income and other	-0.2%	1	-1.4%	4
Effective tax rate	**25.2%**	**-128**	**19.9%**	**-52**

1 2021 amount restated for comparative purposes.

Notes to the consolidated balance sheet

11. Property, plant and equipment – owned assets

	Land and buildings	Machinery and equipment	Other operating assets	Assets under construction	Total
Cost					
At 1 January 2021	**82**	**4,494**	**45**	**218**	**4,839**
Investments[1]	6	33	1	305	345
Acquisitions	1	8	-	2	11
Disposals	-	-35	-2	-7	-44
Changes in decommissioning provision[1]	-	53	-	-	53
Reclassification other	-	167	1	-159	9
Translation differences	-	25	-	-	25
At 31 December 2021	**89**	**4,745**	**45**	**359**	**5,238**
Investments	-	18	4	538	560
Acquisitions	-	-	-	1	1
Disposals	-2	-28	-2	-7	-39
Reclassification from/to assets held for sale	1	-12	-	-1	-12
Changes in decommissioning provision	-	19	-	-	19
Reclassification other	5	442	2	-451	-2
Translation differences	-	-17	-	-	-17
At 31 March 2023	**93**	**5,167**	**49**	**439**	**5,748**
Accumulated depreciation and impairment					
At 1 January 2021	**27**	**1,999**	**38**	**6**	**2,070**
Annual depreciation and impairment	3	220	3	-	226
Acquisitions	-	2	-	-	2
Disposals	-	-27	-1	-6	-34
Translation differences	-	9	-	-	9
At 31 December 2021	**30**	**2,203**	**40**	**-**	**2,273**
Annual depreciation and impairment	4	291	3	-	298
Disposals	-2	-17	-2	-	-21
Reclassification from/to assets held for sale	-	-11	-	-	-11
Reclassification other	1	-	-1	-	-
Translation differences	-	-7	-	-	-7
At 31 March 2023	**33**	**2,459**	**40**	**-**	**2,532**
Carrying amount					
At 1 January 2021	55	2,495	7	212	2,769
At 31 December 2021	59	2,542	5	359	2,965
At 31 March 2023	**60**	**2,708**	**9**	**439**	**3,216**

1 'Machinery and equipment': for comparative purposes, decommissioning provision for new assets restated to line item 'Changes in decommissioning provision'.

Capitalised interest
Attributable interest capitalised for property, plant and equipment was €2 million (2021: €2 million). The capitalisation rate of interest was 1.11% (2021: 0.75%).

Assets under construction
Assets under construction consist mainly of solar farms, onshore and offshore wind farms and investments in district heating networks.

Leases – property, plant and equipment leased by Eneco ('lessor')
Equipment and energy installations (such as domestic water heaters and solar panels) leased to customers remain the property of the Group. The lease terms cover both making the equipment available to users and the maintenance costs. Lease revenues of €26 million (2021: €20 million) have been recognised through the income statement.

12. Property, plant and equipment – right-of-use assets and lease liabilities

The classification and movements in the rights-of-use for the lease assets were as follows:

	Land and buildings	Machinery and equipment	Other operating assets	Total
Cost				
At 1 January 2021	**233**	**57**	**16**	**306**
Additions	27	-	-	27
Revaluation	2	-	5	7
Disposals	-8	-	-	-8
Translation differences	3	-	-	3
At 31 December 2021	**257**	**57**	**21**	**335**
Additions[1]	72	20	-	92
Revaluation	45	-	3	48
Disposals	-3	-	-	-3
Translation differences	-1	-	-	-1
At 31 March 2023	**370**	**77**	**24**	**471**
Accumulated depreciation and impairment				
At 1 January 2021	**39**	**25**	**7**	**71**
Annual depreciation and impairment	21	3	4	28
Disposals	-2	-	-	-2
Translation differences	-	-	-	-
At 31 December 2021	**58**	**28**	**11**	**97**
Annual depreciation and impairment	30	4	5	39
Disposals	-3	-	-	-3
Translation differences	2	-	-	2
At 31 March 2023	**87**	**32**	**16**	**135**
Carrying amount				
At 1 January 2021	194	32	9	235
At 31 December 2021	199	29	10	238
At 31 March 2023	**283**	**45**	**8**	**336**

1 The new 'Land and buildings' leases for the 15-month period ended 31 March 2023 include €16 million of leases with a commencement date in 2021.

Movements in lease liabilities were as follows:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**233**	**229**
New leases[1]	92	27
Lease payments	-43	-31
Interest added to lease liabilities (financial expenses)	7	4
Changes of contract period, indexation	48	7
Disposal of contracts	-3	-5
Translation differences	-1	2
At 31 March 2023 respectively 31 December 2021	**333**	**233**
Classification		
Current	31	28
Non-current	302	205
At 31 March 2023 respectively 31 December 2021	**333**	**233**

1 The new leases for the 15-month period ended 31 March 2023 include €16 million of leases with a commencement date in 2021.

Eneco's leasing activities as lessee

The Group rents or leases assets such as land for wind and solar farms, roofs of commercial buildings for solar panels, solar panel equipment, offices, warehouses, ICT and other equipment and company cars. Leases are usually entered into for fixed periods ranging from 1 to 37 years but may include extension and termination options. Rental periods are negotiated individually and contain a wide range of terms and conditions. No leases impose covenants but lease assets may not be used as collateral for financing purposes.

Amounts for leases recognised in the income statement

	Period ended 31 March 2023	Year ended 31 December 2021
Depreciation charge for right-of-use assets	39	28
Interest added to lease liabilities	7	4
Other lease costs[1]	3	2

1 This concerns the costs for 'short-term leases', costs of 'low value leases' not included in 'short-term leases' and costs relating to variable lease payments that are not included in the lease liabilities.

Amounts for leases recognised in the cash flow statement

Total lease payments were €46 million (lease repayments of €36 million, interest of €7 million and other lease costs of €3 million), 2021 €34 million (lease repayments of €28 million, interest of €4 million and other lease costs of €2 million). See also the 'Notes to the consolidated cash flow statement'.

Variable lease payments

Eneco has a number of leases containing arrangements on variable lease payments (that do not depend on an index or a rate). These relate in particular to leases for land for the wind farm activities in the United Kingdom. These variable components depend in particular on the amount of electricity generated.

Other possible lease payments and liabilities

See note 27 'Commitments, contingent assets and liabilities' for future lease payments resulting from renewal or termination options in leases. Leases which have been entered into but are not yet in force amount to €2 million (31 December 2021: €36 million, excluding the €16 million for leases with a commencement date in 2021 as mentioned in the footnote above). Residual value guarantees are not applicable to Eneco. Leases do not otherwise include any special arrangements involving restrictions or covenants that could lead to a restriction on the use of the lease assets. No 'sale-and-lease-back' transactions have been entered into.

13. Intangible assets

	Goodwill	Customer databases	Software and software licences	Concessions, permits, trade names and other rights	Development expenditure	Total
Cost						
At 1 January 2021	**537**	**773**	**160**	**175**	**17**	**1,662**
Investments	-	1	32	-	2	35
Acquisitions	5	17	-	2	-	24
Disposals	-	1	-7	-2	-	-8
Disposal of group companies	-	-	-2	-	-	-2
Translation differences	1	-	-	-	-	1
Reclassification other	-1	-	-1	-1	-	-3
At 31 December 2021	**542**	**792**	**182**	**174**	**19**	**1,709**
Investments	-	1	48	-	8	57
Acquisitions	10	1	2	1	-	14
Disposals	-	-5	-9	-1	-1	-16
Disposal of group companies	-	-	-	-	-	-
Translation differences	-	-	-	-1	-	-1
Reclassification other	-4	4	2	4	-	6
At 31 March 2023	**548**	**793**	**225**	**177**	**26**	**1,769**
Accumulated amortisation and impairment						
At 1 January 2021	**-**	**339**	**108**	**53**	**7**	**507**
Annual amortisation and impairment	-	61	18	9	3	91
Disposals	-	-	-7	-	-	-7
Disposal of group companies	-	-	-2	-	-	-2
Reclassification other	-	-	1	-2	-	-1
At 31 December 2021	**-**	**400**	**118**	**60**	**10**	**588**
Annual amortisation and impairment	29	78	26	12	7	152
Disposals	-	-5	-8	-1	-	-14
Disposal of group companies	-	-	-	-	-	-
Reclassification other	-	-	-	-	-	-
At 31 March 2023	**29**	**473**	**136**	**71**	**17**	**726**
Carrying amount						
At 1 January 2021	537	434	52	122	10	1,155
At 31 December 2021	542	392	64	114	9	1,121
At 31 March 2023	**519**	**320**	**89**	**106**	**9**	**1,043**

Goodwill

Goodwill was €519 million (31 December 2021: €542 million) and consisted mainly of €152 million (31 December 2021: €145 million) of goodwill relating to the group of cash-generating units in the Netherlands, €191 million (31 December 2021: €212 million) relating to the group of cash-generating units in Belgium, €159 million (31 December 2021: €159 million) relating to the group of cash-generating units in Germany and €17 million (31 December 2021: €18 million) relating to the cash-generating unit in the United Kingdom.

An impairment analysis was performed on this goodwill in December 2022 which showed that the recoverable amount of each group of cash-generating units (determined by the value in use) was higher than their carrying amount, except for the sum of the recoverable amounts for the cash-generating units in Belgium and the cash-generating unit Eneco eMobility - Germany. See 'Impairments' below.

The following assumptions were used to establish the value in use:

- the value in use of the cash-generating units was based on expected future cash flows for five years as in the Group's long-term plans (based in part on historical figures) and thereafter extrapolated on the expected life of the assets of these cash-generating units, which is generally longer than the five-year period;

- a terminal growth rate and a long-term growth rate of about 2.5% have been taken into account from 2028;

- these expected future cash flows are based on the Business Plan 2023–2027, for which, where applicable, changes were made based on planned investments to determine the recoverable amount of the cash-generating units; and

- the pre-tax discount rates, which reflect the risks of the activities of the relevant cash-generating units, were 6.9% - 16.8% (in 2021: 3.1% - 9.8% for all cash-generating units). These discount rates are based on the weighted average cost of capital (WACC) calculated using parameters derived from data from a peer group and market information.

The calculation of the value in use of these assets is sensitive to the following assumptions: the discount rate, the growth figure applied for extrapolating cash flows beyond the five-year plan and the average useful life of the assets. Of these factors, the discount rate is the most sensitive and an increase of 0.5 percentage point would reduce the value in use of the total cash-generating units by some €0.4 billion and would lead to an impairment of some €30 million.

Impairments
The cash-generating unit Eneco eMobility has been split into Eneco eMobility - the Netherlands and Belgium and Eneco eMobility – Germany, as a consequence of the transfer of the German Eneco eMobility activities from the Netherlands to Germany. The impairment analysis referred to above established that the value in use of the group of cash-generating units in Belgium and the value in use of the cash-generating unit Eneco eMobility - Germany were lower than their carrying amounts (including the goodwill allocated to these groups of cash-generating units) mainly as a result of the significant increase of pre-tax discount rates compared to 2021 and lower expected future cashflows for Belgium. The cash-generating unit Eneco eMobility - Germany relates to charging station activities in Germany. The 'Power' and 'Gas' cash-generating units in Belgium concern respectively the electricity- and gas-related operations in that country.

Management recognised an impairment of €21 million to the goodwill in the cash-generating units in Belgium. A pre-tax weighted average discount rate of 9.6% (31 December 2021: 4.9%) was used in the calculation of the value in use. The total goodwill of €8 million for the cash-generating unit Eneco eMobility - Germany was fully impaired and in addition the total other intangible assets of €6 million were fully impaired. A pre-tax discount rate of 16.8% (31 December 2021: 9.8%) was used in the calculation of the value in use. These amounts were recognised in the income statement in line item 'Amortisation and impairment of intangible assets'.

Customer databases
Customer databases relate to LichtBlick and Eni (acquired in 2017) and E.ON Benelux Levering (acquired in 2018). The customer databases of Robin Energie and the customer databases and charging points of several companies with electric vehicle activities were acquired in 2019. In 2020

Eneco acquired customer contracts from E.ON Energie in Germany. In 2021 Eneco acquired the business customer contracts of Essent Energie Verkoop Nederland B.V. (renamed Eneco Midzakelijk B.V.).

Concessions, permits, trade names and other rights
Concessions, permits, trade names and other rights consist mainly of the capitalised trade name of LichtBlick and permits granted for existing wind farms in Belgium and the United Kingdom.

Current intangible assets and inventories
'Intangible assets and inventories' were €630 million (31 December 2021: €231 million). €525 million (31 December 2021: €152 million) related to green certificates and emission rights and the remaining €105 million (31 December 2021: €79 million) to other inventories. Of these green certificates and emission rights, €358 million were measured at fair value (31 December 2021: €0 million) in the fair value hierarchy 1. See note 17.4 'Fair value hierarchy' for other fair value hierarchy disclosures.

14. Business combinations and other changes in the consolidation structure

Acquisition of remaining shares in Suniverse Holding B.V.
On 1 April 2022, Eneco completed the purchase of the remaining shares (70.7%) from several external shareholders in Suniverse Holding B.V. ('Suniverse') after receiving the approval of the Dutch competition authorities. Suniverse, based in Amsterdam, is a one-stop-shop for residential renewable energy solutions including a 100% financing solution for both movable and immovable goods. Suniverse consists of three entities; Suniverse Holding B.V., Suniverse B.V. (name changed in 2022 to Eneco Duurzaam Wonen B.V.) and Suniverse Developments B.V.

This acquisition has no material impact on the financial statements and so is not disclosed further. The assessment of the fair value of the identified assets and liabilities including the purchase price allocation was finalised during the financial reporting period and therefore the figures for this business combination are definitive.

Acquisition of Nordgröön Energie GmbH
On 17 December 2021, Eneco completed the purchase of a 100% holding in Nordgröön Energie GmbH after receiving the approval of the German competition authorities. Due to the short period between the transaction and the reporting date, the assessment of the fair value of the identified assets and liabilities had not been finalised on the reporting date of the financial statements 2021. The assessment was finalised during the second half of 2022 and therefore the figures for this business combination are definitive. An amount of €4 million has been recognised in the opening balance sheet for intangible assets (customer contracts). The goodwill arising from this business combination amounts to €1 million and is not tax deductible.

Acquisition of Essent Energie Verkoop Nederland B.V.
On 1 October 2021, Eneco completed the purchase of a 100% holding in Essent Energie Verkoop Nederland B.V. (name changed to Eneco Midzakelijk B.V.) after reaching agreement on the proposed acquisition with the works councils of both companies and after receiving the approval of the Dutch competition authorities. Due to the short period between the transaction and the reporting date, the assessment of the fair value of the identified assets and liabilities had not been finalised on the reporting date of the financial statements 2021. The assessment was finalised during the second half of 2022 and therefore the figures for this business combination are definitive. There has been no material impact on Eneco's figures compared to the provisional recognition of this acquisition in the financial statements 2021.

15. Associates and joint ventures

The Group participates with one or more parties in businesses in the form of associates or joint ventures to perform shared operations.

The carrying amount of the associates and joint ventures was:

		At 31 March 2023	At 31 December 2021
Interest in Greenchoice (30%)	Associate	87	66
Interest in Norther wind farm (50%)	Joint venture	202	139
Other associates		22	9
Other joint ventures		6	7
Total		**317**	**221**

The carrying amount of interest in Greenchoice increased with €21 million. This concern our share in their estimated result for the 15-month period minus dividends received.

The table below summarises the financial data of the interests in Greenchoice and the Norther wind farm, which are material to the Group. The figures were drawn from their most recent published financial information (Greenchoice) or available internal information (Norther). Where necessary, they have been restated for differences between their accounting policies and IFRS. The table also shows a reconciliation between the summary financial information for each investment and the carrying amount of Eneco's interest in it.

Greenchoice

Balance sheet information (based on most recent available information)	At 31 December 2021	At 31 December 2020
Non-current assets	161	195
Current assets	474	224
Non-current liabilities	69	76
Current liabilities	423	226
Net assets (100%)	**143**	**117**
Eneco's share of net assets	43	35
Carrying amount of interest in Greenchoice (incl. acquired goodwill)	**66**	**58**

Comprehensive income information (based on most recent available information)	Year ended 31 December 2021	Year ended 31 December 2020
Revenues (100%)	566	520
Profit after income tax (100%)	29	-5
Total other comprehensive income (100%)	-	-
Total comprehensive income (100%)	29	-5
Group's share of total comprehensive income (30%)	**9**	**-2**

Northern

Balance sheet information	At 31 March 2023[1]	At 31 December 2021[2]
Non-current assets	968	954
Current assets	195	165
- of which cash and cash equivalents	116	131
Non-current liabilities	817	922
- of which non-current financial liabilities (excl. trade creditors, other obligations and provisions)	736	829
Current liabilities	130	122
- of which current financial liabilities (excl. trade creditors, other liabilities and provisions)	62	63
Net assets (100%)	**216**	**75**
Eneco's share of net assets	108	37
Carrying amount of interest in Norther (incl. acquired premium)	**202**	**139**

1 Applying IAS 28.34, the February 2023 figures are presented (one month delay).
2 Applying IAS 28.34, the November 2021 figures are presented (one month delay).

Comprehensive income information	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Revenues (100%)	234	163
Depreciation, amortisation and impairment (100%)	-65	-52
Financial income (100%)	1	1
Financial expenses (100%)	-26	-28
Tax charge or gain (100%)	-16	-12
Profit after income tax (100%)	69	46
Total other comprehensive income (100%)	112	23
Total comprehensive income (100%)	181	69
Group's share of total comprehensive income (to May 2021: 25%; from June 2021: 50%)	**91**	**17**

1 Applying IAS 28.34, the figures for December 2021 to February 2023 are presented (one month delay).
2 Applying IAS 28.34, the figures for December 2020 to November 2021 are presented (one month delay).

Total comprehensive income (the Group's share) for the other associates was €3 million negative (2021: €3 million negative) and for the other joint ventures €0 million (2021: €0 million).

16. Deferred taxes

The table below shows the deferred tax assets and liabilities:

	Assets		Liabilities	
	At 31 March 2023	At 31 December 2021	At 31 March 2023	At 31 December 2021
Property, plant and equipment[1]	3	1	138	158
Intangible assets	15	15	81	96
Hedges and derivatives[1]	69	89	14	4
Receivables[1]	5	1	18	10
Loss carry forwards	18	16	-	-
Losses at non-resident participating interests	-	-	10	11
Provisions	8	9	-	-
Tax liabilities (assets) before set-off	**118**	**131**	**261**	**279**
Set-off of tax	-94	-110	-94	-110
Total	**24**	**21**	**167**	**169**

1 Deferred tax previously presented as 'Effect of previously adopted IFRS standards' has been restated in the specific categories. The comparative figures have been restated.

Deferred tax assets and liabilities related to cash flow hedges have been recognised through equity. The losses at non-resident permanent establishments are a result of losses offset in the Netherlands before 2012 from a non-resident permanent establishment which would be included in the taxable result in the Netherlands (claw-back) if and to the extent that the permanent establishment makes profits.

Movements in deferred taxes for the period from 1 January 2022 to 31 March 2023 were as follows:

	Net balance at 1 January 2022	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other (including business combinations)	Net balance at 31 March 2023	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-158	19	-	4	-135	3	-138
Intangible assets	-80	13	-	1	-66	15	-81
Hedges and derivatives	84	-	-28	-1	55	69	-14
Receivables	-8	-3	-	-2	-13	5	-18
Loss carry forwards	16	-	-	2	18	18	-
Losses at non-resident participating interests	-11	1	-	-	-10	-	-10
Provisions	9	-1	-	-	8	8	-
Tax liabilities (assets) before set-off	**-148**	**29**	**-28**	**4**	**-143**	**118**	**-261**
Set-off of tax						-94	94
Total						**24**	**-167**

1 This amount is included in the 'Movements in deferred taxes' as part of 'Income tax on the result'. See note 10 'Income tax on the result'.

Movements in deferred taxes during 2021 were as follows:

	Net balance at 1 January 2021	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other (including business combinations)	Net balance at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-156	1	-	-3	-158	-	-158
Intangible assets	-91	10	-	1	-80	16	-96
Hedges and derivatives	11	-	72	1	84	88	-4
Receivables	-3	-5	-	-	-8	2	-10
Loss carry forwards	16	-	-	-	16	16	-
Losses at non-resident participating interests	-12	1	-	-	-11	-	-11
Provisions	7	2	-	-	9	9	-
Tax liabilities (assets) before set-off	**-228**	**9**	**72**	**-1**	**-148**	**131**	**-279**
Set-off of tax						-110	110
Total						**21**	**-169**

1 This amount is included in the 'Movements in deferred taxes' as part of 'Income tax on the result'. See note 10 'Income tax on the result'.

The table below shows the expiry periods for temporary differences available for relief at 31 March 2023:

Expiry periods for differences available for relief	In years
Property, plant and equipment	1 - 45
Intangible assets	1 - 20
Hedges and derivatives	1 - 15
Receivables	1 - 15
Losses available for relief	1 - 10
Provisions	1 - 10
Right-of-use assets and lease liabilities (IFRS 16)	1 - 20

No deferred tax asset has been recognised on pre-consolidation and other losses (including tax facilities not yet used) of €7 million (31 December 2021: €7 million) since it is not certain whether sufficient taxable profits will be available in the future at the companies and permanent establishment which are not members of the fiscal unity. The tax regulations in the relevant jurisdiction state that these losses can be carried forward indefinitely (31 December 2021: indefinitely).

17. Derivative financial instruments

17.1 Financial instruments of the Group

The table below shows the fair value of the derivative financial instruments:

Financial assets	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	29	-
Currency swap contracts	2	-
Energy commodity contracts	1,632	2,487
CO_2 emission rights	23	19
Total	**1,686**	**2,506**
Classification		
Current	1,314	1,906
Non-current	372	600
Total	**1,686**	**2,506**

Financial liabilities	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	-	24
Currency swap contracts	6	9
Energy commodity contracts	1,909	2,775
CO_2 emission rights	9	14
Total	**1,924**	**2,822**
Classification		
Current	1,149	1,980
Non-current	775	842
Total	**1,924**	**2,822**

The fair value of the energy commodity contracts decreased by some €0.9 billion (2021 increase €2.2 billion) in respect of derivative assets and also some €0.9 billion (2021 increase €2.4 billion) in respect of derivative liabilities. This decrease is mainly the result of the decrease in the average market price for electricity and gas.

17.2 Financial instruments recognised through the income statement

The table below shows the fair value of derivative financial instruments on the reporting date, for which the movements in fair value have been recognised through the income statement:

Financial assets	At 31 March 2023	At 31 December 2021
Currency swap contracts	2	–
Energy commodity contracts	1,369	2,487
CO_2 emission rights	23	19
Total	**1,394**	**2,506**
Classification		
Current	1,049	1,906
Non-current	345	600
Total	**1,394**	**2,506**

Financial liabilities	At 31 March 2023	At 31 December 2021
Currency swap contracts	3	4
Energy commodity contracts	1,381	2,460
CO_2 emission rights	9	14
Total	**1,393**	**2,478**
Classification		
Current	1,104	1,934
Non-current	289	544
Total	**1,393**	**2,478**

The total amount recognised in the income statement for financial assets and liabilities measured at fair value through profit or loss (including recycling and other effects of financial assets and liabilities allocated to hedge accounting) was €41 million loss (2021: €33 million gain).

17.3 Financial instruments recognised in equity - cash flow hedge accounting

The table below shows the fair value of derivative financial instruments on the reporting date, for which movements in fair value have been recognised in equity through the cash flow hedge reserve:

Financial assets	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	29	–
Energy commodity contracts	263	–
Total	**292**	**–**
Classification		
Current	265	–
Non-current	27	–
Total	**292**	**–**

Financial liabilities	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	–	24
Currency swap contracts	3	5
Energy commodity contracts	528	315
Total	**531**	**344**
Classification		
Current	45	46
Non-current	486	298
Total	**531**	**344**

These instruments are used in cash flow hedge transactions to hedge interest rate, currency and energy price risks and the currency risks in a net investment in a foreign operation.

17.4 Fair value hierarchy

The hierarchy of derivative financial instruments measured at fair value was as follows:

At 31 March 2023	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO_2 emission rights	1,137	514	4	1,655
Interest rate and currency swap contracts	-	31	-	31
	1,137	**545**	**4**	**1,686**
Liabilities				
Energy commodity contracts and CO_2 emission rights	188	1,237	493	1,918
Interest rate and currency swap contracts	-	6	-	6
	188	**1,243**	**493**	**1,924**

At 31 December 2021	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO_2 emission rights	186	2,312	8	2,506
Interest rate and currency swap contracts	-	-	-	-
	186	**2,312**	**8**	**2,506**
Liabilities				
Energy commodity contracts and CO_2 emission rights	375	2,123	291	2,789
Interest rate and currency swap contracts	-	33	-	33
	375	**2,156**	**291**	**2,822**

The level 3 derivative financial instruments are mainly contracts for hedging purposes of future market prices relating to wind farms that have a limited subsidy or are unsubsidised. As Eneco has hedged the variable market price against the fixed contract price of these contracts, future cash flows or income will be offset by higher future electricity sale proceeds.

The valuation techniques, main assumptions and sensitivity analysis are shown below.

Instrument	Valuation technique	Significant unobservable input	Sensitivity of the input on fair value
Forward electricity contract	Discounted cash flow method	Average price €117 per MWh for the measurement period (2021: €73)	A 5% increase or decrease would result in a change in fair value of €28 million (2021: €25 million)
Option contract	Option pricing model	Average price €111 per MWh for the measurement period (2021: €81)	A 5% increase or decrease would result in a change in fair value of €21 million (2021: €15 million)
		Volatility	A 10% increase or decrease would result in a change in fair value of €17 million (2021: €7 million)

The movements in the level 3 derivative financial instruments are set out below.

Changes in fair value of level 3 energy commodity contracts and CO_2 emission rights	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**-283**	**-35**
Included in income statement	-12	-7
Included in statement of comprehensive income	-225	-251
Purchases	3	10
Sales and settlements	28	-
At 31 March 2023 respectively 31 December 2021	**-489**	**-283**
Classification		
Financial assets	4	8
Financial liabilities	-493	-291
At 31 March 2023 respectively 31 December 2021	**-489**	**-283**

17.5 Cash flow hedges

Movements in the cash flow hedge reserve are presented in note 29.2 'Market and regulatory risk'.

The cash flow hedging instruments are derivative financial instruments that are subject to net settlement between parties. The table below shows the periods in which the cash outflows from the cash flow hedges are expected to be realised:

	At 31 March 2023	At 31 December 2021
Expected cash flow		
Within 1 year	535	-48
From 1 to 5 years	-205	-100
After 5 years	-292	-161
Total	**38**	**-309**

The total cash flow hedges recognised through the income statement in the future are recognised in the cash flow hedge reserve after deduction of taxes. The table below shows the periods in which the cash flows from the cash flow hedges are expected to be realised:

	At 31 March 2023	At 31 December 2021
Expected recognition in result after tax		
Within 1 year	178	-34
From 1 to 5 years	-125	-74
After 5 years	-166	-120
Total	**-113**	**-228**

18. Other financial assets

	At 31 March 2023	At 31 December 2021
Loans	4	4
Other capital interests	3	3
Other assets and prepayments	53	60
Contract acquisition costs	44	31
Total	**104**	**98**

See note 20 'Other receivables' for the movements in contract acquisition costs.

19. Trade receivables

The table below shows the trade receivables:

	At 31 March 2023	At 31 December 2021
Energy receivables	1,184	880
Amounts to be invoiced	595	348
Other trade receivables	124	96
Less: Loss allowance	-105	-64
Total	**1,798**	**1,260**

The table below shows the aged analysis of the outstanding receivables:

	At 31 March 2023			At 31 December 2021		
	Nominal receivables	Loss allowance	Percentage for loss allowance	Nominal receivables	Loss allowance	Percentage for loss allowance
Not past due	1,455	-22	2%	1,094	-10	1%
After due date						
- under 3 months	295	-16	5%	135	-7	5%
- 3 to 6 months	58	-13	22%	15	-4	27%
- 6 to 12 months	41	-17	41%	23	-7	30%
- over 12 months	54	-37	69%	57	-36	63%
Nominal value	**1,903**	**-105**		**1,324**	**-64**	
Less: Loss allowance	-105			-64		
Total	**1,798**			**1,260**		

The table below shows the movements in loss allowance:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**-64**	**-69**
Additions through profit or loss	-55	-18
Withdrawals	14	23
At 31 March 2023 respectively 31 December 2021	**-105**	**-64**

20. Other receivables

	At 31 March 2023	At 31 December 2021
Contract acquisition costs	31	31
Prepayments and accrued income	133	88
Margin calls	346	381
Customer support arrangements[1]	225	9
Other receivables	59	34
Total	**794**	**543**

1 See note 2.1 ‘Accounting policies – Impact energy crisis’.

The movements in contract acquisition costs were as follows:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**62**	**56**
Capitalisation	66	48
Amortisation	-53	-42
At 31 March 2023 respectively 31 December 2021	**75**	**62**
Classification		
Current	31	31
Non-current (see note 18)	44	31
At 31 March 2023 respectively 31 December 2021	**75**	**62**

Amortisation of contract acquisition costs has been recognised in the result for €53 million in ‘Purchases of energy and energy related activities’ (2021: €42 million).

21. Cash and cash equivalents

Cash and cash equivalents comprised bank balances, cash and deposits of €437 million (31 December 2021: €654 million). Term deposits and blocked accounts, which are not at the free disposal of the Group, were €168 million (31 December 2021: €122 million).

22. Equity

	At 31 March 2023	At 31 December 2021
Share capital	122	122
Translation reserve	-15	-8
Cash flow hedge reserve	-113	-247
Retained earnings	2,946	2,838
Undistributed result for the financial reporting period	377	209
Equity attributable to shareholder of N.V. Eneco	**3,317**	**2,914**
Non-controlling interests	12	7
Total equity	**3,329**	**2,921**

Share capital
N.V. Eneco’s authorised share capital is €341.25 million divided into 750,000 shares with a nominal value of €455 each. At 31 March 2023, 267,458 shares had been issued and fully paid (unchanged compared to 31 December 2021). N.V. Eneco has only issued ordinary shares.

Translation reserve
Assets and liabilities of foreign group companies denominated in foreign currency and foreign currency funding of those subsidiaries relating to long-term loans denominated in foreign currency, after tax, are translated into euros at the reporting date at the exchange rate prevailing on the reporting date. Foreign currency exchange differences arising on this are recognised in the translation reserve in equity. The results of foreign group companies are translated into euros at the average rate. The difference between the profit after income tax at the average rate and based on the exchange rate prevailing on the reporting date is recognised through equity in the translation reserve. If an investment in a foreign operation is ended or reduced, the related accumulated translation differences are recognised through the income statement. The translation reserve is not freely at the disposal of the shareholders.

The Group applies net investment hedge accounting to limit the translation gains and losses on its UK operations in the translation reserve and the income statement. The foreign currency exchange differences on sterling forward or swap contracts and borrowings has an opposite effect to the foreign currency exchange differences on the UK operations. Both the foreign currency exchange differences on the UK operations and the sterling forward contracts and borrowings are recognised in the translation reserve. Note 29.2 'Market and regulatory risk' provides further information on net investment hedge in a foreign operation, including a statement of the movements in the translation reserve.

Cash flow hedge reserve
The cash flow hedge reserve recognises gains and losses in the fair value of the effective portion of derivative financial instruments designated in cash flow hedges for which the hedged

transaction has not yet been settled. Consequently, the Group meets the conditions for cash flow hedge accounting. The cash flow hedging instruments are mainly energy contracts agreed with other market parties in order to mitigate price risks of Eneco energy positions. This reserve also recognises the effective portion of hedging with interest rate swap and currency contracts. The cash flow hedge reserve is not freely at the disposal of the shareholders. Note 29.2 'Market and regulatory risk' provides further information on cash flow hedging, including a statement of the movements in this reserve.

Non-controlling interests
These are third-party shares in the equity of subsidiaries of which the Group is not the sole shareholder.

23. Provisions for employee benefits

	Long-service benefits	Other	Total
At 1 January 2021	**6**	**6**	**12**
Addition	1	2	3
Withdrawals	-1	-2	-3
Release	-	-2	-2
At 31 December 2021	**6**	**4**	**10**
Classification			
Current	-	4	4
Non-current	6	-	6
At 31 December 2021	**6**	**4**	**10**
Addition	1	2	3
Withdrawals	-2	-2	-4
Release	-	-1	-1
At 31 March 2023	**5**	**3**	**8**
Classification			
Current	-	3	3
Non-current	5	-	5
At 31 March 2023	**5**	**3**	**8**

Long-service benefits
This provision covers the obligation to pay amounts to employees achieving a certain number of years of employment and on retirement.

There are some defined-benefit pension plans but as the net liability (liabilities for pension commitments less the plan assets) is not material, at some €2 million (31 December 2021: €3 million), no disclosures for defined-benefit plans pursuant to IAS 19 ‘Employee Benefits’ have been presented.

The following actuarial assumptions were used for the provisions:

	At 31 March 2023	At 31 December 2021
Long-service benefits (NL)		
Discount rate at reporting date	3.40%	0.79%
Future salary increases	0.6%-4.0%	1.0%-1.5%
Mortality table	GBM & GBV 2016-2021	GBM & GBV 2015-2020
Pension liabilities (BE)		
Discount rate at reporting date	3.50%	0.80%
Future salary increases	2.25%/scale +0.5% 2.25%/scale +2.0%	1.5%/scale +0.5% 1.5%/scale +2.0%
Mortality table	MR-5/FR-5 IABE 2015	MR-5/FR-5 IABE 2015

Expenditures from the provisions for employee benefits are made over the long term. The provisions are remeasured annually using current employee information and properly reflect the expected cash flows.

Other employee benefits

The other provisions for employee benefits include the obligations for salary payments in the event of illness and unemployment benefits since the Group bears this risk under the Unemployment Act. In view of their predominantly short-term nature, these provisions are measured at nominal value.

24. Other provisions

	Decommissioning	Onerous contracts	Other[1]	Total
At 1 January 2021	**132**	**-**	**10**	**142**
Addition	24	-	1	25
Withdrawals	-2	-	-5	-7
Release	-3	-	-3	-6
Adjustment for change in inflation and discount rate	30	-	-	30
Other	1	-	1	2
At 31 December 2021	**182**	**-**	**4**	**186**
Classification				
Current	-	-	1	1
Non-current	182	-	3	185
At 31 December 2021	**182**	**-**	**4**	**186**
Addition	40	3	8	51
Withdrawals	-	-	1	1
Release	-2	-	-1	-3
Adjustment for change in inflation and discount rate	-18	-	-	-18
Other	-	-	1	1
At 31 March 2023	**202**	**3**	**13**	**218**
Classification				
Current	-	3	7	10
Non-current	202	-	6	208
At 31 March 2023	**202**	**3**	**13**	**218**

1 This category concern restructuring provision and other provisions.

Decommissioning

The decommissioning provision is of a long-term nature. The cash flows will generally occur after ten but within thirty years. The amounts recognised are the best estimate at the reporting date of the expected expenditure for the machinery, transport, materials and labour that will be required. These amounts are reviewed annually for expected future movements in the cost of removing assets, allowing for inflation in a range of 2.3% to 2.5% (2021: 1.7% to 1.8%). The amounts estimated for decommissioning are inherently uncertain since it is expected that some assets will not be dismantled for several years and only limited historical data is available. Interest in a range of 2.2% to 2.5% was added to the provisions (2021: no interest was added).

25. Interest-bearing debt

The Group’s interest-bearing debt related largely to financing wind farms and general financing.

	At 31 March 2023	At 31 December 2021
Non-recourse (mainly financing wind farms and solar projects)	381	456
Other loans and liabilities	297	736
Total	**678**	**1,192**

See note 29 'Financial risk management' for details of the periods over which the repayments will be made.

	At 31 March 2023	At 31 December 2021
Classification		
Current	59	783
Non-current	619	409
Total	**678**	**1,192**

The total repayments in interest-bearing debt were €791 million and concern mainly the repayment of short term corporate loans of €700 million. The total proceeds in interest-bearing debt were €266 million and concern mainly a new long-term corporate loan of €250 million.

Project-specific collateral has been provided for the interest-bearing debt for financing wind and solar farms, in the form of mortgages, and pledges of shares in the legal entities, of bank balances, of accounts receivable and of energy purchase contracts and/or grant contracts. The outstanding principal on these loans was €381 million (31 December 2021: €456 million). No collateral has been provided for the other interest-bearing debt.

The liability for loans of a fixed-rate nature (fair value risk) was €309 million (31 December 2021: €567 million). Other loans are at market-linked variable rates. Repayment obligations for the first year after the reporting date are recognised under current liabilities.

The average interest rate was 2.0% per annum (2021: 2.0% per annum). This was calculated as the weighted average monthly interest expense directly related to the interest-bearing debt, excluding other financial expenses.

The fair value of the loans was €608 million (31 December 2021: €1,226 million) and was calculated using the income approach, based on relevant market interest rates for comparable debt. Consequently, the information for establishing value is covered by level 2 of the fair value hierarchy.

26. Trade creditors and other liabilities

	At 31 March 2023	At 31 December 2021
Trade and energy creditors	1,468	1,271
Contributions received for connections and other long-term contract liabilities	196	163
Accruals	469	383
Margin calls	839	195
Customer support arrangements and inframarginal revenue cap[1]	232	-
Pension contributions	3	3
Other liabilities	419	300
Total	**3,626**	**2,315**
Classification		
Current	3,416	2,133
Non-current	210	182
Total	**3,626**	**2,315**

1 See note 2.1 'Accounting policies – Impact energy crisis'.

Contributions received for connections are considered contract liabilities for amounts paid by customers towards connections to district heating networks. Trade and energy creditors include advances already invoiced if they are higher than the actual or estimated energy consumption during the reporting period.

The table below shows the movements in contributions received for connections and other long-term contract liabilities:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	163	145
Addition to contributions for connections	36	19
Release of contributions for connections as other income	-4	-3
Addition to other long-term contract liabilities	1	1
Other	-	1
At 31 March 2023 respectively 31 December 2021	**196**	**163**
Classification		
Current	5	5
Non-current	191	158
At 31 March 2023 respectively 31 December 2021	**196**	**163**

In view of their nature, the carrying amount of trade creditors and other liabilities is their fair value.

27. Commitments, contingent assets and liabilities

Commitments, contingent assets and liabilities (except for guarantees and lease liabilities) are measured at present value, calculated using a discount rate that reflects current market assessments of the time value of money.

Rights under operating leases (Eneco as lessor)
Equipment and energy installations are leased for periods of 5 to 20 years while the assets concerned remain the property of the Group.

The minimum receivables (nominal amounts) from non-terminable lease agreements fall due as follows:

	At 31 March 2023	At 31 December 2021
Within 1 year	20	18
From 1 to 2 years	18	16
From 2 to 3 years	17	13
From 3 to 4 years	16	11
From 4 to 5 years	15	10
After 5 years	58	44
Total	**144**	**112**

Energy purchase and sale commitments
The Group has energy purchase commitments of €15.8 billion (31 December 2021: €13.7 billion) under contracts relating to 2023 and later years. €3.6 billion falls due within 1 year (31 December 2021: €2.5 billion), €6.6 billion between 1 and 5 years (31 December 2021: €5.6 billion) and €5.6 billion after 5 years (31 December 2021: €5.6 billion). The energy purchase commitments comprise energy contracts for the company's own use (pursuant to IFRS 9) with various energy generators. There are energy sale commitments, relating largely to the business market, of €7.9 billion (31 December 2021: €6.0 billion) for 2023 and later years. €3.5 billion falls due within 1 year (31 December 2021: €3.1 billion), €3.3 billion between 1 and 5 years (31 December 2021: €2.7 billion) and €1.1 billion after 5 years (31 December 2021: €0.2 billion).

The Group has commitments of €0.9 billion (31 December 2021: €0.9 billion) for the purchase of heat until 2046. These purchase commitments consist of the heat that is required to be purchased from suppliers for the duration of existing contractual agreements. The heat that is required to be purchased consists of both contractually agreed volumes as well as additional volumes based on expected sales. Note that suppliers which are expected to be contracted in the future, but currently have no contractual agreement with Eneco, are not included in the purchase commitments. The expected perpetual annual commitments for the sale of heat are €0.6 billion per year (31 December 2021: €0.3 billion).

Investment obligations
The Group had entered into investment obligations with a total amount of €1.0 billion (31 December 2021: €0.5 billion), of which €0.7 billion relates to the offshore wind farm Hollandse Kust (west) site VI, conditional to finalising the permits. These permits have been finalised and assigned to Eneco in May 2023.

Commitments under leases not recognised in the balance sheet
The minimum commitments for short-term leases, low-value leases and variable lease payments not recognised as lease liabilities in the balance sheet are €10 million (31 December 2021: €12 million), of which €2 million falls due within 1 year (31 December 2021: €2 million), €3 million between 1 and 5 years (31 December 2021: €3 million) and €5 million after 5 years (31 December 2021: €7 million).

Potential future cash outflows of €59 million (31 December 2021: €59 million) have not been included in the lease liabilities because it is not reasonably certain that the lease contracts will be extended (or they may be terminated early).

Other (contingent) obligations
There were other contractual obligations of €0.7 billion (31 December 2021: €0.6 billion), mainly under maintenance contracts.

Guarantees
The Group has issued several guarantees to third parties on which the possibility of any outflow of resources for settlement has been assessed as is remote (31 December 2021: remote).

Fiscal unity
N.V. Eneco heads a fiscal unity for corporate income tax purposes which includes almost all of its Dutch subsidiaries and N.V. Eneco is a member of a fiscal unity for VAT purposes which includes almost all of its Dutch subsidiaries.

LichtBlick Holding GmbH heads a fiscal unity for corporate income tax purposes which includes almost all of its German subsidiaries. LichtBlick Holding GmbH also heads a fiscal unity for VAT purposes which includes almost all of its German subsidiaries. Nordgröön Energie GmbH heads a fiscal unity for VAT purposes which includes GPNG Utility Services GmbH.

All companies in a fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

Cash pools
As a result of its participation in the Group cash pools, N.V. Eneco is jointly and severally liable, with the other participants, for deficits in the pools as a whole.

Legal proceedings
The Group is involved either as plaintiff or defendant in various legal and regulatory claims and proceedings related to its operations. Management ensures proper representation in these matters. The amounts claimed in some of these proceedings may be significant to the financial statements.

Liabilities and contingencies in connection with these claims and proceedings are assessed periodically based on the latest information available, usually with the assistance of lawyers and other specialists. A liability is only recognised if an adverse outcome is probable and the amount of the loss can be reasonably estimated. The actual outcome of proceedings or a claim may differ from the estimated liability and, consequently, could have a material adverse effect on the financial performance and position of the Group.

Since the start of the energy crisis, the price levels and volatility in the power and gas markets have been very high. Consequently, the sector experienced more frequent adjustments of consumer tariffs. The legal validity of various tariff changes has been challenged by a number of consumer customers who have filed complaints. It is yet unclear if and how this will evolve.

Unbundling Protocol between the Network Group and the Energy Company[1]
For a period of six years from 31 January 2017, N.V. Eneco will indemnify Eneco Holding N.V. (renamed Stedin Holding N.V. from the unbundling date of 31 January 2017) and its associated companies for:

- all liability, claims and costs suffered or to be suffered by Stedin Holding N.V. and its associated companies, if and to the extent that such liability, claims and costs relate to the activities of or companies in the group of N.V. Eneco and its associated companies, irrespective of whether the legal relationship for such claim arises from a relationship that relates to a period before or after the unbundling;
- the right of recourse of third parties against Stedin Holding N.V. or an associated company relating to liabilities as referred to in the preceding paragraph; and
- tax claims relating to N.V. Eneco and related companies.

1 The Energy Company comprises: N.V. Eneco and all its subsidiaries and other investments.

Furthermore, for a period of six years from 31 January 2017, Stedin Holding N.V. will indemnify N.V. Eneco and its associated companies for:

- all liability, claims and costs suffered or to be suffered by N.V. Eneco and its associated companies, if and to the extent that such liability, claims and costs relate to the activities of or companies in the group of Stedin Holding N.V. and its associated companies, irrespective of whether the legal relationship for such claim arises from a relationship that relates to a period before or after the unbundling;
- the right of recourse of third parties against N.V. Eneco or an associated company relating to liabilities as referred to in the preceding paragraph, excluding any liability, claims, costs or right of recourse in respect of tax matters; and
- tax claims relating to Stedin Holding N.V. and related companies.

28. Related party transactions

The Group's related companies (the shareholder and its subsidiaries which are not part of the Group), associates, joint ventures and board members are considered as related parties.

Sales to and purchases from related parties are on terms of business normally prevailing with third parties. Receivables and liabilities are not covered by collateral and are paid by bank transactions. Eneco has issued bank and group guarantees to its associates and joint ventures of some €10 million (2021: €10 million).

The table below shows the trading transactions with the principal related parties:

	Sales		Purchases	
	Period ended 31 March 2023	Year ended 31 December 2021	Period ended 31 March 2023	Year ended 31 December 2021
Shareholding companies	7	-	3	2
Associates	1	1	4	3
Joint ventures	-	1	85	20

	Receivables		Liabilities	
	Period ended 31 March 2023	Year ended 31 December 2021	Period ended 31 March 2023	Year ended 31 December 2021
Shareholding companies	5	-	-	-
Associates	3	6	-	1
Joint ventures	4	2	13	3

See note 6 'Remuneration of the Management Board and Supervisory Board' for the remuneration of Management Board and Supervisory Board. In 2021 and in the reporting period from 1 January 2022 to 31 March 2023, four members of the Supervisory Board voluntarily waived their remuneration entitlements representing a departure from arm's length remuneration.

If board members are energy customers of the Group, there is no other relationship than that of customer and supplier.

In 2021, Eneco acquired an additional interest of 25% in the Norther N.V. wind farm by purchasing the remaining 50% of the issued share capital of Boreas Wind Offshore N.V. from Mitsubishi Corporation (the ultimate parent of N.V. Eneco). The purchase price was €0.1 billion (rounded).

In 2021, the Group has agreed a loan facility of €1 billion with Mitsubishi Corporation Finance Plc. An amount of €250 million had been drawn at 31 March 2023 (31 December 2021: €200 million).

29. Financial risk management

This note explains Eneco's exposure to financial risks and how those risks could affect the future financial performance of the Group. Eneco's normal business activities involve exposure to credit, commodity market, foreign currency, interest rate, inflation and liquidity risks that are a natural part of our business activities. The Group's risk management policy is designed to monitor these risks and minimise the adverse consequences of unforeseen circumstances on its financial results.

The war in Ukraine caused unprecedented volatility in prices for electricity and gas during the financial year. High volatility increases the risks referred to in this note. In response, the Group has intensified the risk control measures described below and is monitoring developments very closely and actively managing its business and commodity portfolios. See note 2.1 'Accounting policies – Impact energy crisis' for a general description of the financial impact of the energy crisis on Eneco.

The Management Board is responsible for risk management. Procedures and guidelines have been drawn up and they are evaluated at least once a year and, if required, adjusted. In this context, the Management Board sets out procedures and guidelines and ensures they are complied with. Authority to enter into commitments on behalf of the Group is specified in the Eneco Authority Structure. Mandates are in place for all business units and management, including the Group's trading department, the business units with energy and heating production and the sales channels, to manage the above risks such as commodity (electricity, gas, heating, emission rights and fuels) risks. All of Eneco's business units are subject to endorsed Credit Mandates which state the terms and conditions under which transactions may be entered into with external parties.

The Management Board and senior business unit management regularly review the results, key figures such as changes in KPIs and the trading position, the principal risks (and any concentration of certain risks) and the measures to manage them. Stress tests are developed for the principal identified risks and incorporated in the long-term financial plan. This clarifies the impact of risks on business operations. Senior business unit management reports to the Management Board by means of an In Control Statement every year.

The Commodity Risk Team and Investment Risk Team, whose members include several Management Board members, are in charge of the formulation and monitoring of the Group's financial risk policy, decide on business and other proposals and advise the Management Board accordingly.

29.1 Credit risk

Credit risk is the risk of a loss to the Group if a counterparty or its guarantor to a financial instrument fails to meet its contractual obligations. For the purposes of managing this risk, a distinction is drawn between debtor risk (on trade and other receivables) and counterparty risk. The maximum credit risk exposure is the carrying amount of the financial assets including the derivative financial instruments.

Debtor risk

Debtor risk is the risk that a debtor (primarily customers) fails to pay a receivable due. There are large numbers of debtors and most receivables from debtors are of a limited size. There is, therefore, a limited concentration of risk.

Credit risk policy is designed not to provide customers with any credit going beyond normal supplier credit as set out in the applicable conditions of supply. Policy is also formulated at a decentralised level within the organisation. The effectiveness of that policy is monitored at the corporate level and adjustments are made if required.

Measures in place to limit debtor risk are:

- an active debt collection policy;
- credit limits, bank guarantees and/or margining (cash collateral) for business customers; and
- using the services of debt collection agencies, cooperation with municipalities and debt relief agencies, further alternative collection methods for current and former customers; and
- credit insurance, if necessary, to cover settlement exposures for B2B customers (in the Netherlands and Belgium) and Agro energy customers.

Trade receivables
The Group applies the IFRS 9 'simplified approach' for determining expected credit losses on trade receivables using the lifetime expected credit losses method. This method is based on the inherent risk that a debtor will not pay or fully pay the receivable. Consequently, this risk has to be recognised from the initial recognition of the receivable and a provision is formed for part of the amount of trade receivables that have not reached their due date and the amounts to be billed. A provision matrix is used to ascertain the expected credit losses on receivables from retail and SME customers. This classifies trade receivables by shared credit risk characteristics and the number of days that the receivables are outstanding.

The provision matrix incorporates different percentages for the various phases of collection of receivables, such as first reminder, dispute, debt collector or bankruptcy, related to the risk profile for ascertaining the expected losses. The percentages have been established from historical figures adjusted for non-recurring past effects. The percentages have been set taking account of current and forward-looking information on macro-economic factors for each country that could affect customers' ability to pay the receivables. The provision matrix is also segmented into the different customer classifications, such as different customer propositions, and countries.

This procedure also applies to large business customers but is in that case supplemented by an individual assessment involving credit ratings (if available), financial statements, press releases and specific contractual agreements with those customers (credit limits, bank guarantees and/or margining (cash collateral)).

In the financial year, credit risk increased as a consequence of unprecedentedly high electricity and gas prices. This resulted in an increase in the gross trade receivables amount at 31 March 2023, in addition to the regular increase due to the seasonal effect (31 March compared to 31 December). The impact of the increased debtor risk has been reviewed and relates mainly to the not past due trade receivables. This resulted in an increase of €41 million (64%) of the loss allowance for trade receivables. The increased debtor risk (and increase of the loss allowance for trade receivables) has been partly mitigated by the measures taken by the governments in the Netherlands, Belgium and Germany in calendar years 2022 and 2023 as a result of the energy crisis. See note 2.1 'Accounting policies – Impact energy crisis' for further details of these governmental measures.

The expected credit losses on trade receivables at 31 March 2023 were ascertained in this way. See note 19 'Trade receivables' for the figures.

Other receivables
The expected credit losses on other current and non-current receivables measured at amortised cost are calculated using the 12-month expected credit losses method unless a significant increase in credit risk has arisen for these receivables since initial recognition. In that case, any impairment is established using the lifetime expected credit losses method according to IFRS 9. To this end, there is an individual assessment of each receivable, incorporating credit ratings (if available), financial statements, press releases and specific contractual agreements with those customers.

Counterparty risk

Counterparty risk is the likelihood or probability that a trading partner (counterparty) cannot or will not meet its delivery or payment obligations. This risk is primarily encountered in trading in energy commodities (and also emission rights, green certificates and fuel (or 'feedstock') for our biomass power stations), interest rate and foreign currency hedge transactions. The basis for the management of this risk is set out in the Credit Mandates, Trading Mandates and the Treasury Statute.

The size of the counterparty risk is primarily determined by the replacement value of the future deliveries and the commodity delivered which has not yet been paid for. The replacement value is calculated almost every day for each counterparty based on current market prices for future deliveries. The risk position is measured against the risk tolerance. That tolerance is drawn up for each contract party on the basis of an assessment of the creditworthiness of that counterparty derived from a public or internal rating and/or alternative assessment methods.

Counterparty risk is managed through:

- setting financial limits based on the financial strength of the trading partner;
- setting trading restrictions for each counterparty (position management);
- use of standard agreements, in particular based on EFET and ISDA terms;
- use of third-party margining and clearing;
- use of bilateral margining agreements with counterparties;
- executing risk-reducing transactions with counterparties leading to an offset, or by exchange of physical swaps;
- requiring additional guarantees from counterparties, such as bank guarantees; and
- credit insurance taken if necessary to cover exposures exceeding the credit limits.

The financial year saw very large counterparty exposures. As well as the standard methods described above, there was a focus on making trades with large, creditworthy and system-critical counterparties. Trades were taken to the exchange even though margin calls were rising, see note 29.2 'Market and regulatory risk' for more detailed comments. In January 2023, the credit insurance policy that covers counterparty risk has been extended for one year, for an amount of €173 million.

Third-party margining and clearing is in place for exchange-traded futures. This transfers the counterparty risk of a forward contract to a clearing bank. This bank is linked to a clearing house that facilitates settlement of futures transactions through exchanges such as ICE ENDEX (Intercontinental Exchange European Energy Derivatives Exchange N.V.) and the EEX (European Energy Exchange A.G.). Every day, the clearing house settles interim changes in market value with its clearing banks which in turn settle with the market parties concerned (margin calls). This neutralises counterparty risk for each party to the contract.

Bilateral margining arrangements are also concluded with counterparties. This implies periodic (daily, weekly, etc.) settlement directly with the counterparty to the transaction. The contract with the counterparty sets individual limits (thresholds) based on the creditworthiness of both parties. Bilateral margining is only applied if the thresholds are exceeded.

The margining system creates liquidity risk (see note 29.3 'Liquidity risk'). Risk policy is set to monitor and manage the margin, liquidity and counterparty risk. There is a system for monitoring internal limits using regular reports, to manage both risks. The liquidity requirement relating to margining increased significantly during the financial reporting period, but diminished on the back of dropping commodity price levels resulting in lower margin asset and margin liability amounts at 31 March 2023. Eneco managed to keep the liquidity need for margining under control through active position management between the over-the-counter market and the exchange as well as adapting the product offerings to customers. Eneco also increased the credit facilities via Mitsubishi Corporation and external banks, so that the Group has sufficient liquidity. These facilities were partly used in the financial year.

29.2 Market and regulatory risk

Market risk is the exposure to changes in value in current or future cash flows and financial instruments arising from changes in market prices, market interest rates and exchange rates. Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business or market. In the financial year many regulatory measures were taken by local governments and at European level, which were all instigated by the energy crisis. Most noteworthy is the inframarginal revenue cap: this regulation stipulates that earnings from renewable assets above a certain threshold are subject to additional tax by means of a special government levy. See note 2.1 ‘Accounting policies – Impact energy crisis’ for more information and the financial impact.

The authorities have also taken various financial measures to reduce energy costs for retail customers and small businesses, especially those most in need. Additional resources for energy conservation were also made available to the most vulnerable retail customers.

Price risk

Price risks inherent in the energy generation, purchasing and supply portfolios are managed using a structure of mandates and limits adopted by the Management Board using volume limits, mark-to-market limits and sensitivity assessment measures. Appropriate limits are determined for each business activity. The risk managers and energy traders are notified of the relevant measures on a frequency as determined by the commodity. Limit infringements are reported in line with escalation procedures.

The price risk inherent in the commodity portfolios for purchasing and delivering to customers is initially limited by back-to-back transactions for purchase and sale obligations. Structured hedging strategies are used where back-to-back hedging is not possible, or only with excessively high bid-ask costs. In these cases, positions are hedged temporarily in other commodities, delivery periods and/or countries which have a historically strong correlation with the price risks to be hedged. Gas storage, trading on the short-term gas market and volume flexibility under the Group’s own and contracted positions are used to respond to short-term fluctuations in demand and supply, for example, as a result of changes in the weather.

The price risk inherent in the Group’s own ‘must run’ generation and long-term structured commodity purchase contracts is also limited through back-to-back transactions and structured hedging strategies as described above. The expected rewards for hedging are weighed up against the costs and downward risk for controllable generation in the portfolio. It should be noted that there is no liquid energy trading market for exposures that lie far away in the future and they are difficult or impossible to hedge.

The positions from the above activities that can be hedged in the markets are combined so that the Group’s aggregated price risk is clear. Management and strategic decisions on these positions take account of prevailing market conditions, along with the expected short and medium-term demand for and supply of energy by the Group. These decisions are taken exclusively by the trading department for the entire Group and the other business units must at all times immediately hedge their exposure with the trading department. There is a residual risk in the above activities given the inherent existing imperfections between the positions to be hedged and available hedging instruments, limited market liquidity and movements between commodity prices (for example, between different commodities, delivery periods and/or countries).

The sensitivity analysis of electricity and gas derivative financial instruments is based on volumes and market prices at year end. Changes in fair value that are recognised in the income statement arise mainly from movements in the electricity and gas prices. An increase or decrease in the market prices of electricity and gas by 5% would change the profit before income tax by €1.7 million (2021: €1.9 million). The electricity and gas prices drive the changes in fair value of hedge accounting recognised in other comprehensive income. An increase or decrease in the market price of electricity and gas by 5% would change other comprehensive income by €68.1 million (2021: €42.5 million).

The Group applies cash flow hedge accounting to its energy generation, purchasing and delivery portfolios and recognises temporary movements through equity for the effective portion of the hedging relationship. The Group aims for a one-on-one hedge accounting relationship between the volumes of the hedged risks and forward contracts (hedging instruments). The sizes and rates of the hedged risks in the cash flow hedge accounting relationships at 31 March 2023 and 31 December 2021 were:

Cash flow hedges (GWh)	12 months or less	More than 12 months	Total	Average rate per MWh (€)
Gross volume of contracts				
At 31 March 2023	5,230	12,608	17,838	64.78
At 31 December 2021	366	12,594	12,960	40.93

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet.

The hedging instruments for hedged commodity risks in cash flow hedges at 31 March 2023 and 31 December 2021 were:

Cash flow hedges for price risks in energy generation, purchasing and delivery portfolios	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Gross contract value of the derivative financial instruments (often settled net compared with market price)	1,156	530
Carrying amount of derivative financial instruments[1]	-265	-315
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	50	-277
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	9	-
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**59**	**-277**
Hedge ineffectiveness in the cash flow hedges	-6	7
Movement in fair value of hedged risks to determine possible ineffectiveness	-53	270

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 'Financial instruments recognised in equity'.

Unforeseen changes in electricity and gas consumption and generation of electricity may lead to ineffectiveness in the hedging relationship. The reclassified amounts and ineffectiveness from cash flow hedges for commodity risks are recognised as 'Purchases of energy and energy-related activities' in the income statement.

Foreign currency risk

Foreign currency risk is the exposure to changes in value of financial instruments arising from changes in exchange rates. The Treasury department is responsible for managing the Group's foreign currency risk. Companies included in the consolidation are not permitted to maintain open positions in foreign currencies (excluding commodity-related financial instruments) in excess of €250,000 without the Treasury department's approval. Based upon the aggregate foreign currency position and the associated limit set for open positions, the Treasury department determines whether hedging is desirable and the hedging strategy to be followed. Eneco also uses derivatives and foreign currency loans to mitigate foreign exchange risk. The derivatives and loans used have counteracting risk profiles and the same underlying currency, principal and timing as the risk arising from commercial operations, leading to an effective hedge on which hedge accounting is applied. This approach hardly ever leads to ineffectiveness in currency hedges. Foreign currency risk attaching to commodity-related financial instruments is managed in accordance with the price risk.

Eneco has entered into hedging instruments for future cash outflows of its foreign operations in a currency other than its functional currency (cash flow hedging) and the value of the business operations in the UK (hedge of net investment in a foreign operation). The Group applies cash flow hedge accounting and a hedge of net investment in a foreign operation to its foreign currency risks and recognises temporary movements through equity for the effective portion of the hedging relationship. The Group aims for a one-on-one hedge accounting relationship between the notional sterling amount hedged and the related forward contracts.

The sensitivity of the Translation reserve in equity to a 1% movement in the sterling/euro exchange rate was €1.2 million (after application of net investment hedge accounting) (2021: €0.8 million).

The sizes and rates of the hedged risks in the cash flow hedges at 31 March 2023 and 31 December 2021 were:

x £1 million	12 months or less	More than 12 months	Total	Average currency rate (£/€)
Cash flow hedges				
Nominal value of derivative financial instruments				
At 31 March 2023	2	30	32	0.97
At 31 December 2021	2	34	36	0.96

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet.

The cash flow hedging instruments for foreign currency risk at 31 March 2023 and 31 December 2021 were:

Cash flow hedges for currency risk x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Nominal value of derivative financial instruments (x £1 million)	32	36
Carrying amount of derivative financial instruments[1]	-2	-2
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	-	-2
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	1	-
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**1**	**-2**
Hedge ineffectiveness in the cash flow hedges	-	-
Movement in fair value of hedged risks to determine possible ineffectiveness	-1	2

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 'Financial instruments recognised in equity'.

The sizes and rates of the hedged risks for a net investment in a foreign operation were as follows at 31 March 2023 and 31 December 2021:

x £1 million	12 months or less	More than 12 months	Total	Average currency rate (£/€)
Hedge of net investment in a foreign operation				
Nominal size of (derivative) financial instruments				
At 31 March 2023	157	-	157	0.89
At 31 December 2021	210	-	210	0.85

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet. If interest-bearing debt is used as a hedging instrument, it is recognised in line item 'Interest-bearing debt' in the balance sheet.

The hedging instruments for a net investment in a foreign operation with foreign currency risk were as follows at 31 March 2023 and 31 December 2021:

Hedge of net investment in a foreign operation x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Nominal value of derivative financial instruments (x €1 million)	157	179[1]
Carrying amount of derivative financial instruments[2]	-1	-3
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	2	108
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	3	-126
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**5**	**-18**
Hedge ineffectiveness in the cash flow hedges	-	-
Movement in fair value of hedged risks to determine possible ineffectiveness	-5	18

1 2021 amount restated for comparative purposes.
2 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 'Financial instruments recognised in equity'.

Changes in receipts of cash flows in foreign currency may lead to ineffectiveness in the hedging relationship. The reclassified amounts and ineffectiveness from cash flow hedges for commodity risks are recognised as 'Financial income' or 'Financial expenses' in the income statement. See line item 'Unrealised gains and losses on cash flow hedges' in the statement of comprehensive income for the unrealised gains and losses on foreign currency risks.

Interest rate risk

Interest rate risk is the exposure to changes in value in financial instruments arising from changes in market interest rates. The interest rate risk policy is aimed at managing the net financing liabilities through fluctuations in market interest rates. A specified range for the proportions of loans at fixed and variable interest rates serves as a primary steering mechanism.

The Group may use derivative financial instruments such as interest rate swap contracts to achieve the desired risk profile. The Group holds interest rate swaps for risk-management purposes which are designated as cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to a benchmark rate (Euribor). If all other variables remain constant, it is estimated that a general increase of 1 percentage point in Euribor (for a period of twelve months) would lead to a decrease in profit before income tax of €0.2 million (after application of cash flow hedge accounting using interest rate swaps) (2021: €2.5 million).

The Group applies cash flow hedging to its interest rate risks and recognises temporary movements through equity for the effective portion of the hedging relationship. The Group aims for a one-on-one hedge accounting relationship between the volumes of the hedged risks and contracted derivative financial instruments (hedging instruments). The sizes and rates of the hedged risks in the cash flow hedge accounting relationships at 31 March 2023 and 31 December 2021 were:

Cash flow hedges in €1 million	12 months or less	More than 12 months	Total	Average interest rate
Nominal value of derivative financial instruments				
At 31 March 2023	30	265	295	1.08%
At 31 December 2021	28	311	339	1.07%

Derivative financial instruments are recognised as ‘Derivative financial instruments’ in non-current and current assets and non-current and current liabilities in the balance sheet.

The cash flow hedging instruments for interest rate risk at 31 March 2023 and 31 December 2021 were:

Cash flow hedges for interest rate risk	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Nominal value of derivative financial instruments	295	339
Carrying amount of derivative financial instruments[1]	29	-24
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	53	14
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	-1	-3
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**52**	**11**
(Reversal of) hedge ineffectiveness of cash flow hedges	-1	3
Movement in fair value of hedged risks to determine possible ineffectiveness	-51	-14

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 ‘Financial instruments recognised in equity'.

Changes in the scheduling of construction of wind farms may lead to ineffectiveness in the hedging relationship. The reclassified amounts and ineffectiveness from cash flow hedges for interest rate risks are recognised as ‘Financial income’ or ‘Financial expenses’ in the income statement.

Cash flow hedge reserve

The movements in the cash flow hedge reserve for the reporting period from 1 January 2022 to 31 March 2023 and 2021 were:

	Energy commodities	Interest rate swap contracts	Currency swap contracts	Total
At 1 January 2021	**-8**	**-43**	**-1**	**-52**
Movements in derivatives	-277	11	-2	-268
Reclassification of cash flow hedge reserve to the consolidated income statement	-	6	-	6
Deferred tax liabilities	70	-4	1	67
Ineffective portion of cash flow hedges recognised in income statement	7	-3	-	4
Unrealised gains and losses on cash flow hedges in consolidated statement of comprehensive income	**-200**	**10**	**-1**	**-191**
Share of movements in cash flow hedges of associates and joint ventures, after tax	-	-4	-	-4
At 31 December 2021	**-208**	**-37**	**-2**	**-247**
Movements in derivatives	40	50	-	90
Reclassification of cash flow hedge reserve to the consolidated income statement	19	2	1	22
Deferred tax liabilities	-14	-13	-	-27
Ineffective portion of cash flow hedges recognised in income statement	-6	-1	-	-7
Unrealised gains and losses on cash flow hedges in consolidated statement of comprehensive income	**39**	**38**	**1**	**78**
Share of movements in cash flow hedges of associates and joint ventures, after tax	-	56	-	56
At 31 March 2023	**-169**	**57**	**-1**	**-113**

Translation reserve

The foreign exchange risk in hedging a net investment in a foreign operation affects the translation reserve. The table below shows the effect of the foreign exchange hedges on this reserve:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**-8**	**-13**
Translation gains and losses during the reporting period	-11	18
Movement in hedge of net investment in a foreign operation	5	-18
Tax effects in the movement in translation reserve	-1	5
At 31 March 2023 respectively 31 December 2021	**-15**	**-8**

The amount remaining in the foreign currency translation reserve from any hedging relationships for which hedge accounting has no longer been applied since 31 March 2023 was €6 million (31 December 2021: €8 million).

29.3 Liquidity risk

The Group is a capital-intensive business. Its financing policy is aimed at growing into an optimum financing structure taking into account its current asset base and investment programme while maintaining and further developing them. The criteria are access to the capital market and flexibility with acceptable financing costs and conditions.

The Group uses both corporate financing and non- or limited-recourse project financing to fund its sustainable assets, according to the project characteristics and financing costs and conditions. In addition to its own power generation, the Group also buys energy on standardised physical supply contracts and long-term structured purchasing contracts with third parties to source its energy supplies. A downgrading in the Group's credit rating may, without further mitigation, lead to a significant increase in the capital requirement for providing collateral and/or guarantees.

A specific liquidity risk arises from margining energy contracts through clearing houses and contracts with bilateral margin obligations. There are limits in the mandate for the purchasing and trading department ('Commodity Trading Mandates') to cover both the outstanding balance and price change sensitivity. This risk is the subject of regular reports to business unit management and the Commodity Risk Team.

Great importance is attached to managing all the above risks to avoid a position in which the financial obligations cannot be met. The necessary management reports, applications and back-up facilities have been set up for this. In addition, liquidity needs are planned on the basis of cash flow forecasts with a medium-term horizon. The cash flow forecasts incorporate operating and investing cash flows, dividends, interest payable and debt redemption, as well as the periodicity of the cash flows, also allowing for sensitivity to weather influences. The Treasury department sets this capital requirements against available funds. A report is submitted to the Management Board every month. Reporting frequency was increased and additional stress tests were set up because of the relatively high margin needs in the financial reporting period. Funding was based on these stress tests, which were updated on a regular basis to ensure that Eneco could meet the margin calls even in extreme situations. These stress scenarios were made by the Financial Risk Management department and discussed on a regular basis with the Management Board.

Uncommitted credit and guarantee facilities

Uncommitted credit and guarantee facilities totalling €3,814 million (31 December 2021: €1,549 million) have been agreed with a number of banks and Mitsubishi Corporation Finance Plc.; €1,101 million of these facilities had been drawn at 31 March 2023 (31 December 2021: €293 million). Eneco also has a €1,250 million Euro Commercial Paper programme (31 December 2021: €750 million) of which €0 million had been drawn at 31 March 2023 (31 December 2021: €450 million).

Committed credit facilities

On 22 June 2021, N.V. Eneco entered into two new Revolving Credit Facilities totalling €800 million. Both facilities have a term of 5 years. Eneco increased these two facilities during 2022 to a combined total of €1,250 million. Moreover, a 5-year committed working capital facility of €2,500 million was closed with Mitsubishi Corporation Finance Plc. on 27 September 2022. Furthermore, an additional €750 million committed working capital facility was signed with a number of banks on 14 December 2022 with a two-year tenor.

Cash outflows on financial instruments

The table below shows forecast nominal cash outflows and any interest arising from financial instruments over the coming years. The cash flows from derivatives are based on the prices and volumes in the contracts.

At 31 March 2023	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	-416	102	218	-96
Lease obligations	33	135	224	392
Interest-bearing debt	81	229	542	852
Trade and other payables	3,066	-	-	3,066
Total	**2,764**	**466**	**984**	**4,214**

At 31 December 2021	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	591	322	163	1,076
Lease obligations	32	103	140	275
Interest-bearing debt	792	207	255	1,254
Trade and other payables	1,733	15	-	1,748
Total	**3,148**	**647**	**558**	**4,353**

29.4 Netting financial assets and financial liabilities

Where the Group meets the IFRS criteria for netting, financial assets and financial liabilities are netted and recognised net in the balance sheet. Transactions in derivative financial instruments use standardised terms and conditions and contract types such as the master netting agreements based on ISDA and EFET terms. Most of the Group's contracts for derivative financial instruments meet the netting criteria since there is a legally enforceable right to set off the recognised amounts and also because all amounts relating to netted financial assets and financial liabilities are settled as a single sum.

The table below sets out only the financial assets and financial liabilities in the balance sheet netted in accordance with the criteria in IAS 32. As the table does not include all the financial assets and liabilities in the balance sheet, it is not possible to reconcile these figures with the net amounts presented in the balance sheet.

At 31 March 2023	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets/ liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Assets						
Derivative financial instruments	7,706	6,020	1,686	-290	-839	557
Other financial instruments	477	132	345	-	-223	122
Total	**8,183**	**6,152**	**2,031**	**-290**	**-1,062**	**679**

At 31 March 2023	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets/ liabilities offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Liabilities						
Derivative financial instruments	7,944	6,020	1,924	-290	-223	1,411
Other financial instruments	1,145	132	1,013	-	-839	174
Total	**9,089**	**6,152**	**2,937**	**-290**	**-1,062**	**1,585**

At 31 December 2021	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets/ liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Assets						
Derivative financial instruments	13,348	10,842	2,506	-359	-195	1,952
Other financial instruments	1,051	582	469	-	-	469
Total	**14,399**	**11,424**	**2,975**	**-359**	**-195**	**2,421**

At 31 December 2021	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets/ liabilities offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Liabilities						
Derivative financial instruments	13,664	10,842	2,822	-359	-	2,463
Other financial instruments	1,517	582	935	-	-195	740
Total	**15,181**	**11,424**	**3,757**	**-359**	**-195**	**3,203**

30. Capital management

The primary aim of the Group's capital management is to maintain good creditworthiness and healthy solvency to support operations and minimise the cost of debt. The Group regards both capital and net debt as relevant elements of its financing and so of its capital management. The Group can influence its capital structure by altering the proportions of equity and debt.

The Group monitors its capital using the Financial Boundaries Framework. This includes the Return on average capital employed (ROACE), Adjusted FFO/Net debt (rolling average) and Return on equity, which are regularly monitored by the Management Board. The disclosed metrics are different from those in the financial statements 2021, when only the solvency was disclosed. These new metrics, do not affect the Group's bank covenants. The metrics for the period ended 31 March 2023 include the period April 2022 to March 2023.

	Period ended 31 March 2023	Year ended 31 December 2021
ROACE[1]	7.2%	6.4%
Average FFO/Net debt (rolling average)[2]	71.5%	59.5%
Return on equity[3]	8.9%	7.1%

1 ROACE: the ratio between (EBIT plus profit from associates and joint ventures less corporate income tax) and the average of (fixed assets plus net working capital less non-current non-interest-bearing debt).
2 Adjusted FFO/Net debt (rolling average): the ratio between (EBITDA plus dividend received from associates and joint ventures minus cash interest paid minus cash taxes paid) and the average of (non-current & current interest-bearing debt minus accessible cash plus asset retirement obligations net of corporate income tax plus pension obligation). The rolling average is based on the monthly positions in the period.
3 Return on equity: the ratio between (net income) and the average of (shareholders' equity).

31. Events after the reporting date

No material events or transactions have been identified after the balance sheet date, which should be disclosed in this paragraph.

Notes to the consolidated cash flow statement

For the 15-month period ended 31 March 2023.

The cash flow statement has been prepared using the indirect method. To reconcile the movement in cash and cash equivalents, the result after tax is adjusted for items in the income statement and movements in balance sheet that did not affect receipts and payments.

The cash flow statement distinguishes between cash flows from operating, investing and financing activities. The cash flow from operating activities includes interest and income tax payments and interest receipts.

Development expenditure, investments in and disposals of non-current assets (including financial interests) and dividend receipts are included in cash flow from investing activities. Dividends paid out are recognised as outgoing cash flow from financing activities.

32. Movements in working capital

Working capital consists of inventories and current receivables less short-term non-interest-bearing debt.

The table below shows movements in working capital recognised in the cash flow from operating activities:

x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
Movements in intangible current assets	-15	-23
Movements in inventories	-379	-54
Movements in trade debtors	-538	-570
Movements in other receivables	-251	-388
Movements in non-interest bearing debt	1,266	599
Total	**83**	**-436**

List of principal subsidiaries, joint operations, joint ventures and associates

This is a list of the principal subsidiaries, joint operations, joint ventures and associates at 31 March 2023. See note 1.1 'General information' for further details of the Group's activities and composition.

Subsidiaries

Name	Seat	Share
AgroPower B.V.*	Delft	100%
Axel Ventus B.V.*	Heerenveen	100%
BioEnergieCentrale Delfzijl B.V.	Rotterdam	100%
CEN B.V.*	Hilversum	100%
Eneco B.V.*	Rotterdam	100%
Eneco Belgium NV	Mechelen (B)	100%
Eneco Bio Golden Raand C.V.	Rotterdam	100%
Eneco Consumenten B.V.*	Rotterdam	100%
Eneco Consumenten Nederland B.V.*	Rotterdam	100%
Eneco DCO B.V.*	Rotterdam	100%
Eneco eMobility B.V.*	Rotterdam	100%
Eneco Energy Trade B.V.*	Rotterdam	100%
Eneco Gasspeicher B.V.*	Rotterdam	100%
Eneco Heat Production & Industrials B.V.*	Rotterdam	100%
Eneco HKN B.V.	Rotterdam	100%
Eneco HKW-A B.V.	Rotterdam	100%
Eneco HKW-B B.V.	Rotterdam	100%
Eneco Installatiebedrijven B.V.*	Rotterdam	100%
Eneco Installatiebedrijven Groep B.V.*	Rotterdam	100%
Eneco Installatiebedrijven TI B.V.*	Rotterdam	100%
Eneco Leiding over Noord B.V.	Rotterdam	100%
Eneco Liberis B.V.*	Rotterdam	100%
Eneco LP 1 B.V.	Rotterdam	100%
Eneco Midzakelijk B.V.*	Rotterdam	100%
Eneco Mistral B.V.*	Rotterdam	100%
Eneco Services B.V.*	Rotterdam	100%
Eneco Smart Energy B.V.	Rotterdam	100%
Eneco Solar B.V.*	Rotterdam	100%
Eneco Solar Belgium N.V.	Gent (B)	100%
Eneco UK Limited	Leeds (UK)	100%
Eneco Verda B.V.*	Rotterdam	100%
Eneco Vortex B.V.*	Rotterdam	100%
Eneco Warmte & Koude B.V.*	Rotterdam	100%

Name	Seat	Share
Eneco Warmte & Koude Leveringsbedrijf B.V.*	Rotterdam	100%
Eneco Warmtenetten B.V.*	Rotterdam	100%
Eneco Warmteproductie Utrecht B.V.*	Rotterdam	100%
Eneco Wind B.V.*	Rotterdam	100%
Eneco Wind UK B.V.*	Rotterdam	100%
Eneco Wind Belgium Holding NV	Brussels (B)	100%
Eneco Wind Belgium NV	Wavre (B)	100%
Eneco Windenergie Delfzijl B.V.	Rotterdam	100%
Eneco Windmolens Offshore B.V.*	Rotterdam	100%
Eneco Windpark Autena B.V.*	Rotterdam	100%
Eneco Zakelijk B.V.*	Rotterdam	100%
Eneco Zakelijk Nederland B.V.	Rotterdam	100%
LichtBlick Holding GmbH	Hamburg (G)	100%
LichtBlick SE	Hamburg (G)	100%
Nordgröön Energie GmbH	Medelby (G)	100%
Oxxio Nederland B.V.*	Rotterdam	100%
Speciosa B.V.*	Rotterdam	100%
Spontanae B.V.	Rotterdam	100%
Warmtebedrijf Eneco Delft B.V.*	Rotterdam	100%
Windpark de Beemden B.V.*	Rotterdam	100%
Windpark De Graaf B.V*	Oosterhout	100%
Windpark Hartel B.V.*	Goedereede	100%
Windpark Houten B.V.*	Rotterdam	100%
Windpark Kabeljauwbeek B.V.*	Rotterdam	100%
Windpark Maasvlakte II B.V.	Rotterdam	100%
Windpark Martina Cornelia B.V.*	Rotterdam	100%
Windpark Nieuwe Waterweg B.V.*	Hilversum	100%
Windpark van Pallandt B.V.*	Rotterdam	100%
WNW W.T. B.V.*	Heerenveen	100%
WP HZP B.V.*	Heerenveen	100%

* N.V. Eneco has issued a declaration of joint and several liability for the subsidiaries marked with *, pursuant to Section 403(1f), Part 9, Book 2 of the Dutch Civil Code.

Joint operations

Name	Seat	Share
Blauwwind Management II B.V.	Rotterdam	10%
CrossWind Beheer B.V.	The Hague	20.1%
Enecogen V.O.F.	Rotterdam	50%
Ecowende Beheer B.V.	The Hague	40%
Q10 Offshore Wind B.V.	Rotterdam	50%
SeaMade NV	Ostend (B)	12.5%
Zonnepark Ameland B.V.	Ballum	33.3%

Joint ventures

Name	Seat	Share
Norther NV	Ostend (B)	50%
Rotterdam Shore Power B.V.	Rotterdam	80%

Associates

Name	Seat	Share
Greenchoice B.V.	Rotterdam	30%

A full list of companies has been filed with the trade registry in Rotterdam pursuant to Section 379 of Part 9, Book 2 of the Dutch Civil Code.

Company financial statements for the 15-month period ended 31 March 2023

Company income statement

For the 15-month period ended 31 March 2023

x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
Share of profit of subsidiaries	355	184
Other results after income tax	22	25
Profit after income tax	**377**	**209**

Company balance sheet

Before profit appropriation

x €1 million	Note	At 31 March 2023	At 31 December 2021
Non-current assets			
Property, plant and equipment		1	1
Intangible assets		8	2
Financial assets	3	4,151	3,646
Total non-current assets		**4,160**	**3,649**
Current assets			
Receivables from group companies	4	1,449	823[1]
Other receivables		5	5
Cash and cash equivalents	5	161	486
Total current assets		**1,615**	**1,314**
TOTAL ASSETS		**5,775**	**4,963**
Equity			
Share capital		122	122
Translation reserve		-15	-8
Cash flow hedge reserve		-113	-247
Other statutory reserves		140	73
Retained earnings		2,806	2,765
Undistributed profit		377	209
Total equity	**6**	**3,317**	**2,914**
Non-current liabilities			
Other provisions	7	13	-
Interest-bearing debt	8	250	-
Other liabilities		2	3
Total non-current liabilities		**265**	**3**
Current liabilities			
Interest-bearing debt	8	17	769
Liabilities to group companies	9	1,840	1,077[1]
Liabilities for tax and social security premiums	10	326	186
Pension premiums		3	3
Other liabilities		7	11
Total current liabilities		**2,193**	**2,046**
TOTAL EQUITY AND LIABILITIES		**5,775**	**4,963**

1 2021 amount restated to reflect the net position per group company of the in-house bank, trade receivables and trade payables.

Notes to the company financial statements

All amounts in millions of euros unless stated otherwise.

1. Accounting policies

General information
The company financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code, and the same accounting policies have been applied as in the consolidated financial statements as permitted by Section 362(8), Part 9, Book 2 of the Dutch Civil Code, except that subsidiaries are carried at net asset value determined on the basis of the IFRS accounting policies used in the consolidated financial statements.

Subsidiaries with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the subsidiaries that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. If N.V. Eneco partially guarantees the debts of the relevant subsidiary or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by N.V. Eneco on behalf of the subsidiary.

The descriptions of the activities and structure of the enterprise as stated in the 'Notes to the consolidated financial statements' also apply to the company financial statements.

Change in financial reporting period
See note 1.2 'Change in financial reporting period' to the consolidated financial statements for the change in financial reporting period.

2. Remuneration of the Management Board and Supervisory Board

See note 6 'Remuneration of the Management Board and Supervisory Board' to the consolidated financial statements for the remuneration of the Management Board and Supervisory Board pursuant to Section 383, Part 9, Book 2 of the Dutch Civil Code.

Employee benefit expenses
The average number of FTEs employed by N.V. Eneco are 29 (2021: 24).
The average number of FTEs working abroad are 0 (2021: 0).

3. Financial assets

	Subsidiaries	Receivables from subsidiaries	Other receivables	Deferred income tax assets	Total
At 1 January 2021	**2,024**	**1,609**	**-**	**-**	**3,633**
Share of profit of subsidiaries	184	-	-	-	184
Dividend received[1]	-	-	-	-	-
Movements in loans to subsidiaries[1]	-	-11	-	-	-11
Movement in cash flow hedges	-183	-	-	-	-183
Movements in deferred income tax assets	-	-	-	4	4
Translation differences	8	10	-	-	18
Movement in other receivables	-	-	1	-	1
Conversion non-current receivables into capital contribution	-	-	-	-	-
At 31 December 2021	**2,033**	**1,608**	**1**	**4**	**3,646**
Share of profit of subsidiaries	355	-	-	-	355
Movements in loans to subsidiaries	-	14	-	-	14
Movement in cash flow hedges	133	-	-	-	133
Movements in deferred income tax assets	-	-	-	-2	-2
Translation differences	-5	-6	-	-	-11
Movement participation value	15	-	-	-	15
Movement in other receivables	-	-	1	-	1
At 31 March 2023	**2,531**	**1,616**	**2**	**2**	**4,151**

1 2021 figure restated for comparative purposes following a reclassification from 'dividend received' (subsidiaries) to 'movement in loans to subsidiaries' (receivables from subsidiaries).

4. Receivables from group companies

Receivables from group companies included current interest-bearing receivables of €1,259 million (31 December 2021: €679 million) and non-interest-bearing receivables of €190 million (31 December 2021: €144 million).

5. Cash and cash equivalents

Cash and cash equivalents comprised bank balances, cash and deposits of €161 million (31 December 2021: €486 million). All cash and cash equivalents are at the free disposal of the Company.

6. Equity

Movements in the equity of N.V. Eneco were as follows:

	Paid-up and called-up share capital	Translation reserve	Cash flow hedge reserve	Other statutory reserves	Retained earnings	Undistri-buted profit	Total
At 1 January 2021	**122**	**-13**	**-52**	**66**	**2,702**	**117**	**2,942**
Total (other) comprehensive income	**-**	**5**	**-185**	**-**	**1**	**209**	**30**
Profit appropriation 2020	-	-	-	-	59	-59	-
Cash dividend to shareholder of N.V. Eneco	-	-	-	-	-	-58	-58
Acquisitions of group companies	-	-	-10	-	10	-	-
Movements in the financial reporting period	-	-	-	7	-7	-	-
At 31 December 2021	**122**	**-8**	**-247**	**73**	**2,765**	**209**	**2,914**
Total (other) comprehensive income	**-**	**-7**	**134**	**-**	**1**	**377**	**505**
Profit appropriation 2021	-	-	-	-	105	-105	-
Cash dividend to shareholder of N.V. Eneco	-	-	-	-	-	-104	-104
Movements in the financial reporting period	-	-	-	67	-65	-	2
At 31 March 2023	**122**	**-15**	**-113**	**140**	**2,806**	**377**	**3,317**

See note 22 ‘Equity’ to the consolidated financial statements for details of individual components of equity.

Statutory reserves are recognised pursuant to Part 9, Book 2 of the Dutch Civil Code. N.V. Eneco’s statutory reserves are a translation reserve, cash flow hedge reserve, reserve for undistributed profit of participating interests, a reserve for development expenditure and a revaluation reserve.

The development expense reserve was €4 million (31 December 2021: €5 million) and is included in the other statutory reserves.

The total amount of the other statutory reserves was deducted in full from retained earnings.

Distributable results
N.V. Eneco distributed a dividend of €104 million (2021: €58 million).

The retained earnings included an amount of €385 million, which was non-distributable. In determining the non-distributable amount, the statutory reserves have been accumulated on an individual basis. The amount consists of the debit amounts in the cash flow hedge reserve (€370 million) and the translation reserve (€15 million).

7. Other provisions

The other provisions of €13 million (31 December 2021: €0 million) consist for €12 million of a provision for subsidiaries with a negative equity for which the Company is liable (31 December 2021: €0 million).

8. Interest-bearing debt

The company's interest-bearing debt related mainly to general financing, and consists of financing drawn under short-term facilities at banks.

	At 31 March 2023	At 31 December 2021
Classification		
Current	17	769
Non-current	250	-
Total	**267**	**769**

The liability for fixed interest-rate loans (fair value risk) was €250 million (31 December 2021: €500 million). Other loans are at market-linked variable rates.

The average interest rate was 1.2% per annum (2021: 0.8% per annum). This was calculated as the weighted average monthly interest expense directly related to the interest-bearing debt, excluding other financial expenses.

9. Liabilities to group companies

Liabilities to group companies included current interest-bearing liabilities of €1,802 million (31 December 2021: €1,064 million) and non-interest-bearing liabilities of €38 million (31 December 2021: €13 million).

10. Liabilities for tax and social security premiums

Liabilities for income tax, VAT and social security premiums comprised current amounts related to tax liabilities of €326 million (31 December 2021: €179 million) and social security premiums of €0 million (31 December 2021: €7 million).

11. Commitments, contingent assets and liabilities

Liability
N.V. Eneco has issued a declaration of joint and several liability pursuant to Section 403(1)(f), Part 9, Book 2 of the Dutch Civil Code for the principal subsidiaries marked with an * in the 'List of principal subsidiaries, joint operations, joint ventures and associates'.

Fiscal unity
N.V. Eneco heads a fiscal unity for corporate income tax purposes which includes almost all of its Dutch subsidiaries and N.V. Eneco is a member of a fiscal unity for VAT purposes which includes almost all of its Dutch subsidiaries. All companies in a fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

Cash pools
As a result of its participation in the Group cash pools, N.V. Eneco is jointly and severally liable, with the other participants, for deficits in the pools as a whole.

Guarantees
See note 27 'Commitments, contingent assets and liabilities' to the consolidated financial statements for the guarantees issued by N.V. Eneco.

12. Auditor's fees

The fees below relate to the fee for services provided by Eneco's external auditor, Deloitte Accountants B.V., as defined in Section 1.1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties - Wta), and includes those charged by entities associated with the auditor in the Deloitte network.

x €1.000	Deloitte Accountants B.V.	Affiliated Deloitte entities	Total for period ended 31 March 2023
Audit of the financial statements	3,083	-	3,083
Other audit engagements	3,014	1,292	4,306
Other non-audit services	190	-	190
Total	**6,287**	**1,292**	**7,579**

The fee for the audit of N.V. Eneco's financial statements included audit work on its consolidated and company financial statements. The above fees relating to the audit of the financial statements for the 15-month period ended 31 March 2023 and other audit engagements, include work not performed during the reporting period.

Other audit engagements relate to the audit/review of the quarterly financial information reported to Mitsubishi Corporation, the Japanese Sarbanes-Oxley audit and the audit of the statutory financial statements of subsidiaries and joint operations and related engagements.

13. Proposed appropriation of the profit for the 15-month period ended 31 March 2023

The Management Board, with the approval of the Supervisory Board, recommends that the General Meeting of Shareholders on 3 July 2023 declares a dividend to the shareholder of €189 million from the profit after tax attributable to the shareholder. This represents a distribution of €705.22 per share. The dividend will be paid no later than in July 2023.
A recommendation will also be made to add the remaining €188 million of the profit to retained earnings.

Rotterdam, 15 June 2023

N.V. Eneco

Management Board

A.C. (As) Tempelman, chairperson
J.M.J. (Jeanine) Tijhaar
H. (Hiroshi) Sakuma
C.J. (Kees-Jan) Rameau
S.M. (Selina) Thurer

Supervisory Board

J.M. (Mel) Kroon, chairperson
M. (Michael) Enthoven
G. (Gaku) Yaguchi
K. (Katsuji) Sugimori
J.M. (Annemieke) Roobeek
A. (Aiichiro) Matsunaga
S. (Satoshi) Hamada

Other information

Profit appropriation pursuant to the articles of association

Pursuant to the company's articles of association, the profit is at the disposal of the General Meeting of Shareholders. Distributions from the profit may only be made if the financial statements show that this is permitted. The articles of association also state that the General Meeting of Shareholders may resolve to make interim distributions subject to the approval of the Supervisory Board. The provisions of the articles of association and the law apply to the amount and formalities for this.

Independent auditor's report

To: the shareholder and the Supervisory Board of N.V. Eneco

Report on the audit of the financial statements for the 15-month period ended 31 March 2023 included in the annual report

Our opinion
We have audited the financial statements for the 15-month period ended 31 March 2023 of N.V. Eneco, based in Rotterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of N.V. Eneco as at 31 March 2023, and of its result and its cash flows for the 15-month period ended 31 March 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of N.V. Eneco as at 31 March 2023, and of its result for the 15-month period ended 31 March 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 March 2023.

2. The following statements for the 15-month period ended 31 March 2023: the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement.

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

The company financial statements comprise:

1. The company balance sheet as at 31 March 2023.

2. The company income statement for the 15-month period ended 31 March 2023.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

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

Information in support of our opinion

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

Audit approach fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section Risk Management and Integrity, compliance and privacy of the Report of the Management Board for management's risk management, and section Audit & Risk Committee of the Report of the Supervisory Board for the Supervisory Board's monitoring thereof. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

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

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

- estimates in the energy balance, including how management determined the effect of the energy crisis on customer (consumption) behaviour; and

- the risk that management may override controls to manipulate accounting records and prepare fraudulent financial statements by overriding controls.

We held discussions amongst team members and component auditors to identify fraud risk factors and considered whether other information obtained from our risk assessment procedures indicated risks of material misstatement due to fraud.

We evaluated whether unusual or unexpected relationships have been identified in performing analytical procedures, including those related to revenue accounts, that may indicate risks of material misstatement due to fraud.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives, directors (including the head of compliance, head of internal audit and other relevant managers) and the supervisory board.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of intangible and fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment.

For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations
We assessed the laws and regulations relevant to the entity through discussion with management, those charged with governance and others within Eneco, including but not limited to the head of legal and the head of compliance, reading minutes and reports of internal audit.

As a result of our risk assessment procedures, and while realising that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the newly implemented government measures following the energy crisis, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognised to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations, such as energy laws and regulations, where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the entity's business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Supervisory Board, the Executive Board and others within the entity as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern
We are responsible for obtaining reasonable assurance that the Group is able to continue as a going concern. Management is responsible to assess the Group’s ability to continue as a going concern and disclosing in the financial statements any events or circumstances that may cast significant doubt on the Group’s ability to continue as a going concern.

As described in note 1.1 of the financial statements, the Management Board has prepared the Financial Statements on a going concern basis. Management believes that no events or conditions, including those related to the Energy crisis and Russia/Ukraine conflict, give rise to doubt about the ability of the Group to continue in operation in the next reporting period.

We performed the following specific procedures:

- we evaluated management’s assessment of the going concern assumption and related disclosures in note 1.1 of the financial statements; and

- we challenged management’s five-year business plan and primary assumptions as part of our impairment testing procedures. Additionally, we evaluated the Company’s finance facilities, Eneco’s credit rating and management’s outlook as reported in the Report of the Management Board.

Although there always remains an inherent level of uncertainty in relation to future events, we concur with management’s application of the going concern assumption in preparing the financial statements.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Report of the Management Board, including the paragraphs Foreword, Key figures and About Eneco.

- Report of the Supervisory Board.

- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

- Sustainability Supplements.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 15 June 2023

Deloitte Accountants B.V.

Was signed,

N.H.M. van Groenendael