7C SOLARPARKEN GROUP

ANNUAL REPORT 2022

[EXCERPT]

7C SOLARPARKEN GROUP

ANNUAL REPORT 2022

DISCLAIMER ENGLISH SUMMARY

This letter of the management board and consolidated financial statements of 7C Solarparken Group for the reporting period 2022 do not constitute the full annual report 2022 of 7C Solarparken Group, which consists of the management letter, the combined management report as well as the consolidated financial statements, which were published in German. Rather this document is a summarising convenience translation in English. In case of conflict between the German and the English version, whether due to translation precision or due to incompleteness of the English text, the German version shall prevail.

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LETTER OF THE MANAGEMENT BOARD

Dear Shareholders,
Dear Readers,

Today, we are delighted to present our 2022 annual report, in which we look back on a financial year with highly dynamic business activities that were spurred by three factors.

First, the Group benefited from higher electricity prices on the (European) energy markets in financial year 2022, which were driven by sanctions against Russia because of the war in Ukraine and led to an effective increase in the average capture price of 15 %. The second factor was the high solar irradiation in the financial year, which resulted in a highly pleasing increase in the specific yield of our IPP portfolio of 10 % in 2022. Third, electricity production increased by 29 % in the financial year to 348 GWh (previous year: 270 GWh) as we expanded our IPP portfolio from an average of 295 MWp in financial year 2021 to an average of 341 MWp in the reporting year.

Together, the three factors of high electricity prices, high irradiation and portfolio expansion led to record profits for 7C Solarparken in 2022. Our KPIs for financial year 2022 say it all: 7C Solarparken generated revenue of EUR 85.8 million (previous year: EUR 56.2 million) in financial year 2022. The Group's EBITDA increased to EUR 74.7 million (previous year: EUR 48.6 million), which corresponds to strong growth of 53.7 %. This not only meets but actually clearly exceeds the EBITDA forecast of EUR 55.4 million, which had been raised to EUR 70.0 million in November 2022 along with the publication of the figures for Q3 2022. With an increase to EUR 0.85 in 2022, our cash flow per share (CFPS) exceeded the forecast stated in the 2021 annual report (EUR 0.61) and even the forecast made in November 2022 after it had been lifted to EUR 0.70. Moreover, the equity ratio of 41 % exceeded the 40 % threshold for the first time in the history of the Company.

In our forecast in the last financial year, we had correctly foreseen that the higher electricity prices would lead to political intervention. However, it took much longer than expected until this was actually transposed into law. The concerns we had at the time in view of the high energy prices materialised when a (temporary) cap on electricity prices was introduced in our active markets in Germany and Belgium in the third quarter. This did not have a major impact on our 2022 figures, however, as the price caps in Belgium were applied retroactively from August 2022, but in Germany only from December 2022, a month characterised by seasonally low yields.

In the operating business, the regulatory measure Redispatch 2.0 introduced in October 2021 to protect the electricity grid from overload still led to shutdowns due to grid congestion and thus affected the output of our solar assets. As the billing processes with grid operators are now running a lot more smoothly, these losses were largely reimbursed, although sometimes with long delays. We are also seeing major delays in the markets, for example in the procurement of components such as transformers, but also in the connection of our new projects to the grid. As a result, it can take up to one year before a new solar plant is equipped with a transformer and connected to the grid. The Management Board continues to be committed to growth with a target of 525 MWp for our IPP portfolio to be reached by the end of 2024. In financial year 2023, we intend to expand our capacity to 460 MWp. As we have already announced in the first quarter of 2023, we want to further expand our IPP portfolio to make us a 1 GWp player by 2030 at the latest.

Based on the current portfolio with a capacity of 420 MWp and the reduction in electricity prices already felt on the electricity markets, and under the assumption of normal weather conditions, the Management Board expects Group revenue to amount to EUR 66.0 million in financial year 2023. EBITDA is forecast to reach EUR 56.0 million in financial year 2023. The Management Board expects the Group to generate CFPS of EUR 0.57.

As in the previous year, we intend to share the Company's strong profit performance with the shareholders of 7C Solarparken AG. An extremely successful financial year 2022 allows us to propose a dividend distribution of EUR 0.12 per share. This corresponds to an increase of 8.3 % compared to the previous year (2021: EUR 0.11).

Our thanks for the progress achieved in the year 2022 also extends to the entire staff of 7C Solarparken. We are also grateful for the backing received from the members of our Supervisory Board, for the support and trust of our shareholders and all our many stakeholders and business partners.

Bayreuth, 5th of April 2023

Steven De Proost	Koen Boriau
Chief Executive Officer (CEO)	Chief Financial Officer (CFO)

Consolidated financial statements

for the financial year from

1 January 2022 to 31 December 2022

7C Solarparken AG, Bayreuth

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

ASSETS

in thousands of euro	Note	31.12.2022	31.12.2021
Non-current assets			
Goodwill	18.1	1,199	1,199
Intangible assets	18.1	2,604	1,784
Land and buildings	17.1	13,364	12,928
Solar assets	17.1	349,259	364,846
Wind farms	17.1	9,975	10,625
Solar assets under construction	17.1	15,574	2,149
Other tangible assets	17.1	375	452
Right-of-use assets	17.2	38,398	26,295
Investments accounted for using the equity method	19	298	258
Other financial assets	20	1,301	1,118
Other non-current assets	15	9,612	186
Deferred tax assets	13	5,963	6,569
Total non-current assets		**447,921**	**428,408**
Current assets			
Inventories	14	1,074	1,981
Prepayments	15	140	75
Trade receivables	15	3,785	2,320
Current tax assets		775	432
Other current assets	15	6,173	5,371
Cash and cash equivalents	16	90,486	69,332
Total current assets		**102,433**	**79,512**
Total assets		**550,354**	**507,920**

EQUITY & LIABILITIES

in thousands of euro	Note	31.12.2022	31.12.2021
Equity			
Share capital	21.1	79,848	76,362
Share premium	21.2.A	94,655	82,499
Other comprehensive result from hedging transactions	21.2.D	-638	24
Retained earnings	21.2.B	42,173	26,988
Translation reserve	21.2.C	10	9
Non-controlling interests		11,131	11,446
Equity		**227,179**	197,329
Liabilities			
Non-current liabilities			
Non-current financial liabilities	23, 26	179,080	209,936
Non-current lease liabilities	23	35,731	24,320
Non-current provisions	25	23,966	20,997
Other non-current liabilities	24	641	544
Deferred tax liabilities	13	21,634	15,891
Total non-current liabilities		**261,033**	271,687
Current liabilities			
Liabilities from income taxes		1,888	1,389
Current financial liabilities	23, 26	47,960	31,154
Current lease liabilities	23	3,344	2,029
Trade payables	24	5,419	3,033
Other current liabilities	24	3,531	1,299
Total current liabilities		**62,142**	**38,904**
Total liabilities		**323,176**	**310,591**
Total equity and liabilities		**550,354**	**507,920**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR FINANCIAL YEAR 2022

in thousands of euro	Note	2022	2021
Revenue	9.1	**85,802**	**56,217**
Other operating income	9.2	3,312	2,467
Employee benefits	10.1	-2,010	-2,171
Other operating expenses	10.2	-12,388	-7,885
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**74,717**	**48,627**
Depreciation, amortisation and impairment losses	17, 18	-34,559	-31,142
Operating result (EBIT)		**40,158**	**17,485**
Other interest and similar income	11	388	520
Interest and similar expenses	11	-6,318	-6,801
Share of the net result of investments accounted for using the equity method	11, 19	40	-2
Financial result		**-5,890**	**-6,282**
Profit before tax (EBT)		**34,268**	**11,204**
Income taxes	13	-9,810	-624
Profit for the year		**24,458**	**10,580**
attributable to shareholders of 7C Solarparken AG	12.1.A	23,511	9,861
attributable to non-controlling interests		947	719
Earnings per share			
Basic earnings per share (EUR)	12.1.B	0.31	0.14
Diluted earnings per share (EUR)	12.2.B	0.31	0.14

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR FINANCIAL YEAR 2022

in thousands of euro	Note	2022	2021
Profit for the year		**24,458**	**10,580**
Items that are or may be reclassified subsequently to profit or loss:			
Changes in the fair value of financial instruments designated as hedge accounting	21.2.D	-921	62
Foreign currency translation difference	21.2.C	1	-2
Income taxes	21.2.D	259	-6
Other comprehensive income for the year, net of tax		-662	54
Total comprehensive income		**22,796**	**10,635**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR FINANCIAL YEAR 2022

in thousands of euro	Note	2022	2021
Profit for the year		24,458	10,580
– Depreciation of property, plant and equipment	17	32,735	30,653
– Amortisation of intangible assets	17, 18	225	146
– Impairment of property, plant and equipment, intangible assets	7	1,599	343
– Other non-cash expense/income		35	38
– Impairment of trade and other receivables	9.2, 10.2	552	108
– Impairment of inventories	10.2	348	14
– Net finance costs	11	5,890	6,282
– Gain or loss on sale of intangible assets, property, plant and equipment and financial assets		254	-95
– (plus) Tax expense	13	9,810	624
Changes in:			
– Inventories	7, 14	558	826
– Trade and other receivables	7, 15	-11,090	4,096
– Prepayments	7	-65	-1
– Trade and other payables and provisions	7, 24, 25	4,415	-6,779
Cash generated from operating activities		**69,723**	**46,834**
Interest paid	11	-5,178	-4,977
Early redemption penalties	11	-	-59
Income taxes paid	13	-2,764	-1,598
Net cash from operating activities		**61,781**	**40,200**

in thousands of euro	Note	2022	2021
Interest received	11	119	37
Cash received from the sale of intangible and tangible assets		241	-
Acquisition of subsidiaries, net of cash acquired and contingent purchase consideration	7	-6,996	-19,473
Dividends received	7	74	-
Acquisition of property, plant and equipment	17	-6,543	-17,027
Prepayment of assets under construction	17	-17,259	-4,111
Net investments in other financial assets	20	-87	476
Acquisition of intangible assets	20	-1,085	-70
Acquisition of shares in equity-accounted investees	7, 19	-	-250
Cash flows from investing activities		**-31,536**	-40,417
Proceeds from issue of share capital	21	15,859	33,731
Proceeds from issue of unsecured bonds	23	-	50
Proceeds from loans and borrowings	23	16,324	12,736
Proceeds from lease liabilities		433	4,230
Transaction costs related to loans and borrowings	11	-296	-280
Transaction costs related to issue of share capital		-217	-518
Acquisition of non-controlling interests	7	-558	-56
Loan repayments	23	-29,538	-32,170
Lease liabilities repayment	23	-2,067	-2,104
Dividends paid		-9,031	-8,261
Cash flows from financing activities		**-9,091**	7,357
Net changes in cash and cash equivalents		**21,154**	7,139
Cash and cash equivalents at 1 January*	16	69,332	62,193
Cash and cash equivalents at 31 December*		**90,486**	**69,332**

** We refer to Note 16 for the availability of funds; an amount of EUR 4,756 thousand of the cash and cash equivalents is attributable to non-controlling interests (previous year: EUR 4,096 thousand).*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euro	Share capital	Share premium	Translation reserve	Other comprehensive result from hedging transactions	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	**76,362**	**82,499**	**9**	**24**	**26,988**	185,883	**11,446**	**197,329**
Profit for the year					23,511	23,511	947	24,458
Other comprehensive income			1	-662		-662		-662
Total comprehensive income	**0**	**0**	**1**	**-662**	**23,511**	**22,849**	**947**	**23,796**
Transaction costs recognised directly in equity		-217				-217		-217
Issue of new shares	3,486	12,374				15,859		15,859
Transactions with non-controlling interests					73	73	-631	-558
Dividends					-8,400	-8,400	-631	-9,031
Total of the transactions with the shareholders of the Company	**3,486**	**12,157**	**0**	**0**	**-8,327**	**7,315**	**-1,262**	**6,053**
Balance at 31 December 2022	**79,848**	**94,655**	**10**	**-638**	**42,172**	**216,047**	**11,131**	**227,179**

In thousands of euro	Share capital	Share premium	Translation reserve	Other comprehensive result from hedging transactions	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	**67,492**	**58,157**	**10**	**-32**	**24,730**	**150,358**	**11,442**	**161,799**
Profit for the year					9,861	9,861	719	10,580
Other comprehensive income			-2	56		55		55
Total comprehensive income	**0**	**0**	**-2**	**56**	**9,861**	**9,916**	**719**	**10,635**
Transaction costs recognised directly in equity		-518				-518		-518
Issue of new shares	8,870	24,860				33,731		33,731
Transactions with non-controlling interests					34	34	-90	-56
Dividends					-7,636	-7,636	-625	-8,261
Total of the transactions with the shareholders of the Company	**8,870**	**24,342**	**0**	**0**	**-7,603**	**25,610**	**-715**	**24,895**
Balance at 31 December 2021	**76,362**	**82,499**	**9**	**24**	**26,988**	**185,883**	**11,446**	**197,329**

Notes to the consolidated financial statements

for the financial year from

1 January 2022 to 31 December 2022

7C Solarparken AG, Bayreuth

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1. REPORTING ENTITY

7C Solarparken AG (the “Company” or “7C Solarparken”) is a company with registered office in Bayreuth, Germany. The Company’s registered office is at an der Feuerwache 15, 95445 Bayreuth. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group” and individually as a “Group company” or “Group companies”). The Group operates and invests in solar assets and wind farms with steady cash flows and low risk exposure, mainly located in Germany and Belgium (see Notes 5 and 8).

For abbreviations used in this report, we refer to the list of abbreviations included in Note 33.

2. BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the EU. In addition, the German commercial law provisions as set out in section 315e (1) German Commercial Code (HGB) in conjunction with section 3 HGB were observed in the preparation of the consolidated financial statements. The principles on recognition, measurement and presentation are applied consistently by all companies included in the consolidated financial statements.

The statement of profit and loss is presented using the nature of expense method. The Group additionally discloses the subtotals of items recognised in the income statement (EBITDA/EBIT) for illustrative purposes.

The Management Board assumes that 7C Solarparken will continue as a going concern. The financial statements give a true and fair view of the financial position, net assets and results of operations.

The consolidated financial statements for the year ended 31 December 2022 and the combined management report for the period from 1 January 2022 to 31 December 2022 were authorised for publication on 5 April 2023.

Details concerning significant accounting policies including any changes in accounting policies are provided in Note 6.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are prepared in euro, the functional currency of 7C Solarparken AG (the parent) and presented in thousands of euro. Therefore the report may contain rounding differences.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, the Management Board has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4.1 USE OF JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

Information about judgements made in applying accounting policies and information on assumptions and estimation uncertainties which has significant effects on the amounts recognised in the consolidated financial statements or could pose a major risk is included in the following notes:

- **Note 6.2** – Accounting for an electricity price swap: The Group makes assumptions about the average electricity prices to be expected in the future and makes estimates regarding the specific yield of the solar assets concerned.
- **Note 7** – Acquisition of subsidiaries or solar assets. Income, expenses and capital costs that form the basis for determining the cost of the acquired assets and liabilities or the purchase price allocation are based on assumptions and estimates.
- **Note 13** – Recognition of deferred tax assets: The future taxable profit or loss of the respective Group companies cannot be forecast with certainty. Therefore, the planned profit and loss and the corresponding effects from the reversal of taxable temporary differences form the basis for the recognition of deferred tax assets. Moreover, uncertainty remains concerning the recognition of deferred tax assets with regard to the applicable future tax rates, any future restrictions on the use or temporary nature of deferred tax assets arising from the laws or other provisions, as well as their interpretation by the tax authorities or court rulings.

  The final tax assessment for the Group is still outstanding for multiple financial years, creating uncertainty with respect to the current income taxes, which are estimated prospectively by the Group and then recognised in the statement of financial position. Subsequent tax payments or refunds cannot be ruled out. In addition, the prospective estimation of current income taxes is uncertain with regard to the applicable future tax rates and the applicable tax legislation as well as its interpretation by the tax authorities or court rulings, especially in the event of subsequent external tax audits.
- **Note 15** – The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the subsequent value adjustments, which are measured at 12-month ECLs.
- **Note 17** – Lease term: determining whether the Group is reasonably certain to exercise extension or purchase options. This judgment affects both the right-of-use assets and useful lives of solar assets and wind farms.
- **Note 18** – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.
- **Note 19** – Investments accounted for using the equity method: determining whether the Group has significant influence over an investment.
- **Note 15 and 24** – Determining the degree of assurance that government grants will be paid to the Group.

- **Note 21 and 24** – Estimates of expected future electricity prices and production volumes for the measurement of the fair value of the swap (under the hedging agreement with a large European utility) as at the reporting date.
- **Note 25** – Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an out- and inflow of resources.

MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values of both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes internal monitoring of all significant fair value measurements.

The Management Board regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy, in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level output that is significant to the entire measurement.

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

Further information on assumptions used in determining fair values is provided in the following notes:

- Note 7 – Acquisition and disposal of Group companies
- Note 26 – Financial instruments

5. LIST OF SUBSIDIARIES

For accounting policies, please refer to Note 6.2 A.

Set out below is a list of material subsidiaries of the Group.

All subsidiaries are included in the consolidated financial statements as at 31 December 2022. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences. By way of simplification, the Group uses the first or the last day of the month in which control commences. An entity is deconsolidated on the date on which control ends.

The following subsidiaries are fully included in the consolidated financial statements of 7C Solarparken AG as at 31 December 2022. Subsidiaries that make use of the exemption options pursuant to section 264b HGB for the disclosure of the financial statements or the preparation of the management report or notes to the financial statements are also identified in this list (marked with an asterisk *). The Group financial statements of 7C Solarparken AG serve as exempting consolidated financial statements for these companies.

DESIGNATION	LAND	PARTICIPATION %
Solarpark Oberhörbach GmbH, Bayreuth	Germany	100,00
Sonnendach M55 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Longuich GmbH, Baureuth	Germany	100,00
Solarpark Heretsried GmbH, Bayreuth	Germany	100,00
Energiepark SP Theilenhofen GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark CBG GmbH, Bayreuth	Germany	100,00
Solarpark green GmbH, Bayreuth	Germany	100,00
Colexon Solar Energy ApS, Søborg	Danemark	100,00
Amatec Projects Management GmbH, Bayreuth	Germany	100,00
Renew agy 5. Solarprojektgesellschaft mbH & Co. KG, Bayreuth	Germany	100,00 *
Renew agy 11. Solarprojektgesellschaft mbH & Co. KG, Bayreuth	Germany	100,00 *
Renew agy 21. Solarprojektgesellschaft mbH, Bayreuth	Germany	100,00
Renew agy 22. Solarprojektgesellschaft mbH, Bayreuth	Germany	100,00
Tristan Solar GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Zschornew itz GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark WO GmbH & Co. KG	Germany	100,00 *
PWA Solarpark GmbH & Co. KG	Germany	100,00 *
REG PVA Zw ei GmbH & Co. KG	Germany	100,00 *
MES Solar XX GmbH & Co. KG	Germany	100,00 *
Melkor UG (haftungsbeschränkt), Bayreuth	Germany	100,00
HCI Energy 1 Solar GmbH & Co. KG, Bayreuth	Germany	42,91
HCI Solarpark Igling-Buchloe GmbH & Co. KG, Schönefeld	Germany	42,91
HCI Solarpark Neuhaus-Stetten GmbH & Co. KG, Schönefeld	Germany	42,91
Solarpark Floating GmbH & Co. KG, Bayreuth	Germany	100,00 *
ProVireo Projektverw altungs GmbH, Bayreuth	Germany	100,00
ProVireo Solarpark 3. Schönebeck GmbH & Co KG, Bayreuth	Germany	100,00 *
Solar Park Blankenberg GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Glasew itz GmbH & Co. KG, Bayreuth	Germany	100,00 *
Colexon IPP GmbH, Bayreuth	Germany	100,00
Colexon 1. Solarprojektgesellschaft mbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Meyenkrebs GmbH & Co. KG, Bayreuth	Germany	100,00 *
Pinta Solarparks GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV Chemnitz GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec Grundbesitz GmbH, Bayreuth	Germany	100,00
Amatec PV 20 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 21 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 25 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Bernsdorf GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 30 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 31 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 32 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 33 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 34 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 35 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 36 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Amatec PV 37 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Rötz GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solardach Derching GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Tangerhütte GmbH & Co. KG, Bayreuth	Germany	100,00 *
Windpark Medard 2 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Windpark Stetten 2 GmbH & Co. KG, Bayreuth	Germany	100,00 *

HCI Energy 2 Solar GmbH & Co. KG, Bayreuth	Germany	41,81
HCI Solarpark Dettenhofen GmbH & Co. KG, Schönefeld	Germany	41,81
HCI Solarpark Oberostendorf GmbH & Co. KG, Schönefeld	Germany	41,81
7C Solarparken NV, Mechelen	Belgium	100,00
7C Rooftop Exchange BV, Mechelen	Belgium	100,00
Siberië Solar BV, Mechelen	Belgium	100,00
Sabrina Solar BV, Mechelen	Belgium	100,00
Solar4Future Diest NV, Mechelen	Belgium	99,90
Solarpark Neudorf GmbH, Kasendorf	Germany	100,00
Solarpark Hohenberg GmbH, Marktleugast	Germany	83,00
Solarpark Morbach GmbH & Co. KG, Bayreuth	Germany	100,00 *
Erste Solarpark Nowgorod GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Draisdorf-Eggenbach GmbH & Co KG	Germany	100,00 *
High Yield Solar Investments BV, Amsterdam	The Netherlands	100,00
Solardach Gutenberg GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Pflugdorf GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark MGGS Landbesitz GmbH, Bayreuth	Germany	100,00
Tannhäuser Solar UG (haftungsbeschränkt), Bayreuth	Germany	100,00
Lohengrin Solar UG (haftungsbeschränkt), Bayreuth	Germany	100,00
PV Görike GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarparken AM GmbH, Bayreuth	Germany	100,00
GSI Helbra Verwaltungs GmbH, Bayreuth	Germany	100,00
GSI Leasing GmbH, Bayreuth	Germany	100,00
GSI Solarfonds Zwei Verwaltungs GmbH, Bayreuth	Germany	100,00
GSI Solarfonds Drei Verwaltungs GmbH, Bayreuth	Germany	100,00
Solarpark Espenhain Verwaltungs GmbH, Bayreuth	Germany	100,00
Solarpark Energy Verwaltungs GmbH, Bayreuth	Germany	100,00
SonnenSolarpark GmbH, Hausen	Germany	100,00
Solarpark Höttingen GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarparken IPP GmbH, Bayreuth	Germany	100,00
Solarpark Taurus GmbH & Co. KG, Maisach	Germany	100,00 *
Erste Solarpark Xanten GmbH & Co. KG, Bayreuth	Germany	100,00 *
Erste Solarpark Wulfen GmbH & Co. KG, Bayreuth	Germany	100,00 *
Siebente Solarpark Zerre GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark am Schaugraben GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Zerre IV GmbH & Co. KG, Bayreuth	Germany	100,00 *
Sonnendach K19 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Sonnendach K19 Haftungs GmbH, Bayreuth	Germany	100,00
Säugling Solar GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Carport Wolnzach GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Gemini GmbH & Co. KG, Bayreuth	Germany	100,00 *
Sphinx Solar GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solardach Bündel 1 GmbH & Co. KG, Bayreuth	Germany	100,00 *
Erste Solarpark Sandersdorf GmbH & Co. KG, Bayreuth	Germany	100,00 *
Dritte Solarpark Glauchau GmbH & Co. KG, Bayreuth	Germany	100,00 *
Vardar UG (haftungsbeschränkt), Bayreuth	Germany	100,00
7C Solarentwicklung GmbH, Bayreuth	Germany	100,00

Solardach Wandersleben GmbH & Co. KG, Bayreuth	Germany	84,12 *
Solardach LLG GmbH, Bayreuth	Germany	100,00
Solardach Stieten GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solardach Steinburg GmbH, Bayreuth	Germany	100,00
Solardach Neubukow GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solardach Halberstadt GmbH & Co. KG, Bayreuth	Germany	81,82 *
Solarpark Bitterfeld II GmbH & Co. KG, Bayreuth	Germany	100,00 *
Trüstedt I Solar GmbH & Co. KG, Bayreuth	Germany	100,00 *
Folcwalding Verwaltungs GmbH, Bayreuth	Germany	100,00
Solarpark Brandholz GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Gorgast GmbH & Co. KG, Bayreuth	Germany	100,00 *
PV Gumtow GmbH & Co. KG, Bayreuth	Germany	100,00 *
Photovoltaik-Park Dessau-Süd GmbH & Co. KG, Bayreuth	Germany	100,00 *
Solarpark Wölbattendorf GmbH & Co. KG, Bayreuth	Germany	100,00 *
Projekt OS3 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS4 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS5 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS6 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS7 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS8 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS9 GmbH & Co. KG, Bayreuth	Germany	71,43 *
Projekt OS10 GmbH & Co. KG, Bayreuth	Germany	71,43 *
7C Solarparken Belgium BV, Gent	Belgium	100,00
Viriflux BV, Lokeren	Belgium	50,00
IRIS 67 BV, Mechelen	Belgium	100,00
7C Groeni BV, Mechelen	Belgium	100,00

The following company was liquidated in the course of financial year 2022:

- Colexon Italia S.R.L., Imola, Italy (100%)

The following companies are included in the consolidated financial statements as at 31 December 2022 using the equity method:

- Viriflux BV, Lokeren, Belgium (50.00%)
- Zweite Solarpark Nowgorod GmbH & Co. KG, Bayreuth, Germany (20.00%)
- Solarpark Zerre Infrastruktur GbR, Wiesbaden, Germany (28.60%)
- Infrastrukturgesellschaft Bischheim GmbH & Co. KG, Wörstadt, Germany (19.40%)

6. SIGNIFICANT ACCOUNTING POLICIES

6.1. ACCOUNTING POLICIES AND CHANGES IN GROUP OF CONSOLIDATED COMPANIES

See also Note 7.

The Group has applied the same accounting policies as in the 2021 financial year. However, new standards and interpretations mandatory for annual reporting periods beginning on or after 1 January 2022 were applied in the financial year (see Note 32).

The following Group companies were merged with the Group companies shown in the table during the reporting period:

Company	Merged with:
Tulkas Solarpark Beteiligungs GmbH & Co. KG	Melkor UG
Solarpark Oberwesterwaldbahn GmbH & Co. KG	Solarpark Pflugdorf GmbH & Co. KG
Solarpark Heilgersdorf GmbH & Co. KG Solarpark Dennheritz GmbH & Co. KG Solarpark Burgwindheim GmbH & Co. KG	Renewagy 5. Solarprojektgesellschaft mbH & Co. KG
Solarpark Milmesberg GmbH & Co. KG	Solarpark Zerre IV GmbH & Co. KG
Solarpark Cossen GmbH & Co. KG	Erste Solarpark Sandersdorf GmbH & Co. KG

The Group (co-)founded the following companies in financial year 2022:

Company	Group shareholding	Date of incorporation
IRIS 67 BV	100.00%	30 March 2022
Projekt OS3 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS4 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS5 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS6 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS7 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS8 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS9 GmbH & Co. KG	71.43%	27 September 2022
Projekt OS10 GmbH & Co. KG	71.43%	27 September 2022

The following companies were acquired and added to the group of companies included in the consolidated financial statements in financial year 2022:

Acquiree	Solar asset(s)	Acquisition date
Solarpark Wölbattendorf GmbH & Co. KG	Wölbattendorf	31 December 2022

The Group's shareholding in the following Group companies changed in financial year 2022:

Company	Shareholding in % at 31 December 2021	Shareholding in % at 31 December 2022
Solardach Halberstadt GmbH & Co. KG	51.52%	81.82%
HCI Energy 1 Solar GmbH & Co. KG	40.41%	42.91%
HCI Solarpark Igling-Buchloe GmbH & Co. KG	40.41%	42.91%
HCI Solarpark Neuhaus-Stetten GmbH & Co. KG	40.41%	42.91%
HCI Energy 2 Solar GmbH & Co. KG	38.10%	41.81%
HCI Solarpark Dettenhofen GmbH & Co. KG	38.10%	41.81%
HCI Solarpark Oberostendorf GmbH & Co. KG	38.10%	41.81%

6.2. BASIS OF CONSOLIDATION

A. SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences. Simply put, the Group uses the first or the last day of the month in which control commences. An entity is deconsolidated on the date on which control ends.

B. ACQUISITION OF ASSETS AND LIABILITIES

IFRS 3 clarifies and narrows the definition of 'business'. Since the new definition became effective on 1 January 2020, a 'business' is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities. A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs.

Furthermore, the amendment to IFRS 3 introduces an optional concentration test. This test is used to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the former is met, the set of activities and assets is determined not to be a business and the transaction accordingly does not classify as a business combination within the meaning of IFRS 3 but as an acquisition of assets and liabilities instead.

The Group applied the voluntary concentration test to all acquisitions. In order to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets, the Group applies a threshold of 75%. If 75% of the fair value is concentrated in a single asset or group of similar assets, the concentration test is deemed to have been met. In this case, no further assessment is needed and the transaction is classified as an acquisition of assets and liabilities.

If the concentration test is not met, IFRS 3 shall be applied to determine whether the acquisition is a business combination. With regard to the acquisition of project companies that operate solar parks and wind turbines, the amendment of the definition means that these companies usually do not constitute a business within the meaning of IFRS 3 as they usually lack at least one substantive process within the acquired companies.

Accordingly, these acquisitions shall be accounted for as acquisitions of assets and liabilities. For this purpose, the cost is allocated to the identifiable assets and liabilities in the scope of the acquisition on the basis of their fair values. Right-of-use assets and lease liabilities are recognised in accordance with IFRS 3.28B in conjunction with the value determined in accordance with IFRS 16. Cash and cash equivalents and receivables are recognised at nominal amount. Deferred taxes, arising for instance from acquired loss carryforwards, are recognised at the value determined in accordance with IAS 12. This will result in neither positive nor negative differences. If it is determined in this context that the fair value of specific assets is lower than the cost to be allocated to them, the difference is written down through profit or loss immediately after the initial recognition. If the fair value increases at a later date, the difference is written up if required by the provisions of the relevant standard.

C. BUSINESS COMBINATIONS

If the concentration test is not met and the transaction is defined as a business combination, the Group will recognise it in accordance with the acquisition method. The acquired identifiable assets, liabilities and contingent liabilities shall be measured at their acquisition-date fair values.

The goodwill equals the amount by which the sum total of consideration transferred, the amount of all non-controlling interests in the acquiree and the fair value of any equity interest in the acquiree previously held by the acquirer exceeds the net assets of the acquiree.

If the initial accounting for a business combination is incomplete at the end of the financial year of the combination, the Group shall recognise provisional amounts for the items with incomplete accounting. The provisional amounts shall be adjusted retrospectively during a measurement period that may not exceed one year. Additional assets and liabilities shall be recognised to take account of facts and circumstances that existed at the acquisition date and would have affected the amounts measured on such date if they had been known.

If the acquisition price was below the fair value of the net assets (bargain purchase), the difference is recognised directly through profit or loss. Transaction costs are expensed immediately as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes in the fair value of contingent consideration that is classified as an asset or liability are recognised in profit or loss. If an obligation to pay contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity.

D. NON-CONTROLLING INTERESTS

Non-controlling interests (NCI) are recognised at fair value at the date of acquisition if they refer to the acquisition of assets and liabilities. If they refer to a business combination, they are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the parent’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

E. LOSS OF CONTROL

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

F. INTERESTS IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's interests in investments accounted for using the equity method or interests comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are initially recognised at cost, which includes transaction costs. Subsequently, the Group recognises the share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases. Where gradual acquisition of shares leads to obtaining control, investments that are accounted for using the equity method are derecognised at fair value through profit or loss when control is obtained.

6.3. FOREIGN CURRENCY

A. FOREIGN CURRENCY TRANSACTIONS

The items recognised in the financial statements of the individual Group companies are measured at the respective functional currency. The consolidated financial statements are prepared in euro, the functional currency of the parent. Transactions in foreign currency are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate applicable at the time when the fair value was determined. Differences resulting from the translation into the functional currency are accumulated directly in the reserve from foreign currency translation in the consolidated financial statements and/or presented in the consolidated statement of other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

The closing exchange rate of the Danish krone at 31 December 2022 was DKK/EUR 7.4374 (previous year: DKK/EUR 7.4381). The average exchange rate of the Danish krone to the euro during financial year 2022 was DKK/EUR 7.4396 (previous year: DKK/EUR 7.4372).

B. FOREIGN SUBSIDIARIES

The assets and liabilities of foreign subsidiaries are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the translation reserve in equity, except to the extent that the translation difference is allocated to non-controlling interests or shown in the consolidated statement of other comprehensive income.

When a foreign subsidiary is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign subsidiary is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative translation difference is reclassified to profit or loss.

6.4. REVENUE: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers (i.e. revenue) is realised when the customer obtains control of the agreed goods or services. Further, the revenue is measured at the amount of the consideration to which the entity expects to be entitled.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies:

- **Sale of electricity**: the Group generates revenue by producing and selling electricity. The customer obtains control of the agreed good upon feed-in, i.e. transfer to the (public) grid, or upon direct consumption. Such sales each constitute an individual performance obligation. The revenue from the sale of electricity is determined and realised by measuring the output volume. Any additions to or deductions from revenue in other periods due to discrepancies or mistakes in Group readings compared to customer readings that are identified only after the end of the respective reporting period are also recognised in revenue. However, based on experience, discrepancies between Group and customer readings occur to only a very limited extent.
- The electricity prices paid under contracts with customers in Germany are determined mainly by the provisions in the German Renewable Energy Sources Act (EEG). Effective on 1 January 2012, section 33 g EEG introduced the so-called market premium. The market premium is paid by the grid operator for producing electricity from renewable sources to those plant operators who chose to market their electricity directly at the electricity exchange rather than choosing the EEG remuneration model. At the electricity exchange, plant operators receive the regular market price, which is lower than the remuneration payable under the EEG. The market premium offsets the difference between the remuneration under the EEG and the average monthly market price at the electricity exchange. The market premium cannot turn negative. The actual output of directly marketed electricity is determined on the basis of meter readings. The payments of the market premium as well as the management premium as per sections 33 g and 33 i of the German Renewable Energy Sources Act (EEG) by the grid operator to the plant operator constitute genuine subsidies that are not subject to value-added tax.

- The expected cash outflows recognised in other comprehensive income in connection with the electricity price swap agreement (cash flow hedge) are reclassified to revenue at the time of payment as the Group considers it appropriate to recognise these payments directly in revenue, since the cash outflows from the cash flow hedge are directly linked to revenue (see Note 26.3.E).
- In Belgium, the Group generates revenue from the sale of electricity as well as the sale of green electricity certificates. In accordance with current legislation, the grid operator issues these green certificates to the Group for every MWh produced for a period of 10 to 20 years from the commissioning of the solar asset. The Group then sells these green electricity certificates to the grid operator at fixed guaranteed prices (buy-back obligation). The revenue is recognised when the green certificates are issued, as this is when the grid operator's obligation to buy the certificates back arises and the grid operator owes the full consideration, irrespective of the potential useful life.
- **Services**: refers mainly to services for project development of Belgian plants on behalf of third parties, technical maintenance and commercial operation of solar assets on behalf of third parties in Belgium and in Germany. The sale of services usually constitutes one single performance obligation each. Revenues are recognised gradually once the individual service is performed and the corresponding consideration is paid.
- **Sale of other goods**: in individual cases, the Group may sell modules or other components for solar assets as well as charging stations to third parties. The revenue is recognised when the customer obtains control of the goods.

6.5. EMPLOYEE BENEFITS

A. SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

B. TERMINATION BENEFITS

Termination benefits are recognised as an expense at the earlier of the following two dates: either at the time when the Group can no longer withdraw the offer of such benefits or when the Group recognises the corresponding restructuring costs. If benefits are not expected to be settled in full within twelve months of the reporting date, then they are discounted.

6.6. GOVERNMENT GRANTS

Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Government grants are recognised in profit or loss as other income on a systematic basis over the useful life of the asset. The government grants refer to subsidies granted in Belgium for building solar assets.

6.7. FINANCIAL INCOME AND FINANCE COSTS

The Group's financial income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the fair value gain or loss on contingent consideration classified as a financial liability;
- impairments recognised on financial assets carried at cost (AC) (other than trade receivables);
- hedge ineffectiveness of cash flow hedges recognised in profit or loss;
- the reclassification of net losses previously recognised in other comprehensive income;
- gains and losses from the disposal of financial assets.

Interest income or expense is recognised through profit or loss using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

6.8. INCOME TAX

Income tax expenses comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

A. CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year at rates valid on the reporting date or in the near future and any adjustment to the tax payable or receivable in respect of previous years. Current tax liabilities also include any tax liabilities arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

B. DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that it is probable that the related tax benefit will be realised.

Deferred tax is measured at tax rates that are expected to apply to temporary differences when they are reversed, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if certain criteria are met.

6.9. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out method.

Impairments of inventories, if any, are recognised in other operating expenses.

6.10. PROPERTY, PLANT AND EQUIPMENT

See Note 6.16 Leases with regard to right-of-use assets.

A. RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Assets under construction are recognised at cost. They are not depreciated. Assets under construction are also subject to potential impairment.

Each component of an item of property, plant and equipment with a significant cost in relation to the total value of the item is depreciated separately.

Any gain or loss on disposal of fixed assets is recognised in other income or expenses.

The depreciation period as well as the method are reviewed at the end of each financial year. Items of property, plant and equipment are depreciated pro rata temporis over their expected useful lives.

B. SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. DEPRECIATION

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

• Solar assets	10–30 years
• Wind farms	20–25 years
• Buildings	30–40 years
• Plant and equipment	3–12 years
• Fixtures and fittings	5–10 years
• Right-of-use assets	1–30 years

Solar assets and wind farms generally consist of two main components that are depreciated using the straight-line method over different useful lives (component approach), i.e. the right to receive the legally fixed remuneration per MWh produced (feed-in tariff or green electricity certificate) that is depreciated over the period of the statutory remuneration commitment, and the technical components of the solar assets or wind farm that are depreciated over their (longer) technical useful lives to the extent that, in the view of the Group, their use is technically, legally and economically feasible or planned after the statutory remuneration commitment ends.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.11. INTANGIBLE ASSETS

A. RECOGNITION AND MEASUREMENT

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

B. SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

C. DEPRECIATION

Intangible assets have finite useful lives and are (other than project rights, see below) amortised over the estimated useful lives using the straight-line method. If the fair value is below the carrying amount at the reporting date, the asset is impaired to such amount. If the reasons for earlier impairments no longer exist, they are reversed through profit or loss. Amortisation is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:

• Software	5 years
• Acquired contracts	15–20 years

As already stated in A. above, depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Project rights are accounted for as intangible assets until the items of property, plant and equipment (solar assets) associated with the project rights are commissioned. The intangible assets are then reclassified to property, plant and equipment and depreciated over the useful lives of the items of property, plant and equipment. They are not amortised while the project is being realised. Projects consisting of several investment stages are fully reclassified to property, plant and equipment only once the last project stage has been completed and the last item of property, plant and equipment has been commissioned. The project is not depreciated or amortised until all project stages have been fully completed.

6.12. FINANCIAL INSTRUMENTS

A. RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

B. CLASSIFICATION OF FINANCIAL ASSETS

On initial recognition, a financial asset is classified as measured at:

- AC – amortised cost;
- FVOCI – fair value through other comprehensive income; or
- FVTPL – fair value through profit or loss.

IFRS 9 requires that the classification of financial assets be determined on the basis of both the entity’s business model for managing the financial assets concerned and the contractual cash flow characteristics of the financial asset (the ‘solely payments of principal and interest (SPPI)’ criterion).

The allocation to a certain business model distinguishes between ‘hold to collect’, ‘hold to collect and sell’ and ‘other’.

The business model is allocated by reviewing the facts and circumstances at the time of assessment. The Group’s basic business model is ‘hold to collect’. Accordingly, the financial assets are held in order to collect contractual cash flows. Even though the Group pursues the aforementioned business model, unplanned sales may be made in the normal course of business and do not change this allocation in accordance with IFRS 9. This may, for instance, occur within the Group by selling a solar asset including the trade receivables incurred without a significant financing component.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With regard to the contractual cash flow characteristics of the individual financial asset it depends on whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding or whether additional cash flows are to be expected.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The Group did not elect to designate an equity investment as measured at FVOCI in the reporting year.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

C. SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See Note 26.B for derivatives designated as hedging instruments.

Financial assets at amortised cost

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

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. At present, the Group does not hold any debt investments measured at FVOCI.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. At present, the Group does not hold any equity investments measured at FVOCI.

D. DERECOGNITION OF FINANCIAL INSTRUMENTS

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the rights to receive the contractual cash flows are transferred in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

A financial asset is also derecognised if the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the transferred asset.

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

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

E. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its exposure to revenue and interest rate risks.

Derivatives are initially and subsequently measured at fair value and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in revenues and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and hedging instrument are expected to offset each other. This documentation is updated at each measurement date.

If, according to this, a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value is recognised in other comprehensive income and is accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group applies IFRS 9 to all of its hedge accounting transactions.

For transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The hedging reserve and the cost of hedging reserve are consistently grouped and presented in other comprehensive income from hedging relationships in the equity item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been recognised in other comprehensive income from hedging relationships and the cost of hedging reserve are immediately reclassified to profit or loss.

Trade payables and other current liabilities are initially recognised at fair value. In the subsequent periods, they are measured at amortised cost using the effective interest method.

6.13. SHARE CAPITAL

A. ORDINARY SHARES

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity (net of tax if applicable).

B. REPURCHASE AND REISSUE OF ORDINARY SHARES (TREASURY SHARES)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity taking account of any related tax effects. Repurchased shares are classified as treasury shares. Share premiums are recognised in capital reserves. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised in the share premium.

6.14. IMPAIRMENT

A. FINANCIAL ASSETS MEASURED AT AMORTISED COST OR FAIR VALUE

The Group generally recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The 90 days threshold is based on a special analysis conducted in this respect.

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

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

Impairment

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For trade receivables, the Group applies the simplified expected loss impairment model in accordance with IFRS 9. This is based on expected credit losses.

The Group allocates the trade receivables from the sale of electricity into largely homogenous categories that have similar characteristics regarding the estimated credit risk. Here it is significant whether the Group's rights are based directly on legal provisions, i.e. whether the customer can pass on the receivables to be paid to the Group to its own customers in turn (EEG levy) or whether the customer is a state-owned or partly state-owned enterprise. The Group further differentiates whether security was furnished for the receivables and whether such security consists of a bank guarantee or a letter of comfort.

The Group assesses the risk of credit losses from other trade receivables not resulting from the sale of electricity on a case-by-case basis depending on the characteristics of the individual customer and any security that was provided.

For other financial assets, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts past due.

Given 7C Solarparken's business model, most of the Group's customers are grid operators or other plant operators. For the analysis of trade receivables, we refer to Note 26.3.B.

B. NON-FINANCIAL ASSETS

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses for CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis. Here, the other assets of the CGU including their goodwill are included in impairment testing at their 'measured' carrying amount. This means that a specific need to impair a certain asset is already accounted for in the carrying amount of the CGU including goodwill.

An impairment loss in respect of goodwill is not reversed even if the value increases. For other assets, an impairment loss is reversed only to the extent that the cash-generating unit's recoverable amount does not exceed its amortised cost.

6.15. OTHER PROVISIONS

Provisions are recognised for all external obligations to the extent that it is probable that they will be used, and a reliable estimate can be made of the amount. Furthermore, the Group recognises provisions for onerous contracts in accordance with IAS 37. The provision is measured at the most probable amount and, in case of a range of amounts, at the expected amount. These amounts are, where possible, determined and measured on the basis of contractual agreements. Otherwise, the calculations are based on historical experience and management estimates.

Non-current provisions are recognised at present value. They are discounted or the discount is unwound at market rates applicable in the period until fulfilment. The adjustment is recognised through profit or loss as finance cost.

6.16. LEASES

See also Note 6.9 Property, plant and equipment and Note 17.

Since 1 January 2019, the Group has been applying IFRS 16 *Leases* under the modified retrospective approach.

In accordance with IFRS 16, the Group accounts for its rights and obligations under a lease as the lessee. In the Group, this refers mainly to contracts concerning right of use assets (leases, leasing contracts or rental agreements) referring to rooftop and free field farms as well as cable routes that the Group leases for long periods to operate solar assets or wind farms.

A. THE GROUP AS A LESSEE

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to determine whether a contract conveys the right to control an identified asset, the Group applies the definition of a lease in IFRS 16.

On the lease commencement date, i.e. the date on which the asset is available to the Group for use, the Group recognises a right-of-use asset in property, plant and equipment and a lease liability. The cost of this asset includes the aforementioned lease liability plus any initial direct costs incurred, any lease payments made at or before the commencement date less any lease incentives received and the estimated costs for decommissioning and similar obligations. The Group does not apply the practical expedient available for recognising leases not exceeding EUR 5,000.00.

However, the Group allocates the decommissioning costs of wind farms and solar assets to such assets (solar assets and wind farms) and not to the right-of-use assets. This is due, among other reasons, to the fact that the decommissioning obligation is immanent in the construction and operation of such plants (wind farms and solar assets).

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date over the useful life of the wind farm or solar asset underlying the right-of-use asset or the term of the lease (including any extension options), whichever period is shorter. If the Group has a purchase option, which is usually not the case, and is reasonably certain to exercise such option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the lives of property, plant and equipment.

The right-of-use asset is subsequently measured at cost less any straight-line depreciation and impairment and is adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. As the interest rate implicit in the lease usually cannot be readily determined, the Group generally uses its incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For this purpose, the Group determines interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments and minimum variable lease payments;
- variable lease payments that depend on an index, initially measured using the index or (interest) rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or (interest) rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases with purely variable lease payments:

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of less than twelve months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Furthermore, the Group does not recognise any right-of-use assets or lease liabilities for leases with purely variable lease payments. These purely variable lease payments are recognised as an expense.

Furthermore, for leases with a variable lease payment but subject to a fixed minimum lease payment, the amount exceeding the minimum payment is recognised as an expense.

B. THE GROUP AS A LESSOR

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset.

If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the useful life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

7. ACQUISITION AND DISPOSAL OF GROUP COMPANIES

For accounting policies, please refer to Note 6.2.

Ordinarily the Group adds solar assets to its portfolio by acquiring companies holding the solar installations as fixed assets. As most acquisitions do not qualify as a business combination (see Note 6.2.C), such acquisitions are treated as acquired sets of assets and liabilities. These acquisitions are disclosed in Note 7.1.

Occasionally, the acquisition of a subsidiary does classify as a business combination, but no such transaction was carried out in the reporting period.

No subsidiaries were disposed of in the financial year.

7.1. ACQUISITION OF SUBSIDIARIES IN FINANCIAL YEAR 2022

During the financial year 2022, the Group acquired one subsidiary which had to be accounted for as an acquisition of assets and liabilities.

The assets acquired are recognised at their respective cost. Accordingly, the cost is generally allocated to the identifiable assets and liabilities in accordance with the fair values of such assets and liabilities. Right-of-use assets and lease liabilities are recognised in accordance with IFRS 3.28B in conjunction with the value determined in accordance with IFRS 16. Cash and cash equivalents and receivables are recognised at nominal amount. Deferred taxes, arising for instance from acquired loss carryforwards, are recognised at the value determined in accordance with IAS 12. Typically, the following assets and liabilities are acquired:

- Intangible assets, e.g. acquired contracts or project rights for solar assets which have already been built or for which construction is foreseen (see Note 18);
- Solar assets and right-of-use-assets from leases (see Note 17);
- Land and buildings: mainly properties on which wind or solar assets have been or can be built (see Note 17);
- Debt financing: this mainly pertains to project financing with longer terms and lease liabilities (see Note 23);
- Liabilities to the seller: such liabilities generally consist of invoices for the construction or development of the acquired wind or solar assets;
- Site deconstruction obligations for wind or solar assets: these are recognised in accordance with the Group's valuation principles (see Note 25), as well as tax assets or tax liabilities to be measured as income taxes in accordance with IAS 12.

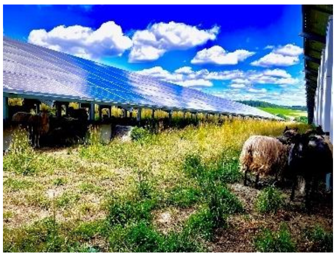
The agreed purchase price includes fixed purchase price payments as well as the present value of such purchase price components (e.g. from earn-out clauses) for which the probability of falling due, as expected at the time of acquisition, exceeds 50%. Components with an expected probability of effectively falling due lower than 50% are initially not included in the purchase price. If obligations subsequently arise in connection with such components due to a value-adjusting event, the payments then due are added to the acquisition costs of the acquired solar or wind assets at their present value on the date of acquisition at the time when the obligation becomes concrete. The same applies if the components originally included fail to fall due.

In this case, the acquisition costs are reduced by the relevant amount. Non-controlling interests are recognised at their fair value at the date on which control is obtained.

The following factors were considered in the calculation of the fair values: The weighted average cost of capital used in the fair value measurement of the solar assets was 3.9% in financial year 2022 (previous year: 2.3% to 2.6%). The future cash flows discounted using such capital costs were calculated by way of multiplying the feed-in tariff or the estimated future electricity prices with the estimated electricity production. Electricity production was estimated by using external expert opinions and the historical yield of solar assets in the same region. It also takes into account an adequate level of degradation for this solar asset.

Deferred taxes on differences between acquisition costs (IFRS) and tax law are not recognised at initial recognition.

A. ACQUISITION OF SOLARPARK WÖLBATTENDORF GMBH & CO. KG



The newly constructed Wölbattendorf solar park in the Hof region (northern Bavaria) with a capacity of 10 MWp was acquired with effect from 31 December 2022. This solar asset features modules from URE Solar and inverters from Sungrow. The tariff amounts to EUR 48 per MWh. Expected revenue per year of the asset over a 12-month period, assuming ordinary weather conditions and an estimated electricity price over a five-year period, amounts to EUR 992 thousand; the expected EBITDA, using the same assumptions, amounts to EUR 814 thousand.

in thousands of euro	**Breakdown of the Group's acquisition costs**
Solar assets	6,770
Right-of-use assets – rental agreements	831
Deferred tax assets	60
Other assets	1,153
Cash	1,055
Financial liabilities	-
Lease liabilities	-706
Non-current provisions	-500
Liabilities from income taxes	-
Other current liabilities	-613
Acquisition costs	
Purchase price	8,051
Total acquisition costs of the Group	**8,051**
Net cash paid in the reporting period (-)	-6,996

7.2. ACQUISITION OF SOLAR ASSETS

In financial year 2022, the Group acquired several solar assets which were accounted for as an acquisition of assets.

In total, the Group directly acquired two Belgian solar assets with a total capacity of 696 kWp and a German solar asset with a capacity of 253 kWp. The total cost of acquisition amounted to EUR 0.5 million. The solar assets have Longi, Chaori Solar and Blade modules and SMA, Kaco and Huawei inverters. In a full financial year, assuming ordinary weather conditions and an electricity price that is estimated over a period of five years, this company would generate revenue of EUR 56 thousand, an EBITDA of EUR 45 thousand and profit of EUR 25 thousand. Since first-time consolidation in 2022, the acquired solar assets generated revenue of EUR 54 thousand, EBITDA of EUR 43 thousand and profit of EUR 13 thousand.

8. OPERATING SEGMENTS

The Group focuses on the sale of electricity generated with its own wind farms and solar assets, amounting to in excess of 98.6% of total revenue (previous year: 97.6%). In addition, the Group has further activities of minor significance (1.4% in financial year 2022 resp. 2.4% in the previous year). These secondary activities relate to contracts for technical and commercial services with regard to certain fund companies or solar assets of third parties outside the Group in Germany and abroad and to rental income from third parties relating to PV estate (see Note 9.1).

The Group consist of a single operating segment which is managed by the Management Board. In total, 90% (previous year: 95%) of non-current assets serve to generate and sell electricity. The organisational structure and internal reporting of the Group is thus not divided into separate business segments.

At the end of the reporting period, the Group's own solar assets, wind farms and associated right-of-use assets account for 90% (previous year: 95%) of its non-current assets (without deferred tax).

in thousands of euro	31.12.2022	31.12.2021
Solar assets	349,259	364,846
Wind farms	9,975	10,625
Right-of-use assets	38,398	26,295
Non-current assets related to sale of electricity	397,632	401,765
Non-current assets (excl. deferred taxes)	441,958	421,839
Share of electricity sales	**90%**	**95%**

Revenue share by geographic market clearly reflects the Group's focus on the German market. In financial year 2022, the Group generated 92.3% of its revenue in Germany (previous year: 92.7%). The remaining Group revenue (7.7%) was generated in Belgium (previous year: 7.3%).

in thousands of euro	2022		2021	
	Revenue	%	**Revenue**	%
Germany	79,237	92.3%	52,114	92.7%
Belgium	6,565	7.7%	4,103	7.3%
Total	**85,802**		**56,217**	

The non-current assets (without deferred tax) are listed in the tables below. At the end of the reporting period, 91% of total non-current assets at Group level were located in Germany (previous year: 93%). Non-current assets in Belgium increased from 7% to 9% as the focus shifted towards investments in Belgium.

31.12.2022

in thousands of euro	Germany	Belgium	Total
Goodwill	1,199	-	1,199
Intangible assets	2,517	87	2,604
Land and buildings	12,303	1,061	13,364
Solar assets	320,096	29,163	349,259
Wind farms	9,975	-	9,975
Solar assets under construction	11,958	3,616	15,574
Right-of-use assets	34,154	4,243	38,397
Other tangible assets	208	167	375
Other non-current assets	10,895	316	11,211
Total	**403,305**	**38,653**	**441.958**
	91%	9%	100%

31.12.2021

in thousands of euro	Germany	Belgium	Total
Goodwill	1,199	-	1,199
Intangible assets	1,718	67	1,784
Land and buildings	12,928	-	12,928
Solar assets	339,372	25,473	364,846
Wind farms	10,625	-	10,625
Solar assets under construction	1,316	833	2,149
Right-of-use assets	22,516	3,779	26,295
Other tangible assets	220	231	452
Other non-current assets	1,234	326	1,560
Total	**391,128**	**30,709**	**421,837**
	93%	7%	100%

9. REVENUE AND OTHER OPERATING INCOME

For accounting policies, please refer to Note 6.4.

9.1. REVENUE

in thousands of euro	2022	2021
Sale of electricity	84,627	54,885
Sale of services	916	1,138
Other	259	193
Total	**85,802**	**56,217**

The Group's main business activity is the production and sale of electricity from solar assets and wind farms. In addition, the Group provides technical and commercial services, referring in particular to remote monitoring, repair and maintenance of solar assets and their operation. Other revenue mainly consists of rental income from the so-called PV estate portfolio.

The significant increase in revenue (plus 54.1 %) from electricity sales is driven by the increase in the average prices achieved for the electricity produced (plus EUR 14.2 million), the increase in average capacity of the portfolio (plus EUR 10.6 million) and the improved weather conditions in the financial year compared to the previous year (plus EUR 5.0 million). The effects of the swap agreement with the large European utility (see Note 6.2) on the price received for electricity sold are recognised as an increase or decrease in revenue. In the reporting period, the swap agreement had a negative impact on revenue of EUR 6.1 million (cash flow hedge, see Note 26.3.E) as the electricity price on the market exceeded the swap's fixed rate in financial year 2022; in the table above, the corresponding amount has been deducted from the electricity sold.

Sales of services amounted to EUR 0.9 million in financial year 2022, which was roughly the same level as in the previous year (EUR 1.1 million).

The Group generated revenue of approx. EUR 38.3 million with three customers, who thus accounted for more than 10% of the revenue mix.

The Group did not generate any revenue from sub-letting right-of-use assets.

9.2. OTHER OPERATING INCOME

For accounting policies, please refer to Note 6.4.

in thousands of euro	**2022**	**2021**
Damage compensation	1,468	461
Income from ‘Redispatch 2.0’	1,078	-
Income related to previous periods	68	300
Gain on the sale of property, plant and equipment	-	97
Reversal of provisions	201	320
Waiver of liabilities	200	733
Recharging of expenses	-	516
Other income	297	40
Total	**3,312**	**2,467**

7C Solarparken generated other operating income amounting to EUR 3.3 million (previous year: EUR 2.5 million).

Income received from damage compensation amounted to EUR 1.5 million (previous year: EUR 0.5 million). The Group managed to assert a claim in the amount of EUR 0.9 million for breach of guarantee provisions related to a purchase agreement for a solar asset. This income was offset by a revenue loss of EUR 0.2 million (see Note 9.1) and an impairment of a solar asset in the amount of EUR 0.5 million (see Note 17). In addition, the Group received reimbursements from insured claims in the amount of EUR 0.6 million (previous year EUR 0.5 million) during the reporting year.

The introduction of Redispatch 2.0, a new regulation to ensure grid stability, led to increased shutdowns of the Group’s wind farms and solar assets in the period under review as the regional grid operators are now able to avoid grid overloads in their region by curtailing the output of renewable energy plants. The Group cannot prevent these shutdowns. Depending on the specifics of the shutdown, grid operators are obligated to pay compensation to the Group. The Group recognised these compensation payments in the amount of EUR 1.1 million (previous year: EUR 0.0 million) as other operating income through profit or loss in financial year 2022.

Government grants in the amount of EUR 18 thousand (previous year EUR 0) were amortised to income in the financial year. This is recognised under other operating income.

10. OPERATING EXPENSES

10.1. EMPLOYEE BENEFITS

in thousands of euro	2022	2021
Salaries and wages	1,162	1,323
Management Board	527	474
Social security	177	281
Other personnel expenses	144	93
Total	**2,010**	**2,171**

Employee benefits decreased slightly from EUR 2,171 thousand in financial year 2021 to EUR 2,010 thousand in 2022. With an average headcount of 24 employees, the Group employed five employees fewer than in the previous year. At the end of the reporting period, the Group employed 24 persons plus the two members of the Management Board (previous year: 27 employees).

Other personnel expenses refer mainly to variable employee remuneration and expenses for employee pensions.

10.2. OTHER OPERATING EXPENSES

in thousands of euro	2022	2021
Administrative expenses	1,143	1,417
Operating expenses related to solar assets and wind farms	6,077	3,789
Increase of provisions	1,601	-
Cost of materials	293	328
Legal, advisory and audit expenses	1,028	845
Car and travel expenses	219	257
Insurance	544	501
Impairment losses on receivables and inventories	900	305
Expenses related to previous periods	189	238
Loss from the disposal of fixed assets	254	-
Other	139	205
Total	**12,387**	**7,885**

Other operating expenses refer mainly to the cost of operating solar assets amounting to EUR 6.1 million (previous year: EUR 3.8 million). They include for example expenses for maintenance and repairs as well as variable usage fees and costs for lawn maintenance/greenkeeping. The increase of EUR 2.3 million is mainly driven by the outsourcing of maintenance work for the solar assets and wind farms (plus EUR 1.1 million), the increase in variable leasing rates from rental agreements related to solar assets due to good weather conditions (plus EUR 0.7 million), the increase in own electricity costs (plus EUR 0.2 million) and the increase in expenses for cleaning and greenkeeping (plus EUR 0.1 million) as well as the increase in direct seller costs (“Direktvermarktungskosten”) (plus EUR 0.3 million).

Provisions for the future rehabilitation of land owned by the Group amounted to EUR 1.6 million in the reporting period. Furthermore, the loss allowance for bad debt and credit risks increased by EUR 0.5 million as a result of increased revenue.

Administrative expenses decreased by EUR 0.3 million in the reporting year as several service agreements with external consultants were cancelled.

Legal, advisory and audit expenses increased slightly by EUR 0.2 million to EUR 1.0 million due to the increased activities in Belgium with complex land and roof lease agreements.

10.3. OTHER EMPLOYEE BENEFITS

The Group does not have any defined benefit plans or defined contribution plans beyond the payments into the German statutory pension scheme in the reporting period. The aforementioned amounts are fully included in the social security item in Note 10.1.

11. FINANCIAL RESULT

For accounting policies, please refer to Note 6.7.

in thousands of euro	2022	2021
Interest income from:		
- Cash and cash equivalents	10	-
- Other financial instruments measured at amortised cost	109	36
Total interest income arising from financial instruments measured at amortised cost	**119**	**36**
Share of the net result of investments accounted for using the equity method	40	-
Changes in fair value of the ineffective portion of an interest rate swap	72	28
Reversal of interest rate swaps	-	-
Dividends received	74	17
Other financial income	58	204
Income from interest rate adjustments of financial liabilities that are not measured at fair value	-	112
Income from other financial assets at fair value through profit or loss	68	124
Other financial income	**309**	**484**
Financial income	**428**	**520**
Financial liabilities measured at amortised cost:		
Interest expenses	-4,786	-5,447
Unwinding of discount on provisions	-758	-669
Bank costs and other financial costs	-292	-243
Unwinding of discount on lease liabilities	-437	-343
Share of the net result of investments accounted for using the equity method	-	-2
Foreign currency translation differences	-4	-
Expenses from other financial assets at fair value through profit or loss	-41	-99
Financial expenses	**-6,318**	**-6,801**
Financial result	**5,890**	**-6,282**

The interest income originates from cash and cash equivalents or from loans granted by the Group to third parties and is measured at amortised cost.

Interest expenses amounting to EUR 4,786 thousand (previous year: EUR 5,447 thousand) relate nearly entirely to the financing of solar assets, wind farms and PV estate in the amount of EUR 3,794 thousand (previous year: EUR 4,401 thousand), plus interest on issued unsecured bonds in the amount of EUR 938 thousand (previous year: EUR 988 thousand) and interest expenses resulting from lease liabilities in connection with solar assets amounting to EUR 54 thousand (previous year: EUR 58 thousand).

12. EARNINGS PER SHARE

For accounting policies, please refer to Note 6.13.

12.1. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

A. PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (BASIC)

in thousands of euro	2022	2021
Profit for the year attributable to shareholders of 7C Solarparken AG	23,511	9,861
Profit attributable to ordinary shareholders	23,511	9,861

B. WEIGHTED-AVERAGE NUMBER OF ORDINARY SHARES (BASIC)

in thousands of shares	2022		2021	
Issued shares at 1 January	76,362	100%	67,492	100%
Effect of share options exercised	-	0%	-	0%
Effect of the conversion of bonds	-	0%	-	0%
Effect of shares issued through private placement (on average)	1,021	29%	8,870	50%
Weighted-average number of ordinary shares at the end of the reporting period	76,662		71,940	
in euro		**2022**		**2021**
Earnings per share				
Basic earnings per share (rounded)		0.31		0.14

Please refer to Note 21.A for capital measures involving the issue of ordinary shares that were carried out after the end of the reporting period.

12.2. DILUTED EARNINGS PER SHARE

With regard to the calculation of diluted earnings per share and diluted comprehensive income per share, we refer to the explanations on the calculation of basic earnings per share and basic comprehensive income as there are no dilution effects resulting from newly issued ordinary shares.

12.3. OPTIONS AND CONDITIONAL CAPITAL

A. CONDITIONAL CAPITAL 2016

The Annual General Meeting on 15 July 2016 passed a resolution to create new conditional capital (Conditional Capital 2016). The share capital was, by resolution of the Annual General Meeting on 15 July 2016, increased conditionally to up to EUR 20,000,000.00 by issuing up to 20,000,000 new no-par value bearer shares (Conditional Capital 2016). The conditional capital served to redeem debt securities issued by virtue of an authorising resolution passed by the Annual General Meeting on 15 July 2016. Until the end of the reporting period on 31 December 2017, the Company had created 23,521 new shares by converting the Convertible Bond 2016/2017 under the Conditional Capital 2016 into shares. Since 21 July 2021, the Conditional Capital 2016 can no longer be used. The Annual General Meeting on 21 July 2022 cancelled the Conditional Capital 2016.

B. CONDITIONAL CAPITAL 2022

The Annual General Meeting on 21 July 2022 passed a resolution to conditionally increase the share capital by up to EUR 38,181,236.00 by issuing up to 38,181,236 new no-par value bearer shares with the right to participate in the profit for which no resolution on the appropriation of profits has yet been passed from the start of the last financial year (Conditional Capital 2022).

13. INCOME TAXES

For accounting policies, please refer to Note 6.8.

13.1. AMOUNTS RECOGNISED IN PROFIT OR LOSS

Income taxes break down as follows:

in thousands of euro	2022	2021
Current tax expenses		
Current year	3,287	1,761
Income tax previous year	-143	-288
Deferred tax expense		
thereof from the origination and reversal of temporary differences	3.434	-214
thereof from loss carryforwards	4,311	211
recognition of previously unrecognised tax losses	-1,079	-1,413
Change in recognised deductible temporary differences	636	567
Tax expenses	**9,810**	**624**

The deferred tax expense mainly relates to temporary differences in the recognition and measurement of assets and liabilities in accordance with IFRSs as well as consolidation transactions recognised in profit or loss and changes in loss carry forwards that do not result from changes in the group of companies included in the consolidated financial statements.

It is determined on the basis of the tax rates that apply or are expected to apply according to the current legal provisions in the individual countries at the time of realisation.

The current tax expense consists of the tax expense in financial year 2022 of EUR 3,287 thousand (previous year: EUR 1,761 thousand) less the income from adjustments to taxes paid in the previous year of EUR 143 thousand (previous year: EUR 288 thousand). In total, current income taxes paid in the reporting year amounted to EUR 2,764 thousand (previous year: EUR 1,598 thousand).

The deferred tax expense in the reporting period included changes in the recognised deductible temporary differences in the amount of EUR 636 thousand mainly due to the adjustment of the carrying amount of a solar asset calculated for tax purposes.

13.2. AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

Taxes recognised in other comprehensive income break down as follows:

in thousands of euro	2022			2021		
	Before tax	Tax expense/benefit	Net of tax	Before tax	Tax expense/benefit	Net of tax
Cash flow hedges	-921	259	-662	62	-6	56
Foreign operations – foreign currency translation differences	1	-	1	-2	-	-2

13.3. RECONCILIATION OF EFFECTIVE TAX RATE

The tax rate for the Group is the German tax rate applicable in Bayreuth, which amounts to 28.78% for the financial year (previous year: 28.78%).

The reconciliation from the expected to the reported tax result breaks down as follows:

in thousands of euro	%	2022	%	2021
Earnings before tax	28.78%	34,268	28.78%	11,269
Tax using the Company's domestic tax rate		9,861		3,243
Effect of tax rates in foreign jurisdictions	-0.29%	-98	-0.33%	-37
Reduction in tax rate	n/a		n/a	-
Non-deductible expenses/ tax-exempt income	0.41%	141	0.37%	42
Tax incentives			n/a	-
Temporary differences and losses for which no deferred tax asset is recognised	0.05%	16	-3.57%	-403
Income tax previous year	-0.42%	-143	2.56%	-288
Reduction due to previously unrecognised tax losses and previously unrecognised temporary differences from previous periods	-2.77%	-950	-20.82%	-2,346
Changes in deferred taxes recognised	1.86%	636	5.03%	567
Other tax effects	1.01%	347	-1.37%	-154
Effective tax rate	**28.63%**	**9,810**	**5.53%**	**624**

The increase in the effective tax rate in the reporting year compared to the previous year is mainly due to (i) the recognition or utilisation of previously unrecognised tax losses in the previous year compared to the reporting year in the amount of EUR 1,456 thousand (see Note 13.4).

13.4. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets were recognised in the financial year for the full amount of the loss carry forwards of the parent company 7C Solarparken AG as the Group assesses the usability based on a planning period of six years and these losses will be used within this period based on the assumptions underlying the planning. In the previous year, the Group had still refrained from recognising loss carry forwards in the amount of EUR 0.7 million associated with corporate tax and EUR 0.5 million associated with trade tax.

By using these unrecognised loss carry forwards, the Group was able to reduce its tax rate in the reporting period (see Note 13.5). The change in unrecognised deferred taxes is mainly due to the initial recognition of loss carry forwards associated with corporation tax and trade tax in the amount of EUR 1.1 million.

Deferred tax assets on loss carry forwards in the amount of EUR 0.3 million (previous year: EUR 0.6 million) for other Group companies have not been recognised, because it is not probable that they will be used according to current estimates.

Deferred tax liabilities on temporary differences relating to investments in subsidiaries in the amount of EUR 321 thousand (previous year: EUR 136 thousand) have not been recognised, because it is not probable that these temporary differences will be reversed in the foreseeable future.

13.5. CHANGES IN DEFERRED TAXES RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Changes in deferred tax assets and liabilities were as follows:

Deferred tax assets (in thousands of euro)	**2022**	**2021**	**Change**
Intangible assets	43	-	n/a
Property, plant and equipment	1,955	302	547%
Financial liabilities and lease liabilities	7,202	4,689	34%
Other non-current provisions	3,560	3,003	19%
Tax loss carryforwards	12,488	16,739	-25%
Other items	459	100	360%
Total	**25,705**	**24,832**	**0%**
Netting of deferred tax assets and liabilities	-19,743	-18,263	3%
Deferred tax assets after netting	**5,963**	**6,569**	**-9%**

Deferred tax liabilities (in thousands of euro)	**2022**	**2021**	**Change**
Intangible assets	-692	-535	18%
Property, plant and equipment (incl. right-of-use assets)	-40,419	-33,095	22%
Financial liabilities and lease liabilities	-87	-374	-77%
Other items	-243	-150	62%.
Total	**-41,377**	**-34,154**	**21%**
Netting of deferred tax assets and liabilities	19,743	18,263	8%
Deferred tax liabilities after netting	**-21,634**	**-15,891**	**36%**

Deferred taxes from the use of tax loss carry forwards are capitalised to the extent that it is probable that future income will be available that can be offset against existing loss carry forwards.

The Group has incurred losses in several companies in the reporting year as well as in the previous year. After offsetting deferred tax assets against deferred tax liabilities, the Group has recognised deferred tax assets of EUR 864 thousand for these companies. The Group expects that the future taxable profit is expected to be sufficient to realise these deferred tax assets.

The net amount of deferred tax liabilities at the end of the reporting period is therefore EUR 15,672 thousand (previous year: EUR 9,322 thousand). The following table shows the changes in the net amount of deferred tax liabilities:

in thousands of euro	2022	2021
Net amount of deferred tax assets (+) or liabilities (-) at 1 January	**9,322**	**10,558**
Deferred tax liabilities in the statement of profit or loss	6,666	-849
Deferred taxes recognised in other comprehensive income	-259	6
Net addition of deferred tax liabilities from acquisitions	-60	-394
Net decrease of deferred tax liabilities due to company liquidation	3	-
Other changes	-	1
Net amount of deferred tax assets (+) or liabilities (-) at 31 December	**15,672**	**9,322**

14. INVENTORIES

For accounting policies, please refer to Note 6.9

in thousands of euro	31.12.2022	31.12.2021
Raw materials and consumables	164	93
Modules	910	1,888
Total	**1,074**	**1,981**

The Group inventories consist of modules for the construction of solar assets for the Group portfolio and spare parts for (emergency) repairs to solar assets, such as inverters, modules and consumables.

Module inventories have decreased by EUR 1.0 million since the previous year as modules were used for the construction of Group projects. The remaining inventory of modules is also held to build new solar assets.

At the end of the reporting period, the modules were valued at net realisable value, which was lower than the acquisition cost. The corresponding impairment of EUR 348 thousand (previous year: EUR 14 thousand) was recognised in other operating expenses.

15. TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

For accounting policies, please refer to Note 6.1, 6.12 as well as Note 26.

in thousands of euro	31.12.2022	31.12.2021
Prepayments	140	75
Trade receivables	3,785	2,320
Other non-current assets	9,612	186
Other current assets	6,173	5,371
Total	**19,710**	**7,953**
of which non-current assets	9,612	186
of which current assets	10,098	7,766
Total	**19,710**	**7,953**

Current trade receivables mainly refer to credit notes or invoices relating to the sale of electricity to grid operators with good credit ratings. The receivables are expected to be collectible.

The increase in trade receivables compared to the previous year (plus EUR 1.5 million) is caused, on the one hand, by the expansion of the solar portfolio (plus EUR 0.5 million) and, on the other hand, by the successful enforcement of a claim for EUR 0.9 million following breach of guarantee provisions in connection with the purchase contract for a solar asset (see Note 9.2).

Other non-current assets mainly consist of a non-current receivable from loans to third parties for solar projects (EUR 7.2 million), the non-current portion of loans granted in the amount of EUR 2.4 million (previous year: EUR 1.2 million) and guarantee deposits amounting to EUR 25 thousand (previous year: EUR 21 thousand).

The other current assets mainly consist of the current portion of a receivable from loans granted to third parties for solar projects (EUR 1,062 thousand), the sale of the project company Surya 1 GmbH & Co. KG in financial year 2020, for which EUR 31 thousand (previous year: EUR 907 thousand) were still recognised as at the reporting date, receivables from advance VAT payments of EUR 2,638 thousand (previous year: EUR 2,231 thousand) as well as accruals and deferrals of EUR 1.317 thousand (previous year: EUR 806 thousand) and other current receivables of EUR 1.125 thousand (previous year: EUR 973 thousand).

The Group’s credit and market risks, impairments of trade receivables and other receivables are explained in Note 26.

16. CASH AND CASH EQUIVALENTS

For accounting policies, please refer to Note 6.12.

in thousands of euro	**31.12.2022**	**31.12.2021**
Restricted cash and cash equivalents	18,766	18,697
Cash and cash equivalents on hand	71,720	50,635
Total cash and cash equivalents	**90,486**	**69,332**

Restricted cash and cash equivalents relates to project-specific reserve accounts amounting to EUR 17,979 thousand (previous year: EUR 17,686 thousand), mortgage savings accounts amounting to EUR 160 thousand (previous year: EUR 109 thousand) and other accounts amounting to EUR 627 thousand (previous year: EUR 902 thousand). These accounts are deposited to the bank or leasing company as collateral for making the agreed regular debt servicing payments in connection with the financing of the respective solar asset (especially in the months from December to February). These collaterals are inherent to the business and are deposited to guarantee the payments owed in the scope of ordinary business operations. Given the excellent liquidity situation, no amounts were drawn from these accounts to meet ordinary debt servicing payments in the reporting period.

The reserve accounts are intended to preserve the liquidity of the respective project company during times with low irradiation or during technical disturbances as both events have a direct effect on cash and cash equivalents. Their aim is to make sure that the project company remains in a position to cover running costs and debt servicing and/or make the necessary repairs. The liquidity to be maintained on these reserve accounts depends on the cash flows of the respective project company (primarily, the servicing of financing debts). The accounts are continuously adjusted, meaning they are constantly reduced as the financing volume decreases to ensure that funds are available in case of repairs. They are subject to restrictions concerning the disposal over such accounts, for instance concerning dividend distributions. No restrictions apply, however, to the use of funds for the operations of the respective project company.

Through acquisitions of subsidiaries (see Note 7) in the financial year, the Group acquired cash and cash equivalents totalling EUR 1,055 thousand (previous year: EUR 1,382 thousand).

Restricted and unrestricted cash is presented separately in Note 26.

17. PROPERTY, PLANT AND EQUIPMENT

17.1. PROPERTY, PLANT AND EQUIPMENT

For accounting policies, please refer to Note 6.10 and 6.14.

2022

in thousands of euro	Note	Land and buildings	Solar assets	Wind farms	Right-of-use assets	Other PPE*	Solar assets under construction	Total
Cost								
Balance at 1 January 2022		**13,472**	**513,950**	**12,336**	**30,354**	**1,353**	**2,175**	**573,639**
Disposal of companies								
Additions through business combinations	7		6,770		831			7,601
Additions		1,091	5,019	25	13,069	150	17,259	36,641
Other additions	25		258					258
Disposals		-496			-39	-162		-696
Reclassification			3,837				-3,837	-
Reclassification of intangible assets			34					34
Remeasurement					146			146
Balance at 31 December 2022		**14,067**	**529,867**	**12,361**	**44,389**	**1,342**	**15,597**	**617,622**
Accumulated depreciation and impairment losses								
Balance at 1 January 2022		**-544**	**-149,103**	**-1,711**	**-4,060**	**-902**	**-25**	**-156,344**
Disposal of companies								
Depreciation		-98	-29,967	-672	-1,933	-65		-32,735
Impairment loss		-62	-1,537					-1,599
Balance at 31 December 2022		**-704**	**-180,607**	**-2,383**	**-5,994**	**-967**	**-25**	**-190,678**
Carrying amounts								
Balance at 1 January 2022		**12,928**	**364,846**	**10,625**	**26,295**	**452**	**2,149**	**417,295**
Balance at 31 December 2022		**13,364**	**349,259**	**9,975**	**38,398**	**375**	**15,574**	**426,943**

2021

in thousands of euro	Note	Land and buildings	Solar assets	Wind farms	Right-of-use assets	Other PPE*	Solar assets under construction	Total
Cost								
Balance at 1 January 2021		**12,339**	**435,312**	**12,312**	**24,504**	**1,101**	**11,517**	**497,086**
Disposal of companies								
Additions through business combinations	7	647	38,512		3,971		12,350	55,480
Additions		487	12,503	24	1,786	252	4,109	19,163
Other additions	25		1,974					1,974
Disposals					-37			-37
Reclassification			25,803				-25,803	-
Reclassification to inventories			-154					-154
Remeasurement					129			129
Balance at 31 December 2021		**13,472**	**513,950**	**12,336**	**30,354**	**1,353**	**2,175**	**573,639**
Accumulated depreciation and impairment losses								
Balance at 1 January 2021		**-449**	**-120,763**	**-1,039**	**-2,485**	**-787**		**-125,522**
Disposal of companies								
Depreciation		-95	-28,196	-672	-1,575	-115		-30,653
Impairment loss			-152				-25	-177
Reclassification to inventories			9					9
Balance at 31 December 2021		**-544**	**-149,103**	**-1,711**	**-4,060**	**-902**	**-25**	**-156,344**
Carrying amounts								
Balance at 1 January 2021		**11,890**	**314,550**	**11,272**	**22,020**	**314**	**11,517**	**371,563**
Balance at 31 December 2021		**12,928**	**364,846**	**10,625**	**26,295**	**452**	**2,149**	**417,295**

The solar assets, land and buildings specified constitute collateral for financial liabilities as explained in Note 23.

Financial obligations in connection with the construction of solar assets amounted to EUR 5.2 million (previous year: EUR 1.9 million) at the reporting date. These unrecognised obligations are related to work in progress at the installations under construction at the end of the year.

17.2. DETAILED INFORMATION ON RIGHT-OF-USE ASSETS

2022

ACQUISITION VALUE **Right-of-use assets related to** **in thousands of euro**	**Land**	**Solar assets**	**Rental agreements related to solar assets**	**Rental agreements related to wind farms**	**Other assets**	**Total**
Balance at 1 January 2022	**91**	**-**	**28,737**	**1,334**	**193**	**30,354**
Changes in group of consolidated companies			831			831
Additions			13,096			13,069
Remeasurement				255		255
Disposals through cancellation of existing right-of-use assets			-148			-148
Balance at 31 December 2022	**91**	**-**	**42,516**	**1,589**	**193**	**44,389**
ACCUMULATED DEPRECIATION						
Balance at 1 January 2022		**-**	**-3,785**	**-171**	**-102**	**-4,060**
Depreciation			-1,820	-69	-44	-1,933
Balance at 31 December 2022			**-5,605**	**-240**	**-146**	**5,993**
CARRYING AMOUNTS						
Balance at 1 January 2022	**91**	**-**	**24,952**	**1,163**	**91**	**26,295**
Balance at 31 December 2022	**91**	**-**	**36,911**	**1,349**	**47**	**38,389**

2021

ACQUISITION VALUE **Right-of-use assets related to** **in thousands of euro**	**Land**	**Solar assets**	**Rental agreements related to solar assets**	**Rental agreements related to wind farms**	**Other assets**	**Total**
Balance at 1 January 2021	**91**	**-**	**23,016**	**1,205**	**193**	**24,504**
Changes in group of consolidated companies			3,971			3,971
Additions			1,786			1,786
Remeasurement				129		129
Disposals through cancellation of existing right-of-use assets			-37			-37
Balance at 31 December 2021	**91**	**-**	**28,737**	**1,334**	**193**	**30,354**
ACCUMULATED DEPRECIATION						
Balance at 1 January 2021		**-**	**-2,342**	**-99**	**-42**	**-2,485**
Depreciation			-1,443	-72	-60	-1,575
Balance at 31 December 2021		**-**	**-3,785**	**-171**	**-102**	**-4,060**
CARRYING AMOUNTS						
Balance at 1 January 2021	**91**	**-**	**20,672**	**1,106**	**151**	**22,020**
Balance at 31 December 2021	**91**	**-**	**24,952**	**1,163**	**91**	**26,295**

The Group leases several assets, including one plot of land, a solar asset as well as rooftops, free fields, cable routes for solar assets and wind farms and, to a lesser extent, office space. The average term of the right of use assets in connection with lease or rental agreements for solar assets and wind farms is 20.1 years as at the reporting date.

Ordinarily, the Group does not assume any option or obligation to acquire leased assets after the end of the lease for leases pertaining to lease or rental agreements. The Group's obligations to pay a usage fee under the lease or rental agreements are unsecured as the lessors usually waive their right of lien in this respect. The site deconstruction obligation in connection with solar assets and wind farms built on leased property is often secured by means of guarantees or pledging of bank accounts. The lessor is usually entitled to cancel the lease contract if the Group fails to meet its obligations (including the lease payments).

No lease or rental agreements were cancelled or expired in the reporting period.

The Group has a purchase option for one plot of land (EUR 10 thousand).

18. GOODWILL AND INTANGIBLE ASSETS

For accounting policies, please refer to Note 6.11 and 6.14.B.

18.1. RECONCILIATION OF THE CARRYING AMOUNT

2022

in thousands of euro	Note	Goodwill	Acquired contracts	Project rights	Other	Total
Cost						
Balance at 1 January 2022		**5,688**	**2,158**	**1,043**	**44**	**8,933**
Acquisitions				1,016	69	1,085
Disposals				-42		-42
Balance at 31 December 2022		**5,688**	**2,158**	**2,015**	**113**	**8,995**
Accumulated amortisation and impairment losses						
Balance at 1 January 2022		**-4,489**	**-443**	**-980**	**-38**	**-5,950**
Depreciation			-127	-25	-71	-223
Balance at 31 December 2022		**-4,489**	**-569**	**-1,005**	**-109**	**-5,192**
Carrying amounts						
Balance at 1 January 2022		**1,199**	**1,716**	**62**	**6**	**2,983**
Balance at 31 December 2022		**1,199**	**1,588**	**1,012**	**4**	**3,803**

2021

in thousands of euro	Note	Goodwill	Acquired contracts	Project rights	Other	Total
Cost						
Balance at 1 January 2021		**5,627**	**2,158**	**980**	**91**	**8,856**
Acquisitions through business combinations	7				2	2
Acquisitions		61		63	8	131
Disposals					-57	-57
Balance at 31 December 2021		**5,688**	**2,158**	**1,043**	**44**	**8,933**
Accumulated amortisation and impairment losses						
Balance at 1 January 2021		**-4,325**	**-297**	**-980**	**-91**	**-5,692**
Depreciation			-146			-146
Impairment		-165				-165
Disposals					53	53
Balance at 31 December 2021		**-4,489**	**-443**	**-980**	**-38**	**-5,950**
Carrying amounts						
Balance at 1 January 2021		**1,303**	**1,862**	**-**	**-**	**3,164**
Balance at 31 December 2021		**1,199**	**1,716**	**62**	**6**	**2,983**

Several service contracts acquired as part of acquisitions in previous years are reported under intangible assets. This includes for example contracts governing the commercial management of fund companies.

The Group acquired project rights for the development of several solar assets amounting to EUR 4.0 million in the financial year.

18.2. AMORTISATION

As the contracts acquired have a fixed term, they were subject to scheduled amortisation of EUR 127 thousand during the reporting period.

18.3. IMPAIRMENT

At the end of the financial year, the Group reported goodwill of EUR 1,199 thousand (previous year: EUR 1,303 thousand) resulting from the business combinations ‘Sun-X PV Portfolio (incl. Säritz Solar)’ (EUR 551 thousand) and the ‘asset management business’ (EUR 648 thousand).

The impairment test did not lead to any impairment of the individual goodwill of the companies. For the purpose of impairment testing, the Group formed cash-generating units at the individual portfolio level of ‘Sun-X PV Portfolio’ and ‘Operational management business’. The recoverable amount for each cash-generating unit was higher than its carrying amount, and therefore no impairment was recognised. The discount rate (before tax) applied ranged from 3.6% to 4.7%. An increase in the discount rate of one percentage point would not have resulted in any impairment of goodwill.

The following additional assumptions were made by the Group:

A. SUN-X-PV PORTFOLIO

On the one hand, the Group made assumptions when testing the goodwill of the Sun-X-PV portfolio (incl. Säritz Solar) for impairment concerning the profitability of the solar assets, in particular with regard to irradiation, performance ratio, feed-in tariffs and estimated electricity prices after the feed-in tariff period. On the other hand, assumptions were made with regard to costs recognised for the Sun X-PV Portfolio. The detailed planning phase is 22 years, which corresponds to the expected remaining life of the solar assets in the Sun-X-PV portfolio. There is no assumption of terminal value. The costs recognised are based on existing contracts and expected costs are based on past experience.

B. ASSET MANAGEMENT BUSINESS

When testing the goodwill of the Operational management business for impairment, the Group made assumptions regarding future business relationships. Key assumptions in the assessment of the identified business opportunities are related to the non-occurrence of retroactive changes to the German Renewable Energy Sources Act (EEG) and assumptions concerning the profitability of the solar assets managed by the Group as part of this business, particularly with regard to irradiation, performance ratios and the feed-in tariff. The detailed planning phase is 14 years, which corresponds to the expected life cycle of the operational management business. This in turn is derived from the expected remaining useful life of the managed solar assets. There is no assumption of terminal value. The costs recognised are based on existing contracts and expected costs are based on past experience.

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

For accounting policies, please refer to Note 6.12, 6.14.

19.1. LIST OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

in thousands of euro	**2022**	**2021**
Viriflux BV	290	249
Infrastrukturgesellschaft Bischheim GmbH & Co. KG	8	8
Solarpark Zerre Infrastruktur GbR	-	-
Zweite Solarpark Nowgorod GmbH & Co. KG	-	-
Investments accounted for using the equity method	**298**	**258**

No further information is provided on the companies Infrastrukturgesellschaft Bischheim GmbH & Co. KG, Solarpark Zerre Infrastruktur GbR and Zweite Solarpark Nowgorod GmbH & Co. KG as they are in significant for the Group.

19.2. ASSOCIATES

A. VIRIFLUX BV

in thousands of euro	**2022**	**2021**
Shareholding	**50%**	**50%**
Non-current assets	818	861
Current assets (incl. cash and cash equivalents – 2022: EUR 268 thousand/2021: EUR 175 thousand)	364	200
Non-current liabilities (incl. non-current financial liabilities excluding trade and other payables and provisions – 2022: EUR 559 thousand/2021: EUR 559 thousand)	-559	-559
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 2022: minus EUR 6 thousand/2021: EUR 0 thousand)	-43	-3
Net assets (100%)	**580**	498
Group’s share in net assets (50%)	290	249
Carrying amount of interest		249
Revenue	197	23
Interest expenses	-5	-2
Profit and total comprehensive income (100%)	82	-2
Group’s share in total comprehensive income (50%)	**41**	-1

On 4 October 2021, the Group acquired 50% of the shares in Viriflux BV. Viriflux operates a rooftop solar asset in Lokeren with a capacity of 1,288.50 kWp that was connected to the grid on 14 September 2021.

20. OTHER FINANCIAL ASSETS

The other financial assets listed in this note are financial assets that are measured at fair value through profit or loss.

in thousands of euro	31.12.2022	31.12.2021
Cooperative shares	85	57
Shares and other holdings	1,028	1,061
Financial assets from interest rate swaps	189	-
Other financial assets	**1,301**	**1,118**

As in the previous year, the other financial assets consist of cooperative shares in banks that the Group holds in connection with its business relationships with these banks. Mainly, however, these financial assets consist of shares in fund companies, which are managed by the Group. The cost of acquisition of the other financial assets reported on the reporting date amounted to EUR 997 thousand (previous year: EUR 979 thousand). Finally, this item in the statement of financial position also includes financial assets from interest rate swaps (EUR 0.2 million), which the Group has concluded to mitigate its rate risk exposure. Information regarding the extent to which the Group is exposed to interest, currency and liquidity risks is presented under Note 26.

21. CAPITAL AND RESERVES

For accounting policies, please refer to Note 6.13.

For changes in capital and reserves, please refer to the statement of changes in equity.

21.1. SHARE CAPITAL AND SHARE PREMIUM

A. ISSUE OF ORDINARY SHARES

A total of two increases in share capital were carried out in the reporting year, one in the form of a rights offering to existing shareholders and one through a private placement.

On 17 August 2022, the Management Board resolved, with the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 1,735,510.00 by issuing 1,735,510 new no-par value bearer shares, each with a notional value of EUR 1.00 of the Company's share capital. The new shares were issued at a price of EUR 4.55 per share. The increase in capital through cash contributions was entered into the commercial register on 7 September 2022.

On 27 September 2022, the Management Board resolved on the basis of the authorising resolution passed by the Annual General Meeting on 21 July 2022 and the approval of the Supervisory Board to increase the Company's share capital under exclusion of shareholder subscription rights by up to EUR 1,750,000.00 by issuing up to 1,750,000 new no-par value bearer shares against contributions in cash. The 1,750,000 new shares in total were fully placed through a private placement exclusively to institutional investors in Germany and other European countries for a price of EUR 4.55 per share. The increase in capital through cash contributions was entered into the commercial register on 29 September 2022.

The Group did not hold any treasury shares at the end of the reporting period.

B. CHANGE IN THE NUMBER OF SHARES OUTSTANDING

	in thousands of shares
Shares outstanding at 1 January 2021	**61,492**
Issue of ordinary shares in 2021	8,870
Shares outstanding at 1 January 2022	**76,362**
Issue of ordinary shares in 2022	3,486
Shares outstanding at 31 December 2022	**79,848**
of which treasury shares held by the Group	-

C. CONDITIONAL CAPITAL 2016

The Annual General Meeting on 15 July 2016 passed a resolution to create new conditional capital. The share capital was, by resolution of the Annual General Meeting on 15 July 2016, increased conditionally to up to EUR 20,000,000.00 by issuing up to 20,000,000 new no-par value bearer shares (Conditional Capital 2016). Conditional Capital 2016 was used to convert 23,521 bonds under the Convertible Bond 2016/2017 into 23,521 new bearer shares in October 2017. On 31 December 2019, the Conditional Capital 2016 had thus decreased to EUR 19,976,479.00.

The Conditional Capital 2016 remained unused in the reporting period. Since 21 July 2021, the Conditional Capital 2016 can no longer be used. The Annual General Meeting on 21 July 2022 cancelled the Conditional Capital 2016. The resolution was entered into the commercial register on 9 August 2022.

D. CONDITIONAL CAPITAL 2022

The Annual General Meeting on 21 July 2022 passed a resolution to conditionally increase the share capital by up to EUR 38,181,236.00 by issuing up to 38,181,236 new no-par value bearer shares with the right to participate in the profit for which no resolution on the appropriation of profits has yet been passed from the start of the last financial year (Conditional Capital 2022).

E. AUTHORISED CAPITAL 2021

The Annual General Meeting on 21 July 2021 authorised the Management Board to increase the Company's share capital by up to EUR 34,710,215.00 with the consent of the Supervisory Board by issuing new no-par value bearer shares against cash and/or contribution in kind on one or several occasions until 20 July 2026 (Authorised Capital 2021) with the authorisation to exclude the shareholders' subscription rights. The resolution was entered into the commercial register on 2 August 2021.

On 16 August 2021, 7C Solarparken AG successfully completed an increase in share capital with the exclusion of the shareholders' subscription rights from EUR 69,420,430 to up to EUR 76,362,473 by issuing up to 6,942,043 new no-par value bearer shares against cash contribution, partially utilising the existing authorised capital. The new shares were issued through a private placement exclusively to institutional investors in Germany and other European countries for a price of EUR 3.72 per share as determined by the Management Board and approved by the Supervisory Board. The resolution was entered into the commercial register on 24 August 2021.

On 31 December 2021, the Authorised Capital 2021 still amounted to EUR 27,768,172.00. The Annual General Meeting on 21 July 2022 cancelled the Authorised Capital 2021. The resolution was entered into the commercial register on 9 August 2022.

F. AUTHORISED CAPITAL 2022

The Annual General Meeting on 21 July 2022 authorised the Management Board to increase the Company's share capital by up to EUR 38,181,236.00 with the consent of the Supervisory Board by issuing new no-par value bearer shares against cash and/or contribution in kind on one or several occasions (Authorised Capital 2022) with the authorisation to exclude the shareholders' subscription rights. The resolution was entered into the commercial register on 9 August 2022.

21.2. NATURE AND PURPOSE OF RESERVES

A. SHARE PREMIUM

in thousands of euro	2022	2021
Balance at beginning of the year	82,499	58,157
Change in share premium account (see Note 21.1)	12,374	24,860
Transaction costs recognised directly in equity	-217	-518
Balance at end of the year	**94,655**	**82,499**

Due to the reverse acquisition carried out in 2014, the share premium of the Group does not equal the parent's capital reserve in the financial statements prepared in accordance with the German Commercial Code (HGB). As a result, the Group's share premium as reported in its financial statements in accordance with IFRSs is not determined on the basis of the parent's equity.

The transaction costs amounting to EUR 217 thousand (previous year: EUR 518 thousand) were recognised directly in equity. No deferred tax liabilities were recognised with respect to these transaction costs.

B. RETAINED EARNINGS

in thousands of euro	2022	2021
Balance at beginning of the year	26,988	24,730
Transactions with non-controlling interests	73	34
Profit for the period attributable to shareholders of 7C Solarparken AG	23,511	9,861
Dividends	-8,400	-7,636
Balance at end of the year	**42,172**	**26,988**

A dividend of EUR 0.11 per share (previous year: EUR 0.11 per share) was distributed to the shareholders of 7C Solarparken AG in the financial year. This corresponds to a total distribution of EUR 8,400 thousand (previous year: EUR 7,636 thousand).

The Management Board of 7C Solarparken AG will make a dividend proposal to the 2023 Annual General Meeting of EUR 0.12 per share and thus EUR 9,582 thousand based on the new number of shares at the day of publication (see 21.1A and 21.1B), payable from the distributable profits 2022 of the parent company.

C. TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see Note 6.3). The changes in this account are shown in the table below.

in thousands of euro	
Translation reserve at 1 January 2021	**10**
Other comprehensive income/expense from currency translation in 2021	-1
Translation reserve at 1 January 2022	**9**
Other comprehensive income/expense from currency translation in 2022	1
Translation reserve at 31 December 2022	**10**

D. OTHER COMPREHENSIVE RESULT FROM HEDGING TRANSACTIONS

The hedging reserve comprises the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in other comprehensive income.

in thousands of euro	
Other comprehensive result from hedging transactions at 1 January 2021	**-32**
Changes in other comprehensive income due changes in fair value of financial instruments designated as hedge accounting in 2021	56
Other comprehensive result from hedging transactions at 1 January 2022	**24**
Changes in other comprehensive income due to changes in fair value of financial instruments designated as hedge accounting in 2022	-662
Result from hedging at 31 December 2022	**-638**

The changes in other comprehensive income due to changes in fair value of financial instruments designated as hedge accounting of EUR 0.7 million relate, on the one hand, to the recognition of a swap agreement with a large European utility the Group entered into in the reporting period and, on the other hand, to interest rate swaps that had already been in place in previous reporting periods. The main effect however, pertains to the effective portion of the cash flow hedge that hedges the PV electricity prices under the swap agreement (see Note 6.2) in the amount of minus EUR 0.9 million. This constitutes the other comprehensive income from this swap agreement in the amount of minus EUR 1.2 million (see Note 24), which takes into account deferred tax. The positive other comprehensive income after tax of the effective portion of the interest rate swap that had already been in place in previous reporting periods, in turn, had a positive effect of EUR 0.2 million.

in thousands of euro	
Recognition of the electricity price swap agreement in April 2022 at fair value	**0**
Changes in the fair value of the electricity price swap agreement in financial year 2022	-7,306
Change in other comprehensive income due to reclassification to the statement of profit or loss in financial year 2022	6,107
Fair value of the electricity price swap agreement as at 31 December 2022	**1,199**

22. CAPITAL MANAGEMENT

See Notes 16 and 23 as well as the statement of changes in equity.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Management Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. Net debt includes interest-bearing loans and bonds as well as lease liabilities less cash and cash equivalents and lease liabilities related to right-of-use assets under lease or rental agreements for solar assets and wind farms. Adjusted equity comprises all components of equity with the exception of the hedging reserve.

The equity ratio is as follows:

in thousands of euro	**31.12.2022**	**31.12.2021**
Current and non-current financial liabilities	227,040	241,091
Current and non-current lease liabilities	39,057	26,349
Financial assets from interest swaps measured at fair value through profit or loss	-189	-
less cash and cash equivalents*	-90,486	-69,332
less current and non-current lease liabilities as per IFRS 16 in connection with right-of-use assets related to rental agreements for solar assets and wind farms	-34,512	-21,638
Adjusted net debt	**140,910**	**176,469**
Capital and reserves without hedging reserve	**227,817**	**197,305**
Total assets	550,354	507,920
Equity ratio (in %)	**41.4**	**38.8**

** EUR 18,766 thousand thereof is restricted (previous year: EUR 18,697 thousand).*

23. FINANCIAL LIABILITIES

23.1. LOANS & BORROWINGS

in thousands of euro	31.12.2022	31.12.2021
Non-current financial liabilities		
Secured bank debts	156,875	172,341
Unsecured bonds	22,202	37,342
Non-current lease liabilities	35,713	24,320
Interest rate swaps used for hedging purposes	3	253
Total	**214,792**	**234,256**
Current financial liabilities		
Current portion of secured banks debts and accrued interest	32,132	30,324
Current portion of unsecured bonds and accrued interest	15,828	830
Current lease liabilities	3,344	2,029
Total	**51,304**	**33,183**

Information regarding the extent to which the Group is exposed to interest, currency and liquidity risks is presented under Note 26.

23.2. BANK DEBTS

The terms and conditions of outstanding loans are as follows:

in thousands of euro		Currency	Interest rate	Term	31 December 2022 Face value	31 December 2022 Carrying amount	31 December 2021 Face value	31 December 2021 Carrying amount
7C Solarparken NV	A	EUR	2.4%	2022-23	15	15	15	15
	B	EUR	EURIBOR 3M + 1.75%	2017-27	786	826	961	1,019
7C Solarparken AG	C	EUR	1.75%	2017-28	2,350	2,265	2,742	2,628
	D	EUR	1.76%	2017-26	839	839	929	929
	F	EUR	1.51%	2017-31	848	848	930	930
	G	EUR	1.55%	2017-32	1,697	1,681	1,867	1,849
	H	EUR	2.1%	2017-32	374	370	411	407
	I	EUR	2.3%	2017-24	600	600	1,000	1,000
	J	EUR	1.68%	2019-36	6,457	6,421	7,285	7,246
	M	EUR	1.28%	2019-22	-	-	22	21
	N	EUR	1.13%	2019-37	424	424	431	431
Tannhäuser Solar UG		EUR	1.9%	2017-34	448	448	486	486
Solardach Gutenberg GmbH & Co. KG		EUR	2.04%	2019-28	759	761	891	894
Sabrina Solar BV	B	EUR	1.69%	2017-29	367	367	422	422
Solar4Future Diest NV		EUR	5.7%	2017-26	1,764	1,852	2,146	2,278
Solarpark Green GmbH	C	EUR	1.75%	2017-26	1,625	1,621	2,075	2,070
	D	EUR	4.75%	2017-25	434	434	607	607
Solarpark Heretsried GmbH	A	EUR	2.00%	2017-24	1,156	1,147	1,733	1,715
	B	EUR	2.13%	2017-25	2,190	2,171	2,920	2,888
	C	EUR	3.49%	2017-25	1,197	1,218	1,667	1,707
	D	EUR	2.16%	2017-29	2,596	2,596	2,967	2,967
Solarpark Longuich GmbH		EUR	2.13%	2017-25	2,280	2,260	3,040	3,006
Solarpark Oberhörbach GmbH		EUR	2.13%	2017-25	1,545	1,526	2,060	2,029
Solarpark CBG GmbH		EUR	1.75%	2017-25	1,398	1,386	1,828	1,808
Solarpark Neudorf GmbH	B	EUR	EURIBOR 3M +1.6%	2017-24	157	157	235	235
	C	EUR	1.35%	2020-27	268	268	315	315
	D	EUR	1.95%	2017-27	889	889	1,079	1,079
	E	EUR	3.99%	2019-26	332	346	415	437
SonnenSolarPark GmbH		EUR	2.9%	2017-24	-	-	333	333
		EUR	2.00%	2017-25	381	381	635	621
Melkor UG	A	EUR	2.75%	2017-2027	245	243	294	292
	B	EUR	3.07%	2017-28	197	198	247	247
	C	EUR	3.95%	2017-30	-	-	53	55
	E	EUR	1.96%	2017-26	586	586	753	753
Solardach Wandersleben GmbH & Co. KG	A	EUR	2.59%	2017-26	818	826	1,069	1,084
	C	EUR	2.53%	2018-25	28	28	37	37
Solardach LLG GmbH	A	EUR	1.65%	2017-32	593	587	653	646
	B	EUR	2.1%	2017-34	788	781	854	846
	C	EUR	2.3%	2018-2036	481	481	517	517
	D	EUR	1.8%	2019-2037	345	345	369	369
Solardach Stieten GmbH & Co. KG	A	EUR	2.26%	2017-26	829	832	1,036	1,042
	B	EUR	3.55%	2017-26	368	374	461	473
Solardach Steinburg GmbH		EUR	1.45%	2017-35	534	532	576	572
Solardach Neubukow GmbH & Co. KG	A	EUR	2.07%	2017-26	746	747	932	934
ProVireo Solarpark 3 Schönebeck GmbH & Co. KG	A	EUR	1.54%	2017-30	1,883	1,892	2,126	2,200
	B	EUR	1.99%	2017-30	267	273	302	309
Lohengrin Solar UG	A	EUR	2.1%	2017-34	573	567	620	614
	B	EUR	1.83%	2019-36	498	493	533	528
	B	EUR	2.6%	2017-28	14	14	16	17
Sonnendach K19 GmbH & Co. KG		EUR	2.79%	2017-26	893	893	1,148	1,148
		EUR	1.74%	2017-26	295	295	379	379
Erste Solarpark Xanten GmbH & Co. KG		EUR	1.00%	2017-26	458	458	574	574
Erste Solarpark Wulfen GmbH & Co. KG	A	EUR	1.48%	2017-27	317	317	388	388
	B	EUR	1.59%	2017-27	107	107	131	131
	C	EUR	3.8%	2017-26	107	107	133	133
Säugling Solar GmbH & Co. KG	C	EUR	1.99%	2019-26	3,733	3,714	4,800	4,776
Solarpark Taurus GmbH & Co. KG		EUR	1.1%	2017-29	637	620	736	736
Solarpark Bitterfeld II GmbH & Co. KG		EUR	2.1%	2018-35	2,203	2,194	2,372	2,363

Sonnendach M55 GmbH & Co. KG	A	EUR	3.49%	2017-25	1,099	1,150	1,251	1,316
	C	EUR	1.95%	2018-29	1,151	1,140	1,316	1,302
Solarpark Carport Wolnzach GmbH Co. KG	A	EUR	2.04%	2017-29	709	709	802	801
	B	EUR	2.5%	2017-29	603	585	689	666
Solarpark Gemini GmbH & Co. KG		EUR	3.00%	2017-31	3,017	2,963	3,353	3,287
Sphinx Solar GmbH & Co. KG		EUR	2.4%	2017-25	116	116	149	149
Solarpark Pflugdorf GmbH & Co KG	A	EUR	1.00%	2017-24	588	578	980	953
	B	EUR	3.5%	2017-27	3,184	3,202	3,814	3,843
Solarpark Zschornewitz GmbH & Co. KG		EUR	1.9%	2019-37	1,229	1,213	1,317	1,300
Solarpark Pflugdorf GmbH & Co KG		EUR	1.15%	2020-38	4,584	4,565	4,880	4,861
Siebente Solarpark Zerre GmbH & Co. KG	A	EUR	3.4%	2017-26	721	721	928	928
	B	EUR	4.6%	2017-25	9	9	12	12
	C	EUR	2.35%	2017-29	280	275	326	320
	D	EUR	0.00%	2017-2031	252	203	261	206
Solarpark Zerre IV GmbH & Co. KG	A	EUR	1.05%	2017-26	487	487	626	626
	B	EUR	3.6%	2017-29	196	196	224	224
Vardar UG	B	EUR	2.37%	2017-25	252	252	284	284
Erste Solarpark Sandersdorf GmbH & Co. KG		EUR	3.6%	2017-30	3,493	3,273	3,975	3,715
Dritte Solarpark Glauchau GmbH & Co. KG	A	EUR	3.1%	2017-27	372	374	446	449
	B	EUR	3.18%	2017-27	1,042	1,048	1,250	1,259
Colexon 1. Solarprojectgesellschaft mbH & Co. KG	B	EUR	2.3%	2017-24	390	390	665	665
Pinta Solarparks GmbH & Co. KG	A	EUR	1.8%	2018-27	1,355	1,353	1,459	1,456
	B	EUR	1.4%	2020-37	429	429	457	457
Solarpark Meyenkrebs GmbH & Co. KG	A	EUR	4.5%	2018-28	235	253	268	292
	B	EUR	2.25%	2018-28	191	192	223	225
Solarpark Tangerhütte GmbH & Co. KG	A	EUR	2.65%	2018-35	2,736	2,848	2,959	3,090
	B	EUR	3.15%	2018-36	451	485	485	524
Solarpark Brandholz GmbH & Co. KG		EUR	1.85%	2019-34	1,024	1,013	1,109	1,097
Windpark Medard 2 GmbH & Co. KG		EUR	1.9%	2019-33	3,454	3,477	3,783	3,810
Windpark Stetten II GmbH & Co. KG		EUR	2.1%	2019-31	2,896	2,965	3,236	3,322
Renewagy 5. Solarprojektgesellschaft mbH & Co. KG	B	EUR	2.15%	2017-26	5,549	5,549	6,939	6,939
	C	EUR	1.79%	2017-25	5,179	5,129	6,906	6,838
	F	EUR	1.15%	2022-39	2,182	2,160	-	-
Renewagy 11. Solarprojektgesellschaft mbH & Co. KG	B	EUR	2.2%	2017-26	1,423	1,414	1,780	1,767
Renewagy 21. Solarprojektgesellschaft mbH	A	EUR	3.3%	2017-23	3,250	3,252	4,333	4,337
	B	EUR	2.3%	2017-25	27	27	36	36
Renewagy 22. Solarprojektgesellschaft mbH	A	EUR	2.5%	2017-25	1,691	1,669	2,255	2,221
	B	EUR	1.35%	2017-34	484	484	525	525
Tristan Solar GmbH & Co. KG		EUR	2.16%	2018-29	2,189	2,189	2,444	2,444
Amatec PV 20 GmbH & Co. KG	A	EUR	1.82%	2019-35	412	409	442	438
	B	EUR	1.78%	2019-36	672	670	720	717
	C	EUR	1.82%	2018-36	447	444	479	475
	D	EUR	1.78%	2019-36	336	335	360	359
	E	EUR	1.82%	2018-36	412	408	442	437
	F	EUR	1.78%	2019-36	336	335	360	359
	G	EUR	2.45%	2018-37	511	511	547	547
Solarpark Bernsdorf GmbH & Co. KG		EUR	1.95%	2018-36	554	554	589	589
Solardach Derching GmbH & Co. KG		EUR	2.13%	2018-29	1,309	1,316	1,507	1,515
Amatec PV 37 GmbH & Co. KG		EUR	EURIBOR 3M +1.87%	2019-24	246	254	369	386
Amatec PV Chemnitz GmbH & Co. KG		EUR	2.15%	2018-33	1,648	1,664	1,783	1,802
Solarpark Rötz GmbH & Co. KG	A	EUR	1.25%	2020-27	331	333	377	379
	B	EUR	1.4%	2020-27	333	339	378	385
	C	EUR	1.03%	2020-27	389	387	433	431
Trüstedt I Solar GmbH & Co. KG	A	EUR	2.8%	2018-31	744	770	836	867
	B	EUR	1.4%	2018-34	117	113	127	123
	C	EUR	2.8%	2018-31	361	373	405	420
	D	EUR	2.8%	2018-31	691	714	775	805
	E	EUR	1.4%	2018-34	117	113	127	123
	F	EUR	2.8%	2018-31	698	722	784	813
	G	EUR	1.4%	2018-34	117	113	127	123
	H	EUR	2.8%	2018-27	117	119	140	144
	I	EUR	2.00%	2018-31	148	148	164	164
	J	EUR	2.8%	2018-27	348	380	417	452
	K	EUR	2.8%	2018-27	326	333	391	401
	L	EUR	2.75%	2018-30	351	362	400	413
	M	EUR	2.00%	2018-31	30	30	33	33
	N	EUR	2.8%	2018-27	391	400	470	482
	O	EUR	2.8%	2018-31	364	376	409	424
	P	EUR	2.8%	2018-31	656	678	735	763
	Q	EUR	2.8%	2018-31	645	667	723	751
	R	EUR	3.7%	2017-27	1,093	1,093	1,312	1,312

Erste Solarpark Nowgorod GmbH & Co. KG		EUR	1.15%	2020-37	414	414	443	443
Solarpark Draisdorf-Eggenbach GmbH & Co. KG	A	EUR	1.01%	2022-41	9,000	8,978	-	-
	B	EUR	0.86%	2022-31	1,250	1,250	-	-
PV Görike GmbH & Co. KG		EUR	2.25%	2019-37	2,477	2,598	2,647	2,786
Solarpark Gorgast GmbH & Co. KG	A	EUR	1.4%	2020-38	221	219	234	232
	B	EUR	1.4%	2020-38	218	216	232	229
PV Gumtow GmbH & Co. KG	A	EUR	1.03%	2020-39	2,363	2,363	2,504	2,504
	B	EUR	1.03%	2020-39	458	458	486	486
Photovoltaik-Park Dessau-Süd GmbH & Co. KG		EUR	3.25%	2021-33	1,019	1,135	1,118	1,258
7C Groeni BV	A	EUR	2.86%	2021-29	220	233	250	268
	B	EUR	2.91%	2021-30	133	141	150	161
	C	EUR	2.81%	2021-29	405	430	458	490
	D	EUR	2.23%	2021-27	260	268	282	294
Solar Park Blankenberg GmbH & Co. KG	A	EUR	4.6%	2019-28	184	198	219	238
	B	EUR	3.25%	2019-28	599	590	713	700
Solarpark Glasewitz GmbH & Co. KG		EUR	3.25%	2019-28	1,001	1,068	1,175	1,266
Solarpark WO GmbH & Co. KG		EUR	1.4%	2020-37	437	434	466	462
PWA Solarparks GmbH & Co. KG	C	EUR	1.18%	2021-37	1,110	1,105	1,187	1,187
REG PVA zwei GmbH & Co. KG	A	EUR	2.1%	2020-35	1,464	1,519	1,577	1,640
	B	EUR	2.1%	2020-37	175	183	187	196
	C	EUR	1.99%	2020-35	575	592	619	639
	D	EUR	2.1%	2020-37	309	322	331	345
	E	EUR	2.1%	2020-37	438	456	468	489
MES Solar XX GmbH & Co. KG		EUR	0.99%	2022-32	3,414	3,413	-	-
Renewagy 5. Solarprojektgesellschaft mbH & Co. KG	A	EUR	1.03%	2021-38	5,686	5,676	5,936	5,920
Renewagy 5. Solarprojektgesellschaft mbH & Co. KG	A	EUR	1.14%	2021-39	2,717	2,704	2,882	2,868
Solarpark Floating GmbH & Co. KG	A	EUR	1.5%	2020-39	262	261	262	261
	B	EUR	1.1%	2020-30	200	196	227	222
Energiepark SP Theilenhofen GmbH & Co. KG	A	EUR	1.2%	2021-44	666	678	666	679
	B	EUR	EURIBOR 3M +1.34%	2021-41	5,099	5,287	5,237	5,447
Solarpark am Schaugraben GmbH & Co. KG	A	EUR	1.21%	2021-29	1,621	1,630	1,722	1,734
Solarpark Zerre IV GmbH & Co. KG	A	EUR	1.33%	2021-39	3,500	3,562	3,722	3,792
Erste Solarpark Sandersdorf GmbH & Co. KG	A	EUR	1.42%	2021-35	1,727	1,762	1,863	1,903
	B	EUR	1.16%	2021-39	614	617	651	654
Solarpark Höttingen GmbH & Co. KG	A	EUR	1.34%	2021-40	4,203	4,328	4,437	4,575
	B	EUR	1.20% bis 30.06.2030 dann EURIBOR 3M + 0.95%	2021-43	663	694	663	695
HCI Solarpark Igling-Buchloe GmbH & Co. KG	A	EUR	1.00%	2020-23	793	792	1,585	1,584
HCI Solarpark Neuhaus-Stetten GmbH & Co. KG	A	EUR	1.05%	2020-23	116	116	232	232
	B	EUR	1.25%	2020-25	735	738	981	985
	C	EUR	1.00%	2020-23	274	274	547	547
HCI Solarpark Oberostendorf GmbH & Co. KG		EUR	3.85%	2020-27	1,830	1,956	2,215	2,397
HCI Solarpark Dettenhofen GmbH & Co. KG		EUR	3.85%	2020-27	2,507	2,688	3,008	3,266
TOTAL					**187,842**	**188,964**	**201,036**	**202,587**

The bank loans are secured by the solar assets, wind farms as well as land and buildings (see Note 17) and also by current and future trade receivables from the sale of electricity or incoming rental payments (see Note 15), which is common business practice. In addition, the Company pledged cash and cash equivalents with a carrying amount of EUR 17,979 thousand (previous year: EUR 17,686 thousand) (see Note 16) as security for certain bank loans. This refers to the accounts reserved for debt servicing and mortgage savings accounts that can be accessed in connection with regular debt servicing payments.

At the reporting date, accrued interest amounted to EUR 40 thousand (previous year: EUR 78 thousand), recognised under the current portion of secured bank loans and accrued interest.

On 31 December 2022, two bank loans in connection with solar assets amounting to EUR 1.4 million had not been fully disbursed.

The Group fulfilled all obligations under covenants for bank liabilities as at the reporting date.

23.3. LEASE LIABILITIES

The outstanding lease liabilities are subject to the following terms as at the reporting date:

Lease liabilities related to				31.12.2022		31.12.2021	
in thousands of euro	Currency	Interest rate*	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Land	EUR	2.0%	2032	10	8	10	8
Solar assets Belgium	EUR		2029–2031	4,522	4,536	4,667	4,696
Rental agreements related to solar assets	EUR	2.1%	2020–2052	38,411	32,970	23,740	20,397
Rental agreements related to wind farms	EUR	1.6%	2020–2043	1,714	1,401	1,203	1,063
Rental agreements related to other assets	EUR	2.2%	2020–2027	146	140	194	184
Total				**44,803**	**39,057**	**29,814**	**26,348**

** This refers to the incremental borrowing rate.*

The acquisition of subsidiaries led to an increase in lease liabilities of EUR 0.7 million (previous year: EUR 6.4 million). Futhermore, new lease contracts related to solar assets were signed, leading to an increase in lease liabilities of EUR 13.1 million (previous year: EUR 4.3 million). Finally, lease liabilities increased by EUR 0.4 million (previous year: EUR 0.3 million) due to unwinding of discount and by EUR 0.2 million due to remeasurement of the rental agreements related to wind farms (see Note 17.2). Repayments, in turn, reduced lease liabilities by EUR 2.1 million (previous year: EUR 2.1 million) in the reporting period.

The Group fulfilled all obligations under lease contracts as at the reporting date and it did not have any conditional lease payment obligations in the current or in the previous reporting period.

The changes in lease liabilities were as follows:

in thousands of euro	31.12.2022	31.12.2021
Balance at beginning of reporting period	**26,348**	**17,155**
Changes in group of consolidated companies	706	6,447
New leases	13,077	4,340
Acquired leases	433	-
Repayment of leases	-2,067	-2,104
Remeasurement of rental agreements related to wind farms	258	134
Remeasurement of rental agreements related to solar assets	-94	
Unwinding of discount on leases	437	343
Disposals	-39	-
Balance at end of reporting period	**39,057**	**26,348**

23.4. UNSECURED BONDS

In February 2018, 7C Solarparken AG issued its first promissory note loan with a face value of EUR 25 million at an average, mostly fixed interest rate of about 2.78% on the capital market. The promissory note loan is divided into three tranches with terms of five or seven years.

in thousands of euro

Promissory Note 2018	Nominal interest rate	Year of maturity	Face value	Carrying amount
Tranche A	EURIBOR 3M +2.00%	2023	1,500	1,500
Tranche B	2.48%	2023	13,500	13,500
Tranche C	3.29%	2025	10,000	9,960
Total			**25,000**	**24,960**

In March 2020, 7C Solarparken AG issued another promissory note loan with a face value of EUR 11.5 million at a fixed interest rate of about 1.80% on the capital market. The promissory note loan has a term of five years.

in thousands of euro

Promissory Note 2020	Nominal interest rate	Year of maturity	Face value	Carrying amount
Tranche A	1.80%	2025	11,500	11,483
Total			**11,500**	**11,483**

Interest expense for Promissory Note 2018, tranche B and C and for Promissory Note 2020 is payable once a year in February (Promissory Note 2018) and March (Promissory Note 2020), respectively. Interest expense for tranche A (Promissory Note 2018) is paid to the investors of the promissory note twice a year (in February and August). Interest expenses in relation to the promissory note loan of EUR 564 thousand were accrued as at the reporting date and reported in the current portion of secured bank loans and accrued interest. For the Promissory Note 2020, EUR 155 thousand were accrued.

As a result of the acquisition of the subsidiary 7C Groeni BV in January 2021, project-related bonds subscribed by individual investors with a carrying amount of EUR 1.3 million were acquired. The project bonds were issued to finance 7C Groeni BV's own contribution of capital funds to its projects. The following table shows these bonds as at the reporting date:

in thousands of euro

Project bonds	Maturity	Nominal interest rate	Year of maturity	Face value	Carrying amount
Tranche A	Annual payments	4.50%–5.00%	31.12.2028	617	699
Tranche B	Annual payments	2.00%	30.11.2025	47	51
Tranche C	Annual payments	2.00%	31.12.2025	11	11
Tranche D	Due at maturity	2.00%	31.12.2025	57	55
Tranche E	Annual payments	1.75%	28.11.2031	50	50
Total				**782**	**869**

The current portion of these bonds amounts to EUR 112 thousand as at 31 December 2022 (previous year: EUR 108 thousand).

24. TRADE AND OTHER PAYABLES

For accounting policies, please refer to Note 6.1, 6.6, 6.12 A.

in thousands of euro	31.12.2022	31.12.2021
Trade payables	5,419	3,033
Other non-current liabilities	23	-
Non-current and current government grants	965	544
Other current liabilities	3,184	756
Total	**9,591**	**4,332**

For the currency and liquidity risks of the Group regarding trade payables and other current liabilities please refer to Note 26.

Other current liabilities mainly relate to the liability of EUR 1,199 thousand resulting from the negative fair value of the electricity swap agreement (see Note 6.2). The other current liabilities consist mainly of personnel-related liabilities (EUR 346 thousand), VAT-liabilities (EUR 236 thousand) and contingent consideration under conditional purchase prices associated with changes in the group of consolidated companies in the previous year (EUR 461 thousand) and accruals and deferrals (EUR 624 thousand).

Trade payables increased from EUR 2.4 million at the end of the previous year to EUR 5.4 million. These liabilities consist mainly of unpaid invoices to general contractors for solar assets in Germany and Belgium that are still under construction (EUR 1.9 million) and outstanding operating and maintenance invoices amounting to EUR 0.5 million.

The Group was awarded several investment grants in the Belgian tender procedure, which have not yet been paid out at the reporting date but which the Group is confident to receive. Government grants are accounted for based on the accounting policies stated under Note 6.7. Correspondingly, the Group reported investment grants of EUR 965 thousand (previous year: EUR 544 thousand) in its statement of financial position.

25. NON-CURRENT PROVISIONS

For accounting policies, please refer to Note 6.15.

2022

	Site deconstruction	Warranties	Onerous contracts	Individual risks	Real estate and leases	Other	Total
Balance at 1 January 2022	**18,382**	**1,264**	**0**	**929**	**360**	**62**	**20,997**
Additions through business combinations	500						500
New provisions	258						258
Adjustment of existing provisions		105		176	1,496		1,777
Use of provisions		-24		-92			-116
Reversal of provisions		-201					-201
Winding/unwinding of discounts	738	13		2			755
Balance at 31 December 2022	**19,877**	**1,157**	**0**	**1,015**	**1,855**	**62**	**23,966**

2021

	Site deconstruction	Warranties	Onerous contracts	Individual risks	Real estate and leases	Other	Total
Balance at 1 January 2021	**14,003**	**1,578**	**8**	**1,020**	**499**	**62**	**17,170**
Additions through business combinations	1,757						1,757
Increase of provisions	1,974	11					1,986
Use of provisions		-27		-97	-140		-264
Reversal of provisions		-313	-8				-320
Winding/unwinding of discounts	648	14		6			669
Balance at 31 December 2021	**18,382**	**1,264**	**0**	**929**	**360**	**62**	**20,997**

A. SITE DECONSTRUCTION OBLIGATIONS

The site deconstruction obligations refer to costs that will be incurred when a solar asset or wind farm is decommissioned, i.e. after 10 to 30 years when the asset is deconstructed. The Group estimates the site deconstruction costs based on an assumed price per kWp for deconstruction that is derived from market prices, taking into account the unwinding of discount at an estimated inflation rate until the time of deconstruction. This amount is recognised at its discounted value, and unwinding of discount is added every year.

B. WARRANTIES

The provisions for warranties refer mainly to assets built by COLEXON in the past that are subject to warranty risks. The risks regarding the likelihood and amount of warranty claims were assessed in the scope of the purchase price allocation and have been continually reviewed since initial recognition. Proceedings for the preservation of evidence or legal disputes have been initiated for all provisions recognised. In some cases, the lower courts have already returned a verdict and the Group or the former client has appealed against the decision at the higher courts. The use of the warranties resp. verdicts of lower of higher courts are expected in all likelihood in one to two years' time.

The estimates regarding the amount and extent of potential claims are based on many years of experience with former clients of COLEXON, but are subject to a certain degree of uncertainty. The likelihood that these warranties will be called is considered to be rather high.

C. INDIVIDUAL RISKS

The individual risks refer to assumed contingent liabilities (that were recognised in the scope of purchase price allocation in accordance with IFRS 3 and are carried forward).

Firstly, individual risks exist in connection with buy-back obligations (put options) relating to individual assets built by COLEXON. The buy-back obligations will potentially come into effect in eight years' time at the earliest.

Secondly, the Group is exposed to a litigation risk in connection with an asset built by COLEXON. The Group estimates this to be settled in two to three years' time. The extent and likelihood of these warranties being called is assessed to be very high, although the outcome of the proceedings is extremely hard to predict as at the reporting date. As a matter of course, there is considerable uncertainty regarding the extent of potential claims, as this depends on the outcome of the proceedings. The outflow of funds could thus be significantly lower or higher than estimated.

Finally, the Group is exposed to an individual risk from a legal dispute that arose in connection with the acquisition of Enervest Belgium BV (now: 7C Solarparken Belgium BV). The extent and likelihood of this claim was difficult to estimate on the acquisition date and the reporting date as the outcome of the proceedings is highly uncertain. As a matter of course, there is considerable uncertainty regarding the extent of potential claims, as this depends on the outcome of the proceedings. The outflow of funds could thus be significantly lower or higher than estimated.

D. OWN REAL ESTATE AND LEASES

In the scope of a business acquisition in accordance with IFRS 3 in 2017, the Group assumed the obligation under a lease to maintain the roofs on which the Group operates its own rooftop solar assets. The Group established in the current reporting period that there had been repair backlogs before the acquisition in connection with the maintenance of these roofs. The contracting party further requested in the current financial year that the Group should carry out the required repair work. The Group is currently negotiating with this contracting party whether and during which period and to what extent the maintenance measures to be further specified shall be carried out. Nevertheless, the Group assesses the outflow of funds to be probable and therefore set aside a corresponding provision. As a matter of course, there is considerable uncertainty regarding the extent of related cost, as this depends on the outcome of the negotiations with the other contracting party. The outflow of funds could thus be lower or higher than estimated.

The Group owns a plot of land, which, in the course of the reporting period, was found to be contaminated. The obligation to remove contamination is legally incumbent on the landowner, which is why the Group considers an outflow of funds to be probable. For this purpose, the Group has formed a provision in the reporting period. There is considerable uncertainty regarding the extent of the contamination, the costs of removal and the timeframe in which the contamination must be removed, so that the utilisation of the provision is fraught with a high degree of uncertainty. The outflow of funds could thus be lower or higher than estimated.

26. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

26.1. CATEGORISATION AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and liabilities, including the corresponding levels in the fair value hierarchy. It does not contain any information on the fair value of financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2022

in thousands of euro	Note	Carrying amount Fair value hedging instruments	 Mandatory at FVTPL – Other	 Financial assets at amortised cost (AC)	 Total
Financial assets measured at fair value					
Equity investments	*20*		1,113		1,113
Interest rate swaps for hedging	*20*	189			189
Total		189	**1,113**		**1,302**
Financial assets not measured at fair value					
Trade and other receivables	*15*			3,785	3,785
Cash and cash equivalents on hand	*16*			71,720	71,720
Restricted cash and cash equivalents	*16*			18,766	18,766
Other current assets	*15*			6,173	6,173
Total				**100,444**	**100,444**

31 December 2022

	Fair value			
in thousands of euro	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value				
Equity investments	1,113			**1,113**
Interest rate swaps for hedging		189		**189**
Total	**1,113**	**189**		**1,302**
Financial assets not measured at fair value				
Trade and other receivables				
Cash and cash equivalents on hand				
Restricted cash and cash equivalents				
Other non-current assets				
Other current assets				
Total				

Die Anhangsziffern auf Seiten 15 bis 110 sind integraler Bestandteil des Konzernabschlusses.

31 December 2022

in thousands of euro	*Note*	Carrying amount			
		Fair value hedging instruments	Mandatory at FVTPL – Other	Other financial liabilities	**Total**
Financial liabilities measured at fair value					
Interest rate swaps for hedging	*23, 26.3*		-3		**-3**
Electricity price swap agreement	*26.E.3*		-1,199		**-1,199**
Total		**0**	**-1,202**		**-1,202**
Financial liabilities not measured at fair value					
Bank debts	*23*			-189,007	**-189,007**
Unsecured bonds				-38,030	**-38,030**
Lease liabilities	*23*			-39,057	**-39,057**
Trade payables	*24*			-5,419	**-5,419**
Other current liabilities	*24*			-3,184	**-3,184**
Total		**-**		**-274,697**	**-274,697**

31 December 2022

	Fair value			
in thousands of euro	Level 1	Level 2	Level 3	**Total**
Financial liabilities measured at fair value				
Interest rate swaps for hedging		-3		**-3**
Electricity price swap agreement		-1,199		**-1,199**
Total		**-1,202**		**-1,202**
Financial liabilities not measured at fair value				
Bank debts			-165,608	**-165,608**
Unsecured bonds			-34,487	**-34,487**
Lease liabilities			-34,906	**-34,906**
Trade payables				
Other current liabilities				
Total			**-235,001**	**-235,001**

31 December 2021

		Carrying amount			
in thousands of euro	*Note*	Fair value hedging instruments	Mandatory at FVTPL – Other	Financial assets at amortised cost (AC)	Total
Financial assets measured at fair value					
Equity investments	*20*	1,118			1,118
Total		1,118			**1,118**
Financial assets not measured at fair value					
Trade and other receivables	*15*			2,320	2,320
Cash and cash equivalents on hand	*16*			50,635	50,635
Restricted cash and cash equivalents	*16*			18,697	18,697
Other non-current assets	*15*			186	186
Other current assets	*15*			3,462	3,462
Total				**75,300**	**75,300**

31 December 2022

	Fair value			
in thousands of euro	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value				
Equity investments	1,118			**1,118**
Total	**1,118**			**1,118**
Financial assets not measured at fair value				
Trade and other receivables				
Cash and cash equivalents on hand				
Restricted cash and cash equivalents				
Other non-current assets				
Other current assets				
Total				

31 December 2021

		Carrying amount			
in thousands of euro	*Note*	Fair value hedging instruments	Mandatory at FVTPL – Other	Other financial liabilities	**Total**
Financial liabilities measured at fair value					
Interest rate swaps for hedging	*23, 26.3*	-179	-74		**-253**
Total		**-179**	**-74**		**-253**
Financial liabilities not measured at fair value					
Bank debts	*23*			-202,665	**-202,665**
Unsecured bonds				-38,172	**-38,172**
Lease liabilities	*23*			-26,349	**-26,349**
Trade payables	*24*			-3,033	**-3,033**
Other current liabilities	*24*			-1,299	**-1,299**
Total		**-**		**-275,518**	**-271,518**

31 December 2021

in thousands of euro	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Interest rate swaps for hedging		-253		**-253**
Total		**-253**		**-253**
Financial liabilities not measured at fair value				
Bank debts			-201,914	**-201,914**
Unsecured bonds			-38,050	**-38,050**
Lease liabilities			-27,317	**-27,317**
Trade payables				
Other current liabilities				
Total			**-267,282**	**-267,282**

26.2. MEASUREMENT OF FAIR VALUES

VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values as well as the significant unobservable inputs used:

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Electricity price swap agreement	DCF method: the difference between the forward electricity prices and the fixed price of the swap agreement are discounted to fair value using the expected production volumes for the solar assets included in the swap agreement.	Not applicable	Not applicable
Interest rate swaps	Market comparison technique: The fair values are based on standardised calculations of a reputable German financial institution based on the dollar offset method, using only input factors observable on the market.	Not applicable	Not applicable

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Type	**Valuation technique**	**Significant unobservable inputs**
Other financial liabilities*	Discounted cash flows in a DCF model using market interest rates and the term of the loan	Not applicable
Lease liabilities	Discounted cash flows from leases in a DCF model using market-oriented incremental borrowing rates	Not applicable

* *Other financial liabilities include secured and unsecured bank loans and unsecured bonds.*

26.3. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see B);
- liquidity risk (see C);
- market risk (see D);
- electricity price risk (see E).

A. RISK MANAGEMENT FRAMEWORK

The Company's Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Management Board has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Management Board on its activities. The risk management framework can be transferred to financial risks as further explained in the risk report included in the combined management report, page 48.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

B. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables and debt investments in the form of loans granted by the Group to third parties. The receivables of the solar assets are essentially trade receivables from the sale of the generated kilowatt hours. The purchase of the electricity generated is based on contractual remuneration rates and legally regulated and ensured in all markets in which the Group is active. These receivables are exclusively current receivables that are usually settled within two months.

The carrying amounts of financial assets represent the maximum credit exposure.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management Board also considers the factors that may influence the credit risk of its entire customer base, including the credit risk associated with the industry and country in which customers operate. Nevertheless, the Management Board has limited influence on the customer base, as customers are often legally obliged to purchase certain electricity volumes, or the Group is obliged to supply the electricity generated.

Most of the Group's customers are semi-public grid operators To date, all receivables from these customers have been received in full, and therefore no credit losses are expected in the future either. In addition, a significant amount of electricity is sold via direct sellers to energy trading companies. These companies usually have a higher risk of default than semi-public grid operators. One such customer filed for insolvency in the reporting year. To monitor this type of credit risk, the Group pays particular attention to the timing of invoicing, which is usually determined by the customer, and to the timing of settlement of the invoice.

IMPAIRMENT LOSSES ON TRADE RECEIVABLES

For trade receivables, the Group applies the simplified expected loss impairment model in accordance with IFRS 9. This is based on expected credit losses (ECL).

The Group allocates the trade receivables from the sale of electricity to largely homogenous categories that have similar characteristics regarding the estimated risk of default. Here it is significant whether the Group's rights are based on operation of law, i.e. whether the customer can pass on the receivables to be paid to the Group to its own customers (EEG levy) or whether the customer is a state-owned or semi-public enterprise.

The Group further differentiates whether securities were procured for the receivables and whether such security consists of a bank guarantee or a letter of comfort by the parent company.

The Group assesses the risk of credit losses from other trade receivables not resulting from the sale of electricity on a case-by-case basis depending on the characteristics of the individual customer and any security that was provided.

The Group uses a special impairment account. As at 31 December 2022, impairment of trade receivables was recognised at a nominal amount of EUR 1,588 thousand (2021: EUR 1,045 thousand). The increase in impairment losses thus amounted to EUR 543 thousand in the reporting period (previous year: EUR 285 thousand), which is recognised in the income statement under other operating expenses.

in thousands of euro	2022	2021
Impairment account at 1 January	**1,045**	**760**
Increase	543	285
Impairment account at 31 December	**1,588**	**1,045**

Trade receivables are not subject to interest and have a maturity of 15–30 days due to the credit note process customary in this industry.

As at 31 December, the trade receivables have the following maturity structure:

			past due but not impaired			
in thousands of euro	**Total**	**neither past due nor impaired**	**< 30 days**	**30–60 days**	**60–90 days**	**>90 days**
2022	3,785	3,174	80	23	33	475
2021	2,320	1,792	169	11	41	308

For the receivables > 90 days listed above, the Group carried out an individual credit assessment, which did not reveal any need for impairment.

IMPAIRMENT OF OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

Other financial assets measured at amortised cost mainly relate mostly to cash and cash equivalents, as well as debt investments in the form of loans granted by the Group to third parties.

As explained in Note 6.14, the Group makes an individual assessment of the timing and amount of the impairment for these financial assets based on whether there is a reasonable expectation of recovery. The impairment account kept for these assets amounted to at EUR 434 thousand (previous year: EUR 39 thousand) at the end of the reporting year.

CASH AND CASH EQUIVALENTS

The Group held cash and cash equivalents of EUR 90,486 thousand (previous year: EUR 69,332 thousand) as at 31 December 2022. This amount therefore represents the maximum credit risk with regard to these assets. The Group has not recognised any impairment losses on these financial assets, as cash and cash equivalents are deemed by the Group to have low credit risk.

Cash and cash equivalents are held at various banks or financial institutions throughout Germany, but also to a limited extent in other countries such as Italy and Belgium.

COLLATERAL RECEIVED

The Group received collateral for the sale of electricity by traders on the electricity exchanges (see Notes 6.1 A, 6.4). This collateral is mostly provided in the form of guarantees. At the end of the reporting period, such collateral amounted to EUR 2.7 million (previous year: EUR 2.7 million).

C. LIQUIDITY RISK

Liquidity risk relates to the risk that the Group is not able to meet its financial obligations on time and when due. There are no liquidity risks resulting from financial liabilities, as the Group had cash and cash equivalents of EUR 90,486 thousand (previous year: EUR 69,332 thousand) at the reporting date. Moreover, the solar assets in operation are expected with a high degree of certainty to generate cash flows that will suffice to pay interest and redeem loans and to settle financial liabilities when they fall due. Responsibility for liquidity risk management ultimately lies with the Management Board who has established an appropriate concept for the management of short-, medium- and long-term funding and liquidity requirements. The Group manages liquidity risks by maintaining adequate reserves and by constantly monitoring the forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

IFRS 7 continues to require a maturity analysis for both derivative and non-derivative financial liabilities. The following maturity analysis shows the extent to which the undiscounted cash flows related to the liabilities as at 31 December 2022 (31 December 2021) affect the future liquidity situation of the Group.

SIGNIFICANCE OF LIQUIDITY RISK

The following table shows the remaining contractual maturities of the financial liabilities as at the reporting date, including estimated interest payments. It states the undiscounted gross amounts including the estimated interest payments, but before any set-offs.

31 December 2022

	Carrying amount	Nominal amount	Contractual cash flow			
in thousands of euro			**Total**	**< 1 year**	**< 5 years**	**> 5 years**
Secured bank loans incl. interest rate swaps	188,721	187,842	245,694	29,539	140,893	75,262
Unsecured bonds	37,343	37,282	39,364	16,030	23,143	191
Lease liabilities related to rental agreements	39,049	39,782	50,181	4,564	12,597	33,020
Other lease liabilities	8	10	11	1	-	10
Total	**265,121**	**264,916**	**335,250**	**50,134**	**176,633**	**108,483**

31 December 2021

	Carrying amount	Nominal amount	Contractual cash flow			
in thousands of euro			**Total**	**< 1 year**	**< 5 years**	**> 5 years**
Secured bank loans incl. interest rate swaps	202,840	201,036	235,039	27,937	126,696	80,406
Unsecured bonds	37,342	37,390	40,409	1,046	39,057	306
Lease liabilities related to rental agreements	26,340	24,930	26,367	1,516	6,035	18,816
Other lease liabilities	8	10	11	1	-	10
Total	**266,530**	**263,366**	**301,826**	**30,500**	**171,788**	**99,538**

The gross inflows and outflows stated in the above table are the undiscounted cash flows of financial liabilities and lease liabilities from interest rate swaps that are held for risk management purposes and usually not settled before the end of their contractual term.

As disclosed under Note 23, most of the Group's bank loans contain covenants. If these covenants were to be breached in the future, a loan might have to be redeemed at an earlier period than is disclosed in the above table. This is limited to project financing and is generally without recourse to other Group companies (non-recourse).

The interest payments for variable-rate loans and bonds in the above table that are covered by interest rate swaps were recognised at a fixed interest rate. They reflect the market conditions for forward interest rates at the end of the financial year. These amounts may change as market interest rates change.

D. MARKET RISK

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

The Group buys and sells derivatives or enters into financial liabilities to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss. At the end of the reporting period, no risk concentrations were identified for Group companies.

CURRENCY RISK

The Company was not exposed to any significant currency risks, as the Group has only one Danish subsidiary, which does not carry out any independent operating activities, but can be classified as a holding company. The Danish subsidiary has no financial liabilities, and the liquidity risk is limited to current assets, with the exception of cash and cash equivalents as these are denominated in euros. Moreover, the Danish subsidiary had no significant receivables from third parties for which the Group would have to bear the currency risk of the Danish krone against the euro.

INTEREST RATE RISK

The Group is mainly exposed to interest rate risk in connection with the financing of solar assets. Bank loans with variable interest rates, which are listed under Notes 20 and 23.2, result in an interest-related cash flow risk. As a general rule, these liabilities are hedged with interest rate swaps. The following table shows an overview of the interest rate swaps concluded by the Group:

in thousands of euro	Currency	Interest rate	Year of maturity	31.12.2022 Carrying amount	31.12.2021 Carrying amount
Solarpark Neudorf GmbH	EUR	1.98% vs. EURIBOR (3M)	2017–22	-	2
PWA Solarparks GmbH & Co. KG	EUR	2.00% vs. EURIBOR (3M)	2016–34	-21	47
7C Solarparken NV	EUR	3.35% vs. EURIBOR (3M)	2017–27	2	74
Solarpark Höttingen GmbH & Co. KG	EUR	1.30% vs. EURIBOR (3M)	2021–43	-90	45
Energiepark SP Theilenhofen GmbH & Co. KG	EUR	1.50% vs. EURIBOR (3M)	2021–44	-77	62
Amatec PV 37 GmbH & Co. KG	EUR	1.87% vs. EURIBOR (3M)	2009–24	1	23
Total				**-185**	**253**

With regard to the nominal amount of the bank loans hedged using interest rate swaps, please refer to Notes 20 and 23.2.

The reconciliation of interest rate swaps during financial year 2021 can be derived as follows:

in thousands of euro	Currency	Fair value 31 December 2022	Fair value 31 December 2021	Difference through profit or loss for the period	Difference through other comprehensive income
Solarpark Neudorf GmbH	EUR	**-**	-2	-	2
PWA Solarparks GmbH & Co. KG	EUR	**21**	-47	68	-
7C Solarparken NV	EUR	**-2**	-74	72	-
Solarpark Höttingen GmbH & Co. KG	EUR	**90**	-45	-	135
Energiepark SP Theilenhofen GmbH & Co. KG	EUR	**77**	-62	-	139
Amatec PV 37 GmbH & Co. KG	EUR	**-1**	-23	-	22
Total		**185**	**-253**	**140**	**298**

As at the reporting date, there were no bank loans with variable interest rates not hedged by interest rate swaps. 7C Solarparken NV (as legal successor of Swan Energy NV) has taken out a loan of EUR 826 thousand (previous year: EUR 1,019 thousand) with a variable interest rate, for which a pro rata interest rate swap of 75% of the loan volume was concluded. Consequently, there is an interest rate risk for the remaining loan amount of EUR 207 thousand (previous year: EUR 255 thousand). Within the promissory note loan, there is also one tranche of EUR 1,494 thousand (previous year: EUR 1,489 thousand) with a variable interest rate.

The following table shows the effects of an assumed interest rate change of +/-100 basis points for a term of one year for variable-rate bank financing that is not hedged by interest rate swaps.

in thousands of euro	**31.12.2022**		**31.12.2021**	
Interest rate level	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Bank financing with variable interest rates	27	-27	7	-7
Unsecured bonds with variable interest rates	30	-30	30	-30
Effects on earnings of non-effective derivative financial instruments	14	-14	21	-21
Total	**70**	**-70**	**58**	**-58**

In order to hedge interest rate risk, 7C Solarparken has entered into interest rate swaps. Pursuant to IFRS 7, interest rate risks are disclosed in sensitivity analyses. These analyses show the effects of changes in market interest rates on interest payments, interest income and expenses, other components of profit or loss and, where applicable, equity. The interest rate sensitivity analyses are based on the following underlying assumptions.

Changes in the market interest rate of non-derivative financial instruments with fixed interest rates only affect the profit or loss if these are measured at fair value. The fixed-interest financial instruments measured at amortised cost are not subject to interest rate risks within the meaning of IFRS 7.

Changes in the market interest rates of financial instruments designated as hedging instruments (interest rate swaps) for cash flows to hedge interest-related payment fluctuations affect the hedging reserve in equity and are therefore taken into account in the equity-related sensitivity analyses.

The following table shows the effect of assumed changes in interest rate of +/-100 basis points ceteris paribus for the effective portion of derivative financial instruments on equity:

in thousands of euro	**31.12.2022**		**31.12.2021**	
Interest rate level	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Changes in equity from effective derivative financial instruments	214	162	99	-121

The effectiveness tests carried out at 31 December 2022 indicated an effectiveness in the range of 98% to 100% for all hedging relationships, which is within a range of 80% to 120%.

E. ELECTRICITY PRICE RISK

As a general rule, the Group receives income from the sale of electricity in Germany based on the feed-in tariffs for electricity from renewable energy sources in accordance with the German Renewable Energy Sources Act (EEG). Since 2012, the German government has endeavoured to integrate solar assets into the market by means of direct seller agreements (Direktvermarktung). Operators with assets commissioned before 2016 have the option to offer their electricity on the European Energy Exchange (EEX), whereas operators of assets commissioned after 2016 are under an obligation to offer their electricity on the EEX. In addition to the current EEX price, operators who sell electricity directly also receive a market premium amounting to the difference between the legally or contractually agreed feed-in tariff and the current price on the EEX plus EUR 4/MWh for those who participate voluntarily. Under the current law, the market premium cannot be negative, meaning that with higher electricity prices, particularly for assets that have a lower feed-in tariff than the electricity price, there is potential to generate additional revenue.

This results in a risk for the Group that it might not be able to generate such additional revenue if the monthly electricity price is below the remuneration rate for individual assets. Due to higher electricity prices in the first months of the financial year, the Group has decided to mitigate such electricity price risks with a cash flow hedge in the form of a swap agreement.

Therefore, the Group entered into its first swap agreement with a large European electricity provider in April 2022 in order to hedge electricity price risks. The swap agreement's term is from 1 June 2022 until 31 December 2023 and covers about one quarter of the Group's IPP portfolio (93 MWp).

The solar assets under this contract receive a weighted average statutory feed-in tariff of 58 EUR/MWh. Under the swap agreement, the Group will receive a fixed price of 149.5 EUR/MWh over the term of the swap agreement instead of the EEX electricity price less any positive differences between the feed-in tariff and the EEX electricity prices for PV. If such a positive difference arises, the grid operator will pay this to the Group as a market premium as stipulated in the EEG. The swap agreement covers the real output volumes of the solar assets.

The aim of the agreement is that the Group generates a fixed price of 149.5 EUR/MWh for the real output of its solar assets over the term of the swap agreement, irrespective of the EEX electricity prices for PV.

Derivatives are initially and subsequently measured at fair value (see Note 6.12 E) and changes therein are generally recognised in profit or loss.

The Group, however, classifies the swap agreement concluded to hedge against price swings as a derivative which is used to hedge against fluctuations in cash flow resulting from highly probable forecast transactions that arise from changes in electricity prices.

At inception of the swap agreement, the Group documented the risk management objective and strategy for undertaking the hedge. The Group also documented the economic relationship between the hedged item and the hedging instrument, and the Group expects the changes in cash flows of the hedged item and hedging instrument to offset each other.

Therefore, the swap agreement was classified as a derivative, i.e. as a cash flow hedging instrument, and the effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in the hedging reserve. This portion is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The hedging reserve and the cost of hedging reserve are consistently grouped and presented in other comprehensive income from hedging relationships in the equity item.

If the hedge in the form of the swap agreement no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

Once accounting for the swap agreement is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been recognised in other comprehensive income from hedging relationships and the cost of hedging reserve are immediately reclassified to profit or loss.

As at the reporting date, the following derivative liability under the swap agreement was recognised for the first time:

in thousands of euro	**Currency**	**Interest rate**	**Year of maturity**	**31.12.2022 Carrying amount**	**31.12.2021 Carrying amount**
Electricity price swap agreement	EUR	Fixed price vs. EEX electricity prices for PV*	2022–2023	1,199	-
Total				**1,199**	**0**

** Less any positive difference between the feed-in tariff and the EEX electricity prices for PV.*

The following assumptions and estimates were made as at the reporting date to account for the fair value of the swap agreement: average forward electricity price in the period 1 July 2022 to 31 December 2023 of 280 EUR/MWh and an estimated specific output of 1,017 kWh/kWp for one financial year spread over the hedged months on the basis of empirical data.

The following table shows the effects on other comprehensive income as at the reporting date of a change in forward electricity prices by +/-10 EUR/MWh for the remaining term of the swap agreement (1 January 2023 until 31 December 2023):

in thousands of euro	**31.12.2022**	
Change in other comprehensive income if forward electricity price changes by:	+10 EUR/MWh	-10 EUR/MWh
Other comprehensive income from swap agreement designated as hedge accounting, before tax	-830	+830
Deferred tax on other comprehensive income from swap agreement designated as hedge accounting	239	-239
Other comprehensive income from swap agreement designated as hedge accounting, net of tax	**-591**	**+591**

27. LEASES

For accounting policies, please refer to Note 6.16.

27.1. LEASES AS A LESSEE

The Group has an insignificant volume of lease contracts which are not recognised on the balance sheet. This concerns a rented office space with a term of less than three months as well as various lease or rental agreements for which the lease payments depend on the revenue generated or the output generated by the installations operated on this real estate. These lease or rental agreements do not require a minimum lease payment. The variable lease payments under these lease or rental agreements are recognised in profit or loss under other operating expenses. The payments are variable because the contracts have a component according to which a part of the lease payments depends on the revenue generated with the solar asset on the piece of land.

Total cash outflow from leases amounted to EUR 2,067 thousand in the financial year (previous year: EUR 2,104 thousand).

27.2. LEASES AS A LESSOR

The Group also owns some land and buildings, some of which are rented out on a long-term basis in addition to own use. This usually relates to operating leases with a term of more than 20 years for the rental of open space for the operation of photovoltaic systems as well as office space rented out in the short to medium term (up to five years).

A. FUTURE MINIMUM LEASE PAYMENTS

As at 31 December 2022, the following future minimum lease payments are outstanding under non-cancellable leases:

in thousands of euro	2022
2022	140
2023	131
2024	98
2025	96
2026	96
More than five years	428
Total	**989**

As at 31 December 2021, the following future minimum lease payments were outstanding under non-cancellable leases:

in thousands of euro	2021
2021	140
2022	131
2023	98
2024	96
2025	96
More than five years	524
Total	**1,087**

B. AMOUNTS RECOGNISED IN PROFIT OR LOSS

In 2022, rental income from properties in the amount of EUR 164 thousand (previous year: EUR 164 thousand) was recognised in revenue:

in thousands of euro	2022	2021
Properties from which rental income is generated	162	164
Total	**162**	**159**

28. CONTINGENT LIABILITIES

The Group has construction obligations from investment grant procedures. A bank guarantee in the amount of EUR 39 thousand (previous year: EUR 4 thousand) has been deposited for this purpose, and the corresponding probability of utilisation is less than 50%, but not improbable.

29. RELATED PARTIES

29.1. TRANSACTIONS WITH KEY MANAGEMENT

A. KEY MANAGEMENT REMUNERATION

Key management personnel remuneration comprised the following:

in thousands of euro	2022	2021
Short-term employee benefits	527	474
Total	**527**	**472**

The compensation of the existing members of the Group’s Management Board for their functions within the Group (direct and indirect) amounted to EUR 527 thousand in financial year 2022 (previous year: EUR 474 thousand).

B. TRANSACTIONS WITH KEY MANAGEMENT

On the date of publication, the members of the Management Board control 2.2% of the voting shares of the Company.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

in thousands of euro	Transaction values		Balance outstanding at 31 December	
Transaction	**2022**	**2021**	**2022**	**2021**
Services*(*)*	1	1	-	-
External services*(**)*	67	61	-	-

(*) The Group renders accounting services to a company owned by a member of the Management Board. The services are paid for at market rates.

(**) One member of the Management Board indirectly provided the Group with an employee through his company in the current financial year. This transaction was recognised as external services in operating expenses and also presented in this table. The provision of staff is paid for at market rates.

C. TRANSACTIONS WITH MEMBERS OF THE SUPERVISORY BOARD

There were no transactions or outstanding balances related to members of the Supervisory Board and entities over which they have control or significant influence in the current or previous reporting period.

D. TRANSACTIONS WITH INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

in thousands of euro	Viriflux BV	Zweite Solarpark Nowgorod GmbH & Co. KG
Sale of services	1	3
Other operating income	-	-

E. TRANSACTIONS WITH OTHER RELATED PARTIES

There were no transactions with other related parties in the reporting period.

30. SUBSEQUENT EVENTS

A. CONTROL OBTAINED OVER THE INVESTMENT COMPANY GSI SOLARFONDS DREI GMBH & CO. KG

The Group has been managing the fund company GSI Solarfonds drei GmbH & Co. KG as of the financial year 2019. This fund company indirectly operates the following project companies. Together with the project companies, the fund company is hereinafter referred to as the Fund.

Name of the company	Registered office	Name of the solar asset	kWp
Photovoltaikkraftwerk Ansbach GmbH & Co. KG	Bavaria	Ansbach	3,945
Photovoltaikkraftwerk Brodswinden GmbH & Co. KG	Bavaria	Brotswinden	2,937
Photovoltaikkraftwerk Ermlitz-Mitte GmbH & Co. KG	Saxony-Anhalt	Ermlitz-Mitte	1,987
Photovoltaikkraftwerk Ermlitz-Nord GmbH & Co. KG	Saxony-Anhalt	Ermlitz-Nord	2,582
Photovoltaikkraftwerk Goldbeck GmbH & Co. KG	Saxony-Anhalt	Goldbeck	2,760
Photovoltaikkraftwerk Römerhügel GmbH & Co. KG	Brandenburg	Römerhügel	2,880
Photovoltaikkraftwerk Selb GmbH & Co. KG	Bavaria	Selb	4,200
Total			**21,291**

In total, the Fund operates solar assets with a capacity of 21.3 MWp generating total revenue of approximately EUR 3.7 million and EBITDA of EUR 3.0 million under the assumption of normal weather conditions and availability. As at the reporting date, the Group has a shareholding in the Fund of 1.51%.

In the course of financial year 2022, the Group provided the Fund with financial resources to repay project financing taken out by the Fund with a total volume of EUR 8.2 million with the financing bank. At the shareholders' meeting held in January 2023, the Group proposed to the shareholders of the Fund to bring these financial resources into the fund company as a contribution in kind. The shareholders' meeting approved this with the required majority, and the contribution in kind was subsequently executed. Moreover, the Group has repurchased additional interest in the fund company in the first quarter of the current year for EUR 2.2 million. As a result the Group's shareholding in the Fund increased to 59.98%. Thereby the Group obtained control over the Fund in the current financial year.

In this transaction, five of the seven project companies were merged into the fund company GSI Solarfonds drei GmbH & Co. KG and accrued by way of singular succession.

31. DISCLOSURES PURSUANT TO SECTION 315A GERMAN COMMERCIAL CODE (HGB)

31.1. AUDITOR'S FEE

in thousands of euro	2022	2021
Audit of the financial statements	199	175
Other services related to comfort letters and audit opinions	9	9
Other services	9	30
Total	**217**	**214**

The auditor's fee for the audit of financial statements in the financial year amounted to EUR 184 thousand as at 31 December 2022 (previous year: EUR 184 thousand). In addition to the fee for the audit of financial statements, auditor's fees for other assurance services of EUR 9 thousand (previous year: EUR 9 thousand) were recognised.

31.2. CORPORATE GOVERNANCE

The declaration of compliance with the German Corporate Governance Code pursuant to section 161 German Stock Corporation Act (AktG) was submitted and made permanently available to shareholders on the corporate website. For more detailed information, please refer to the Corporate Governance Report in the Annual Report.

31.3. EMPLOYEES

The Group had an average of 24 employees in financial year 2022 (previous year: 29). As at 31 December 2022, the Group had 23 employees (previous year: 27).

32. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

7C Solarparken applies the principles of the framework and all IFRSs issued by the International Accounting Standards Board (IASB) as endorsed by the EU and mandatory as at the reporting date 31 December 2022 as well as the mandatory Interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC).

32.1. APPLIED FOR THE FIRST TIME IN THE FINANCIAL YEAR

The following new standards and interpretations or amendments to existing standards and interpretations were applicable for the first time in financial year 2022:

Standard (issued on)	Applicable for financial years beginning on or after	Content and significance	Effects
IAS 37	1 January 2022	Onerous contracts	insignificant
IAS 16	1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use	insignificant
Various	1 January 2022	Annual Improvements to IFRS 2018–2020 Cycle	insignificant

The changes had no significant impact on the presentation of the financial position, net assets and results of operations in these consolidated financial statements.

32.2. NOT YET APPLIED IN THE FINANCIAL YEAR

The IASB has issued the following new or amended standards that are relevant from today's perspective. However, as these standards are not yet mandatory or have not yet been endorsed by the EU, 7C Solarparken has not applied these standards in its consolidated financial statements as at 31 December 2022. The new or amended standards are applicable for annual reporting periods beginning on or after the respective effective date. They are not usually applied prematurely, even if some individual standards permit early application.

Standard (issued on)	Applicable for financial years beginning on or after	Content and significance
IAS 1	1 January 2023	Classification of Liabilities as Current or Non-current
IFRS 17	1 January 2023	Amendments to IFRS 17 *Insurance Contracts*
IAS 1	1 January 2023	Disclosure of Accounting Policies
IAS 8	1 January 2023	Definition of Accounting Estimates
IAS 12	1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except for the effects of the amendments to IAS 12, the Group does not expect any material effects on financial position, net assets and results of operations of the Group based on current assessment. The initial recognition of deferred taxes arising from a single transaction in line with the amendments to IAS 12 could lead to an increase in total assets.

33. LIST OF ABBREVIATIONS AND DEFINITIONS

EPC	EPC is the abbreviation of Engineering, Procurement and Construction and can take the form of a sales and purchase agreement or alternatively a contract for work and services covering the design, component procurement and construction of a solar asset
O&M	Operating and maintenance
COLEXON	The listed Group or the Company, respectively, before it was acquired on 9 September 2014
Feed-in tariff	The remuneration paid for electricity, which is fed into the grid
Direct seller (Direktvermarktung)	Sale of electricity on the European Energy Exchange (EEX)
EEG	The German Renewable Energy Sources Act as amended, for instance EEG 2017
GW	Gigawatt
GWp	Gigawatt-peak
Member of Management	The members of the Management Board themselves as well as the companies controlled by them and performing management services.
MWp	Megawatt-peak
kWp	Kilowatt-peak
AktG	German Stock Corporation Act
HGB	German Commercial Code
IFRS	International Financial Reporting Standards
PV asset	Solar installation
PV estate	Acquisition of real estate, which is used (partly) for generating solar electricity

34. CORPORATE BODIES

A. MEMBERS OF THE MANAGEMENT BOARD

Steven De Proost	
CEO	since 1 June 2014
Place of residence	Betekom, Belgium
Academic degree	Business engineer

Koen Boriau	
CFO	since 28 May 2014
Place of residence	Antwerp, Belgium
Academic degree	Master of Applied Economics

B. MEMBERS OF THE SUPERVISORY BOARD

Joris De Meester

Member	since 15 February 2013
Chairperson	since 15 July 2016
Deputy Chairperson	until 15 July 2016
Occupation	Managing director of OakInvest BV, Antwerp, Belgium

Seats on supervisory boards and similar supervisory bodies within the meaning of section 285 no. 10 HGB:

- Director, HeatConvert U.A., Goor, Netherlands
- Director, PE Event Logistics Invest NV, Leuven, Belgium
- Director, Family Backed Real Estate NV, Antwerp, Belgium
- Director, Sebiog-Invest BV, Brecht, Antwerp, Belgium
- Director, JPJ Invest NV, Sint-Martens-Latem, Belgium
- Director, NPG Bocholt NV, Bocholt, Belgium
- Director, Biopower Tongeren NV, Tongeren, Belgium
- Director, Sebiog Group NV, Bocholt, Belgium
- Director, Agrogas BV, Geel, Belgium

Bridget Woods

Member	since 17 December 2015
Deputy Chairperson	since 15 July 2016
Occupation	Management consultant

Seats on supervisory boards and similar supervisory bodies within the meaning of section 285 no. 10 HGB:

- Director, Quintel Intelligence Ltd., London, Great Britain
- Director, Quintel Advisory Services Ltd., London, Great Britain
- Director, Iagree Ltd., Giv’atayim, Israel
- Director, Roby AI Ltd., Leeds, Great Britain
- Director, One Eco Ltd., Canterbury, Great Britain

Paul Decraemer	
Member	since 14 July 2017
Occupation	Managing director Paul Decraemer BV, Lochristi, Belgium
	CFO Inbiose NV, Zwijnaarde, Belgium

Seats on supervisory boards and similar supervisory bodies within the meaning of section 285 no. 10 HGB:

- Director, Seelution AB, Gothenburg, Sweden
- Director, ABO-Group Environment NV, Ghent, Belgium

Paul De fauw	
Member	since 17 July 2020
Occupation	Managing director Defada BV, Bruges, Belgium
	CEO Vlaamse Energieholding BV, Torhout, Belgium

Seats on supervisory boards and similar supervisory bodies within the meaning of section 285 no. 10 HGB:

- Chairman of the administrative board, Luminus NV, Brussels/Belgium
- Director, Northwind NV, Brussels, Belgium
- Director, Publipart NV, Brussels, Belgium
- Director, Publi-T NV, Brussels, Belgium
- Director, V.L.E.E.M.O. NV, Antwerp, Belgium
- Director, V.L.E.E.M.O. II NV, Antwerp, Belgium
- Director, V.L.E.E.M.O. III NV, Antwerp, Belgium
- Director, Imec.Istart Fund NV, Leuven, Belgium
- Director, Renasci NV, Ghent, Belgium

Bayreuth, 5 April 2023

Steven De Proost Chief Executive Officer (CEO)	Koen Boriau Chief Financial Officer (CFO)

FURTHER DISCLOSURES

RESPONSIBILITY STATEMENT

“We assure that the financial statements or consolidated financial statements give, to the best of our knowledge, and in accordance with the applicable accounting principles, a true and fair view of the net assets, financial position and results of operation of the Group, and that the combined management report includes an accurate review of the business development, performance and overall position of the Group, together with a description of the main opportunities and risks associated with the outlook of the Group.”

Bayreuth, 5 April 2023

Steven De Proost

Chief Executive Officer (CEO)

Koen Boriau

Chief Financial Officer (CFO)

AUDITOR’S OPINION

INDEPENDENT AUDITOR’S CERTIFICATE

To 7C Solarparken AG, Bayreuth

NOTE ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have audited 7C Solarparken AG’s and it subsidiaries’ (the Group) consolidated financial statements, comprising the consolidated balance sheet as of December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash-flow statement for the fiscal year from January 1, 2022 through December 31, 2022, as well as the notes to the consolidated financial statements, including a summary of significant accounting methods. In addition, we have audited 7C Solarparken AG’s combined management report for the fiscal year from January 1, 2022 through December 31, 2022. In accordance with German legal requirements, we have not audited the content of the “Corporate Governance Statement pursuant to Art. 315d and 289f HGB (German Commercial Code)” referred to in the section “Other legal disclosures” of the combined management report, nor the disclosures in the section “Significant features of the internal control system and risk management in relation to the financial reporting process”.

According to our assessment based on our audit’s findings

- the attached consolidated financial statements comply, in all material respects, with IFRS as applicable in the EU and the supplementary German legal requirements applicable pursuant to Art. 315e (1) HGB and provide, by taking into account these requirements, a true and fair view of the Group’s assets and financial position as of December 31, 2022 and of its profit situation for the fiscal year from January 1 through December 31, 2022; and

- the attached combined management report as a whole provides a true and fair view of the Group’s position. In all material respects, this management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group’s future development. Our audit opinion on the combined management report does not cover the content of the aforementioned corporate governance statement and the disclosures in the section “Significant features of the internal control system and risk management with regard to the financial reporting process” in the combined management report.

Pursuant to Art. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the consolidated financial statements' and the combined management report's legal compliance.

Basis for our audit opinions

We have conducted our audit of the consolidated financial statements and of the combined management report in accordance with Art. 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the German Institute of Certified Public Accountants (*Institut der Wirtschaftsprüfer*; "IDW"). Our responsibilities pursuant to these requirements and principles are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" in our audit certificate. We are independent from the Company in accordance with the requirements pursuant to European law as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, we declare in accordance with Article 10 Sec. 2 lit. f) of the EU Audit Regulation that we have not provided any non-audit services prohibited pursuant to Article 5 Sec. 1 of the EU Audit Regulation. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions expressed on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2022 through December 31, 2022. These matters have been taken into account in connection with our audit of the consolidated financial statements as a whole, and in forming our audit opinion related herewith; we do not express a separate audit opinion on such matters.

From our perspective, the following matters were of most significance during our audit:

- Solar parks' recoverability
- Recognition of the swap agreement in order to hedge electricity price risks

We have structured our presentation of these key audit matters as follows:

1) Facts and problem
2) Audit approach and findings
3) Reference to further information

In the following, we present the audit matters that we consider to be of particular importance:

A. Solar parks' recoverability

1.)

In the consolidated financial statements of 7C Solarparken, solar parks in the amount of KEUR 349,259 (63.5 % of the consolidated balance sheet total) are reported under the balance sheet item "Tangible assets". Solar parks are depreciated annually in accordance with their expected useful life and are also subjected to an impairment test on an ad hoc basis in order to identify any possible impairment. The development of the operating business, which is measured via the so-called "EBITDA yield" (EBITDA per solar park/book value per solar park), is particularly relevant as an indication of possible impairment (impairment indicator). If the EBITDA Yield falls below a fixed reference value determined by 7C Solarparken, a detailed impairment test is performed for the solar park concerned. The value in use of the respective plant is determined and compared with the carrying amount of the cash-generating unit to which the solar park in question is allocated. In particular, the output volume of the plant, the solar irradiation and the legally guaranteed feed-in tariff are taken into account. Discounting is carried out using the average weighted cost of capital. The result of this valuation is highly dependent on the assumptions of the individual valuation parameters. The valuation is therefore subject to significant uncertainties. In view of the fact that the solar parks account for the majority of the balance sheet total and that, in addition, impairment is likely to affect the Group's net assets and profit situation, this is a particularly important audit matter.

2.)

In our audit, we examined, among other things, the methodical approach of the impairment test (determination of the impairment indicator "EBITDA Yield") and the determination of the present value of future cash flows. In doing so, we checked the plausibility of the data on which the calculation of the EBITDA yield is based and the reference values used. For plants for which a detailed impairment test had to be performed, we then checked the plausibility of the parameters used to calculate the value in use, verified the result and checked conformity with IAS 36. We came to the conclusion that the methodical procedure for determining the impairment indicator is appropriate, that the valuation parameters and assumptions used by the legal representatives are plausible and that the values in use were derived correctly. The solar parks' recoverability was therefore assessed appropriately.

3.)

The Group's disclosures on tangible assets are included in the notes to the consolidated financial statements in the section "Significant accounting methods", subsection "6.14

Impairments” and “Notes to the balance sheet”, subsection “17.1 Tangible assets”.

B. Recognition of the swap agreement in order to hedge electricity price risks

1.)

In the fiscal year, 7C Solarparken AG concluded a swap agreement in order to hedge electricity price risks with a major European electricity supplier. This serves to hedge volatile cash flows from electricity price fluctuations and relates to solar plants operated by 7C Solarparken Group. The swap agreement has a term from June 1, 2022 to December 31, 2023 and covers approximately one quarter of the Group's IPP portfolio. The swap agreement is intended to ultimately result in the Group receiving a higher fixed payment for the affected solar plants than the weighted average statutory feed-in tariff rate for these solar plants and being less dependent on market price fluctuations. The swap agreement covers the solar plants’ real production volumes. For the swap agreement, the Group applies hedge accounting. In our view, this is a complex accounting issue that was of particular importance for the audit.

2.)

Within the scope of our audit, we assessed the contract with the European electricity supplier and the Group’s documentation in connection with this derivative. In particular, we examined whether the requirements for the application of hedge accounting pursuant to IFRS 9 have been consistently met. In addition, we checked the fair values’ underlying assumptions with regard to their plausibility and the entire calculation for consistency. Furthermore, we checked whether the notes to the consolidated financial statements contain the required disclosures in connection with the derivative. We consider financial reporting within the scope of hedge accounting as well as the disclosures in the notes to be appropriate.

3.)

The Group’s disclosures on the swap agreement are included in the notes to the consolidated financial statements in the sections “6.4 Sales revenues from contracts with customers”, “9.1 Sales revenues”, “21. D. Other hedging result”, “24. Trade payables and other liabilities”, “26.2. Determination of fair values”, and “26. E. Electricity price risk”.

Other information

The legal representatives and the supervisory board are responsible for other information. Other information comprises:

- the Management Board's report,
- the Supervisory Board's report,
- the corporate governance statement published on the website in accordance with Art. 315d, 289f HGB including the statement on the German Corporate Governance Code,
- the information contained in the section "Significant features of the internal control system and risk management in relation to the financial reporting process" in the combined management report, and
- the responsibility statement provided by the legal representatives.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained during the audit; or

- otherwise seems to have been materially misstated.

Responsibilities of the legal representatives and the supervisory board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as applicable in the EU and the supplementary German legal requirements applicable pursuant to Art. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, provide a true and fair view of the Group's net assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have determined as being necessary in order to provide for the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud (i.e., manipulation of accounting and property damage) or error.

When preparing the consolidated financial statements, the legal representatives are responsible to assess the Group's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the continuation as a going concern. Furthermore, they are responsible for financial reporting based on the going concern principle unless there is an intention to liquidate the Group or to discontinue business operations or if there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of the Group's future development. Furthermore, the legal representatives are responsible for such precautions and measures (systems) they have deemed necessary in order to provide for the preparation of a combined management report that is in accordance with applicable German legal requirements, and in order to provide sufficiently appropriate evidence for the statements contained in the combined management report.

The supervisory board is responsible for monitoring the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the combined management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from any material misstatements, whether due to fraud or error, and whether the combined management report as a whole presents a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development, as well as to issue an audit certificate that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the combined management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than the risk of not detecting any material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- obtain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of precautions and measures relevant for the audit of the combined management report in order to plan audit procedures being appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the audit certificate to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements provide, by taking into account IFRS as applicable in the EU and the supplementary German legal requirements applicable pursuant to Art. 315e (1) HGB, a true and fair view of the Group’s assets, liabilities, financial position and profit situation;
- obtain sufficiently appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions;
- evaluate the combined management report's consistency with the consolidated financial statements, its conformity with German law, and its presentation of the Group’s position;

- perform audit procedures in connection with the prospective information presented by the legal representatives in the combined management report. On the basis of sufficiently appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ significantly from the prospective information.

We discuss with the supervisors, inter alia, the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system we identify during our audit.

We also provide the supervisors with a declaration that we have complied with the relevant independence requirements and discuss with them all relationships and other circumstances that may reasonably be expected to affect our independence as well as the related measures taken in order to eliminate any risks to our independence or protective measures taken in this regard, if applicable.

From the circumstances discussed with the supervisors, we determine those matters that were of most significance during the audit of the consolidated financial statements for the current reporting period and therefore constitute key audit matters. We describe these circumstances in our auditor's certificate unless the circumstance's public disclosure should be precluded by any law or other regulation.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Note on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purposes of disclosure pursuant to Art. 317 (3a) HGB

Audit opinion

Pursuant to Art. 317 Sec. 3a HGB, we have performed an audit in order to determine with reasonable assurance whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as the "ESEF documents") contained in the attached file “7C_Konzern_2022” and prepared for disclosure purposes comply in all material respects with the requirements pursuant to Art. 328 (1) HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, such audit extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

According to our assessment, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements pursuant to Art. 328 (1) HGB. We do not express an audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond the scope of this audit opinion and our audit opinions on the attached consolidated financial statements and the attached combined management report for the fiscal year from January 1, 2022 to December 31, 2022 contained in the preceding "Report on the audit of the consolidated financial statements and the combined management report".

Basis for our audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with Art. 317 (3a) HGB and in compliance with the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Art. 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibility in accordance with such standard is further described in the section “Group auditor’s Responsibility for the Audit of the ESEF Documents". Our auditing practice complies with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements to Quality Assurance in Auditing Practice (IDW QMS 1).

Legal representatives' and Supervisory Board's responsibilities for the ESEF documents

The Company's legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Art. 328 (1) sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with Art. 328 (1) sentence 4 no. 2 HGB.

Furthermore, the legal representatives are responsible for such internal controls they have deemed necessary in order to enable the preparation of the ESEF documents that are free from any material non-compliance, whether due to fraud or error, with the provisions pursuant to Art. 328 (1) HGB regarding the electronic reporting format.

The supervisory board is responsible for monitoring the preparation of the ESEF documents as part of the reporting process.

Group auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from any material non-compliance, whether due to fraud or error, with the requirements pursuant to Art. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material non-compliance with the requirements pursuant to Art. 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- obtain an understanding of the internal controls relevant for the audit of the ESEF documents in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- assess the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file;
- assess whether the ESEF documents allow a consistent XHTML reproduction of the audited consolidated financial statements and the audited combined management report.

- assess whether the markup of ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 as amended at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 EU Audit Regulation

We were elected as group auditors by the annual general meeting on July 21, 2022. We were engaged by the supervisory board on November 21, 2022. We have served as 7C Solarparken AG's group auditors without interruption since the fiscal year 2015.

We declare that the audit opinions contained in this audit certificate are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

We have provided the following services which have not been disclosed in the consolidated financial statements or in the combined management report in addition to the financial statement audit for the group companies:

In the fiscal year 2022, we have provided other assurance services to 7C Solarparken AG regarding compliance with the governance agreed with the promissory note issuers. These have no impact on the audited financial statements. Furthermore, in fiscal year 2022, we assisted in answering questions raised by the German Federal Financial Supervisory Authority ("BaFin"). These had no impact on the audited financial statements either. The supervisory board approved all non-audit services provided.

OTHER FACTS – USE OF THE AUDIT CERTIFICATE

Our audit certificate must always be read in conjunction with the audited consolidated financial statements and the audited management report as well as the audited ESEF documents. The consolidated financial statements and the management report converted into ESEF format – also the versions to be disclosed in the business register – are mere electronic reproductions of the audited consolidated financial statements and of the audited management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein must only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Ms. Alexandra Dittus.

Nuremberg, April 5, 2023

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Gloth	Dittus
German CPA	German CPA

DISCLAIMER

This report contains forward-looking statements that are based on the expectations and current assumptions and estimates of the Management Board of 7C Solarparken AG. Such forward-looking information is subject to risks and uncertainties. Many factors that are as yet unforeseeable may cause the actual performance and results of 7C Solarparken AG or the Group to differ considerably from such expectations. Such potential factors include the failure of the market to accept newly launched products or services, changes in the general macroeconomic and microeconomic environment, the failure to meet efficiency or cost savings targets or changes in the business strategy. The Management Board is convinced that the expectations underlying these forward-looking statements are well-founded and realistic. Should, however, any of the aforementioned or other unforeseen risks materialise, 7C Solarparken AG can provide no guarantee that these expectations will turn out to be accurate.