EEW Holding GmbH
Helmstedt

Long-form audit report
Consolidated financial statements and group management report
31 December 2021

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Courtesy Translation

The English language report is only a courtesy translation attached to the German language report. For the interpretation of the arrangements made the German text shall prevail.

Building a better working world

Translation from the German language

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Exhibits

1 Consolidated financial statements for fiscal year 2021, comprising:
   - Consolidated income statement
   - Consolidated statement of comprehensive income
   - Consolidated statement of financial position
   - Consolidated statement of cash flows
   - Consolidated statement of changes in equity
   - Notes to the consolidated financial statements

2 Group management report for fiscal year 2021

Engagement Terms, Liability and Conditions of Use
General Engagement Terms

Note: Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures (units of currency, percentages, etc.).

Translation from the German language

Abbreviations

BEHEIM	Beijing Enterprises Holdings European Investment Management S.à r.l., Luxembourg, Luxembourg
BEHL	Beijing Enterprises Holdings Ltd., Hong Kong, People's Republic of China
EEW GmbH	EEW Energy from Waste GmbH, Helmstedt, Germany
EEW Holding	EEW Holding GmbH, Helmstedt, Germany
Good Champion	Good Champion Investments Limited, British Virgin Islands
KSC Schwedt	Kraftwerk Schwedt GmbH & Co. KG, Schwedt/Oder, Germany
M+E KG	M+E Holding GmbH & Co. KG, Helmstedt, Germany
RDF	refuse-derived fuel

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A. Audit engagement

In accordance with a resolution approved at the shareholder meeting on 27 April 2021, the management board of EEW Holding GmbH, Helmstedt (the "Company" or "EEW Holding"), engaged us to audit the Company's consolidated financial statements as of 31 December 2021 including the group management report.

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed "Engagement Terms, Liability and Conditions of Use."

This long-form audit report is addressed to the Company.

Translation from the German language

B. Reproduction of the auditor's report

We issued the following auditor's report on the consolidated financial statements and the group management report:

"Independent auditor's report

To EEW Holding GmbH

Opinions

We have audited the consolidated financial statements of EEW Holding GmbH, Helmstedt, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2021 to 31 December 2021 consolidated statement of financial position as at 31 December 2021 consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January 2021 to 31 December 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of EEW Holding for the fiscal year from 1 January 2021 to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

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

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit."

C. General findings

Comments on the executive directors' assessment of the Group's position

In our opinion, on the basis of the knowledge obtained in the audit, we consider the executive directors' discussion and analysis of the Group's position and its anticipated development as presented in the consolidated financial statements and in the group management report to be fitting.

Position of the Group and development of its business

The following aspects should be highlighted:

- In spite of the coronavirus pandemic, the waste market did not experience any significant negative effects in fiscal year 2021. The EEW Group reported a slight year-on-year increase in the volume of waste accepted.
- In fiscal year 2021, the Group generated revenue of EUR 659.0m (prior year: EUR 629.3m), primarily from the recovery and disposal of waste, the sale of the energy generated from it and the operation of energy from waste plants. The revenue forecast for 2021 was surpassed owing to the price increases in nearly all waste segments and an optimized segment mix.
- EBITDA of EUR 233.2m and EBIT of EUR 146.4m were recorded in the reporting period (prior year: EUR 225.8m and EUR 127.7m, respectively). The absolute increase in EBIT is primarily due to higher revenue and lower amortization of intangible assets. Net of the financial and tax result of EUR 41.4m (prior year: EUR 33.8m), consolidated profit for the period totals EUR 105.0m (prior year: EUR 93.9m).
- The Group's total assets increased by EUR 137.2m year on year to EUR 1,444.4m, largely due to investments in growth projects and their funding. The equity ratio decreased from 40.1% to 39.1%.
- Non-current liabilities are mainly attributable to the green bond of EUR 400.0m and the remaining portion of the promissory note loan.

- Cash flows from operating activities amounted to EUR 110.4m in the reporting period and include the increase in short-term loans to shareholders of EUR 84.0m. In the reporting year, the Group made investments affecting cash in intangible assets and in property, plant and equipment. Overall, cash flows from investing activities amounted to -EUR 188.7m. The increase in cash outflows from investing activities is largely attributable to investments in new waste and sewage sludge incineration plants. Cash flows from financing activities (EUR 26.7m) are largely shaped by the first repayments of the variable tranches of the promissory note loan, the issue of the green bond and dividends paid to the shareholder of the parent company and the non-controlling interests. As a result of the above, cash and cash equivalents decreased by EUR 51.7m to EUR 93.8m as of year-end 2021.

Anticipated development of the Group

The presentation of the anticipated development of the Group in the group management report is based on assumptions which require the use of judgment. We consider this presentation to be plausible. The following aspects should be highlighted:

- The Group expects a slight year-on-year rise in the financial performance indicators of revenue, EBITDA and cash flows in 2022. The Group expects core markets to remain stable in 2022 with stable prices and consistent waste volumes at the plants overall. The Group expects higher prices for specific electricity revenue on the spot market in 2022 in line with the observable market prices. The Group anticipates the sales volume in the district heating segment to remain stable, but revenue to grow due to higher prices.

- The construction of the first sewage sludge mono-incineration plant in Helmstedt is in the final stages. The EEW Group expects it to be commissioned in the second quarter of 2022. An additional sewage sludge incineration plant is being built in Stavenhagen. The Group expects it to be commissioned in the third quarter of 2023. Furthermore, the construction of additional sewage sludge incineration plants at the Stapelfeld, Delfzijl and Magdeburg-Rothensee locations is at the implementation stage.

- The geopolitical and economic consequences of the Russia-Ukraine war for the Group cannot be assessed in detail at present. Extreme fluctuations in the prices of raw materials and energy as well as disruptions to waste supplies could lead to an overall economic downturn and thus have a negative impact on earnings. In particular, oil and gas prices are expected to increase further and thus lead to price increases for alternative fuels and energy sources. Due to the Russia-Ukraine war, the EEW Group could face limited availability of materials for maintenance and inspection work and raw materials, consumables and supplies for plant operations as well as potential bottlenecks in transport capacities by road due to the lack of truck drivers. In turn, this could lead to restricted plant operations or have a negative impact on project deadlines.

- Apart from the operational risks arising from the operation of facilities, risks arise in particular from developments in the respective markets for waste and energy marketing. There are also litigation risks. According to the management board, there are currently no risks to the Group's ability to continue as a going concern. The risk situation is regarded as manageable thanks to the mechanisms installed.

D. Analysis of the economic situation

I. Financial performance

Condensed consolidated income statements for the last two fiscal years are detailed below. The items have been arranged according to operational criteria.

	2021		2020		Change	
	EUR k	%	EUR k	%	EUR k	%
Revenue	659,042	99.7	629,292	99.8	29,750	4.7
Own work capitalized	1,847	0.3	1,426	0.2	421	29.5
Total operating performance	660,889	100.0	630,718	100.0	30,171	4.8
Cost of materials	272,648	41.3	256,399	40.7	16,249	6.3
Personnel expenses	105,346	15.9	100,605	16.0	4,741	4.7
Amortization, depreciation and impairment	86,725	13.1	98,052	15.5	-11,327	-11.6
Other operating expenses						
Less other operating income	49,744	7.5	47,954	7.6	1,790	3.7
Operating expense	514,463	77.8	503,010	79.8	11,453	2.3
Operating result	146,426	22.2	127,708	20.2	18,718	
Investment and financial result	2,489		2,055		434	21.1
Earnings before income taxes	148,915		129,763		19,152	14.8
Income taxes	43,868		35,862		8,006	22.3
Profit for the period	105,047		93,901		11,146	11.9

Revenue of EUR 659.0m (prior year: EUR 629.3m) primarily resulted from the recovery and disposal of waste (EUR 386.4m; prior year: EUR 371.3m) and the sale of the energy generated from it (EUR 141.8m; prior year: EUR 136.1m) and from the operational management of individual facilities (EUR 84.2m; prior year: EUR 87.8m). The EUR 15.1m rise in revenue from the recovery and disposal of waste is due to higher waste volumes and price increases in nearly all waste segments.

Cost of materials of EUR 272.6m (prior year: EUR 256,4m) includes expenses for maintenance and inspection work, waste flow costs for honoring fuel supply agreements, disposing of residual waste, slag and other waste, energy consumption costs and expenses for other services. The change against the prior year is primarily due to higher waste flow and energy procurement costs. Waste flow costs increased mainly due to costs for the acquisition of third-party volumes in Pirmasens and higher logistics costs. Energy procurement costs exceeded the prior-year level primarily due to higher expenses for natural gas and heating oil.

Personnel expenses rose from EUR 100.6m to EUR 105.3m due to a rise in headcount from 1,223 to 1,273 and pay rises under collective wage agreements, particularly due to the hiring of commercial and technical specialists for current and future projects.

Amortization, depreciation and impairment fell from EUR 98.1m to EUR 86.7m, of which EUR 12.7m (prior year: EUR 29.2m) is attributable to intangible assets that largely relate to customer relationships identified in connection with the purchase price allocation in 2013. The year-on-year decrease in amortization and depreciation is mainly attributable to the expiry of an operational management agreement.

Other operating income increased to EUR 23.4m (prior year: EUR 18.6m), chiefly due to higher income from allocations of district heating costs and the reversal of provisions. Other operating expenses increased from EUR 66.6m to EUR 73.2m. The increase is mainly attributable to allocations to provisions, allocations of costs incurred for the construction of a district heating pipeline and expenses for coronavirus-related safeguards.

The slightly higher investment and financial result of EUR 2.5m (prior year: EUR 2.1m) largely relates to lower interest expenses. The investment and financial result also includes investment income of EUR 1.2m (prior year: EUR 1.3m).

II. Assets, liabilities and financial position

Composition of assets, equity and liabilities

Condensed consolidated statements of financial position for the last two fiscal years are shown below. The items have been arranged according to operational criteria. Receivables and liabilities due in more than one year are treated as long term.

	31 Dec 2021		31 Dec 2020		Change	
	EUR k	%	EUR k	%	EUR k	%
Assets						
Intangible assets	50,239	3.5	60,623	4.6	-10,384	-17.1
Property, plant and equipment	882,730	61.1	754,491	57.7	128,239	17.0
Financial assets	56,634	3.9	52,686	4.0	3,948	7.5
Other non-current assets	101,116	7.0	117,759	9.0	-16,643	-14.1
Non-current assets	1,090,719	75.5	985,559	75.3	105,160	10.7
Inventories	23,728	1.6	23,663	1.8	65	0.3
Receivables from customers	107,642	7.5	79,729	6.1	27,913	35.0
Other current assets	128,530	8.9	72,710	5.7	55,820	76.8
Cash and cash and cash equivalents	93,808	6.5	145,517	11.1	-51,709	-35.5
Current assets	353,708	24.5	321,619	24.7	32,089	10.0
	1,444,427	100.0	1,307,178	100.0	137,249	10.5

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	31 Dec 2021		31 Dec 2020		Change	
	EUR k	%	EUR k	%	EUR k	%
Equity and liabilities						
Subscribed capital	1,000	0.1	1,000	0.1	0	0.0
Capital reserves	275,900	19.1	275,900	21.1	0	0.0
Revenue reserves	138,001	9.6	106,369	8.1	31,632	29.7
Net retained profit	89,251	6.2	78,833	6.0	10,418	13.2
Equity attributable to the shareholders of EEW Holding GmbH	504,152	35.0	462,102	35.3	42,050	9.1
Non-controlling interests	60,591	4.2	62,383	4.8	-1,792	-2.9
Equity	564,743	39.2	524,485	40.1	40,258	7.7
Pension provisions	98,255	6.8	109,721	8.4	-11,466	-10.5
Other non-current provisions	32,547	2.3	34,436	2.6	-1,889	-5.5
Non-current liabilities	522,090	36.1	515,063	39.4	7,027	1.4
Non-current liabilities	652,892	45.2	659,220	50.4	-6,328	-1.0
Current provisions	20,430	1.4	13,651	1.0	6,779	49.7
Liabilities to banks	71,371	4.9	1,286	0.1	70,085	> 100,0
Liabilities to suppliers	75,173	5.2	47,225	3.6	27,948	59.2
Other current liabilities	59,818	4.1	61,311	4.8	-1,493	-2.4
Current liabilities	226,792	15.6	123,473	9.5	103,319	83.7
	1,444,427	100.0	1,307,178	100.0	137,249	10.5

Total assets rose from EUR 1,307.2m in the prior year to EUR 1,444.4m, mainly due to the higher consolidated profit for the period and the related increase in equity as well as the restructuring of financing on the equity and liabilities side. A large portion of the promissory note loan was repaid by a bond. EUR 91.4m of the promissory note loan is remaining, of which EUR 71.4m is due in fiscal year 2022. The increase in total assets on the assets side is mainly attributable to investments in property, plant and equipment.

Most of the intangible assets were acquired during the acquisition of the waste incineration business in 2013. The customer relationships were identified and measured in the purchase price allocation in accordance with IFRS 3 as of 31 March 2013. No goodwill was recognized.

Property, plant and equipment mainly comprise plant to incinerate waste and generate steam, electricity and district heating. Plant and machinery have a carrying amount of EUR 533.1m as of the reporting date (prior year: EUR 498.6m). The total carrying amount of plant covers 53.6% (prior year: 54.9%) of its acquisition and production cost. Depreciation and impairment of plant and machinery came to EUR 64.6m, while investments of EUR 88.9m were made. Land and buildings have a total carrying amount of EUR 110.2m (prior year: EUR 106.1m). Right-of-use assets (IFRS 16) of

EUR 1.3m were added during fiscal year 2021. The increase in property, plant and equipment is mainly due to prepayments and assets under construction, amounting to additions of EUR 107.5m, and additions of plant and machinery of EUR 88.9m. A significant portion of assets under construction relate to the Helmstedt, Saarbrücken, Stapelfeld and Premnitz locations.

As of the reporting date, financial assets primarily comprise equity investments and loans to other investees and investors as well as non-consolidated subsidiaries. The EUR 3.9m increase in financial assets is mainly due to the updated fair value measurement of the equity investments and non-consolidated subsidiaries.

Non-current receivables (EUR 67.8m; prior year: EUR 78.9m) predominantly relate to finance lease receivables (EUR 62.4m; prior year: EUR 73.0m) from KSC Schwedt for the RDF power plant located there. Finance lease receivables decreased as a result of monthly lease payments.

Current assets comprises inventories, trade receivables and other receivables and assets. Other receivables and assets comprise short-term loans to Good Champion (EUR 84.0m; prior year: EUR 23.4m) and to BEHEIM (EUR 14.0m; prior year: EUR 14.0m). The decrease in cash and cash equivalents of EUR 51.7m is mainly due to the high level of investing activities.

The equity ratio decreased by 1.0 percentage point to 39.1% (prior year: 40.1%).

On the equity and liabilities side, current liabilities increased by EUR 103.3m, mainly due to the restructuring of financing and the resulting liabilities to banks of EUR 71.4m.

Financial position

The changes in cash and cash equivalents and the corresponding movements in funds are presented in the following condensed statement of cash flows. The original statement is contained in exhibit 1.

	2021 EUR k	2020 EUR k
1. Cash flows from operating activities	110,378	148,204
2. Cash flows from investing activities	-188,738	-125,485
3. Cash flows from financing activities	26,651	-30,027
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	-51,709	-7,308
Effects of changes in foreign exchange rates		9
Cash and cash equivalents at the beginning of the period	145,517	152,816
Cash and cash equivalents at the end of the period	93,808	145,517
5. Composition of cash and cash equivalents		
Cash	93,808	145,517
Cash and cash equivalents at the end of the period	93,808	145,517

In the 2021 reporting period, cash flows from operating activities came to EUR 110.4m (prior year: EUR 148.2m).

Cash flows from investing activities changed from -EUR 125.5m in the prior year to -EUR 188.7m in the reporting year, mainly due to the increase in cash paid for investments in property, plant and equipment from EUR 122.7m in the prior year to EUR 189.9m.

Cash flows from financing activities improved to EUR 26.7m (prior year: -EUR 30.0m) as a result of the restructuring of financing and related payments received of EUR 398.6m as well as repayments of -EUR 317.7m.

Cash and cash equivalents decreased by EUR 51.7m to EUR 93.8m mainly due to the higher level of investing activities and the increase in short-term loans to shareholders. Cash flows from operating activities did not fully cover the required investing activities.

E. Performance of the audit

I. Subject of the audit

Under our engagement, we examined in accordance with Sec. 317 HGB whether the consolidated financial statements, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, and the group management report comply with the relevant legal requirements.

The audit of the consolidated financial statements also covers:

- the basis of consolidation;
- the financial statements included in the consolidated financial statements;
- the reconciliation of these financial statements to the provisions applicable to the consolidated financial statements (HB II); and
- the consolidation entries made.

The applicable financial reporting framework for our audit of the consolidated financial statements comprised IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB. No additional group accounting requirements result from the articles of incorporation and bylaws of the parent company. Assessment criteria for the group management report were the provisions of Sec. 315 HGB.

II. Nature and scope of the audit

We conducted our audit in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

The audit does not extend to providing assurance of the Group's ability to continue as a going concern or of management efficiency and effectiveness.

The basis of our risk-based audit approach is to develop an audit strategy and an audit program aligned with that strategy to obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level. The audit program includes the nature, timing and extent of audit procedures to be performed by audit team members.

To identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, we obtain an understanding of the Group, its components and their environments, including the Group's internal control and, where applicable, the arrangements and measures relevant to the audit of the group management report. We use data analytics to supplement these risk assessment procedures. On this basis, we perform tests of controls, if appropriate, to evaluate the operating effectiveness of relevant controls. We considered the knowledge obtained from these procedures in determining the substantive analytical procedures and tests of details designed to detect material misstatements.

We observed the concept of materiality in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and, where applicable, the group management report.

Our audit program focused on the following audit areas:

- Analysis of the consolidated financial statement close process
- Differences in measurement between the IFRS and the HGB financial statements
- Completeness of the IFRS disclosures in the notes
- Inclusion of financial statements of consolidated subsidiaries
- Acquisition accounting
- Deferred taxes
- Subsequent recognition of assets and liabilities acquired in prior years
- Audit of information provided in the group management report, especially prospective information

We also performed the following standard audit procedures:

- We used the work of component auditors for our audit of the legal compliance of the financial statements included in the consolidated financial statements. We examined whether the work of the component auditors meets the purposes of the audit of consolidated financial statements, taking into account the significance of the respective component. In particular, we considered the professional competence and qualifications of these auditors. In the course of our audit performed in accordance with Sec. 317 (3) HGB, we obtained, where necessary, written representation from the component auditors confirming their independence and the compliance of their audit with professional standards.

- We used the work of an actuary engaged by the Company as evidence for our audit of the recognition of provisions for pensions. To the extent necessary and bearing in mind the significance of the expert's work for the purposes of our audit of the financial statements, we assessed the competence, capabilities and objectivity of the expert, gained an understanding of the expert's work and assessed the suitability of that work as audit evidence for the relevant assertion.

- Elimination of intragroup receivables and liabilities, expenses and income.

- Audit of manually prepared accounting vouchers for consolidation procedures using appropriate documents.

- We also applied analytical procedures to test the plausibility of changes in items of the consolidated financial statements.

The executive directors of the parent company and its subsidiaries provided us with all information and evidence requested, as did their appointed agents. In a letter of representation submitted to us, the executive directors of the parent company confirmed the completeness of this information and evidence provided and of the consolidated financial statements and group management report. The auditors of the financial statements of the subsidiaries also provided us with all information and evidence requested.

III. Independence

We were in compliance with the applicable independence requirements during our audit.

F. Findings on the group financial reporting

I. Legal compliance of the group financial reporting

Assessment of legal compliance

We concluded our audit, covering

- legal compliance of the components of the consolidated financial statements and of their derivation from the financial statements included therein;
- legal compliance of the disclosures in the notes to the consolidated financial statements;
- compliance with recognition, presentation, valuation and consolidation requirements, including the requirements for proportionate consolidation and the equity method;
- appropriate determination of the basis of consolidation, including observing the related consistency principle and the reporting requirements with respect to changes in the basis of consolidation;
- the financial statements included in the consolidated financial statements, including the appropriateness of reconciliation to uniform group recognition and measurement as well as special aspects arising from the inclusion of financial statements of foreign entities;
- appropriate rollforward of the consolidation entries and
- compliance with all legal requirements governing financial reporting, including all requirements applicable to entities of a specific legal form or industry;

by issuing the auditor's report reproduced in section B.

II. Overall presentation of the consolidated financial statements

1. Valuation bases

We provide the following information on the recognition and measurement policies applied as well as the significant factors for the valuation of assets and liabilities, including any effects of changes in such methods:

Business combinations

By agreement dated 19 December 2012 and effective 31 March 2013, EEW Holding directly acquired a 94% interest in EEW GmbH, acquiring a further 6% indirectly via its 94% subsidiary M+E KG.

At the acquisition date the cost was allocated to the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria by recognizing them at their fair values at that date in accordance with IFRS 3.36. When the purchase price allocation was finalized as of 31 March 2013, significant intangible assets with finite useful lives in particular were identified. These include long-term disposal agreements and operational management agreements. The customer relationships were valued on the acquisition date using the multi-period excess earnings method. The agreements are amortized over their remaining useful lives of between 1 and 9 years on the reporting date.

Customer relationships were amortized by EUR 11.4m in fiscal year 2021 (prior year: EUR 28.4m), leaving a carrying amount of EUR 43.0m as of 31 December 2021 (prior year: EUR 54.4m). No impairment losses were charged in fiscal year 2021 or in the prior year.

2. Overall conclusion

Based on our audit, which was carried out in accordance with professional standards, we conclude, as stated in our auditor's report, that the consolidated financial statements as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

G. Closing remark

We issue the above long-form report on our audit of the consolidated financial statements and the group management report of EEW Holding GmbH, Helmstedt, Germany, for the fiscal year from 1 January 2021 to 31 December 2021 in accordance with Sec. 321 HGB and in compliance with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports promulgated by the IDW (IDW AuS 450 (Revised)).

Hanover, 25 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Eickhoff Wirtschaftsprüfer [German Public Auditor]	Krone Wirtschaftsprüfer [German Public Auditor]

Translation from the German language

CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2021

EEW Holding GmbH
Helmstedt

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CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated income statement

Figures in EUR k		2021	2020
Revenue from contracts with customers	**5.1**	**659,042**	**629,292**
Own work capitalized		**1,847**	**1,426**
Other operating income	**5.2**	**23,419**	**18,626**
Cost of materials	**5.3**		
Cost of raw materials, consumables and supplies and of purchased merchandise		63,586	65,668
Cost of purchased services		209,062	190,731
Total cost of materials		**272,648**	**256,399**
Personnel expenses	**5.4**		
Wages and salaries		85,601	82,275
Social security costs		14,990	13,556
Pension costs		4,711	4,740
Other personnel expenses		44	34
Total personnel expenses		**105,346**	**100,605**
Amortization, depreciation and impairment			
Amortization and impairment of intangible assets	**6.1**	12,664	29,248
Depreciation and impairment of property, plant and equipment	**6.1**	74,061	68,804
Total amortization, depreciation and impairment	**6.1**	**86,725**	**98,052**

Figures in EUR k		2021	2020
Other operating expenses	**5.5**	**73,163**	**66,580**
EBIT		**146,426**	**127,708**
Interest and similar income		6,876	7,613
Interest and similar expenses		5,617	6,882
Share of results of associates and joint ventures		1,230	1,324
Financial result	**5.6**	**2,489**	**2,055**
Earnings before taxes		**148,915**	**129,763**
Income taxes	**5.7**		
Current taxes		-48,298	-41,494
Deferred taxes		4,430	5,632
Total income taxes		**-43,868**	**-35,862**
Consolidated profit for the period		**105,047**	**93,901**
– thereof non-controlling interests		15,796	15,068
– thereof shareholders of EEW Holding GmbH		89,251	78,833

2. Consolidated statement of comprehensive income

Figures in EUR k	2021	2020
Consolidated profit for the period	**105,047**	**93,901**
Items that will not subsequently be reclassified to profit or loss		
Actuarial gains/losses	11,560	-10,641
thereof income tax	-3,478	3,203
Changes in the fair value of equity instruments	3,898	15,696
Items that may subsequently be reclassified to profit or loss under certain conditions		
Exchange differences from the translation of foreign operations	0	9
– thereof unrealized change	0	9
Other comprehensive income	**11,980**	**8,267**
Total comprehensive income	**117,027**	**102,168**
– thereof non-controlling interests	15,934	15,022
– thereof shareholders of EEW Holding GmbH	101,093	87,146

3. Consolidated statement of financial position

A S S E T S **in EUR k**		**31 Dec 2021**	**31 Dec 2020**
Non-current assets			
Intangible assets	**6.1**	**50,239**	**60,623**
Property, plant and equipment	**6.1**	**882,730**	**754,491**
Financial assets	**6.2**	**56,634**	**52,686**
Receivables and other assets			
Finance lease receivables (lessor)	**6.11**	62,376	73,005
Other receivables and other assets		5,423	5,846
Total receivables and other assets	**6.4**	**67,799**	**78,851**
Deferred tax assets	**6.5**	**33,317**	**38,908**
Total non-current assets		**1,090,719**	**985,559**
Current assets			
Inventories	**6.3**	**23,728**	**23,663**
Receivables and other assets			
Trade receivables and contract assets		107,642	79,729
Claims to refund of income taxes		4,395	6,098
Finance lease receivables (lessor)	**6.11**	10,629	9,670
Other receivables and other assets		113,506	56,942
Total receivables and other assets	**6.4**	**236,172**	**152,439**
Cash and cash equivalents		**93,808**	**145,517**
Total current assets		**353,708**	**321,619**
Total assets		**1,444,427**	**1,307,178**

Consolidated statement of financial position

EQUITY AND LIABILITIES in EUR k		**31 Dec 2021**	**31 Dec 2020**
Equity			
Subscribed capital	6.6	1,000	1,000
Capital reserves	6.6	275,900	275,900
Other revenue reserves/profit or loss carryforward	6.6	138,001	106,369
Profit or loss attributable to controlling interests	6.6	89,251	78,833
Equity attributable to the shareholders of EEW Holding GmbH		**504,152**	**462,102**
Non-controlling interests	3	**60,591**	**62,383**
Total equity		**564,743**	**524,485**
Non-current liabilities			
Pension provisions	6.7	98,255	109,721
Other provisions	6.8	32,547	34,436
Bonds	6.9	398,628	0
Liabilities to banks	6.9	19,982	406,740
Lease liabilities	6.11	8,121	9,255
Other financial liabilities	6.9	314	301
Investment grants		10,227	6,448
Other liabilities	6.9	1,076	2,034
Deferred tax liabilities	6.5	**83,742**	**90,285**
Total non-current liabilities		**652,892**	**659,220**
Current liabilities			
Other tax provisions	6.8	3,018	836
Other provisions	6.8	17,412	12,815
Bonds	6.9	335	0
Liabilities to banks	6.9	71,371	1,286
Lease liabilities	6.11	2,076	2,238
Trade payables		75,173	47,225
Income tax liabilities		34,825	35,930
Other liabilities		22,582	23,143
Total current liabilities		**226,792**	**123,473**
Total equity and liabilities		**1,444,427**	**1,307,178**

4. Consolidated statement of cash flows

Figures in EUR k			2021	2020
	Profit/loss for the period		**105,047**	**93,901**
+/-	Tax expense/income	5	43,868	35,862
-	Investment result		-1,230	-1,324
-	Interest income		-6,876	-7,613
+	Interest expenses		5,617	6,882
+	Amortization, depreciation and impairment	6.1	86,725	98,052
+/-	Increase/decrease in pension provisions		-4,257	3,512
+/-	Increase/decrease in other tax provisions		2,182	-209
+/-	Increase/decrease in other provisions		3,962	-2,562
+/-	Other non-cash expenses and income		3,530	-3,327
+/-	Losses/income on disposals of property, plant and equipment		223	1,272
-/+	Increase/decrease in inventories		-65	704
-/+	Increase/decrease in trade receivables		-27,913	5,784
-/+	Increase/decrease in other assets and other receivables		13,003	-1,588
+/-	Increase/decrease in trade payables		14,418	-578
+/-	Increase/decrease in other liabilities		2,260	-735
+	Dividends received		1,230	1,324
+	Interest received		6,372	7,414
-	Interest paid		-6,018	-6,026
-	Income tax paid/refunded		-47,700	-45,911
-/+	Increase/decrease in short-term loans to shareholders		-84,000	-36,630
	Cash flows from operating activities		**110,378**	**148,204**
+	Cash received from disposals of intangible assets	6.1	1,084	457
-	Cash paid for investments in intangible assets	6.1	-3,363	-3,450
+	Cash received from disposals of property, plant and equipment	6.1	3,464	161
-	Cash paid for investments in property, plant and equipment	6.1	-189,924	-122,655
+	Cash received from disposals of financial assets	6.2	1	2
	Cash flows from investing activities		**-188,738**	**-125,485**
-	Repayments of short-term borrowings	7	0	-4,766
+	Cash received from long-term bank loans	7	398,641	185
-	Repayments of long-term borrowings	7	-317,705	0
-	Cash outflow for the repayment of lease liabilities	7	-2,546	-2,820
-	Dividends paid to the shareholder of the parent company		-34,170	-7,300
-	Dividends paid to non-controlling interests		-17,569	-15,326
	Cash flows from financing activities		**26,651**	**-30,027**
	Change in cash and cash equivalents		**-51,709**	**-7,308**
	Cash and cash equivalents at the beginning of the fiscal year		**145,517**	**152,816**
+/-	Change in cash and cash equivalents due to exchange rate changes		0	9
	Cash and cash equivalents at end of the fiscal year		**93,808**	**145,517**

5. Consolidated statement of changes in equity

Figures in EUR k	Subscribed capital	Capital reserves	Other revenue reserves, profit/profit or loss carryforward, consolidated profit	Reserve for the currency translation of foreign companies
As of 1 Jan 2021	**1,000**	**275,900**	**202,618**	**47**
Consolidated profit for the period	0	0	89,251	0
Other comprehensive income	0	0	0	0
Total comprehensive income	**0**	**0**	**89,251**	**0**
Dividends paid	0	0	-59,200	0
Other reclassifications	0	0	157	0
As of 31 Dec 2021	**1,000**	**275,900**	**232,826**	**47**

Figures in EUR k	Subscribed capital	Capital reserves	Other revenue reserves, profit/profit or loss carryforward, consolidated profit	Reserve for the currency translation of foreign companies
As of 1 Jan 2020	**1,000**	**275,900**	**170,987**	**38**
Consolidated profit for the period	0	0	78,833	0
Other comprehensive income	0	0	0	9
Total comprehensive income	**0**	**0**	**78,833**	**9**
Dividends paid	0	0	-47,300	0
Other reclassifications	0	0	98	0
As of 31 Dec 2020	**1,000**	**275,900**	**202,618**	**47**

Figures in EUR k	Reserve for actuarial gains and losses	Reserve for changes in the fair value of equity instruments	Equity of the shareholders of EEW Holding GmbH	Non-controlling interests	Consolidat-ed equity
As of 1 Jan 2021	**-40,752**	**23,289**	**462,102**	**62,383**	**524,485**
Consolidated profit for the period	0	0	89,251	15,796	105,047
Other comprehensive income	7,958	3,884	11,842	138	11,980
Total comprehensive income	**7,958**	**3,884**	**101,093**	**15,934**	**117,027**
Dividends paid	0	0	-59,200	-17,569	-76,769
Other reclassifications	0	0	157	-157	0
As of 31 Dec 2021	**-32,794**	**27,173**	**504,152**	**60,591**	**564,743**

Figures in EUR k	Reserve for actuarial gains and losses	Reserve for changes in the fair value of equity instruments	Equity of the shareholders of EEW Holding GmbH	Non-controlling interests	Consolidat-ed equity
As of 1 Jan 2020	**-33,417**	**7,650**	**422,158**	**62,785**	**484,943**
Consolidated profit for the period	0	0	78,833	15,068	93,901
Other comprehensive income	-7,335	15,639	8,313	-46	8,267
Total comprehensive income	**-7,335**	**15,639**	**87,146**	**15,022**	**102,168**
Dividends paid	0	0	-47,300	-15,326	-62,626
Other reclassifications	0	0	98	-98	0
As of 31 Dec 2020	**-40,752**	**23,289**	**462,102**	**62,383**	**524,485**

CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

Schöninger Str. 2-3
38350 Helmstedt

The EEW Group designs, builds, and operates waste incineration facilities that generate electricity, district heating and process steam. In 2021, 12 out of 17 facilities were operated as independent businesses and 5 facilities were managed by EEW on the basis of long-term operational management agreements. The Company is the leading private-sector provider of waste incineration services on the German market with further operations in Luxembourg and the Netherlands.

The ultimate parent of EEW Holding GmbH is Beijing Enterprises Holdings Ltd., Hong Kong, China (BEHL), which as of 31 December 2021 holds 100% of the shares in EEW Holding, via Beijing Enterprises Holdings European Investment Management S.à r.l. Luxembourg (BEHEIM). The financial statements of BEHL are available on the Hong Kong Stock Exchange website (HKEXnews, Listed Company Information).

The consolidated financial statements for the fiscal year from 1 January through 31 December 2021 include the Company and its subsidiaries (EEW), whose fiscal years correspond to the calendar year.

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

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

The consolidated financial statements were prepared by the management board on 25 March 2022. The shareholders may amend the consolidated financial statements after release for publication.

2. Basis of preparation

The consolidated financial statements were prepared on depreciated cost basis. Some financial assets were measured at fair value through profit or loss. See our notes on financial instruments for further information.

Recognition of revenue and expenses

The consolidated income statement is prepared according to the nature of expense method.

Revenue from contracts with customers

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

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

1. Identify the contract(s) with a customer

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

2. Identify the separate performance obligations in the contract

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

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

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

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

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

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

3. Determine the transaction price

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

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

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

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

The right to consideration is established upon satisfaction of the performance obligations, i.e., the transfer of control over the provided services. For waste disposal, this takes place at a point in time. For energy marketing and operational management, the performance obligations are satisfied over time. No costs to obtain contracts are recognized as an asset due to their immateriality.

Basis of preparation

The contract analysis yielded the following results:

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

Interest income and expenses

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

Dividends

Dividends are recognized when the Group's right to receive the payment is established.

Intangible assets and property, plant and equipment

Non-current assets are measured at acquisition or production cost less accumulated amortization/depreciation. The residual carrying amounts and useful lives of each asset are reviewed at least at the end of every fiscal year. Intangible assets and property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

Production costs comprise the full costs relating to production.

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

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

Intangible assets

Software and licenses	3 to 5 years
Customer-related intangible assets (agreements and similar)	up to 17 years

Property, plant and equipment

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

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

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

Leases

EEW concludes agreements both as lessor and as lessee.

Lessor

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

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

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

Lessee

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

Basis of preparation

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

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

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

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

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

Inventories

Inventories are valued at acquisition or production cost and measured using the average method or at the lower net realizable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and are recognized at nominal values. No loss allowances in accordance with IFRS 9 were recognized due to immateriality.

Financial instruments

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

Financial assets – first-time recognition and measurement

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

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

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

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

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

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

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

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

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

Financial assets at amortized cost (debt instruments held)

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

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

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

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

Basis of preparation

All equity instruments were irrevocably allocated to this category and are recognized under financial assets.

Impairment of financial assets

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

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

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

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

Impairment matrix	31 Dec 2021	31 Dec 2020
Status	**Expected credit loss rates (weighted average)**	
Not due		
1 to 30 days past due	0.07%	0.00%
31 to 60 days past due	0.14%	0.00%
61 to 90 days past due	0.00%	0.00%
More than 90 days past due	15.42%	2.17%

Financial liabilities

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

Deferred taxes

Pursuant to IAS 12, deferred taxes are recognized on temporary differences between the carrying amounts in the consolidated statement of financial position and the tax balance sheet and also on tax loss carryforwards.

Deferred tax assets are recognized to the extent that it is probable that a taxable result will be available in future. The calculation of deferred taxes uses such tax rates as are expected at the date of realization according to the legal regulations applicable as of the reporting date.

Other provisions

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

The reversal of provisions is posted to other operating income.

Provisions for pensions and similar obligations

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

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

Basis of preparation

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

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

Statement of cash flows

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

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

Judgments and estimates

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

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

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

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

Effects of the coronavirus pandemic

The social and economic environment was shaped by the coronavirus pandemic in fiscal year 2021 and in the first few months of 2022 as well. The German federal government had already classified waste disposal as an essential service in 2020. In spite of the coronavirus pandemic and the related slow economic recovery in Germany and Europe, the waste market experienced only minor negative effects in fiscal year 2021. The EEW Group even achieved a slight year-on-year increase in the quantity of

waste accepted. The operations of the EEW facilities were ensured by way of consistent implementation of extensive hygiene and organizational measures. Overall, coronavirus-related additional costs amounted to EUR 3,642k in fiscal year 2021.

Thermal waste recovery and energy production of the EEW Group was ensured thanks to these measures as well as the regionally diversified facilities and the diversified customer structure.

Our liquidity is not at risk since, as before, there are no indications that the payment behavior of our customers will deteriorate in the future.

EEW's economic situation is stable overall. There are therefore no impairment risks.

This assessment is based on the information available at present. If the pandemic situation worsens, this could have a negative impact on the EEW Group.

Effects of new or revised accounting standards and interpretations

Standard/interpretation			Mandatory application in the EU	Endorsement
Amend-ment	IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 Jan 2021	Yes
Amend-ment	IFRS 16	Covid-19-Related Lease Concessions (extension beyond 30 June 2021)	1 Apr 2021	Yes

The application of these standards did not have any material effect on the consolidated financial statements for the EEW Group.

New accounting standards and interpretations not yet applied

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

Basis of preparation

Standard/interpretation			Mandatory application in the EU	Endorsement
Amend-ment	IFRS 3	Reference to the Conceptual Framework	1 Jan 2022	Yes
Amend-ment	IAS 16	Proceeds before Intended Use	1 Jan 2022	Yes
Amend-ment	IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 Jan 2022	Yes
Amend-ment	IFRS 1, IFRS 9, IFRS 16	Annual Improvements to IFRSs 2018-2020 Cycle	1 Jan 2022	Yes
Amend-ment	IAS 1	Classification of Liabilities as Current or Non-Current	1 Jan 2023	No
Amend-ment	IAS 1	Disclosure of Accounting Policies	1 Jan 2023	Yes
Amend-ment	IAS 8	Definition of Accounting Estimates	1 Jan 2023	Yes
Amend-ment	IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	No

From today's perspective, the other standards and interpretations have no material effects on the EEW Group's consolidated financial statements.

3. Consolidation

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

Name	Registered office	Share of capital as of 31 Dec 2021	Share of capital as of 31 Dec 2020
EEW Energy from Waste GmbH	Helmstedt *	99.6	99.6
EEW Energy from Waste Göppingen GmbH	Göppingen *	100	100
EEW Energy from Waste Grossräschen GmbH	Grossräschen *	100	100
EEW Energy from Waste Hannover GmbH	Hanover *	85	85
EEW Energy from Waste Helmstedt GmbH	Helmstedt *	100	100
EEW Energy from Waste Heringen GmbH	Heringen *	100	100
EEW Energy from Waste Premnitz GmbH	Premnitz *	100	100
EEW Energy from Waste Saarbrücken GmbH	Neunkirchen *	100	100
EEW Energy from Waste Stapelfeld GmbH	Stapelfeld *	100	100
EEW Energy from Waste Stavenhagen GmbH & Co. KG	Stavenhagen *	100	100
EEW Energy from Waste Leudelange S.à r.l.	Leudelange	100	100
EEW Energy from Waste Delfzijl B.V.	Farmsum	100	100
EEW Energy from Waste Polska Sp. z o.o.	Warsaw	100	100
IHKW Industrieheizkraftwerk Andernach GmbH	Andernach *	100	100
Kraftwerk Schwedt GmbH & Co. KG	Schwedt/Oder *	99	99
M+E Holding GmbH & Co. KG	Helmstedt	94	94
Müllheizkrakftwerk Rothensee GmbH	Magdeburg	51	51
NEEW Ventures GmbH	Berlin *	100	100

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

By shareholder resolution dated 12 July 2021, EEW Verwaltungs GmbH, Helmstedt, was renamed NEEW Ventures GmbH, having its registered office in Berlin. The EEW Group holds 100% of the shares in NEEW Ventures GmbH, which has not been fully consolidated to date for reasons of immateriality. Since the company commenced operations on 1 August 2021, it was consolidated for the first time as of this date.

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

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

Consolidation

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

Name	Registered office	Share of capital in %	Equity* 31 Dec 2020 in EUR k	Profit or loss for* 2020 in EUR k
Non-consolidated subsidiaries				
EEW Vermögensverwaltungs-GmbH	Helmstedt	100	9	0
Kraftwerk Schwedt Verwaltungs-gesellschaft mbH	Schwedt/Oder	100	149	8
EEW Energy from Waste Stavenhagen Verwaltungs GmbH	Stavenhagen	100	152	6
TREA Breisgau Betriebsgesellschaft mbH	Eschbach	100	278	10
Joint ventures				
EBS Kraftwerk GmbH	Hürth	50	1,138	658
Entsorgungszentrum Salzgitter GmbH	Salzgitter	50	5,251	681
Associates				
AVA Velsen GmbH	Saarbrücken	49	5,115	0
TREA Breisgau Energieverwertung GmbH	Eschbach	30	874	29

* Most recent financial statements according to German GAAP (HGB)

The revenue and total assets of the non-consolidated subsidiaries amount to 2.1% and 0.2%, respectively, of those of the EEW Group.

Non-controlling interests

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

Subsidiary name	Registered office	Ownership and voting rights of non-controlling interests in %		Profit or loss attributable to non-controlling interests in EUR k		Accumulated non-controlling interests in EUR k	
		2021	2020	2021	2020	2021	2020
MHKW Rothensee GmbH	Magdeburg	49%	49%	14,251	13,569	51,815	53,184
Various insignificant subsidiaries with non-controlling interests						8,776	9,199
Total non-controlling interests						**60,591**	**62,383**

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

MHKW Rothensee GmbH **Figures in EUR k**	**2021**	**2020**
Revenue	88,949	85,653
Current assets	30,843	39,416
Non-current assets	132,759	127,491
Current liabilities	12,690	9,069
Non-current liabilities	45,561	49,704
Profit for the period attributable to the shareholders of EEW Holding	15,560	15,219
Profit for the period attributable to non-controlling interests	14,251	13,569
Total profit for the period	**29,811**	**28,788**
Other comprehensive income attributable to the shareholders of EEW Holding	52	-33
Other comprehensive income attributable to non-controlling interests	51	-32
Total other comprehensive income	**103**	**-65**
Total comprehensive income attributable to the shareholders of EEW Holding	15,612	15,186
Total comprehensive income attributable to non-controlling interests	14,302	13,537
Total comprehensive income	**29,914**	**28,723**
Dividends paid to non-controlling interests	15,611	13,455
Cash flows from operating activities	38,153	44,116
Cash flows from investing activities	-18,924	-6,133
Cash flows from financing activities	-31,915	-34,030
Total cash flows	**-12,686**	**3,953**

Consolidation principles

The consolidated financial statements are prepared on the basis of the single-entity financial statements of the companies included in the consolidated financial statements, which were prepared according to uniform accounting and valuation rules as of 31 December 2021.

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

power of control is based on EEW Holding's indirect or direct majority of voting rights. They are deconsolidated when control ends.

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

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

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

4. Foreign currency translation

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

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

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

	2021		2020	
	Average rate in EUR	Closing rate in EUR	Average rate in EUR	Closing rate in EUR
1 Polish zloty	0.22	0.22	0.22	0.22

5. Notes to the consolidated income statement

5.1 Revenue from contracts with customers

Revenue primarily resulted from the recovery and disposal of waste and the sale of the energy generated from it (EUR 528,278k; prior year: EUR 507,441k) and from the operational management of individual waste incineration facilities (EUR 84,196k; prior year: EUR 87,796k).

Revenue breakdown

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Figures in EUR k	2021		
Revenue recognition	**Revenue recognized at a point in time**	**Revenue recognized over time**	**Total**
Type of goods or services			
Waste	386,446	0	386,446
Energy	0	141,832	141,832
Operational management	0	84,196	84,196
Other revenue	42,685	3,883	46,568
Total	**429,131**	**229,911**	**659,042**

Figures in EUR k	2020		
Revenue recognition	**Revenue recognized at a point in time**	**Revenue recognized over time**	**Total**
Type of goods or service			
Waste	371,299	0	371,299
Energy	0	136,142	136,142
Operational management	0	87,796	87,796
Other revenue *	30,606	3,449	34,055
Total	**401,905**	**227,387**	**629,292**

*Allocation to revenue recognition at a point in time and over time was adjusted

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

Figures in EUR k	2021	2020
Geographical markets		
Germany	562,900	546,962
Rest of Europe *	96,142	82,330
Total	**659,042**	**629,292**

* Netherlands and Luxembourg

Contract balances

Figures in EUR k	31 Dec 2021	31 Dec 2020
Trade receivables	80,554	68,177
Contract assets	27,088	11,552
Contract liabilities	-900	-950
Total	**106,742**	**78,779**

5.2 Other operating income

Figures in EUR k	2021	2020
Other operating income		
Income from the allocation of costs for goods and services	6,726	2,531
Income from the reversal of provisions	3,728	2,212
Refunds and damages	3,445	6,567
Income from energy tax refunds	3,169	1,933
Income from sales of scrap and materials	802	296
Rental and lease income	432	470
Income from the release of investment grants	280	331
Miscellaneous other operating income	4,837	4,286
Total other operating income	**23,419**	**18,626**

5.3 Cost of materials

The cost of raw materials, consumables and supplies and of purchased merchandise primarily includes materials consumption for servicing and maintenance and for the operation of facilities and fuel for the generation of electricity and heat.

The costs of services purchased are operational management fees, maintenance services purchased, the costs of disposing of ash, slag and flue gas cleaning residues and miscellaneous services purchased.

5.4 Personnel expenses

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

	2021	2020
Wage earners	734	711
Salaried employees	527	500
Inactive employees	12	12
Total	**1,273**	**1,223**

5.5 Other operating expenses

Figures in EUR k	2021	2020
Other operating expenses		
Other purchased services and allocation of costs for goods and services	15,339	10,017
IT costs	9,726	9,557
Insurance premiums, fees and contributions	9,073	8,924
Other taxes	5,317	2,041
Audit and advisory fees	4,258	6,940
Expenses for insurance claims	3,337	5,134
Training, travel expenses	2,730	2,760
Rents and leases	2,626	2,516
Impairment losses on current assets	2,439	479
Advertising and marketing expenses	1,926	2,235
Voluntary social benefits	1,616	2,377
Repair and maintenance expenses	1,253	1,783
Disposal of soil	1,000	0
Losses on the disposal of property, plant and equipment	985	1,274
Office expenses	503	432
Court, notary and lawyers' fees	434	961
Miscellaneous other operating expenses	10,601	9,150
Total other operating expenses	**73,163**	**66,580**

5.6 Financial result

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

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

Interest expenses are stated net of capitalized borrowing costs of EUR 1,263k (prior year: EUR 615k). A group-wide borrowing rate of 1.13% was applied until August 2021 (prior year: 1.16%). Due to repayment of the variable tranches of the promissory note loan, the group-wide borrowing rate decreased to 0.54% from September 2021 onwards.

The investment result mainly comprises profit transfers and dividends.

5.7 Income taxes

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

Due to the increase in the earnings of the fully consolidated partnerships, both the trade tax adjustments and effects from differences in tax rates increased disproportionately.

The out-of-period tax income shown is largely attributable to the update to the uncertain tax position.

The decrease in effects from permanent differences are mainly due to the withdrawal of prior-year profits from a partnership.

Figures in EUR k	2021	2020
Consolidated profit before income taxes	148,915	129,763
Expected tax expense 30% (prior year: 30%)	**-44,675**	**-38,929**
Income tax reductions on distributed dividends and sale proceeds	231	384
Tax effects on tax-free income	0	1
Tax effects on non-deductible operating expenses	-2,992	-3,113
Trade tax add-backs/deductions	1,877	1,189
Out-of-period taxes	1,392	3,744
Effects from differences between entity and group tax rates	2,816	1,898
Permanent differences	-2,476	-1,026
Other	-41	-10
Effective tax expense	**-43,868**	**-35,862**
Effective tax rate	**29%**	**28%**

6. Notes to the consolidated statement of financial position

6.1 Intangible assets and property, plant and equipment

Intangible assets

EEW has significant intangible assets with a finite useful life, mostly deriving from the contractual customer relationships identified in the purchase price allocation (PPA) recognized when control was obtained by EEW Holding on 31 March 2013. These include long-term disposal agreements with municipalities and operational management agreements. The customer relationships were valued on the acquisition date using the multi-period excess earnings method. The revenue from the customer relationships of the individual companies in the EEW Group was taken from the EEW Group's business plan. The useful life is the contractual term. The agreements are amortized over their remaining useful lives of up to eight years on the reporting date (net carrying amount of the intangible assets as of 31 December 2021 of EUR 50,239k; prior year: EUR 60,623k). Amortization of intangible assets amounted to EUR 12,664k in fiscal year 2021 (prior year: EUR 29,248k). No impairment losses were charged in fiscal year 2021 or in the prior year. The year-on-year decrease in amortization and depreciation is mainly attributable to the expiry of an operational management agreement.

Property, plant and equipment

The carrying amount of property, plant and equipment includes the carrying amount of right-of-use assets of EUR 13,040k (prior year: EUR 13,989k). Additions of right-of-use assets during fiscal year 2021 came to EUR 1,269k (prior year: EUR 2,142k).

Depreciation of property, plant and equipment totaled EUR 74,061k in fiscal year 2021 (prior year: EUR 68,804k). This includes depreciation of recognized right-of-use assets in the amount of EUR 2,218k (prior year: EUR 2,516k). No impairment losses were charged in fiscal year 2021 or in the prior year.

Notes to the consolidated statement of financial position

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

2021

Intangible assets and property, plant and equipment
Development of cost

Figures in EUR k	As of 1 Jan 2021	Additions	Disposals	Reclassifi-cations	As of 31 Dec 2021
Customer-related intangible assets	334,911	0	-62,177	0	272,734
Technology-related intangible assets	8,696	270	-717	4	8,253
CO_2 emission allowances	1,936	3,092	-1,087	0	3,941
Intangible assets	**345,543**	**3,362**	**-63,981**	**4**	**284,928**
Land and land rights (owned)	25,200	0	-75	0	25,125
Rights of use for land	5,072	87	0	0	5,159
Land and land rights	**30,272**	**87**	**-75**	**0**	**30,284**
Buildings, including buildings on third-party land (owned)	119,186	5,002	-511	4,838	128,515
Rights of use for buildings, including buildings on third-party land	2,404	128	0	0	2,532
Buildings, including buildings on third-party land	**121,590**	**5,130**	**-511**	**4,838**	**131,047**
Plant and machinery (owned)	897,198	88,874	-17,276	13,604	982,400
Rights of use for plant and machinery	11,607	0	-34	0	11,573
Plant and machinery	**908,805**	**88,874**	**-17,310**	**13,604**	**993,973**
Other equipment, furniture and fixtures (owned)	21,088	3,379	-1,205	316	23,578
Rights of use for other equipment, furniture and fixtures	2,157	1,054	-343	0	2,868
Other equipment, furniture and fixtures	**23,245**	**4,433**	**-1,548**	**316**	**26,446**
Prepayments and assets under construction	**138,439**	**107,462**	**0**	**-18,762**	**227,139**
Property, plant and equipment	**1,222,351**	**205,986**	**-19,444**	**-4**	**1,408,889**
Intangible assets and property, plant and equipment	**1,567,894**	**209,348**	**-83,425**	**0**	**1,693,817**

Accumulated amortization, depreciation and impairment and net carrying amounts

Figures in EUR k	As of 1 Jan 2021	Additions	Disposals	Reclassifi-cations	As of 31 Dec 2021	Net carrying amount as of 31 Dec 2021
Customer-related intangible assets	-280,467	-11,462	62,177	0	-229,752	42,982
Technology-related intangible assets	-4,453	-1,202	718	0	-4,937	3,316
CO_2 emission allowances	0	0	0	0	0	3,941
Intangible assets	**-284,920**	**-12,664**	**62,895**	**0**	**-234,689**	**50,239**
Land and land rights (owned)	-249	-5	0	0	-254	24,871
Rights of use for land	-458	-232	0	0	-690	4,469
Land and land rights	**-707**	**-237**	**0**	**0**	**-944**	**29,340**
Buildings, including buildings on third-party land (owned)	-44,012	-4,849	270	0	-48,591	79,924
Rights of use for buildings, including buildings on third-party land	-994	-596	0	0	-1,590	942
Buildings, including buildings on third-party land	**-45,006**	**-5,445**	**270**	**0**	**-50,181**	**80,866**
Plant and machinery (owned)	-405,587	-64,045	13,952	0	-455,680	526,720
Rights of use for plant and machinery	-4,612	-592	34	0	-5,170	6,403
Plant and machinery	**-410,199**	**-64,637**	**13,986**	**0**	**-460,850**	**533,123**
Other equipment, furniture and fixtures (owned)	-10,761	-2,944	1,163	0	-12,542	11,036
Rights of use for other equipment, furniture and fixtures	-1,187	-798	343	0	-1,642	1,226
Other equipment, furniture and fixtures	**-11,948**	**-3,742**	**1,506**	**0**	**-14,184**	**12,262**
Prepayments and assets under construction	**0**	**0**	**0**	**0**	**0**	**227,139**
Property, plant and equipment	**-467,860**	**-74,061**	**15,762**	**0**	**-526,159**	**882,730**
Intangible assets and property, plant and equipment	**-752,780**	**-86,725**	**78,657**	**0**	**-760,848**	**932,969**

Notes to the consolidated statement of financial position

2020

Intangible assets and property, plant and equipment
Development of cost

Figures in EUR k	As of 1 Jan 2020	Additions	Disposals	Reclassifi-cations	As of 31 Dec 2020
Customer-related intangible assets	334,911	0	0	0	334,911
Technology-related intangible assets	5,574	2,992	-8	138	8,696
CO_2 emission allowances	2,072	459	-595	0	1,936
Intangible assets	**342,557**	**3,451**	**-603**	**138**	**345,543**
Land and land rights (owned)	25,197	3	0	0	25,200
Rights of use for land	5,053	19	0	0	5,072
Land and land rights	**30,250**	**22**	**0**	**0**	**30,272**
Buildings, including buildings on third-party land (owned)	115,521	2,566	-682	1,781	119,186
Rights of use for buildings, including buildings on third-party land	1,951	453	0	0	2,404
Buildings, including buildings on third-party land	**117,472**	**3,019**	**-682**	**1,781**	**121,590**
Plant and machinery (owned)	860,202	34,820	-4,776	6,952	897,198
Rights of use for plant and machinery	10,613	994	0	0	11,607
Plant and machinery	**870,815**	**35,814**	**-4,776**	**6,952**	**908,805**
Other equipment, furniture and fixtures (owned)	17,881	3,008	-86	285	21,088
Rights of use for other equipment, furniture and fixtures	1,572	676	-91	0	2,157
Other equipment, furniture and fixtures	**19,453**	**3,684**	**-177**	**285**	**23,245**
Prepayments and assets under construction	**62,273**	**85,322**	**0**	**-9,156**	**138,439**
Property, plant and equipment	**1,100,263**	**127,861**	**-5,635**	**-138**	**1,222,351**
Intangible assets and property, plant and equipment	**1,442,820**	**131,312**	**-6,238**	**0**	**1,567,894**

Accumulated amortization, depreciation and impairment and net carrying amounts

Figures in EUR k	As of 1 Jan 2020	Additions	Disposals	Reclassifi-cations	As of 31 Dec 2020	Net carrying amount as of 31 Dec 2020
Customer-related intangible assets	-252,095	-28,372	0	0	-280,467	54,444
Technology-related intangible assets	-3,585	-876	8	0	-4,453	4,243
CO_2 emission allowances	0	0	0	0	0	1,936
Intangible assets	**-255,680**	**-29,248**	**8**	**0**	**-284,920**	**60,623**
Land and land rights (owned)	-247	-2	0	0	-249	24,951
Rights of use for land	-229	-229	0	0	-458	4,614
Land and land rights	**-476**	**-231**	**0**	**0**	**-707**	**29,565**
Buildings, including buildings on third-party land (owned)	-39,900	-4,794	682	0	-44,012	75,174
Rights of use for buildings, including buildings on third-party land	-396	-598	0	0	-994	1,410
Buildings, including buildings on third-party land	**-40,296**	**-5,392**	**682**	**0**	**-45,006**	**76,584**
Plant and machinery (owned)	-350,079	-59,017	3,509	0	-405,587	491,611
Rights of use for plant and machinery	-3,605	-1,007	0	0	-4,612	6,995
Plant and machinery	**-353,684**	**-60,024**	**3,509**	**0**	**-410,199**	**498,606**
Other equipment, furniture and fixtures (owned)	-8,364	-2,475	78	0	-10,761	10,327
Rights of use for other equipment, furniture and fixtures	-576	-682	71	0	-1,187	970
Other equipment, furniture and fixtures	**-8,940**	**-3,157**	**149**	**0**	**-11,948**	**11,297**
Prepayments and assets under construction	**0**	**0**	**0**	**0**	**0**	**138,439**
Property, plant and equipment	**-403,396**	**-68,804**	**4,340**	**0**	**-467,860**	**754,491**
Intangible assets and property, plant and equipment	**-659,076**	**-98,052**	**4,348**	**0**	**-752,780**	**815,114**

6.2 Financial assets

Financial assets include investments in affiliates, joint ventures and associates of EUR 46,632k (prior year: EUR 42,684k) which for reasons of immateriality are neither consolidated nor accounted for using the equity method. Changes in fair value are recorded under other comprehensive income without affecting profit and loss. Information about the methods used to determine fair value is provided in note 6.10.

Furthermore, loans issued to the above investees of EUR 10,000k (prior year: EUR 10,000k) and loans issued to third parties (EUR 2k; prior year: EUR 2k) are included under financial assets.

6.3 Inventories

Inventories comprise raw materials, consumables and supplies. Reversals of impairments of EUR 132k (prior year: impairments of EUR 2,136k) were recognized in profit or loss in the fiscal year.

6.4 Receivables and other assets

Trade receivables and contract assets break down as follows:

Figures in EUR k	31 Dec 2021	31 Dec 2020
Trade receivables	80,554	68,177
Contract assets	27,088	11,552
Total	**107,642**	**79,729**

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

Figures in EUR k	31 Dec 2021	31 Dec 2020
Unimpaired receivables		
Neither past due nor impaired	101,312	68,359
1 to 30 days past due, unimpaired	5,219	6,911
31 to >360 days past due, unimpaired	1,111	4,458
Total unimpaired receivables	**107,642**	**79,728**
Impaired receivables		
Gross receivables	3,481	2,827
Specific bad debt allowances	-3,481	-2,826
Total impaired receivables	**0**	**1**
Total	**107,642**	**79,729**

Trade receivables include receivables amounting to EUR 6,536k (prior year: EUR 9,191k) from unconsolidated affiliates, joint ventures and BEHL group companies (Beijing Enterprise Holdings Ltd., Hong Kong, and Beijing Enterprises Holdings Environment Technology Co., Ltd., Hong Kong).

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

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

Figures in EUR k	2021	2020
As of 1 Jan	**2,826**	**2,365**
+ Additions	660	529
- Utilizations (realized impairments)	0	0
- Reversals (impairments no longer required)	-5	-68
As of 31 Dec	**3,481**	**2,826**

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

The remaining receivables and other assets are measured at amortized cost. Other non-current receivables and assets of EUR 5,423k include prepaid expenses and a loan receivable from a minority shareholder of a subsidiary. Other current receivables and assets of EUR 117,901k primarily include receivables from related parties (note 9), reimbursement claims, tax receivables and prepayments.

6.5 Deferred taxes

	31 Dec 2021		31 Dec 2020	
Figures in EUR k	**Asset**	**Liability**	**Asset**	**Liability**
Deferred taxes	**33,317**	**83,742**	**38,908**	**90,285**
thereof recognized in profit or loss	-2,113	6,543	1,053	4,579

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

Figures in EUR k	31 Dec 2021	31 Dec 2020
Deferred tax assets on property, plant and equipment	1,921	1,659
Deferred tax assets on financial assets	243	251
Deferred tax assets on inventories	110	110
Deferred tax assets on provisions	29,892	34,336
Deferred tax assets on liabilities	1,151	2,552
Total deferred tax assets	**33,317**	**38,908**

Figures in EUR k	31 Dec 2021	31 Dec 2020
Deferred tax liabilities on intangible assets	12,390	15,663
Deferred tax liabilities on property, plant and equipment	62,573	64,908
Deferred tax liabilities on receivables and other assets	7,617	8,990
Deferred tax liabilities on liabilities	1,162	724
Total deferred tax liabilities	**83,742**	**90,285**

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

6.6 Subscribed capital and reserves

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

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

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

In fiscal year 2021, EUR 59,200k was distributed to the shareholders of EEW Holding for fiscal year 2020. The revenue reserves were appropriated to make the distributions.

6.7 Pension provisions

Provisions for pensions and similar obligations are recognized for defined benefit obligations within the Group. The calculated pension obligation is reported net of the existing plan assets. Obligations for the pension entitlements of former and active employees of the EEW Group amounting to EUR 131,175k (prior year: EUR 139,379k) contrast with plan assets with a fair value of EUR 32,290k as of 31 December 2021 (prior year: EUR 29,658k).

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

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

Pension plans

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

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

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

Defined contribution plans

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

The employer contributions to the statutory pension insurance scheme came to EUR 5,927k in fiscal year 2021 (prior year: EUR 5,615k). The additional expenses totaling EUR 1,015k (prior year: EUR 992k) recognized in the consolidated income statement represent the Group's contributions owed to these pensions plans in accordance with the contribution rates regulated therein.

The Group maintains defined contribution pension plans for eligible employees of its subsidiaries.

Defined benefit plans

In addition to the defined contribution commitments there are defined benefit plans within the Group. The entitlements under the defined benefit plans as of the reporting date relate to around 1,353 (prior year: 1,348) beneficiaries, including 744 (prior year: 734) active employees, 253 (prior year: 254) former employees with vested benefits and 356 (prior year: 360) pensioners and surviving dependents.

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

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

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

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

Two contractual trust arrangements (CTAs) which are endowed in accordance with the level of the obligation were established to secure the obligations. The CTAs for the German group companies are administered in trust by HI-PENSION TRUST EEW-Fonds. The CTAs relate to plan assets which are earmarked and can be set off against the pension obligations pursuant to IAS 19. There is a strict obligation for the Company to make additional contributions for one CTA.

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

- to refund benefits payments fulfilled by the trustor
- insofar as there is an overendowment in the level of the trust assets
- if the trustor has no further benefit obligations or

- if the associated plan expires due to the withdrawal of all the trustor's beneficiaries.

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

To a minor extent one company's plan assets are also with the VK GFA pension fund. Excess assets can to some extent be transferred back to the support funds, but are normally used currently or and on dissolution of the fund for benefit increases, whereby the pension funds' benefits are offset against those from the employer's direct commitment. The support funds have a low level of endowment obligations at VK GFA. Restructuring contributions may also become necessary in the case of shortfalls.

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

- **Investment risk**

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

- **Interest rate risk**

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

- **Longevity risk**

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

- **Salary risk**

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

There were no plan adjustments in the current period.

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

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

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

Actuarial assumptions	2021	2020
Interest rate	1.10%	0.70%
Expected salary increase in percent	2.50%	2.50%
Pension increase	1.75%	1.75%

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

Notes to the consolidated statement of financial position

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

Figures in EUR k	2021	2020
Service costs		
Current service cost	3,426	3,160
Net interest expense	749	962
Contributions to defined benefit plans in the income statement	**4,175**	**4,122**
Remeasurement of net liability under a defined benefit plan		
Income (-) and losses (+) from plan assets	-1,047	902
Actuarial gains (-) and losses (+) from changes in financial assumptions	-11,546	8,726
Actuarial gains (-) and losses (+) from experience adjustments	1,033	1,013
Components of amounts for defined benefit plans recognized in other comprehensive income	**-11,560**	**10,641**
Total	**-7,385**	**14,763**

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

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

Carrying amount of defined benefit obligations Figures in EUR k	31 Dec 2021	31 Dec 2020
Present value of covered defined benefit obligations	131,175	139,379
Fair value of plan assets	-32,920	-29,658
Net defined benefit obligation	**98,255**	**109,721**

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

Development of defined benefit obligation **Figures in EUR k**	**2021**	**2020**
Opening balance of defined benefit obligation	**139,379**	**127,545**
Service costs	3,426	3,160
Interest expenses	968	1,264
Gains (-) and losses (+) from remeasurement:		
Actuarial gains and losses from changes in life expectancy (mortality tables)	0	0
Actuarial gains and losses from changes in financial assumptions	-11,546	8,726
Actuarial gains and losses from experience adjustments	1,033	1,013
Benefits paid	-2,042	-2,323
Other payments	-43	-6
Closing balance of defined benefit obligation	**131,175**	**139,379**

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

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

- If the discount rate were to rise (fall) by 1%, the defined benefit obligation would decline by EUR 23,506k (prior year: EUR 26,243k) (rise by EUR 31,802k (prior year: EUR 34,668k)).

- If the expected salary increase were 0.5% higher (lower), the defined benefit obligation would increase by EUR 471k (prior year: EUR 547k) (decline by EUR 450k (prior year: EUR 523k)).

- If the expected pension increase were 0.5% higher (lower), the defined benefit obligation would increase by EUR 1,227k (prior year: EUR 1,565k) (decline by EUR 1,268k (prior year: EUR 1,424k)).

- If life expectancy were to fall (rise) by one year, the defined benefit obligation would decline by EUR 3,877k (prior year: EUR 4,317k) (rise by EUR 4,360k (prior year: EUR 4,868k)).

The above sensitivity analysis as of 31 December 2021 shows how the present value of the commitment would change in response to a change in the actuarial assumptions. Correlations between the individual assumptions were not taken into account. When one assumption was varied, the other assumptions were kept unchanged.

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

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

Notes to the consolidated statement of financial position

Development of plan assets **Figures in EUR k**	**2021**	**2020**
Opening balance of plan assets measured at fair value	**29,658**	**29,633**
Interest income	219	302
Gains (+) and losses (-) from remeasurement:		
Income/expense from plan assets	1,047	-902
Contributions by employer (+)/refunds to employer (-)	1,996	625
Benefits paid	0	0
Closing balance of plan assets measured at fair value	**32,920**	**29,658**

The actual income (+)/expense (-) from the plan assets amounted to EUR 1,266k (prior year: - EUR 600k).

The main investment classes of the plan assets as of 31 December 2021 are presented in the following table:

Main investment classes of plan assets **Figures in EUR k**	**31 Dec 2021**	**31 Dec 2020**
Debt instruments	20,016	18,945
Real estate and infrastructure funds	7,022	5,614
Equity instruments	5,304	5,001
Cash and cash equivalents	549	67
Employer's pension liability insurance	29	31
Total	**32,920**	**29,658**

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

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

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

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

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

- A maximum of 15% of the fund's assets may be invested in property investments.

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

The average term of the defined benefit obligation as of 31 December 2021 was 21 years (prior year: 22 years).

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

Expected payments for pensions and similar obligations Figures in EUR k	**31 Dec 2021**	**31 Dec 2020**
Less than 1 year	2,478	2,199
Between 1 and 5 years	12,441	11,342
Between 5 and 10 years	20,096	18,812
Total	**35,015**	**32,353**

In the coming fiscal year, the Group expects to make a contribution amounting to EUR 1,128k (prior year: EUR 2,020k) to the defined benefit plan.

6.8 Other tax provisions and other provisions

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

Notes to the consolidated statement of financial position

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

Figures in EUR k	As of 1 Jan 2021	Imputed interest	Allocation	Utilization	Reversal	As of 31 Dec 2021
Other personnel-related obligations	3,162	-124	394	-650	-161	**2,621**
Site restoration, demolition obligations, etc.	24,055	-4	1,041	-49	-1,311	**23,732**
Potential losses from pending transactions	8,766	0	1,881	-1,500	0	**9,147**
Processing obligations	4,287	0	3,779	-4,287	0	**3,779**
Obligations arising from litigation, liability, etc.	497	0	0	0	0	**497**
Other obligations	6,484	-11	8,547	-1,588	-3,249	**10,183**
Total	**47,251**	**-139**	**15,642**	**-8,074**	**-4,721**	**49,959**

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

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

Early retirement obligations are calculated using a discount rate of 0.0% (prior year: 0.0%) and an expected annual increase in income of 2.5% (prior year: 2.5%).

Provisions for phased retirement take account of obligations under phased retirement agreements. They are recognized at present value using a discount rate of 0.1% (prior year: 0.2%) and an expected annual increase in income of 2.5% (prior year: 2.5%).

Long-service award obligations are calculated using a vested benefit trend of 2.5% (prior year: 2.5%) and a discount rate of 0.8% (prior year: 0.7%).

The obligations for site restoration and demolition primarily include obligations caused by the retirement of facilities. The major item is the obligation to retire a facility in 2052. Based on an expert opinion, this obligation is recognized at present value, applying a discount rate of 0.19% (prior year: 0.00%).

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

Potential losses from pending transactions are mainly due to obligations to take delivery of fiber residues.

The obligations for litigation include legal costs and risks from existing contractual relationships. For more information on legal disputes, please see the risk report of the management report in the sections concerning regulatory and legal risks.

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

31 Dec 2021		
Figures in EUR k	**Current**	**Non-current**
Other personnel-related obligations	395	2,226
Site restoration, demolition obligations, etc.	1,043	22,689
Potential losses from pending transactions	2,300	6,847
Processing obligations	3,779	0
Obligations arising from litigation, liability, etc.	497	0
Other obligations	9,398	785
Total	**17,412**	**32,547**

6.9 Liabilities

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

Figures in EUR k	31 Dec 2021	31 Dec 2020
Bonds	**398,963**	**0**
Cash flows with a residual term of		
Up to 1 year	1,779	0
1 to 2 years	1,054	0
2 to 3 years	1,051	0
3 to 4 years	1,052	0
4 to 5 years	401,248	0
More than 5 years	0	0
Total expected cash flows	**406,184**	**0**
Liabilities to banks	**91,353**	**408,026**
Cash flows with a residual term of		
Up to 1 year	72,559	5,833
1 to 2 years	334	314,368
2 to 3 years	18,337	1,234
3 to 4 years	45	96,255
4 to 5 years	45	135
More than 5 years	2,045	2,090
Total expected cash flows	**93,365**	**419,915**
Other financial liabilities	**314**	**301**
Cash flows with a residual term of		
Up to 1 year	0	0
1 to 5 years	0	0
More than 5 years	314	301
Total expected cash flows	**314**	**301**

Liquidity needs are satisfied by credit lines from banks totaling EUR 115,000k. Of this amount, EUR 57,886k had been drawn down for the provision of bank guarantees as of 31 December 2021. These lines are also available among other things for short-term capital needs and the provision of collateral.

In August 2017, EEW Energy from Waste GmbH issued a promissory note loan of EUR 407,000k. The promissory note loan was issued with terms of 5, 7 and 10 years. The tranches with a term between 5 and 7 years bear variable interest based on the six-month EURIBOR. Additionally, a fixed margin of 1.00% to 1.20% is charged. These tranches account for EUR 316,000k. The variable portion of the promissory note loan of EUR 316,000k was repaid at the interest payment date in August 2021. Further tranches with terms between 5 and 10 years of EUR 91,000k bear a fixed interest rate ranging between 1.2% and 2.3%. The promissory note loan is not collateralized. No financial covenants under existing loan agreements were agreed.

In June 2021, a green bond of EUR 400,000k was issued with a term of five years in order to repay the variable tranches of the promissory note loan. The green bond has a interest rate of 0.361%. It is unsecured and no financial covenants were agreed. EEW Energy from Waste GmbH disbursed EUR 84,000k to Good Champion Investments Limited under a short-term revolving credit facility for the purpose of liquidity management and in order to avoid being charged deposit fees.

6.10 Financial instruments

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

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

Liquidity risk

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

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

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

Analysis of maturities of financial liabilities

For the maturity structure refer to note 6.9. Liabilities.

The EEW Group has not violated any payment terms with regard to its financial liabilities. No financial covenants under existing financing arrangements were agreed.

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

Credit risks

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

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

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

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

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

Market risks (interest rate and currency risks)

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

Currency risks

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

Interest rate risks

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

Other price risks

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

Concentration risk

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

Carrying amounts and fair values of financial instruments

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

31 Dec 2021 Figures in EUR k	At fair value through OCI	At amortized cost	Carrying amount under IFRS 16	Total	
Item of the statement of financial position	**Carrying amount**	**Carrying amount**		**Carrying amount**	**Fair value**
Financial assets	46,632	10,002	0	56,634	56,634
Trade receivables and contract assets	0	107,642	0	107,642	107,642
Finance lease receivables	0	0	73,005	73,005	75,279
Other financial receivables	0	101,150	0	101,150	101,150
Cash and cash equivalents	0	93,808	0	93,808	93,808
Total	**46,632**	**312,602**	**73,005**	**432,239**	**434,513**

31 Dec 2020 Figures in EUR k	At fair value through OCI	At amortized cost	Carrying amount under IFRS 16	Total	
Item of the statement of financial position	**Carrying amount**	**Carrying amount**		**Carrying amount**	**Fair value**
Financial assets	42,684	10,002	0	52,686	52,686
Trade receivables and contract assets	0	79,729	0	79,729	79,729
Finance lease receivables *	0	0	82,675	82,675	86,424
Other financial receivables	0	40,592	0	40,592	40,592
Cash and cash equivalents	0	145,517	0	145,517	145,517
Total	**42,684**	**275,840**	**82,675**	**401,199**	**404,948**

* Fair value was adjusted

Notes to the consolidated statement of financial position

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

31 Dec 2021 Figures in EUR k	At amortized cost	Total
Item of the statement of financial position	**Carrying amount**	**Fair value**
Bonds	398,963	397,995
Liabilities to banks	91,353	93,888
Other financial liabilities	314	314
Trade payables	75,173	75,173
Total	**565,803**	**567,370**

31 Dec 2020 Figures in EUR k	At amortized cost	Total
Item of the statement of financial position	**Carrying amount**	**Fair value**
Liabilities to banks	408,026	412,750
Other financial liabilities	301	301
Trade payables	47,225	47,225
Total	**455,552**	**460,276**

Fair value hierarchy for measuring financial instruments at fair value

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

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

Measurement of financial instruments at fair value

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

A discount rate of 3.7% was applied (prior year: 3.7%). Cash flows that go beyond internal forecasts are calculated in accordance with suitable growth rates. The growth rates applied are based on long-term real growth and ranged between 0.0% and 1.0% in the prior year. The rise in the net realizable value calculated is primarily attributable to the reduced discount rate and the sustainable improvement in earnings prospects.

Fair values of assets measured at amortized cost

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

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

Measurement of the carrying amount under IFRS 16

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

Fair values of liabilities measured at amortized cost

The fair value of the bonds and liabilities to banks is calculated using a discounted cash flow model. The underlying discount rate is derived from a risk-free market interest rate, adjusted by a suitable credit risk premium. The credit risk premium is modeled taking market-like trends into account (Level 3). The carrying amount corresponds to the market value (Level 1).

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

Other liabilities comprise liabilities from cash pool arrangements with non-consolidated subsidiaries.

Notes to the consolidated statement of financial position

Net result from financial instruments by measurement category

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

31 Dec 2021 Figures in EUR k	Interest	Impairments/ reversals	Investment income	Net gain/loss
Financial assets at fair value through OCI	0	0	1,230	1,230
Loans and receivables measured at amortized cost	605	-2,439	0	-1,834
Liabilities measured at amortized cost	-4,416	0	0	-4,416
Total	**-3,811**	**-2,439**	**1,230**	**-5,020**

31 Dec 2020 Figures in EUR k	Interest	Impairments/ reversals	Investment income	Net gain/loss
Financial assets at fair value through OCI	0	0	1,324	1,324
Loans and receivables measured at amortized cost	658	-479	0	179
Liabilities measured at amortized cost	-4,802	0	0	-4,802
Total	**-4,144**	**-479**	**1,324**	**-3,299**

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

Sensitivity analysis

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

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

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

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

A change of 0.5 percentage points in the level of interest rates as of the reporting date would not have resulted in an improvement or deterioration in net interest income, since the variable tranches of the promissory note loan were repaid.

Apart from the interest rate risk described above, the EEW Group is not subject to any other material market risks relating to financial instruments.

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

6.11 Leases

EEW as a lessee

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

Figures in EUR k	2021	2020
Short-term lease expense	1,477	1,546
Expense relating to leases of low-value assets	1,337	1,329
Expense for variable lease payments	0	0
Interest expenses on lease liabilities	366	402
Repayments of lease liabilities	2,565	2,820
Cash outflows for leases	**5,745**	**6,097**

The future undiscounted cash flows of the lease liabilities of EUR 10,197k in place as of 31 December 2021 (prior year: EUR 11,493k) are as follows:

	Minimum lease payments	
Figures in EUR k	**31 Dec 2021**	**31 Dec 2020**
Up to 1 year	2,393	2,654
1 to 5 years	4,675	5,847
More than 5 years	5,760	6,073
Total	**12,828**	**14,574**

EEW as lessor (finance leases)

The Group has constructed a facility, leased it out and taken on its operational management. The agreement has a total term of 13.5 years. As of the reporting date, receivables under finance leases amount to EUR 73,005k (prior year: EUR 82,675k), of which EUR 10,629k (prior year: EUR 9,670k) are current. The recognition of impairment losses on lease receivables was not necessary in 2021 or 2020.

Interest income from lease receivables was generated in the amount of EUR 6,238k (prior year: EUR 7,133k).

The lease receivables have the following maturity structure:

	Undiscounted lease payments	
Figures in EUR k	**31 Dec 2021**	**31 Dec 2020**
Up to 1 year	15,908	15,907
1 to 2 years	15,907	15,908
2 to 3 years	10,605	15,907
3 to 4 years	0	10,605
Unguaranteed residual values	42,605	42,605
Total	**85,025**	**100,932**
Unearned finance income	-12,020	-18,257
Present value	**73,005**	**82,675**

6.12 Capital management

The Group's objective is to strengthen its equity base by making use of attractive capital market conditions. In this context, EEW was able to place a green bond in the fiscal year (note 6.9). EEW made dividend payments in the fiscal year in amounts in accordance with the dividend policy agreed with the owner.

No financial covenants under existing financing arrangements were agreed.

7. Statement of cash flows

The cash flows from investing activities are calculated as the cash inflows from the disposal of assets and the cash outflows for investments in property, plant and equipment and intangible assets. Approximately EUR 193,287k was invested in property, plant and equipment as well as in intangible assets.

The cash outflows from financing activities are shaped by the cash received from the issue of the green bond (EUR 398,641k) and the cash paid for the repayment of and interest on the promissory note loan (EUR 317,705k). In addition, dividends of EUR 34,170k were distributed to the shareholders of EEW Holding. Dividends of EUR 59,200k were declared for fiscal year 2020. EUR 25,030k from a loan receivable of EEW Energy from Waste GmbH vis-à-vis Good Champion Investments Limited was assigned to EEW Holding GmbH, transferred to BEHEIM and set off against the obligation from the payment of the dividend for fiscal year 2020.

In addition, dividends of EUR 17,569k were distributed to non-controlling interests.

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

Financial liabilities **Figures in EUR k**	**As of 1 Jan 2021**	**Change in cash and cash equivalents**	**Non-cash change**	**As of 31 Dec 2021**
Non-current bonds	0	398,628	0	398,628
Non-current liabilities to banks	406,740	-317,705	-69,053	19,982
Other non-current financial liabilities	301	13	0	314
Non-current financial liabilities	**407,041**	**80,936**	**-69,053**	**418,924**
Current bonds	0	0	335	335
Current liabilities to banks	1,286	0	70,085	71,371
Other current financial liabilities	0	0	0	0
Current financial liabilities	**1,286**	**0**	**70,420**	**71,706**
Lease liabilities	**11,493**	**-2,931**	**1,635**	**10,197**
thereof cash flows from operating activities		-366		
thereof cash flows from financing activities		-2,565		
Total	**419,820**	**78,005**	**3,002**	**500,827**

Statement of cash flows

Financial liabilities Figures in EUR k	As of 1 Jan 2020	Change in cash and cash equivalents	Non-cash change	As of 31 Dec 2020
Non-current liabilities to banks	406,491	0	249	406,740
Other non-current financial liabilities	116	185	0	301
Non-current financial liabilities	**406,607**	**185**	**249**	**407,041**
Current liabilities to banks	6,052	-4,766	0	1,286
Other current financial liabilities	0	0	0	0
Current financial liabilities	**6,052**	**-4,766**	**0**	**1,286**
Lease liabilities	**12,191**	**-3,222**	**2,524**	**11,493**
thereof cash flows from operating activities		-402		
thereof cash flows from financing activities		-2,820		
Total	**424,850**	**-7,803**	**2,773**	**419,820**

8. Contingent liabilities and other financial obligations

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

Figures in EUR k	31 Dec 2021	31 Dec 2020
Obligations under rental and lease agreements	2,925	4,225
Other financial obligations	492,423	363,651
Total	**495,348**	**367,876**

A strict obligation for the Company to make additional contributions to CTA II applies in relation to HI-PENSION TRUST EEW-Fonds. Please refer to note 6.7 of the notes to the financial statements.

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

9. Related parties

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

BEHL, which holds all the shares in EEW Holding via Good Champion Investments Limited and BEHEIM as of 31 December 2021, is the ultimate parent company.

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

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

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

2021 Figures in EUR k	Goods delivered and services provided, interest income and dividends	Goods and services received and interest expenses	Receivables	Liabilities
BEHL Group	486	0	99,564	0
Non-consolidated subsidiaries	14,604	19	301	314
Joint ventures and associates	27,201	27,976	5,386	0

2020 Figures in EUR k	Goods delivered and services provided, interest income and dividends	Goods and services received and interest expenses	Receivables	Liabilities
BEHL Group	197	0	40,092	0
Non-consolidated subsidiaries	14,004	41	1,100	301
Joint ventures and associates	31,040	31,538	7,240	0

There is also a loan receivable of EUR 10,000k from EBS Kraftwerk GmbH, Hürth. The loan has an overall term until 31 December 2031 with a fixed interest rate of 1.0% until 31 December 2023. The repayments begin starting in fiscal year 2024 in contractually specified quarterly installments. The loan is unsecured.

Furthermore, a resolution was adopted in 2021 to distribute a dividend for fiscal year 2020 to the shareholder of EEW Holding in the amount of EUR 59,200k. Please refer to note 7 of the notes to the financial statements. An additional EUR 84,000k was disbursed to Good Champion Investments

Limited in 2021 under a revolving credit facility. The loan is unsecured, bears interest at a rate of 0.8% and is included in the above table.

Non-consolidated subsidiaries

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

Joint ventures and associates

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

Shareholders

Income and receivables from the BEHL group relate to interest income from loan receivables and other services rendered.

Related persons

The total remuneration of the management board amounts to EUR 2,452k in the reporting year (prior year: EUR 2,527k). It consists solely of short-term benefits.

Pension provisions of EUR 7,015k (prior year: EUR 7,637k) were recognized for entitlements of former general managers.

The members of the supervisory board received total remuneration of EUR 127k in fiscal year 2021 (prior year: EUR 195k). No transactions which must be reported have been concluded with members of the management board or persons related to them.

10. Auditor's fees

The other operating expenses item includes the fees of the statutory auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, amounting to EUR 660k (prior year: EUR 914k). EUR 558k (prior year: EUR 661k) of these expenses relate to audit services, EUR 74k (prior year: EUR 55k) to audit-related services and EUR 28k (prior year: EUR 198k) to other services.

11. Events after the reporting period

The conflict between Russia and Ukraine turned into a war on 24 February 2022, giving rise to uncertainty for the development of the global economy, the German thermal waste recovery market and the EEW Group. The geopolitical and economic consequences of the Russia-Ukraine war for EEW's business development cannot be assessed in detail at present. Extreme fluctuations in the prices of raw materials and disruptions to waste supplies could have a negative impact on earnings. In particular, oil and gas prices are expected to increase further and thus lead to price increases for alternative fuels and energy sources. Due to the Russia-Ukraine war, EEW could face limited availability of materials for maintenance and inspection work and raw materials, consumables and supplies for plant operations as well as potential bottlenecks in transport capacities by road due to the lack of truck drivers. In turn, this could lead to restricted plant operations or have a negative impact on project deadlines.

There were no further events after 31 December 2021 that would be reportable in accordance with IAS 10 *Events after the Reporting Period*.

12. Management board

The general managers of EEW Holding are:

Bernard Kemper (Chairman)

Markus Hauck

Dr. Joachim Manns

Helmstedt, 25 March 2022

EEW Holding GmbH

The Management Board

Kemper Hauck Manns

GROUP MANAGEMENT REPORT 2021

EEW Holding GmbH

Helmstedt

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1. Background of the Group

EEW Energy from Waste is Germany's market leader in the use of environmentally friendly energy from thermal waste recovery. EEW develops, builds and operates energy from waste plants. The Group's current 17 facilities in Germany and neighboring European countries generated energy from the incineration of around 4.9 million metric tons (mt) of waste in the reporting year. EEW transforms the energy contained in waste into process steam for industry, district heating for residential areas and eco-friendly electricity for the equivalent of around 700,000 households. With biogenic substances accounting for an average 50% of waste, EEW generates energy from renewable sources in accordance with the EEG ["Erneuerbare-Energien-Gesetz": German Renewable Energy Act]. This energy recovery from the waste incinerated in EEW's facilities conserves natural resources, recovers valuable raw materials and reduces our carbon footprint.

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

The EEW Group's activities are segmented from a geographical point of view. In terms of the technical design capacity of its plants, the EEW Group leads the market in Germany with a share of approximately 16.1% (0.1% higher than in the prior year). As in the prior year, it has a market share of 100% in Luxembourg and 7% in the Netherlands.

In 2021, the EEW Group sold 1.8 TWh of electricity and about 3.2 TWh of heat and steam, the latter of which is normally sold under long-term agreements to local suppliers or directly to local end-customers.

In 2021, 12 facilities were operated as independent businesses and 5 facilities were managed by the EEW Group on the basis of long-term operational management agreements.

The German thermal waste incineration market, comprised of almost 100 facilities, is highly fragmented. The largest groups of plant operators in Germany comprise municipalities or companies under the majority control of municipalities. There are also private-sector operators with several facilities (Remondis, MVV, EnBW and RWE). In 2021, the total gross processing capacity of all waste incineration plants in Germany of approximately 26.7 million mt p.a. (internal EEW research) was matched by consistently high waste quantities.

Background of the Group

Figure 1: Overview of the plants operated by EEW in Germany,

the Netherlands and Luxembourg

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

2. Economic report

2.1 Overall economic and industry-specific background

Market situation in 2021

After the decline in 2020 due to the pandemic, the German economy started to expand again and recorded growth of 2.8% in the past year according to the calculations by the German Federal Statistical Office. Economic development was shaped by the coronavirus infection rates and the related preventive measures in 2021 as well. However, the German economy was able to recover despite the ongoing pandemic and the resulting material shortages and supply constraints. According to the Federal Statistical Office, economic output increased in nearly all economic sectors in 2021, compared to the previous crisis year 2020, in which some production activities were significantly impaired as a result of the COVID-19 pandemic. Gross value added in the manufacturing sector increased significantly by 4.4% on the prior year. Most of the service sectors also reported substantial growth against 2020. In the trade, transportation and hospitality industries, economic growth was more subdued due to the pandemic-related restrictions still in place. Only the construction sector, which was not noticeably impacted by the coronavirus pandemic in 2020, saw economic output decline slightly in 2021. According to the Federal Statistical Office, government spending was a mainstay for growth in the German economy in 2021 as well. Adjusted for inflation, it was up by 3.4% in the second year of the coronavirus pandemic despite the already high level in the prior year. Among other things, the government financed the extensive free rapid antigen testing introduced in spring 2021, the procurement of coronavirus vaccines and the operation of test and vaccination centers.

According to its annual economic report, the German federal government expects GDP to rise by 3.6% in 2022, adjusted for inflation. Economic output is expected to be affected by the coronavirus pandemic and resulting restrictions in the first quarter, but the economic recovery should gain momentum in the course of the year, assuming the pandemic subsides and restrictions are rolled back as a result. The industrial sector should also be able to expand production considerably, as supply constraints are gradually overcome in the course of the year.

The Russia-Ukraine war and related sanctions as well as countermeasures could have a negative impact on global economic development, the German economy, prices and availability of raw materials, consumables and supplies, other materials and transport capacities in 2022.

As in the prior year, the market situation in the thermal waste recovery industry was characterized by consistent waste quantities together with high utilization of incineration capacities in Germany and the Netherlands in 2021.

Company development

EEW intends to expand its role as a leader in resource conservation and sustainable energy generation for industry and households in Europe. By using sustainable and state-of-the-art techniques and exploiting the opportunities of digitalization, EEW is already an integral part of the circular economy and contributes to the energy transition by providing climate-friendly energy in the form of process steam, district heating and electricity and permanently eliminating hazardous substances. This conserves primary energy resources and recovers valuable raw materials. EEW will not stop at its current contribution to the energy transition and has declared sustainability and the reduction of carbon emissions a central pillar of its business strategy.

The EEW Group's business strategy is built on several pillars. In line with its sustainability goal, EEW aims to achieve horizontal and vertical growth in thermal waste recovery in Germany and abroad as well as growth in adjacent segments. This includes project activities in thermal waste recovery, thermal

sewage sludge recovery operations and the development of products along the value chain of thermal waste recovery. Digitalization also plays a key role in the continuous optimization of the plant technology used, new applications and improvement of operating processes, among other things.

In the area of thermal waste recovery, two new construction projects are currently underway to secure the future of the location in the long term, boost energy efficiency and availability as well as meet the highest environmental standards. The second grate firing line commenced commercial operations at the EEW location in Premnitz in this year, replacing the circulating fluidized bed firing operations that were shut down in the middle of the year. This will reduce expenses for waste processing and for maintenance in the future, while increasing energy generation at the same time. Construction on the waste incineration facility at the EEW location in Stapelfeld began early in accordance with Sec. 8a BImSchG [“Bundes-Immissionsschutzgesetz”: German Federal Emission Control Act]. This completely new plant featuring higher energy efficiency is expected to commence operations at the end of 2023 and will replace the existing plant. Both investment projects ensure reliable regional waste disposal and also provide heating, steam and electricity supply at the respective locations.

In the sewage sludge recovery segment, the sewage sludge mono-incineration plant at Helmstedt is nearly complete. Due to pandemic-related supply chain problems, the original commissioning date in August 2021 could not be met. According to the current project plan, commissioning is scheduled for mid-2022.

Moreover, construction of additional sewage sludge recovery plants commenced in reporting year 2021. Approval under immission control law for the construction and operation of the sewage sludge mono-incineration plant in Stavenhagen was granted in September 2021 and thus construction began in the third quarter of 2021. The plant is expected to be commissioned in the third quarter of 2023. In order to leverage synergies, a sewage sludge mono-incineration plant is set to be built at the Stapelfeld location in addition to the new facility being built to replace existing thermal waste recovery plant. Construction commenced early in accordance with Sec. 8a BImSchG. The plant is expected to be commissioned in 2025. Construction for the capacity expansion of the Rothensee energy from waste plant involving the addition of another waste recovery line and a sewage sludge treatment plant began in October 2021. According to the project plan, the facilities are expected to be commissioned at the end of 2023. Additionally, EEW Energy from Waste Delfzijl B.V. plans to build the first thermal sewage sludge recovery plant of EEW in the Netherlands in the Oosterhorn industrial estate in Delfzijl. Construction is scheduled to begin in the first quarter of 2022. According to the project plan, the plant is expected to be commissioned at the beginning of 2025.

Moreover, EEW intends to drive forward the development of innovations in the area of thermal waste recovery. EEW’s aim is to develop forward-looking solutions to not only think sustainability in the short term but also guarantee it in the long term. For this purpose, EEW has further honed its strategic focus on sustainability and identified three key topics with which to align its business activities today and in the future: “Handling climate change,” “Strengthening closed-loop operations” and “Innovating for the future.” EEW has developed a sustainability strategy to ensure that product innovations consider environmental aspects in addition to economic benefits. In the next few years, carbon emissions will be reduced drastically, resources conserved, loops closed and processes made more efficient. There are plans to expand the product and service portfolio in the waste segment and obtain additional valuable materials from incineration residues and return them to the cycle.

Progress was made on various projects in the area of digitalization in the reporting year. Digitalization and process topics were prepared continuously as part of the preliminary study for the implementation of SAP S4/HANA. The company-wide rollout of an internal employee app, EEW2GO, will enhance our internal communication. The implementation of the new competence model is EEW’s response to its environment having been made more complex by globalization, demographic change, digitalization,

political trends and many other topics. The coronavirus pandemic and use of new technologies have also demonstrated that virtual collaboration is a real alternative, but requires completely forms of communication, cooperation and leadership in the digital age. This also means tailoring employee skills to environmental requirements, new work and communication technologies and the future business strategy. For this purpose, the competence model offers guidance to employees, helping them prepare for future challenges and enhancing EEW's position as an attractive employer with good prospects. The new customer portal of EEW is currently undergoing an intensive test phase. The aim is to establish and implement an online portal to optimize customer loyalty and streamline internal processes. Customers can view documents such as invoices, weighing data or complaints online. Furthermore, current and completed disposal orders are listed and the option is provided to make disposal inquiries online.

The newest member of the EEW Group, NEEW Ventures GmbH, was established in the reporting year as another instrument for enhanced future-proofing. NEEW Ventures GmbH develops and realizes digital business models throughout EEW's core business and in adjacent areas. Old and new challenges along the value chain of waste disposal and recovery are thus addressed by innovative, digital and transformative solutions.

2.2 Business performance

2021 as a whole was shaped by the coronavirus pandemic in Germany, Europe and the rest of the world. The first vaccines were available in Germany from December 2020 onwards. By the end of the fourth quarter of 2021, around 89.9% of the EEW Group's workforce had been vaccinated. This high rate of immunization was a significant factor in our ability to maintain plant operations throughout the year as well as the low impact of coronavirus-related restrictions on ongoing construction projects. Throughout the year, comprehensive measures were implemented to ensure the occupational health and safety of employees and keep the plants operational. Our response was coordinated by the central crisis team of EEW established in March 2020, supported by 18 local crisis management teams. Ensuring occupational health and safety included and still includes providing protective equipment and sanitary/hygiene products, issuing instructions in 14 languages for consistent compliance with all health and safety provisions for internal and external staff, updating the pandemic plan continuously in coordination with local health authorities and testing external and internal staff regularly. Depending on the course of the pandemic, plant operations are secured by, among other things, continuously reviewing maintenance plans with respect to the availability of contractors, the technical urgency of repairs and the impact on the waste market, reducing employees per shift and establishing reserve shifts, uncoupling/separating shifts/teams at the locations and the headquarters to reduce the risk of infection and securing supply logistics of suppliers and service providers. A key element is regular coronavirus testing and the strict implementation of the 3G rule (vaccinated, recovered or tested) for entry to plants. The waste flow management system of the EEW Group ensures optimal utilization of the plants through an operational prioritization of plants (merit-order model) in conjunction with warehouse logistics and bunker stock controlling. Due to EEW's classification as an essential service company and the systematic implementation, intensive controls and continuous adjustment of measures, the operations of EEW were maintained in fiscal year 2021 without significant problems.

In spite of the coronavirus pandemic and the related slow economic recovery in Germany and Europe, the waste market experienced only minor negative effects in fiscal year 2021. The disastrous floods in summer 2021, particularly in Rhineland-Palatinate and North Rhine-Westphalia, led to significantly higher bulky waste volumes, which is reflected in municipality volumes. Supply chain problems led to limitations on production in the industrial sector, resulting in lower waste volumes in this segment. The EEW Group achieved a slight year-on-year increase in the quantity of waste accepted. The development of prices in the waste market in 2021 differed regionally, as in prior years. Tenders for municipalities saw price levels remain stable or increase on the prior year. In order to secure the supply for EEW's plants, waste acceptance agreements with foreign customers, primarily in the UK, Poland, Italy and France, were honored in 2021, too.

As far as energy is concerned, process steam, heat and electricity underwent disparate developments in 2021. At the beginning of the year, the German electricity market was shaped by rising price levels and the forward market price rose considerably in comparison to 2020. Forward prices for electricity were largely influenced by the development of the price of gas, which was the key driver along with prices for emission allowances (EUA).

Electricity prices on the spot markets at the beginning of 2021 were significantly above the prior-year level. The price spread between 2020 and 2021 increased month by month. The spot markets continue to depend on the weather and are volatile. Feed-ins from renewable energies, temperature-related fluctuations and the electricity consumption behavior of consumers are strong indicators here.

Prices for emission certificates in EU emissions trading developed a momentum of their own in 2021 and developed mostly independently of other commodities. Emission certificate prices saw a

moderate increase until September 2021, were flat in October and increased significantly in November and December.

The district heating segment was on a par with the budget in terms of volumes and prices due to weather conditions. Process steam was subject to demand-related fluctuations and exceeded the budget in terms of revenue and volume, partly driven by the very high gas prices from the second half of 2021.

Due to the above measures for occupational health and safety and the flexibilization of the maintenance plans taking into account the availability of external service providers, among other things, the incineration performance of the prior year was exceeded despite the pandemic. In relation to the prior year, the availability and capacity factor as well as the related overall plant efficiency remained at a similar level.

In 2021, EEW's procurement market for raw materials, consumables and supplies recorded historic hikes in prices in nearly all areas due to unfavorable market conditions. The BEHG ["Brennstoffemissionshandelsgesetz": German Fuel Emissions Trading Act], which became effective at the beginning of 2021, led to additional costs for the procurement of natural gas, heating oil and diesel and therefore to higher transportation costs. The following circumstances shaped the procurement market in the course of 2021: In the sea freight segment, there were significant supply chain delays and therefore sharp price increases as a result of factors including the blockage of the Suez Canal and coronavirus-related temporary closures of major transshipment ports. The national transportation market also had availability problems leading to price increases as a result of the growing shortage of drivers. Additionally, energy costs increased drastically, which affected the entire feedstock and supplies segment, limiting availability in some cases. The coronavirus crisis in 2021 also had a negative impact on the availability of specific supplies (hydrochloric acid, caustic soda). The fourth trading period for CO_2 certificates under the TEHG ["Treibhaus-Emissionshandelsgesetz": German Greenhouse Gas Emissions Trading Act], which began on 1 January 2021, also led to significant cost increases due to the reduction in the number of certificates allocated free of charge and sharp increases in the prices of certificates at the same time.

Due to the conclusion of fixed supply agreements, the price increases only made themselves felt in most areas from the fourth quarter of 2021. However, most additional costs were avoided under the long-term agreements with fixed price arrangements. Despite production-related restrictions on availability of some products, supply security was maintained for all locations.

By contrast, the situation in the residual waste disposal segment eased with respect to recovering metals from slag. Due to significant increases in metal prices, slag collectors were able to achieve a substantial increase in profit from the sales of metals extracted from slag. This, in turn, reduced disposal costs in the EEW Group. Moreover, a research project was launched in collaboration with TU Freiberg to develop alternative uses for filter dust.

Overall, higher consolidated revenue from higher waste, energy and other revenue more than offset higher operating expenses, personnel expenses and amortization, depreciation and impairment, culminating in a year-on-year increase in earnings before taxes.

2.3 Assets, liabilities, financial position and financial performance

Financial performance

The consolidated financial statements for the fiscal year from 1 January to 31 December 2021 include the Company and its subsidiaries (EEW Group). The following tables comprise the presentation of the EEW Group according to IFRSs. The following section presents the development of earnings in 2021 in comparison to the prior year.

Figures in EUR k	2021	2020
Revenue	**659,042**	**629,292**
Own work capitalized	**1,847**	**1,426**
Other operating income	**23,419**	**18,626**
Cost of materials	**272,648**	**256,399**
Personnel expenses	**105,346**	**100,605**
Amortization, depreciation and impairment	**86,725**	**98,052**
Other operating expenses	**73,163**	**66,580**
EBIT	**146,426**	**127,708**
Financial result	**2,489**	**2,055**
Earnings before taxes	**148,915**	**129,763**
Income taxes	**-43,868**	**-35,862**
Consolidated profit for the period	**105,047**	**93,901**
– thereof non-controlling interests	15,796	15,068
– thereof shareholders of EEW Holding GmbH	89,251	78,833

Income statement for the period from 1 January to 31 December 2021

Revenue (EUR 659,042 k; prior year: EUR 629,292 k) was primarily derived from the recovery and disposal of waste, the sale of the energy generated from it and the operational management of individual energy from waste plants. In 2021, revenue from the recovery and disposal of waste and the sale of the energy generated from it amounted to EUR 528,278 k (prior year: EUR 507,441 k) and from the operational management of individual plants amounted to EUR 84,196 k (prior year: EUR 87,796 k). The prior year's revenue forecast was surpassed owing to an optimized segment mix and the price increases in all waste segments.

The increase in other operating income (EUR 23,419 k; prior year: EUR 18,626 k) is mainly the result of income from the allocation of costs for goods and services and income from the reversal of provisions.

Cost of materials (EUR 272,648 k; prior year: EUR 256,399 k) includes expenses for maintenance and inspection work, waste flow costs for honoring fuel supply agreements, disposing of residual waste, slag and other waste, energy procurement costs and expenses for other services. The change against the prior year is primarily due to higher waste flow and energy procurement costs. Waste flow costs increased mainly due to costs for the acquisition of third-party volumes in Pirmasens and higher logistics costs. Energy procurement costs exceeded the prior-year level primarily due to higher expenses for natural gas and heating oil as well as higher expenses for CO_2 certificates.

Personnel expenses (EUR 105,346 k; prior year: EUR 100,605 k) include expenses for old-age pensions (EUR 4,711 k; prior year: EUR 4,740 k) in addition to current personnel costs. The rise in personnel expenses is attributable to an increase in headcount from 1,223 to 1,273 due to the hiring of commercial and technical specialists for current and future projects as well as pay rises under collective wage agreements.

Other operating expenses (EUR 73,163 k; prior year: EUR 66,580 k) are primarily influenced by other purchased services, IT expenses, insurance premiums, audit and advisory fees, rents and leases, travel expenses, training costs, advertising and marketing costs and miscellaneous operating expenses. Other operating expenses increased year on year primarily due to other taxes, expenses for own and third-party services and expenses for services that will be allocated to other parties. Audit and advisory fees decreased by contrast.

Amortization and depreciation of EUR 86,725 k (prior year: EUR 98,052 k) include amortization of intangible assets of EUR 12,664 k (prior year: EUR 29,248 k). The decline in amortization of intangible assets is mainly attributable to the expiry of the operational management agreement with the Knapsack energy from waste plant.

The higher financial result of EUR 2,489 k (prior year: EUR 2,055 k) mainly relates to lower interest expenses. The financial result also includes investment income of EUR 1,230 k (prior year: EUR 1,324 k).

Tax expenses rose from EUR 8,006 k in the prior year to EUR 43,868 k. Current taxes of EUR 48,298 k (prior year: EUR 41,495 k) are offset by deferred tax income of EUR 4,430 k (prior year: EUR 5,632 k). In addition to the earnings-related increase in current taxes, the decrease in out-of-period tax income, which was significantly higher in the prior year due to the findings of the tax audit for 2012 to 2015, led to an increase in tax expenses on the prior year. As a result, tax rate increased from 28% to 29%.

In a letter from the General Directorate of Customs dated 4 March 2021 entitled "Information on tax-privileged use of electricity for power generation in accordance with Sec. 9 (1) No. 2 StromStG ["Stromsteuergesetz": German Electricity Tax Act]" the tax authorities significantly restricted the tax benefits for electricity used for power generation in thermal waste recovery plants. On the basis of the applicable legal situation, the individual German entities currently only pay tax on the electricity they

generate themselves and purchase from third parties that is not used for power generation. The electricity used for power generation is therefore tax-exempt under the legal provisions. This is currently equivalent to 11% to 15% of total power generation. The above decree by the General Directorate of Customs and the related legal interpretation is expected to eliminate the tax exemption. Provisions have been recognized for any such taxes related to the period up to 31 December 2021.

In the reporting period, EBIT of EUR 146,426 k (prior year: EUR 127,708 k) was achieved after deducting depreciation and amortization totaling EUR 86,725 k (prior year: EUR 98,052 k) from EBITDA of EUR 233,151 k (prior year: EUR 225,760 k). This year-on-year increase in EBIT is largely due to higher revenue and lower amortization, depreciation and impairment. After deducting the financial result and the tax result totaling EUR 41,379 k (prior year: EUR 33,807 k), consolidated profit comes to EUR 105,047 k for the fiscal year (prior year: EUR 93,901 k).

Financial position

The EEW Group's financing structure changed from the prior year through the issue of the first green bond in June 2021. The variable tranches of the promissory note loan amounting to EUR 316,000 k were repaid in full in August 2021. The remainder of EUR 84,000 k was provided to Good Champion Investments Limited, British Virgin Islands, via a revolving credit facility.

A resolution was adopted in 2021 to distribute a dividend for fiscal year 2020 to the shareholder of EEW Holding in the amount of EUR 59,200 k. A loan receivable amounting to EUR 25,030 k of EEW Energy from Waste GmbH vis-à-vis Good Champion Investments Limited was assigned to EEW Holding GmbH, transferred to Beijing Enterprises European Investment Management S.à r.l and set off against the obligation from the payment of the dividend for fiscal year 2020.

Credit facilities of EUR 115,000 k with banks, of which EUR 57,886 k had been utilized as of the reporting date, are used to cover short-term liquidity requirements. These lines are available for short-term capital needs and the provision of collateral.

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

The subsidiaries are essentially financed by the cash pool operated by EEW Energy from Waste GmbH, or by the provision of funds based on appropriate liquidity agreements or loan agreements. Internal financing is strengthened by central working capital management.

A S S E T S **in EUR k**	**31 Dec 2021**	**31 Dec 2020**
Non-current assets		
Intangible assets	**50,239**	**60,623**
Property, plant and equipment	**882,730**	**754,491**
Financial assets	**56,634**	**52,686**
Receivables and other assets	**67,799**	**78,851**
Deferred tax assets	**33,317**	**38,908**
Total non-current assets	**1,090,719**	**985,559**
Current assets		
Inventories	**23,728**	**23,663**
Receivables and other assets		
Trade receivables and contract assets	107,642	79,729
Other receivables and other assets	128,530	72,710
Total receivables and other assets	**236,172**	**152,439**
Cash and cash equivalents	**93,808**	**145,517**
Total current assets	**353,708**	**321,619**
Total assets	**1,444,427**	**1,307,178**

EQUITY AND LIABILITIES in EUR k	31 Dec 2021	31 Dec 2020
Equity		
Subscribed capital	1,000	1,000
Capital reserves	275,900	275,900
Other revenue reserves/profit or loss carryforward	138,001	106,368
Profit or loss attributable to controlling interests	89,251	78,833
Equity attributable to the shareholders of EEW Holding GmbH	**504,152**	**462,102**
Non-controlling interests	**60,591**	**62,383**
Total equity	**564,743**	**524,485**
Non-current liabilities		
Pension provisions	**98,255**	**109,721**
Other provisions	**32,547**	**34,436**
Bonds	**398,628**	**0**
Liabilities to banks	**19,982**	**406,740**
Other non-current liabilities	**19,738**	**18,038**
Deferred tax liabilities	**83,742**	**90,285**
Total non-current liabilities	**652,892**	**659,220**
Current liabilities		
Other tax provisions	3,018	836
Other provisions	17,412	12,815
Bonds	335	0
Liabilities to banks	71,371	1,286
Lease liabilities	2,076	2,238
Trade payables	75,173	47,225
Income tax liabilities	34,825	35,930
Other liabilities	22,582	23,143
Total current liabilities	**226,792**	**123,473**
Total equity and liabilities	**1,444,427**	**1,307,178**

Assets and liabilities

Total assets of the EEW Group rose from EUR 1,307,178 k in the prior year to EUR 1,444,427 k, mainly due to the higher proportion of liabilities due to the bond and higher revenue reserves and the related increase in equity on the equity and liabilities side and in property, plant and equipment on the assets side due to investment in growth projects. This is an increase of some EUR 137,249 k on the prior year.

Cash flows from investing activities came to -EUR 188,738 k in the reporting period. In addition to operating investments in existing plants, the EEW Group primarily invested in growth projects such as the second grate firing line in Premnitz, the new waste incineration facility in Stapelfeld, the fifth line in Rothensee and the sewage sludge mono-incineration plants in Helmstedt, Stapelfeld and Stavenhagen in 2021. Additionally, the first prepayment was made for the acquisition of the Pirmasens energy from waste plant.

As of the reporting date, financial assets primarily comprise equity investments and loans to other investees and investors as well as non-consolidated subsidiaries. Non-current receivables (EUR 67,799 k; prior year: EUR 78,851 k) predominantly consist of receivables under finance leases (EUR 62,376 k; prior year: EUR 73,005 k).

Current receivables (EUR 236,172 k; prior year: EUR 152,439 k) primarily consist of trade receivables amounting to EUR 107,642 k and loans to the shareholder. Income tax refund claims decreased by EUR 1,703 k year on year to EUR 4,395 k. The increase in current receivables is attributable to the disbursement of a short-term loan to Good Champion of EUR 84,000 k.

Cash and cash equivalents decreased by EUR 51,709 k from EUR 145,517 k at the start of fiscal year 2021 to EUR 93,808 k. Cash outflows are shaped in particular by higher investments in the new construction projects.

The equity ratio fell by 1.0 percentage point from 40.1% to 39.1%. From today's perspective, the EEW Group's refinancing base is secure given the positive business prospects.

Non-current liabilities mainly relate to the green bond of EUR 400,000 k and the long-term portion of the promissory note loan of EUR 18,000 k. Current liabilities to banks mainly comprise the promissory note loan of EUR 71,000 k.

Cash flows from operating activities amounted to EUR 110,378 k in the reporting period and include the increase in short-term loans to shareholders of EUR 84,000 k. The decrease in cash flows (down EUR 51,709 k) is mainly due to higher investments in new waste and sewage sludge incineration plants, as is reflected in cash outflows from investing activities increasing by EUR 63,253 k to EUR 188,738 k. Cash flows from financing activities (EUR 26,651 k) are largely shaped by the first repayments of the variable tranches of the promissory note loan, the issue of the green bond and dividends paid to the shareholder of the parent company and the non-controlling interests. As a result of the above, cash and cash equivalents decreased by EUR 51,709 k to EUR 93,808 k as of year-end 2021.

3. Outlook, opportunities and risks

3.1 Outlook

The EEW Group's consolidated profit is largely shaped by current developments in the waste market and the corresponding capacity utilization of the plants. Quantities not secured by long-term contracts in the spot and commercial markets can be subject to significant fluctuations. The EEW Group expects the core markets to remain stable in 2022 since stable prices for commercial and industrial quantities in the waste market and consistent waste volumes at the plants are forecast. However, this expectation is only valid if the further course of the pandemic does not have a negative impact on the manufacturing industry. EEW expects higher prices for specific electricity revenue in 2022 in comparison to 2021 in line with the observable market prices. Volumes should also increase slightly. Sales volumes in the district heating segment are expected to remain stable as in the prior year. However, higher prices will likely result in a revenue increase. The weather in the winter months also has a significant effect. Sales volumes of and revenue from process steam are expected to remain at roughly the same level. A further increase is expected in CO_2 emissions trading despite some volatility.

Overall, the EEW Group expects the financial performance indicators of revenue, EBITDA and cash flows to increase year on year in 2022, subject to further developments in the Russia-Ukraine war.

Targets 2021	Profit/loss 2021	Target achievement 2021	Forecast for 2022
Total revenue (EUR k)	659,042	Target exceeded	Slight increase compared with the prior year
Waste accepted (in thousands of metric tons)	4,907	Target slightly exceeded	Slight increase compared with the prior year

3.2 Major opportunities and risks of future development

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

Pandemics like COVID-19, epidemics or the outbreak of other infectious diseases and the related measures to restrict travel, impose quarantines, extend the shutdown of workplaces, curfews or other measures for social distancing had a significant negative impact on the global economy and international financial markets in general and therefore on the markets and market segments in which EEW operates. Extended plant shutdowns and infections in employees lead to disruptions or delays in waste collection and transportation, plant productivity, residual waste disposal, supply of raw materials and administrative tasks. The impact of such outbreaks depends on a number of factors such as the duration and extent of the pandemic as well as the timing, suitability, adequacy and effectiveness of the official measures, the maintenance of resources such as personnel, materials, infrastructure and finances (e.g., the government's economic stimulus packages or central bank measures) and require an effective response to the current situation on the international and national level as well as the civilian level. However, there is no guarantee that such measures can effectively counter the pandemic and its consequences, which could lead to increased credit risks, liquidity risks and operational risks and impact the EEW Group and its operating results now and in the future.

The German federal government considers waste disposal to be an essential service. This is shown in the Federal Ministry of the Interior's response to a joint position paper of *Interessengemeinschaft der Thermischen Abfallbehandlungsanlagen in Deutschland* (ITAD) and *Bundesverbandes Deutscher Sonderabfallverbrennungs-Anlagen* (BDSAV). EEW's plants must therefore be afforded special protection during the coronavirus pandemic. The Company has taken numerous measures in undertaking this task (e.g., communication of basic hygiene rules and rules of conduct, provision of protective gear, various organizational measures). A crisis unit regularly informs the staff about the situation in the enterprise and organizational changes made for employee protection due to pandemic developments. Overall, the incineration of waste and generation of energy will remain stable thanks to the above measures, regionally diversified facilities and customer structure. This development has continued to date in 2022.

Key indicators for all known risks are systematically analyzed and the necessary measures for risk prevention are initiated as required. There is monthly reporting in particular on plant operation, waste throughput, electricity sales and also on the development of revenue and costs which is supplemented by weekly operating reports from the plants.

Apart from the operational risks arising from the operation of facilities, risks arise in particular from developments in the respective markets for waste and energy marketing. There are currently no risks to the Group's ability to continue as a going concern. The risk situation is regarded as manageable thanks to the mechanisms installed. The major risks are explained below.

Market risks

According to the Federal Statistical Office, adjusted for price, seasonal and calendar effects, gross domestic product (GDP) fell by 0.7% in the fourth quarter of 2021 compared to the third quarter. The growth achieved in the summer despite supply constraints was brought to a stop by the fourth wave of coronavirus infections and renewed implementation of stricter preventive measures. In particular, consumer spending fell quarter on quarter in the fourth quarter of 2021, while government spending

increased. Investments in construction fell in comparison with the third quarter of 2021. According to the Federal Statistical Office, in 2021 as a whole GDP grew by 2.8%. Additional risks arise among other things from the volatility of the energy market. The electricity market is particularly susceptible to considerable earnings fluctuations as some quantities of electricity can only be sold in the short term given the process requirements of thermal waste recovery. EEW's internal energy risk committee takes these special considerations into account in a marketing strategy which it issues several times a year making recommendations on the use of opportunities and minimization of risks. Based on this marketing strategy, annual, quarterly and monthly volumes are traded on the forward market and volumes sold on the spot market and through intraday trading. Price volatilities on the forward and spot markets are estimated using statistical analysis instruments. The probability of changes in EEW Group's sales markets resulting in positive or negative effects is high. Cyclical fluctuations in particular bear risks for business development. The plants operate with a high proportion of fixed costs. Changes in the sales markets could thus have a major impact on revenue and thus on earnings. Expiring long-term contracts can have positive or negative effects on earnings. Impending contract renewals and associated contract periods are carefully reviewed in good time with a view to potential economic impacts.

With regard to residual waste disposal, long-term agreements on slag and filter dust are in place with partners to ensure reliable disposal. The price for the disposal of raw slag volume is also influenced by the sales price generated for the metal extracted from the slag. If this sales price falls below a contractually defined level, EEW must make a compensation payment. The annual filter dust volume of around 220,000 mt is mostly used in backfilling. In order to continue ensuring reliable waste disposal and planning certainty with respect to costs, the EEW Group endeavors to renew expiring contracts for medium and long terms. In the area of residual waste disposal, disposal agreements were renegotiated for various locations with respect to the removal and treatment of flue gas cleaning residues. Due to the scarcity of backfilling capacities, the severe personnel shortage due to the pandemic as well as the impact of the BEHG ["Brennstoffemissionshandelsgesetz": German Fuel Emissions Trading Act] on logistics operations, disposal and transport prices offered were significantly higher, which was mitigated through long contract periods and package deals. However, due to company mergers, the backfilling market is expected to become tighter. The residual waste disposal segment is attempting to address this problem through a research project to develop alternative uses for filter dust in collaboration with TU Freiberg.

The volatility of market prices and the availability of raw materials such as reagents, chemicals, oil and gas have a significant impact on the financial situation of EEW. EEW expects that the key factors influencing the procurement market (supply chain problems, shortage of drivers, high energy costs, generally higher price levels) in 2022 will continue to have a significant impact on costs and availability. The geopolitical and economic consequences of the Russia-Ukraine war for EEW's business development cannot be assessed in detail at present. Extreme fluctuations in the prices of raw materials and disruptions to waste supplies could have a negative impact on earnings. In particular, oil and gas prices are expected to increase further and thus lead to price increases for alternative fuels and energy sources. Due to the Russia-Ukraine war, EEW could face limited availability of materials for maintenance and inspection work and raw materials, consumables and supplies for plant operations as well as potential bottlenecks in transport capacities by road due to the lack of truck drivers. In turn, this could lead to restricted plant operations or have a negative impact on project deadlines. Environmental policies will also have a significant impact on development of costs in 2022. In addition to the enacted increase in the price of CO_2 under the BEHG, the auction prices for CO_2 certificates pursuant to the TEHG will also increase further. Moreover, pent-up demand in 2022 as a result of a coronavirus crisis is expected to lead to greater demand and further price increases and possibly also availability problems. Due to these availability problems in nearly all areas, EEW will primarily focus on securing supply in 2022 by concluding agreements for guaranteed quantities and increasing inventories and storage capacities.

Furthermore, developing alternative suppliers and joining purchasing associations remain key instruments in enhancing our market position. By constantly monitoring the procurement markets, EEW can respond swiftly to market developments and identify new suppliers, products and technologies.

In light of the expected market developments, projects such as the preparation of sodium bicarbonate will become more significant, as they can ensure independence from market prices and volumes.

Operational risks

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

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

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

In addition to its own thermal waste recovery plants, EEW also manages the operations of public and private plants based on long-term agreements. If the operational management agreements are not extended after expiry or if they are extended on less favorable terms, EEW could lose revenue. This could also be the case if customers terminate the agreement because EEW did not fulfill its obligations.

Outlook, opportunities and risks

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

EEW's own information systems and that of its providers and suppliers are threatened by increasing and continuously evolving cybersecurity risks that could arise in different forms (such as Trojan horse, virus). Therefore EEW has concluded service agreements with leading providers of hardware, software and telecommunications services. The services comprise timely maintenance, update and exchange of networks, equipment, IT systems and software.

The EEW Group's ability to meet future operational targets is significantly dependent on the unwavering commitment of its management and workforce. Hiring, training, retaining and motivating highly qualified employees is therefore of key importance. Employees receive intensive training in numerous training units and comprehensive occupational health and safety measures are also taken. In 2021, all German plants were also recertified in audits in accordance with DIN EN ISO 9001/14001/50001 and 45001.

Environmental and regulatory risks

The EEW Group's revenue is dependent on the one hand on the development of the waste and energy market and on the other on the development of listed electricity prices. The legal framework for EEW's "energy from waste" business model is defined by EU regulations as well as national laws and ordinances including, for example, the KrWG ["Kreislaufwirtschaftsgesetz": German Closed-Loop Recycling Act], the VerpackG ["Verpackungsgesetz": German Packaging Act], the GewAbfV ["German Commercial Waste Ordinance": Gewerbeabfallverordnung], the AbfKlärV ["Klärschlammverordnung": German Sewage Sludge Ordinance] or a new climate protection law with more stringent reductions of greenhouse gas emissions in connection with the ongoing debate on CO_2 pricing (the BEHG ["Brennstoffemissionshandelsgesetz": German Fuel Emissions Trading Act]). The present discussion at the EU level relates to amending the current exemption for waste incineration in Annex I of Directive 2003/87/EC (Greenhouse Gas Emission Allowance Trading Directive) and thus including thermal waste recovery in the EU emissions trading system from 2028 onwards. Through the relevant associations, EEW has positioned itself against this inclusion with a statement to the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and Consumer Protection: Inclusion of waste incineration in the BEHG is not in line with the principle of causation (since EEW does not place the waste on the market). Rather, waste incineration is an essential part of reliable waste disposal and reduction of hazardous substances (waste is not a fuel within the meaning of the BEHG). Inclusion would only lead to higher costs and upheavals in the waste market, but would not have a steering effect. This is also the tenor of a recent report on a study commissioned by the Federal Ministry for the Environment. In the view of the EEW Group, thermal waste processing must be included in the EU taxonomy without delay. In keeping with its aim of contributing to climate-friendly energy generation and its role in the circular economy, EEW has established a Green Financing Framework that will connect sustainable projects with sustainable financing. The Green Financing Framework creates the basis for the use of sustainable instruments to finance and refinance sustainable project and activities offering a clear benefit for the environment and society. It defines, based on various voluntary standards on transparency and openness, the conditions for targeted investment in suitable sustainable projects and activities of EEW. Sustainable projects may include projects aimed at energy efficiency, avoiding and controlling environmental pollution as well as products, production technologies and processes designed for the circular economy. EEW wants to provide added benefit for all partners with this approach to sustainability. The Green Financing Framework is based on the following international standards: the Green Bond Principles published by the International Capital

Market Association (ICMA) and the Green Loan Principles issued by the Loan Market Association (LMA). Thus EEW was able to raise EUR 400 m on the capital market for (re)financing sustainable projects in the past year. This amount is subject to capital market requirements, conditions and risks and must be repaid under these conditions at a later date. Inclusion in the taxonomy would be a recognition of the circular economy and would also boost the image of thermal waste recovery and offer the prospect of better conditions for future financing.

With regard to the GewAbfV, EEW expects only a minor impact on waste quantities again in 2022. This is due in particular to the fact that the waste management industry has only made minimal investments in new sorting capacities to date as well as the fact that the law is still not expected to be consistently enforced. The Federal Ministry for the Environment intends to review the requirements for achieving recycling quotas and separate waste collection using a project to evaluate the GewAbfV (completion scheduled for fall 2022). This could lead to an amendment of the GewAbfV in addition to recommendations for action.

EEW is critically monitoring political discussions surrounding the topic of CO_2 taxation. On 1 January 2021, pricing for CO_2 emissions was implemented in Germany, leading to higher energy prices for all consumers of fossil fuels. The legal basis is the BEHG. This affects, among others, industry, transport companies, facility management and also all private consumers. CO_2 pricing for emissions from thermal waste recovery is scheduled from 2023 onwards. There is a risk that additional costs could arise that would not be able to be fully recharged to customers. The amended VerpackG requires considerably higher volumes of waste to be recycled. As of 1 January 2022, higher recycling quotas apply for packaging in Germany that must be implemented by the dual system operators. The higher recycling quotas of the VerpackG can also contribute to achieving the European target of recycling 50% of plastic packaging from 2025 (according to the output method). More recycling of household packaging is expected to only have a minor impact on waste incineration, as packaging collection currently includes a large proportion of residual waste after sorting and incorrectly sorted waste and technical feasibility is still inadequate even in modern sorting facilities. As a result, EEW does not expect the VerpackG to have a significant effect on the thermal waste recovery business in 2022.

The highest court in the Netherlands, the Council of State, ruled in October 2021 in the last instance that the environmental approval of EEW Energy from Waste Delfzijl B.V. (EEW) dated 2007 is still valid. The judgment thus irrevocably confirms that the approval for lines 1 and 2 from 2007 as well as the emission limits defined therein and their internal offsetting conform with EU law. EEW believes that the clarity achieved about applicable emission limits in connection with the confirmation of the legality of internal offsetting creates the framework for obtaining approval for the third line and all other plans for the EEW location in Delfzijl. From the court's perspective, the new approval for the third line is required since the current approval from 2019 did not include emissions from shipping. EEW has applied for a new approval including this aspect from Groningen province. The legality of offsetting emissions will also have an impact on the legal action against the approval granted in October last year for the construction and operation of a sewage sludge mono-incineration plant. In light of the latest rulings by the highest court, EEW expects this action to be decided in its favor. One of the reasons for this expectation is that the plant will only process municipal sewage sludge. Shipping emissions are not relevant in this context. The latest decision by the Council of State is based on a judgment by the Noord-Nederland District Court dated 8 October 2020, when the latter upheld the complaints from German and Dutch environmental associations against Groningen province relating to the environmental approval in place since 2007. Groningen province and EEW Delfzijl lodged an appeal against this judgment.

Outlook, opportunities and risks

Legal risks

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

Financial risks

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

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

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

Opportunities

Several areas offer growth and related opportunities to boost the EEW Group's earnings in the relevant target waste disposal and energy markets. The new plant to replace the existing waste incineration facility in Stapelfeld will cement the EEW Group's significance in the Hamburg and Schleswig-Holstein regions. The commissioning of the EVE2 in Premnitz is fueling further market penetration and leading to slightly higher incineration capacities in the Brandenburg region as well as the planned eco-friendly supply of district heating to the town of Brandenburg.

Six of the sewage sludge mono-incineration plants currently under construction in Germany are expected to be commissioned in 2022 and 2023. According to EEW's research, this amounts to incineration capacities of around 1 million metric tons of sewage sludge. From 2029 onwards, an extensive withdrawal from co-incineration and soil-based use of sewage sludge is expected. This is due to the entry into force of the AbfKlärV ["Verordnung über die Verwertung von Klärschlamm, Klärschlammgemisch und Klärschlammkompost": German Sewage Sludge Ordinance] in 2017 and the tightening of the DüMV ["Düngemittelverordnung": German Fertilizers Ordinance] since 2019 as well as the obligation to recover phosphorous for municipalities above a certain size. Current studies expect around 90% of all sewage sludge to be processed by mono-incineration from 2029 onwards. Additionally, the studies conclude that existing capacities and the sewage sludge mono-incineration

plants in the planning and construction stages will cover the capacity requirements and thus excess capacities are not expected. Once all EEW sewage sludge mono-incineration plants in Germany have been commissioned, EEW is currently expected to command a market share of 7.5% in 2029.

The development of new sewage sludge mono-incineration plants in Germany is advancing. The next two years will show whether all sewage sludge mono-incineration plant projects planned by municipalities can be realized. If this is not the case, EEW will have the opportunity to build additional plants in Germany.

EEW also sees growth potential in the rest of Europe. In Austria, the Benelux states and France the political and social acceptance of the use of sewage sludge as a fertilizer in agriculture is decreasing due to the hazardous substances contained in it such as microplastics, pathogens and heavy metals. There are discussions at EU level on amending the 1986 EU Sewage Sludge Directive in 2023. In the course of this amendment, a tightening of limits for heavy metals, pathogens and microplastics for the agricultural use of sewage sludge can be expected.

The construction of the first EEW sewage sludge mono-incineration plant in Helmstedt, Lower Saxony, is in the final stages. Due to pandemic-related supply chain problems, the original schedule for commissioning the plant in August 2021 could not be met. It is expected to be commissioned in the second quarter of 2022. After commissioning, EEW will perform an appropriate phosphorous recycling procedure on the ash produced in the incineration process. A cooperation agreement was concluded with a partner company in 2020 for this purpose.

EEW is constructing another sewage sludge mono-incineration plant in Stavenhagen, Mecklenburg-Western Pomerania. The approval under immission control law for the construction and operation of the plant was granted in September 2021. Construction was thus started in the third quarter of 2021. The plant is expected to be commissioned in the third quarter of 2023.

The Company is in the process of obtaining a permit to build and operate the sewage sludge mono-incineration plant in Stapelfeld, Schleswig-Holstein. Construction commenced early in accordance with Sec. 8a BImSchG. The plant is expected to be commissioned in 2025.

Thanks to the judgment by the highest court, the Council of State, in October 2021, the approval for the Delfzijl plant in the Netherlands is now secure. Construction is scheduled to begin on the plant in the first quarter of 2022 and it is expected to be commissioned at the beginning of 2025.

The newest sewage sludge mono-incineration plant project is planned at Magdeburg-Rothensee, Saxony-Anhalt, by the EEW investee Müllheizkraftwerk Rothensee GmbH (MHKW). As part of the capacity expansion, a further waste recovery line and a sewage sludge treatment plant will be added to the existing energy from waste plant. Construction began in October 2021. According to the project plan, the facilities are expected to be commissioned at the end of 2023. The plant will primarily be supplied with regional sewage sludge from Saxony-Anhalt.

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

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

Outlook, opportunities and risks

Digitalization will also contribute to process optimization and efficiency enhancements at EEW. Several projects were implemented, continued and initiated in 2021. As in this year, EEW as a company will follow up on data and their appropriate use to streamline processes, make forecasts and increase customer satisfaction in the next years. Even today, the use of artificial intelligence enables forecasts of peak load times to be made for the plants. The implementation of digital signatures has made internal processes faster and more effective. In order to secure our innovative capacity, the EEW Group established its newest member: NEEW Ventures GmbH will develop and realize digital business models throughout EEW's core business and in adjacent areas. The new customer portal of EEW is intended to improve customer loyalty through a comprehensive external service and also reduces the workload of the sales department due to streamlined internal processes. Customers can view all relevant documents such as weighing data, invoices or complaints on their individual homepage. Moreover, they can make disposal inquiries themselves and have an overview of their current or open and completed disposal orders.

The EU Waste Framework Directive and especially the Landfill Directive, with its target of reducing the landfill volume to under 10% by 2035 (2019 status quo: 24%), have a future potential of nearly 30 million mt even with the achievement of the set recycling targets. Depending on the volume of the secondary waste flow from the recycling output, this potential could be significantly higher. The general trend of an increase in residual waste after sorting (due to China's import ban, non-recyclable composites in packaging and stricter limit requirements for sorting) exceeds the conservative estimate. There are also positive effects from the shutdown of coal-fired power stations, mechanical biological waste treatment plants, which offset risks stemming from the GewAbfV, new capacities and the planned increase in the use of RDF in cement plants. Additionally, net imports of waste into Germany have fallen further in the past few years. This means that despite high exports and declining imports, the waste incineration market is shaped by high plant capacity utilization and a capacity shortage. In 2020, Germany became a net exporter of RDF (exports in excess of imports: 0.15 million metric tons). However, the Dutch RDF import tax and the introduction of an incineration tax in Sweden in 2020 as well as the restrictions on RDF imports in Denmark (through the climate plan recently adopted by the Danish government) could lead to a decrease in exports and thus ensure long-term stability for the waste market. Waste quantities are expected to rise further due to stabilizing factors, such as increased consumption and a growing population and urbanization.

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

As an integral part of the circular economy, the EEW Group is actively helping to protect the environment and thus human and animal health.

Helmstedt, 25 March 2022

EEW Holding GmbH

The Management Board

Kemper Hauck Manns

Translation from the German language

Engagement Terms, Liability and Conditions of Use

In the long-form audit report, the auditors summarize the results of their work, reporting in particular to those bodies of the Company responsible for its oversight. By documenting material audit findings, the long-form audit report supports the bodies responsible in overseeing the Company. For this reason the report – notwithstanding any right of third parties based on special legal provisions to receive or inspect it – is addressed exclusively to the bodies of the Company for internal use.

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

This long-form audit report is solely intended to serve as a basis for decisions of bodies of the Company and must not be used for purposes other than those intended. We therefore assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the long-form audit report and/or auditor's report to reflect events or circumstances arising after the auditor's report was issued unless required to do so by law.

It is the sole responsibility of anyone taking note of the information contained in this long-form audit report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

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

1. Scope of application

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

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

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

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

4. Ensuring independence

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

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

5. Reporting and oral information

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

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

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

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

7. Deficiency rectification

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

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

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

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

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

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

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

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

10. Supplementary provisions for audit engagements

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

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

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

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

11. Supplementary provisions for assistance in tax matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d) support in complying with disclosure and documentation obligations.

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

12. Electronic communication

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

13. Remuneration

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

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

14. Dispute Settlement

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

15. Applicable law

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