



EU Taxonomy report FY 2023

Table of contents

Contents

- n1. Executive Summary Taxonomy FY2023..... 3
- 2. An introduction to Virya Energy 4
- 3. Context EU Taxonomy..... 6
- 4. EU Taxonomy-eligibility at Virya Energy 8
 - 4.1. Turnover 9
 - 4.2. Capital expenditures (CAPEX) 9
 - 4.3. Operating expenditures (OPEX) 9
 - 4.4. Accounting policies, estimates and assumptions..... 9
 - 4.5. Accounting policies, estimates and assumptions..... 12
- 5. Towards EU Taxonomy-alignment 12

1. Executive Summary Taxonomy FY2023

Virya Energy is active in the development, financing, construction, and operation of sustainable energy sources. Our goal is to accelerate the energy transition by investing in and scaling new technologies across the energy value chain. Although Virya Energy is not yet in scope of the EU Taxonomy Regulation, Virya Energy chooses to report on EU Taxonomy-eligibility on a voluntary basis as we strongly believe in the opportunity to communicate objectively on the nature of our activities.

There are two noteworthy changes which impact Virya Energy's taxonomy results compared to FY2022. First, FY2023 marks an increased diversification in the business portfolio within Virya Energy, which leads to an increase in taxonomy eligible activities from 8 in FY2022 to 21 in FY2023. This can partly be explained by the fact that all six environmental objectives have been available to evaluate eligibility against in FY2023. Second, Virya Energy's offshore wind energy branch has been carved out of the scope, and the energy supplier DATS 24 entered Virya Energy's consolidated scope. As DATS 24 is a company transitioning to sustainable energy services, the eligibility percentage for Virya Energy has dropped for FY2023 and is expected to pick up again in the following years.

2. An introduction to Virya Energy

Virya Energy ("Virya") is active in the development, financing, construction, and operation of sustainable energy sources. Our goal is to accelerate the energy transition by investing in and scaling new technologies across the energy value chain. We are committed to delivering "fit for purpose energy" meaning renewable energy, made available in the right form, exactly when it is needed.

Our Sustainability Mission

Our world of tomorrow cannot do without sustainable facilities. We are convinced renewable energy and sustainable technology solutions will be a key driver in the urgent and challenging transformation of the energy and utilities landscape. For Virya, sustainability means generating a net positive impact by maximizing our business handprint and minimizing our business footprint.

Our Sustainability Vision

Virya wants to be a driving force in the transformation of the energy landscape through a responsible, reliable and competitive sustainable energy offer for the community.

Our activities span across the full sustainable energy value chain and the entities within Virya which are represented in Virya's taxonomy report for FY2023 are:

Eurowatt is active in onshore wind energy and small-scale hydropower projects. The entity owns operational onshore windfarms in France, Portugal and Poland as well as 3 small hydropower facilities in the Spanish and Portuguese market. Eurowatt is expanding its activities with the development and construction of onshore windfarms in France and Poland. Through its R&D activities Eurowatt develops business solutions supporting the operations of windfarms. For instance, Eurowatt has developed and commercialised Eofix, an application digitalising the visual inspection process of onsite installations and management of identified non-conformities.

Sanchore owns and operates an onshore wind farm in India via Korys Renewable Energy¹.

Eoly Energy is mainly active in the Belgian market. The entity owns and operates 18 onshore windturbines in Belgium, with an experience of more than 20 years. Eoly also operates 6 onshore windturbines in Belgium, in partnership with cooperatives. Eoly Energy is expanding its activities further in Belgium with the development of a 150 MW portfolio of Windturbines and the development of solar projects, with a focus on behind the meter solutions that best fit to the client's electricity needs. Virya is also involved in energy distribution and service offering through its subsidiary **DATS 24**. DATS 24 operates a network of fuel stations and provides energy solutions, including natural gas and electricity. DATS 24 is currently in the process of sustainable transition by expanding its offerings of alternative fuels such as hydrogen, and by promoting and investing in electric vehicle charging stations.

The **Virya H2 business unit** was created at the end of 2021 and is currently developing several green hydrogen facilities located in Belgium and the Netherlands. Furthermore, the H2 business unit is also engaged in H2 projects assisting companies to understand and implement green hydrogen strategies.

¹ Holding and financing company 100% owned by Virya Energy

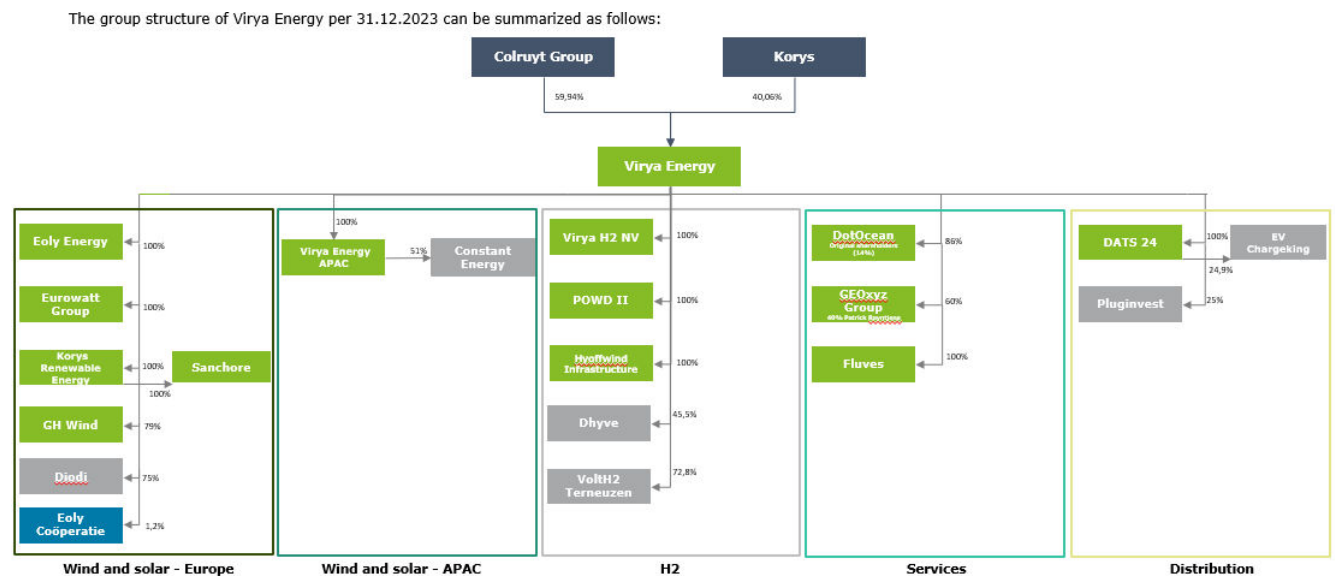
Moreover, **Virya Energy's Services** (or the "Virya Services") business unit, is active in a range of services and activities supporting Virya's renewable energy activities.

Through its daughter company **GEOxyz Group**, Virya is active as a service supplier in the renewable energy industry, both on- and offshore. GEOxyz Group provides reliable data and valuable insights through charts and pro-active analysis of big data, using artificial intelligence to support the exploitation of – marine – assets. The services provided during each phase of the life cycle of an offshore asset ensure the safety and efficiency of (offshore) installations such as wind turbines, pipelines and platforms. In the pre-construction phase, site investigations (geophysical, geotechnical, environmental, land surveying, ...) help to determine the optimal site & construction plan. During construction, exploitation and decommissioning, CTV and Operations & Maintenance support are provided as well as subsea & marine asset integrity surveys such as ROV-inspections, cable tracking, depth of burial and UneXploded Ordnance risk management. GEOxyz Group also develops and manufactures electrified ASVs – Autonomous Surface Vehicles via IM Solutions.

DotOcean provides control systems for autonomous navigation of vessels and vehicles as well as advanced situational awareness software for the maritime, civil and security industry.

Fluves provides predictive maintenance systems for critical infrastructure such as pipelines, industrial assets, and offshore power cables.

The group structure of Virya Energy per 31 December 2023 can be summarized as follows:



3. Context EU Taxonomy

The European Union ("EU") has committed to reduce its greenhouse gas emissions to net-zero by 2050. The need for strong guidance to realise the EU's ambitious goal was met with the establishment of the Action Plan to Finance Sustainable Growth. The action plan aims to reorient capital flows towards a more sustainable economy, mainstream sustainability into risk management and foster transparency and long-termism.

The development of the EU Taxonomy Regulation² (the "Regulation") was the first action to support the realisation of the goals set out in the Action Plan to Finance Sustainable Growth ("EU Taxonomy"). The EU Taxonomy, a green classification system which allows companies to identify environmentally sustainable activities, results in the disclosure of green indicators which communicate the proportion of environmentally sustainable revenue, CAPEX and OPEX in a transparent and comparable manner.

As a first step, the EU Taxonomy requests companies to assess which of their activities have the potential to be environmentally sustainable ("EU Taxonomy-eligible")

Secondly, after identifying the EU Taxonomy-eligible activities, companies can assess if their activities are considered sustainable ("EU Taxonomy-aligned").

An EU Taxonomy-eligible activity is considered environmentally sustainable (i.e. EU Taxonomy-aligned) only when three cumulative EU Taxonomy-alignment criteria are met: (1) the activity should contribute significantly to at least one of the environmental objectives while (2) not significantly harming the remaining objectives (DNSH); Additionally, (3) the activities should be carried out respecting Minimum Social Safeguards (MSS).

Since FY2021, companies in scope of the Regulation have to report on their EU Taxonomy-alignment considering the first two environmental objectives defined by the EU: climate change mitigation and climate change adaptation. The EU has since added four additional environmental objectives covering a) water, b) circular economy, c) pollution, and d) biodiversity. Companies in scope are now requested to assess EU Taxonomy-alignment for all 6 environmental objectives.

Eligibility

Taxonomy eligible activities

Identification of activities which **have the potential** to be environmentally sustainable.

Alignment

Taxonomy aligned activities

Identification of activities which **are** environmentally sustainable.

Environmental objectives:



Climate change mitigation



Climate change adaptation



Sustainable use and protection of water and marine resources



Pollution prevention and control



Transition to a circular economy



Protection and restoration of biodiversity and ecosystems

An eligible activity is taxonomy-aligned when the activity...



Although Virya is not yet in scope of this Regulation, Virya has been reporting on Taxonomy-eligibility voluntarily since FY2021 as we strongly believe in the opportunity to communicate objectively on the sustainable nature of our activities. Virya's activities are centered around investing in and scaling new technologies across the entire energy value chain, enabling a faster transition to sustainable energy sources that are fit for purpose. A formal requirement for Virya to report on EU Taxonomy-alignment applies as of FY2025 to be reported in 2026. Please find more information about Virya's journey towards alignment in our section "Towards Taxonomy-alignment".

4. EU Taxonomy-eligibility at Virya Energy

For FY2023, Virya evaluated its EU Taxonomy-eligible activities for the six environmental objectives of climate change mitigation, climate change adaptation, water, circular economy, pollution and biodiversity resulting in the disclosure of the proportion of EU Taxonomy-eligible revenue, CAPEX and OPEX included in this voluntary report.

An activity is considered eligible when the nature of the activity matches the description of the activities included in the EU Taxonomy Climate Delegated Act (EU 2021/2139) and Complementary Climate Delegated Act (EU 2022/1244) and the Environmental Delegated Act (EU 2023/2486) supplementing the EU Taxonomy Regulation (EU 2020/852).

A dedicated EU Taxonomy workstream is put together within Virya, ensuring high quality disclosures by integrating available best-practices and guidelines made available by the European Commission and the Sustainable Finance Platform. An interdisciplinary team with representatives from each Virya entity collaborated to assess EU Taxonomy-eligibility and to calculate the corresponding key performance indicators (KPIs). This team consists of sustainability, finance, and accounting profiles, and is supported by management and ad-hoc involvement of different department representatives.

Following last year's EU Taxonomy exercise, the EU Taxonomy list of activities, together with their description, was provided to each of Virya's entities so they could review, adjust and validate the initial eligibility assessment. As mentioned, the team has conducted a mapping exercise to identify the eligible activities beyond the climate-related objectives.

Moreover, the EU Taxonomy process continued with EU Taxonomy workshops, the completion of EU Taxonomy KPI templates, and a continuous feedback loop. Consistency and auditability across entities and reporting years is guaranteed through an account mapping detailing the link between the EU Taxonomy KPIs, consolidated IFRS accounts and local GAAP accounts. Key milestones and deliverables have been approved by the Virya Audit Committee.

This report will be made available to all entities and internal presentations will be organised to increase internal awareness and cooperation.

4.1. Turnover

In FY2023, Virya's share of EU Taxonomy-eligible turnover amounts to 18,85%. Eligible turnover for 2023 is primarily related to the installation, maintenance & repair services provided to renewable onshore and offshore windfarms (12.03%) and the sale of electricity of (6,22%). Electricity sales of small hydropower plants, engineering services for the development of hydrogen facilities as well as the sales of drones deployed on autonomous vessels constitute the remaining 0,6% of eligible revenue.

The decrease in eligible revenues compared to FY2022 mainly relates to the sale of fossil fuels in the portfolio of DATS 24 (77,31%) – as the company is transitioning to an environmentally sustainable business, there is a high potential for increased turnover eligibility in the upcoming years. The other non-eligible revenues within the Virya Group mainly relate to the installation, maintenance and repair services provided to clients active in alternative non-renewable sectors like oil and gas, and general infrastructure (12.5%). The remaining non-eligible percentage is related holding, management and administrative activities.

4.2. Capital expenditures (CAPEX)

In FY2023, 34,52% of capital expenditures are linked to taxonomy-eligible activities, mostly driven by development and construction of onshore windfarms (11,74%) followed by investments made in equipment and infrastructure needed to provide installation, maintenance, and repair services to renewable sector clients (8,25%) and investments related to the manufacture of hydrogen (5,03%).

The decrease in Taxonomy-eligible CAPEX from 98,74% in FY2022 to 64,22% in FY 2023 mainly relates to the scope entry of fossil fuels assets of DATS 24. This percentage will increase again as of the following Financial Year since Dat24 is transitioning to sustainable CAPEX by developing and constructing the e-mobility assets.

4.3. Operating expenditures (OPEX)

In FY2023, Virya's EU Taxonomy-eligible operational expenditures constitute 76,30% of operational expenditures as defined by the EU Taxonomy. 31,52% of eligible operational expenses are linked to the construction and operation of onshore windfarms, where operational expenses are mainly connected to maintenance and repair, research and development and other direct expenses such as variable leases. Additionally, 29,43% of eligible operational expenditures is linked to the installation, maintenance, and repair of renewable energy activities (activity 7.6), where operational costs mainly relate to maintenance and repair of assets.

Non-eligible operational expenditures are mostly related to the sale of fossil fuels and (short-term) office leases and rent.

4.4. Accounting policies, estimates and assumptions

Applied accounting policies and EU Taxonomy-eligibility results are based on Virya's best interpretation of the EU Taxonomy Regulation and Delegated Acts.

Following the Disclosure Delegated Act (2021/2178), Virya's EU Taxonomy-eligibility KPIs consider only consolidated entities and exclude equity pick-ups. The KPIs take into account revenue, CAPEX and OPEX for FY2023 as specified in the consolidated financial statements prepared in accordance with IFRS. The financial year FY2023 covers the period of 01 January 2023 to 31 December 2023. Virya's consolidated

financial statements only consider entity contributions for the period in which entities are consolidated³. Intra-group transactions are eliminated at consolidated level.

Several taxonomy-relevant changes were implemented in FY2023 compared to FY2022. Virya Energy sold 100% of the shares of Parkwind NV, the offshore wind energy platform which was previously fully consolidated, to JERA Co., Inc. Parkwind was classified as held for sale as per IFRS 5 until 30 June 2023 and was classified as discontinued operations after the sale. It was decided not to include Parkwind in the taxonomy results for FY2023 in order to address the carve out of the offshore wind energy from its portfolio in a straightforward manner going forward.

Virya Energy exercised its call option on the remaining shares of Fluves to increase its shareholding from 35,4% to 100%, therefore Fluves is consolidated via the full consolidation method (instead of via the equity method in FY2022).

In FY2023, DATS 24 entered the consolidated scope as of June 2023 and its KPIs are reflected in Virya's taxonomy results.

The sequence of the financial flow identification and allocation avoids double counting when allocating revenue, CAPEX and OPEX to eligible activities. First, revenue, CAPEX and OPEX are defined in accordance with the EU Taxonomy definition resulting in the KPI's denominator. Secondly, the identified revenue, CAPEX and OPEX (denominator) is allocated to the identified eligible activities (numerator). Simultaneously, financial flows related to non-eligible activities are mapped. Finally, a check is performed confirming the total of eligible and non-eligible revenue, CAPEX and OPEX yields the initially identified financial flows as defined in the numerator.

Revenue

Total revenue consists of net revenue as recorded in the consolidated income statement matching the EU Taxonomy revenue definition. The Group recognises the revenues from sale of green certificates; sale of electricity produced by wind farms and solar panel farms; sale of fuels and energy; sale of guarantees of origin; sale of products or services resulting from contracts with customers such as revenue generated from the externalisation of internally developed software and the provision of services for equity pick-ups.

Breakdown of Revenue denominator	Group Total (kEUR)	Reference
Net Revenue	739.717,1	Net revenue Consolidated Income statement

Eligible revenue is determined as the proportion of total revenue which is associated to one of the eligible activities.

Wherever the split between supporting services (e.g. finance, accounting, legal, etc.) and operational services (e.g. O&M Services) was not possible to determine, an allocation key based on timesheet data is used to allocate those services to the respective eligible activity (activity 4.3)

In case no clear allocation of revenue to eligible activities could be made, revenue is conservatively labelled as non-eligible. This leads to an understatement of eligibility.

CAPEX

CAPEX includes additions to tangible and intangible assets defined in accordance with IAS 16 (PP&E), IAS 38 (Intangible assets), IAS 40 (Investment property), IAS 41 (Agriculture) and IFRS 16 (Leases). CAPEX excludes goodwill and includes additions to tangible and intangible assets resulting from business combinations. This results in the following figures for FY2023:

Breakdown of CAPEX denominator	kEUR	Reference
Additions to property, plant and equipment	110.038,2	Consolidated Balance Sheet Note 4
Additions to intangible assets	10.171,9	Consolidated Balance Sheet Note 3
Investment property	n/a	n/a
Agriculture	n/a	n/a
Additions to leases (with right over use of the asset)	54.716,8	Consolidated Balance Sheet Note 4
Total	174.927,0	

Eligible CAPEX is determined by the proportion of total CAPEX which is associated to one of the identified activities.

OPEX

The EU Taxonomy OPEX definition differs significantly from classic OPEX definitions applied in financial statements. It only covers direct non-capitalised costs related to a) research and development, b) building renovation measures, c) short-term leases d) maintenance and repair, and e) any other direct expenses related to day-to-day servicing of assets of property, plant and equipment necessary to ensure the continued and effective functioning of such assets. In our understanding this includes operational expenditures as described in the OPEX table below.

Cost of goods sold is not considered OPEX according to the EU Taxonomy definition and is therefore excluded from the OPEX denominator.

Virya ensures the considered OPEX matches the EU Taxonomy definition by defining relevant cost items bottom-up. Virya refrains from reconciling OPEX to the Consolidated Income Statement as we believe this would lead to a mismatch between the included operational expenditures and the intention of the legislator.

Virya shall ensure consistent application of this OPEX definition over time, resulting in the following figures for FY2023:

Breakdown of OPEX denominator	kEUR	Description
Research and development	1.572,2	✓ Business Development ✓ R&D projects & studies
Building renovation measures	0,00	
Short-term leases	7.505,9	✓ Short-term car leases

		✓ Leases for shared offices or conference rooms
Maintenance and repair	1.718,9	✓ Maintenance and repair by third parties ✓ Staff cost directly related to assets ✓ IT Maintenance for software developments
Any other direct expenses related to day-to-day servicing of assets of property, plant and equipment necessary to ensure the continued and effective functioning of such assets	7.404,3	✓ Mandatory trainings (to go onsite) ✓ Any other costs related to servicing the renewable assets, mainly in the Virya Services BU
Total	18.201,3	

Operational expenses linked to repairs for which insurance compensations are obtained are omitted from the OPEX denominator. Insurance compensations are not included in revenue as defined by the EU Taxonomy. The omission of operational expenses linked to insurance compensations reflects the absence of P&L impact.

Eligible OPEX is determined by the proportion of total OPEX, as defined above, which is associated to one of the identified activities. OPEX items are considered non-eligible when the identified OPEX is included in cost accounts capturing both eligible and non-eligible OPEX.

4.5. Accounting policies, estimates and assumptions

Accounting policies, estimates and assumptions are applied consistently to the group level assessment and calculation of Virya's EU Taxonomy KPIs.

Additionally, supporting a clear interpretation of this report and KPIs, the following measures are taken to construct entity-level KPI's: a) an IFRS adjustment is performed for entities applying local GAAP; b) intra-group activities are eliminated; c) the period covering the entity's KPIs is matched to Virya's financial year; d) the period considered for the entity-level KPIs only covers the subset of Virya's financial year for which the entities are consolidated.

5. Towards EU Taxonomy-alignment

Virya believes starting the EU Taxonomy review on a voluntary basis prepares Virya for formally required alignment reporting for when the CSRD is in force. Moreover, Virya views the exercise as an opportunity to support data requirements and availability, and the development of processes and systems to strengthen trusted disclosures.

Therefore, Virya chooses to continue the EU Taxonomy assessment on a voluntary basis next year. In parallel, Virya started to analyze the technical screening criteria linked to alignment for the six environmental objectives. Next year, Virya will continue to analyze which activities fulfil their potential and are considered EU Taxonomy-aligned.



Disclaimer

Although Virya is not yet in scope of the EU Taxonomy Regulation, Virya chooses to report on EU Taxonomy-eligibility on a voluntary basis. Applied accounting policies and EU Taxonomy-eligibility results are based on Virya's best interpretation of the EU Taxonomy Regulation and Delegated Acts.

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