2021

POMERANIA WIND FARM SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

ALONG WITH THE INDEPENDENT AUDITOR'S AUDIT REPORT

Al. Grunwaldzka 82 lok 368
80-244 Gdańsk
KRS 0000450928
NIP 5862281407

For shareholders of Pomerania Wind Farm Sp. z o.o

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April 2022

Jacek Wojerz
Chairman of the Management Board

Tadeusz Robinski
KR Group Sp. z o.o.
Responsible for running the accounting books

Laurynas Jocys
Member of the Management Board

All amounts are stated in PLN

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2021	As at 31 December 2020
ASSETS			
Non-current assets		**544 390 463**	**511 052 387**
Non-current assets	5.1	482 789 527	-
Non-current assets under construction	5.1	-	452 850 745
Right-of-use assets	5.2	55 164 344	56 462 414
Deferred tax assets	23.3	6 436 592	1 739 228
Current assets		**102 680 978**	**101 286 839**
Inventory		345 625	
Trade and other receivables	8	61 247 340	6 323 288
Tax receivable	8	6 762	63 531 373
Cash and cash equivalents	9	41 081 251	31 432 178
TOTAL ASSETS		**647 071 441**	**612 339 226**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	44 500	44 500
Share premium	11	147 921 856	153 109 041
Retained earnings	12	499 056	(10 774 813)
Total equity		**148 465 412**	**142 378 728**
PROVISIONS			
Employee benefits		143 864	-
Other		25 962 449	-
Total Provisions		**26 106 313**	**-**
LIABILITIES			
Non-current liabilities		**431 218 006**	**455 030 766**
Interest-bearing loans and borrowings	13	376 103 311	400 524 095
Lease liabilities	22	55 114 695	54 506 672
Current liabilities		**41 281 710**	**14 929 732**
Trade and other payables	15	5 178 990	5 774 855
Lease liabilities	22	896 376	401 499
Civil income tax liabilities	16	5 548 543	-
Tax and social security liabilities	16	5 621 254	-
Interest-bearing loans and borrowings	13	24 036 548	8 753 378
Total Liabilities		**472 499 716**	**469 960 498**
TOTAL EQUITY AND LIABILITIES		**647 071 441**	**612 339 226**

All amounts are stated in PLN

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Sales revenue	17	**15 712 099**	-
Sales of energy		15 712 099	-
Other operating income	18	**6 937**	**50**
Other revenues		6 937	50
Operating expenses	19	**(8 343 021)**	**(4 230 977)**
Depreciation and amortization		(3 250 853)	(1 889 420)
Usage of materials and energy		(107 454)	(27 954)
External services		(1 262 004)	(1 327 269)
Taxes and fees		(1 039 115)	(406 602)
Wages and salaries	19.2	(817 683)	(294 920)
Social security and other benefits		(248 154)	(65 652)
Other costs by type		(524 820)	(218 115)
Other operating expenses	19.3	(1 092 939)	(1 045)
Profit (loss) from operational activity		**7 376 016**	**(4 230 927)**
Net financial income	20	**(438 153)**	**(2 182 401)**
Financial costs	20.1	(438 153)	(2 182 401)
Profit (loss) before tax		**6 937 863**	**(6 413 328)**
Income tax	23	(851 179)	**1 226 143**
Net profit (loss) from continuing operations		**6 086 684**	**(5 187 185)**
Total comprehensive income		**6 086 684**	**(5 187 185)**

All amounts are stated in PLN

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Total equity
As at 1 January 2020	**44 500**	**154 050 000**	**(6 528 587)**	**147 565 913**
Profit (loss) for the period	**-**	-	**(5 187 185)**	**(5 187 185)**
Share premium		**(940 959)**	**940 959**	**-**
As at 31 December 2020	**44 500**	**153 109 041**	**(10 774 813)**	**142 378 728**
Profit (loss) for the period	**-**		**6 086 684**	**6 086 684**
Share premium	**-**	(5 187 185)	**5 187 185**	**-**
As at 31 December 2021	**44 500**	**147 921 856**	**499 056**	**148 465 412**

All amounts are stated in PLN

STATEMENT OF CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
A. I. Profit (loss) before tax	**6 937 863**	**(6 413 328)**
A. II. Total adjustments	**56 006 505**	**(47 681 080)**
1. Depreciation and amortization	3 250 853	(1 889 420)
2. Net foreign exchange differences	-	765 404
3. Interest and profit sharing	8 254 376	-
4. Change in inventories	-	-
5. Change in receivables	36 750 778	(44 827 076)
6. Change in provisions	143 864	-
7. Change in short-term balance, except for loans and credits	7 606 635	(1 724 741)
8. Change in accruals	-	-
9. Other - change in the calculation of external financing	-	(5 247)
A. Cash flow from operating activities	**62 944 368**	**(54 094 408)**
B. I. Proceeds from investment activities	**-**	**-**
B. II. Expenses for investment activities	**(35 910 208)**	**(342 463 887)**
1. Purchase of intangible and non-current assets	(**35 910 208**)	(342 463 887)
B. Cash flow from investment activities	(**35 910 208**)	(342 463 887)
C. I. Inflows from financing activities	**-**	**537 307 467**
1. Proceeds from borrowings	-	537 307 467
C. II. Expenses for financing activities	**(17 385 087)**	**(137 715 734)**
1. Repayment of borrowings	(5 997 600)	(130 913 000)
2. Payment of principal portion of lease liabilities	(810 563)	(1 303 624)
3. Interest on lease contracts	(9 932)	(7 248)
4. Interest on credits and loans	(10 566 992)	(5 491 862)
C. Cash flow from financing activities	**(17 385 087)**	399 591 733
D. Total net cash flow (A.III ± B.III ± C.III)	**9 649 073**	**3 033 438**
E. Balance sheet change in cash	**9 649 073**	**3 033 438**
- change in cash due to foreign exchange gains/losses	**-**	**-**
F. Cash and cash equivalents at the beginning of the period	**31 432 178**	**28 398 740**
G. Cash and cash equivalents at the end of the period (F ± D)	**41 081 251**	**31 432 178**

The explanatory notes are an integral part of the financial statements

1. General information

1.1. Information about the Company

Pomerania Wind Farm Sp. z o.o. formerly Pomerania Invall Sp. z o.o. (The "Company") was founded by a notarial deed of January 29, 2013. The company was entered into the National Court Register kept by the District Court for Gdańsk-Północ in Gdańsk, VIII Commercial Department of the National Court Register under number 000050928.

The company's registered office has been changed by a notary deed dated January 5, 2022. The registered office is in Warsaw at Puławska Street 2, building B, 02-566 Warsaw. The change was registered in the National Court Register on February 11, 2022.

Basic activities of the Company are:

- electricity generation
- execution of electrical installations
- electricity trading
- electricity distribution
- implementation of construction projects related to the construction of buildings
- works related to the construction of telecommunications and power lines
- works related to the construction of other civil engineering structures, not elsewhere classified
- preparation of the site for construction
- other specialized construction works, not elsewhere classified
- rental and management of own or leased real estate

.
The Company's duration is unlimited.

The change of the name of the Company from Pomerania Invall Sp. z o.o. to Pomerania Wind Farm Sp. z o.o. took place by the notarial deed 5621/2019 on May 29, 2019 and was registered in the National Court Register on July 3, 2019.

1.2. Members of the Management Board

As of the day of preparing the financial statements, the Company's Management Board was composed of:

Jacek Wojerz - Chairman of the Management Board

Laurynas Jocys – Member of the Management Board

From the beginning of the reporting period to the date of this report, the following changes in the composition of the Company's Management Board were made:

19.11.2021 – Aleksandra Spiridonov resigned from the position of the Member of the Management Board
28.01.2022 – expiry of the mandate of the late Diany Kazakevič as the Chairman of the Management Board
02.02.2022 – appointment of Jacek Wojerz to the position of the Chairman of the Management Board
17.02.2022 – appointment of Laurynas Jocysa to the position of the Member of the Management Board

1.3. Identification of consolidated financial statements

The Company is not a parent company and has no subsidiaries. Company does not prepare a consolidated financial statement since it does not control any subsidiaries.

The report at the highest level is prepared by AB "Ignitis grupė " (registered office: Laisvės pr. 10, LT-04215 Vilnius), which is the sole shareholder of UAB Ignitis Renewables (registered office: P. Lukšio g. 5B, LT-08221 Vilnius), which is a shareholder of Pomerania Wind Farm sp. z o.o. The consolidated financial statements are available at the seat of AB "Ignitis grupė".

1.4. Approval of the financial statements

These financial statements have been approved for publication by the Management Board on the date of it signing.

1.5. Company's investments

The Company does not have any investments in subsidiaries.

2. Basis of preparation and going concern

2.1 Significant values based on professional judgment and estimates

2.1.1 Professional judgment

The preparation of the financial statements requires the Management Board to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying accounting policies, the Management Board has made judgements which have the most significant impact on the presentation of assets and liabilities balance-sheet value.

Before preparing the Financial Statements, the Management Board of the capital group assessed individual assets and liabilities. The analysis was prepared taking into account the risk occurring in individual units of the capital group, takin into account the specificity of the units' operations

The performed verification does not require additional disclosures in the financial statements.

2.1.2. Uncertainty of estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the particular notes of the related financial statements. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

As a result of announced by the World Health Organization (WHO) SARS-CoV-2 pandemic and the increased number of COVID-19 cases and the associated operation under uncertainty and unpredictability, the impact of these circumstances on the global economy and Poland is noticeable. The above factors generate potential threats to global as well as Polish business as a whole, but the Company's Management Board does not identify any significant risks for the continuation of operations.

The budget provide that the Pomerania Wind Farm will start generating revenues from the production and sale of electricity from May 2020. However, due to issues related to Covid-19, the wind turbines were erected a few months later. Additionally, due to delayed renovation works at the Energa SA station, the wind turbines could not be connected to the grid and commissioned in 2020.

Construction and technical works were completed in the first half of 2021 and the wind turbines started trial production of electricity from May 2021. At the end of 2021, all energy procedures were completed and on December 13, 2021 Pomerania Wind Farm Sp. z o.o. received a license from the President of the Energy Regulatory Office for the production of electricity for the period from December 6, 2021 to December 31, 2040.

As of December 31, 2021, the Company had 1 employee. The performed assessment does not require additional disclosures in the financial statements.

2.2. Statement of compliance

The financial statements contain financial data for the period from 1 January 2021 to 31 December 2021 and comparative data for the period from 1 January 2020 to 31 December 2020.

This financial statements for the period from 1 January 2021 to 31 December 2021 are annual financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In accordance with the resolution of the Extraordinary General Meeting of Shareholders of December 23, 2019, the Company's financial statements are prepared in accordance with IFRS, starting from the annual financial statements for the 12-month period ended on December 31, 2019. The report for the period from January 1, 2021 to December 31, 2021 was prepared in accordance with the IFRS.

The Company applied the following mandatory exceptions:

Estimates

The estimates as at December 31, 2021 and December 31, 2020 are consistent with the estimates made for the same dates in accordance with AA, taking into account adjustments reflecting any differences in accounting policies. The Company used estimates for the following transactions, for which the execution was not required in accordance with the AA, and is required in accordance with IFRS:

-estimate of interest rates

-exchange rate differences

-commodity prices and currency risk

The Company will carry out one type of economic activity - the production of electricity on a wind farm. The Company started a trial start-up of energy in May 2021, and from the moment of receiving the license on December 13, 2021 the sale of electricity began. Moreover, there were no significant costs and revenues, profits and losses unrelated to this activity. The statement of financial position presented in the further part of the statement constitutes the balance of economic activities in the field of energy production, while the statement of comprehensive income constitutes the profit and loss account of this activity.

The functional currency of the Company and the currency of presentation of the financial statements is Polish zloty (PLN). All amounts presented in the financial statements are expressed in PLN, unless otherwise indicated.

2.3. Assumption of going concern

The financial statements have been prepared assuming the going concern assumption in the future.

The epidemiological risk caused by the COVID-19 virus, in the opinion of the Management Board, does not affect the continuation of the Company's operations, it only contributed to extending the completion date of the investment stage by about 10 months from the planned, original date.

As a result of announced by the World Health Organization (WHO) SARS-CoV-2 pandemic and the increased number of COVID-19 cases and the associated operation under uncertainty and unpredictability, the impact of these circumstances on the global economy and Poland is noticeable. The above factors generate potential threats to global as well as Polish business as a whole.
The company finances its operation activity with two bank loans obtained from European Investment Bank and Nordic Investment Bank and in the month of the commencement of the licensed sale of electricity in December 2021 it repaid the first installment of the principal part of the loan.
The produced energy is sold by the Company to one recipient – a related party.
Moreover, the Company obtained an assurance of financial support from the shareholder of the Company, i.e. UAB "IGNITIS RENEWABLES", for a period of at least 12 months from the date of signing this letter.
Considering the above information, the Management Board of the Company does not state that there are any significant uncertainties with regard to the assumption that the Company ability to continue its operational activity in the foreseeable future, at least 12 months after the balance sheet date, i.e. after December 31, 2021. As at the date of signing the financial statements, the Management Board of the Company does not state that there are any facts and circumstances other than these indicated above, which would indicate a threat to the Company's ability to continue as a going concern in the near future as a result of intended or compulsory discontinuation or significant limitation of its current activities.

3. New standards or interpretations

Amendments to International Financial Reporting Standards (IFRS)

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in the Company's 2021 financial statements:

- Amendments to IFRS 4 "Insurance Contracts" entitled "Extension of the temporary exemption from the application of IFRS 9" - the expiry date of the temporary exemption from IFRS 9 was extended from January 1, 2021 to annual periods beginning on January 1, 2023 (effective for annual periods beginning on January 1, 2021 or later),

- Amendments to IFRS 16 "Leases" - allowances for rent payments in connection with Covid-19 after June 30, 2021 (approved in the EU on August 30, 2021 and effective from April 1, 2021 for the financial year beginning on 1 January 2021 or later),

- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leasing" - Reform of the Reference Interest Rate - Stage 2 (effective for annual periods beginning on or after January 1, 2021).

The above-mentioned changes to the existing standards did not have a significant impact on the Company's financial statements for 2021.

Standards and Interpretations adopted by the International Accounting Standards Board (IASB), endorsed by the European Union but not yet in force

- Amendments to IAS 16 "Property, plant and equipment" - revenues earned before acceptance of the non-current asset for use, approved in the EU on June 28, 2021 (effective for annual periods beginning on January 1, 2022 or later),

- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - onerous contracts - cost of fulfilling the contract approved in the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022),

- Amendments to IFRS 3 "Business combinations" - changes to references to conceptual assumptions together with amendments to IFRS 3 endorsed by the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022),

- IFRS 17 "Insurance Contracts" with subsequent amendments to IFRS 17 approved by the EU on November 19, 2021 (effective for annual periods beginning on or after January 1, 2023),

- Amendments to various standards "Improvements to IFRS (2018-2020 cycle)" - changes made as part of the procedure of introducing annual improvements to IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) aimed mainly at resolving inconsistencies and clarifying the vocabulary (changes to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after January 1, 2022. The amendments to IFRS 16 concern only an illustrative example, and therefore the effective date is not provided).

Standards and Interpretations adopted by the International Accounting Standards Board (IASB), pending approval by the EU The following standards and interpretations have been issued by the International Accounting Standards Board and have not yet been endorsed for use in the EU:

- Amendments to IAS 1 "Presentation of financial statements" - classification of liabilities as short-term or long-term (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidelines on disclosures about accounting policies in practice - the requirement to disclose material information about accounting policies (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of accounting estimates (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 12 "Income tax" - deferred tax relating to assets and liabilities resulting from a single transaction (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and its associate or joint venture and subsequent amendments (the effective date was postponed until completion research work on the equity method),
- Amendments to IFRS 17 "Insurance Contracts" - the amendment introduces a new option to apply IFRS 17 for the first time to resolve an accounting mismatch in comparative data between insurance contract liabilities and related financial assets as of the first-time application of IFRS 17. The amendment allows for the presentation of comparative data in the field of financial assets in a more consistent manner with IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2023 or later).

According to the Company's estimates, the above-mentioned new standards and amendments to the existing standards would not have a significant impact on the financial statements if they had been applied by the Company as at the balance sheet date.

4. Accounting principles (policy)

In accordance with IAS 1.119, when deciding to disclose a particular accounting policy, the Management shall consider whether the information would assist users in understanding how transactions, other events and conditions affect the entity's financial performance and financial position. Each entity considers the nature of its operations and the accounting policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of specific accounting policies is particularly useful for users when those policies are selected from the alternatives allowed by IFRS. Some IFRSs specifically require the disclosure of specific accounting policies, including policies that were made as a result of management's choice between various policies that are permitted.

4.1. Non-current assets

4.1.1. Intangible assets

Intangible assets shall be deemed to have been acquired and fit for economic use on the date of acceptance for use:
• property rights, copyrights, licenses, concessions, rights to projects, inventions, patents, trademarks, ornamental or utility designs;
• costs of development works completed with a positive result;
• goodwill;
with an expected period of use more than one year, used for the purposes of business operations or put into use under a lease, tenancy or other similar contract.
Intangible assets classified as investments at market price or otherwise determined fair value reduced by amortization and accumulated impairment.
Intangible assets are amortized using the straight-line method over their estimated useful life, which are as follows:

Intangible assets	50%

At the end of each reporting period, the Company verifies the economic useful life of intangible assets and depreciation methods.

4.1.2. Property, plant and equipment

In accordance with the Company's accounting policy, non-current assets from group such as, land, buildings, structures and machinery are measured in accordance with IAS 16.

Non-current assets at the time of their purchase are divided into components being items of significant value for which a separate period of economic usefulness can be assigned. The costs of general repairs are also a component.

Non-current assets are depreciated on a straight-line basis over the period corresponding to the estimated period of their economic usefulness, which is as follows:

Buildings and engineering facilities	22.5-30 years
Technical devices and machines	22.2-30 years

Depreciation begins in the month in which the asset is available for use.
Fixed assets with a low initial value, are recognized once as operating expenses.

Investments in progress relate to property, plant and equipment under construction or assembly and are carried at purchase price or production cost, less any impairment losses. Non-current assets under construction are not depreciated until the construction is completed and the non-current asset is commissioned.

4.2. Impairment of property, plant and equipment

In relation to property, plant and equipment, an annual assessment is made as to whether there are indications that may indicate impairment. In the event of events or circumstances that may indicate difficulty in recovering the carrying amount of an asset, an impairment test is performed.

For the purposes of the impairment test, assets are grouped at the lowest level at which they generate cash flows regardless of other assets or groups of assets ("cash-generating units"). Assets generating cash flows themselves are tested individually.

If the carrying amount exceeds the estimated recoverable value of assets or cash-generating units to which these assets belong, then the carrying value is reduced to the level of recoverable value. The recoverable amount corresponds to the higher of the following two values: fair value less costs to sell or value in use. When determining value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risk associated with the given asset.

The amount of the write-down proportionally reduces the carrying amount of the assets entering the cash-generating unit. Impairment losses are recognized in the income statement as other operating expenses.

For subsequent balance sheet days, premises indicating the possibility of reversing revaluation write-offs are assessed. Reversal of write-down shall be accounted for in the profit and loss account as other operating income.

4.3. Financial assets

Classification of financial assets
Financial assets are classified into the following valuation categories:
• measured at amortized cost,
• measured at fair value through profit or loss,
• measured at fair value through other comprehensive income.

An entity classifies a financial asset based on the entity's business model for managing financial assets and the characteristics of contractual cash flows for the financial asset (SPPI criterion). An entity reclassifies investments in debt instruments if and only if the asset management model is changing.

Valuation at initial recognition

With the exception of certain trade receivables, upon initial recognition, an entity measures a financial asset at its fair value, which for financial assets not at fair value through profit or loss is increased by transaction costs that can be directly attributed to the acquisition of those financial assets.

Derecognition

Financial assets are excluded from the books of accounts when:
• the rights to obtain cash flows from financial assets have expired, or
• the rights to obtain cash flows from financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Valuation after initial recognition

For the purpose of valuation after initial recognition, financial assets are classified into one of four categories:

• debt instruments valued at amortized cost,
• debt instruments measured at fair value through other comprehensive income,
• equity instruments measured at fair value through other comprehensive income,
• financial assets measured at fair value through profit or loss.

Debt instruments - financial assets measured at amortized cost

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

(a) the financial asset is held in accordance with a business model whose purpose is to hold financial assets for obtaining contractual cash flows, and

(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.

The Company classifies the following into the category of financial assets measured at amortized cost:
• trade receivables,
• loans granted that meet the SPPI classification test and which, according to the business model, are shown as held to obtain cash flows,
• cash and cash equivalents.

Interest income is calculated using the effective interest method and is reported in the statement of comprehensive income under 'Interest income'.

Debt instruments - financial assets at fair value through other total income

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

(a) the financial asset is held in accordance with a business model whose purpose is both to receive contractual cash flows and to sell financial assets; and
(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.

Interest income, exchange rate differences and impairment gains and losses are recognized in profit or loss and calculated in the same way as for financial assets measured at amortized cost. Other changes in fair value are recognized in other total income. When the financial asset is discontinued, the total profit or loss previously recognized in other total income is reclassified from equity to profit or loss.

Equity instruments - financial assets at fair value through other comprehensive income
At initial recognition, the Company may make an irrevocable choice to recognize subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or is not a conditional consideration recognized by the acquirer in a business combination to which IFRS 3 applies in other comprehensive income. Such selection is made separately for each equity instrument. Accumulated gains or losses previously recognized in other total income are not reclassified to profit or loss. Dividends are recognized in the statement of total income when the entity's entitlement to receive dividends arises unless those dividends are obviously recovering part of the investment costs.

Financial assets at fair value through profit or loss
Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Profit or loss on the measurement of these assets at fair value is recognized in profit or loss.
Dividends are accounted for in the statement of comprehensive income when an entity is entitled to receive a dividend.

4.3.1. Impairment of financial assets

The Company shall assess expected credit losses (ECL) related to debt instruments measured at amortized cost and fair value through other comprehensive income, regardless of whether there is any evidence of impairment.
For trade receivables, the Company apply a simplified approach in calculating ECLs and measures the write-down on expected credit losses in an amount equal to the expected credit losses over the entire lifetime using a provision matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, by the impact of future information.
In the case of other financial assets, the Company measures the write-down on expected loan losses in the amount equal to 12-month expected loan losses. If the credit risk associated with a given financial instrument has increased significantly since initial recognition, the Company measures the write-off on expected credit loss on the financial instrument in an amount equal to the expected loan loss throughout its life.

4.4. Cash and cash equivalents

Cash and cash equivalents, including short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months.

The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-mentioned cash and cash equivalents, less outstanding loans in current accounts.

4.5. Equity capital

The share capital is included in the amount specified in the Company's Deed and entered in the court register and is disclosed in the nominal value of shares.
The capital reserves are included in the amount specified in the Deed.
The retained earnings include profits and losses from previous years and the financial result of the current period.

4.6. Financial liabilities

Financial liabilities, including loans received, are recognized if and only if the Company becomes a party to the contract.
A financial liability component shall be excluded if and only if the obligation specified in the contract has been fulfilled, canceled or has expired.

At the moment of initial recognition, liabilities are measured at fair value plus transaction costs. After initial recognition, liabilities are measured at amortized cost using the effective interest rate method. Interest expenses are recognized in financial expenses using the effective interest rate, except for current liabilities, for which recognition of interest would be immaterial.
Liabilities are classified as current unless the Company has the unconditional right to postpone the liability's due date by at least 12 months from the end of the reporting period.

4.7. Revenues

The Company applies IFRS 15 Revenue from contracts with clients to all contracts with clients, except leasing contracts within the scope of IFRS 16 Leases, financial instruments and other contractual rights or obligations falling under the scope of IFRS 9 Financial instruments, IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements contractual, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The basic principle of IFRS 15 is to recognize revenue at the time of the transfer of goods and services to a customer at a value that reflects the price expected by the entity in exchange for the transfer of those goods and services.

In order to determine the transaction price, the Company takes into account the terms of the contract and its usual commercial practices. The transaction price is the amount of remuneration which, as expected by the Company, it will be entitled to in exchange for the transfer of promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The remuneration specified in the contract concluded with a customer may include fixed amounts, variable amounts or both.

Revenues are recognized to the extent that it is probable that the Company will obtain economic benefits that can be reliably measured.

Revenues from the sale of electricity are recognized in the period in which it was produced.

Revenues from green certificates are recognized in the period in which electricity was generated in renewable energy sources, entitling to obtain certificates.

The completion of the investment phase and transition to the production phase took place in May 2021.

The Company applied IAS 16 for the revenues generated from the trial run, i.e. in the transition period from the investment phase to the production phase.

Interest income is recognized using the effective interest rate.

4.8. Operating expenses

The main categories of operating costs recognized for the Company include legal, accounting and auditing services, property taxes, salaries, office rent and easement costs. Other operating expenses include donations, damages and impairment losses for non-financial assets.

4.9. Transactions in foreign currencies

Economic operations denominated in foreign currencies are recognized in the accounting books in Polish zloty according to the exchange rate applicable on the day of the transaction, i.e. according to the exchange rate actually used on that day, resulting from the nature of the operation or according to the average exchange rate announced for a given currency by the National Bank of Poland from the day preceding transaction day. Expenditure of cash and other investment components is measured at average prices, i.e. determined at the weighted average of the prices of the given asset.
Monetary assets and liabilities denominated in foreign currencies are translated to Polish zloty at the functional currency spot rates given by the National Bank of Poland of exchange at the reporting date. The following exchange rates were used:

	31 December 2021	31 December 2020
EUR	4.5994	4.6148

4.10. Operating leasing at the lessee's

At the conclusion of the contract, the company assesses whether the contract is a lease or contains a lease. The contract is a lease or contains a lease if it delegates the right to control the use of the identified asset for a given period in exchange for remuneration.
The Company applies a uniform approach to the recognition and measurement of all leases, except for short-term leases and leasing of low-value assets. At the date of commencement of the lease, the Company recognizes an asset under the right to use and a liability under the lease.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If ownership of the leased asset transfers to the

Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leasing and leasing of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4.11. Current and deferred income tax

Income tax disclosed in the profit and loss account includes the current and deferred portion.
Current income tax liability is calculated in accordance with tax regulations. The deferred part disclosed in the profit and loss account is the difference between the balance of reserves and deferred tax assets at the end and at the beginning of the reporting period.

Deferred tax is recognized in connection with temporary differences between the tax value of assets and liabilities and their value disclosed in the financial statements, as well as in relation to unused tax losses. The amount of deferred tax is determined taking into account the tax rates in force in the year when the tax obligation arose, on the basis of tax regulations in force at the end of the reporting period.

The value of deferred tax assets is subject to verification as at the day ending the reporting period. The deferred tax assets are reduced to the extent that it is not probable that sufficient taxable income will be available to realize those assets.

The reserve and assets due to deferred income tax regarding operations settled with equity are referred to equity.

Assets due to deferred income tax are determined in the amount provided for in the future to be deducted from income tax, in connection with negative temporary differences and deductible tax loss, determined taking into account the precautionary principle.

The provision for deferred income tax is created in the amount of income tax payable in the future due to the occurrence of positive temporary differences, i.e. differences that will increase the basis for calculating income tax in the future.

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

The reserve and assets due to deferred income tax are offset for the purposes of presentation in the financial statements. Income tax recognized in the income statement includes the current and deferred portion.

Deferred income tax assets are determined in the amount expected to be deducted from income tax in the future, due to negative temporary differences and deductible tax loss, determined taking into account the precautionary principle.

The amount of the provision and assets due to deferred income tax is determined taking into account the income tax rates in force in the year when the tax obligation arose, taking into account the tax regulations in force as at the balance sheet date.

The reserve and assets due to deferred income tax are offset for the purposes of presentation in the financial statements.

Uncertainty associated with the recognition of income tax

If, in the Company's opinion, it is likely that the Company's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Company determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into account the approach to taxation planned or applied in your tax return. Assessing this probability, the Company assumes that the tax authorities authorized to inspect and challenge the manner of tax treatment will carry out such an inspection and will have access to all information.

If the Company determines that it is not probable that the tax authority will accept the Company's approach to a tax issue or group of tax issues, then the Company reflects the effects of uncertainty in accounting terms of tax in the period in which it determined it. The Company recognizes an income tax liability using one of the following two methods, depending on which of them better reflects the way in which uncertainty can materialize:

• The Company determines the most likely scenario - this is a single amount among the possible results or
• The Company recognizes the expected value - it is the sum of probability weighted amounts among the possible results.

Tax settlements and other areas of activity (e.g. customs or foreign exchange issues) may be subject to control by authorities that are entitled to impose high fines and fee penalties, and any additional tax obligations resulting from the control must be paid together with high interest. These conditions mean that the tax risk in Poland is greater than in countries with a more mature tax system.

Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the tax inspection authority.

The Company recognizes and measures current or deferred income tax assets or liabilities using the requirements of IAS 12 Income tax based on profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the uncertainty associated with settlements tax.
When there is uncertainty as to whether and to what extent the tax authority will accept individual tax settlements of transactions, the Company recognizes these settlements taking into account the assessment of uncertainty.

4.12. Subjective assessments of the Company's Management Board and uncertainty of estimates and assumptions

During the preparation of the financial statements in accordance with IFRS, the Management Board of the Company makes subjective assessments, estimates and assumptions that may affect the accounting principles (policy) as well as the values of assets and liabilities recognized in the financial statements. When preparing these financial statements, the Management Board of the Company made subjective assessments, estimates and assumptions regarding potential events that would pose a risk of causing significant adjustments to the carrying amounts of assets and liabilities during the next reporting period. Information on estimates and assumptions made that are significant to the financial statements is presented in the next sections of the financial statements.

Regulations regarding value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations, and few precedents established that could apply. The binding provisions also contain ambiguities that cause differences in opinions as to the legal interpretation of tax regulations, both between state authorities as well as state authorities and enterprises.
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4.13. The format of the cash flow statement

The cash flow statement is prepared using the indirect method.

4.14. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a gross current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
The provision for dismantling the wind farm is calculated based on the estimated future costs of dismantling and disposal of equipment and structures as well as the costs of land reclamation to the state as close as possible to the state before the wind farm was built.

4.15. Receivables

An entity always measures the write-down on expected credit loss in an amount equal to the expected life-cycle credit loss on account of:

a) trade receivables or assets under contracts arising from transactions that are within the scope of IFRS 15 and which:
(i) they do not contain a significant financing component (or when the entity applies a practical solution to contracts that have been in force for a maximum of one year) in accordance with IFRS 15; or
(ii) they contain a significant component of financing in accordance with IFRS 15 if the entity selects as the accounting basis the valuation of an allowance for expected credit losses in an amount equal to the expected loan losses in the entire lifetime. This accounting policy applies to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.

An entity shall measure expected credit losses on financial instruments in a manner that includes:

a) an unencumbered and weighted probability amount that is determined by assessing a range of possible outcomes;
b) time value of money; and
c) rational and documentable information that is available without undue cost or effort as at the reporting date regarding past events, current conditions and forecasts of future economic conditions.

4.16. Interest-bearing loans and borrowings

At initial recognition, all loans are recognized at fair value, less costs associated with obtaining the loan. After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest rate method. When determining the amortized cost, account is taken of the costs associated with obtaining the loan and discounts or premiums obtained in connection with the liability. Income and expenses are recognized in the income statement when the liability is removed from the balance sheet, and as a result of settlement using the effective interest rate method.

4.17. Borrowing costs

Borrowing costs are capitalized as part of the cost of producing of non-current assets. Borrowing costs consist of interest calculated using the effective interest rate method, financial charges due to financial leasing contracts and exchange rate differences arising in connection with external financing up to the amount corresponding to the adjustment of the cost of interest.

4.18. Liabilities

Short-term liabilities due to deliveries and services are shown in the amount requiring payment.
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as at fair value through profit or loss. Financial liabilities are classified as held for trading if they were acquired for sale in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are recognized as effective hedging instruments.
As at December 31, 2021, no financial liabilities were classified as at fair value through profit or loss (as at December 31, 2020: zero). Financial liabilities measured at fair value through profit or loss are measured at fair value, taking into account their market value as at the balance sheet date, excluding sales transaction costs. Changes in the fair value of these instruments are recognized in profit or loss as financial costs or revenues, except for changes due to own credit risk for financial liabilities initially classified as at fair value through profit or loss, which is recognized in other total income.
Other financial liabilities that are not financial instruments at fair value through profit or loss are measured at amortized cost using the effective interest method.
The Company excludes from its balance sheet a financial liability when the liability has expired - that is, when the obligation specified in the contract has been fulfilled, canceled or has expired.
Other non-financial liabilities include, in particular, liabilities to the tax office due to value added tax and liabilities due to advance payments received, which will be settled by the delivery of goods, services or non-current assets. Other non-financial liabilities are recognized at the amount requiring payment.

4.19. Employee benefits

Due to the completion of the investment phase and entering the production and sales phase, the Company employs 1 employee as at the balance sheet date.
The performed assessment does not require additional disclosures in the financial statements.

5. Non-current Assets

	31 December 2021	31 December 2020
Non-current assets under construction	-	452 850 745
Non-current assets	482 789 527	-
Right-of-use assets	55 164 344	56 462 414
Total	**537 953 872**	**509 313 159**

5.1. Non-current assets and non-current assets under construction

5.1.1. Year ended 31 December 2021

	Engineering buildings and facilities	Motor vehicles	Machinery and technical equipment	Non-current assets under construction	Total
Gross value					
Opening balance	-		-	452 850 745	452 850 745
Increases including:	165 984 935		317 661 379	16 623 269	500 269 582
-purchase of fixed assets				16 623 269	-
-settlement of fixed assets under construction	160 941 064		308 187 325	-	469 128 389
-dismantling provision	5 043 871		9 474 053		14 517 924
Decrease, including:			-	(469 474 014)	(469 474 014)
-settlement of fixed assets under construction					
Closing balance	**165 984 935**		**317 661 379**	**-**	**483 646 313**
Depreciation					
Opening balance	-		-	-	-
Depreciation for the period	(326 029)		(530 757)	-	(856 786)
Closing balance	**(326 029)**		**(530 757)**	**-**	**(856 786)**
Net value					
Opening balance	-		-	452 850 745	452 850 745
Closing balance	**165 658 906**		**317 130 621**	**-**	**482 789 527**

During 2021, the Company completed the investment phase, starting a trial start-up of electricity production in May 2021, and then electricity production in mid-December. As a result of obtaining a license for the production of electricity and accepting the investment for use, the balance of fixed assets under construction decreased and the balance of fixed assets increased. The following capital expenditure was incurred in 2021: construction services - PLN 5,528,397, connection to the grid - PLN 778,000, investor supervision - PLN 707,642, wind turbines – PLN 25,562,609, interest costs - PLN 9,582,715, remuneration employees - PLN 415,279, provision for dismantling the farm after the period of use - PLN 14,517,924 and other expenditure amounted to PLN 2,198,465. The value of energy from the trial run, which decreased the balance of fixed assets, amounted to PLN 28,150,218.

5.1.2. Year ended 31 December 2020

	Motor vehicles	Engineering buildings and facilities	Non-current assets under construction	Total
Gross value				
Opening balance	-	-	98 796 463	98 796 463
Additions	-	-	354 054 282	354 054 282
Closing balance	**-**	**-**	**452 850 745**	**452 850 745**
Depreciation				
Opening balance	-	-	-	-
Depreciation for the period	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**
Net value				
Opening balance	-	-	98 796 463	98 796 463
Closing balance	-	-	**452 850 745**	**452 850 745**

As of December 31, 2020 the Company incurred capital expenditure on the following wind farm elements: wind turbine elements in the amount of PLN 244,337,620, construction services in the amount of PLN 83,631,189, construction supervision in the amount of PLN 746,425, construction of a reactive power compensation system in the amount of PLN 3,113,248. Borrowing costs allocated to capital expenditure in 2020 amounted to PLN 6,282,000 which includes interest and commissions. The valuation of employee costs recognized as wind farm construction costs amounted to PLN 502,000. The Company incurred expenditure on road constructions and repairs - PLN 12,200,000. Other capital expenditure amounted to PLN 3,243,000.

5.2. Right-of-use assets

5.2.1. Year ended 31 December 2021

	Motor vehicles	Long-term rental	Total
Gross value			
Opening balance	107 845	58 243 989	58 351 834
Increase in value including:	32 276	1 091 056	1 123 332
new agreements	2 615	244 550	247 166
resulting from a change in the method of calculating future interest	29 661	846 506	876 166
Decrease in value			
resulting from a change in the method of calculating future interest	-	-	-
	-	-	-
Closing balance	**140 121**	**59 335 045**	**59 475 166**
Redemption of non-current assets			
Opening balance	(25 933)	(1 863 487)	(1 889 420)
Depreciation for the period	(47 880)	(2 346 187)	(2 394 067)
Changes in the method of calculating future interest	(13 728)	(13 606)	(27 334)
Closing balance	**(87 541)**	**(4 223 280)**	**(4 310 821)**
Net value			
Opening balance	81 912	56 380 501	56 462 414
Closing balance	**52 580**	**55 111 765**	**55 164 344**

5.2.2. Year ended 31 December 2020

	Motor vehicles	Long-term rental	Total
Gross value			
Opening balance	82 679	41 130 442	41 213 120
Increase in value including:	25 166	17 113 547	17 138 713
new agreements	25 166	15 352 254	15 377 420
resulting from a change in the method of calculating future interest	-	1 761 293	1 761 293
Decrease in value	-	-	-
Closing balance	**107 845**	**58 243 989**	**58 351 834**
Redemption of non-current assets			
Opening balance	**-**	-	-
Depreciation for the period	(25 933)	(1 863 487)	(1 889 420)
Closing balance	**(25 933)**	**(1 863 487)**	**(1 889 420)**
Net value			
Opening balance	82 679	41 130 442	41 213 120
Closing balance	**81 912**	**56 380 502**	**56 462 414**

5.2.3. Specification of concluded contracts

Creditor	Assets	Duration of the contracts	Interest rate	Long-term liabilities	Short-term liabilities
Land lease from natural persons	32 892 148	03.2049	2.80%	36 846 959	394 471
Land easement from natural persons	12 664 339	2050/2051 r.	2.80%	12 812 609	298 691
Motor vehicles	52 580	09.2021-09.2023	2.80%	20 690	26 920
Land easement from natural persons - prepaid	3 518 513	2050/2051 r.	-	-	-
Lease of land from the State Treasury	6 036 764	2045 r.	2.80%	5 434 438	176 294
Total	55 164 344	-	-	55 114 695	896 376

6. Investment property

The Company does not own any investment property.

7. Non – current asset impermeant test

As at 31 December 2021, the Company performed an impairment test for investment into subsidiary Pomerania Wind Farm sp. z o.o. and determined no impairment for investment into Pomerania Wind Farm sp. z o.o. as at 31 December 2021. An impairment test was performed to identify potential impairment.

The Company used the following key assumptions for income model:

- Cash flows are forecasted until year end of 2051 and they are based on a typical useful life for such wind parks which is 30 years.
- Electricity production volume is forecasted to be stable during the whole operational period. Energy production volume is based on the wind park study performed by an external expert.
- For the first 15 years the wind farm was awarded a Contract for difference (CfD) tariff of 214.98 PLN/MWh (in real terms) in the Polish renewable energy auction. CfD tariff is inflation-adjusted with local actual inflation rate on annual basis.
- Long term electricity market price forecasts are based on the average of estimates from the external energy sector reports and databases.
- Discount rate used for cash flows was 4.4% after taxes (5.4% - before taxes)

The Company performed a fair value measurement analysis based on the sensitivity of the variability of the discount rate, energy price and production volumes. The results are presented below:
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Change in fair value based on variation of inputs, mPLN				
Sensitivity	-1.0%	-0.5%	+0.5%	+1.0%
WACC	151.7	72.1	-65.3	-124.7
Sensitivity	-10%	-5%	+5%	+10%
Electricity price	-53.7	-26.8	26.8	53.7
Total production	-155.6	-77.8	77.8	155.6

The sensitivity analysis shows that the increase in the discount rate by 3 percentage points would not reduce the fair value of Pomerania Wind farm Sp. z o.o.

8. Trade and other receivables

Specification	31 December 2021	31 December 2020
Deposits	6 316 789	6 305 126
Trade liabilities and other receivables	54 930 551	18 162
VAT receivable	6 762	63 531 373
Total	**61 254 102**	**69 854 661**

Deposits held by the Company:	31 December 2021	31 December 2020
Deposit for URE (auction deposit)	6 264 000	6 264 000
Deposit PKP S.A.	8 000	8 000
Deposit Agricultural Property Agency		28 000
Other deposits	16 789	5 126
Total	**6 316 789**	**6 305 126**

In the financial year, the Company did not make any significant write-downs of receivables. All receivables are presented in PLN. After the licensed sale begins on 14/12/2021, the Management Board of the Company anticipates the Company's accession to the auction sale system within 3 months of receiving the license, and therefore the URE deposit will be returned in the second quarter of 2022. Due to the expected date of return, the deposit paid to the URE is presented in short-term receivables.

9. Cash and cash equivalents

Cash equivalents include:

	31 December 2021	31 December 2020
Cash at the bank	41 081 251	31 432 178
Total	**41 081 251**	**31 432 178**

Currency structure:	31 December 2021	31 December 2020
cash in PLN	39 246 971	29 706 973
cash in EUR	392 925	373 504

Structure of cash balances by banks	31 December 2021	31 December 2020
SEB (Poland)	37 176 178	27 528 392
Alior Bank	3 905 074	3 903 786

All cash presented in the financial statements are held in the bank's accounts. The Company does not have any deponed or restricted cash as of 31 December 2021.

10. Share capital

The Company's share capital amounted to PLN 44,500 and is divided into 890 shares with a nominal value of PLN 50 each. The shares have been fully paid up and give equal voting and dividend right.

10.1. Year ended 31 December 2021

Shareholders	Number of shares	Nominal value (in PLN)
UAB "IGNITIS RENEWABLES"	890	44 500
Total	**890**	**44 500**

10.2. Year ended 31 December 2020

Shareholders	Number of shares	Nominal value (in PLN)
UAB "IGNITIS RENEWABLES"	890	44 500
Total	**890**	**44 500**

11. Share premium

	31 December 2021	31 December 2020
Opening balance	153 109 041	154 050 000
Additions		
Reductions		
resolution of the OGM on covering the loss from 2019	(5 187 185)	(940 959)
Closing balance	**147 921 856**	**153 109 041**

12. Retained earnings and Management Board proposal

Retained earnings include:

	31 December 2021	31 December 2020
Retained earnings – previous years	(5 587 628)	(5 587 628)
Retained earnings – current year	6 086 684	(5 187 185)
Total	499 055	(10 774 813)

The Management Board of the Company proposes to allocate the profit for 2021 to supplementary capital. The loss for 2020 was covered by the supplementary capital.

13. Financial liabilities

13.1. Loans received

Year ended 31 December 2021

	up to 1 year	over 1 year
liability interest on loan	-	-
Total	-	-

Year ended 31 December 2020

	up to 1 year	over 1 year
liability interest on loan	2 234 355	-
Total	2 234 355	**-**

Shareholder loans movement for 2021	
	UAB "Ignitis Renewables"
Carrying amount as of 1 January 2021	2 234 355
Repayment 30.06.2021	(2 182 573)
Exchange differences	(51 782)
Carrying amount as of 31 December 2020	-

The interest rate on shareholder loans is fixed at 2.8% per an annual basis.

Shareholder loans movement for 2020

	UAB "Ignitis Renewables"
Carrying amount as of 1 January 2020	1 327 626
Additions	130 264 350
consolidation	-
FX differences	765 404
conversion into shareholders capital	-
accrued interest	789 975
repayment	(130 913 000)
balance sheet valuation	-
Total	**2 234 355**

13.2. Credits received

On March 9, 2020, the Management Board of the Company decided to obtain the bank support in financing the investment. For this purpose, the Company signed an agreement with the European Investment Bank for a loan for the amount of PLN 258,000 thousand. Furthermore, on November 14, the Company signed an agreement with the Nordic Investment Bank to grant a loan of PLN 150,000 thousand. Loan collaterals are disclosed in Note 27.5.

Year ended 31 December 2021

Creditor	duration of the contract	type of interest	interest	long-term commitment	short-term commitment	interest paid in 2021
European Investment Bank	31.12.2035	Fixed	1.82%	238 364 073	15 281 149	4 697 840
Nordic Investment Bank	31.12.2035	Fixed	2.39%	137 739 238	8 755 398	3 634 792
Total				376 103 311	24 036 548	8 332 632

Aging of obligations	up to 1 year	2-5 years	over 5 years	Total
European Investment Bank	15 281 149	82 528 276	155 835 798	253 645 223
Nordic Investment Bank	8 755 399	47 494 916	90 244 321	146 494 636
Total	24 036 548	130 023 192	246 080 119	407 043 118

Year ended 31 December 2020

Creditor	Duration of the contract	type of interest	interest	long-term commitment	short-term commitment	interest paid in 2020
European Investment Bank	31.12.2035	Fixed	1.82%	253 484 741	4 409 082	3 073 000
Nordic Investment Bank	31.12.2035	Fixed	2.39%	147 039 354	2 109 941	1 174 500
Total				400 524 095	6 519 023	4 247 500

Aging of obligations	up to 1 year	2-5 years	over 5 years	Total
European Investment Bank	4 409 082	16 907 192	236 577 549	257 893 823
Nordic Investment Bank	2 109 941	9 796 796	137 242 558	149 149 295
Total	6 519 023	26 703 988	373 820 107	407 043 118

14. Provisions

	31 December 2021	31 December 2020
Provision for bonuses	143 864	-
Dismantling provision	14 517 924	-
Provision for settlement of turbine assembly services	11 444 525	-
Total	**26 106 313**	**-**

According to the provisions of the employment contracts, the Company provides for annual bonuses if the assumed goals are achieved. As at the balance sheet date, the Company created provisions in the amount of PLN 143,864. The expected date for the payment of the bonus is the 1st and 2nd quarter of 2022.When the wind farm was put into operation, a provision was created for its dismantling after the operating period of 25 years. The provision covers the estimated costs of dismantling and removal of equipment and structures as well as the costs of land reclamation to the state as close as possible to the state before the farm was built. The discounted value of the provision for dismantling and reclamation as at December 31, 2021 amounted to PLN 14,517,924. The Company created a provision for the costs not invoiced as at the balance sheet date, settling the wind turbine assembly contract with Nordex Sp. z o.o.

15. Trade and other liabilities

	31 December 2021	31 December 2020
Trade and other liabilities to related parties	943 435	930 612
Trade and other liabilities	4 234 639	4 745 343
Remuneration related payables	783	50 789
Other	133	48 111
Total	**5 178 990**	**5 774 855**

16. Tax and social security payables

	31 December 2021	31 December 2020
Current income tax liabilities	5 548 543	-
Social security liabilities	10 493	-
VAT liabilities	5 529 284	-
Other tax liabilities	81 477	-
Total	**11 169 797**	**-**

17. Sales revenue

	Year ended 31 December 2021	Year ended 31 December 2020
Energy revenues - related parties	15 712 099	-
Total	**15 712 099**	**-**

18. Other operating income

	Year ended 31 December 2020	Year ended 31 December 2019
Recharge of the expenses	5 895	-
Other revenues	1 042	50
Total	**6 937**	**50**

19. Operating expenses

19.1. Expenses by type

	Year ended 31 December 2021	Year ended 31 December 2020
Depreciation and amortization	(3 250 853)	(1 889 420)
Utility and similar expenses	(107 454)	(27 954)
Consultations and other service	(1 262 004)	(1 327 269)
Taxes and fees	(1 039 115)	(406 602)
Wages and salaries	(817 683)	(294 920)
Social security and other benefits	(248 154)	(65 652)
Other costs by type	(524 820)	(218 115)
Total	**(7 250 082)**	**(4 229 932)**

19.2. Employee benefits costs

	Year ended 31 December 2021	Year ended 31 December 2020
Remuneration as to employment contracts	(673 819)	(179 773)
Bonuses	(143 864)	(115 147)
Total	(817 683)	**(294 920)**

19.3. Other operating costs

	Year ended 31 December 2021	Year ended 31 December 2020
Indemnity paid	(3 541)	-
provisions for damages	(1 089 398)	(1 045)
Total	**(1 092 939)**	**(1 045)**

20. Net financial income

20.1. Financial costs

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on loans and other	(504 820)	(7 511)
Leasing interest	(85 577)	
Foreign currency differences	152 245	(2 174 890)
Total	**(438 153)**	**(2 182 401)**

Exchange differences	Year ended 31 December 2021	Year ended 31 December 2020
Unrealized	54 721	35 003
Realized	97 523	(2 209 893)
Total	**152 245**	**(2 174 890)**

20.2. Financial income

There were no financial revenues in the previous year and in the reporting year.

21. Other income

There was no other comprehensive income in the reporting period.

22. Leasing Company as a lessee

The Group decided to implement the standard on January 1, 2019. In accordance with the transitional provisions of IFRS 16.C5 (b), the new rules were adopted retrospectively with the cumulative effect of the initial application of the new standard applied to equity as at January 1, 2019.

The Company is a party of the agreements under which it leases land for a period of 30 years. Agreements are classified as operating lease. The Company is not able to purchase the leased assets after the end of the contracts. The rents are denominated in EUR, and the agreements contain clauses of annual indexation of rents according to the consumer price index.

22.1. Recognition of lease liabilities

As at the date of adopting IAS, the Company had indisputable obligations under concluded long-term contracts for the lease of land and easements: transit easement, land easement and air easement. Due to the nature of the concluded contracts, assets recognized in connection with the calculation of the right to use occurs at the beginning of the construction and use of works that did not take place by July 1, 2019. The Company adopts this date as the date of recognition of the asset under 33 lease contracts and about 130 easement contracts.

For the purposes of calculating the value of assets and liabilities arising from leases recognized under IFRS 16, discounting was applied using the incremental borrowing rate.

As of July 1, 2019, the discount rates calculated by the Company were in the range (depending on the duration of the contract): from 1.1732% to 2.8%. In 2020, the discount rates calculated by the Company were in the range (depending on the duration of the contract): from 1.5% to 2.8% and in 2021, the discount rates were 2,8%.

The Company has not used the simplifications regarding current leases (up to 12 months) and leases for which the underlying asset is of low value (up to PLN 20,000).

22.2. Increases in right-of-use assets

As at January 1, 2020, the Company had an irrevocable operating lease obligation related to land lease agreements. As at December 31, 2020, the Company recognized assets in the amount of PLN 56,462,414 PLN.

As of 01/01/2021, the Management Board of the Company decided to recalculate the value of assets and liabilities under the right to use on a monthly basis. As a result of the recalculation, the following balance sheet components were disclosed:

Assets:	31.12.2020	new contract	amortization	recalculation	31.12.2021
ROU rent	40 293 298	2 615	(2 265 235)	950 814	38 981 492
ROU servitude	16 169 116	244 550	(128 832)	(101 983)	16 182 852
Total	56 462 414	247 165	(2 394 067)	848 832	55 164 344

22.3. Impact on the financial result

	Year ended 31 December 2021	Year ended 31 December 2020
Amortization of the right-of-use asset	2 394 067	1 889 420
Interest costs on lease liabilities	85 577	-
Low-value asset lease costs	-	-
Variable lease payments not included in the measurement of lease liabilities	-	128 710
Total amount recognized in the profit and loss account	2 479 644	2 018 130

22.4. Lease liabilities (IFRS 16)

	Year ended 31 December 2021	Year ended 31 December 2020
Non-current lease liabilities	55 114 695	54 506 672
Current lease liabilities	896 376	401 499
Total	56 011 071	**54 908 171**

The total outflow of cash from leases in 2021 amounted to PLN 2,150,767.

22.5. Aging of lease liabilities (IFRS 16)

Year ended 31 December 2021

	Up to 1 year	2-5 years	over 5 years	Total
Liabilities arising from the implementation of IFRS 16	2 429 921	10 045 900	68 765 044	81 240 865
Future interest	(1 533 545)	(5 854 828)	(17 841 421)	(25 229 794)
Total	896 376	4 191 072	50 923 623	56 011 071

Year ended 31 December 2020

	Up to 1 year	2-5 years	over 5 years	Total
Liabilities arising from the implementation of IFRS 16	1 178 702	9 856 025	71 358 951	82 393 678
Future interest	(2 023 953)	(4 085 884)	(21 375 670)	(27 485 507)
Total	**(845 251)**	**5 770 141**	**49 983 281**	**54 908 171**

23. Income tax

23.1. Income tax recognized in the statement of profit and loss

The main components of income tax for the year ended 31 December 2021 are as follows:

	31 December 2021	31 December 2020
Current income tax	55 548 543	
Adjustments related to current income tax of previous years	-	-
Deferred income tax	(4 697 364)	(1 226 143)
Income tax recognized in the statement of profit and loss	851 179	(1 226 143)

23.2. Reconciliation of gross profit (loss) to the taxable base for income tax.

	Year ended 31 December 2021	Year ended 31 December 2020
Profit (loss) before tax	**6 937 863**	**(6 413 328)**
including: capital gains	-	-
Amounts that increase the tax base		
Revenues from trial production	28 150 218	-
Provisions for damages	1 089 397	-
Non-tax depreciation	2 633 171	1 760 710
Interest related to IAS 16	85 577	-
Loans interest	-	-
Provisions for audit and accounting services	41 039	11 149
Lease expenses recognized under IAS 16	-	-
Exchange differences capitalized for tax purposes	-	2 133 938
Road contract	-	-
Other expenses	240 782	3 038
Unrealized exchange rate differences	-	35 003
Total	**32 240 184**	**2 849 030**
Amounts that reduce the tax base		
Interest on credits	1 675 246	-
Lease expenses recognized under IAS 16	810 563	1 094 807
Road contract		10 000 000
Unrealized exchange rate differences	54 721	
Total	**2 540 530**	**10 094 807**
Taxable income	**36 637 518**	**(13 564 297)**
Investment relief	-	-
Donations	-	-
Loss from previous years	7 434 657	-
Tax base	**29 202 860**	**(13 564 297)**
Income tax	**5 548 543**	**-**

23.3. Deferred income tax

	Year ended 31 December 2020	Year ended 31 December 2019
Negative temporary differences:		
-difference in the carrying and tax value of fixed assets	9 673 321	-
-right-of-use liabilities IFRS 16	56 011 071	54 908 171
-audit costs and accounting services	104 194	74 804
-depreciation and interest costs recognized in accordance with IFRS16	-	2 158 554
-provision for wind farm construction cost	12 259 615	-
-provision for employee benefits	143 864	115 147
Total	78 192 065	57 256 676
Tax loss for previous years	14 961 858	1 313 813
Settled part of tax loss	7 434 657	-
Correction of the tax settlement for previous years	(92 543)	83 748
Tax loss time-barred	49 370	-
Tax loss current year	-	13 564 297
Total tax losses to be utilized in subsequent periods	7 385 287	14 961 858
Total deferred income tax assets	16 259 697	13 721 521
Positive temporary differences:		
-right-of-use assets IFRS 16	51 645 831	53 059 166
-road contract tax treatment	-	10 000 000
-unrealized exchange differences	54 721	-
Total	51 700 552	63 059 166
Total deferred income tax liabilities	9 823 105	11 981 242
Compensation	(9 823 105)	(11 981 242)
Deferred income tax assets disclosed in the balance sheet	6 436 592	1 739 228
Reserve for deferred income shown in the balance sheet	-	-
Net balance sheet conversion of deferred tax assets / reserves	4 697 364	1 227 195
The value of deferred tax recognized in equity during the period	-	-
Change in deferred tax recognized in the statement of profit and loss account	4 697 364	1 226 143

Tax settlements and other areas of activity that are subject to regulations (e.g. customs or foreign exchange matters) may be subject to inspection by administrative authorities, which are authorized to impose high penalties and sanctions. The lack of reference to established legal regulations in Poland results in the occurrence of ambiguities and inconsistencies in the applicable provisions. Frequent differences in opinions as to the legal interpretation of tax regulations, both within state authorities and between state authorities and enterprises, result in the emergence of areas of uncertainty and conflicts. Due to these phenomena, the tax risk in Poland is significantly higher than that usually existing in countries with a more developed tax system.

Tax settlements may be inspected for a period of five years, starting from the end of the year in which the tax was paid. As a result of the conducted inspections, the current tax settlements of the Company may be increased by additional tax liabilities. In the Company's opinion, as at December 31, 2021, adequate provisions were created for the identified and measurable tax risk.

23.4. Reconciliation of an effective tax rate

The reconciliation of income tax on gross profit / loss before tax using the applicable to tax rate, with income tax calculated at the Company's effective tax rate for the year ended December 31, 2021 and December 31, 2020 is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Gross profit / (loss) before tax from continued operations	6 937 863	(6 413 328)
Profit / (loss) before tax from discontinued operations		
Gross profit / (loss) before tax	6 937 863	(6 413 328)
Tax at the statutory tax rate applicable in Poland (19%)	(1 318 194)	(1 218 532)
Tax effect of permanently non-taxable costs	117 710	22 050
Tax effect of recognizing previously unrecognized temporary differences	419 613	-
Other	(70 308)	(29 661)
Tax at an effective tax rate	(851 179)	1 226 143
Income tax (encumbrance) recognized in the statement of profit or loss	(851 179)	1 226 143
Effective tax rate	12.27%	19.12%
Income tax attributable to discontinued operations	-	-

24. Renumeration, including renumeration from profit, paid or due to members of the Company`s body

In the reporting period, the management staff collected remuneration in the amount of: PLN 22,700 for the year 2021, PLN 24,000 for the year 2020. The monthly remuneration of the managerial staff was PLN 27,000.

25. Transactions with related parties

Transactions with related entities carried out during the reporting period:

		Year ended 31 December 2021	Year ended 31 December 2020
Loans received	**UAB "Ignitis Renewables"**		
As at the beginning of the year		2 234 355	1 327 626
Calculation of interest		-	789 975
Loans received		-	130 264 350
Repayment of loans		(2 182 573)	(130 913 000)
Foreign exchange differences		(51 782)	765 404
Closing balance		-	**2 234 355**
Trade payables	**UAB "Ignitis Renewables"**		
Opening balance		279 921	59 235
increase		242 590	380 360
decrease		(24 587)	(159 674)
Closing balance		497 924	**279 921**
Financial result on mutual transactions			
costs		242 590	380 360
income			-
Trade payables	**UAB "Ignitis grupes paslaugu centras"**		
Opening balance		254 284	-
increase		83 354	255 780
decrease		(382 081)	(1 496)
Closing balance		(44 443)	**254 284**
Financial result on mutual transactions			
costs		83 354	247 764
income		-	-

Trade payables	**AB Ignitis grupe**		
Opening balance		316 308	-
increase		1 504 576	694 675
decrease		(951 537)	(378 367)
Closing balance		869 346	**316 308**
Financial result on mutual transactions		1 653 884	694 675
capitalized costs		17 867	-
decrease		-	-
Trade payables	**Ignitis Polska Sp. z o. o.**		
Opening balance		80 100	38 030
increase		313 173	81 591
decrease		(374 543)	(39 521)
Closing balance		18 730	80 100
Trade receivables	**Ignitis Polska Sp. z o. o.**		
Opening balance		-	-
increase		53 951 368	-
decrease		-	-
Closing balance		53 951 368	-
Financial result on mutual transactions			
capitalized costs		119 821	-
costs		57 031	81 591
capitalized revenue		28 150 218	-
revenues		15 712 099	-
other operating income		583	-
Trade receivables	**Ignitis Renewables Polska Sp. z o.o.o. o.**		
Opening balance		-	-
increase		5 895	-
decrease		(350)	-
Closing balance		5 545	-
Financial result on mutual transactions			
costs		-	-
other operating income		5 895	-

The terms of group loans are described in note 13.1.
The Company did not enter into any transactions with related entities, apart from those indicated above.

25.1 Terms of transactions with related entities.

Transactions with related entities are carried out on an arm's length basis. It is subject to internal analysis. The entity also prepares documentation on transactions with related entities provided for by the provisions of the tax law.

26. Business risks estimated by the Management Board of the Company

The main financial instruments used by the Company include bank loans, leasing contracts, and cash. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has other financial instruments, such as trade receivables and liabilities, which arise directly in the course of its business.

The main types of risk arising from the Company's financial instruments include interest rate risk, liquidity risk, currency risk and credit risk. The Management Board verifies and agrees the principles of managing each of these types of risk - these principles are briefly discussed below. The Company also monitors market price risk related to all its financial instruments.

26.1. Commodity price risk and currency risk

Currently, most of the transactions in the portfolio are denominated in PLN, so the Company has little currency risk related to its commercial activities. In the future, as the financing of investments with foreign currency capital increases, the Company will consider hedging the EUR / PLN exchange rate risk using standard currency instruments offered by banks.

26.2. Credit risk

During the financial year, the Company received a license to produce and sell electricity and commenced its statutory operations, which resulted in product sales receivables. Energy is sold to one related party on a deferred payment basis. Receivables were mostly paid on time or with little delay and the trade credit risk assessment performed determined it to be low.

With regard to other financial assets of the Company, such as cash and cash equivalents, investments in equity instruments and some derivative instruments, the Company's credit risk arises from the counterparty's inability to make payment, and the maximum exposure to this risk equals the carrying amount of these instruments.

26.3. Interest rate risk

The interest rate of bank loans held in the EIB and NIB is constant throughout the period of using the loans and therefore insensitive to increases in interest rates. A change in deviations by 10% from the interest rate as at the balance sheet date will not change the cost of loans throughout the period. The Company does not have bank deposits. The risk of changes in interest rates does not affect the financial result in the financial year 2021. The Management Board does not expect such an impact in the next financial year.

	31 December 2021		**Interest rate risk sensitivity analysis as at 31 December 2021 Net financial result**	
Assets and financial liabilities	Balance sheet value	Value at risk	WIBOR +50 pb	WIBOR -50 pb
Cash and equivalents	41 081 251	-	-	-
Interest-bearing loans and borrowings	400 139 859	-	-	-
Change in gross profit	-	-	-	-

26.4. Foreign exchange risk

As at the balance sheet date, the currency items include several short-term trade payables in the total amount of EUR 274,719.03. There was no exposure to foreign exchange risk on loans as at December 31, 2021.

	31 December 2021			**31 December2020**	
	EUR		**PLN**	**EUR**	**PLN**
Loans granted (+)	-	-	-	-	-
Loans received (-)	-	-	-	483 693	2 234 274
Total	**-**	**-**	**-**	**483 693**	**2 234 274**

26.5. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. This tool takes into account maturities of both investments and financial assets (e.g. accounts receivable, other financial assets) and forecast cash flows from investing activities.

As at December 31, 2021, the Management Board of the Company does not see any liquidity risk related to loans and borrowings, and trade liabilities are settled on an ongoing basis. The tables below present the Company`s financial liabilities by maturity based on contractual payments:

Year ended 31 December 2021

Aging of liabilities	Up to 1 year	2-5 years	above 5 years	Total
Interest-bearing loans and borrowings	24 036 548	130 023 192	246 080 119	400 139 859
Leasing payables	896 376	4 191 072	50 923 623	56 011 071
Trade and other liabilities	16 348 786	-	-	16 348 786
Total	41 281 710	134 214 264	297 003 742	472 499 716

Year ended 31 December 2020

Aging of liabilities	Up to 1 year	2-5 years	above 5 years	Total
Interest-bearing loans and borrowings	8 753 378	26 703 988	373 820 107	409 277 473
Lease liabilities	(845 251)	5 770 141	49 983 281	54 908 171
Trade and other liabilities	5 774 855	-	-	5 773 885
Total	13 682 982	32 474 129	423 803 388	469 960 499

26.6. Maturity of trade payables and others

Year ended 31 December 2021

	not due	0-30 days	31-60 days	Over 60 days
Trade liabilities to related parties	112 906	141 263	141 786	945 603
Trade liabilities	573 825	2 313 507	819	27 329
Provisions for trade liabilities	921 168	-	-	-
Tax and social security liabilities	11 169 797	-	-	-
Unpaid salaries	783	-	-	-
Total	12 778 479	2 454 770	142 605	972 932

Year ended 31 December 2020

	not due	0-30 days	31-60 days	Over 60 days
Trade payables to related parties	96 927	234 349	246 873	352 462
Trade liabilities	2 207 008	832 322	1 701 624	4 388
Provisions for trade liabilities	-	-	-	-
Tax and social security liabilities	-	48 111	-	-
Unpaid salaries	50 789	-	-	-
Total	**2 353 754**	**1 114 782**	**1 948 497**	**356 850**

Financial liabilities are presented in Note 13 and Note 22.5.

26.7. Currency structure of trade liabilities

Year ended 31 December 2021

	EUR	PLN
Trade liabilities to related parties	289 596	1 322 828
Trade liabilities to related parties	-	18 730
Trade and other liabilities	(14 877)	(44 676)
Trade and other liabilities		15 051 904
Total	274 719	16 348 786

Year ended 31 December 2020

	EUR	PLN
Trade liabilities	3 936	4 744 373
Trade liabilities to related parties	186 695	930 612
Total	190 631	5 674 985

27. Financial instruments

27.1. Carrying value of financial instruments

	Year ended 31 December 2021	**Year ended 31 December 2020**
Trade and other receivables	61 247 340	6 323 288
Cash and cash equivalents	41 081 251	31 432 178
Total financial assets measured at amortized cost through profit or loss	102 328 591	37 755 466
Total assets	102 328 591	37 755 466
Interest-bearing loans and borrowings	400 139 859	409 277 472
Trade and other liabilities	5 178 990	5 744 855
Total liabilities measured at amortized cost through profit or loss	405 318 849	415 052 327
Lease liabilities	56 011 071	54 908 171
Total financial instruments excluded from IFRS 9	56 011 071	54 908 171
Total liabilities	**461 329 920**	**469 960 498**

27.2. Income and cost recognized in the statement of profit and loss by type of financial instruments

	Assets measured at amortized cost	Financial instruments excluded from MSSF 9	Financial liabilities measured at amortized cost	Total
For the period ended 31 December 2021				
Income/(cost) from the interest, including:	-	(85 577)	(497 470)	(583 047)
-lease interest	-	(85 577)	-	(85 577)
Exchange differences	(31 484)	-	86 205	54 721
Total net profit/ (loss)	(31 484)	(85 577)	(411 265)	(528 326)
For the period ended 31 December 2020				
Income/(cost) from the interest, including:	-	(7 248)	-	(7 248)
-lease interest	-	(7 248)	-	(7 248)
Exchange differences	78 229	-	(43 226)	35 003
Total net profit/ (loss)	78 229	(7 248)	(43 226)	27 755

27.3. Fair value of financial instruments

Book values of financial assets and liabilities measured at the adjusted purchase price do not differ significantly from their fair values.

Financial instruments measured at fair value are grouped according to a three-level hierarchy:
• level 1 - fair value based on quoted (unadjusted) prices offered for identical assets or liabilities on active markets to which the Company has access on the valuation date,
• level 2 - fair value based on input data other than prices quoted from level 1, which are observable for a given asset or liability, directly or indirectly,
• level 3 - fair value based on unobservable input data for a given asset or liability.

27.4. Main items in each type of financial instruments

27.4.1. Financial assets measured at fair value through other comprehensive income

The Company has no financial assets measured at fair value through other comprehensive income.

27.4.2. Financial assets measured at amortized cost

27.4.2.1 Trade receivables and other receivables

	Year ended 31 December 2021	Year ended 31 December 2020
Gross receivables - not due	61 247 340	6 323 288
Impairment	-	-
Net receivables	61 247 340	6 323 288

27.4.3. Financial liabilities measured at amortized cost

27.4.3.1 Reconciliation of financial liabilities measured at amortized cost

	Liabilities from interest bearing loans and borrowings
As at 1 January 2021	409 277 472
Including nominal value	*408 000 000*
Payment of interest-bearing loans and borrowings	(5 997 600)
Payment of interest	(10 566 987)
Valuation of the interest measured as amortized cost	7 426 974
As at 31 December 2021	400 139 859
Including nominal value	402 002 400

27.5. Property security received by the company

The Company has received bank guarantees from the main contractors: CJR Sp. z o.o. for PLN 10,350,000 dated 9 June 2021 and Nordex Sp. z o.o. for EUR 4,387,041 dated 22 March 2021. Additionally, Nordex presented a contract performance guarantee dated 19 November 2021 granted by the shareholder Nordex SE to Pomerania for the value of EUR 2,632,224.64.
In 2020, the Company received bank guarantees from the main contractors: CJR Sp.z o.o. for the value of PLN 10,350,000 and Nordex Sp.z o.o. for a value of EUR 13,161,000.The Company Nordex also presented a contract performance guarantee granted by the shareholder of Nordex SE to Pomerania amounting to EUR 13,911,000.
Additionally, the Company obtained a guarantor for the repayment of investment loans in the form of AB „Ignitis grupė“. Liabilities secured by guarantees amount to PLN 150,000,000 for the benefit of the Nordic Investment Bank and PLN 258,000,000 for the benefit of the European Investment Bank.

27.6. Issues related to financial instruments not occurring in the Company

The following economic events and situations requiring disclosure did not occur in the Company during the reporting period ended December 31, 2021 and December 31, 2020:
• no reclassification of financial assets has been made that would result in a change in the method of measuring these assets (IFRS 7, par. 12),
• no collateral has been established for the benefit of the Company on any of the asset categories that would improve credit conditions (IFRS 7, par. 15), nor did the Company take over any assets as part of the collection of collateral (IFRS 7, par. 38),
• the Company has not issued any instruments containing a liability and an equity component (IFRS 7, par. 17),
• the Company has not breached any provisions of the loan agreements (IFRS 7, par. 18),
• the Company does not apply hedge accounting principles,
• no financial assets were acquired at a price significantly different from their fair value (IFRS 7, par. 28).

28. Capital management

The main objective of managing the Company's capital is to maintain a good credit rating and safe capital ratios that would support the Company's operating activities and increase the value for its shareholders. The Company manages the capital structure and introduces changes to it as a result of changes in economic conditions. In the period ended December 31, 2020 and December 31, 2021, no changes were made to the objectives, rules and processes in this area. The Company monitors its equity using the leverage ratio, which is the ratio of net debt to total equity plus net debt. The net debt of the Company includes interest-bearing loans and borrowings, trade and other liabilities, less cash and cash equivalents. The Company's equity includes equity less capital reserves for unrealized net gains.

	Year ended 31 December 2021	Year ended 31 December 2020
Interest bearing loans and borrowings	400 139 859	409 277 472
Lease liabilities	56 011 071	54 908 171
Trade and other liabilities	5 178 990	5 774 855
Less cash and cash equivalents	(41 081 251)	(31 432 178)
Net debt	420 248 669	438 528 320
Share capital	148 465 412	142 378 728
Total capital	148 465 412	142 378 728
Capital and net debt	568 714 080	580 907 048
Leverage ratio	0.74	0.75

29. Events after the balance sheet date

On February 24, 2022, as a result of an attack by Russia allied with Belarus, war broke out in Ukraine. Pomerania Wind Farm Sp. z o.o. does not have any direct relations or signed cooperation agreements with entities or institutions from Russia and Belarus. The current economic and political situation in those countries does not affect the activities of the Company. Pomerania Wind Farm Sp. z o.o. received confirmation from the main provider of wind turbine maintenance services, Nordex Polska Sp. z o.o. that, on its part, Nordex ensures the continuity of the services provided, including the operation of the SCADA system.

The basic currency for settlements of the activity of Pomerania Wind Farm Sp. z o.o. is the Polish zloty (PLN). The Company's sales invoices are issued in PLN. The price guaranteed in the auction system, which the Company will join in the first quarter of 2022, will be indexed by the average annual price index of goods and services announced by the President of the Central Statistical Office on an annual basis. Similarly, the main liabilities of the Company, which are servicing of investment loans at the European Investment Bank and the Nordic Investment Bank, are settled in PLN. The interest rate on the bank loans held is fixed and therefore insensitive to interest rate increases caused by the war in Ukraine. One of the significant contracts settled in EUR is the wind turbine maintenance contract with Nordex Polska Sp. z o.o. Given the annual cost of such a contract, which is approximately EUR 700,000, the exchange rate differences related to the short-term increase in the value of EUR in relation to PLN does not have a significant impact on the results achieved by the Company.

Considering the above issues, the management believes that at the date of the financial statements there are no indications which may affect the continued operation of the Company.

30. Business activities in COVID-19 period

Due to the COVID-19 pandemic lasting from 2020, both the global and domestic economies operate in conditions of uncertainty and unpredictability. These factors generate potential threats to the global and Polish business as a whole, but do not translate directly into the Company's results. The Management Board believes that the pandemic does not give rise to adjustments to the financial statements for 2021, but only to additional disclosure. The most difficult epidemic situation is under control, but the pandemic continues, hence the management believes that it is not possible to provide a quantified estimate of the potential impact of the current situation on the entity. After the analysis, the Management Board of the Company did not made impairment losses on assets and provisions for expected losses.

31. Remuneration of the entity authorized to audit the financial statements, paid or due for the financial year

	Year ended 31 December 2021	Year ended 31 December 2020
Audit of the annual financial statements	99 057	165 114
Total	**99 057**	**165 114**

32. Information on significant transactions concluded by the Company on terms other than market terms with related parties

There were no transactions concluded by the Company on terms other than market terms with related parties.

33. Employment

As at the balance sheet date, the Company employed 1 person. The average annual employment in 2021 was 8.08.

33.1 Social assets and liabilities of the Company Social Benefits Fund

The Company does not meet the criteria imposed by the Act of March 4, 1994 on the Company Social Benefit Fund, which states that the Company Social Benefit Fund is made up of employers employing more than 50 full-time employees.

33.2 Employee benefits

33.2.1 Share-based Incentive Programs

The Company does not operate any share-based incentive programs.

33.2.2 Retirement benefits and other post-employment benefits

Due to the fact that there are no employees employed on the basis of an employment contract as at the balance sheet date, the Company's Management Board decided not to create a provision for liabilities due to retirement gratuities.

34. Events from previous years included in the financial statements for the financial year

Events relating to previous years were not included in the financial statements for the financial year.

35. Information on the consolidated financial statements

The consolidated financial statements were not prepared. The financial statements at the highest level are prepared by AB "Ignitis grupė" .

36. Contingent assets and liabilities

The Company has no contingent assets and liabilities. There are no pending court cases, and the Company is not a party to any control or tax proceedings.

37. Discontinued operations

The Company did not discontinue any activity.

38. Investment outlays

I n the financial year 2021, the Company completed the construction phase of the wind farm, commissioning and acceptance tests were conducted, followed by the production phase of the Company's operations and licensed power sales beginning in December 2021.
As at December 31, 2021, the contractual obligations of Pomerania Wind Farm related to concluded but not yet finalized wind farm contracts with suppliers amount to approximately PLN 12,734,264.

39. Licensed activity

The core business of the Company is the generation of electricity. On December 13, 2021 Pomerania Wind Farm Sp. z o.o. received license to generate electricity from renewable energy sources for a period of 19 years.

40. Joint ventures

The Company does not conduct joint ventures with other entities.

April 2022

Digitally signed by Jacek Wojciech Wojerz
Date: 2022.04.29 16:51:53 CEST

Jacek Wojerz
Chairman of the Management Board

Tadeusz Robinski
KR Group Sp. z o.o.
Person responsible for keeping accounting books

Laurynas Jocys
Member of the Management Board