2021

IGNITIS POLSKA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EUROPEAN UNION

ignitis

www.ignitis.pl

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KRS 0000681577
NIP 5252714003
September 28th, 2022

For the shareholders of Ignitis Polska Sp. z o.o.

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29 September 2022

Marek Musiał
Chairman of the Management Board

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

Paweł Dominik
Member of the Management Board

Robert Matuszewski
Member of the Management Board

All amounts are stated in PLN

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	Notes	31 December 2021	31 December 2020
ASSETS			
Fixed Assets		**6 454 075**	**5 197 793**
Intangible assets	5.1	3 205 742	4 873 140
Tangible fixed assets	5.2	-	2 552
Right to use assets	5.3	673 990	178 740
Long-term receivables	6	266 032	43 702
Deferred income tax assets	18.2	2 308 311	99 659
Current assets		**80 904 087**	**11 563 251**
Receivables from supplies and services and other receivables	8	50 938 072	6 950 348
Receivables from VAT tax		4 835 840	1 367 676
Short-term investments	7	-	1 008 808
Cash and cash equivalents	9	25 130 175	2 236 418
TOTAL ASSETS		**87 358 162**	**16 761 044**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	10 000 000	10 000 000
Profits (losses) retained	11	(16 244 490)	(3 915 875)
Total equity		**(6 244 490)**	**6 084 125**
LIABILITIES AND PROVISIONS FOR LIABILITIES			
Long - term liabilities		**22 855 450**	**70 606**
Credits and loans	12	22 077 120	-
Lease liabilities	17	778 330	70 606
Short-term liabilities		**70 747 201**	**10 606 314**
Liabilities for supplies and services and other liabilities	14	60 893 622	1 722 146
Short-term liabilities from trading contracts	7	8 758 288	-
Lease liabilities	17	37 315	115 089
Credits and loans	12	-	7 383 680
Deferred revenue	13	1 057 976	1 385 398
Total Liabilities and provisions for liabilities		**93 602 651**	**10 676 919**
TOTAL EQUITY AND LIABILITIES		**87 358 162**	**16 761 044**

All amounts are stated in PLN

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Sales revenues	15	**53 764 464**	**3 160 510**
Sales of energy		51 089 199	3 160 510
Sales of gas		2 675 265	-
Revenues from trading in financial instruments	15	**35 438 383**	**7 511 883**
Other operating income		**144 027**	**84 874**
Revenues from trading in financial instruments		144 027	84 874
Operating expenses		**(103 095 899)**	**(11 267 832)**
Depreciation and amortisation		(381 920)	(252 137)
Including depreciation of right to use assets		*(295 521)*	*(180 758)*
Materials and energy		(95 674)	(58 464)
Bought-in supplies and services		(2 514 355)	(1 191 217)
Taxes and charges		(1 013 031)	(265 143)
Salaries		(3 483 499)	(3 076 009)
Social security and other benefits		(647 516)	(369 447)
Other costs		(84 102)	(251 211)
Value of sold goods and materials	15	(94 822 563)	(5 802 237)
Other operating expenses		(53 238)	(1 967)
Operating profit (loss) before tax		**(13 749 025)**	**(510 565)**
Financial costs net	16	**(788 240)**	**(370 117)**
Financial income	16.1	20 556	72
Financial costs	16.2	(580 440)	(356 164)
Interest costs under IFRS 16	17	(228 357)	(14 025)
Profit (loss) before tax		**(14 537 265)**	**(880 682)**
Income tax	18	2 208 652	(432 373)
Net profit (loss)		**(12 328 614)**	**(1 313 055)**
Other comprehensive income		-	-
Total comprehensive income		**(12 328 614)**	**(1 313 055)**

All amounts are stated in PLN

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	**(14 537 265)**	**(880 682)**
Non-cash adjustments:		
Depreciation of fixed assets	381 919	252 136
Short-term investment update	-	606 103
Foreign exchange loss (gains)	151 720	464 420
Change in working capital::		
Trade and other receivables	(47 225 468)	(549 428)
Trade and other liabilities	66 745 973	1 000 793
Change in prepayments	1 369 927	(50 539)
Income tax payments	-	-
Net cash flow from operating activities	**6 886 806**	**842 803**
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on the purchase of fixed assets	(421 090)	(4 915 785)
Disposal of intangible and tangible fixed assets	14 190	
Net cash flows from investing activities	**(406 900)**	**(4 915 785)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Credits and loans	14 541 720	2 666 460
Repayment of capital loans	-	(2 134 950)
Repayment of bank credits and loans in accordance with IFRS 16	(228 356)	(14 024)
Repayment of capital in accordance with IFRS 16	(77 772)	(75 515)
Net cash flow from financing activities	**14 235 591**	**441 971**
Net cash flow	**20 715 497**	**(3 631 011)**
Cash and cash equivalents at the beginning of the year	**2 236 418**	**5 867 429**
Cash and cash equivalents at the end of the year	**22 951 915**	**2 236 418**
including restricted funds	**370 704**	**397**

All amounts are stated in PLN

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY	Share capital	Retained earnings	Total equity
As at 31 December 2019	**10 000 000**	**(2 602 820)**	**7 397 180**
Profit (loss) for the period	**-**	(1 313 055)	(1 313 055)
As at 31 December 2020	**10 000 000**	**(3 915 875)**	**6 084 125**
Profit (loss) for the period	-	(12 328 614)	(12 328 614)
As at 31 December 2021	**10 000 000**	**(16 244 490)**	**(6 244 489)**

1 General information

1.1 Information about the Company

The financial statement has been prepared by Ignitis Polska Sp. z o.o. (the "Company") with its registered office in Warsaw (02-556) at 2A Puławska Street. The Company was established on the basis of an authenticated deed dated 10 May 2017 under the name Geton Energy Sp. z o.o. The District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register registered the Company under KRS number 0000681577 on 5 June 2017.

The Company has statistical identification number REGON 367498435 and tax identification number NIP 5252714003.

The Company's duration is unlimited.

The basic business of the Company is:

- trade in electricity,
- trade in gaseous fuels in a network system,
- other financial service activities, not classified elsewhere, excluding insurance and pension funds,
- other business support activities, not classified elsewhere.

The Company has prepared financial statements covering the year ended 31 December 2021 and including comparative figures for the year ended 31 December 2020. These financial statements were approved for publication by the Management Board on 28 September 2022.

1.2 Members of the Boards

As at 1 January 2021, the Board of Directors comprised:

- Diana Kazakevič - Chairman of the Board
- Marek Musiał – Member of the Board

From the beginning of the financial year to the date of issue of the financial statements, there have been changes in the composition of the Company's Board of Directors:

- on 28 January 2022, the term of office of the deceased Diana Kazakevič expired,
- on 18 August 2022, pursuant to a resolution of the Company's Supervisory Board, the following were appointed to the position of a Member of the Management Board: Paweł Dominik and Robert Matuszewski.
- on 18 August 2022, by resolution of the Company's Supervisory Board, Marek Musiał was appointed President of the Company's Management Board in a multi-member body.

1.3 Identification of the consolidated financial state

The Company does not hold shares in other entities and does not prepare consolidated financial statements. The top level report of the Group is prepared by UAB Ignitis grupė (registered office: Laisvės pr. 10, LT-04215 Vilnius), a company incorporated under Lithuanian law, which is the main shareholder of UAB Ignitis (registered office: Laisvės pr. 10, LT-04215 Vilnius), i.e. the sole shareholder of the Company. The consolidated financial statements are available at the registered office of UAB Ignitis grupė and on the website: https://ignitisgrupe.lt/.

2 Basis of preparation and going concern

2.1 Statement of compliance

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

2.2 Assumption of continuing a business

In the financial year ended 31 December 2021, the Company generated a loss of PLN 12.3 million which resulted directly in a significant decrease in the level of equity, which as at the balance sheet date represented a negative value of PLN -6.2 million and the Company’s liabilities exceeded its assets. Despite the net loss generated for 2021, working capital remained positive and amounted to PLN 10.1 million as of the balance sheet date. In 2021, the Company began trading in natural gas and selling energy and gas to end customers. The level of the loss was mainly influenced by the situation on energy markets in Europe especially in the last quarter, which was characterised by significant price fluctuations in European hubs. An additional pro-growth factor for electricity and natural gas prices, which did not fit into the Company's initial assumptions, was the period of low temperatures in December 2021. Similarly unfavourable was the dynamics of carbon emission allowance prices quoted significantly changing the fundamental assumptions on electricity price paths.

Despite the difficult situation in the energy market exacerbated by the armed conflict in Ukraine and the sanctions imposed by the European Union on Russia and Belarus, the Company's Management Board does not see any significant threats to the Company's ability to continue its operations on a materially unchanged basis. The Company is developing the operational activities of the sales segment, continues to acquire more customers and finalises the contracting of contracts generating positive results for the following years. The Company's forecasts made on the basis of current data and plans for 2022 show that in 2022 the Company will achieve a net profit of PLN 13.7 million with sales revenue of PLN 561 million. The Company also has secured long-term financing in the form of a group loan granted by its sole shareholder, UAB Ignitis, with a total limit of approximately PLN 92 million (approximately EUR 20 million) with a maturity date of 2024. In addition, pursuant to a resolution of the General Meeting of Shareholders of 17 June 2022, the sole shareholder converted part of the Company's loan debt, which resulted in an increase in the level of equity by PLN 18 million.

As of 31 August 2022, the value of the Company's equity was negative and amounted to PLN -16.5 million. The main reason was the valuation of forward positions on the spread for electricity to which the Company is a party. The negative valuation was temporary and was caused by the lack of liquidity on the Polish Power Exchange which implied high spread values. In September 2022, the valuation of this item was reversed and its expected impact on the financial result of September 2022 amounted to PLN 20.8 million. In the long-term perspective the Company expects further declines in the spread, which will result in an improvement of the result on the position in question. As of 31 August 2022, the net working capital was positive and amounted to PLN 35.7 million. In the financial year ended 31 December 2021 and after the balance sheet date, the Company did not experience any problems in the area of liquidity, financing and securing of operating activities with particular emphasis on the ability to settle current liabilities.

Taking into account the aforementioned facts and circumstances, the Company's Management Board decided to prepare these financial statements on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. up to minimum 1 year from the balance sheet date. As at the date of approval of these financial statements, the Company's Management Board has also not identified any circumstances indicating the non-applicability of the going concern principle.

2.3 Functional and presentation currency

The Company's functional and presentation currency for these financial statements is the Polish zloty (PLN). All amounts presented in these financial statements are expressed in PLN and rounded to the nearest whole PLN, unless otherwise indicated.

2.4 Significant values based on professional judgement and estimates

In the process of applying accounting policies, the most significant, apart from accounting estimates, was the management's professional judgement, which influences the amounts reported in the financial statements, including in the notes. The assumptions of these estimates are based on Management's best knowledge of current and future activities and events in particular areas. During the period covered by these financial statements, there have been no significant changes in accounting estimates or estimation methodologies that affect the current period or future periods.

3 Change to standards or interpretations

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

- Amendments to IFRS 3 "Business Combinations" - Amendments to References to Conceptual Assumptions with Amendments to IFRS 3 endorsed in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 16 'Property, plant and equipment' - revenue arising before an item of property, plant and equipment is brought into use approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Settlement approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- Amendments to various standards "Improvements to IFRSs (2018 - 2020 cycle)" - amendments made under the annual improvement procedure for IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41) mainly aimed at resolving inconsistencies and clarifying vocabulary

(amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendments to IFRS 16 relate only to an illustrative example and therefore no effective date is given).

- IFRS 17 'Insurance Contracts' as amended by IFRS 17 endorsed in the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023).

In the opinion of the Management Board, the following standards and amendments to standards will not have a material impact on the accounting policies applied to date.

3.2 Standards and Interpretations adopted by the International Accounting Standards Board (IASB), pending endorsement by the European Union and not yet in force:

- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 'Presentation of Financial Statements' and the IFRS Board's Guidance on Disclosures about Accounting Policies in Practice - Requiring Disclosure of Significant Information about Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 'Income Taxes' - deferred tax on assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 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 of the amendments has been deferred until the completion of the 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 the comparative figures between insurance contract liabilities and related financial assets at the time of first-time application of IFRS 17. The amendment allows comparative financial asset data to be presented more consistently with IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2023).

The Company has not opted for early adoption of any standard or amendment to a standard that has been issued but is not yet effective until 31 December 2021.

3.3 Amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed for application in the EU that are effective for the first time for the Company's financial statements prepared for 2021:

- Amendments to IFRS 4 "Insurance Contracts" titled. "Extension of the temporary exemption from the application of IFRS 9". - the expiry date of the temporary exemption from IFRS 9 has been extended from 1 January 2021 to annual periods beginning on 1 January 2023 (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 16 'Leases' - relief from rental payments in relation to Covid-19 after 30 June 2021 (endorsed in the EU on 30 August 2021 and effective from 1 April 2021 for financial years beginning on or after 1 January 2021),
- 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 'Leases' - Reference Rate Reform - Stage 2 (effective for annual periods beginning on or after 1 January 2021).

The aforementioned amendments to existing standards did not have a material impact on the Company's financial statements for the year 2021.

4 Accounting principles (policy)

In deciding whether to disclose a particular accounting policy, management considers whether such 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 users of its financial statements would expect to be disclosed. Disclosure of specific accounting policies is particularly useful to users when those policies are selected from among the alternatives permitted in IFRSs. Some IFRSs specifically require disclosure of specific accounting policies, including those adopted as a result of management's selection from among the various policies that are permitted.

4.1 Fixed assets

4.1.1 Intangible assets

The following are considered to be intangible assets acquired, capable of economic use at the date of taking up for use:

- property rights resulting from certificates of origin of electricity, author's property rights, licences, concessions, rights to: designs, inventions, patents, trademarks, decorative or utility models,
- costs of successful development work,
- goodwill,

with an anticipated useful life of more than one year, used for the purposes related to the conducted business activity or handed over for use on the basis of a rental, lease or other contract of similar nature.

Intangible assets are classified as investments at market price or otherwise stated fair value less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight-line basis over the period corresponding to their estimated useful economic life, which is as follows:

Intangible assets 50%

At the end of each reporting period, the Company reviews the economic usefulness of intangible assets and the amortisation method.

4.1.2 Property, plant and equipment

In accordance with the Company's accounting policy, fixed assets in the group of land, buildings, structures and machinery are valued in accordance with IAS No. 16.

At the time of acquisition, fixed assets are divided into components which are items of significant value for which a separate useful life can be assigned. Overhaul costs are also a component part.

Fixed assets are depreciated on a straight-line basis over the period corresponding to their estimated economic life, which is as follows:

Plant and machinery 30%

Depreciation begins in the month in which the fixed asset is available for use.

Fixed assets with a low initial unit value (up to PLN 10,000) , are charged to operating costs on a one-off basis.

Construction in progress relates to fixed assets under construction or assembly and is recognised at acquisition or production cost, less any impairment losses. Fixed assets under construction are not depreciated until construction is completed and the fixed asset is placed in service.

4.2 Impairment of property, plant and equipment

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

For the purpose of impairment testing, assets are grouped at the lowest level at which they generate cash flows independently of other assets or groups of assets ('cash-generating units'). Assets that generate cash flows independently are tested individually.

If the carrying amount exceeds the estimated recoverable amount of the assets or cash-generating units to which the assets belong, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of fair value less costs to sell or value in use. In determining value in use, estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks associated with the asset.

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

At subsequent balance sheet dates, indications that impairment losses may be reversed are assessed. Reversals of impairment losses are recognised in the income statement as other operating income.

4.3 Financial assets

Classification of financial assets

Financial assets are classified into the following measurement categories:

- measured at amortised 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 contractual cash flow characteristics of the financial asset (the so-called "SPPI criterion"). An entity reclassifies investments in debt instruments when and only when the model of managing these assets changes.

Valuation at the time of initial recognition

Except for some trade receivables, upon initial recognition, an entity measures a financial asset at its fair value, which, in the case of financial assets not at fair value through profit or loss, is increased by transaction costs that are directly attributable to the acquisition of these financial assets.

Derecognition

Financial assets are derecognised 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 the risks and rewards of ownership.

Valuation after initial recognition

For the purposes of measurement after initial recognition, financial assets are classified into one of four categories: debt instruments measured at amortised 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 amortised cost. fair value through profit or loss.

Debt instruments - financial assets measured at amortised cost. A financial asset is measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held according to a business model whose objective is to hold financial assets to collect contractual cash flows; and

(b) the terms of the contract for the financial asset give rise to cash flows on specified dates that are merely payments of principal and interest on the principal amount outstanding.

To the category of financial assets measured at amortised cost, the Company classifies:

• trade receivables,

• cash and equivalents.

Debt instruments - financial assets measured at fair value through other comprehensive 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 according to a business model that aims to both receive contractual cash flows and sell the financial assets; and

(b) the terms of the contract for the financial asset give rise to cash flows on specified dates that are merely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange differences and impairment gains and losses are recognised in profit or loss and calculated in the same way as in the case of financial assets measured at amortised cost. Other changes in fair value are recognised in other comprehensive income. Upon derecognition of a financial asset, the total profit or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Equity instruments - financial assets measured at fair value through other comprehensive income

Upon initial recognition, the Company may make an irrevocable election to recognise in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or is not a contingent consideration recognised by the acquirer in a business combination to which IFRS 3 applies. The said election is made separately for each equity instrument. Cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss. Dividends are recognised in the statement of comprehensive income when the entity's right to receive the dividend arises, unless the dividends obviously represent the recovery of part of the investment costs.

Financial assets at fair value through profit or loss

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

Gain or loss on fair value measurement of these assets is recognised in profit or loss.

Dividends are recognised in the statement of comprehensive income when an entity's entitlement to receive dividends arises.

4.3.1 Impairment of financial assets

The Company assesses the expected credit losses ('ECL') on debt instruments measured at amortised cost and fair value through residual comprehensive income, irrespective of whether there is any evidence of impairment.

In the case of trade receivables, the Company applies a simplified approach and measures the allowance for expected credit losses in an amount equal to lifetime expected credit losses using the provisions matrix. The Company uses its historical credit loss data adjusted for the impact of forward-looking information as appropriate.

In the case of other financial assets, the Company measures the allowance for expected credit losses in an amount equal to the 12-month expected credit losses. If the credit risk associated with a given financial instrument has significantly increased since its initial recognition, the Company measures the allowance for expected credit losses on the financial instrument in an amount equal to lifetime expected credit losses.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term, highly liquid investments with a fixed maturity of up to 3 months.

The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-defined cash and cash equivalents, less outstanding overdraft facilities.

4.5 Equity capital

The share capital is recognised in the amount specified in the Company's contract and entered in the court register and is disclosed in the nominal value of shares. The reserve capital is recognised at the amount specified in the Company's Deed. Retained earnings include profits and losses from previous years and the financial result of the current financial year.

4.6 Financial liabilities

Financial liabilities, including loans received, are recognised if and only if the Company becomes a party to a contract.

The component of financial liabilities is excluded if and only if the obligation specified in the contract has been fulfilled, canceled or has expired.

At the initial recognition, the liabilities are measured at fair value plus transaction costs. After initial recognition, liabilities are measured at amortised cost using the effective interest method. Interest expense is recognised 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 liabilities, unless the Company has an unconditional right to postpone the liability's due date by at least 12 months from the end of the reporting period.

4.7 Income

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

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

In order to determine the transaction price, the Company takes into account the terms of the contract and its customary commercial practices. The transaction price is the amount of consideration the Company expects to 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 fee stipulated in a contract with a customer may include fixed amounts, variable amounts, or both. Revenue is recognised to the extent that it is probable that the Company will obtain economic benefits which can be reliably measured..

For transactions made on the exchange, revenue is recognised in accordance with the IFRS 9. This applies to transactions in electricity and gas trading. Revenues from the sale of electricity are recognised in the period in which the purchase / sale transaction took place on the POLPX, Nordpool or Nasdaq .

Interest income is recognised taking into account the effective interest rate.

4.8 Operation costs

The main categories of operating costs identified for the Company include value of electricity and gas sold, remuneration, employee benefits and external services, including: legal and accounting services, office lease. Other operating costs include donations, compensations and impairment losses on non-financial assets.

All amounts are stated in PLN

4.9 Transactions in foreign currencies

Business transactions expressed in foreign currencies are recognised in the books of accounts in PLN at the rate in force on the transaction date, i.e. at the rate actually applied on that day, resulting from the nature of the operation or at the average rate announced for a given currency by the National Bank of Poland on the previous day of transaction day. The outflow of cash and other investment components is measured at average prices, i.e. based on the weighted average prices of a given asset.
As at the balance sheet date, assets and liabilities expressed in foreign currencies are converted into PLN using the average exchange rate established for a given currency by the National Bank of Poland on that date. The following exchange rates were used:

Currency	31 December 2021	31 December 2020
EUR	4,5994	4,6148
SEK	0,4486	0,4598
CZK	0,1850	0,1753
GBP	5,4846	5,1327

4.10 Operating lease at the lessee

At the time of concluding a contract, the Company assesses whether the contract is a lease or includes a lease. A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a given period in return for consideration. The Company applies a uniform approach to the recognition and measurement of all leases, except for short-term leases and low-value asset leases. At the commencement date of the lease, the Company recognises the right-of-use asset and the lease liability.

Right-of-use assets

The Company recognises the right-of-use assets on the commencement date of the lease (i.e. the date when the underlying asset is available for use). Right-of-use assets are measured at cost less total depreciation and impairment charges, adjusted for any revaluation of lease liabilities. The cost of the right-of-use asset includes the amount of the lease liabilities recognised, the initial direct costs incurred and any lease payments paid on or before the commencement date, less any lease incentives received. Unless the Company has sufficient certainty that it will obtain ownership of the leased asset at the end of the lease period, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life or the lease term. The right-of-use assets are tested for impairment.

Lease liabilities

On the commencement date of the lease, the Company measures the lease liabilities in the amount of the present value of the lease payments outstanding on that date. Lease payments consist of fixed payments (including substantially fixed lease payments) less any outstanding lease incentives, variable payments that depend on an index or rate, and amounts expected to be paid under the guaranteed residual value. Leasing fees also include the exercise price of the purchase option, if it can be reasonably assumed that it will be exercised by the Company, and the payment of fines for the termination of the lease, if the lease terms may be terminated by the Company. Variable lease payments that do not depend on an index or rate are recognised as expenses in the period in which the event or condition giving rise to the payment occurs.

In computing the present value of the lease payments, the Company uses the lessee's incremental borrowing rate at the inception of the lease if the lease interest rate cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect interest and decreased by lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in substantially fixed lease payments, or a change in judgment about the purchase of the underlying asset.

Short-term leasing and leasing of low-value assets

The Company applies the exemption from the recognition of short-term leases to its short-term leases (i.e. contracts with a lease term of 12 months or less from the commencement date and no call option). Leasing fees for short-term leasing and leasing of low-value assets (up to PLN 20,000) are recognised as costs using the straight-line method throughout the leasing period.

4.11 Current and deferred income tax

Income tax recognised in the income statement comprises a current portion and a deferred portion.

The current income tax liability is calculated in accordance with tax regulations. The deferred portion reported in the income statement represents the difference between deferred tax liabilities and assets at the end and beginning of the reporting period. Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their reported values in the financial statements, as well as in respect of unused tax losses. The amount of deferred tax is determined taking into account the tax rates applicable in the year in which the tax liability arose, based on the tax legislation in force at the end of the reporting period.

The value of deferred tax assets is reviewed at the end of the reporting period. A reduction in the value of deferred tax assets is made to the extent that it is not probable that sufficient taxable profit will be available to realise those assets.

Deferred tax liabilities and assets relating to equity-settled operations are credited to equity.

Deferred income tax assets are determined at the amount expected to be deductible for future income tax purposes in respect of deductible temporary differences and deductible tax loss, determined taking into account the prudence principle.

A deferred tax liability is recognised for the amount of income tax payable in the future due to taxable temporary differences, i.e. differences that will increase the tax base in the future. The amount of deferred income tax liabilities and assets is determined taking into account the income tax rates applicable in the year in which the tax obligation arises, taking into account the tax legislation in force at the balance sheet date.

Deferred income tax liabilities and assets are offset for presentation in the financial statements.

Uncertainty related to income tax recognition

If, in the Company's assessment, it is probable that the Company's treatment of a tax issue or group of tax issues will be accepted by a tax authority, the Company determines taxable income (tax loss), tax basis, unused tax losses, unused tax credits and tax rates taking into account the tax treatment planned or applied in its tax return. In assessing this likelihood, the Company assumes that the tax authorities with the power to audit and challenge the tax treatment will conduct such an audit 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 treatment of a tax issue or group of tax issues, the Company reflects the effects of the uncertainty in its accounting treatment of the tax in the period in which it determines this. The Company recognises an income tax liability using one of the following two methods, whichever better reflects how the uncertainty is likely to materialise:

The Company determines the most likely scenario - this is a single amount from among the possible outcomes, or The Company recognises the expected value - this is the sum of the probability-weighted amounts from among the possible outcomes.

Tax settlements and other areas of activity (for example, customs or foreign exchange issues) may be subject to audits by authorities with the power to impose high penalties and fines, and any additional tax liabilities resulting from an audit must be paid with high interest. These conditions make the tax risk in Poland higher 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 a final decision of a tax audit authority.

The Company recognises and measures current and deferred tax assets or liabilities using the requirements of IAS 12 Income Taxes based on tax profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainties related to tax settlements.

When there is uncertainty as to whether and to what extent the tax authority will accept particular tax settlements of a transaction, the Company recognises these settlements taking into account the assessment of uncertainty.

4.12 Comparability of financial data for the preceding year with the financial statements

The figures for the previous reporting period presented in these financial statements are fully comparable with those for the current financial year, taking into account the correction of the error described in note 25.

4.13 Format of cash flow statement

The cash flow statement is prepared using the indirect method.

4.14 Reserves

Provisions are recognised when the Company has an existing obligation (legal or customary) resulting from past events and when it is certain or highly probable that the fulfillment of this obligation will result in the need for an outflow of funds embodying economic benefits, and when the amount of the liability can be reliably estimated. If the Company expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, then the reimbursement is recognised as a separate asset, but only when it is practically certain that this reimbursement will actually take place. Costs related to a given provision are disclosed in the profit and loss account after deducting any returns. If the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to the present value, using a gross discount rate that reflects current market assessments of the time value of money and possible risk related to a given liability. If the discounting method has been used, the increase in the provision due to the passage of time is recognised as financial costs.

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) do not contain a significant financing component (or when the entity applies a practical solution to contracts that have been in force for a year at the most) in accordance with IFRS 15; or
   - (ii) contain a significant component of financing in accordance with IFRS 15, if the entity chooses as the accounting basis the valuation of an allowance for expected credit losses in an amount equal to the expected loan losses throughout

All amounts are stated in PLN

the life cycle. 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:

b) an unencumbered and probability-weighted amount that is determined by assessing a range of possible outcomes;
c) time value of money; and
d) 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 Credits and loans received

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

4.17 Borrowing costs

Borrowing costs include interest calculated using the effective interest rate method, financial charges under financial lease agreements and foreign exchange differences arising in connection with external financing up to the amount corresponding to the adjustment of the interest cost.

4.18 Liabilities

Short-term trade liabilities are recognised at the amount due and payable.

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 recognised as effective hedging instruments.

No financial liabilities, as of the balance sheet date and for the comparative period, were classified as measured at fair value through profit or loss. Financial liabilities 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 recognised in profit or loss as financial costs or revenues, except for changes due to own credit risk for financial liabilities originally classified as measured at fair value through profit or loss, which are recognised in other comprehensive income.

Other financial liabilities other than financial instruments at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

Other non-financial liabilities include, in particular, liabilities to the tax office due to value added tax and liabilities due to received advance payments, which will be settled by the delivery of goods, services or fixed assets. Other non-financial liabilities are recognised at the amount due.

4.19 Employee benefits

In accordance with the corporate remuneration systems, the employees of the Company are entitled to jubilee awards and retirement benefits. The jubilee awards are paid to employees after they have worked a certain number of years. Retirement benefits are paid on a one-off basis upon retirement. The amount of retirement benefits and jubilee awards depends on the length of service and the employee's average remuneration. There are no instances in the Company for which the entity would be required to establish a provision for future retirement benefits and jubilee awards in order to allocate costs to the periods to which they relate. The amount of the provision would be immaterial to the recipient of the report. According to IAS 19, jubilee awards are considered other long-term employee benefits, while retirement benefits are considered programmes of specific post-employment benefits. The accrued liabilities are equal to discounted payments to be made in the future, taking into account employee rotation, and relate to the period until the balance sheet date. Demographic information and information on employment rotation are based on historical data. Re-measurement of employee benefit liabilities related to defined benefit plans, including actuarial gains and losses, is recognised in other comprehensive income and is not subject to subsequent reclassification to profit or loss. The Company recognises the following changes in net liabilities for specific benefits under the proprietary cost of sales, general management costs and selling costs, which include employment costs (including, among others, current employment costs, past employment costs), net interest on the net liability for defined benefits.

5 Fixed assets

5.1 Intangible assets

in PLN

	31 December 2021	31 December 2020
Property rights from certificates of origin	3 184 057	4 426 238
Other intangible assets	21 685	446 902
	3 205 743	**4 873 140**

All amounts are stated in PLN

Year ended 31 December 2021

in PLN

	Property rights from certificates of origin	Other intangible assets	Total
Gross value and revaluation due to revaluation			
Opening balance	4 460 635	486 298	4 946 933
Increase in value	1 646 304		1 646 304
Decrease in value		(369 208)	(369 209)
Closing balance	**6 106 939**	**117 090**	**6 224 029**
Remission			
Opening balance	-	(39 396)	(39 396)
Depreciation for the period	-	(56 009)	(56 009))
Closing balance	-	**(95 405)**	**(95 405)**
Write-downs			
Opening balance	(34 397)	-	(34 397)
Decreases	(2 888 485)		(2 888 485)
Closing balance	**(2 922 882)**	**-**	**(2 922 882)**
Net value			
Opening balance	4 426 238	446 902	4 873 140
Closing balance	**3 184 057**	**21 685**	**3 205 743**

Year ended 31 December 2020

in PLN

	Property rights from certificates of origin	Other intangible assets	Total
Gross value and revaluation due to revaluation			
Opening balance	-	117 090	117 090
Increase in value	4 460 635	369 208	4 829 843
Closing balance	**4 460 635**	**486 298**	**4 946 933**
Remission			
Opening balance	-	(5 090)	(5 090)
Depreciation for the period	-	(34 306)	(34 306)
Closing balance	**-**	**(39 396)**	**(39 396)**
Write-downs			
Opening balance	(34 397)		(34 397)
Closing balance	**(34 397)**		**(34 397)**
Net value			
Opening balance	-	112 000	112 000
Closing balance	**4 426 238**	**446 902**	**5 188 144**

5.2 Tangible fixed assets

Year ended 31 December 2021

in PLN

	Technical equipment and machinery	Total
Gross value		
Opening balance	95 084	95 084
Acquisition	7 175	7 175
Closing balance	**102 259**	**95 244**

All amounts are stated in PLN

Remission		
Opening balance	(92 533)	(92 533)
Depreciation for the period	(9 726)	(9 726)
Closing balance	**(102 259)**	**(102 259)**
Net value		
Opening balance	2 551	2 551
Closing balance	**-**	**-**

Year ended 31 December 2020

in PLN

	Technical equipment and machinery	Total
Gross value		
Opening balance	89 856	89 856
Acquisition	5 228	5 228
Closing balance	**95 084**	**95 084**
Remission		
Opening balance	(82 556)	(82 556)
Depreciation for the period	(9 977)	(9 977)
Closing balance	**(92 533)**	**(92 533)**
Net value		
Opening balance	7 300	7 300
Closing balance	**2 551**	**2 551**

5.3 Right of use assets

Year ended 31 December 2021

in PLN

	Other intangible assets	Buildings	Means of transport	Total
Gross value				
Opening balance	136 262	-	370 405	506 667
Increases	-	764 383	25 788	790 181
Decreases	-	-	-	-
Closing balance	**136 262**	**764 383**	**396 192**	**1 286 838**
Depreciation				
Opening balance	(68 131)	-	(259 796)	327 927
Depreciation for the period	(68 131)	(127 397)	(99 993)	295 521
Closing balance	**(136 262)**	**(127 397)**	**(359 189)**	**623 448**
Write-downs				
Opening balance	-	-	-	-
Increases	-	-	-	-
Decreases	-	-	-	-
Closing balance	-	-	-	-
Net value				
Opening balance	68 131	-	110 609	178 740
Closing balance	**-**	**636 985**	**37 005**	**673 990**

Year ended 31 December 2020

in PLN

	Other intangible assets	Means of transport	Total
Gross value			
Opening balance	-		
Increases	136 262	282 390	418 652
Decreases	-	88 015	88 015
Closing balance	**136 262**	**370 405**	**506 667**
Depreciation			
Opening balance	-	(147 169)	(147 169)
Depreciation for the period	(68 131)	(112 627)	(180 758)
Closing balance	**(68 131)**	**(259 796)**	**(327 927)**
Write-downs			

Opening balance	-	-	-
Increases	-	-	-
Decreases	-	-	-
Closing balance	**-**	-	-
Net value			
Opening balance	-	135 222	
Closing balance	**68 131**	**110 609**	**178 740**

6 Long-term receivables

As non-current receivables, the Company presents refundable deposits relating to signed lease agreements in the amount of PLN 266,032 (PLN 43,702 at the end of 31 December 2021).

7 Receivables and payables on futures contracts

in PLN

	31 December 2021	31 December 2020
Receivables from derivatives	-	1 008 808
Forward derivative liabilities	(8 758 288)	-
Net position	**(8 758 288)**	**1 008 808**

In the financial year ended 31 December 2021, the Company entered into forward contracts for the sale and purchase of electricity and natural gas with settlement dates in 2021-2023. The total value of the contracts entered into is PLN 3,636,000. As at the balance sheet date, the Company recognised a negative market valuation of the forward contracts for a total amount of PLN 8,758,288. At the end of 2022, the market valuation of futures contracts amounted to PLN 1,008,808 and was positive. The Company enters into and executes contracts through the domestic Polish Power Exchange and foreign exchanges - Nasdaq and Nordpool. The Company has also entered into contracts to secure the future supply of gas and electricity to end users in the total amount of PLN 139,000,000. These contracts are outside the scope of IFRS 9 due to an exemption qualifying them as contracts entered into "for own use", i.e. contracts that are directly linked to the physical delivery of a given energy carrier to an end user and are not readily convertible to cash. Thus, the Company does not treat this part of the portfolio as financial instruments and does not measure them at the balance sheet date.

8 Trade and other receivables

in PLN

	31 December 2021	31 December 2020
Receivables from the sale of electricity and natural gas, of which:	50 105 170	6 761 944
- security deposits	*39 884 838*	*6 057 718*
Other receivables	832 902	188 404
Total	**50 938 072**	**6 950 348**

During the financial year, the Company made allowances for doubtful debts in the amount of PLN 65,288, which also represents the balance of the allowance as at the balance sheet date (as at 31 December 2022, the Company did not make any allowances for doubtful debts and the balance of the allowance was zero). As at the balance sheet date, the Company only has receivables denominated in PLN. The value of receivables from the sale of electricity comprises, among other things, the value of funds deposited with brokers as collateral for trading on exchanges on which the Company trades. A summary of collateral deposit receivables is presented below:

	31 December 2021	31 December 2020
Noble Security Brokerage House	26 853 346	4 811 181
Polskie Sieci Elektroenergetyczne S.A.	2 500 000	500 000
Nasdaq	689 910	461 480
Noord Pool AS	75 017	-
Mercuria Energy Trading S.A.	9 198 800	-
Gas Transmission Operator GAZ- SYSTEM S.A.	100 000	-
Other	467 765	285 057
Total	**39 884 838**	**6 057 718**

At the balance sheet date, none of the deposits are at risk of non-recovery. There were also no indications that any other types of receivables should be written down except for the allowances created for doubtful receivables as described above.

9. Cash and cash equivalents

in PLN

	31 December 2021	31 December 2020

Cash in bank	25 130 175	2 236 418
Total	**25 130 175**	**2 236 418**

For the purposes of the cash flow statement, cash and cash equivalents comprise:

in PLN

	31 December 2021	31 December 2020
Currency structure:		
Cash in PLN	21 971 779	1 163 389
Cash in EUR	3 158 396	1 073 029
Total	**25 130 175**	**2 236 418**

in PLN

	31 December 2021	31 December 2020
SEB (Poland)	584 805	340 580
ING	21 980 408	873 901
ING account VAT	370 704	397
Raiffeisen (Czech Republic)	2 194 258	1 021 540
	25 130 175	**2 236 418**

10. Share capital

The Company's share capital amounts to PLN 10,000,000 and is divided into 200,000 shares with a nominal value of PLN 50 each. The shares have been fully paid up and carry equal voting and dividend rights. There were no changes in the value of the Company's share capital during the financial year.

in PLN

Shareholders	Number of shares	Nominal value (PLN)
UAB Ignitis	200 000	10 000 000
Total	**200 000**	**10 000 000**

11. Undistributed profits and losses from previous years

As at the balance-sheet date, the accumulated losses amounted to PLN 16,244,490, of which PLN 3,915,876 relates to uncovered losses from previous years. The Company's Management Board proposes to cover the current year's loss of PLN 12,328,614 with profits from future years.

in PLN

	31 December 2021	31 December 2020
Retained losses - previous years	(3 915 876)	(2 602 820)
Retained losses - current period	(12 328 614)	(1 313 055)
Total	**(16 244 490)**	**(3 915 874)**

12. Loans and credits

The Company entered into a loan agreement with the sole shareholder UAB Ignitis for a total value of EUR 20,000,000 (PLN 92,000,000). As at the balance sheet date, the outstanding balance of financing under the aforementioned loan agreement amounted to EUR 4,800,000 (PLN 22,077,120), while the remaining limit remained unused. As at 31 December 2020, the borrowing balance under the loan agreement amounted to EUR 1,600,000 (PLN 7,383,680). Pursuant to the annex to the agreement of 16 June 2022, the loan total repayment dates were set for 30 June 2024, thus the amount of the borrowing was shown as long-term in the statement of financial position. As the loans received are denominated in EUR, the Company is exposed to the risk of fluctuations in this currency. The interest rate on the loan is influenced by the following factors: the variable interbank interest rate EURIBOR 3M and a margin of 2% for the used part of the loan. If the EURIBOR interest rate is negative, the variable rate is taken as 0%.

13. Provisions

in PLN

	31 December 2021	31 December 2020
Provision for bonuses	1 057 976	1 103 478
Other provisions	-	281 921
Total of which:	**1 057 976**	**1 385 399**
- short-term	*1 057 976*	*1 385 399*

Under the provisions of the employment contracts, the Company provides for annual bonuses in the event that targets are achieved. There are no instances in the Company for which the entity would be required to make a provision for future obligations in respect of severance payments and jubilee awards.

All amounts are stated in PLN

14. Trade liabilities and other payables

in PLN

	31 December 2021	31 December 2020
Trade liabilities to related parties	54 020 979	35 589
Trade liabilities to unrelated parties	2 455 889	763 770
Liabilities arising from IFRS 16	37 315	115 089
Accruals and deferred costs	3 689 353	583 751
Tax and social security payables	327 401	198 762
Unpaid wages and salaries	-	140 274
Deposits received	400 000	-
Total	**60 930 937**	**1 837 235**

15. Sales revenue and result on futures contracts

Sales revenues according to IFRS 15

in PLN

	31 December 2021	31 December 2020 *(restated data)*
Sales to end users	48 386 012	266 247
Sales through bilateral contracts	2 703 187	2 894 263
Sales of gas to final customers	2 671 775	-
Sales of balancing gas	3 490	-
Total revenues	**53 764 464**	**3 160 510**

Value of goods and materials sold

w złotych

	31 December 2021	31 December 2020 *(restated data)*
Value of the electricity sold	(91 519 318)	(5 802 237)
Value of the gas sold	(3 303 245)	-
Total revenues	**(94 822 563)**	**(5 802 237)**

Profit/loss on futures contracts under IFRS 9

in PLN

	31 December 2021	31 December 2020 *(restated data)*
Electricity sales on POLPX	47 232 309	4 755 587
Of which:		
Value of electricity sales contracts	750 704 962	468 410 090
Value of electricity purchase contracts	(703 472 653)	(463 654 503)
Gas sales on POLPX	(1 711 704)	(954 455)
Of which:		
Value of gas sales contracts	202 534 737	(954 455)
Value of gas purchase contracts	(204 246 441)	(12 651 271)
Valuation of derivatives	(9 767 096)	(606 103)
Result on trading in financial instruments (other than at POLPX)	(315 126)	4 316 854
Total result on trading in futures contracts	**35 438 383**	**7 511 883**

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16. Financial income and expenses

16.1 Financial income

in PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Interest received	20 556	72
Total	**20 556**	**72**

16.2 Financial costs

in PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on loans and other	(455 563)	(30 983)
Exchange rate differences	(124 877)	(325 182)
Total	**(580 440)**	**(370 189)**

All amounts are stated in PLN

17. Leases - the Company as lessee

The Group has decided to implement the standard as of 1 January 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 being related to equity as at 1 January 2020. Accordingly, the comparative figures for the financial year 2019 have not been restated (simplified retrospective approach).

17.1 Recognition of lease liabilities

Upon adoption of IFRS 16, the Company recognises lease liabilities relating to contracts that were previously classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities have been measured at the present value of the lease payments outstanding at the commencement date of IFRS 16. For the purposes of implementing IFRS 16 and disclosing the impact of the implementation of IFRS 16, discounting has been applied using the internal rate of return arising from the contracts.

As at 1 January 2021, the Company's calculated discount rates ranged (depending on the term of the contract) from 1.208% to 2.8%. As at 1 January 2020, the Company's calculated discount rates ranged (depending on the term of the contract) from 1.208% to 2.8%.

The Company took advantage of simplifications for short-term leases (up to 12 months) and leases for which the underlying asset is of low value (up to PLN 20,000).

17.2 Specifics of recognised finance leases

in PLN

Creditor	Asset	Length Contract duration	Interest rate	Liability Long-term	Liability Short-term
Transition Tech computer programme	0	31.12.2021	2.80%	-	-
Office	636 985	02.2021-02.2026	2.80%	711 680	30 759
Passenger cars	37 004	03.2021-05.2023	1.208%-2.1102%	66 650	6 556
Total	**673 989**			**778 330**	**37 315**

17.3 Impact of leases on profit or loss

in PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Cost of amortisation of right-of-use assets	(295 521)	(180 758)
Interest expense on lease liabilities	(228 357)	(14 025)
Total amount recognised in the statement of comprehensive income	**(523 878)**	**(194 783)**

17.4 Finance lease commitments - age structure

	Up to 1 year	1-3 years	3-5 years	Total
Liability arising from the implementation of IFRS 16	37 315	704 783	73 547	815 645

18. Income tax

18.1 Reconciliation of profit before tax to income tax base

in PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Gross profit/(loss)	**-14 537 265**	**-880 682**
- payroll costs - current financial year	196 056	383 478
- taxation costs	472 073	-417 926
- audit and accounting costs	220 231	-29 548
- costs of business consultancy	-5 782	5 782
- income from revaluation	9 767 096	606 103
- unrealised exchange rate differences	157 978	-3 732
- interest on finance leases	228 357	10 114
- non-tax depreciation	226 790	112 627
- other exclusions	271 991	-49 061
Total	**11 534 789**	**617 837**
Taxable income	-3 002 476	-262 479
Taxable income	-3 002 476	-262 479
Income tax	**-**	**-**

All amounts are stated in PLN

18.2 Deferred income tax

in PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Deductible temporary differences:		
- accrued and unpaid salary costs	945 020	1 103 478
- valuation of forward contracts	8 758 288	-
- uon-tax costs of the ERO	1 625 690	281 921
- exchange differences on balance sheet valuation	313 902	-
- liabilities relating to IFRS 16	815 645	439 949
- non-tax depreciation	320 750	112 627
- other	65 385	-
Total	**12 844 680**	**1 937 975**
Tax rate	**19%**	**19%**
Gross deferred tax assets	**2 440 489**	**368 215**
Positive temporary differences:		
- foreign exchange gains on balance sheet valuation	-	3 748
- valuation of forward contracts	-	1 008 808
- interest on finance leases	-	362 374
- assets under finance leases	695 675	-
- other	-	38 521
Total	**695 675**	**1 413 451**
Tax rate	**19%**	**19%**
Value of deferred tax liabilities	**132 178**	**268 557**
Offsetting	**(132 178)**	**(268 556)**
	-	**-**
Deferred tax assets recognised in the balance sheet	**2 308 311**	**99 659**
Deferred tax liabilities recognised in the balance sheet	-	-
Net balance sheet conversion of deferred tax assets/reserves	**2 208 652**	**(432 373)**
Amount of deferred tax recognised in equity during the period	-	-
Change in deferred tax recognised in the income statement	**2 208 652**	**(432 373)**

Tax settlements and other regulated areas of activity (for example, customs or foreign exchange matters) may be subject to control by administrative authorities, which are entitled to impose high penalties and sanctions. The lack of reference to well-established legal regulations in Poland results in ambiguities and inconsistencies in the regulations in force. Frequent differences of opinion as to the legal interpretation of tax regulations both within state bodies and between state bodies and businesses create areas of uncertainty and conflict. These phenomena result in the tax risk in Poland being significantly higher than that usually existing in countries with a more developed tax system.

Tax settlements may be audited for a period of five years, starting from the end of the year in which the tax was paid. As a result of audits, the Company's existing tax settlements may be increased by additional tax liabilities. The Company believes that adequate provisions have been made for recognised and quantifiable tax risks as at 31 December 2021.

18.3 Reconciliation of the effective tax rate

A reconciliation of income tax on profit / (loss) before tax at the statutory tax rate to income tax calculated at the Company's effective tax rate for the year ended 31 December 2021 and 31 December 2020 is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) before taxation from continuing operations	(14 537 265)	(880 682)
Profit/(loss) before taxation from discontinued operations		
Profit/(loss) before taxation	(14 537 265)	(880 682)
Tax at the statutory tax rate applicable in Poland of 19%	2 762 080	167 330
Tax effect of permanent differences	(553 428)	(599 702)
Tax at the tax rate	2 208 652	(432 373)
Income tax (charge) recognised in profit or loss	2 208 652	-432 373
Effective tax rate	(15,19%)	49,10%
Income tax attributable to discontinued operations	-	-

All amounts are stated in PLN

18.4 Unrecognised deferred tax assets

The Company assessed the possibility of tax gains in future financial years and the realisation of tax losses from previous years. As a result, the Company made the decision not to recognise deferred tax assets on tax losses due to the lower rather than higher probability of realisation and the application of the prudent approach. A summary of unrealised tax losses is presented below:

	31 December 2021		31 December 2020	
	Gross value	Tax effect	Gross value	Tax effect
Tax losses	6 586 100	1 251 359	3 583 624	680 889

	31 December 2021		31 December 2020	
	Gross value	Date of expiry	Gross value	Date of expiry
Loss for 2017	204 686	2022	204 686	2022
Loss for 2018	3 116 460	2023	3 116 460	2023
Loss for 2020	262 479	2025	262 479	2025
Loss for 2021	3 002 476	2026	0	-
Total	**6 586 101**		**3 583 625**	

19. Remuneration, including profit-related remuneration, paid or payable to members of the Company's bodies

During the reporting period, the executives received salaries of: PLN 936 thousand. In the previous reporting period, the remuneration collected by the management amounted to: PLN 490 thousand.

20. Transactions with related parties

Transactions with related parties carried out during the reporting period:

In PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Loans received - UAB Ignitis		
Balance at the beginning of the year	7 383 680	6 387 750
Accrual of interest		
Loans received	14 541 720	2 666 460
Repayment of loans	0	(2 134 950)
Exchange differences	151 720	464 420
Balance at the end of the year	**22 077 120**	**7 383 680**
Trade liabilities - UAB Ignitis		
Balance at the beginning of the year	3 217	3 466
increase	457 425	27 751
decrease	(415 817)	(28 000)
Balance at the end of the year	**44 825**	**3 217**
Trade liabilities - UAB Ignitis grupes paslaugu centras		
Balance at the beginning of the year	32 373	-
increase	198 532	99 696
decrease	(206 117)	(67 323)
Balance at the end of the year	**24 788**	**32 373**
Trade receivables - Pomerania Wind Farm sp. z o.o.		
Balance at the beginning of the year	38 030	38 030
increase	298 990	84 450
decrease	(371 874)	(39 521)
Balance at the end of the year	10 076	**82 959**
Trade liabilities - Pomerania Wind Farm sp. z o.o.		
Balance at the beginning of the year	0	0
increase	53 951 368	0
decrease	0	0
Balance at the end of the year	**53 951 368**	**0**
Financial result on mutual transactions		
- costs	54 607 324	127 446
- revenues	298 990	84 450

The Company has not entered into any other transactions with related parties other than those indicated above. The transactions conducted with related parties are carried out on an arm's length basis.

21. Risks of operations as assessed by the Company's Management Board

The main financial instruments used by the Company include futures contracts, leases 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 from its operations.

The main risks arising from the Company's financial instruments include interest rate risk, liquidity risk, currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks - these policies are briefly discussed below. The Company also monitors market price risk on all financial instruments it.

21.1 Commodity price risk and currency risk

Commodity price risk arises directly from the Company's core business and is considered the most important.

At the trading level, the Company applies standard risk mitigation techniques and position limits imposed on various trading products.

To assess the market risk of its portfolio, the Company's established end-of-day process includes the valuation of all trades entered into and the calculation of VaR for all trading positions. Currently, VaR (Value at Risk) calculations are based on a historical approach with a conservative assumption on intra-portfolio correlations (no offsetting of correlated exposures).

The result per transaction and VaR are compared with the Company's risk tolerance, and an appropriate escalation policy has been defined in the event of breaches of certain thresholds.

Next year, the Company plans to develop and implement a new VaR model, which will, among other things, take into account correlations between different products in the portfolio.

Currently, the majority of transactions in the portfolio are denominated in PLN, so the Company's currency risk related to trading activities is low. In the future, as the financing of investments with foreign currency capital increases, the Company will consider hedging the EUR / PLN exchange rate risk with standard currency instruments offered by banks.

21.2 Credit risk

Currently, all Ignitis transactions are concluded on the Polish Power Exchange (POLPX) through a brokerage house. In 2019, the Company became a direct member of the Nasdaq OMX exchange and in Q4 2020 it signed an agreement with NordPol. For the purpose of calculating credit risk, the Company considers the probability of default of the clearing houses to be 0 and these exposures are not credit risk.

Margin deposits are a fundamental component of the clearing house settlement guarantee system for exchange transactions. They are posted by market participants and are designed to hedge the risk of having to close out the positions of an insolvent member. They are calculated on a daily basis for transactions concluded on the futures market.

Since November 2020, the Company has been selling energy (without settlement of the energy distribution part) and then gas (in comprehensive contracts, i.e. also including settlement of gas fuel distribution services) to end users. The trade credit for customers is mainly based on the financial standing of the respective customer. At the time of signing a contract for the sale of energy and/or gas, customer's ability to meet its financial obligations is assessed. When risks arise, the Company uses the following methods of hedging: prepayments for deliveries (advance invoices), deposit payments to the Company's bank account. In the case of counterparties who did not show the risk of untimely payments, but at the same time showed debts as at the balance sheet date, an allowance for receivables was created.

21.3 Interest rate risk

Given the low EURIBOR interest rates throughout the life of the loan, a 10% change in the deviation from the interest rate at the balance sheet date would not resulf in a significant change in financing costs and debt level. Despite the increase in interest rates in the Eurozone by the European Central Bank, the Company's Management Board assesses that the rate of these increases will not have a significant impact on the Company's financing costs relating to group loans received in future reporting periods.

21.4 Exchange rate risk

The loan received from the shareholder is denominated in EUR. Some short-term trade liabilities are denominated in EUR but their value at the balance sheet date is not material. Thus, the exposure to exchange rate risk at the current and previous balance sheet date relates primarily to borrowings as shown in the table below:

	31 December 2021		31 December 2020	
	thousand EUR	thousand PLN	thousand EUR	thousand PLN
Loans received	4 800	20 995	1600	6 605
Total	4 800	20 995	1600	6 605

A sensitivity analysis of the financial result and total income in relation to liabilities denominated in EUR and fluctuations in the EUR/PLN exchange rate is presented below. The sensitivity analysis assumes a 10% increase or decrease in the price compared to the closing price in effect on 31 December 2021.

	Year ended 31 December 2021		Year ended 31 December 2020	
thousand PLN	Increase in rate by 10%	Decrease in rate by 10%	Increase in rate by 10%	Decrease in rate by 10%
Loans received	(2 207)	2 207	(738)	738
Effect on profit or loss and comprehensive income	**(2 207)**	**2 207**	**(738)**	**738**

21.5 Liquidity risk

The Company monitors the risk of a lack of funds using a periodic liquidity planning tool. This tool takes into account the maturity/maturity dates of both investments and financial assets (e.g. accounts receivable, other financial assets) and the projected cash flows from investing activities. As at 31.12.2021, the Company's Management Board sees no liquidity risk arising from borrowings, and trade liabilities are settled on an ongoing basis.

21.5.1. Aging of receivables

Specification	Not required	0-30 days	31-60 days	Above 61 days	Total
Trade receivables	7 549 070	1 973 851	307 273	455 523	10 285 717
Deposits	39 884 838	-	-	-	39 884 838
Other receivables	832 902	-	-	-	832 902
Total gross receivables	**48 266 810**	**1 973 851**	**307 273**	**390 138**	**50 938 072**
Write-down of receivables	0	0	0	65 385	65 385
Total net receivables	**48 266 810**	**1 973 851**	**307 273**	**324 753**	**50 872 687**

21.5.2 Maturity of liabilities

Specification	Not required	0-30 days	31-60 days	Above 61 days	Total
Trade liabilities	56 434 643	3 819	500	37 906	56 476 868
Provisions for liabilities	3 689 353	0	0	0	3 689 353
Tax and insurance liabilities	327 401	0	0	0	327 401
Deposits	400 000	0	0	0	400 000
Total	**60 851 397**	**3 819**	**500**	**37 906**	**60 893 622**

21.6. Currency structure

	CZK	EUR	PLN	GBP
Trade payables	1 000	15 279	55 867 215	100 000

22. Events after the balance sheet date

After the balance sheet date of 24 February 2022, the Russian Federation has entered into a war with Ukraine. The Company's Management Board monitors developments related to the continuing hostilities on an ongoing basis and assesses the potential impact on the Company's operations. However, as at the date of these financial statements, due to the dynamically changing conditions, the impact of the war and the sanctions imposed in various jurisdictions on the Company's operations, financial results and growth prospects cannot be clearly determined. Due to dynamic fuel market conditions, the Company began exporting natural gas outside the country in May 2022. As at the date of signing the financial statements, the Company has a gas supply contract with a Lithuanian counterparty.

23. Revenue from concluded contracts

In accordance with the concluded contracts, the Company plans to generate the following revenues from the supply of energy to end customers in 2021 (data in thousand PLN).

in PLN

	2022	2023-2025
Electricity	258 672 tousand	268 495 tousand
Gas	42 281 thousand	45 753 thousand

24. Remuneration of the auditor, paid or payable for the financial year

in PLN

All amounts are stated in PLN

	Year ended 31 December 2021	Year ended 31 December 2020
Audit of annual accounts	78 055	87 604
Total	**78 055**	**87 604**

25. Correction of a previous years' error

As a result of the correction of a previous years' error in the entity's statement of comprehensive income, the restated date concerning, inter alia, revenues from the sale of electricity and the result on forward contracts were changed. As a result, revenues from electricity sales were reduced by PLN 9,304,856, the value of goods and materials sold was reduced by PLN 3,643,129 and the result on forward contracts was increased by PLN 5,661,727. The adjustment resulted from a technically incorrect allocation of the result on forward transactions to the activities concerning the sale of electricity to end users. The above-mentioned incorrect recognition affects only the statement of comprehensive income. The impact on individual reporting lines is summarised below.

STATEMENT OF COMPREHENSIVE INCOME	Year ended 31 December 2020 *data approved*	Transformation	Year ended 31 December 2020 *restated data*
Sales revenues	**12 465 366**	**(9 304 856)**	**3 160 510**
Electricity sales	12 465 366	(9 304 856)	3 160 510
Result on forward contracts	**1 850 156**	**5 661 727**	**7 511 883**
Operating costs	**(14 910 961)**	**3 643 129**	**(11 267 832)**
Value of goods and materials sold	(9 445 367)	3 643 129	(5 802 237)
Profit (loss) from operating activities	**(510 565)**	**-**	**(510 585)**

26. Information on material transactions concluded by the Company on other than arm's length terms with related parties

There were no transactions concluded by the Company on other than arm's length terms with related parties.

27. Employment

As at 31 December 2021, the Company employed 16 people. As at 31 December 2020, the employment level was 14 people.

28. Social assets and liabilities of the Social Benefits Fund

The Company does not meet the criteria imposed by the Act of 4 March 1994 on the Company Social Benefits Fund, which stipulates that the Company Social Benefits Fund is created by employers with more than 50 full-time employees.

29. Employee benefits

29.1 Share-based incentive programmes

The Company does not operate incentive programmes based on the transfer of share options.

29.2 Pension and other post-employment benefits

Due to the Company's short history and the low average age of its employees, the Company's Board of Directors has decided not to make a provision for retirement benefit obligations. In 2019, the Employee Capital Plans Act came into force. In 2021, an agreement to operate the Employee Capital Plans (PPK) was signed.

30. Events relating to previous years recognised in the financial statements of the financial year

Events relating to previous years have not been recognised in the financial statements of the financial year.

31. Contingent liabilities

The Company has no contingent liabilities. There are no lawsuits pending nor is the Company party to any audit or tax proceedings.

32. Property collateral received by the Company

The Company has not created asset collateral.

All amounts are stated in PLN

33. Discontinued operations

The Company has not discontinued any operations.

34. Capital expenditure

The Company's electricity and natural gas trading plans for 2022 include signing an agreement with a foreign contractor for the supply of gas. In addition, the Company plans to systematically increase sales of electricity and gas to end customers. In order to implement the strategy, the Company intends to increase its employment level.

35. Licensed activities

The Company's core business is electricity and natural gas trading. Accordingly, the entity has obtained concessions for the various activities:

- concession for electricity trading dated 20.10.2017 with the number OEE/11263/41979/W/DRE/2017/DSŁ
- concession for natural gas trading dated 26.09.2019 with number OPG/383/41979/W/DRG/2019/MSi1
- concession for trade in natural gas with foreign countries dated 13.12.2021 with number OGZ/199/41979/W/DRG/2021/ZŁ.

36. Information on the requirements of Article 44 of the Energy Law

Pursuant to the requirements of Article 44(1) of the Energy Law, the Company is required to disclose in the notes the relevant items of the balance sheet and the profit and loss account separately for each type of business activity performed in the transmission or distribution of electricity.

In the 2021 financial year, the Company carried out activities related to electricity and gas trading on the commodity exchange, as well as the sale of energy and gas to end users The table below shows the breakdown of revenues and costs by activity.

	Year ended 31 December 2021	Year ended 31 December 2020
revenues from the supply of energy to end users	50 316 771	266 246
revenues from transmission and distribution	413 346	-
cost of energy supplied to end users	34 022 238	211 933
cost of transmission and distribution	1 433 059	-
provision for cancelled property rights	2 894 351	34 397

In the 2021 financial year, the Company expanded its activities to include the sale of electricity and natural gas.

STATEMENT OF COMPREHENSIVE INCOME	Year ended 31 December 2021	Exchange activity - electricity	Exchange activity - natural gas	Sales of electricity to the end user	Sales of natural gas to the end user
Sales revenues	**89 202 846**	**55 183 310**	**(5 958 243)**	**37 512 473**	**2 465 307**
Sales of electricity and natural gas	53 764 464	13 560 227	205 718	37 528 972	2 469 547
Revenue from trading in financial instruments	35 438 383	41 623 083	(6 163 961)	(16 499)	(4 240)
Other operating revenues	**144 027**				
Other revenues	144 027				
Operating expenses	**(130 095 899)**	**(56 895 897)**	**(85 735 094)**	**(39 496 228)**	**(5 163 638)**
Depreciation and amortisation	(381 920)	(93 072)	(55 877)	(129 853)	(103 118)
- of which amortisation of rights of use	(295 521)				
Consumption of materials and energy	(95 674)	(23 315)	(13 998)	(32 529)	(25 832)
External services	(2 514 355)	(612 736)	(367 863)	(854 881)	(678 876)
Taxes and charges	(1 013 031)	(33 131)	(79 927)	(625 230)	(174 743)
Wages and salaries	(3 483 499)	(848 911)	(509 653)	(1 184 390)	(940 545)
Social security and other benefits	(647 516)	(157 796)	(94 735)	(220 155)	(174 829)
Other costs by type	(84 102)	(20 495)	(12 305)	(28 595)	(22 708)
Value of goods and materials sold	(94 822 563)	(54 993 044)	(450 651)	(36 526 275)	(2 852 594)
Other operating expenses	(53 238)				
Profit (loss) from operating activities	**(13 749 025)**	**(1 699 191)**	**(7 543 250)**	**(2 089 436)**	**(2 507 938)**

37. Joint ventures

The Company has no joint ventures with other entities.

38. Capital management

The main objective of the Company's capital management is to maintain a good credit rating and safe capital ratios that would support the Company's operations and increase value for its shareholders.

29 September 2022

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Date: 2022.09.29 16:13:03 +02'00'

Marek Musiał
Chairman of the Management Board

Paweł Dominik

Digitally signed by Paweł Dominik
Date: 2022.09.29 16:19:18 +02'00'

Paweł Dominik
Member of the Management Board

Dokument podpisany przez Robert Matuszewski
Data: 2022.09.29 16:29:54 CEST

Robert Matuszewski
Member of the Management Board

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