Annual Report 2021
Windpark Fryslân Holding B.V.
Zwolle, The Netherlands

16 March 2022

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1. Directors report

1.1. Windpark Fryslân

Windpark Fryslân Holding B.V. (the "Company" or "WPF Holding") and its 100% subsidiary Windpark Fryslân B.V. ("WPF") (collectively referred to as the "Group") has developed and constructed and is presently operating, maintaining and financing the wind farm "Windpark Fryslân".

WPF Holding was incorporated on 14 November 2018, as part of the establishment of the Windpark Fryslân group. Windpark Fryslân Beheer B.V., holds 85% of the outstanding shares in WPF Holding and Fryslân Hurde Wyn B.V. ("FHW") is holding the remaining 15% of the shares in WPF Holding.

Windpark Fryslân, located in the northern part of the Ijsselmeer, south of the Afsluitdijk near Breezanddijk, comprises of 89 Siemens Gamesa turbines of 4.3 MW. The wind farm is placed in a cluster formation and is the largest inland water wind farm in the world.

The year 2021 has been a remarkable year for Windpark Fryslân (WPF). Despite the ongoing Covid-19 pandemic, WPF managed to deliver first power in the second quarter of 2021. With the final turbines successfully commissioned in the fourth quarter, the project formally reached Project Completion on 23 December 2021, well within budget. The 89 wind turbines have a capacity of 383 MW, equalling 1,500,000 GWh of electricity annually, enough to support 500,000 households with sustainable Frisian electricity and more than 70% of the Frisian target of 530.5 MW of wind energy in 2020.

Upon completion of the wind farm, all 89 turbines generate power and the onshore substation is operating as expected without any serious technical issue. No major safety accidents occurred and thanks to the ongoing close and constructive cooperation between Windpark Fryslân and its main project partners ZuiderZeeWind (ZZW) and Ventolines, the negative impact of Covid-19 was mitigated. Similarly, the containment of NOx emissions was taken up proactively in close collaboration with the project partners.

Windpark Fryslân's commitment to stimulate local content for local business partners and to support the Frisian economy has again resulted in active involvement of various local and regional companies throughout the year. In addition, from June onwards, Windpark Fryslân started monthly donations to Stichting Omgevingsfonds (known as Fiks Omgevingsfonds) with the aim to increase the support for the wind farm and to stimulate housing, recreation, tourism, nature and the environment in the municipality of Súdwest-Fryslan.

There are no special events that should be taken into account for the financial statements.

1.2. Risk Management

Risk management is an integral part of the project with integrity and quality as core values. The Group has adopted a low risk profile. The key risks, which could have an impact on the performance of the Group, including measures to mitigate the risks, are as follows:

1.2.1. Health, Safety, Security and Environment (HSSE)

Group Management considers unsafe operations at the project sites (both by Windpark Fryslân, Ventolines B.V. and its contractors) as a key risk and closely monitors HSSE policies, awareness programs and department set-up by Ventolines to manage the HSSE exposure of the project. Management also actively monitors the HSSE performance of the contractors and the directly and indirectly involved project partners to ensure that preventive measures are taken where possible.

1.2.2. Construction phase

Although construction was completed by late December 2021, the construction risks entailed the risk that the wind farm was not constructed within time, budget and/or with the right quality standards. Management has mitigated these risks as much as possible by:

- Entering into a fully wrapped (fixed price) EPC contract with the Zuiderzeewind Consortium transferring interface risk and weather risk to a large extent to the contractor. This contract also includes milestones and associated incentive are achieved in time and within budget clauses and penalties to stimulate that the milestones

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- Appointment of Ventolines as the project manager during construction to safeguard that Windpark Fryslân works with an experienced and knowledgeable construction team.
- An extensive insurance package backed by reputable insurance parties.
- Closely monitoring quality management procedures and ensuring sufficient well-trained quality inspectors monitor the performance of the contractors both at factories, marshalling harbours and offshore installation.

Furthermore, stringent and professional project management had been in place based on a realistic planning and availability of adequate contingency budgets. The result of these mitigating measures was that the construction phase was completed within budget and within the time agreed upon with the banks.

1.2.3. Operational phase

Business interruption (due to technical issues) and low availability of wind turbines are considered as main risks during the operational phase. We mitigate these risks by a long-term maintenance contract for the operational phase of the wind farm which includes an availability guarantee and various other incentives to mitigate risks of technical defects and stimulate operational excellence. In addition, insurance has been put in place to mitigate risks of lower production due to damages to the wind farm.

1.2.4. Market

Windpark Fryslân is exposed to fluctuations of the price of grey electricity (after taking into account the profile effect). This exposure is largely hedged by the SDE mechanism that has been obtained from the Dutch Government. The remaining risk for the project is limited to the extent that grey electricity price will be below the floor of €25/MWh and for production above the annual SDE maximum production of 1,440 GWh.

1.3. Compliance

The Group is subject to laws and regulations in relation to its operations and reporting. In addition, the Group needs to comply with the conditions in permits, contracts and financing agreements.

To mitigate the risk of non-compliance, the Group has in place a compliance process both during construction and operations which ensures periodical and adequate monitoring of compliance requirements. Management has a zero tolerance policy regarding non-compliance.

1.4. Financial risks

Financial risks include, amongst others, liquidity risk, interest rate risk and credit risk. These risks as well as related management objectives, policies and mitigation measures are further described in note 25 of the financial statements.

1.5. Operational results: construction

Substation

Works on the substation continued in 2021 without major incidents resulting in completion and energisation of the substation in the first half of 2021. At the end of 2021, some minor punch list items remain open including the power factor capability tests.

Inter array cables

The cable laying which started in December 2020 was successfully finished in Q2 2021.

Installation and commissioning of WTGs

The production of all main components of the WTGs (towers, rotors and blades) were finished by the end of 2020. The installation campaign started in March 2021. However, the installation phase experienced a slower start-up than anticipated, which adversely impacted the overall planning. Discussions were held with ZZW management in order to improve the installation rate and to minimise the gap with the original planning. With the WTG installation rate picking up in second half of May, we concluded that commissioning rate was far lower than the original planning. To mitigate the delayed commissioning, both an increased amount of manpower and number of crew transportation vessels (CTV) were added from mid-July onwards. While the last wind turbine has been installed on 25 July, the commissioning of this last turbine took place on 26 November 2021.

Discussions are ongoing with ZZW both on a commercial and technical level. There is still a generic WTG punch list which includes a variety of topics (mostly related to documentation). Because this punch list is part of a payment milestone, the amount related to this milestone (€ 5.0 million) will only be granted when a solution and agreement is in place.

Nature Island

The building of the island was already completed during 2020. However, it was during 2021 that the island actually became a resting area for birds, making it a great success.

Grid Connection TenneT Phase II

Presently, the generated power is delivered to the TenneT station in Oude Haske through the export cable. It is Tennets intention to build an extension to its station in Bolsward and to reroute the export cable to this new station (Phase 2). With respect to this Phase 2, design works by TenneT have been completed and the final design report has been issued to WPF. WPF has also received the confirmation that TenneT had received all required permits for Phase 2. However, an appeal to the permits has been filed and is expected to delay the realisation of the works by up to one year. Nevertheless, this delay should not have any detrimental impact for the Project as the Phase 1 is considered to be a sustainable and reliable technical solution.

1.6. Financial results

By the end of 2021, the construction of the wind farm was finalised well within budget. The first turbines started producing power in the second quarter, which enabled the start of the subsidies (SDE) per June. WPF generated positive operational cashflow from June onwards. Late 2021, WPF benefited from the higher electricity prices on the market, which also reduced the entitled subsidy in 2021 to only some €4 million.

The Group's cash outflow from investing activities in 2021 was €217.6 million (2020: €266.1 million), bringing the total construction cost of the wind farm to €789.2 million. This was mainly financed by a senior debt facility from 10 banks, totalling €676.7 million. The Group's cash and cash equivalents amounted €96.5 million as of 31 December 2021 (2020: €0.4 million).

The Group's equity amounts to €75.5 million as of 31 December 2021 (2020: €22.4 million). The positive movement in equity was largely affected by the positive movement of the cash flow hedge reserve relating to the interest rate swaps. Ignoring the impact of this parameter, the Group incurred a profit of €33 million during 2021.

1.7. Research and development

No specific research and development activities were performed during 2021.

1.8. Employees

As per 1 June 2021, the board members of Windpark Fryslân Holding B.V. (Mr. Eelco de Boer and Mr. Jasper Vet) have resigned, as planned, and have been succeeded by Peter Vermaat (CEO) and Gerard Vesseur (CFO). As per 1 November 2021, the interim-WPFH CEO Mr. Peter Vermaat has resigned from the board. Shareholders and supervisory board acting together are in search of a new CEO. Mr. Gerard Vesseur (CFO) remains at his position. The Company has no other employees.

Ventolines has been contracted for day-to-day project management of the project (both during construction and operations). Ventolines works under a formal mandate agreed between Windpark Fryslân B.V. and Ventolines.

1.9. Outlook

In 2022, the focus will be on closing all punch list items as well as all documentation related to construction phase. It is expected that this will be finalised in the first quarter of 2022. The other focus will be on a smooth transfer to the operational asset management team, and to closely monitor and fine-tune the physical performance of all subsystems of the windfarm. Throughout 2022, the Asset Management Team will closely monitor the impact of the electricity prices to minimize the impact on SDE/PPA settlements. It is expected that the electricity prices will remain high during 2022, which could result in a situation that no subsidy is required in 2022.

The Group expects to incur some relatively minor expenditure for the remaining items related to construction of the wind farm during 2022.

The Management Board will propose to the shareholders to pay a dividend in the amount of € 53 million. This proposal has not been reflected in the balance sheet as of 31 December 2021.

The Management Board would like to thank everybody involved for a safe completion of the wind farm within budget and for making 2021 in general a great success for Windpark Fryslân.

Zwolle, 16 March 2022,

On behalf of the Management Board of Windpark Fryslân Holding B.V.

Gerard Vesseur
Director

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2. *Report by Supervisory Board*

The Supervisory Board (”SB") of Windpark Fryslân Holding B.V. (the “Company” or “WPFH”) was established on 1 October 2019 and is an independent body responsible for Supervising and advising the management Board ("MB”). The SB monitors achievement of the Group’s objectives, strategy and risks inherent to the business activities and structure. In addition, the SB advises on the operation of the internal risk management and control system, financial reporting processes, compliance with legislation and regulations, the relation with shareholders, and corporate social responsibility issues that are relevant for the Group.

The interests of all direct stakeholders of the Group, the windfarm and other parties directly or indirectly involved are prime drivers for the execution of the role of the SB.

The SB carries out its tasks in accordance with the applicable laws and regulations, the Articles of Association of the Company, as well as the regulations agreed between the shareholders, including – but not limited to – the Supervisory Board Regulations as defined in the Shareholders Agreement WPFH B.V.

2.1. *Composition of the Supervisory Board*

The Articles of Associations of the Company prescribe that the SB consists of four members and an independent chairperson. Two members are appointed by WPF Beheer B.V. (“WPFB”) and two members by Fryslân Hurde Wyn B.V. The chairperson shall be appointed by unanimous decision of the four members.

In October 2019, Mr. Rob Hollering (nominated by WPFB) and Mr. Theo Jellema (nominated by Fryslân Hurde Wyn B.V.) have been appointed as members of the SB. In March 2021, Mrs. Tineke Schokker (nominated by Fryslân Hurde Wyn B.V.) has been appointed as a member of the SB for a period up to 1 January 2022. In December she has been re-appointed as a member of the SB for a period of four years. In June 2021, Mr. Weero Koster (nominated by WPFB) has been appointed as a member of the SB.

All SB appointments – except for the first appointment of Mrs. Tineke Schokker – are for a period of four years with a maximum of two possible extensions of four years. Furthermore, Shareholder’s objective is to take gender-ratio with a minimum 40% female members as a firm target.

Based on the Articles of Association, the SB has to select a Chairperson. During an Extraordinary Shareholders Meeting held on 3 December 2020, the appointment of the Chairperson was formally transferred to the shareholders. Awaiting the outcome of the discussion regarding the hold harmless and indemnification-clauses, the selection process has been put on hold. The SB expects that the selection process can be finalised and completed in the course of 2022. In 2021, Mr. Theo Jellema acted as deputy Chairman.

All members of the SB comply with the job Cumulation scheme [*functiecumulatieregeling*] as referred to in Article 2:252a of the Dutch Civil Code.

2.2. *Meetings and activities of the Supervisory Board during 2021*

In 2021, 12 official meetings took place between the MB and the SB. In addition, there were a fair amount of informal discussions and meetings among the SB-members and the MB.

Key topics that were discussed included the planning and progress of the construction of the windfarm, the Project Completion, risk management processes, compliance and accountability, Health Safety and Environment (HSE), NOx, cybersecurity, Covid-19, Communication & Stakeholders management, Strategy, the Operating Budget 2022, and corporate social responsibility, the dividend policy, the new Asset Management Agreement, as well as local content.

The SB is pleased that, despite the COVID-19 outbreak, the project – except for a few remaining minor points – has been completed by the end of 2021. The SB considers this as a major achievement of the whole organization and is proud of the largest windfarm in an inland water environment in the world.

In addition to the formal meetings as described above in which project related matters were discussed, the SB had several meetings regarding the discussion about the hold harmless and indemnification-agreement between the Supervisory Board Members and the Shareholders.

Composition and functioning of the Management Board

During a meeting in September 2021, the SB evaluated the functioning of the MB, as well as the own functioning of the SB. The evaluations were led by an external advisor, Mr. Paul Nobelen. The SB was informed by Mr. Paul Nobelen about various topics, such as the relation of the SB with regard to the MB, the independence of the SB, the provision and need of information and the division of tasks within the SB.

Shortly before the meeting in September 2021, in June 2021, a change of management had taken place. The directors at that time were replaced by Mr. Peter Vermaat (CEO) and Mr. Gerard Vesseur (CFO). It was known in advance that Peter Vermaat would only fulfil the function of CEO for a reasonably short period. He held the role as CEO until 1 November 2021, after which he started a new position elsewhere, but remained associated with the Group as an advisor for the rest of 2021. As mentioned, Mr. Vermaat's resignation was planned and in accordance with the agreements made in this regard. The SB was pleased with and thanks him for his thorough knowledge and skills of project management and his contribution to the success of the windfarm. For the time being, Gerard Vesseur is the sole director of the company.

It is part of the SB's role to monitor the continuity of the MB and to ensure that the expertise and diversity of the MB are also guaranteed in the long term. To the various stakeholders, the SB has emphasized the importance of a fully staffed MB. The SB considers it of great importance that this issue is resolved in the short term. The shareholders have kept the MB and the SB closely informed and involved regarding her plan to fill in the CEO-vacancy. At this moment, the search for a new CEO is still in progress. WPFB is in the lead in this matter.

Composition and functioning of the Supervisory Board

A self-evaluation was carried out on 29 September 2021. In the opinion of all the SB Members, the SB was – despite of the several changes in the composition of the SB – functioning well. During the self-evaluation, the SB discussed various topics in relation to the functioning of the SB. For example, compliance with the applicable regulations, the relation of the SB to the other corporate bodies and stakeholders as well as the degree of detail of information needed for the correct functioning of the SB. The balanced composition of the SB, ensuring a proper combination of experience, expertise and independence of all members enables the SB to fulfil its role in relation to the Group and its stakeholders.

Proposal towards General Meeting of Shareholders

Prior to the start of the audit by our external auditors, two SB-members met with the auditor and discussed among other things:

- Scope of the assignment
- Materiality/control tolerances used
- Specific risks
- Position of related parties (in particular Ventolines)
- Direction of control/function separation with a strong emphasis on data-oriented control
- Information systems used.

The financial statements as prepared by the MB have been discussed by the SB in attendance of the external auditor PricewaterhouseCoopers Accountants N.V. on 16 March 2022.

The financial statements will be submitted to the General Meeting of shareholders for adoption by the shareholders on 13 April 2022.

The SB would like to thank all staff, stakeholders and contractors for their contribution during 2021.

Zwolle, 16 March 2022,

On behalf of the Supervisory Board of Windpark Fryslân Holding B.V.

T. Jellema Supervisory Director	T. Schokker Supervisory Director
W. Koster Supervisory Director	R.W.J.Hollering Supervisory Director

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Consolidated statement of financial position as at
(before appropriation of result)

Assets		***31 December 2021***		***31 December 2020***	
	Ref.	€ 000	€ 000	€ 000	€ 000
Non-current assets					
Property, plant and equipment, payments on account	6.	789,202		533,756	
Right-of-use assets	7.	87,547		76,146	
Financial assets at amortised costs	8.	8,574		8,152	
Derivative financial instruments	9.	10,986		-	
Deferred tax asset	24.	5,124		7,414	
			901,433		625,468
Current assets					
Receivables	10.	30,479		5,734	
Cash and cash equivalents	11.	96,533		393	
			127,012		6,127
			1,028,445		631,595

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Liabilities		31 December 2021		31 December 2020	
	Ref.	€ 000	€ 000	€ 000	€ 0000
Equity	12.				
Share capital and share premium		31,858		31,858	
Other reserves		5,337		(14,751)	
Retained earnings		5,274		(1,024)	
Unappropriated result		33,031		6,298	
			75,500		22,381
Total equity					
Non-current liabilities					
Decommissioning provision	13.	41,890		-	
Loans from financial institutions	14.	622,391		425,051	
Loans and borrowings	15.	85,309		85,407	
Derivative financial instruments	9.	-		11,363	
Deferred tax liability	24.	10,325		-	
Lease liabilities	16.	87,435		75,408	
			847,350		597,229
Current liabilities					
Loans from financial institutions	14.	43,105		-	
Loans and borrowings	15.	4,661		-	
Trade and other payables	17.	15,588		3,599	
Current tax liabilities	23.	9,880			
Derivative financial instruments	9.	3,286		3,343	
Lease liabilities	16.	5,144		5,043	
Deferred income	19.	23,931			
			105,595		11,985
			1,028,445		631,595

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

	Ref.	2021 € 000	2021 € 000	2020 € 000	2020 € 000
Revenue from contracts with customers	18.	73,186		-	
Total revenue			73,186		-
Other income	19.		3,956		-
Employee benefit expenses	20.	(198)		(461)	
Depreciation		(12,575)		-	
Administrative and other expenses	21.	(5,986)		(1,006)	
Total expenses			(18,759)		(1,467)
Finance income	22.		421		402
Finance costs	23.		(5,265)		(51)
Profit / (loss) before income tax			53,539		(1,116)
Income tax (expense) / income	24.		(20,508)		7,414
Profit /(loss) for the period			33,031		6,298
Other comprehensive (expense)/income *Items that may be reclassified to profit or loss*					
Gains / (loss) on cashflow hedges	12.		22,075		(24,035)
Income tax relating to these items	12.		(1,987)		-
Total other comprehensive income / (expense)			20,088		(24,035)
Total comprehensive income / (expense) income for the period			53,119		(17,737)
Earnings per share					
Basic, profit for the year attributable to ordinary equity holders of the parent			€ 33,031		€ 6,298

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Consolidated statement of changes in equity

	Share capital and share premium	***Other reserves***	***Retained earnings***	***Unappropriated result***	***Total equity***
	€ 000	€ 000	€ 000	€ 000	€ 000
Balance at 1 January 2020	**31,858**	**9,284**	**(75)**	**(949)**	**40,118**
Appropriation of result	-	-	(949)	949	-
Total comprehensive income	-	(24,035)	-	6,298	(17,737)
Balance at 31 December 2020	**31,858**	**(14,751)**	**(1,024)**	**6,298**	**22,381**
Appropriation of result	-	-	6,298	(6,298)	-
Total comprehensive expense	-	20,088	-	33,031	53,119
Balance at 31 December 2021	**31,858**	**5,337**	**5,274**	**33,031**	**75,500**

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Consolidated statement of cash flows for the year ended 31 December

		2021		***2020***
	€ 000	€ 000	€ 000	€ 000
Cash flows from operating activities				
Net income/(expense)	**33,031**		**6,298**	
Adjustments for				
Interest income	(421)		(453)	
Interest expenses	5,265		51	
Depreciation	12,575			
Taxation	20,508		(7,414)	
Interest paid	(2,724)		-	
Corporate income tax paid	-		-	
Movement in short term receivables	(29,332)		(10,262)	
Movement in short term payables	40,451		6,375	
Cash flows generated from / (used in) operating activities		79,353		(5,405)
Cash flows from investing activities				
Payments for property, plant and equipment	(217,583)		(266,067)	
Payments for financial assets at amortised cost			-	
Net cash flows used in investing activities		(217,583)		(266,067)
Cash flows from financing activities				
Proceeds from loans, borrowings and current accounts shareholders	239,413		268,421	
Repayment of borrowings	-		-	
Proceeds from issues of shares	-		-	
Payments for lease liabilities	(5,043)		(297)	
Net cash flows generated from financing activities		234,370		268,124
Net (decrease)/increase in cash and cash equivalents		**96,140**		**(3,348)**
Cash and cash equivalents at the beginning of the year		393		3,741
Cash and cash equivalents at end of year		**96,533**		**393**

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3. General

3.1. Reporting entity

Windpark Fryslân Holding B.V. (the "Company") is primarily involved in developing, constructing, operating, maintaining and financing of Windpark Fryslân. The Company is registered in the Chamber of Commerce under number 73104566 and statutory seated at Zwolle (The Netherlands). The Company is a limited liability company ("Besloten vennootschap").

The consolidated financial statements comprise the Company and its 100% subsidiary, Windpark Fryslân B.V., collectively referred to as the "Group".

The Company's shares are held by Windpark Fryslân Beheer B.V. (85%) and Fryslân Hurde Wyn B.V. (15%).

Vianne Energy B.V. and Begro Holding B.V. are each 50% shareholder of Windpark Fryslân Beheer B.V. The Province of Fryslân is the sole shareholder of Fryslân Hurde Wyn B.V.

In view of involvement of various international stakeholders and financing institutions it has been decided to publish this annual report in the English language.

3.2. Significant changes in the current reporting period

The construction of the wind farm reached project completion at 23 December 2021. During the year construction of all 89 turbines was completed. Although the average take-over date of all 89 turbines is 18 September 2021 the wind farm already started generating its first revenues in April.

3.3. Going concern

Management of the Group has made an assessment of the entity's ability to continue as a going concern. This assessment was based on the current economic environment, the Group's financial position and forecast. Management of the Group doesn't have any doubt about the entity's ability to continue as a going concern.

4. Basis of preparation

4.1. Basis of accounting

4.1.1. Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and in accordance with section 9, Book 2 of the Dutch Civil Code. They have been authorised for issue by the Group's board on 16 March 2022.

4.1.2. Historical cost convention

The financial statements have been prepared on historical cost basis, except for derivative financial instruments which have been measured at fair value.

4.1.3. New standards and interpretations adopted

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- COVID-19-Related rent concessions (Amendment to IFRS 16)
- Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

4.1.4. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending on 31 December 2021. The following new standards are effective and mandatory from 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020 (IFRS 1/IFRS9/IFRS16/IAS41)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12). (Please note that this amendment may have been adopted early.)

The Group will early adopt the amendments to IAS 16 in the financial statements 2021. All proceeds before intended use will be accounted as revenue in the comprehensive income. The other standards, amendments or interpretations are not expected to have a material impact on the Group in the current of future reporting periods and on foreseeable future transactions.

4.2. Basis of consolidation

4.2.1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

4.2.2. Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

4.2.3. Changes in ownership interests

The group treats transactions in which the ultimate controlling parties in an entity do not change as transactions under common control, on which it applies carry-over accounting.

4.3. Foreign currency translation

4.3.1. Functional and presentation currency

These financial statements are presented in euro, which is the Group's functional currency. Amounts are presented in thousands of euros, unless otherwise stated.

4.3.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss.

4.4. Use of judgements and estimates

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

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

Areas requiring significant judgment are:

- Management considers that there are no areas with significant judgement.

Areas involving significant estimates are:

- Revenue recognition - estimate of the expected final profile and imbalance factor for the current year;
- Calculation of the fair value of the IRS swaps and especially the used forward curve of the EURIBOR;
- Calculation of the lease liabilities at year-end and in particular the used incremental borrowing rate;
- Assessment capital expenditure versus operational expenditure;
- Amortisation of the senior loan facility, in particular the duration which could be amended in case of a future refinancing;
- Assessment of the decommissioning provision incl. the used discount rate and indexation.

5. Significant accounting policies

5.1. Property, plant and equipment

Property, plant and equipment consists of the wind farm (incl. decommissioning asset) and is measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes all expenditure directly attributable to bringing the asset to the location and condition necessary for its intended use and includes borrowing costs that are directly attributable to the construction of the wind farm.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of the wind farm will commence when the wind farm is ready for its intended use. The depreciation method, useful live and residual value is determined at that moment and will be reviewed at each reporting date and adjusted if appropriate.

The depreciation methods and periods used by the Company are disclosed in note 6.

An asset's carrying amount is written off immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

5.2. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the entities incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

5.3. Financial instruments

5.3.1. Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue (for items not subsequently measured at fair value through profit or loss). A trade receivable without a significant financing component is initially measured at the transaction price.

5.3.2. Classification and subsequent measurement

On initial recognition, a financial asset is classified as

- measured at amortised cost;
- measured at Fair Value through Other Comprehensive Income ("FVOCI");
- measured at Fair Value through Profit or Loss ("FVTPL").

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

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

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial instruments measured at FVOCI or FVTPL are measured at fair value and net gains and losses, including any interest income or expense, are recognised in other comprehensive income or profit or loss.

Financial instruments subsequently measured at amortised cost are measured using the effective interest method. Interest income or expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

5.3.3. Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents, the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. Movements in the hedging reserve in shareholders' equity are shown in note 12.2. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in the cash flow hedge reserve (other reserve) within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

5.3.4. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

5.3.5. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

5.4. Impairment

5.4.1. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (i.e. property, plant and equipment) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.4.2. Impairment of financial assets

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised costs and contract assets. Loss allowances for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, are measured at 12-month ECLs. For all other financial assets loss allowances are measured at an amount equal to lifetime ECLs.

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

5.5. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

5.6. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

5.7. Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method

5.8. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

5.9. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The accounting policies for the Group's revenue from contracts is further explained in note 18.

5.10. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss as income over the period necessary to match them with the costs or over the eligible production that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss as other income on a straight-line basis over the expected lives of the related assets.

5.11. Finance income

Interest income on financial assets at amortised cost is calculated using the effective interest method and is recognised in profit or loss as part of finance income.

5.12. Finance costs

The Group's finance costs include interest expenses and foreign currency gains or losses on financial assets and financial liabilities. Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amortised cost of the financial liability.

5.13. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

5.14. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6. *Property, plant and equipment, payments on account*

Property, plant and equipment fully relates to the wind farm including the decommissioning asset which has been developed by the Group.

	Wind farm	Decommissioning asset	Assets under construction	Total
Cost				
Balance as at 1 January 2020	-	-	259,691	259,691
Additions	-	-	274,065	274,065
Disposals	-	-	-	-
Balance as at 31 December 2020	-	**-**	**533,756**	**533,756**
Balance as at 1 January 2021	-	-	533,756	533,756
Additions	-	41,771	224,171	265,942
Change in accounting estimate	-	-	823	823
Transfer from assets under construction	758,750	-	(758,750)	-
Balance as at 31 December 2021	**758,750**	**41,771**	**-**	**800,521**

Accumulated depreciation				
Balance as at 1 January 2020	-	-	-	-
Depreciation	-	-	-	-
Balance as at 31 December 2020	-	-	-	-
Balance as at 1 January 2021	-	-	-	-
Depreciation	(10,724)	(595)	-	(11,319)
Balance as at 31 December 2021	**(10,724)**	**(595)**	**-**	**(11,319)**

Carrying amount				
Balance as at 31 December 2020	-	**-**	**533,756**	**533,756**
Balance as at 31 December 2021	**748,026**	**41,176**	**-**	**789,202**

The construction of the wind farm reached project completion date at 23 December 2021. All borrowing costs have been capitalised until the average take-over start date of 18 September 2021. All borrowing costs from average take-over date onwards are expensed in the profit or loss.

In 2021 an amount of € 13,904 (2020: € 14,862) is capitalized as borrowing costs within construction costs. The borrowing costs capitalized equal the effective interest on the loans and borrowings (see notes 14, 15 and 16).

Depreciation is calculated using the straight-line method to allocate the costs or revalued amounts of the assets, net of their residual values, over their estimated useful lives being:

Wind farm:	20 years
Decommissioning assets:	20 years

The residual value of the wind farm is estimated at € 6 million. The wind farm consists of 89 turbines which are depreciated from the average take-over start date. Assets under construction are not depreciated.

The Group expects to make future construction costs for an amount of € 6.5 million during the years 2022 to 2024.

7. *Right-of-Use Assets*

Right-of-Use Assets fully relates to the land leases where the wind farm is constructed.

	Land	*Total*
Cost		
Balance as at 1 January 2020	76,146	76,146
Additions	-	-
Disposals	-	-
Balance as at 31 December 2020	**76,146**	**76,146**
Balance as at 1 January 2021	76,146	76,146
Additions	-	-
Reassessment due to CPI indexation	12,657	12,657
Balance as at 31 December 2021	**88,803**	**88,803**

Accumulated depreciation		
Balance as at 1 January 2020	-	-
Depreciation	-	-
Balance as at 31 December 2020	-	-
Balance as at 1 January 2021	-	-
Depreciation	(1,256)	(1,256)
Balance as at 31 December 2021	**(1,256)**	**(1,256)**

Carrying amount		
Balance as at 31 December 2020	**76,146**	**76,146**
Balance as at 31 December 2021	**87,547**	**87,547**

The Right-of-Use Asset consists of two lease contracts with a fixed amount and are subjected by yearly indexation according to CPI (*Consumenten Prijs Index*). As from the beginning of the year 2021 the net present value (NPV) of the lease contracts was revised to take into account a yearly average indexation of 1.5% on the contractual lease payments over the years 2021 to 2048. In the initial calculation an indexation rate of 0% was applied. This results in a higher NPV of € 88,803 compared to € 76,146 at the beginning of 2021. The higher NPV is recognised as a reassessment for an amount of € 12,657.

The yearly depreciation charge over the period 2022 to 2041 will be € 642 above the initial calculation.

Depreciation of the Right-of-Use Asset will commence from average take-over date, being 18 September 2021 and follow the same depreciation method as described in note 6.

8. Financial assets at amortised costs

	31 December 2021	***31 December 2020***
	€ 000	€ 000
Loans to related parties	8,574	8,152
	8,574	8,152

The loans provided to related parties consist of two loans for an amount of € 3,827 each to the ultimate beneficial owners Begro Holding B.V. and Vianne Energy B.V. which were provided on 1 October 2019. These loans bear a yearly interest rate of 5% compounded each quarter. These loans should be repaid in full on 31 December 2022. These loans are unsecured and no repayment schedule is committed. The fair values are not materially different from their carrying amounts, since the interest receivable on those loans reflects the current market rates.

9. Derivative financial instruments

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

The Group has the following derivative financial instruments in the following line items in the balance sheet:

	31 December 2021	***31 December 2020***
Cash flow hedges - fair values and nominal amounts		
	€ 000	€ 000
Non-current – asset – fair value	10,986	-
Non-current – liability – fair value	-	(11,363)
Current – liability – fair value	(3,286)	(3,343)
	7,700	(14,706)
Change in fair value of hedged item	20,083	(27,567)
Nominal amounts	608,767	398,985
Cash flow hedges - OCI reconciliation and P&L impacts		
Opening balance OCI	(14,695)	9,340
Change in fair value of Interest Rate Swap (“IRS”)	22,413	(24,035)
Change in accrued interest	(7)	-
Change in cash payments	(3,350)	(1,584)
Reclassification to interest expense (capitalised borrowing costs)	3,306	1,584
Change in ineffectiveness	(287)	-
Balance movements in OCI	22,075	(24,035)
Closing OCI	7,380	(14,695)

The movements in the OCI have a tax impact of € 1,987 and reflects the initial recognition of the deferred tax liability which relates to the fair value of the IRS for amount of € 7.7 million (asset).

Cash flow hedges – Average strike of hedging instruments	
	€ 000
31 December 2021	608,767
31 December 2022	569,357
31 December 2023	526,459
31 December 2026	393,997
31 December 2031	159,917
31 December 2033	53,795

This fixed interest rate on the swap is 0.06%.

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for its cash flow hedges is set out in note 5.3.3. Further information about the derivatives used by the Group is provided below.

Fair value measurement

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the reporting date. The inputs for the valuation of interest rate swaps are forward curves for EURIBOR. Derivative valuations are adjusted to reflect the impact of both counterparty credit risk and the Group's non-performance risk as required by IFRS 13. This valuation technique could be classified in level 3 of the fair value hierarchy.

Hedging reserves

The movements in the hedging reserves consist of the interest rate swaps and is provided in note 12.2.

Amounts recognised in profit or loss

In addition to the amounts disclosed in the reconciliation of hedging reserve, a gain of € 287 was recognised in profit or loss during 2021 as a result of hedge ineffectiveness on line item finance costs. The ineffectiveness for the period was entirely driven by CVA adjustments and a gain of € 51 was recognised in the line item finance costs due to a difference of actual swap payments compared to hypo payments.

Hedge effectiveness

The Group entered into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

10. Receivables

	31 December 2021	31 December 2020
	€ 000	€ 000
Trade receivables	24,343	-
Taxes and social security premiums receivable	-	605
Prepayments	4,591	4,979
Prepaid expenses	1,545	150
	30,479	5,734

The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables. As a result of the short term-nature, the fair value of these receivables approximates the carrying amount.

11. Cash and cash equivalents

Restricted cash

The cash and cash equivalents include amount of € 27,630 which are held on the debt reserve account. This balance is subject to restrictions under the senior loan facility and are therefore not available for general use by the Group.

A bank guarantee is provided by the ABN AMRO N.V. for an amount of € 43,682 in favour of the Dutch State (Staat der Nederlanden).

12. Equity

12.1. Share capital and share premium

The Group's issued capital consists of 850 shares class A with a par value of € 0.01 (one cent) per share and 150 shares class B with a par value of € 0.01 (one cent) per share. All classes of shares have similar rights and obligations. There were no movements during the year 2021 in share capital and share premium.

12.2. Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in below table.

	Other reserves	Cashflow hedge reserve	Total
	€ 000	€ 000	€ 000
Balance at 1 January 2020	(56)	9,340	9,284
Movements			
Change in fair value of IRS	-	(24,035)	(24,035)
Reclassification to profit or loss	-	-	-
Movement in deferred tax	-	-	-
Subtotal	-	(24,035)	(24,035)
Balance at 31 December 2020	(56)	(14,695)	(14,751)

	Other reserves	Cashflow hedge reserve	Total
	€ 000	€ 000	€ 000
Balance at 1 January 2021	(56)	(14,695)	(14,751)
Movements			
Change in fair value of IRS	-	22,413	22,413
Reclassification to profit or loss	-	(338)	(338)
Movement in deferred tax	-	(1,987)	(1,987)
Subtotal	-	20,088	20,088
Balance at 31 December 2021	(56)	5,393	5,337

The other reserves result from the contribution of the shares in Windpark Fryslân B.V., of which the equity was negative at the moment of contribution. The negative amount in other reserves reflects the negative equity at the moment of contribution. This negative reserve is added to the other reserves.

12.3. Retained earnings

For the movements in retained earnings we refer to statement in changes of equity and consist of the appropriation result of previous year.

12.4. Unappropriated result

The Management Board will propose to the shareholders to pay a dividend in the amount of € 53 million and add the remaining profit to the retained earnings. This proposal has not been reflected in the balance sheet as of 31 December 2021.

13. Decommissioning provision

The Group has the obligation to dismantle the Project (i.e. WTGs, the foundations and the inner array cables) after the operational period which is expected in the mid of 2046. On 18 September 2021 the Group recognised the decommissioning provision at average take-over start date. Management applied an index rate of 1.5% to calculate the decommissioning provision after the operational period. In the determination of the net present value a discount rate of 1% is applied.

The movement of the decommissioning provision during the year could be specified as follows:

	2021	2020
	€ 000	€ 000
Balance at 1 January	-	-
Movements		
Initial measurement	41,771	-
Unwinding of discount	119	-
Subtotal	41,890	-
Balance at 31 December	41,890	-

14. Loans from financial institutions

On 1 October 2019 a senior Loan facility was obtained for an amount of € 707.8 million from a consortium of 10 banks through its facility agent the Coöperatieve Rabobank U.A. for the financing of the project Windpark Fryslân (excluding contingent debt).

The Company reached project completion date at 23 December 2021. All financing expenses until average take-over start date are capitalized within the property, plant & equipment.

The movement of this senior facility during the year could be specified as follows:

	2021	2020
	€ 000	€ 000
Balance at 1 January		
Nominal value	437,299	168,878
Unamortised transaction costs	(12,248)	(12,731)
Carrying amount	425,051	156,147
Movements		
Transaction costs	-	-
Draw	239,413	268,421
Amortised transactions costs	1,032	483
Subtotal	240,445	268,904
Balance at 31 December		
Nominal value	676,712	437,299
Unamortised transaction costs	(11,216)	(12,248)
Carrying amount	665,496	425,051
Reported as:		
- Current	43,105	-
- Non-current	622,391	425,051

This facility bears an interest of 1.35% above Euribor before and 1.20% after project completion date. This facility is denominated in euro. The first scheduled repayment date is 30 June 2022 and the last scheduled repayment date is 30 June 2036. The fair values are not materially different from their carrying amounts, since the interest payable on those borrowings reflects the current market rates.

The Company has pledged its shares in WPF B.V., all assets (including assets under construction), future assets, performance securities, parent company guarantees, all rights and future rights under the contracts (including the SDE-subsidy) to the bank consortium.

15. Loans and borrowings

On 1 October 2019 a subordinated loan was obtained from Fryslân Hurde Wyn B.V. ("FHWN") for an amount of € 80 million for the financing of the project Windpark Fryslân.

	2021	***2020***
	€ 000	€ 000
Opening balance		
Carrying amount	85,407	81,055
Changes		
Draw		-
Accrued interest FHWN	4,364	4,149
Accrued commitment fees	199	203
Repayments	-	-
Subtotal	4,563	4,352
Balance at 31 December		
Carrying amount	89,970	85,407
Reported as:		
Current	4,661	-
Non-current	85,309	85,407

This facility bears a fixed interest of 5% before and 4% after project completion date. This facility is denominated in Euro's. The first scheduled repayment date is 30 June 2022 and the last repayment date is 30 June 2036. The fair values are not materially different from their carrying amounts, since the interest payable on those borrowings reflects the current market rates. Please note that the interest rate on this loan is higher than the rate on the senior loan facility which is mainly due by subordination.

16. Lease liabilities

	2021	***2020***
	€ 000	€ 000
Balance at 1 January		
Carrying amount	80,451	77,595
Movements		
Reassessment due to CPI indexation	13,479	-
Interest expense	3,692	3,153
Lease payments	(5,043)	(297)
Balance at 31 December	92,579	80,451
Reported as:		
- Current	5,144	5,043
- Non-current	87,435	75,408

The lease liabilities at year-end consist of two lease contracts for the WTG land lease and infield cable with the following terms and conditions:

- Commence date 3 June 2019
- Maturity date 31 May 2047
- Incremental borrowing rate of 4%
- Index rate of 1.5%
- Yearly fixed lease payments of € 5,043 subject by yearly indexation (CPI).

Reassessment
As from the beginning of the year 2021 the carrying amount of the lease liabilities were revised to take into account a yearly average indexation of 1.5% on the contractual lease payments over the years 2021 to 2048. In the initial calculation an indexation rate of 0% was applied. This results in a higher carrying amount of € 93,930 compared to € 80,451 at the beginning of the year 2021. The higher carrying amount is recognised as a reassessment for an amount of € 13,479. The impact of this reassessment is € 11,914 additional interest charges on lease liabilities.

17. Trade and other payables

	31 December 2021	***31 December 2020***
	€ 000	€ 000
Trade payables and trade credit	1,530	1,997
Taxes and social security premiums payable	2,766	15
Accrued commitment fees	139	422
Other payables	11,153	1,165
	15,588	3,599

All trade and other payable have a maturity of less than one year. As a result of the short-term nature, the fair value approximates the carrying amount.

18. Revenue from contracts with customers

The revenue from contracts with customers contains one Power Purchase Agreement with a Dutch energy company. This revenue is fully generated within the Netherlands.

The following performance obligations could be defined in the contract:

- production and delivery of electricity;
- delivery of Guarantees of Origin (GoO).

The management of the Company considers the following key elements in the contract:
- Production and delivery of grey electricity against variable EPEX-price;
- The customer has the option to execute curtailment;
- The contract has a duration of approximately 15 years;
- The customer was not involved in the design of the wind farm.

Based on the above considerations management conclude the contract is al long term revenue contract. The PPA-contract doesn't met the requirements for a lease and is not classified as a lease in the financial statements.

Revenue is recognised at a point in time when electricity is delivered at the Connection point according to the metering data. The first turbines started to deliver electricity in the month April 2021. All revenues before signing the take-over certificate per turbine are defined as pre-completion revenues.

For the calculation of the revenue an estimated profile and imbalance factor (P&I-factor) is used. The final P&I factor is published in year t+1.

	2021	***2020***
	€ 000	€ 000
Revenue recognised at a point in time:		
Grey revenues	70,298	-
Guarantees of Origin	2,888	-
	73,186	-

19. Other income

	2021	***2020***
	€ 000	€ 000
Stimulering Duurzame Energieproductie (SDE+)	3,956	-
	3,956	-

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Deferred income	***2021***	***2020***
	€ 000	€ 000
Balance at 1 January	-	-
Realized SDE in the period	3,956	-
SDE advances received in the period	(27,887)	-
Balance at 31 December	(23,931)	-

20. Employee benefit expenses

	2021	***2020***
	€ 000	€ 000
Wages and salaries	191	436
Social security costs	6	19
Other employee expenses	1	6
	198	461

21. Administrative and other expenses

	2021	***2020***
	€ 000	€ 000
Long Term Programme Agreement	3,622	-
Management and governance	140	94
Legal	78	228
Audit and tax	58	71
Accounting costs	206	177
Operations and maintenance	1,088	88
Asset management	105	-
Insurance	132	-
Other advice costs	286	313
Other expense	271	35
	5,986	1,006

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22. *Finance income*

	2021	2020
	€ 000	€ 000
Interest on loans to related parties	421	402
	421	402

23. *Finance costs*

	2021	2020
	€ 000	€ 000
Interest paid on proceeds account	87	(51)
Financing expenses senior loan facility	3,023	-
Financing expenses subordinated loan	1,322	-
Interest decommissioning provision	119	-
Interest lease liabilities	1,043	-
Ineffectiveness interest rate swaps	(287)	-
Gains on cashflow hedges	(51)	-
Interest on swaps	7	-
Exchange results	2	-
	5,265	(51)

24. *Income tax*

	2021	2020
	€ 000	€ 000
Profit (loss) before income tax	53,539	(1,116)
Current income tax expense	(9,880)	-
Deferred income tax expense	(10,628)	7,414
Total income tax expense	(20,508)	7,414
Nominal tax rate	25%	25%
Effective tax rate	38%	0%

The difference between the nominal tax rate and the effective tax rate in current year is fully explained by initial recognition of a deferred tax assets and liabilities due to temporary differences between commercial and fiscal valuation.

The difference between the nominal tax rate and the effective tax rate in previous year is fully explained by initial recognition of a deferred tax asset due to tax losses and non-deductible interest available for compensation.

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The deferred tax expense recognised in profit or loss consists of the following movements:

	2021	2020
	€ 000	€ 000
Movement DTA due to settlement of losses previous years	(821)	7,414
Movement DTA due to settlement of interest (ATAD-ruling)	(1,469)	-
Movement DTA temporary differences	(8,338)	-
Total deferred income tax expense	(10,628)	7.414

The difference between accounting profit or loss and taxable profit or loss can be specified as follows:

	31 December 2021	31 December 2020
	€ 000	€ 000
Profit (loss) before income tax	53,539	(1,116)
Non-deductible interest	1,492	(351)
Lease payments	(5,043)	(297)
Depreciation on wind farm	(1,830)	-
Depreciation on decommissioning asset	595	-
Depreciation on right-of-use asset	1,256	-
Fiscal addition of decommissioning provision	(617)	-
Other non-deductible or partially deductible expenses	5	(6)
Taxable profit	49,397	(1,770)
Settlement of tax losses previous years	(3,271)	-
Settlement of non-deductible interest previous years	(6,508)	-
Taxable amount	39,618	(1,770)

The deferred tax asset in the balance sheet can be specified as follows:

	31 December 2021	31 December 2020
	€ 000	€ 000
Tax losses available for compensation	-	821
Non-deductible interest available for compensation	5,124	6,593
	5,124	7,414

The deferred tax liability in the balance sheet can be specified as follows:

	31 December 2021	31 December 2020
	€ 000	€ 000
Other	8,338	-
Cashflow hedges (movement recognised in OCI)	1,987	
	10,325	-

All tax losses available for compensation for an amount of € 3.3 million are fully settled against the taxable profit of € 49,526 thousand over the year 2021. The tax losses available for compensation could be specified as follows:

Tax losses available for compensation	***31 December 2021***	***31 December 2020***	***Available for compensation up to and including***
	€ 000	€ 000	
Year of origination:			
2012	-	2	2021
2013	-	1	2022
2014	-	-	2023
2015	-	1	2024
2016	-	23	2025
2017	-	17	2026
2018	-	104	2027
2019	-	1.364	2025
2020	-	1,760	2026
Total:	**-**	**3,272**	

Non-deductible interest available for compensation	***31 December 2021***	***31 December 2020***	***Available for compensation up to and including***
	€ 000	€ 000	
Year of origination:			
2019	9,995	16,503	Unlimited
2020	9,866	9,870	Unlimited
Total:	**19,861**	**26,373**	

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The earnings stripping rule is a generic interest deduction limitation that has become effective as of book years starting on or after 1 January 2019. This rule limits the deduction of a taxpayer's net financing costs exceeding 30% of its fiscal EBITDA. No limitation occurs in case the net financing costs do not exceed the threshold of € 1 million.

Under this rule the Company has sufficient fiscal EBITDA over the year 2021 and could settle an amount of € 6.5 million of the non-deductible interest over the year 2019.

A deferred tax asset is recognised for an amount of € 5,124 due to non-deductible interest carried forward against the enacted tax rate of 25.8%.

Management expects the non-deductible interest will be settled during the years 2021 to 2023.

25. Financial instruments

25.1. Carrying amounts of financial instruments

All financial instruments recognised in the statement of financial position are subsequently measured at amortised cost except for the financial derivative.

25.2. Risk management

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

- Interest Rate Risk;
- Credit risk;
- Liquidity risk; and
- Market rate risk.

The Group is not exposed to material currency risk as all contracts are dominated in euro.

25.2.1. Interest Rate Risk

The Group is exposed to interest rate risk on loans and borrowings. To mitigate this risk, the Group has entered into loans and borrowings with fixed interest rates, and is hedging variable interest rates by executing interest rate swaps.

25.2.2. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents.

<u>Impairment of financial assets</u>

The Group has four types of financial assets that are subject to the expected credit loss model:

- Financial assets at amortised costs;
- Trade and other receivables;
- Derivative financial instruments;
- Cash and cash equivalents.

<u>Financial assets at amortised costs</u>

The carrying amounts of financial assets represent the maximum credit exposure. The Group did not recognize impairment losses on financial assets.

Upon initial recognition management assume the credit risk on the loans to related parties is remote considering the following circumstances:

- The counterparties are the ultimate beneficial owners.
- The project has a positive business case and positive cashflow NPV for the shareholder which exceeds the carrying amounts of these loans;
- In case the ultimate beneficial owners are not able to repay these loans the Group is able to deduct the carrying amount of this loan from future profit distributions.

Impairment of financial assets at amortised costs has been measured on a 12-month expected on individual basis and by using the simplified approach. The Group considers that its financial assets at amortised costs have low credit risk based on the above circumstances. Financial assets at amortised costs assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on financial assets at amortised costs are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The expected credit loss on a 12-month basis is considered to be immaterial to the Group.

Trade and other receivables

The carrying amounts of the trade and other receivables represent the maximum credit exposure. The Group did not recognize impairment losses on trade and other receivables. Management considers the credit risk on these receivables is remote considering the nature of these receivables. These receivables consist of a trade receivable on Eneco Energy Trade B.V of € 24,343 (2020: -), a VAT position on the Dutch Tax Authority for an amount of € - (2020: € 605), prepayments of € 4,591 (2020: € 4,979) and prepaid expenses € 1,545 (2020: € 150).

Management considers the Dutch Tax Authority and Eneco Energy Trade B.V. as credit worth parties. The prepayments mainly consist of prepaid Long Term Programme Agreement fees to Siemens Renewable Energy B.V. of € 4,543.

Impairment of trade and other receivables has been measured on a 12-month expected, on individual basis and by using the simplified approach. The Group considers that its trade and other receivables have low credit risk based on above circumstances. Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The expected credit loss on a 12-month basis is considered to be immaterial to the Group.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balance hold by the ABN AMRO N.V. The carrying amounts of the cash and cash equivalents represent the maximum credit exposure. The Group did not recognize impairment losses on cash and cash equivalents. Management considers the credit risk on these cash and bank balances is remote because these cash and bank balances are hold by a bank with at least an A-rating.

Derivative financial instruments

The Group held eight interest swaps by eight different hedging banks with a total fair value of € 7.7 million (2020: € -14.7 million). The relative share of each hedging bank in the total fair value varies between the 8.7-14.4%.

The maximum credit exposure is equal to the fair values on reporting date. The hedging instruments are held by hedging banks with at least an A rating, based on S&P Global ratings.

Impairment on derivative financial instruments has been measured by using a credit rating of BB for similar industries over a period of 15 years. The credit value adjustment on these interest swaps amounts to € 328 (2020: € 1,356) and is reflected in the fair value on reporting date.

In the future, the Group will also be exposed to credit risk following the sales of electricity. The Group will closely monitor the creditworthiness of these counterparties.

25.2.3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	Carrying amount	***2 months or less***	***2-12 months***	***1-2 years***	***2-5 years***	***More than 5 years***	***Total***
31 December 2021	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Loan from financing institution	665,496	-	43,105	48,806	145,105	454,737	691,753
Loan from shareholder	89,970	-	5,043	5,043	15,128	64,595	89,809
Lease liabilities	92,579	-	5,143	5,246	16,377	131,184	157,950
Trade payables	1,531	1,531	-	-	-	-	1,531
Other payables	11,292	11,292	-	-	-	-	11,294
Financial derivatives	7,700	(549)	(2,743)	(971)	2,206	9,468	7,411
Total	**868,568**	**12,274**	**50,548**	**58,124**	**178,816**	**659,984**	**959,746**

	Carrying amount	***2 months or less***	***2-12 months***	***1-2 years***	***2-5 years***	***More than 5 years***	***Total***
31 December 2020	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Loan from financing institution	425,051	-	-	44,107	246,848	416,873	707,828
Loan from shareholder	85,407	-	-	4,643	26,233	58,675	89,551
Lease liabilities	80,451	-	5,043	5,043	15,128	101,743	126,957
Trade payables	1,997	1,997	-	-	-	-	1,997
Other payables	1,602	1,180	422	-	-	-	1,602
Financial derivatives	14,706	418	2,930	3,472	7,406	1,605	15,831
Total	**609,214**	**3,595**	**8,395**	**57,265**	**295,615**	**578,896**	**943,766**

25.2.3.1. Loan from financing institution

The first scheduled repayment date is the 30 June 2022 and final scheduled repayment date is 30 June 2036.

25.2.3.2. Loan from shareholder

This loan is a subordinated loan received from its shareholder Fryslân Hurde Wyn B.V. on Financial Close for amount of € 80 million for financing the project Windpark Fryslân B.V. The interest on this facility is fixed at 5% till project completion date and 4% after project completion date. The first scheduled repayment date is the 30 June 2022 and final scheduled repayment date is 30 June 2036. The amounts in the table above include accrued interest.

25.2.3.3. Lease liabilities

The lease liabilities at year-end consist of two lease contracts. The lease for the WTG land and infield cable have the following terms and conditions:

- Commence date 3 June 2019
- Maturity date 31 May 2047
- Incremental borrowing rate of 4%
- Yearly fixed lease payments of € 5,043 subject to yearly indexation (CPI)

The amounts in the table above reflect the undiscounted contractual payment obligations.

25.2.3.4. Trade payables and other payables

Certain amounts included in trade payables are due within 2 months.

25.2.4. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates or interest rates – will affect the Group's income. The Group's considers that it's exposed to significant market risk as the interest rates on the senior loan facility is a floating rate (EURIBOR). The Company has not agreed any significant contracts in foreign currencies.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates. which expose the Group to cash flow interest rate risk. The Group's policy is to maintain at least 80% of its borrowings at fixed rate. using floating-to-fixed interest rate swaps to achieve this when necessary. The Group enters into long-term borrowings at floating rates and swaps them into fixed rates. During 2021 the Group's borrowings at variable rate were denominated in EURIBOR units and euro.

An analysis by maturities is provided in note 25.2.3.

Instruments used by the Group

Swaps currently in place cover approximately 90.2% (2020: 86.2%) of the senior loan facility outstanding at balance sheet date. The fixed interest rates of the swaps are 0.06% which is swapped against the variable rate on the senior loan facility which consist of the Euribor.

The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2021	***2020***
	€ 000	€ 000
Carrying amount (current and non-current assets)	1,028,445	631,595
Outstanding balance of the senior loan facility on reporting date	676,712	437,299
Notional amount for the ending December 31	610,433	376,892
Hedge ratio	90.2%	86.2%
Change in fair value of outstanding hedging instruments since 1 January	22,413	(25,619)
Initial recognition fair value of outstanding hedging instruments	9,338	9,338
Change in value of hedged item used to determine hedge Effectiveness	(20,083)	27,567

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings and the fair value of debt investments at fair value through other comprehensive income.

	Impact on post-tax profit 2021	***Impact on other components of equity 2021***
	€ 000	€ 000
Interest rates – increase by 25 basis points	-	9,773
Interest rates – decrease by 25 basis points	-	(10,045)
	-	(272)

	Impact on post-tax profit 2020	***Impact on other components of equity 2020***
	€ 000	€ 000
Interest rates – increase by 25 basis points	-	12,435
Interest rates – decrease by 25 basis points	-	(12,837)
	-	(402)

- Holding all other variables constant.
- Being as these hedging instruments are all designated in effective hedge relationships the impact of these shocks would largely be to equity.

In table below the sensitivity of the floating interest on the senior loan facility is specified over the year 2021:

	Impact on post-tax profit 2021	***Impact on other components of equity 2021***
	€ 000	€ 000
Interest rates – increase by 25 basis points	(1,368)	-
Interest rates – decrease by 25 basis points	1,368	-
	-	-

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In table below the sensitivity of the interest on the senior loan facility is specified over the year 2020:

	Impact on post-tax profit 2020	Impact on other components of equity 2020
	€ 000	€ 000
Interest rates – increase by 25 basis points	62	-
Interest rates – decrease by 25 basis points	(62)	-
	-	-

- Holding all other variables constant and exclude the contra impact of the hedge instrument.
- Please note that the sensitivity of the floating EURIBOR did not impact the Group's profit during the construction phase, because the interest charges on the senior loan facility are capitalised.

26. Capital management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern
- Maintain an optimal capital structure to reduce the cost of capital.

The Group's capital is primary financed with shareholders' equity, a senior loan facility from financial institutions and a subordinated loan from its shareholder at balance sheet date.

During 2021 the Group took into consideration its objectives towards managing capital and to manage its loan covenants.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Historic Annual Debt Service Cover Ratio not less than 115%
- A minimum Historic ADSCR of 105% is required for not being in default

These loan covenants will be effective as from the project completion date which was reached at December 23, 2021.

During construction period the main key indicator under the finance documents is the funding shortfall assessment. As long as forecasted construction costs are lower than total commitments under the finance documents, no funding shortfall is expected. At the end of the year 2021 the total construction costs are lower than the total commitments under the finance documents.

27. *Off-balance sheet commitments*

The contractual committed expenditure at year-end is summarized in table below:

	Within 1 year	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
31 December 2021	€ 000	€ 000	€ 000	€ 000	€ 000
Capital commitments	-	-	-	-	-
Repairs and maintenance	11,115	11,115	33,323	181,438	236,991
Insurance contracts	1,585	1,585	-	-	3,170
Other contracts	1,121	1,121	3,219	10,404	15,865
Total	**13,821**	**13,821**	**36.542**	**191,842**	**256,026**

	Within 1 year	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
31 December 2020	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
Capital commitments	181,255	-	-	-	181,255
Repairs and maintenance	5,539	10,995	32,983	188,352	237,869
Insurance contracts	1,310	1,310	1,309	-	3,929
Other contracts	1,131	1,129	3,388	11,092	16,740
Obligation for decommissioning asset	-	-	-	63,598	63,598
Total	**189,235**	**13,434**	**37,680**	**263,042**	**503,391**

27.1. Capital commitments

There is no significant capital expenditure contracted at the end of the reporting period (2020: € 181.3 million).

27.2. Repairs and maintenance

The Group entered into a long term programme agreement with a third party for the asset management and maintenance of the wind park and is committed to future payments of approximately € 236 million over production period of 15.92 years. These commitments are calculated on the basis of the expected production (most likely scenario). The committed floor price for the production period amounts € 199 million.

Additionally, the Group entered into a maintenance contract for Nature Island for a period of 5 years which started from the first of April 2021 with a total committed value of € 398 thousand.

27.3. Insurance contracts

The group entered into a long term insurance contract with a third party for the construction and operational period of the wind park and is committed to future payments for an amount of € 3.2 million over the period 2022 to 2023.

27.4. Other contracts

The Group entered into a contract for measurement services with a third party and is committed to future payments for an amount of € 314 over a remaining period of 5.42 years (€ 58 per annum) which commence form installation date.

The Group entered into a long term agreement with Stichting Omgevingsfonds for the period of 20 years which started from 1 June 2021. The Group is committed to future payments of contributions (€ 720 per annum).

The Group entered into a long term Ecological monitoring contract an is committed to future payments for a contract value of € 2 million over the period 1 October 2020 till 31 July 2026.

27.5. Obligation for decommission the asset

The Group entered into a commitment for decommission of the asset within two years after the production period which is expected in 2045. The expected decommission costs is estimated for an amount of € 61 million. In 2021 a provision has been recognised for the decommissioning, see note 13.

27.6. Fiscal unity

Windpark Fryslân Holding B.V. forms a fiscal unity together with its 100% subsidiary Windpark Fryslân B.V. for corporate income tax and VAT purposes. As such, each of the entities within the fiscal unity is jointly and severally liable for the tax debt of the fiscal unity.

28. Related party transactions

The Group entered into a contract with Ventolines B.V., which is identified as related party, for services related to the development of Windpark Fryslân and project management activities during the construction phase. As part of project close out, the Asset Management agreement between the Group and Ventolines has come into force with an effective date of 2 December 2021. During 2021 an amount of € 12,728 (2020: € 7,644) was incurred for services provided by Ventolines B.V. (incl. reimbursable costs) of which an amount of € 12,538 is capitalized within property, plant and equipment and an amount of € 190 was expensed in the P&L. These transactions were incurred at arm's length conditions. This includes an amount of € 628 (2020: € 806) for the provision of key management personnel services.

As of 31 December 2021, a balance of € 7 (2020: € 1,205) payable to Ventolines B.V. is included within trade payables of which no amounts were disputed.

29. Audit fees

The Group incurred the following fees from its independent auditor PricewaterhouseCoopers Accountants N.V. during the reporting period:

	2021	**2020**
	€ 000	€ 000
Audit of the financial statements	52	82
Other audit engagements	-	-
Tax-related advisory services	6	6
Other non-audit services	-	-
	58	88

Please note these amounts are invoiced during the year irrespective in which year these services were rendered.

30. Number of employees

The Group has no employees on the payroll (2020: 2). The Group has contracted Ventolines B.V. for the day-to-day project management of the project.

31. Subsequent events

No subsequent events occurred after balance sheet date.

Zwolle, 16 March 2022

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G. Vesseur
Windpark Fryslân Holding B.V.

T. Jellema Supervisory Director	T. Schokker Supervisory Director
W. Koster Supervisory Director	R.W.J.Hollering Supervisory Director

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Company statement of financial position as at
(before appropriation of result)

Assets		***31 December 2021***		***31 December 2020***	
	Ref.	€ 000	€ 000	€ 000	€ 000
Non-current assets					
Financial fixed assets	33.	76,477		23,358	
Financial assets at amortised costs	34.	85,309		85,407	
			161,786		108,765
Current assets					
Financial assets at amortised costs	34.	4,661		-	
Receivables	35.	223		196	
Cash and cash equivalents	36.	220		276	
			5,104		472
			166,890		109,237

Liabilities		***31 December 2021***		***31 December 2020***	
	Ref.	€ 000	€ 000	€ 000	€ 000
Shareholders' equity	37.				
Share capital & share premium		31,858		31,858	
Retained earnings		(9,477)		8,260	
Unappropriated result		53,118		(17,737)	
			75,499		22,381
Non-current liabilities					
Shareholder loans	38.	85,309		85,407	
			85,309		85,407
Current liabilities					
Shareholder loans	38.	4,661		-	
Trade and other payables	39.	1,421		1,449	
			6,082		1,449
			166,890		109,237

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Company statement of profit or loss and other comprehensive income for the year ended 31 December

	Ref.	2021 € 000	2021 € 000	2020 € 000	2020 € 000
Other operating income	41.	1,043		1,230	
Employee benefit expenses		(198)		(461)	
Administrative and other expenses	42.	(846)		(758)	
Profit/(loss) from operations			(1)		11
Finance income	34.		4,564		4,352
Finance costs	38.		(4,564)		(4,352)
Share of net result of subsidiary	33.		53,119		(17,748)
(Loss)/profit before income tax			53,118		(17,737)
Income tax			-		-
(Loss)/profit for the period			53,118		(17,737)
Other comprehensive income *Items that may be reclassified to profit or loss*					
Other comprehensive income			-		-
Total other comprehensive income			53,118		(17,737)
Total comprehensive income for the period			53,118		(17,737)

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Company statement of changes in equity

	Share capital and share premium	***Retained earnings***	***Unappropriated result***	***Total equity***
	€ 000	€ 000	€ 000	€ 000
Balance at 31 December 2019	**31,858**	**(12)**	**8,272**	**40,118**
Appropriation of result	-	8,272	(8,272)	-
Total comprehensive income	-	-	(17,737)	(17,737)
Balance at 31 December 2020	**31,858**	**8,260**	**(17,737)**	**22,381**
Appropriation of result	-	(17,737)	17,737	-
Total comprehensive income	-	-	53,118	53,118
Balance at 31 December 2021	**31,858**	**(9,477)**	**53,118**	**75,499**

32. General

The company financial statements are part of the financial statements.

Basis of preparation

32.1. General

The company financial statements have been prepared in accordance with Title 9. Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements. the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements of the Group. See sections 4 and 5 of this report for a description of these principles.

The Company made use of the principle of section 360.106 of the Dutch Accounting Standards (RJ) by not preparing a separate cash flow statement for the company only.

Regarding Financial Instruments. the Group has applied section 100.107a of the Dutch Accounting Standards (RJ) regarding expected credit losses. Therefore, the expected credit losses on receivables from group companies have not been included in the company financial statements. since these have been eliminated within the book value of the receivables.

32.2. Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity method.

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. The Company recognises losses of its subsidiary only until the carrying amount of the subsidiary is reduced to zero. After the Company's interest is reduced to zero. a liability is recognised only to the extent that the Company has an obligation to fund the subsidiary's operations or has made payments on behalf of the subsidiary.

Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves. are eliminated to the extent that they can be considered as not realised.

33. Financial fixed assets

The financial fixed assets of the Company comprises of its investment in the Company's 100% subsidiary Windpark Fryslân B.V. The changes during the year 2021 could be specified as follows:

	2021	***2020***
	€ 000	€ 000
Opening balance		
Carrying amount	23,358	41,106
Changes		
Capital contributions	-	-
Share of net profit of participations	53,119	(17,748)
Subtotal	53,119	(17,748)
Balance at 31 December		
Carrying amount	76,477	23,358

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34. Financial fixed assets at amortised cost

On 1 October 2019 a loan was granted to WPF under the same terms as the shareholder loan. Refer to note 14 of the consolidated financial statements for the key terms of the loan.

	2021	**2020**
	€ 000	€ 000
Opening balance		
Carrying amount	85,407	81,055
Changes		
Draw		-
Accrued interest	4,364	4,149
Accrued commitment fees	199	203
Subtotal	4,563	4,352
Balance at 31 December		
Carrying amount	89,970	85,407
Reported as:		
Current	4,661	-
Non-current	85,309	85,407

35. Receivables

	31 December 2021	***31 December 2020***
	€ 000	€ 000
Trade receivables	10	
Taxes and social security premiums receivable	48	43
Prepayments	47	15
Prepaid expenses and accrued income	118	138
	223	196

36. Cash and cash equivalents

Cash and cash equivalents are freely available to the Company.

37. Shareholders' equity

37.1. Share capital and Share premium

Reference is made to note 12 of the consolidated financial statements.

37.2. Unappropriated result

The Management Board will propose to the shareholders to pay a dividend in the amount of € 53 million and add the remaining profit to the retained earnings. This proposal has not been reflected in the balance sheet as of 31 December 2021.

38. Shareholder loans

Reference is made to note 15 of the consolidated financial statements for further details of the shareholder loans.

39. Trade and other payables

	31 December 2021	31 December 2020
	€ 000	€ 000
Trade payables	62	55
Taxes and social security premiums payable	-	15
Payable to group companies	1,297	1,297
Other payables	62	82
	1,421	1,449

All trade and other payable have a maturity of less than one year. As a result of the short-term nature. the fair value approximates the carrying amount.

40. Financial instruments

The Company is exposed to market risk. credit risk and liquidity risk. Company's management oversees the management of these risks. The management ensures that financial risks are identified. measured and managed in accordance with the Company's policies and risk objectives. Refer to note 25 of the consolidated financial statement for more information about the risk management policies.

41. Other operating income

Other operating income reflects the management fees charged to WPF.

42. Administrative and other expenses

	2021	2020
	€ 000	€ 000
Management and governance	140	94
Legal	78	228
Audit and tax	17	15
Accounting costs	41	30
Other advice costs	286	313
Other expense	284	77
	846	758

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43. Related party transactions

The Company has a contract with Ventolines B.V., which is identified as related party, for services related to the development of Windpark Fryslân. During 2021 an amount of € nil (2020: € 226) was incurred for services provided by Ventolines B.V. No balance remains payable at 31 December 2021 (31 December 2020: € nil). These transactions were incurred at arm's length conditions.

Additional related party transactions are the shareholder loan received (note 38) and the loan provided to WPF (note 34).

44. Number of employees

As of 31 December 2021, the Company had no employees on the payroll (2020: 2). All personnel working for the Company is contracted.

45. Renumeration of the board

During the year 2021 the non-executive and executive board members received a remuneration of in total € 392,810 (2020: € 514,100). The remuneration of the Management Board and Supervisory Board is in line with de Wet Normering Topinkomens (WNT).

46. Subsequent events

No subsequent events occurred after balance sheet date.

Statutory provisions regarding appropriation of result

In accordance with article 20 of the Company’s statutes. the current year’s result is at free disposal of the General Meeting of Shareholders.