Annual Report 2022
Windpark Fryslân Holding B.V.
Zwolle, the Netherlands

10 May 2023

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Directors' report

Windpark Fryslân
The management board of Windpark Fryslân Holding B.V. (the "Company" or "WPF Holding") hereby presents the annual report over 2022.

The Company 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" - a wholly owned subsidiary of the province of Friesland) is holding the remaining 15% of the shares.

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 89 wind turbines have a capacity of 383 MW, generating an estimated 1,500 GWh of electricity annually, enough to support 500,000 households with sustainable Frisian electricity sufficient for more than 70% of the Frisian target of 530.5 MW of wind energy in 2020.

General developments
The year 2022 has been a remarkable year for Windpark Fryslân. 2022 was the first full operational year for the wind farm. During 2022 electricity prices were quite high, mainly due to geopolitical tension. Some days, prices have been observed on the spot market and futures market of well above 400 euros per megawatt hour (MWh). This has never been seen before in the Dutch energy markets. The main cause of these high electricity prices was the extremely high gas price, because part of the electricity generated in the Netherlands is generated by gas-fired power stations. All this has led to market intervention through the introduction of a market price cap, a European mechanism to cap all revenues above 130 euros per MWh for 90%. This came into effect on 1 December 2022 and will run, in principle, until 30 June 2023.

Last year's developments have shown that there is a great dependence on fossil fuels, and that there is still a great need for sustainable energy. WPF contributes to this by providing approximately 1.2% of the entire Dutch electricity demand.

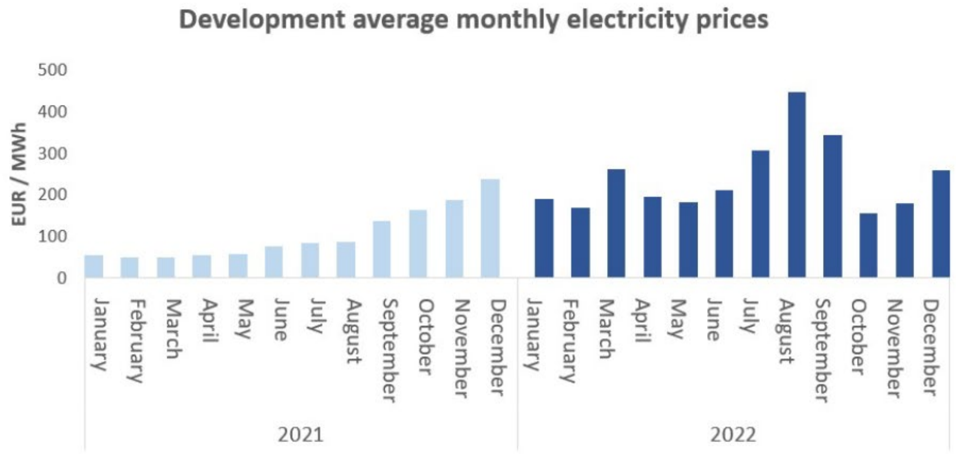
Overall, last year's developments in electricity prices have resulted in a higher turnover, operating profit and operating cash flow for WPF, despite production being lower than the long-term average expectation.

Technical performance of the wind farm was slightly below expectations, with an average yearly availability of 95.36%, which is below the contractually guaranteed availability. This has been mainly caused by an outage during late December 2022, which led to a lost production of approximately 40,000 MWh. The outage was a consequence of a technical failure in one of the wind turbines, combined with incorrect security settings in the onshore high voltage station.

Key figures

in EUR million	**2022**	**2021**
Revenues	245.6	77.1
Operating Profit	159.3	58.4
Operating Cash Flow	121.1	79.4
Total Equity*	158.9	75.5
Net Profit (excl. OCI)	104.6	33.0

* The positive movement in equity was largely caused by the positive movement of the cash flow hedge reserve relating to the interest rate swaps.



As can be seen from the graph above, electricity prices in the wholesale market increased significantly since the summer of 2021 with a spike in August 2022. This resulted in a much higher revenue and profit for WPF than anticipated. Also as a result of these high prices, WPF did not received any SDE+ subsidies during 2022 from the Dutch Government because average electricity prices were higher than the SDE+ subsidy level. The SDE+ subsidy settlement over 2021 took place during 2022. This has resulted in additional reported SDE+ subsidy revenues during 2022 of EUR 1.4 million and is caused by a difference between the expected profile- and imbalance factor and the final profile- and imbalance factor. However, the net effect of this settlement on the result of WPF was mainly offset by the 2021 settlement of revenues related to the sale of electricity.

The Company's solvability at year-end 2022 was 14.5% (2021: 7.4%), which is quite high for a project financed entity and which is a direct result of the relatively good financial results during 2022. The Company's liquidity has also improved compared to the previous year. The liquidity at year-end 2022 was 214%, compared to 121% at year-end 2021. This was also a direct result of the good financial performance.

Based on the risk profile of the Company, future expected operational and financial performance of the wind farm and the strong financial results over 2022, the management board concludes the company will continue as going concern.

Risk Management

Risk management is an integral part of the operations of the Group, which has integrity and quality as core values. The Group has been managed in such a way that it results 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. Health, Safety, Security and Environment (HSSE)

The management board considers unsafe operations at the project sites (both by Windpark Fryslân, Ventolines B.V. and its contractors) as a key risk and hence it closely monitors HSSE policies, awareness programs and department set-up by Ventolines to manage the HSSE exposure of the project. The management board 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.

2. Technical Performance

Business interruption (due to technical issues) and low availability of wind turbines are considered as main risks during the operational phase. WPF has mitigated these risks through 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 to stimulate operational excellence. In addition, the company has insured itself to mitigate risks of lower production as a consequence of damages to the wind farm.

3. Electricity prices

Windpark Fryslân is exposed to fluctuations of the captured realized electricity price. This exposure is largely offset by the SDE mechanism that has been granted by the Dutch Government, which compensates WPF for the difference between the captured realized market price and the guaranteed €95/MWh SDE price. If the captured realized electricity price falls below

€25/MWh, the SDE mechanism will not compensate for any further reduction. Also, production in excess of 1,440 GWh will not be eligible for SDE support.

Currently, WPF observes electricity prices in excess of the SDE subsidy cap of €95/MWh, leading to a (long) exposure to the captured realized electricity prices. However, if prices drop, the SDE mechanism will provide a downside protection.

4. Profile- and imbalance costs
The share of sustainable electricity in the total electricity supply will increase in the foreseeable future. This means that the supply will increase on sunny or windy days. If the demand profile for energy remains the same, the energy price for sustainable electricity will likely decrease as a result of additional (renewable) energy supply. For sustainable electricity, this means that they produce relatively more when prices are low. This is called the profile effect. In addition, the difference between the expected production of the wind farm and the actual production must be purchased or sold on the imbalance market. This leads to costs to the project, which results into a lower price for the produced electricity. WPF has mitigated this risk by the SDE+ subsidy, which compensates for lower energy prices.

5. Cybersecurity
WPF considers unauthorized access to IT systems, resulting in loss of production, as a risk. To mitigate this risk, an IT audit took place during 2022. Besides that, a cybersecurity policy has been developed in 2022 and will be implemented in 2023. However, due to the relatively new and high-end connection of WPF, the cybersecurity risk is considered as low. The management board does not identify specific fraud risks related to cybersecurity.

6. Wind
There is a risk of less wind than expected at the location of the wind farm. As a result of lower wind speeds, production will be lower, resulting in lower revenues. Although WPF cannot directly mitigate the risk of low wind, it can reduce or absorb the impact when it occurs. WPF has used historical wind data of the specific location, which is measured by an independent third party. The external financing of the wind farm is based on a situation when there is less wind than average. Therefore, WPF considers the risk of not being able to meet interest and repayment obligations due to less wind as very low.

7. Compliance
The Group is subject to laws and regulations in relation to its operations, ecological monitoring 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 which ensures periodical and adequate monitoring of compliance requirements. The management board has a zero tolerance policy regarding non-compliance.

8. 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 24.2 of the consolidated financial statements.

9. Internal processes

To mitigate operating risks, the Company has an Internal Control Framework in place, which describes all processes related risks and mitigating measures. Part of this Internal Control Framework is the risk of unauthorized payments. To mitigate this risk, there is a strict segregation of duties between preparing, reviewing and authorizing payments. Additionally, for all payments a four-eyes principle is in place.

Research & Development

No specific research and development activities were performed during 2022.

Supervisory and Management Board

As per 1 September 2022 Mr. H. (Huib) Morelisse joined the management board as CEO. As per 1 January 2023 Mr. A.C. (Ton) de Jong became Chairman of the Board of Supervisory Directors, as a result of which all board positions are now fulfilled.

Employees

The Group does not have any employees and does not expect to hire any employees in 2023.

Ventolines B.V. has been contracted for day-to-day project management of the wind farm (both during construction and operations). Ventolines B.V. is considered as a related party.

Outlook

The management board expects that the financial results of the Group for 2023 will be lower than during 2022, mainly as result of the market revenue cap (as described above) and lower electricity prices in general. The management board does not expect significant changes in operational performance of the wind farm in 2023, compared to 2022. The Group will continue to focus strongly on risk mitigation, in particular safety and availability.

Furthermore, the board has decided, after an initial orientation in 2022, to start an implementation process in 2023 with regard to the CSRD (Corporate Sustainability Reporting Directive). This is a guideline that obliges WPF to report on the Group's impact on climate and people, as from reporting year 2025. The objective for 2023 is to draw up a clear scope in which stakeholders will be identified, material topics will be determined and where specifically is explained which information is necessary to properly report on these topics. The aim is to collect this information as of 2024, so the comparative figures for 2024 will be available in 2025.

Grid connection

WPF plans to invest in the national grid connection upgrade. The upgrade depends on the impending ruling by the Council of State (Dutch: Raad van State) on the irrevocability of the permits. Works can proceed (in conjunction with works by the transmission systems operator (TSO)) after such irrevocability has been determined.

Zwolle, 10 May 2023

On behalf of the management board of Windpark Fryslân Holding B.V.

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Huib Morelisse	Gerard Vesseur
Chief Executive Officer	Chief Financial Officer

Report by Supervisory Board of Directors

The Supervisory Board of Directors ("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 supervises the policies of the MB and the general affairs of the Company and its business undertaking. The SB renders advice to the MB. In the fulfilment of its task, the SB members act in the interests of the Company and its business undertaking.

Composition of the Supervisory Board of Directors

The Articles of Associations of the Company require 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. ("FHW"). The chairperson is appointed by unanimous decision of the four members.

In October 2019, Mr. Rob Hollering (nominated by WPFB) and Mr. Theo Jellema (nominated by FHW) were appointed as members of the SB. In December 2021, Mrs. Tineke Schokker (nominated by FHW) was re-appointed as a member of the SB for a period of four years. In June 2021, Mr. Weero Koster (nominated by WPFB) was appointed as a member of the SB. Finally, as from 1 January 2023, Mr. Ton de Jong has been appointed as a member and Chairman of the SB. As from 1 January up to 31 December 2022, Mr. Theo Jellema acted as deputy Chairman.

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.

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

Meetings and activities of the Supervisory Board during 2022

In 2022, 11 official Supervisory Board meetings took place. All meetings were attended by the MB. In addition, there were many informal discussions and meetings among the SB-members and the MB.

Key topics that were discussed included:

- Corporate strategy,
- corporate governance,
- financial and operational performance,
- stakeholder engagement and communication,
- benefits to the local community/economy,
- health, safety and environment (HSE),
- compliance and accountability,
- enterprise risk management,
- GHG emissions,
- cybersecurity,
- the annual budget 2023,
- citizen participation,
- energy poverty and the energy price ceiling, and
- the upcoming EU corporate sustainability directive.

The SB has suggested to the MB to develop a long-term corporate vision and mission for WPFH, which could include financial, environmental, social and governance issues.

The SB is pleased that during the reporting year the windfarm was running well and that health and safety continue to be a top priority.

Composition and functioning of the management board
In November 2022, the SB evaluated the functioning of the MB. The evaluations were chaired by an external advisor. The SB and MB discussed various topics related to corporate governance, such as the cooperation between the MB and SB, and the exchange of information.

Until 1 September 2022, Mr. Gerard Vesseur was the sole director of the company. The SB is of the opinion that Mr. Vesseur fulfilled this role well. The SB is pleased that Mr. Huib Morelisse has joined the management board since 1 September 2022, guaranteeing the continuity of the MB.

Composition and functioning of the Supervisory Board
A self-evaluation was carried out in November 2022, chaired by an external advisor. In the opinion of all SB Members, the SB is functioning well.

Financial statements
Prior to the start of the audit by our independent external auditors, the SB met with the independent external auditors and discussed among other things:

- scope of the assignment,
- materiality/control tolerances used,
- specifically identified risks,
- position of related parties (in particular Ventolines),
- direction of control/function separation with a strong emphasis on data-oriented control, and
- information systems used.

The financial statements as prepared by the MB were discussed by the SB in attendance of the independent external auditors PricewaterhouseCoopers Accountants N.V. on 10 May 2023.

The financial statements were submitted to the General Meeting of shareholders for adoption by the shareholders on 10 May 2023.

Zwolle, 10 May 2023

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Ton de Jong
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Ton de Jong
Supervisory Director (Chairman)

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Theo Jellema
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Theo Jellema
Supervisory Director

DocuSigned by:
Rob Hollering
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Rob Hollering
Supervisory Director

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Weero Koster
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Weero Koster
Supervisory Director

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Tineke Schokker
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Tineke Schokker-Strampel
Supervisory Director

Consolidated financial statements

Consolidated Balance Sheet
(before appropriation of result)

Assets	Ref.	***31 December 2022***		***31 December 2021***	
Non-current assets					
Property, plant and equipment	4.	738,198		789,202	
Right-of-use assets	5.	79,094		87,547	
Financial assets at amortised costs	6.	-		8,574	
Derivative financial instruments	7.	82,781		10,986	
Deferred tax asset	23.	31,923		5,124	
Total non-current assets			931,996		901,433
Current assets					
Receivables	8.	52,000		30,479	
Derivative financial instruments	7.	17,354		-	
Cash and cash equivalents	9.	99,683		96,533	
Total current assets			169,037		127,012
Total assets			1,101,033		1,028,445

Consolidated Balance Sheet
(before appropriation of result)

Liabilities and equity	Ref.	***31 December 2022***		***31 December 2021***	
Shareholders' equity	10.				
Share capital and share premium		31,858		31,858	
Other reserves		74,105		5,337	
Retained earnings		-		5,274	
Unappropriated result		52,927		33,031	
Total equity			158,890		75,500
Non-current liabilities					
Provisions	11.	43,328		41,890	
Loans from financial institutions	12.	590,064		622,391	
Deferred tax liability	23.	64,110		10,325	
Shareholder loans	13.	82,901		85,309	
Lease liabilities	14.	82,224		87,435	
Total non-current liabilities			862,627		847,350
Current liabilities					
Loans from financial institutions	12.	48,806		43,105	
Shareholder loans	13.	4,760		4,661	
Trade payables and trade credit	16.	5,114		1,530	
Current tax liabilities	15.	2,186		9,880	
Derivative financial instruments	7.	-		3,286	
Lease liabilities	14.	5,681		5,144	
Other payables	16.	12,969		14,058	
Deferred income	18.	-		23,931	
Total current liabilities			79,516		105,595
Total liabilities and total equity			1,101,033		1,028,445

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

	Ref.		***2022***		***2021***
Revenue from contracts with customers	17.	244,145		73,186	
Total revenue			244,145		73,186
Other income	18.		1,427		3,956
Employee benefit expenses	19.	-		(198)	
Depreciation	4-5.	(53,120)		(12,575)	
Administrative and other expenses	20.	(33,176)		(5,986)	
Total expenses			(86,296)		(18,759)
Operating profit			159,276		58,383
Finance income	21.		329		421
Finance costs	22.		(18,629)		(5,265)
Profit before income tax			140,976		53,539
Income tax	23.		(36,354)		(20,508)
Profit for the period			104,622		33,031
Other comprehensive income *Items that may be reclassified to profit or loss*					
Gains or loss on cashflow hedges	7.		92,616		22,075
Income tax relating to these items	7.		(23,848)		(1,987)
Total other comprehensive income			68,768		20,088
Total comprehensive income for the period			173,390		53,119
Earnings per share Basic, profit for the year attributable to ordinary equity holders			105		33

Consolidated statement of changes in equity

	Share capital and share premium	***Other reserves***	***Retained earnings***	***Unappropriated result***	***Total equity***
Balance at 1 January 2021	**31,858**	**(14,751)**	**(1,024)**	**6,298**	**22,381**
Appropriation of result	-	-	6,298	(6,298)	-
Profit for the year	-	-	-	33,031	33,031
Total comprehensive income	-	20,088	-	-	20,088
Contributions of equity	-	-	-	-	-
Balance at 31 December 2021	**31,858**	**5,337**	**5,274**	**33,031**	**75,500**
Appropriation of result	-	-	33,031	(33,031)	-
Profit for the year	-	-	-	104,622	104,622
Total comprehensive income	-	68,768	-	-	68,768
Profit distribution	-	-	(38,305)	(51,695)	(90,000)
Balance at 31 December 2022	**31,858**	**74,105**	**-**	**52,927**	**158,890**

Reference is made to note 7 for breakdown of the movements in OCI.

Consolidated statement of cash flows
For the year end 31 December

	Ref.		**2022**		**2021**
Profit before income tax			**140,976**		**53,539**
Cash flows from operating activities					
Adjustments for:					
Provisions	11.	5,179		-	
Depreciation	4-5.	53,120		12,575	
Interest income and expenses	21-22.	18,300		4,844	
			76,599		17,419
Movement in short term receivables		(10,925)		(29,332)	
Movement in short term payables		(20,859)		40,451	
Changes in working capital			(31,784)		11,119
Paid interest		(11,282)		(2,724)	
Received interest		329		-	
Paid corporate income tax		(53,729)		-	
			(64,682)		(2,724)
Net cash flows generated from operating activities			121,109		79,353
Cash flows from investing activities					
Payments for property, plant and equipment	4.	(981)		(217,583)	
Net cash flows used in investing activities			(981)		(217,583)
Cash flows from financing activities					
Proceeds from loans, borrowings and current accounts shareholders	12.	15,041		239,413	
Repayment of borrowing from shareholders	6.	8,573		-	
Repayment of borrowings	12-13.	(45,415)		-	
Dividend paid to shareholders		(90,000)		-	
Payments for lease liabilities	14.	(5,177)		(5,043)	
Net cash flows (used in) / generated from financing activities			(116,978)		234,370
Net cash flow			3,150		96,140
Net increase in cash and cash equivalents			**3,150**		**96,140**
Cash and cash equivalents at the beginning of the year			96,533		393
Cash and cash equivalents at end of year			**99,683**		**96,533**

Notes to the consolidated financial statements

1. General

1.1. 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.

1.2. Significant changes in the current reporting period

The year 2022 is the first full operational year for the Group. During the year 2022 the energy prices for the sale of electricity increased significantly. This has a major positive impact on total revenues for the year 2022.

1.3. Going concern

The management board 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. The management board of the Group doesn't have any doubt about the entity's ability to continue as a going concern.

2. Basis of preparation

2.1. Basis of accounting

2.1.1. 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 management board on 9 May 2023.

2.1.2. 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.

2.1.3. New standards and interpretations effective from the first of January 2022

The following new standards and interpretations are effective from the annual reporting period commencing 1 January 2022:
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 (IFRS1/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 new standards 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. The amendments to IAS 16 were already applied during the year 2021.

2.1.4. New standards and interpretations effective from the first of January 2023

The following new standards are effective and mandatory from 1 January 2023:
- Insurance contracts – Comprehensive guidance on accounting for insurance contracts (IFRS 17)
- Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements
- Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Income Taxes)

The Group early adopts the amendments to IAS 12 in the financial statements of 2022. In previous period the Group accounted for deferred tax under the net approach. As from the year 2022 these deferred tax assets and liabilities will be accounted separately on the balance sheet. The other standards, amendments or interpretations are not expected to have a (material) impact on the entity in the current of future reporting periods and on foreseeable future transactions.

2.2. Basis of consolidation

2.2.1. 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.

2.2.2. 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.

2.2.3. 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.

2.3. Foreign currency translation

2.3.1. 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.

2.3.2. 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.

2.4. Use of judgements and estimates

In preparing these financial statements, the management board 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:

- The management board considers that there are no areas with significant judgement.

Areas involving significant estimates are:

- 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 and applied indexation;
- 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 applied indexation;
- Assessment of the useful life of the wind farm;
- Assessment of the future decommissioning cost of the wind farm.

3. Significant accounting policies

3.1. 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 Group 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 Group are disclosed in note 4.

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.

3.2. 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.

The following policies apply subsequent to the date of initial application, 1 January 2019. 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.

If it is reasonably 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, 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.

3.3. Financial instruments

3.3.1. 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.

3.3.2. 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.

3.3.3. 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 10.2. 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).

3.3.4. 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.

3.3.5. 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.

3.4. Impairment

3.4.1. 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.

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.

3.4.2. 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.

3.5. 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.

3.6. Trade and receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

3.7. 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.

3.8. 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

3.9. 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.

3.10. Revenue recognition

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 17.

3.11. 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 Group 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.

3.12. 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.

3.13. 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.

3.14. 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.

3.15. 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, and is accounted for using the liability method.

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.

4. *Property, plant and equipment*

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 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**
Balance as at 1 January 2022	758,750	41,771	-	800,521
Additions	981	-	-	981
Change in accounting estimate	-	(4,160)	-	(4,160)
Transfer from assets under construction	-	-	-	-
Balance as at 31 December 2022	**759,731**	**37,611**	**-**	**797,342**
Accumulated depreciation				
Balance as at 1 January 2021	-	-	-	-
Depreciation	(10,724)	(595)	-	(11,319)
Balance as at 31 December 2021	**(10,724)**	**(595)**	**-**	**(11,319)**
Balance as at 1 January 2022	(10,724)	(595)	-	(11,319)
Depreciation	(45,311)	(2,514)	-	(47,825)
Balance as at 31 December 2022	**(56,035)**	**(3,109)**	**-**	**(59,144)**
Carrying amount				
Balance as at 31 December 2021	**748,026**	**41,176**	**-**	**789,202**
Balance as at 31 December 2022	**703,696**	**34,502**	**-**	**738,198**

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 P&L.

In 2022 an amount of € - (2021: € 13,904) is capitalized as borrowing costs within construction costs. The borrowing costs capitalized equal the effective interest on the loans and borrowings (see notes 12 - 14).

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 (of which 90% in years 1-15)
Decommissioning assets:	20 years (of which 90% in years 1-15)

The residual value of the wind farm is estimated at € 6 million.

Change in accounting estimate - revised

Previous year the depreciation profile was based on a straight-line method over a useful life of 20 years. The management board of the Group takes the position that 90% of the future economic benefits of the wind farm will be realized in years 1-15. From the 1st of January 2022, the management board has revised the depreciation profile of the windfarm and decommissioning asset. 90% of the total asset value will be depreciated in years 1-15. The remainder 10% of the total asset value will be depreciated in years 16-20. This change in accounting estimate is prospectively recognized and will have a yearly impact of €8,164 additional depreciation charges over the years 2022-2036 and €23,816 less depreciation charges over the years 2037-2041.

Change in accounting estimate - Decommissioning

The recognised change in accounting estimate of € (4,160) on the decommissioning asset is a result of the revised discount and index rate for the calculation of the decommissioning provision which is further disclosed in note 11. The change in accounting estimate will have a yearly impact of €273 less depreciation charges over the years 2023-20236 and €83 additional depreciation charges over the years 2037-2041.

5. Right-of-Use Assets

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

	2022	**2021**
Balance at 1 January		
Cost	88,803	76,146
Cumulative depreciation	(1,256)	-
Carrying amount	87,547	76,146
Movements		
Additions	-	-
Change in accounting estimate	(3,158)	12,657
Depreciation	(5,295)	(1,256)
Subtotal	(8,453)	11,401
Balance at 31 December		
Cost	85,645	88,803
Cumulative depreciation	(6,551)	(1,256)
Carrying amount	79,094	87,547

In 2019 an amount of € 76,146 is capitalized as right-of-use assets. The right-of-use assets capitalized equal the initial recognition of the lease liabilities (see note 11).

Change in accounting estimate 2021

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 taken into account a yearly average indexation of 1.5% on the contractual lease payments over the years 2021-2048. In the initial calculation an indexation rate of 0% was applied. This results in a higher NPV of € 88,803 vs. €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.

Change in accounting estimate 2022

As at 30 September 2022 the net present value (NPV) of the lease contracts was revised taken into account a yearly average indexation of 2% on the contractual lease payments over the years 2024-2041. For the year 2023 the actual index rate of 9.7% was applied. In the previous calculation an annual indexation rate of 1.5% was applied. This results in a lower NPV of €87,028 vs. €90,187. The lower NPV is recognised as a reassessment for an amount of € -3,158. The revision of the depreciation profile and the revision of the indexation will have a yearly impact of € 702 additional depreciation charges over the years 2022-2036 and € 2,727 less depreciation charges over the years 2037-2041.

Depreciation of the Right-of-Use Asset will follow the same depreciation method as described in note 4

6. Financial assets at amortised costs

	31 December 2022	***31 December 2021***
Loans to related parties	-	8,574
	-	8,574

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 30 September 2022 for an amount of € 4,451 each (including accrued interest).

7. 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 2022	***31 December 2021***
Cash flow hedges - fair values and nominal amounts		
Non-current – asset – fair value	82,781	10,986
Current – asset – fair value	17,354	-
Current – liability – fair value	-	(3,286)
Carrying amount	100,135	7,700
Change in fair value of hedged item	93,548	20,083
Nominal amounts	569,357	608,767

	31 December 2022	***31 December 2021***
Cash flow hedges - OCI reconciliation and P&L impacts		
Opening balance OCI	7,380	(14,695)
Change in fair value of Interest Rate Swap	92,329	22,413
Change in accrued interest	106	(7)
Change in cash payments	(1,378)	(3,350)
Reclassification to interest expense (capitalized borrowing costs)	1,272	3,306
Change in ineffectiveness	287	(287)
Balance movements in OCI	92,616	22,075
Closing OCI	99,996	7,380

The movements in the OCI have a tax impact of € -23,848 (2021: €- 1,987) and reflects the movement of the deferred tax in relation to the fair value development of the interest rate swap for amount of € 100,135 (2021: 7,700).

Cash flow hedges – Average strike of hedging instruments

31 December 2022	569,357
31 December 2023	526,459
31 December 2024	481,885
31 December 2027	350,438
31 December 2032	107,112

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 3.3.3. 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 10.2.

Amounts recognised in profit or loss
In addition to the amounts disclosed in the reconciliation of hedging reserve, a loss of € 287 was recognised in profit during 2022 as a result of the reversal of the hedge ineffectiveness of previous year.

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.

8. Receivables

	31 December 2022	*31 December 2021*
Trade receivables	35,098	24,343
Taxes and social security premiums receivable	10,678	-
Prepayments	4,273	4,591
Prepaid expenses	1,951	1,545
	52,000	30,479

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.

9. Cash and cash equivalents

Restricted cash

The cash and cash equivalents include amount of € 28,453 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).

10. Shareholders' equity

10.1. Share capital and share premium

The Company's authorised 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.

No movements during the year 2022 in share capital and share premium.

10.2. 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***
Balance at 1 January 2021	(56)	(14,695)	(14,751)
Movements			
Revaluation Interest Rate Swap	-	22,413	22,413
Reclassification to profit or loss	-	(338)	(338)
Movement deferred tax asset	-	(1,987)	(1,987)
Subtotal	-	20,088	20,088
Balance at 31 December 2021	(56)	5,393	5,337
Balance at 1 January 2022	(56)	5,393	5,337
Movements			
Revaluation Interest Rate Swap	-	92,329	92,329
Reclassification to profit or loss	-	287	287
Movement deferred tax asset	-	(23,848)	(23,848)
Subtotal	-	68,768	68,768
Balance at 31 December 2022	(56)	74,161	74,105

The cashflow hedge reserve could be considered as legal reserve under Part 9 of Book 2 of the Dutch Civil Code.

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.

10.3. Retained earnings

For the movements in retained earnings we refer to statement in changes of equity.

10.4. Unappropriated result

The management board has proposed to the shareholders to pay an dividend in the amount of € 47,187 and add the remaining profit to the retained earnings. This proposal has been accepted after the reporting date and therefore has not been reflected in the balance sheet as of 31 December 2022.

11. Provisions

The provisions at the end of the year could be specified as follows:

	31 December 2022	31 December 2021
Decommissioning	38,149	41,890
Market revenue cap	5,179	-
	43,328	41,890

11.1. Decommissioning

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 2041.

The Group recognised the decommissioning provision at average take-over start date, being 18 September 2021. The management board applied an index rate of 2% to calculate the decommissioning provision after the operational period. In the determination of the net present value a discount rate of 2% is applied.

Change in accounting estimate- index rate

The index rate is based on the average yearly inflation over the last 25 years as reference point. In case the average inflation over the last 25 years deviates more that 0.25%, the management board will apply the new index rate. The impact is recognised as a change in accounting estimate. At 31 December 2022, the management board reassessed the index rate. The average inflation over the last 25 years (1997-2021) is 1.908%, which deviates more than 0.25% of the current applied index rate (1.5%). The management board has therefore applied an index rate of 2% and recognises this as a change in accounting estimate.

Change in accounting estimate- discount rate

The discount rate is derived from the yield on high rated governmental bonds with a similar duration. In case the reassessed market yield on governmental bonds deviates more than 0.25%, the management board will apply the new yield. The impact is recognised as a change in accounting estimate. At 31 December 2022, the management board reassessed the discount rate. The reassessed yield on governmental bonds for a period end in 2041 is 1.8765%, which deviates more than 0.25% of the current applied discount rate of 1%. The management board applied a discount rate of 2% and recognises this as a change in accounting estimate.

Change in accounting estimate- expected time

The management board expects the decommissioning of the wind farm will start in 2041, which is at the end of the economic life time of 20 years (2021: 2046). The former period of 25 years was based on the maximum term of the land lease contract and permit.

At 31 December 2022, the management board of the Group has made a reassessment of the decommissioning provision and the following factors have been adjusted:

- Index rate to 2% (2021: 1.5%);
- Discount rate to 2% (2021: 1%);
- Expected time of decommissioning: 2041 (2021: 2046).

The total impact on the carrying amount is € -4,160 and is also reflected in the carrying amount of the decommissioning asset (note 4). This change in account estimate will have an impact of € 7,565 additional unwinding discount over the years 2023-2041 and € 1,953 less unwinding discount over the years 2042-2046.

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

	2022	**2021**
Balance at 1 January		
Carrying amount	41,890	-
Movements		
Initial measurement	-	41,771
Change in accounting estimate	(4,160)	-
Unwinding of discount	419	119
Subtotal	(3,741)	41,890
Balance at 31 December		
Carrying amount	38,149	41,890

11.2. Market revenue cap

The increased electricity prices has enforced market intervention by introducing a market price cap, a European mechanism to collect all excess profits from electricity producers. The Dutch government plans to cap all revenues above 130 Euros per MWh for 90%. This plan, which is not legally enforced yet, became effective from 1 December 2022 and will in principle be applied until June 2023. The market revenue cap on the production of December 2022 amounts to € 5,179. The management board expects this provision will be settled in 2024. Due to the short-term nature this provision is recognised against face value.

12. 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 Group 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:

	2022	**2021**
Balance at 1 January		
Face value	676,712	437,299
Unamortised transaction costs	(11,216)	(12,248)
Carrying amount	665,496	425,051

	2022	2021
Movements		
Draw	15,041	239,413
Repayments	(43,106)	-
Amortised transactions costs	1,439	1,032
Subtotal	(26,626)	240,445
Balance at 31 December		
Face value	648,647	676,712
Unamortised transaction costs	(9,777)	(11,216)
Carrying amount	638,870	665,496

At 31 December 2022 the short-term repayment obligation amounts to € 48,806 (2021: € 43,105) and is presented under the current-liabilities.

This facility bears an interest of 1.35% above EURIBOR before and 1.20% above EURIBOR after project completion date. This facility is denominated in Euro. The first scheduled repayment date was 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.

13. Shareholder loans

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

	2022	2021
Balance at 1 January		
Carrying amount	89,970	85,407
Movements		
Accrued interest FHWN	-	4,364
Accrued commitment fees	-	199
Repayments	(2,309)	-
Subtotal	(2,309)	4,563
Balance at 31 December		
Carrying amount	87,661	89,970

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. No guarantees are provided.

The short term repayment obligation amounts to € 4,760 (2021: € 4,661) and is presented under the current-liabilities. Additionally, an amount of € 1,646 (2021:nil) is recognised as accrued interest and is captured under the other payables in note 16.

14. Lease liabilities

	2022	**2021**
Balance at 1 January		
Carrying amount	92,579	80,451
Movements		
Change in accounting estimate	(3,158)	13,479
Interest expense	3,661	3,692
Lease payments	(5,177)	(5,043)
Subtotal	(4,674)	12,128
Balance at 31 December		
Carrying amount	87,905	92,579

The short term of the lease payments amounts to € 5,681 (2021: € 5,144) and is presented under the current-liabilities. Please note that a variable land lease fee of € 7,137 is payable over the year 2022 which is recognised in the "other payables" under note 16. According to IFRS 16.38b the variable portion payable under this lease contract is not reflected in the carrying amount, because the event has occurred during 2022.

Change in accounting estimate - 2021
As from the beginning of the year 2021 the carrying amounts of the lease liabilities were revised taken into account a yearly average indexation of 1.5% on the contractual lease payments over the years 2021-2048. In the initial calculation an indexation rate of 0% was applied. This results in a higher carrying amount of € 93,930 vs. € 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.

Change in accounting estimate - 2022
The index rate is based on the average yearly inflation over the last 25 years as reference point. In case the average inflation over the last 25 years deviate more than 0.25% the management board will apply the new index rate. The impact is recognised as a reassessment. As at 30 September 2022, the carrying amounts of the lease liabilities were revised taken into account a yearly average indexation of 2% on the contractual lease payments over the years 2024-2048 and the actual index rate of 9.7% for the year 2023. In the former calculation an indexation rate of 1.5% was applied. Additionally, the term was revised from 25 years to 20 years which is equal to the economic useful live of the wind farm. This results in a lower carrying amount of € 87,029 vs. € 90,187 at 30 September 2022. The lower carrying amount is recognised as a reassessment for an amount of € -3,158. The impact of this reassessment is € 12,552 less future interest charges on lease liabilities over the years 2023-2047.

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 2016
- Maturity date 31 May 2041 (2021: 31 May 2047)

- Incremental borrowing rate of 4%
- Index rate of 2% (2021: 1.5%)
- Yearly fixed lease payments of € 5,043 subject by yearly indexation (CPI).

15. Current tax liabilities

	31 December 2022	31 December 2021
Corporate income tax	-	9,880
Value added tax payable	2,186	2,814
	2,186	12,694

All current tax liabilities have a maturity of less than one year. As a result of the short term-nature, the fair value approximates the carrying amount.

16. Trade and other payables

	31 December 2022	31 December 2021
Trade payables and trade credit	5,114	1,530
Taxes and social security premiums payable	-	2,766
Accrued commitment fees	7	139
Other payables	12,962	11,153
	18,083	15,588

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.

17. Revenue from contracts with customers

Power purchase agreement

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 board of the Group 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 the management board concludes the contract is a long term revenue contract. The PPA-contract does not meet 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.

For the calculation of the revenue the final profile and imbalance factor (P&I-factor) of 74.5% is used.

	2022	*2021*
Grey revenues – current year	230,341	70,298
Grey revenues - previous year settlement	(1,251)	-
Guarantees of Origin	6,287	2,888
Curtailment	8,768	-
	244,145	73,186

18. Other income

	2022	*2021*
Stimulering Duurzame Energieproductie (SDE+) – current year	-	3,956
Stimulering Duurzame Energieproductie (SDE+) – prior year	1,427	-
	1,427	3,956

Deferred income

	2022	*2021*
Balance at 1 January	(23,931)	-
Realized SDE in the period	-	3,956
SDE advances received in the period	-	(27,887)
SDE repaid from previous year	22,504	-
SDE settlement previous year	1,427	-
Balance at 31 December	-	(23,931)

19. Employee benefit expenses

	2022	*2021*
Wages and salaries	-	191
Social security costs	-	6
Other employee expenses	-	1
	-	198

20. Administrative and other expenses

	2022	**2021**
Long Term Programme Agreement (LTPA)	12,449	3,622
Operations & maintenance	1,859	1,088
Asset management	1,610	105
Variable land lease	6,754	-
Insurance	1,593	132
Legal	293	78
Property tax	2,357	-
Audit and tax	74	58
Accounting costs	35	206
Management and governance	138	140
Market revenue cap	5,179	-
Other advice costs	2	286
Other costs	833	271
	33,176	5,986

21. Finance income

	2022	**2021**
Interest on loans to related parties	329	421
	329	421

22. Finance costs

	2022	**2021**
Interest paid on proceeds account	422	87
Financing expenses senior loan facility	10,349	3,023
Financing expenses subordinated loan	3,596	1,322
Interest decommissioning provision	419	119
Interest lease liabilities	3,662	1,043
Ineffectiveness interest rate swaps	287	(287)
Gains on cashflow hedges	-	(51)
Interest on swaps	(106)	7
Exchange results	-	2
	18,629	5,265

23. Income tax

	2022	***2021***
Profit (loss) before income tax	140,976	53,539
Current income tax expense	(33,216)	(9,880)
Movement DTA due to settlement of losses previous years	-	(821)
Movement DTA due to settlement of interest (ATAD – ruling)	(5,124)	(1,469)
Movement DTA temporary differences	1,986	(8,338)
Total income tax expense	(36,354)	(20,508)
Nominal tax rate	25.8%	25.0%
Effective tax rate	25.8%	38.3%

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 nominal tax rate increased to 25.8% for profits above € 395,000 (2021: 25%, for profits above € 245,000).

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

	2022	***2021***
Profit (loss) before income tax	140,976	53,539
Non-deductible interest	5,713	1,492
Lease payments	1,250	(5,043)
Depreciation on wind farm	2,514	(1,830)
Depreciation on decommissioning asset	5,295	595
Depreciation on right-of-use asset	(5,177)	1,256
Fiscal addition of decommissioning provision	(1,806)	(617)
Other non-deductible or partially deductible expenses	5	5
Taxable profit	148,770	49,397
Settlement of tax losses previous years	-	(3,271)
Settlement of non-deductible interest previous years	(19,861)	(6,508)
Taxable amount	128,909	39,618

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

	31 December 2022	***31 December 2021***
Tax losses available for compensation	-	-
Non-deductible interest available for compensation	-	5,124
Lease liability	22,680	-
Decommissioning provision	9,243	-
	31,923	5,124

As at 31 December 2021, the deferred asset on the lease liability of € 23,885 and the decommissioning provision of € 10,648 were accounted for under the net approach as deferred tax liability. As at 31 December 2022, these deferred tax assets were presented separately under the deferred tax assets.

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

	31 December 2022	***31 December 2021***
Lease asset	20,406	22,587
Decommissioning asset	8,902	10,623
Upfront fees	2,522	2,894
Windpark	6,445	6,768
Cashflow hedges (movement recognised in OCI	25,835	1,986
Lease liability	-	(23,885)
Decommissioning provision	-	(10,648)
	64,110	10,325

All non-deductible interest available for compensation, for an amount of € 19,861, is fully settled against the taxable profit of € 153,948 over the year 2022. The non-deductible interest available for compensation could be specified as follows:

Non-deductible interest available for compensation

	31 December 2022	***31 December 2021***
Year of origination:		
2019	-	9,995
2021	-	9,866
	-	19,861

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 Group has sufficient fiscal EBITDA over the year 2022 and could settle all interest available for compensation for a total amount of € 19,861.

At 31 December 2022 all interest and losses available for compensation have been settled and no deferred tax asset is recognised. At 31 December 2021 an amount of € 5,124 was recognised as deferred tax asset due to non-deductible interest carried forward against the enacted tax rate of 25.8%.

24. Financial instruments

24.1. 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.

24.2. 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.

24.2.1. 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.

24.2.2. 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.

Impairment of financial assets

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.

Financial assets at amortised costs

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

Upon initial recognition the management board 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. The management board 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 € 34,241 (2021: 24,343) and TenneT € 857 (2021: -), a VAT position on the Dutch Tax Authority for an amount of € 45 (2021: € nil), prepayments of € 4,273 (2021: € 4,591) and prepaid expenses € 1,951 (2021: € 1,545).

The management board considers the Dutch Tax Authority, Eneco Energy Trade B.V. and Tennet as credit worth parties. The prepayments mainly consist of prepaid Long Term Programme Agreement fees to Siemens Gamesa Renewable Energy B.V. of € 4,256.

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. The management board 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 € 100.1 million (2021: € 7.7 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 € -2,163 (2021: € 328) and is reflected in the fair value on reporting date.

24.2.3. 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.

	Contractual cashflows						
	Carrying amount	***2 months or less***	***2-12 months***	***1-2 years***	***2-5 years***	***More than 5 years***	***Total***
31 December 2022							
Provisions	43,328	-	-	5,179	-	55,278	60,457
Loan from financing institution	638,870	-	48,806	48,471	143,964	407,406	648,647
Loan from shareholder	87,661	2,356	2,404	4,955	16,117	61,829	87,661
Lease liabilities	87,905	-	5,681	5,795	18,089	97,484	127,049
Current tax liabilities	2,186	2,186	-	-	-	-	2,186
Trade payables	5,114	5,114	-	-	-	-	5,114
Other payables	12,962	12,962	-	-	-	-	12,962
Total	**878,026**	**22,618**	**56,891**	**64,400**	**178,170**	**621,997**	**944,076**

	Contractual cashflows						
	Carrying amount	***2 months or less***	***2-12 months***	***1-2 years***	***2-5 years***	***More than 5 years***	***Total***
31 December 2021							
Decommissioning provision	41,890	-	-	-	-	61,034	61,034
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
Current tax liabilities	12,694	2,814	9,916	-	-	-	12,730
Trade payables	1,531	1,531	-	-	-	-	1,531
Other payables	11,292	11,292	-	-	-	-	11,292
Financial derivatives	7,700	(549)	(2,743)	(971)	2,206	9,468	7,411
Total	**923,152**	**15,088**	**60,464**	**58,124**	**178,816**	**721,018**	**1,033,510**

24.2.3.1. Loan from financing institutions

The first repayment has taken place on 30 June 2022 and final scheduled repayment date is on 30 June 2036.

24.2.3.2. 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 repayment has taken place in July 2022 and final scheduled repayment date is in July 2036.

24.2.3.3. 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 2041;
- 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.

24.2.3.4. Current tax liabilities

The balance consists of € 2,186 VAT payable over the month December 2022.

24.2.3.5. Trade payables and other payables

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

24.2.4. 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 Group 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 2022 the Group's borrowings at variable rate were denominated in EURIBOR units and Euro.

An analysis by maturities is provided in note 24.2.3.

Instruments used by the Group
A fixed for floating 6-month EURIBOR swaps is currently in place covering approximately 88.0% (2021: 90.2%) of the senior loan facility outstanding at balance sheet date. The fixed interest rates of the swaps are 0.06%. The swap covers the interest rate exposure on the senior loan facility.

The swap contracts require settlement of net interest receivable or payable every 180 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:

	2022	***2021***
Carrying amount (current and non-current assets)	1,101,033	1,028,445
Outstanding balance of the senior loan facility on reporting date	668,922	676,712
Notional amount for the year ending December 31	588,447	610,433
Hedge ratio	88.0%	90.2%
Change in fair value of outstanding hedging instruments since 1 January	92,329	22,413
Initial recognition fair value of outstanding hedging instruments	9,338	9,338
Change in value of hedged item used to determine hedge Effectiveness	(93,548)	(20,083)

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.

	2022	***2021***
	Impact on post-tax profit	***Impact on other components of equity***
Interest rates – increase by 25 basis points	-	6,201
Interest rates – decrease by 25 basis points	-	(6,357)
	-	(156)

- 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.

25. 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 2022 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:

- A minimum Historic and Projected ADSCR (the ratio between cash flow and notional and interest payments) of 115% is required for making a distribution to the shareholders.
- A minimum Historic ADSCR of 105% is required for not being in default.

26. 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 2022					
Repairs and maintenance	11,031	11,031	33,094	170,957	226,113
Insurance contracts	1,585	-	-	-	1,585
Other contracts	1,121	1,121	2,842	9,660	14,744
Total	**13,737**	**12,152**	**35,936**	**180,617**	**242,442**

	Within 1 year	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
31 December 2021					
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**

26.1. 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 € 226.1 million over production period of 14.92 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 € 314.

26.2. 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 € 1.6 million over 2023.

26.3. 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 € 256 over a remaining period of 4.42 years (€ 58 per annum) which commence form installation date.

The Group entered into a long term agreement with Stichting Omgevingsfonds Windpark Fryslân 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.

26.4. 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.

27. Related party transactions

The Group entered into a contract with Ventolines B.V., which is identified as related party, for services related to the asset management of the wind farm. The Asset Management agreement between the Group and Ventolines has come into force with an effective date of 2 December 2021. During 2022 an amount of € 1,997 (2021: € 12,728 of which € 12,538 capitalized and € 190 expensed) was incurred for services provided by Ventolines B.V. (incl. reimbursable costs). These transactions were incurred at arm's length conditions. This includes an amount of € 160 (2021: € 628) for the provision of key management personnel services.

As of 31 December 2022, a balance of € - (2021: € 7) payable to Ventolines B.V. is included within trade payables of which no amounts were disputed.

28. Audit fees

The Group incurred the following fees from its independent auditor, PricewaterhouseCoopers Accountants N.V. and tax advisor, PricewaterhouseCoopers Accountants Belastingadviseurs N.V., during the year:

	2022	***2021***
Audit of the financial statements	19	52
Other audit engagements	-	-
Tax-related advisory services	-	6
Other non-audit services	-	-
	19	58

Please note these amounts are invoiced during the year irrespective in which year these services were rendered. The Group didn't receive any invoices for services rendered for the year 2022.

29. Number of employees

The Group has no employees on the payroll (2021: -). The Group has contracted Ventolines B.V. for the day to day project management of the Group.

30. Subsequent events

No subsequent events occurred after balance sheet date.

Zwolle, 10 May 2023

DocuSigned by:
38DFA94BBD7F4FA...
Huib Morelisse
CEO Windpark Fryslân Holding B.V.

DocuSigned by:
3EE712D4EE80443...
Gerard Vesseur
CFO Windpark Fryslân Holding B.V.

DocuSigned by:
Ton de Jong
5B2D621BEE84489...
Ton de Jong
Supervisory Director (Chairman)

DocuSigned by:
Theo Jellema
E868B2D56B37487...
Theo Jellema
Supervisory Director

DocuSigned by:
Rob Hollering
9B654372C7C144B...
Rob Hollering
Supervisory Director

DocuSigned by:
Weero Koster
D8BE805F36E446B...
Weero Koster
Supervisory Director

DocuSigned by:
Tineke Schokker
FBD24A5D97EE402...
Tineke Schokker-Strampel
Supervisory Director

Company financial statements

Company Balance Sheet
(before appropriation of result)

Assets	Ref.		***31 December 2022***		***31 December 2021***
Non-current assets					
Financial fixed assets	32.	159,867		76,477	
Financial assets at amortised costs	33.	82,901		85,309	
			242,768		161,786
Current assets					
Financial assets at amortised costs	33.	4,760		4,661	
Receivables	34.	1,865		223	
Cash and cash equivalents	35.	190		220	
			6,815		5,104
Total assets			249,583		166,890

Liabilities and equity

Shareholders' equity	36.				
Share capital and share premium		31,858		31,858	
Retained earnings		5,336		(9,477)	
Unappropriated result		121,695		53,118	
			158,889		75,499
Non-current liabilities					
Shareholder loans	37.	82,901		85,309	
			82,901		85,309
Current liabilities					
Shareholder loans	37.	4,760		4,661	
Trade and other payables	38.	3,033		1,421	
			7,793		6,082
Total liabilities and total equity			249,583		166,890

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

	Ref.		***2022***		***2021***
Other operating income	40.	848		1,043	
Employee benefit expenses		-		(198)	
Administrative and other expenses	41.	(847)		(846)	
Operating profit/(loss)			1		(1)
Finance income			3,518		4,564
Finance costs			(3,519)		(4,564)
Share of net result of subsidiary	32.		173,390		53,119
Profit before income tax			173,390		53,118
Income tax			-		-
Profit for the period			173,390		53,118
Other comprehensive income					
Items that may be reclassified to profit or loss					
Other comprehensive income			-		-
Total other comprehensive income			173,390		53,118
Total comprehensive income for the period			173,390		53,118

Company statement of changes in equity

	Share capital and share premium	***Retained earnings***	***Unappropriated result***	***Total equity***
Balance at 1 January 2021	**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**
Appropriation of result	-	53,118	(53,118)	-
Total comprehensive income	-	-	173,390	173,390
Profit distribution	-	(38,305)	(51,695)	(90,000)
Balance at 31 December 2022	**31,858**	**5,336**	**121,695**	**158,889**

Notes to the company financial statements

31. General

The company financial statements are part of the financial statements.

Basis of preparation

31.1. 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.

31.2. 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.

32. *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 2022 could be specified as follows:

	2022	**2021**
Balance at 1 January		
Carrying amount	76,477	23,358
Movements		
Capital contributions	-	-
Share of net profit of participations	173,390	53,119
Dividend distributions	(90,000)	-
Subtotal	83,390	53,119
Balance at 31 December		
Carrying amount	159,867	76,477

33. *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 13 of the consolidated financial statements for the key terms of the loan.

	2022	**2021**
Balance at 1 January		
Carrying amount	89,970	85,407
Movements		
Accrued interest FHWN	-	4,364
Accrued commitment fees	-	199
Repayments	(2,309)	-
Subtotal	(2,309)	4,563
Balance at 31 December		
Carrying amount	87,661	89,970

The short term repayment obligation amounts to € 4,760 (2021: € 4,661) and is presented under the current-liabilities. Additionally, an amount of € 1,646 (2021:nil) is recognized as accrued interest and is captured under the other receivables in note 34.

34. Receivables

	31 December 2022	*31 December 2021*
Trade receivables	-	10
Taxes and social security premiums receivable	45	48
Prepayments	17	47
Prepaid expenses	1,803	118
	1,865	223

35. Cash and cash equivalents

Cash and cash equivalents are freely available to the Company.

36. Shareholders' equity

36.1. Share capital and Share premium

Reference is made to note 10 of the consolidated financial statements.

36.2. Unappropriated result

The management board have proposed to the shareholders to pay a dividend in the amount of € 47,187 and add the remaining profit to the retained earnings. This proposal has been accepted after the reporting date and therefore is not reflected in the balance sheet as of 31 December 2022.

37. Shareholder loans

Reference is made to note 13 of the consolidated financial statements for further details of the shareholder loans.

38. Trade and other payables

	31 December 2022	*31 December 2021*
Trade payables and trade credit	23	62
Taxes and social security premiums payable	-	-
Payable to group companies	1,297	1,297
Other payables	1,713	62
	3,033	1,421

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.

39. Financial instruments

The Company is exposed to market risk. credit risk and liquidity risk. The management board oversees the management of these risks. The management board ensures that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. Refer to note 24 of the consolidated financial statement for more information about the risk management policies.

40. Other operating income

Other operating income reflects the management fees charged to WPF.

41. Administrative and other expenses

	2022	2021
Management and governance	138	140
Legal	293	78
Audit and tax	7	17
Accounting costs	34	41
Other advice costs	2	286
Other expense	373	284
	847	846

42. 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 2022 an amount of € nil (2021: € -) was incurred for services provided by Ventolines B.V. No balance remains payable at 31 December 2022 (31 December 2021: € -).

Additional related party transactions are the shareholder loan received (note 37) and the loan provided to WPF (note 3).

43. Number of employees

As of 31 December 2022, the Company had no employees on the payroll (2021: -). All personnel working for the Company is contracted.

44. Renumeration of the board

During the year 2022 the non-executive and executive board members received a remuneration of in total € 366 (2021: € 393). The remuneration of the management board and supervisory board is in line with de Wet Normering Topinkomens (WNT).

45. Subsequent events

No subsequent events occurred after balance sheet date.

Other information

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.

Independent auditor's report