PACIFICO
RENEWABLES YIELD AG

ANNUAL REPORT 2021

2021 AT A GLANCE

€'000	2021	2020
Revenues	21,895	14,994
Cash Flows from Operating Activities	11,610	12,598
Adjusted Operating EBITDA	17,269	11,935
Adjusted Operating EBIT	8,286	4,909

+67% CAGR

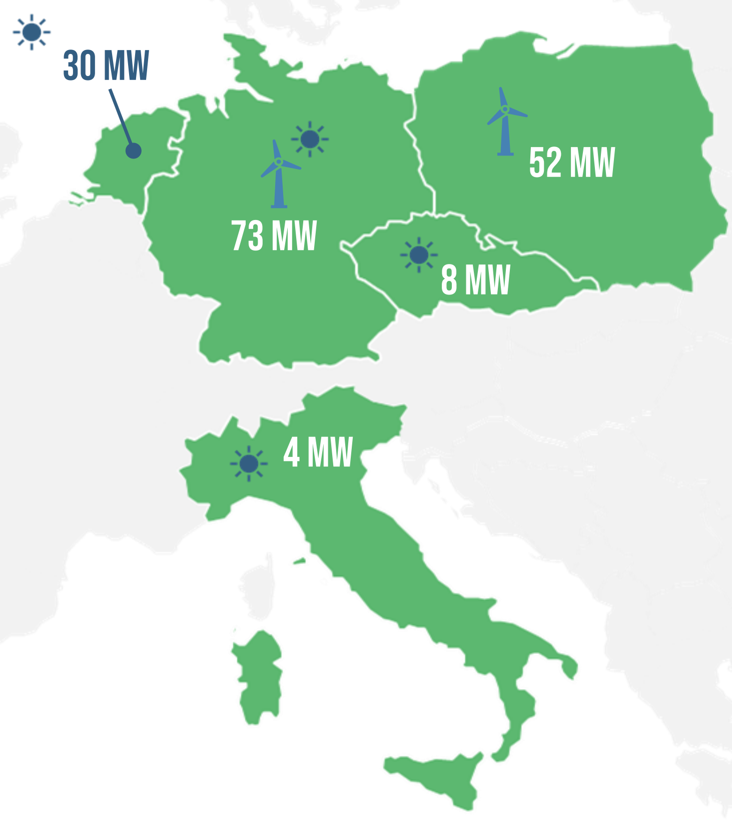
Portfolio size
2019-2021

+40% CAGR

Revenues growth
2019-2021

>12 Years

Weighted average remain-
ing time of government
subsidies



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1. PREFACE OF THE MANAGEMENT BOARD

Dear Shareholders,

Ladies and Gentlemen,

2021 marked another successful year for us which was characterized by our growth: We more than doubled our portfolio with five acquisitions across three countries and increased our pipeline more than fivefold by concluding three new partnerships with experienced project developers. Quickly building up a portfolio of 166 MW while exploring opportunities on new continents and in emerging technologies like battery storage demonstrates our dedication to move forward dynamically. For us, constant progress is not just an option. It is a necessity on our mission to accelerate the energy transition.

The need to adapt and move quickly in the context of the energy transition has never been as obvious as now. The current energy crisis resulting from the war in Ukraine poses many new challenges to our energy system. It also clearly demonstrates that the world needs to decarbonize as soon as possible. Not only to avoid the worst consequences of climate change but also to become independent from countries that exploit carbon resources in an unsustainable and extortionate manner.

As a green power producer with significant exposure to electricity prices, we very strongly benefit from the current situation in the energy markets. For instance, our estimated revenues during the first six months of 2022 at approximately €21.0 million are already close to the level of the whole year 2021. Furthermore, we expect to continue benefitting from the elevated electricity price environment in 2022. We feel a sense of responsibility not only towards our shareholders but also towards society in general to use this positive momentum. Therefore, we are more than ever committed to sustainably creating value along the way toward a clean energy future. We are convinced that we have set a solid foundation in the past few years to benefit from the challenges and opportunities the energy transition imposes on us.

Even though we are very excited about the opportunities ahead of us, please allow us to also reflect on the past. In 2021, we continued to grow. With two acquisitions in Germany, one acquisition in Poland, and two acquisitions in the Netherlands, we demonstrated our ability to execute quickly and efficiently. Once fully operational, the onshore wind and solar plants acquired in 2021 will reach a total installed capacity of approximately 99 MW. The significantly increased portfolio size, as well as the increased diversification of our portfolio were key for our debut issuance of a green loan in the first quarter of this year. After having successfully completed several equity financings in the recent past, we consider this private placement a landmark transaction for our company.

The fact that we were able to emit an ICMA Green Bond Principles and EU-Taxonomy aligned green instrument, as verified by ISS ESG, shows that our decision to focus on sustainability from the very beginning has paid off. With UBS Asset Management we found a highly professional partner who we are enthusiastic to explore further financing opportunities with going forward.

In the financial year 2021, revenues increased by almost 35% to €21.9 million (2020: €14.9 million), corresponding to a CAGR of 40% between 2019 and 2021. Our portfolio reached a capacity of 166 MW as of December 31, 2021, representing a CAGR of 67% between 2019 and 2021. With an adjusted operating EBITDA of €17.3 million (margin: 79%) and an adjusted operating EBIT of €8.3 million (margin: 38%), our operating results remained stable whilst growing our portfolio significantly. These operating results are accompanied by cash flows from operating activities of €11.6 million. Achieving a positive consolidated result for the first time in 2021 with a profit of €0.6 million and earnings per share of €0.17 marks an important achievement for us. Combining strong growth and profitability is a challenge for a young company like ours. We will continue to be dedicated to financial discipline and expect to see positive effects in 2022. We also expect profitability to continue. Not only due to the positive impact of elevated electricity prices, but also following the recent optimization of our capital structure and simplification of our corporate structure. We also want to deliver on our promises to further increase transparency for our shareholders. This annual report is an important milestone in this context as it is our first financial report published according to IFRS, an important prerequisite for the envisaged uplisting to the prime standard.

In 2022, we will continue to focus on executing growth opportunities. The more than five-fold increase in our pipeline gives us the privilege of being selective to acquire projects considered most suitable for us at the respective time. For instance, an initial risk-return assessment led to the prioritization of projects in the United Kingdom from one of our development partners over projects in Italy developed by another partner.

We thank you for your trust and are looking forward to continue our growth trajectory together with you.

Gruenwald, June 24, 2022

Dr. Martin Siddiqui

Christoph Strasser

2. REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Ladies and Gentlemen,

The year 2021 and the Covid 19 pandemic have continued to present challenges to shareholders, employees, and companies. Nonetheless, Pacifico Renewables Yield AG was able to accelerate its growth trajectory in the fiscal year 2021, adding nearly 100 MW to its portfolio, a remarkable 150% increase in portfolio size. In addition, the company managed to carry out two successful capital increases, to increase revenue by almost 35%, and report a positive overall result for the full fiscal year for the first time, both at a group and individual level.

Advising and monitoring the Management Board

In the past year 2021, which was also a landmark year for Pacifico Renewables Yield AG, the Supervisory Board of the Company once again monitored the work of the Management Board and provided advice. The Supervisory Board exercised its rights and duties in accordance with applicable law, the rules of procedure, and the articles of association of the Company. The Supervisory Board was directly involved at an early stage in all major decisions of the Company.

The Management Board fulfilled its continuous information duties and was in regular contact with the Supervisory Board outside the joint meetings. Accordingly, the Management Board regularly provided detailed oral and written reports to the Supervisory Board. The Supervisory Board made its decisions based on comprehensive reports and draft resolutions submitted by the Management Board, which the Supervisory Board was able to discuss in detail. In addition, the Management Board informed the Supervisory Board about the main business transactions of the Company and the Group and the Company's financing situation for each quarter. At the end of the year, the Management Board additionally reported on the main issues of strategy, general and financial risks, management and control systems of the Company, as well as on fundamental issues of corporate planning, in particular financial planning for the year 2022. The Company's compliance officer prepared an annual compliance report for the Supervisory Board.

Meetings of the Supervisory Board

The Supervisory Board held four ordinary and three extraordinary meetings in the reporting year, some of which were held as virtual meetings due to the ongoing Covid 19 pandemic. In addition, conference calls were held, and resolutions were passed by circular resolution.

In the first ordinary meeting of the fiscal year on March 17, 2021, held in the form of a video conference, the Supervisory Board dealt with the extension of the term of office of the Management Board members and the adjustment of their compensation. The Supervisory Board agreed to mandate a compensation consultant to assist with the review of the adequacy of the Management Board's compensation. Together with the Management Board, the Supervisory Board discussed the recently announced cooperation with Boom Power in the United Kingdom, a portfolio expansion in the Netherlands, and other future investment opportunities for the 2021 financial year. In addition, the Supervisory Board discussed the possibility of repowering individual turbines and adjusting the contracts with Pacifico Energy Partners GmbH using a more detailed service catalog. Furthermore, the Supervisory Board specified the tasks of the Audit Committee, which was newly established in 2020, by way of an amendment to the Rules of Procedure of the Supervisory Board. In addition, the Supervisory Board discussed an adjustment of the Management Board's Rules of

Procedure to the Investment Charter and decided to add the United Kingdom to the countries listed in the Investment Charter. Finally, the Supervisory Board and the Management Board discussed the internal restructuring of subsidiaries to save costs, which the Supervisory Board approved in the meeting.

The second ordinary Supervisory Board meeting (balance sheet meeting) on June 14, 2021, was held as a hybrid event partly in person and partly by video conference. The Supervisory Board first dealt in detail with the financial figures for the financial year 2020. The commissioned auditor Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (Baker Tilly) reported in detail on the results of the audit. The Supervisory Board discussed and approved the audited annual and consolidated financial statements. The auditor confirmed that it had issued an unqualified opinion on the annual and consolidated financial statements. The Supervisory Board also discussed in detail with the Management Board and the auditor the Management Board's financial reporting, in particular the Group management report, the sustainability report, and the dependency report, and in the case of the latter, they focused particularly on the contracts between the Company and Pacifico Energy Partners GmbH. Based on intensive preparation by the members of the Compensation Committee and the reporting by the mandated compensation consultant, the Supervisory Board extensively discussed the adequacy of the Management Board's compensation. Finally, the Supervisory Board resolved to extend the employment contracts of the Management Board members, including an increase in the fixed compensation of the Management Board. Furthermore, the Supervisory Board agreed to hold the Annual General Meeting on August 19, 2021, as a virtual General Meeting without the physical presence of shareholders using video and audio transmission. The Supervisory Board then resolved a further amendment to the Investment Charter, firstly to make the Supervisory Board's approval process for transactions more efficient, and secondly to include battery projects as possible investment targets. When reviewing the appropriateness of the Management Board's compensation, the Supervisory Board had also subjected the Supervisory Board's compensation to an (internal) comparative review in advance of the meeting. After an in-depth discussion, the Supervisory Board decided to propose to the Annual General Meeting an increase in the Supervisory Board's compensation to a level in line with the market standard. Finally, the establishment of the Compensation Committee was formally confirmed. Mr. David Neuhoff was elected Chairman and Dr. Bettina Mittermeier and Dr. Michael Menz were elected as full members of the Compensation Committee. Furthermore, the Supervisory Board and the Management Board discussed possible partners for the cooperation with Boom Power in the United Kingdom.

On June 30, 2021, the Supervisory Board discussed in detail with the Management Board the possibility of acquiring a solar park located in Germany with a total capacity of 7.6 MW based on a detailed written document in the course of an extraordinary meeting in the form of a telephone conference. The acquisition was to be made by way of a contribution in kind by contributing the limited partner's share in Solarpark Voßberg GmbH & Co. KG in return for the issue of shares in the company. After intensive consideration of the specific terms and conditions of the acquisition of the solar park, the Supervisory Board approved the Management Board's proposal to conclude the corresponding agreements on July 1, 2021.

In the ordinary meeting on October 4, 2021, in the form of a video conference, the Supervisory Board discussed various possible transactions of the Company, in each case based on a comprehensive information package. Together with the Management Board, the Supervisory Board first discussed the benefits and risks of the acquisition of a 51.8 MW wind project in Poland from a development company of Pacifico Energy Partners GmbH, which had been secured in December 2020 through the refinancing of subordinated liabilities. Furthermore, the Management Board reported to the Supervisory Board on the possible acquisition of a solar project under construction in the Netherlands with a total capacity of 14.1 MW, also from a development company of Pacifico Energy Partners GmbH. Together with the Management Board, the Supervisory Board also discussed the possibility of selling German wind parks with a total capacity of 22.5 MW to Pacifico Energy Partners GmbH for repowering by way of an option purchase agreement in the form of an asset deal. One focus was on the strategic decision to outsource the development risks associated with repowering. The Management Board also reported to the Supervisory Board on the status of negotiations on an opportunistic option in the Netherlands to acquire another solar portfolio with a total capacity of 10.1 MW. To enable cooperation with partners other than Pacifico Energy Partners GmbH and to specify the catalog of services in the agreements between the Company and Pacifico Energy Partners GmbH with a view to the Company's further growth, the Supervisory Board, together with the Management Board, discussed in detail the amendments to the Right of First Offer Agreement (ROFOA), the Master Services Agreement (MSA) and the Commercial Asset Management Agreement (CAMA). After a detailed discussion, in particular regarding the market standard of the agreements, the Supervisory Board approved the new versions of the agreements during the meeting. Finally, the Management Board reported on considerations regarding a possible capital increase and its capital market strategy.

Based on detailed and updated written documents and the explanatory comments made at the ordinary meeting on October 4, 2021, regarding the specific terms and conditions of the acquisition of a wind park portfolio consisting of three wind parks with a total capacity of 51.8 MW in Poland, the Supervisory Board approved the Management Board's corresponding proposal for the implementation of this acquisition on October 10, 2021.

Also, based on updated written documents, the Supervisory Board approved on October 13, 2021, subject to the final decision of the Management Board, the conclusion of option purchase agreements for the sale of German wind parks for repowering purposes. On the same day, the Supervisory Board also passed a resolution approving the acquisition of a 14.1 MW solar project in the Netherlands.

After detailed consideration of the specific terms and conditions of the acquisition of a solar portfolio from an independent project developer, consisting of eight operational solar parks and one under construction with a total capacity of 10.1 MW in the Netherlands, the Supervisory Board approved the proposal of the Management Board to conclude the corresponding contracts on November 7, 2021.

On November 10, 2021, in two extraordinary meetings in the form of conference calls, the Supervisory Board dealt in detail with the Management Board's proposal regarding the implementation of a capital increase by way of a private placement as well as with the individual conditions for the utilization of the authorized capital in accordance with the Articles of Association. The Supervisory Board approved the Management Board's proposal to utilize the authorized capital and implement a capital increase without the subscription rights of shareholders.

One focus of the last ordinary Supervisory Board meeting on December 21, 2021, in the form of a video conference, was the review, explanation, and discussion of the budget for the fiscal year 2022. In this context, the Supervisory Board and the Management Board discussed in detail the plans of the Management Board for 2022, in particular financial and liquidity planning as well as future investments and personnel. In this context, the Supervisory Board also dealt with options for future financing through various financing instruments, especially debt capital. Furthermore, the Management Board and Supervisory Board discussed the strategic orientation and development of the Company.

Committees

Meetings of the Audit Committee and the Compensation Committee were held for the first time in 2021.

The Audit Committee held two meetings in 2021. In the presence of the auditor, the Audit Committee discussed the drafts of the Company's annual and consolidated financial statements, the Group management report, and the audit reports at its constituent meeting in June 2021. No objections were raised in the course of these audits. The Management Board reported on the respective findings and discussed them in detail with the Audit Committee together with the results of the auditor's review. Furthermore, the committee dealt with the issuing of the audit engagement letters to the auditor and the determination of the focal points of the audit for the fiscal year 2021 and conducted an assessment of the quality of the audit. In September 2021, the Audit Committee discussed the half-year financial report together with the Management Board and Baker Tilly. No objections were raised in the course of these audits either.

The members of the Compensation Committee held three meetings by video conference in the fiscal year 2021. The focus was on preparing the amendment of the Management Board contracts, in particular the adequacy check of the Management Board's compensation, also with the advice of the compensation consultant mandated by the Supervisory Board.

The Supervisory Board was regularly and comprehensively informed about the work of the committees.

Attendance

The following tables provide an overview of the attendance of the individual members at the meetings of the Supervisory Board and the committees:

Attendance at meetings in the fiscal year 2020 by Supervisory Board member	
David Neuhoff (Aufsichtsratsvorsitzender)	7/7
Dr. Bettina Mittermeier (Stellvertretende Aufsichtsratsvorsitzende)	7/7
Verena Mohaupt	7/7
Dr. Eva Kreibohm	7/7
Dr. Michael Menz	7/7
Florian Seubert	7/7
Attendance at meetings in the fiscal year 2020 by Audit Committee member	
Florian Seubert	2/2
Verena Mohaupt	2/2
Dr. Michael Menz	2/2
Attendance at meetings in the fiscal year 2020 by Compensation Committee member	
David Neuhoff	3/3
Dr. Bettina Mittermeier	3/3
Dr. Michael Menz	3/3

Audit of the annual and consolidated financial statements 2021

The Annual General Meeting of August 19, 2021, appointed Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (Baker Tilly) as auditors of the annual and consolidated financial statements. The corresponding engagement was entered into by the Supervisory Board. Baker Tilly audited the annual and consolidated financial statements, including the Group management report, and issued an unqualified audit opinion. All members of the Supervisory Board received the annual financial statement documents and the audit reports from Baker Tilly in due time. The financial statements and audit reports of Baker Tilly (dated June 23, 2022) were discussed at the meeting on June 24, 2022. The auditors presented the main results of their audits and were available to answer questions from the Supervisory Board. The auditors also reported that there were no circumstances that could give rise to concerns about bias. No significant weaknesses were identified in the internal control and risk management systems relating to the financial reporting process.

Based on its examination of the annual financial statements, the consolidated financial statements, and the Group management report, as well as the proposal for the appropriation of profits, the Supervisory Board raised no objections and acknowledged and approved the results of the Baker

Tilly audit. The annual and consolidated financial statements prepared by the Management Board were approved. The annual financial statements are therefore approved.

The Management Board of the Company has proposed that the result be carried forward to a new account. The Supervisory Board agrees to this.

Baker Tilly has also audited the report on relations with affiliated companies according to Section 312 of the German Stock Corporation Act (AktG) in the financial year 2021, prepared by the Management Board according to Section 313 AktG and issued the following audit opinion on the result of the audit: "On completion of our audit following professional standards, we confirm that 1. the factual information in the report is correct, 2. the consideration paid by the Company for the legal transactions listed in the report was not inappropriately high or any disadvantages were compensated for, 3. there are no circumstances in respect of the measures listed in the report that would indicate a materially different assessment to that made by the Management Board." The Supervisory Board also examined the report of the Management Board on relations with affiliated companies according to Section 314 AktG and approved the audit findings of the auditors, who also explained their report on this subject dated June 23, 2022, at the Supervisory Board meeting on June 24, 2022. Following the final result of the Supervisory Board's review, there were no objections to the Management Board's final statement contained in the report.

Strong development thanks to a dedicated team of Management Board and employees

The continuation of Pacifico Renewables Yield AG's growth course is due to the tireless efforts of the Management Board and the small but very dedicated team of employees. Through their hard work and dedication, they ensured that the Company was able to raise capital and successfully carry out transactions in the interests of shareholders in 2021. The Supervisory Board would like to express its sincere gratitude for this commitment and the good cooperation in 2021.

David Neuhoff

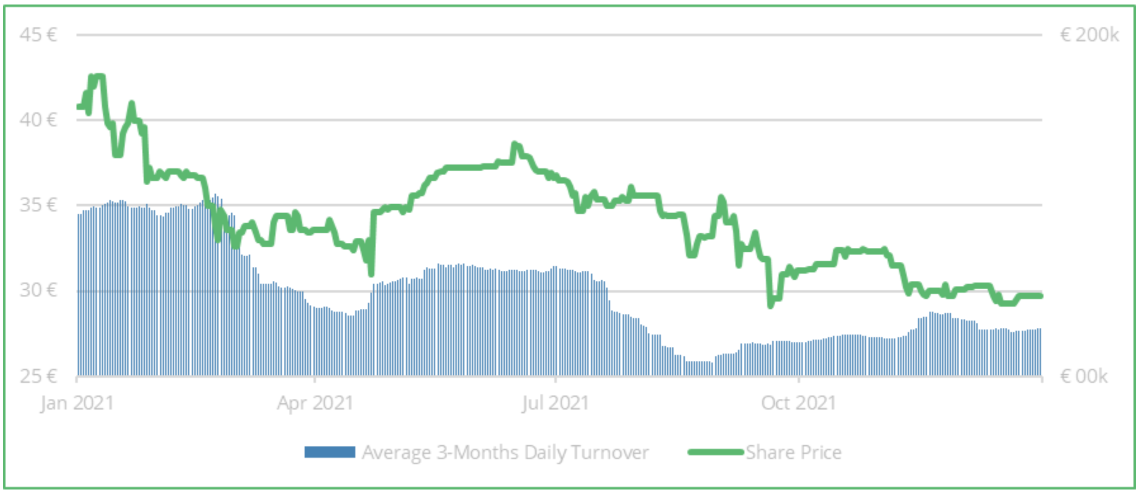
Chairman of the Supervisory Board

3. THE PACIFICO RENEWABLES YIELD AG SHARE

Negative share price development mainly driven by a difficult second half of 2021

Capital markets continued to be impacted by the Corona pandemic in 2021. Other factors influencing the markets included rising inflation rates, anticipated interest rate hikes and supply shortages worldwide that led to a slowdown in the global economic recovery. Following a sector rotation into more cyclical stocks in the first half of 2021, the second half of the year was mainly characterized by inflation concerns and expectations of increasing interest rates. Both muted the appetite for relatively small companies and illiquid stocks. Pacifico Renewables Yield AG's shares' liquidity temporarily decreased in the second half of 2021 which was accompanied by a significant decline of the stock price during the same period.

Compared to selected indices (SDAX, DAX 50 ESG) Pacifico Renewables Yield AG's shares underperformed both indices in 2021.



Currently, four brokers provide research coverage and all of them have assigned a BUY rating on Pacifico Renewables Yield AG's shares:

Company	Analyst	Date	Target price	Rating
BERENBERG PRIVATBANKIERS SEIT 1590	Igor Kim	Apr. 6, 2022	€ 45.00	Buy
WARBURG RESEARCH	Jan Bauer	Apr. 3, 2022	€ 54.00	Buy
STIFEL	Martin Tessier	Mar. 31, 2022	€ 41.50	Buy
HAUCK & AUFHÄUSER	Alina Köhler	Feb. 03, 2022	€ 51.00	Buy

Extraordinary and ordinary Shareholders' meetings confirm Pacifico Renewables Yield AG's trajectory for further growth

Pacifico Renewables Yield AG's regular annual general meeting was held on August 19, 2021. In accordance with section 1 of the German Act on Measures in Corporate, Cooperative, Association, Foundation and Residential Property Law to Combat the Effects of the COVID-19 Pandemic ("**COVID-19 Relief Act**"), the annual general meeting was held virtually without the physical presence of shareholders or their authorized representatives (with the exception of the authorized representative of Pacifico Renewables Yield AG). Audio and video of the entire annual general meeting – including the answering of questions and votes – were broadcasted live through a password-protected web stream for shareholders and their authorized representatives. Registered shareholders (and their authorized representatives) were able to exercise shareholder rights by appointing representatives, submitting questions in advance, submitting their votes either in the meeting through Pacifico Renewables Yield AG's proxy acting on their instructions or in advance by mail, or declaring objections to the minutes pursuant to the procedures provided by the COVID-19 Relief Act. The shareholders and shareholder representatives who exercised their voting rights represented approximately 75% of the total share capital and approved all items on the agenda by majorities of more than 85%.

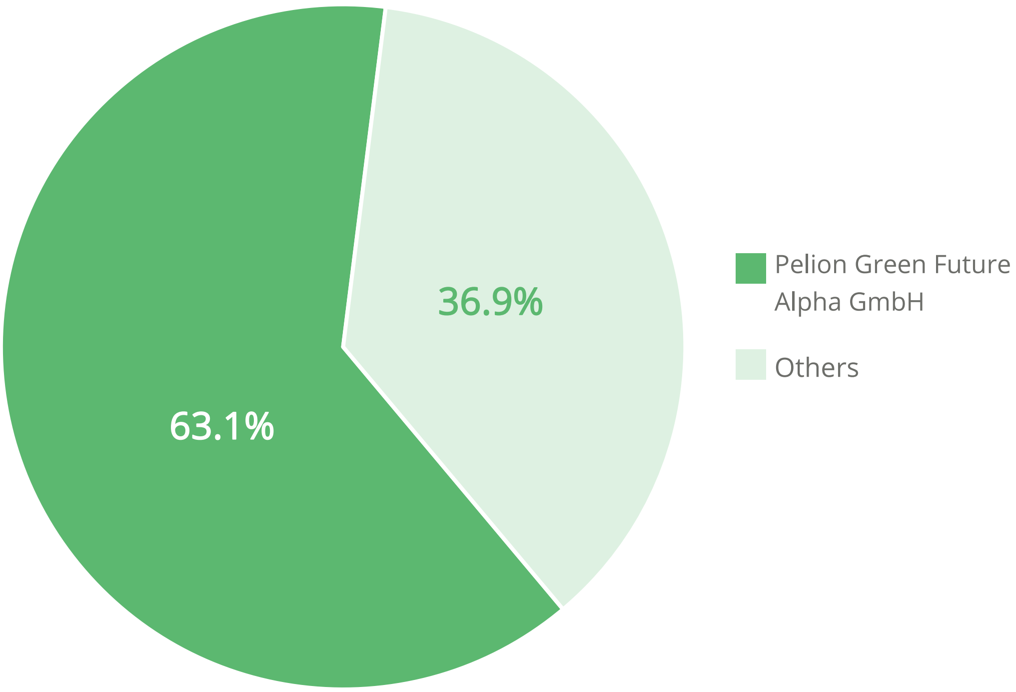
In particular, Pacifico Renewables Yield AGs' shareholders and their representatives approved the recommendation of the Management Board to substantially increase Pacifico Renewables Yield AGs' authorized capital thus enabling flexible capital increases to finance further growth. The annual general meeting also approved the creation of a new conditional capital which allows, among other things, the issuance of convertible bonds. Furthermore, the annual general meeting passed the usual formal approval of the actions of the management board and the supervisory board and approved a change in the corporate purpose of the Group, allowing the Group to invest in (battery) storage facilities.

On December 22, 2021, Pacifico Renewables Yield AG held an extraordinary shareholders' meeting, which was also held virtually in accordance with the rules of the COVID-19 Relief Act. The shareholders and shareholder representatives who exercised their voting rights represented approximately 73% of the subscribed capital and approved all items on the agenda with majorities of more than 85%. Inter alia, the shareholders and their representatives consented the recommendation of the Management Board to replenish the authorized capital after an accelerated bookbuilding and also approved an eventual uplisting of Pacifico Renewables Yield AG into the regulated market.

Debut ABB successfully placed and backed by strategic anchor shareholder

On November 11, 2021, the management board of the Pacifico Renewables Yield AG, with the consent of the supervisory board, resolved to increase the share capital of Pacifico Renewables Yield AG from €3,382,766 by a total of €338,276 to €3,721,042 by issuing 338,276 new shares from the authorized capital 2021 under the exclusion of subscription rights. The placement price was set at €29 per share. Pacifico Renewables Yield AG's majority shareholder Pelion Green Future Alpha GmbH underlined its role as strategic anchor shareholder by backing the capital increase with €6.0 million. The €9.8 million raised via an accelerated bookbuilding ("ABB") was Pacifico Renewables Yield AG's ABB debut and demonstrated its ability to raise capital efficiently.

Shareholder structure as of December 22, 2021



4. MANAGEMENT AND GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2021

The combined management report comprises the group management report Pacifico Renewables Yield AG Group and the management report of Pacifico Renewables Yield AG, based in Gruenwald.

Pacifico Renewables Yield AG prepares its separate financial statements in accordance with the accounting principles of the German Commercial Code (HGB) and its consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). The management report and group management report have been combined, and the assets, financial position and earnings position are presented separately in each case.

4.1. CORPORATE PROFILE

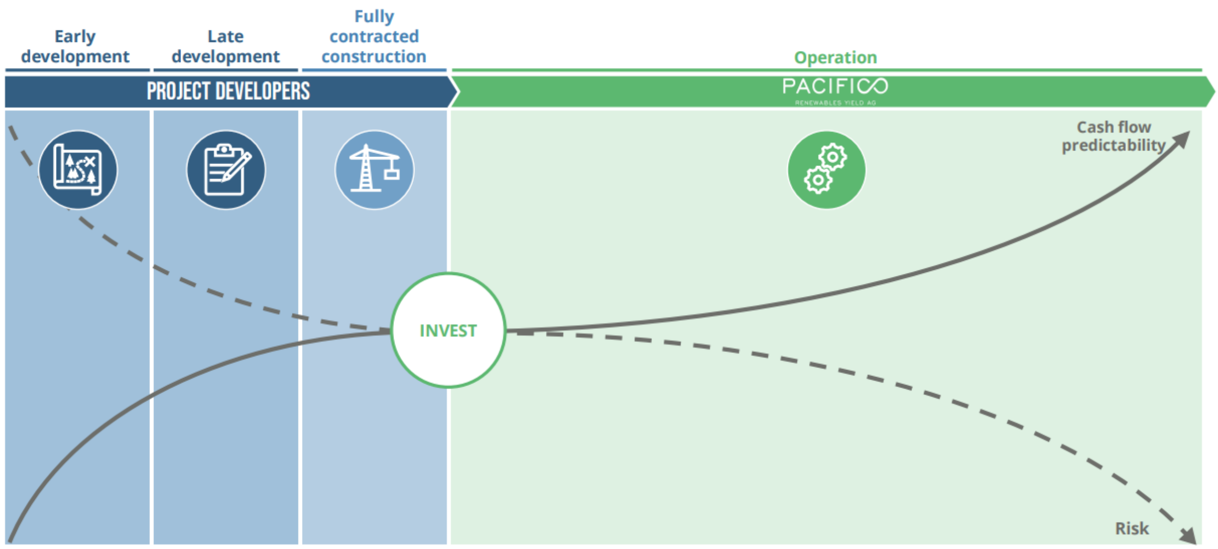
4.1.1. BUSINESS MODEL

Pacifico Renewables Yield AG, including its subsidiaries, ("**Pacifico Renewables**" or "**Group**") is an independent power producer from renewable energy sources which manages a portfolio of solar and wind parks[1] with a current capacity of 166 megawatts ("**MW**") across five European Union Member States. The Group aims at building and managing a gradually growing portfolio of power generating assets from renewable energy sources to offer its shareholders a clear and diversified profile with stable and predictable cash flows from the operation of onshore solar and wind parks. The current profile will potentially be complemented by (battery) storage facilities in the future.

In its continuous management activities and investment decisions, the Management Board applies strict financial discipline. The Group continuously works on optimizing its capital structure to increase capital efficiency and keeps its exposure to interest rate and currency fluctuations as low as possible. The Management Board aims to limit unused liquidity to a minimum by carefully aligning the timing of funding measures with attractive investment opportunities in order to optimize returns on capital.

The efficiency gains of separating distinct development risks from other activities, especially the management of operating plants, in the lifecycle of renewable energy power plants is a key part of the Group's business model. It focuses on power plants that are already operational or under construction and benefit from a contracted revenue base. This clear profile allows the Group to deliver stable and predictable cash flows while avoiding development risks. Furthermore, with solar and onshore wind parks, the Group builds on established and competitive technologies associated with comparatively limited risks in a growing market.

[1] "Wind parks" refer to onshore wind parks. "Solar parks" refer to plants with photovoltaic technology.



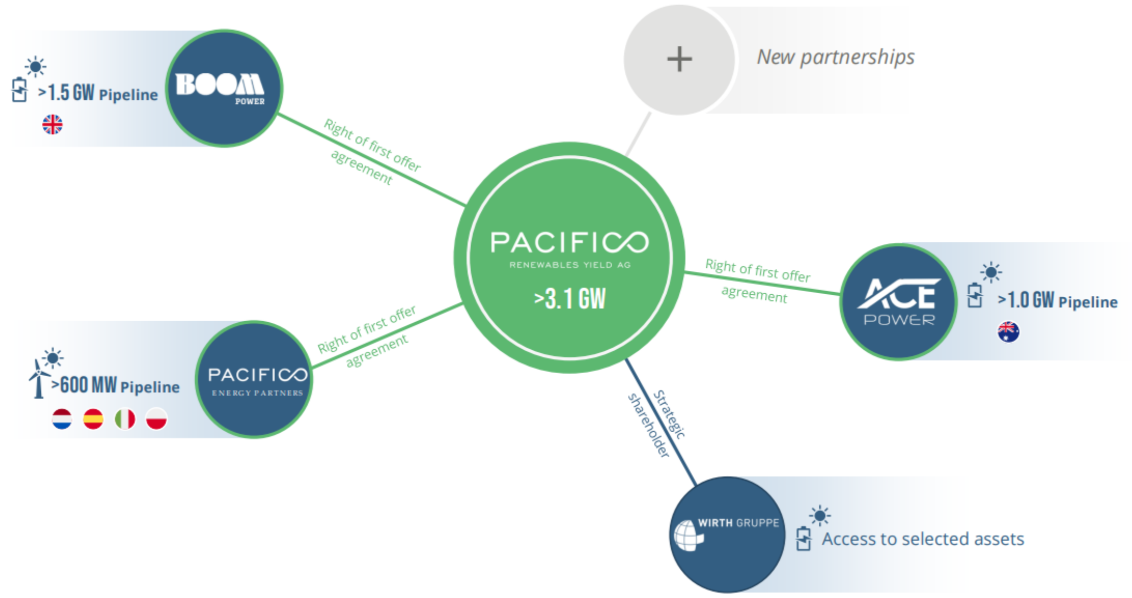
As the cornerstone of its portfolio growth strategy, the Group has contractually secured priority access to projects developed by its partners by being a platform to capital markets for small- and medium sized developers.

4.1.1.1. PLATFORM TO CAPITAL MARKETS FOR SMALL AND MEDIUM SIZED DEVELOPERS

As a platform to capital markets for small- and medium sized developers, Pacifico Renewables connects local entrepreneurs with the funding opportunities provided by global capital markets. During 2021, Pacifico Renewables has successfully scaled its business model from initially working with one partner to building and establishing a platform partnering with many small- and medium sized developers.

Contractually secured priority access to projects developed by its partners is strategically key for the Group to benefit from high visibility on growth, to be selective when it comes to acquiring projects from its partners and in turn not to be dependent on one specific partner.

The Group's partners can benefit from Pacifico Renewables' skills with regard to the financial engineering of the projects. In addition, Pacifico Renewables offers its partners an efficient and fast capital recycling process based on standardized acquisition processes facilitated by a continuously close dialogue between the Group and its partners.



4.1.1.2. PARTNERSHIPS

BOOM POWER

Pacifico Renewables signed a right of first offer agreement with Boom Power Ltd and Boom Developments Ltd ("**Boom Power**", the "**Boom ROFOA**"), a solar park and energy storage developer based in the United Kingdom ("**UK**") on March 16, 2021.

The partnership grants Pacifico Renewables priority access to Boom Power's pipeline of currently more than 1.5 GW of utility scale solar and battery storage assets in the United Kingdom being developed by an experienced team of industry experts, who have collectively developed and constructed over 1 GW of solar energy internationally. The first solar park being developed by Boom Power in the United Kingdom is expected to be connected to the grid in 2022. On September 27, 2021, Pacifico Renewables entered into a memorandum of understanding ("MoU") with Boom Power to acquire parks in the United Kingdom. Building on the Boom ROFOA, the MoU provides among other things, a pathway towards the acquisition of the first parks, as soon as all of the deliverables and conditions for the start of construction are in place. For these projects, the land rights and the grid connection capacity have already been secured and the planning applications have been submitted.

According to the Boom ROFOA, Pacifico Renewables will receive the right but not the obligation to submit the first offer to acquire any renewable energy or energy storage project developed by Boom Power. The close partnership and the ability to acquire projects before their commercial operation date allows Pacifico Renewables to structure tailored energy offtake and financing agreements.

ACE POWER

Pacifico Renewables additionally signed a right of first offer agreement with ACE Power Development Pty Ltd and ACE Power Operations Pty Ltd ("**ACE Power**", the "**ACE ROFOA**"), a renewable energy project developer based in Australia in October 2021.

This partnership grants Pacifico Renewables priority access to ACE Power's pipeline of more than one GW in Australia. The current pipeline of ACE Power mainly comprises nine large-scale solar projects across Australia. Each project is intended to be co-located with battery storage facilities. The first project is set to be completed by 2024. Through the right of first offer agreement, Pacifico Renewables will receive the right but not the obligation to submit the first offer to acquire projects developed by ACE Power once a project qualifies as ready-to-build. In close coordination, ACE Power and Pacifico Renewables will structure the financing and power purchase agreements ahead of the commercial operation date to tailor the financial structure precisely to the Group's requirements as long-term owner of the assets. In the past 20 years, the ACE Power team has played vital roles in developing over 2.5 GW of solar, battery storage and wind projects globally. Of these projects, 1.2 GW are currently operational in Australia.

Australia can be a promising first step to expand beyond Europe as it offers great fundamentals for solar power with high and stable irradiation and low population density. However, Australia is the 2nd most CO2-intense country amongst the G20.[2] The country's dependency on coal as the world's largest exporter of coal[3] and grid stability issues are key challenges Australia faces while decarbonizing. Nevertheless, Australia has already set ambitious transition goals for 2040 which include a retirement of 63% of coal plants, the construction of 24 GW of solar and wind plants and the addition of between 6 and 19 GW of battery and hydro storage, as well as strategies to be a major global player in the hydrogen export sector. In order to enhance grid capacity for the integration of new renewable energy plants, 18 grid reinforcement projects have been selected.[4][5]

Pacifico Partners

Furthermore, Pacifico Renewables has a right of first offer agreement with Pacifico Energy Partners GmbH and Pacifico Green Development GmbH ("**Pacifico Partners**", the "**PEP ROFOA**"), a privately held development, brokerage and asset management company focusing on onshore solar and wind parks ranging from 1 to 150 MW throughout Europe and project developments in every project stage, in place.

Pacifico Renewables has contractually secured priority access to projects developed by Pacifico Partners with a potential capacity of more than 600 MW through PEP ROFOA. The cooperation with Pacifico Partners, notably the Group's first partner, was key to growing the Group's portfolio to its current size. The Group's partnership with Pacifico Partners goes beyond the right of first offer agreement and additionally includes asset management and brokerage services. Based on a successful mutual history, both parties have recently agreed to refine and prolong their partnership by amending and prolonging until 2029 the asset management and right of first offer agreements. The scope of the asset management contracts was refined to provide a modular framework. As part of the amended contractual framework, the parties developed a tailored approach to realize the repowering potential of the Group's older wind parks in Germany. Onshore wind repowering projects in Germany face a risk profile almost identical to other development projects, which is neither in line with the Group's strategic focus nor its risk appetite. As up to 22.5 MW of the Group's portfolio could be candidates for repowering measures in the foreseeable future, the Group signed agreements to grant Pacifico Partners the option to acquire the respective wind parks in Germany. Under these agreements, a predefined mechanism will be used to determine the value of

[2] Climate Watch Data, CO2 per capita 2020.
[3] Australia – The World Factbook, CIA 2021.
[4] Integrated System Plan, AEMO 2020.
[5] Australia´s National Hydrogen Strategy, COAG Energy Council 2019.

continued operations after the expiration of the public support mechanism. This ensures an early commencement and higher expected success rate of the repowering projects while giving the Group priority access to repurchase the projects once successfully repowered via the right of first offer agreement.

WIRTH GRUPPE

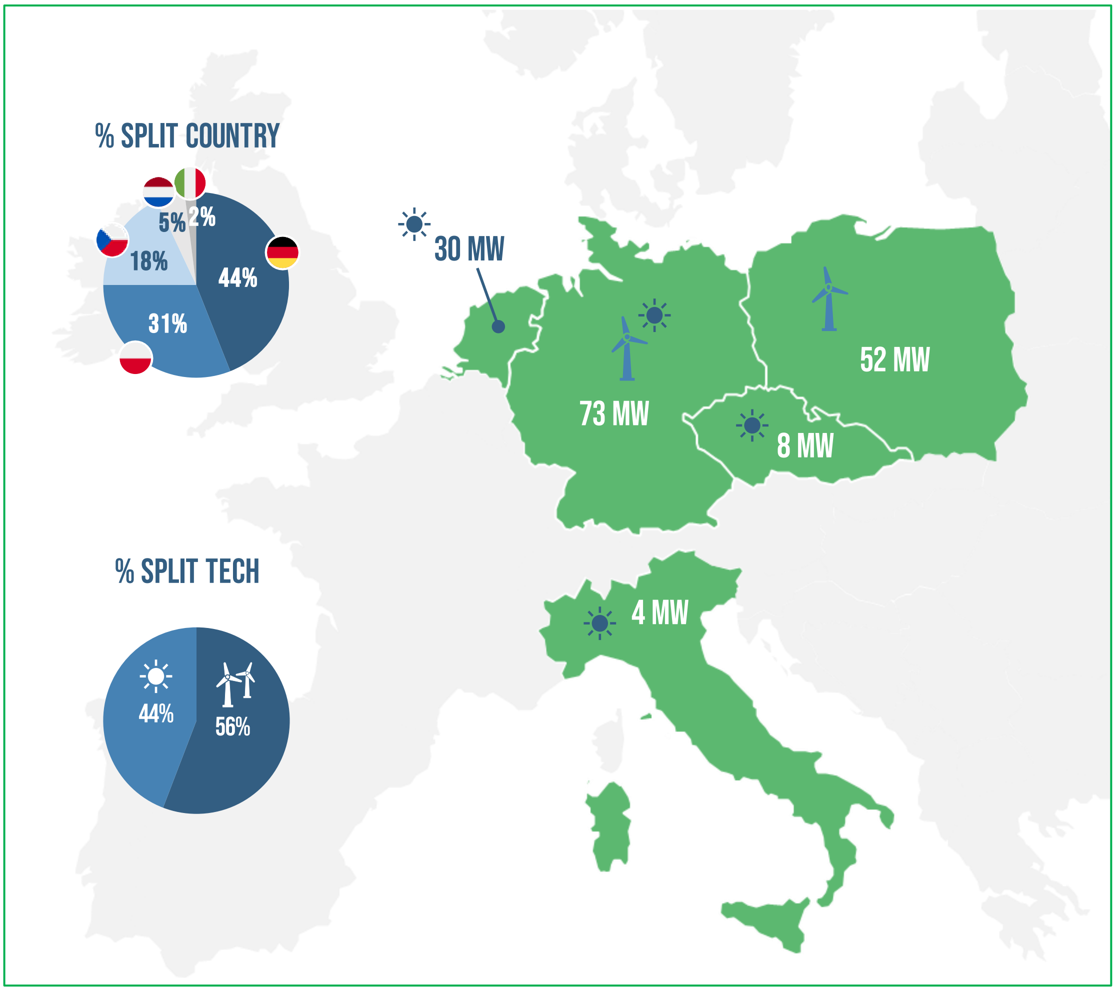
Through a contribution in kind the two managing shareholders of WIRTH GRUPPE, Markus and Andreas Wirth, became strategic shareholders and long-term partners of the Group in July 2022. Together with their team, the Wirth brothers have developed and built solar plants internationally with an installed capacity of more than two GW, as well as large battery storage systems. In them, the Group wins two pioneers of the German solar industry as strategic shareholders[6].

There is no right of first offer agreement in place between Pacifico Renewables and WIRTH GRUPPE but a declaration of intent for a long-term partnership. The development activities of the WIRTH GRUPPE, as well as the existing portfolio of the Wirth brothers, are intended to provide the Group with the opportunity to further expand its portfolio through the acquisition of construction-ready and operational solar plants in Germany and abroad.

4.1.2. PORTFOLIO

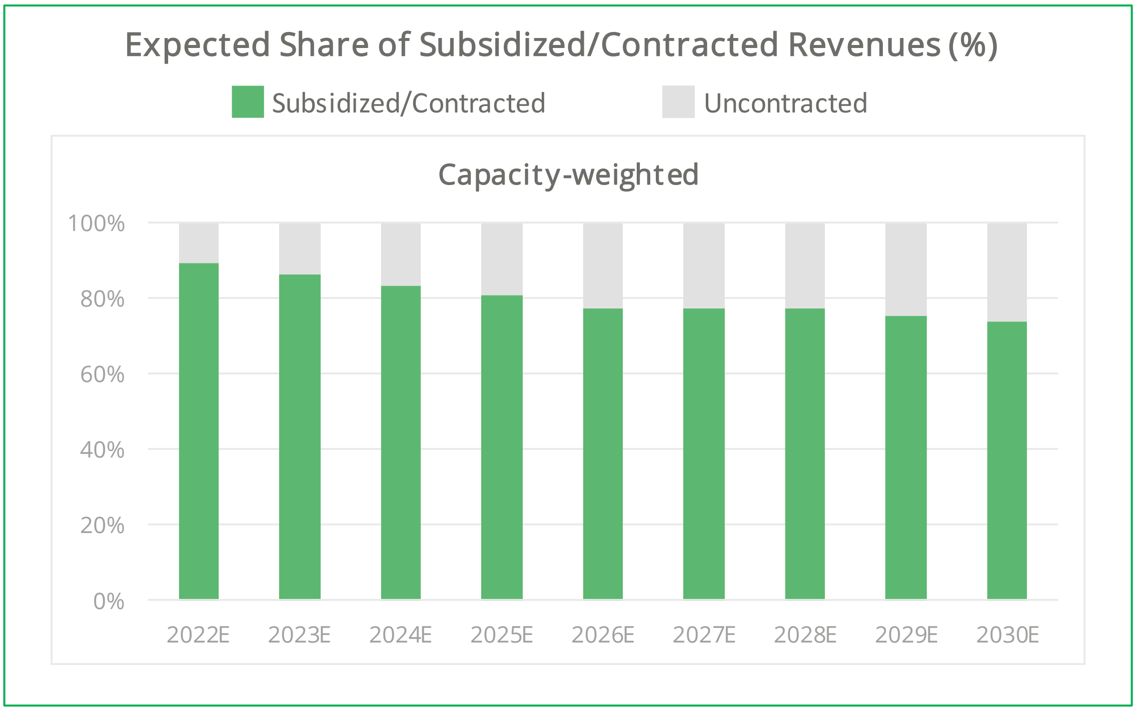
In the full year 2021, the 44 solar and wind plants of the Group generated 123.8 gigawatt hours ("**GWh**") of electricity resulting in revenues of €21.9 million. The Group's current operating portfolio on a capacity basis is diversified across technologies (44% solar plants and 56% onshore wind plants) and countries (44% Germany, 31% Poland, 18% the Netherlands, 5% Czech Republic and 2% Italy). The portfolio consists of ten wind and 33 solar parks, with a total installed capacity of 166 MW, of which on average 56% were operational during the year (weighted by capacity and taking into account the consolidation dates of new acquisitions)..

[6] Indirectly via Andreas & Markus Wirth Solaranlagen GmbH & Co. KG.



All plants in the Group's portfolio benefit from a state-guaranteed subsidy mechanism with a capacity-weighted average remaining time of government subsidies of more than 12 years[7]. However, the Group's portfolio also includes a merchant component to benefit from exposure to electricity prices.

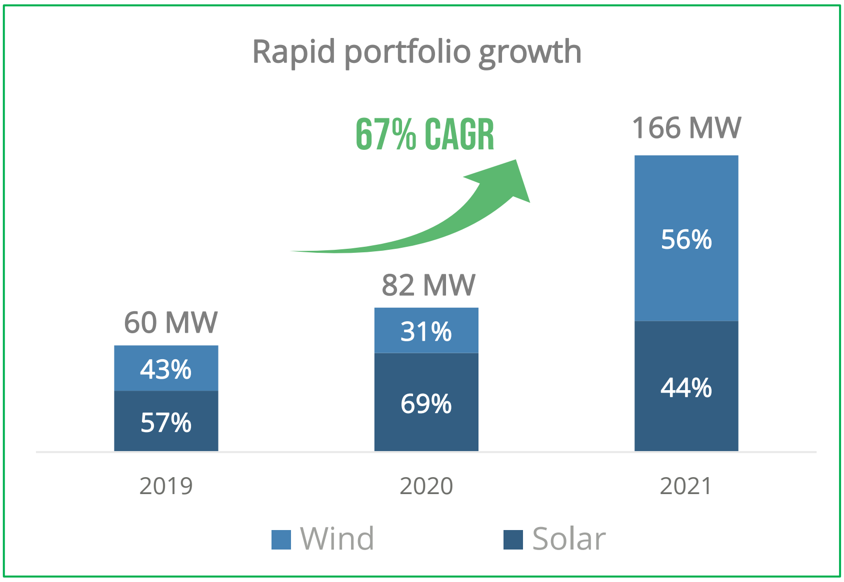
[7] The capacity-weighted average remaining time of government subsidies includes all plants operational and acquired during the reporting period.



The Group's share of produced electricity exposed to market prices can reach up to 50% depending on actual production and market conditions in 2022, mainly driven by two components:

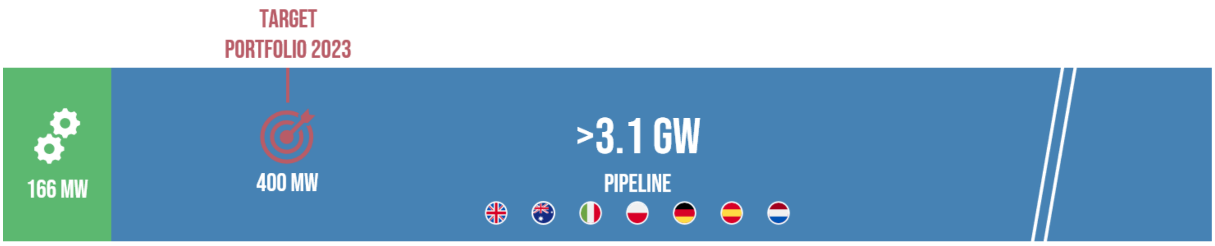
1. Approximately 30% of the expected electricity produced in Poland are expected to be sold at merchant prices in 2022, which are expected to be well above historic averages as indicated by current future prices;
2. Solar and wind parks backed by German Feed-in-Tariffs ("**FiT**") can by design benefit from merchant prices if the monthly reference price exceeds the respective FiT. Some of the Group's plants located in Germany might as in late 2021 continue to benefit from this upside potential.

Pacifico Renewables acquired its first operative portfolios of renewable energy plants with an economic handover as of June 30, 2019, and has since then continuously grown the portfolio at a CAGR of 67% until the end of 2021.



4.1.3. PIPELINE

Based on its partnerships and associated right of first offer agreements, the Group has priority access to a pipeline of more than 3.1 GW. This pipeline provides the Group with high visibility of growth, a tangible growth path and the privilege of being selective to acquire projects considered most suitable for the Group at the respective time. For instance, a recently conducted initial risk-return assessment of the Group's management led to the prioritization of projects in the UK over projects in Italy. Due to various changes during the development phase, the initial bundle of projects in the UK might look differently than initially expected. The overall capacity is expected to be lower. However, a combination of solar and battery storage assets is possible already in the first bundle of projects.



The Group plans to further expand its portfolio through acquisitions in 2022 and beyond. The secured priority access to a pipeline of more than 3.1 GW illustrates Pacifico Renewables' ambitions. Pacifico Renewables targets a portfolio of 400 MW until 2023.

4.1.4. GROUP STRUCTURE

Pacifico Renewables Yield AG is the parent company of the Group. As of December 31, 2021, Pacifico Renewables Yield AG directly or indirectly holds 100% of the shares in 42 special purpose vehicles and sub-holdings ("**Subsidiaries**"), which are all included in the Group financial statements.

4.2. ECONOMIC REPORT

Current economic predictions do not yet factor in the looming uncertainties related to the Russian invasion of Ukraine. Due to Russia's leading role in oil and gas production and the EU's reliance on them, there will most likely be adjustments to macroeconomic predictions recently published by leading institutions. The outcome of the conflict is still unknown, and it is difficult to predict its economic and social consequences. However, a potential period of high energy prices may have a material impact on macroeconomic variables.

The Ukraine crisis is likely to cause structural changes to the European energy market in the medium- to long-term. In March 2022 the European Commission ("**EC**") announced a plan to reduce EU demand for Russian gas by two thirds before the end of the year and to make Europe independent from Russian fossil fuels as soon as possible. Short-term actions will be aimed at increasing higher LNG and pipeline imports from non-Russian countries. However, the EC's long-term goal is to further increase renewables capacity development and to address related infrastructure bottlenecks. The solution of additional renewables growth has been endorsed also at the national level by single EU members. Germany is now planning to reach 80% of electricity from renewable sources by 2030 and 100% by 2035, well before the previous goal set for 2040. The announced energy transition acceleration may lead to changes in regulatory frameworks and government subsidy schemes.

4.2.1. ENVIRONMENT

4.2.1.1. MACROECONOMIC CONDITIONS

Economic Growth

Economic growth in 2021 was estimated at 5.9% globally and 5.2% in the euro area. Some European countries recovered faster than others from the Covid-19 pandemic, for example, the United Kingdom's growth is estimated at 7.2%, France at 6.7%, Italy at 6.2% and Spain at 4.9% while Germany's economy grew at only an estimated 2.7%. This is partly due to the fact that the German economy had contracted by only 4.6% in 2020 while the average contraction in the euro area was 6.4% in 2020. For 2022 the International Monetary Fund ("**IMF**") projects growth rates of 3.6% globally and 2.8% in the euro area.[8]

Although all major economies are expected to grow in 2022, according to the IMF, there are still some downside risks. The emergence of new COVID-19 variants and the war in Ukraine might induce renewed economic disruptions such as supply chain distortions, energy price volatility and uncertainty around fiscal policy and inflation. This has led the IMF to reduce its global growth projection for 2022 from 4.9% in October 2021 to 3.6% in its January Update published in April 2022.[9]

[8] IMF. World Economic Outlook. Update April 2022.
[9] IMF. World Economic Outlook. Update October 2021.

European Economic Policy

To alleviate the economic effects of the pandemic and to accelerate the recovery, the European Central Bank ("**ECB**") has implemented expansionary monetary policy measures. In March 2020, it announced the €750 billion Pandemic Emergency Purchase Programme ("**PEPP**")[10], through which it intends to keep financing conditions in the euro area favorable by purchasing financial assets, including government bonds, in the secondary market. In March 2021, the Governing Council of the ECB announced that the total volume of the program will increase by €1.85 billion and that it will last until March 2022.[11] In February 2022 it was confirmed that the PEPP will end in March; however, principal payments from maturing securities purchased under the PEPP will be reinvested until at least the end of 2024 and net purchases could be resumed to counter negative shocks related to the pandemic, if necessary.[12]

Another important factor for the economic recovery in Europe is fiscal policy. Virtually all European governments have adopted national economic stimulus programs in various forms. In addition, the European Commission put in place a €750 billion temporary recovery instrument called Next Generation EU.[13] This instrument, after ratification by all member states of the European Union ("**EU**") over the course of 2021, provides funding for investments into the green transition and digital transformation of member countries and is intended to contribute to economic cohesion within the EU. The main net beneficiaries of the program, which is financed by debt taken on directly by the EC, are Spain and Italy, who experienced the strongest economic contractions in 2020.

As an additional measure to combat high energy prices and decrease the reliance on energy imports from Russia, the EC introduced the "REPowerEU" plan in May 2022. Short term measures to combat high electricity prices include the "EU Save Energy" communication, which lays out a plan to decrease the demand for oil and gas immediately. Longer-term measures include accelerated plans for the build-out of renewable energy infrastructure, the diversification of energy imports by increasing the share of LNG and hydrogen, and increased energy efficiency targets for the residential sector.[14]

Inflation

The ECB reports increases in inflation in the euro area from 3.0% in August to 4.1% in October, 4.9% in November and 5.0% in December 2021.[15] According to the ECB, this increase is due to the sharp rise in prices for fuel, gas and electricity and base effects related to the reversal of the VAT cut in Germany in the second half of 2020. In 2022, energy prices increased even further, leading to inflation levels of 5.9% in February and 7.5% in March in the euro area.[16]

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[10] ECB. Press Release. https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html. March 2020.
[11] ECB. Economic Bulletin. https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202102.en.html. March 2021.
[12] ECB. Press Release. https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220203~90fbe94662.en.html. February 2022.
[13] ECB. Recovery Plan for Europe. https://ec.europa.eu/info/strategy/recovery-plan-europe_en.
[14] https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3131.
[15] ECB. Inflation: (HICP). https://www.ecb.europa.eu/stats/macroeconomic_and_sectoral/hicp/html/index.en.html.
[16] ECB. Economic Bulletin. https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202203.en.html.

4.2.1.2. RENEWABLE ENERGY

Market Development

The rapid and uneven economic recovery after the recession due to the COVID-19 pandemic led to today's energy system and combined with the short supply of fossil fuels such as natural gas and coal, it sparked a sharp increase in the prices of these fuels. In addition to an already constrained market, low outputs from renewable energy sources along with high fossil fuel prices and increased electricity demand led to the electricity prices hitting record highs in the second half of 2021, particularly in Europe.[17] In some regions, such as China, a few industries were shut down from time to time due to electricity shortages, when the government had to prioritize between heating households or powering industry activities.[18]

Whilst at a global scale, developers in 2021 suffered from supply chain distortions, renewable energy sources such as wind and solar continued to grow steadily. However, despite all the advances made with the growth of renewables, a large rebound in coal and oil use was observed globally, and as a result, 2021 witnessed the second-largest annual increase in CO2 emissions in history.[19] In order to reach net zero emissions by 2050, the global capacity of solar PV and wind power would have to increase at an average rate of 21% and 15% p.a., respectively.[20]

In the past decade, solar and onshore wind power generation has benefitted from technological advancements and economies of scale. As a result, these renewable sources have become increasingly cost-competitive compared to conventional technologies. For example, the global weighted-average levelized cost of electricity ("**LCOE**") decreased from USD 362 per megawatt-hour ("**MWh**") in 2009 to USD 39 per MWh in 2021 for solar, a decrease of 89%.[21] The LCOE for onshore wind generation decreased by 61% from USD 111 per MWh in 2009 to USD 43 per MWh in 2021. Due to this significant cost reduction, solar and onshore wind LCOEs now mostly lie within or below the cost range for fossil fuels. For the year 2021, the LCOEs for fossil fuels ranged from USD 64 per MWh for coal to USD 73 per MWh for combined cycle gas turbines ("**CCGT**"). Utility-scale batteries (with 4h duration) have also experienced a strong decrease in LCOE from USD 803 per MWh in 2012 to USD 139 per MWh in 2021.[22]

Over the past 15 years, there has been enormous growth in the output of renewable energies. In 2006, solar and wind power generated only 6 TWh and 133 TWh globally. By 2020, renewable energy generation had increased to 821 TWh for solar and almost 1,600 TWh for wind.[23] In 2020, 14.7 GW of new wind power capacity was installed in Europe (thereof 11.8 GW onshore), resulting in a total installed capacity of 220 GW (thereof 194 GW onshore). Generating 458 TWh, wind power sufficed to cover 16% of the EU's 2020 electricity demand.[24]

The International Energy Agency ("**IEA**") reports in its World Energy Outlook 2021 that under the stated policies scenario the electricity generation in Europe will amount to approximately 4,601 TWh in 2030 (2020: 3,952 TWh). By 2030, the impact of electrification on demand is expected to be

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[17] IEA. Electricity Market Report. January 2022.
[18] NYT. https://www.nytimes.com/2021/09/27/business/economy/china-electricity.html
[19] IEA. World Energy Outlook 2021. October 2021.
[20] New Energy Outlook 2021. BloombergNEF. July 2021.
[21] Bloomberg New Energy Finance.
[22] Bloomberg New Energy Finance.
[23] IEA. World Energy Outlook 2021. October 2021.
[24] WindEurope. Wind Energy in Europe.

increasingly noticeable, especially in road transport and heat, offsetting 40% of the demand reductions from efficiency improvements.[25]

Investments towards Decarbonization

The 2021 UN Climate Change Conference (COP26), held in Glasgow in November 2021, was attended by leaders and delegates from all around the world, to discuss the various dimensions of climate change. After negotiations for two weeks, the Glasgow Climate Pact was approved. It emphasizes the need to reduce carbon dioxide emissions by 45% by 2030 in order to achieve net-zero by 2050. Further, it calls on countries to present stronger national action goals by 2022, to limit the temperature rise to well below 2ºC, aiming to limit to 1.5ºC.[26]

Many EU member states and other European countries have pledged measures to phase out conventional power plants, especially coal-fired plants. During the period from 2022 to 2030 almost 100 GW of generation capacity from coal are expected to be retired in Europe.[27] Coal-fired power plants have already been completely taken off the grid in four EU countries and Germany's newly elected government announced that a complete phase out shall already be achieved by 2030 instead of 2038 as previously planned.[28]

Several countries in the EU, like Germany and Belgium, are also in the process of phasing out the use of nuclear energy. Other EU members, including France, Hungary, and the Czech Republic, have plans of expanding the existing nuclear capacity.[29] The European Commission, in a controversial decision, announced in February 2022 that both natural gas and nuclear energy can be classified as sustainable if they meet certain criteria. This has resulted in opposition from countries such as Germany, Austria, Luxembourg, and Spain.[30]

According to the New Energy Outlook 2021 by Bloomberg NEF, the global average annual investment in renewables has been flat at around USD 300 billion per year and to get on track for net zero by 2030, this figure must increase by between USD 763 billion to USD 1.8 trillion per year.[31] Although more than 50 countries as well as the entire European Union have pledged to meet net zero emissions targets at COP26, these pledges cannot be taken for granted. In an Announced Pledges Scenario modeled by IEA, global emissions start to bend if annual additions of solar and wind approach 500 GW by 2030.[32]

In addition to efforts by the public sector, renewable energies are also experiencing strong support from the private sector. This support is, for example, reflected in the RE100 initiative. So far, more than 340 major international corporations have joined this initiative and are pursuing the goal of sourcing 100% of the electricity they consume from renewable energy sources by 2040 at the latest.[33] Some major tech giants go even further by aiming to achieve 24/7 carbon-free energy goals by 2030, which entails matching every kilowatt-hour of electricity consumption to the supply of sources free from carbon emissions.[34]

[25] IEA. World Energy Outlook 2021. October 2021.
[26] https://www.un.org/en/climatechange/cop26
[27] Bloomberg New Energy Finance.
[28] https://beyond-coal.eu/coal-exit-timeline/
[29] https://www.wired.com/story/europe-nuclear-power-plants/
[30] BBC. https://www.bbc.com/news/world-europe-60229199
[31] New Energy Outlook 2021. BloombergNEF. July 2021.
[32] IEA. World Energy Outlook 2021. October 2021.
[33] RE100. https://www.there100.org/re100-members.
[34] UN. The 24/7 Carbon Free Energy Compact.

Agora Energiewende's European Energy Transition Report identifies three key strategies for 2030 and 2050 that will enable the decarbonization of the power system in a cost-effective manner. These three strategies involve efficiency first: more than double renewables and the reduction of fossil fuel generation by two thirds. The report projects that the EU will increase its share of renewables from 30% in 2015 to 57% in 2030, with wind and solar tripling their contribution to the electricity mix from 12% in 2015 to 37% in 2030. By 2050, the EU's power sector will need to achieve even higher levels of renewables in the range of 81% to 85%. Achieving this target will require investments of roughly 1,081 billion euros per year between 2021 and 2030. This should also reduce the reliance on energy imports, enhance energy supply security and reduce vulnerability to the volatile prices of fossil fuels.[35]

Energy Storage

The development of energy storage facilities is closely linked to the further expansion of renewable energies. Globally, five GW of energy storage capacity was added in 2020, 3 GW of which in China and the US, and almost one GW in Europe. The economic efficiency of storage is significantly improved by bundling several power and energy applications, such as operating reserve and frequency control. Co-locating renewable energy and storage facilities is a viable option to provide flexibility to the grid.[36] In order to build an economically sustainable manufacturing sector in Europe and consolidate technological and industrial leadership, the European Commission has identified batteries as a strategic value chain in which the EU needs to increase investments and innovation to strengthen its industrial policy strategy.[37] The production capacity of Li-ion cells in Europe is expected to increase from 62 GWh to about 591 GWh by 2025, with inter alia 25 *gigafactories* planned by that year.[38]

While battery technology, in particular Li-ion, captures a large market share for energy storage, pumped-storage hydroelectricity is still the technology that represents over 90% of the grid storage of electricity. Pumped hydro can store energy for longer durations as compared to batteries, but it is limited by the need for land and favorable site location.[39]

Lithium Iron Phosphate (LFP) batteries are being increasingly preferred for use in grid-scale applications, especially in China, as they are safer and cheaper as compared to Nickel Manganese Cobalt (NMC) chemistry. Flow batteries, although not commercially mature, are another technology that seems promising for grid storage due to their long cycle life and unlimited energy capacity.[40]

The average price of lithium-ion battery packs has decreased by 89% over the past decade, from over 1200 USD per kWh in 2010 to 132 USD per kWh in 2021 and could dip below 100 USD per kWh by 2024. However, due to recent supply chain constraints, an increase in the cost of raw materials and electrolytes has been observed during the second half of 2021. As a result, the prices could increase to 135 USD per kWh in 2022 as per Bloomberg NEF.[41]

[35] Agora Energiewende. European Energy Transition 2030: The Big Picture.
[36] IEA. Energy Storage. https://www.iea.org/reports/energy-storage. January 2022.
[37] European Commission. Energy Storage. https://ec.europa.eu/energy/topics/technology-and-innovation/energy-storage_en. July 2020.
[38] https://www.pv-magazine.com/2021/07/13/europes-gigafactory-boom-25-by-25/
[39] https://www.energy-storage.news/new-pumped-hydro-around-the-world-tried-and-tested-long-duration-storage-tech-makes-comeback/.
[40] https://www.iea.org/reports/energy-storage.
[41] https://about.bnef.com/blog/battery-pack-prices-fall-to-an-average-of-132-kwh-but-rising-commodity-prices-start-to-bite/.

Due to competitive prices, rapid technological developments and existing supply chains, battery technology is expected to dominate the market till the 2030s, after which other technologies providing longer storage duration such as thermal energy storage and compressed air storage can be expected to grow.[42]

Hydrogen-producing electrolysis is also an important technology for the storage sector besides batteries, as it allows for the conversion of power from electricity to hydrogen and vice versa, although the efficiency of hydrogen conversion is much lower than the efficiency of batteries. Hydrogen can be used as a fuel in combustion engines or fuel cells. Both technologies allow for small and modular facilities, and both are potentially well suited for mass production as strong cost reductions are already underway. Hydrogen is a very versatile energy medium that can help address various critical energy issues and can be produced from almost all energy sources. It is expected to contribute to the decarbonization of several sectors, including long-distance transport, chemicals, iron, and steel, where it is difficult to reduce emissions. Hydrogen can support the integration of variable renewable energy into the electricity system as one of the few options for storing electricity for days, weeks or months. In 2020, Europe was the world market leader in the market for electrolysers with a production capacity of 1.3 GW per annum.[43] Currently, however, battery technology is more advanced and technology spillovers are expected from research and development in the area of batteries for electric vehicles.[44] The hydrogen strategy of the EC also aims at promoting hydrogen produced entirely from renewable electricity as this is seen as a potential pathway for reducing greenhouse gas emissions from industries which are difficult to decarbonize.[45]

[42] https://about.bnef.com/blog/global-energy-storage-market-set-to-hit-one-terawatt-hour-by-2030/.
[43] IEA. https://www.iea.org/reports/hydrogen.
[44] IEA. https://www.iea.org/articles/batteries-and-hydrogen-technology-keys-for-a-clean-energy-future. May 2020.
[45] https://www.euractiv.de/section/energie-und-umwelt/news/eu-kommission-skizziert-plaene-fuer-100-prozent-erneuerbaren-wasserstoff/.

4.2.1.3. POLITICAL FRAMEWORK

European Framework Conditions

In December 2019, the EC presented the European Green Deal, a new political guideline , to combat climate change and promote sustainable growth. The deal aims, among other things, at a supply of clean, affordable, and secure energy as well as to mobilize industries for a clean and circular economy. With this guideline, the EC is pursuing the goal of making Europe the first climate-neutral continent by 2050, involving various economic sectors and scientific disciplines.[46] In December 2020, the European Council agreed on a new EU greenhouse gas emissions reduction target of at least 55% by 2030, which was suggested by the EC as part of a proposed European climate law in connection with the green deal.[47] In May 2021, a provisional agreement proposed by the EU Council and Parliament was approved and adopted as the European Climate Law. The agreement sets into law the 2030 target of reducing greenhouse gas emissions by at least 55% and the 2050 climate neutrality target for the European Union.[48] The set of proposals and initiatives aimed at updating the legislation in order to fulfill the 2030 goal is a part of the "Fit for 55" package. This includes a proposal for increasing the 2030 target percentage of renewable sources in energy production from 32% to 40%.[49]

In July 2020, the Taxonomy Regulation came into force establishing environmental objectives and providing a basis for EU Taxonomy, a classification system for sustainable economic activities. The Climate Delegated Act, adopted in June 2021 as a part of the EU Taxonomy, gives a clearer understanding of which activities best contribute to fulfilling environmental objectives.[50] In February 2022, under the Complimentary Climate Delegated Act, the European Commission set specific conditions under which also nuclear and gas activities are covered by the EU Taxonomy.[51]

In December 2020, the EC adopted its long-term budget (Multiannual Financial Framework) for 2021 to 2027 with a volume of around €1.1 trillion, 30% of which will be spent on measures against climate change.[52] In addition, in response to the COVID-19 pandemic, the Next Generation EU program includes the Recovery and Resilience Facility, which provides up to €723.8 billion in support for investments and reforms in the EU member states, targeting a sustainable recovery. The facility includes €338 billion in grants and €385.8 billion in loans. At least 37% of the loans and grants accessed by each country must be allocated to climate investments and reforms. Some of the flagship areas for investments and reforms defined by the EC are clean technologies and renewables, digitalization of public administration, energy efficiency of buildings, and sustainable transport and charging stations.[53] The EU budget for the year 2022 also focuses on combating climate change

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[46] European Commission. The European Green Deal. https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en.

[47] European Council. https://www.consilium.europa.eu/en/policies/green-deal/timeline-european-green-deal/.

[48] European Council. https://www.consilium.europa.eu/en/press/press-releases/2021/05/05/european-climate-law-council-and-parliament-reach-provisional-agreement/.

[49] European Council. https://www.consilium.europa.eu/en/policies/green-deal/eu-plan-for-a-green-transition/.

[50] European Commission. https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en.

[51] European Commission. https://ec.europa.eu/info/publications/220202-sustainable-finance-taxonomy-complementary-climate-delegated-act_en.

[52] European Council. https://www.consilium.europa.eu/en/press/press-releases/2020/12/17/multiannual-financial-framework-for-2021-2027-adopted/.

[53] European Commission. https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en.

and promoting sustainable economic recovery.[54] Additional funds for investment into renewables and energy efficiency will be made available under the "REPowerEU" plan as announced in May 2022.[55] The rising energy prices also led to new regulations which could potentially have a negative impact on renewable energy producers in Europe. In its communication "Security of supply and affordable energy prices: Options for immediate measures and preparing for next winter" in March 2022 the EC suggests options for fiscal compensation and regulatory measures to combat high energy prices.[56] One of the measures suggested by the EC is a regulatory cap on electricity prices without compensation. There are strict rules for the implementation of such a measure. It would have to be limited in its duration and profits of electricity producers could only be clawed back for hours during which gas was the most expensive source of electricity in the grid, which makes the implementation of such a mechanism complicated. The Group does currently not expect that market prices will be artificially reduced in the core markets in which it benefits from high prices, i.e., Germany, Poland and the Netherlands.

Germany

Recent Developments

In Germany, the Renewable Energy Sources Act (*Erneuerbare-Energien-Gesetz*, "**EEG**") provides the legal basis for the requirement of energy efficiency and the development of renewable energies. It was first introduced in 2000 in the context of the German energy turnaround (*Energiewende*) and has since been continuously updated. Providing for a fixed remuneration for the energy produced over a fixed period of 20 years, the FiT of the EEG has been recognized worldwide and has served as a model in other countries.[57] The initially comparatively high remuneration per kWh paid under the EEG has continuously decreased over various renewals of the EEG due to the increasing competitiveness of renewable energies. In 2017, the EEG switched to a tendering procedure. Nevertheless, a large number of plants continue to be remunerated at a fixed tariff due to the twenty-year remuneration period. However, starting in 2020 and through the upcoming years, the 20-year subsidy period is set to expire for the older renewable energy plants that were covered under the early EEG schemes.

The most recent version of the EEG, the German Renewable Energy Sources Act 2021 ("**EEG 2021**") came into force on January 1, 2021. It introduces major changes to the EEG 2017 in order to further increase the expansion of renewable energy. The EEG 2021 sets forth a binding commitment to increase Germany's share of energy from renewable sources to 65% by 2030 with distinct expansion paths for solar and wind energy until 2028, where onshore wind energy plants are expected to deliver a major part of the expansion. Furthermore, the law stipulates that all electricity generated and consumed in Germany shall be greenhouse gas neutral by 2050.

With the nuclear energy phase out scheduled for the end of 2022 and a coal phase-out by 2038 at the latest, with the goal to achieve it by 2030, the German renewable energy market has a strong growth opportunity. The gap in supply capacity due to these phase-outs along with the high energy demand of the German economy requires a further expansion of the installed capacity of renewable energies, which is already relatively high compared to the rest of the EU and continuously growing.

[54] https://www.consilium.europa.eu/en/press/press-releases/2021/11/16/eu-budget-for-2022/.
[55] https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3131.
[56] https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2022:138:FIN.
[57] https://www.unendlich-viel-energie.de/20-jahre-eeg.

Financial Support Scheme

The EEG 2017, which came into force on January 1, 2017, significantly changed the incentive and financial support schemes for renewable energy in Germany. It laid out three marketing mechanisms for solar and onshore wind energy. First, a market premium model with a reference value allowed operators of renewable energy facilities to receive remunerations for generated electricity based mainly on the outcome of tender procedures. Secondly, a limited FiT provides smaller renewable energy plants up to 100 kW with contingency compensation. The third mechanism is unsubsidized marketing. The aim of the reform was to stimulate competition for financial support between renewable energy projects. The new EEG 2021, which came into force on January 1, 2021, did not fundamentally change the marketing mechanisms laid out in the EEG 2017.

Poland

Recent Developments

In line with the EU requirements, the Polish National Energy and Climate Plan 2021-2030 was published in December 2019. Poland declared to aim for a 21-23% renewable energy share in gross final energy consumption by 2030. The share in electricity production is expected to increase to approximately 32% in 2030.[58]

In 2021, the Ministry of Climate and Environment published the Energy Policy of Poland until 2040. This policy provides a framework for the energy transition, keeping in mind economic considerations while pursuing the 2030 energy targets. Key elements of this policy include an increase in offshore wind energy capacity to 5.9 GW in 2030 and up to 11 GW in 2040, along with an increase in photovoltaics to between five and seven GW by 2030 and to between 10 and 16 GW by 2040.[59] Furthermore, in April 2021 the Polish government and trade unions agreed to gradually phase-out coal and close all coal mines by 2049.[60]

The Offshore Wind Sector Deal signed in September 2021 is a step towards achieving the wind energy goals of the Polish government. It not only provides a platform of cooperation between the government and the industry but also reinforces public opinion in favor of offshore wind by establishing a 'Code for Best Practices'.[61] The targets for onshore wind are also set high. For example, Poland has held the largest European auction for onshore wind with 2.2 GW in 2019.[62] However, prevailing distance rules still pose an obstacle to further expansion. Currently, wind turbines may only be built at a distance from the next development that is equal to or greater than ten times the height measured from the ground level to the highest point of the structure, including the rotor with the blades.

Photovoltaic capacity in Poland is expected to reach 10 GW by the end of 2022, further expanding to 30 GW by 2030.[63]

[58] European Commission. National Energy and Climate Plan of Poland. December 2019.
[59] Polish Ministry of Climate and Environment. Energy Policy of Poland until 2040. March 2021.
[60] European Parliamentary Research Service. Climate Action in Poland. October 2021.
[61] https://windeurope.org/newsroom/news/wind-industry-government-commit-to-boosting-offshore-wind-and-jobs-in-poland/.
[62] https://windeurope.org/newsroom/news/poland-leading-in-europe-on-onshore-wind-right-now/.
[63] https://www.pv-magazine.com/2021/11/26/poland-may-reach-30-gw-of-solar-by-2030/.

Financial Support Scheme

The Polish Renewable Energy Sources Act (*Ustawa o odnawialnych źródłach energii* – "**RES Act**") of 2015 introduced several support systems, including an auction system. Under this system, the winners of the auctions obtain the right to be compensated for the negative balance between the respective auction price and the market power price (quasi contracts for difference).

Additionally, Electricity from renewable energy sources benefits from tax exemptions. According to article 30(1) of the "*ustawa o podatku akcyzowym*" (general tax law), electricity from renewable energy sources is generally exempt from consumption tax, meaning both generators and suppliers of electricity are exempt from paying excise tax on all renewable electricity sold to end-users or consumed when they submit the relevant volume of green certificates to the responsible authority.

Besides the auction system and the tax exemptions, the Polish government also offers support for the production of energy from renewable sources by requiring electricity trading companies to purchase energy from renewable sources, granting renewable energy producers priority access to the transmission grid, and co-financing of investments in clean energy by the National Fund for Environmental Protection and Water Management.

Netherlands

Recent Developments

The Climate Act approved in May 2019, along with the Climate Agreement published in June 2019 and the 2013 Energy Agreement, form the basis of the Dutch National Energy and Climate Plan (NECP) 2021-2030. The primary objectives of the Energy Agreement 2013 involve increasing the share of renewables to 14% in 2020 and further to 16% in 2023. Notable targets in the 2019 Climate Act include a 49% reduction of greenhouse gas emissions by 2030, and 100% carbon neutral electricity generation by 2050. The Netherlands intends to reach a 27% share of renewables in gross final consumption by 2030.[64]

Around 2.93 GW of a capacity increase of solar power was observed in 2020, with around 1.09 GW of that coming from residential solar installations. As a result, the cumulative installed capacity of the country surpassed 10 GW.[65] The established capacity is expected to continue to grow to 15 GW by 2023 and 27 GW by 2030.[66]

The Netherlands is located along the coast with advantageous wind conditions, which offers potential for onshore as well as offshore wind energy. In 2021, the installed capacity of offshore wind energy was around 2.5 GW with an aim to increase it by 2023 to at least 4.5 GW.[67] To develop offshore wind further, a 10.7 GW capacity addition by 2030 was proposed in October 2021 as part of the North Sea Programme 2022-2027.[68] Only 70% of the 6 GW onshore wind energy target for 2020 was met. By the end of 2023, there is expected to be 6,665 MW of installed wind energy capacity.[69]

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[64] European Commission. Integrated National Energy and Climate Plan 2021-2030 – The Netherlands. November 2019.
[65] https://www.pv-magazine.com/2021/06/09/netherlands-allocates-3-53-gw-of-pv/.
[66] European Commission. Integrated National Climate and Energy Plan 2021-2030 – The Netherlands. November 2019.
[67] https://www.government.nl/topics/renewable-energy/offshore-wind-energy.
[68] https://www.offshorewind.biz/2021/12/06/netherlands-starts-work-on-enabling-further-10-gw-of-offshore-wind-by-2030/.
[69] https://windpowernl.com/2021/07/15/highlights-onshore-wind-in-the-netherlands-2014-2020/.

Additionally, the Netherlands focuses on setting incentives to replace fossil fuels with renewable sources, for example by introducing a national and gradually increasing minimum price for CO_2 emissions in electricity generation and by planning to prohibit the use of coal to generate electricity as of 2030.[70]

Financial Support Scheme

Since 2011 the SDE+ scheme has been the most important instrument for stimulating the generation of renewable energy in the Netherlands. Based on an auction/tender mechanism which allocates a budget to the lowest bidding participants, the subsidy scheme promotes cost-effective technologies. All eligible technologies (e.g., onshore solar and wind energy) compete against each other under a single budget, which is set annually by the Dutch government. It provides a sliding feed-in premium ("**FIP**") for a fixed period (for onshore solar and wind energy for 15 years), which compensates for the difference between wholesale market prices and the production cost of electricity from renewable sources.

In September 2020, the SDE+ scheme was expanded to the SDE++ scheme. While the instrument and auction mechanism remained mainly unchanged, projects now compete on the basis of "avoided CO_2 and other greenhouse gases'', instead of "generated renewable energy". Therefore, CO_2-reducing options other than renewable energy are also eligible for subsidy, increasing the number of competitors for the same budget. The SDE++ scheme is available up to and including 2025 for grants for renewable energy projects.

The remuneration under the SDE++ scheme consists of two components: direct marketing of the electricity produced at market prices and a subsidy ("corrective amount") equal to the difference between the market price and the "base rate", which is the price awarded to the project in the tender. The base rate is fixed for the full duration of the subsidy scheme (15 years for solar energy) and the scheme resembles a contract-for-difference. Under certain market conditions, however, the yearly revenues per electricity produced can deviate from the base rate. If the market price increases over the course of a year, the initial price obtained during this year is higher than the base rate, since the applicable corrective amount is determined after the end of each year. Therefore, the excess revenues are settled in the following year, such that the price obtained is again equal to the base rate. If the market price falls below a certain threshold ("base energy price") equal to two thirds of the long-term price at the start of the subsidy period, the prices for this period are lower than the base amount by the difference between the base energy price and the market price.

[70] European Commission. Integrated National Climate and Energy Plan 2021-2030 – The Netherlands. November 2019.

Czech Republic

Recent Developments

The Czech government presented its national energy and climate plan for the period 2021 to 2030 in January 2020 and submitted it to the EC. In addition to the goal of reducing CO_2 emissions by 30% by 2030 compared to 2005, the plan also includes targets for the expansion of renewable energies. In the plan, the Czech government proposes to increase the share of renewable energies to 22% by 2030, which represents a 9% increase compared to the target of 13% for 2020.[71]

The current State Energy Policy of the Czech Republic was approved by the Government in 2015 and has an outlook until 2040. The strategic objectives of the plan regarding sustainability include, among other things, the permanent reduction of the share of fossil fuels in primary energy consumption as well as achieving the full use of the economically efficient potential of renewable energy in the Czech Republic. In order to meet its national contribution to the European targets by 2030, the Czech Republic has amended *Act No. 165/2012* on supported energy sources. Under the revised act, a new support scheme for the time after 2020 is proposed in order to ensure progress towards the national contribution in this area.[72]

In recent years, the expansion of renewable energies in the Czech Republic has stalled because of regulatory obstacles to new constructions, such as limitations on the land that can be used for new solar and wind developments and the lack of subsidies.

In 2021 the Czech Republic has established a modernization fund, which is funded by the EU via auctions of emission allowances from the European Emission Trading Scheme ("**EU ETS**"). It will be allocated to improvements of power plants covered by the EU ETS, but also to additional investment in energy efficiency and the development of renewable energy through a mechanism that is yet to be defined. The size of the fund depends on the future price of carbon allowances under the ETS but is estimated to be approximately €4.7 billion.[73]

Financial Support Scheme

A support scheme for renewable energy was introduced in 2005 in the Czech Republic and some of its main principles are still in place, although the current level of support for new larger developments is very limited.

Producers of renewable energy in the Czech Republic can choose annually between subsidization via FiT and Premium Tariffs ("**Green Bonus**").[74] Annual FiTs are determined by the Energy Regulatory Office for the following year and are adjusted for inflation over the long term. The Green Bonus is lower than the FiT, but it is topped up by a direct marketing component at a level that is determined by entering into a Power Purchasing Agreement ("**PPA**") with a utility company which locks in a fixed price for the following year based on market prices. The Green Bonus is then paid by the government as a premium on top of the PPA price. Compared to fixed revenues from FiTs, the Green Bonus scheme can result in higher or lower total revenues. In 2021 all plants operated by the Group in the Czech Republic were in the Green Bonus scheme and achieved higher revenues than they would have under the FiT scheme.

[71] Czech Ministry of Industry and Trade. The National Energy and Climate Plan of the Czech Republic. January 2020.
[72] European Commission. National Energy and Climate Plan of the Czech Republic. November 2019.
[73] https://www.interreg-central.eu/Content.Node/New-Financial-Instruments-will-be-available-Czech-Republi.html.
[74] CMS. https://cms.law/en/int/expert-guides/cms-expert-guide-to-renewable-energy/czech-republic.

In September 2021 the Czech parliament resolved to amend the law on supported energy sources. The amendment provides for an additional solar levy of 10% that will apply directly to the Green Bonus or FiT of the Group's Czech solar plants from 2022 onwards. For the year 2022 it is expected, however, that the effect of the increased solar levy on the Group's revenues in the Czech Republic will largely be offset by the effect of elevated electricity prices on the market-linked direct sales component of the Green Bonus support scheme. The amendment also defines a target internal rate of return ("IRR") of 8.4% to 10.6% over the lifetime of renewable energy plants. Where sectors are believed to exceed the assigned IRR, the support measures may be reduced accordingly. To determine the average IRRs currently achieved by different renewable energy sectors, the Ministry of Industry and Trade conducted a survey. In March 2022, the Ministry of Industry and Trade then published a report summarizing its findings, which was discussed in the Czech Parliament. The report states that the IRRs related to renewable energy assets put into operation between 2006 and 2010 fall well below the lower limit of the government's targeted IRR range. Therefore, as all the Group's Czech PV plants started operations in 2009 or 2010, no further revenue cuts are expected. The Czech government has yet to set the final IRR target for the solar industry, however, the target must be within the range of 8.4% and 10.6%.

Italy

Recent Developments

The Italian Integrated National Energy and Climate Plan, published by the Ministry of Economic Development in December 2019, lays out the projected future expansion necessary to reach a 30% share of renewables in gross final consumption by 2030. Italy further intends to increase its energy efficiency. The country also intends to have a 55% renewables share in the electricity sector by 2030, to be achieved mainly by expanding its solar capacity to 52 GW by 2030. The phase-out of coal scheduled for 2025 is also an important factor contributing to the expansion of renewables.[75]

Installed wind energy capacity in Italy has been increasing over the past decade and is at 10.93 GW as of 2021, with a majority of the installations located in the South.[76] In the first quarter of 2021 alone, 152 MW capacity of solar plants were installed and in 2020, 625MW of installed capacity had been added. With this, the cumulative solar capacity in Italy is more than 22.1 GW.[77]

Due to the high solar irradiation, comparatively high electricity prices and decreasing construction costs, a strong expansion of solar energy is considered possible even without governmental subsidies.[78]

Financial Support Scheme

In 2019, the support scheme RES 1 was adopted through Ministry Decree of the Italian Ministry of Economic Development (Ministero dello Sviluppo Economico, "**MISE**"). The RES 1 decree has two mechanisms to grant access to the support scheme. First, renewable energy plants with an installed capacity between 1 kW and 1 MW have access to incentives through registration (i.e., enrollment in specific registers held and managed by GSE). Second, those plants with an installed capacity equal to or higher than 1 MW have access to incentives through competitive tendering (i.e., auctions) within the specific limits of power quotas made available for incentivization in each tender.[79]

The support scheme that applies to the Company's current portfolio of PV plants in Italy consists of two types of revenues, a direct sales component at market prices and a fixed feed-in-premium which is paid on top of the direct sales and makes up the majority of the revenue. Through this mechanism power prices had a positive l effect on the revenues achieved by the Group's plants in Italy in 2021; however, for the year 2022, the direct sales price has been delinked from the market price and is fixed at levels between 56 and 58 € pro MWh for the Group's Italian PV plants This fixed price will be in place temporarily between February 1, 2022, and December 31, 2022.[80]

[75] https://www.ifri.org/sites/default/files/atoms/files/memo_lombardini_italy_necp_in_an_european_context_fev_2021.pdf.
[76] https://www.statista.com/statistics/421815/wind-power-capacity-in-italy/.
[77] https://www.pv-magazine.com/2021/06/07/italy-installed-152-mw-of-pv-in-q1-2021/.
[78] Dentons. Investing in renewable energy projects in Europe. February 2020.
[79] https://www.gazzettaufficiale.it/eli/id/2019/08/09/19A05099/sg.
[80] https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legge:2022;4~art4-com2.

4.2.2. BUSINESS PERFORMANCE

4.2.2.1. KEY EVENTS

Partnership with Boom Power established

On March 16, 2021, Pacifico Renewables signed a Right of First Offer Agreement with Boom Power. The partnership grants Pacifico Renewables priority access to Boom Power's pipeline of currently more than 1.5 GW of utility scale photovoltaic and battery storage assets in the United Kingdom being developed by an experienced team of industry experts. The close partnership and the ability to acquire projects before their commercial operation date allows Pacifico to structure tailored energy offtake and financing agreements.

Acquisition of 15.6 MW wind park in Germany completed

On March 30, 2021, Pacifico Renewables has successfully completed the acquisition of an onshore wind farm with a capacity of 15.6 MW located close to Reudelsterz in Rhineland-Palatinate. All five turbines have been commissioned successfully in January and February 2021. Based on a 20-year German FiT, annual revenues of approximately €2.9 million are expected from this project.

First Sustainability Report published

On June 29, 2021, the first sustainability report of the Group was published. The sustainability report describes the Group's stakeholder engagement process to identify material sustainability topics, its corporate values, its commitment to advancing the United Nations Sustainable Development Goals, and its contribution to meeting the goals of the Paris Climate Agreement. In addition, the Report provides an overview of Pacifico Renewables' governance and presents its sustainability strategy, which is derived from the Group's sustainability framework. The framework addresses three main pillars: delivering renewable energy in a sustainable and efficient way, fostering talent, communities, and digitalization, and being a responsible renewable energy platform.

Cooperation with the WIRTH GRUPPE starts with a contribution in kind

On July 2, 2021, Pacifico Renewables executed a capital increase against contribution in kind using authorized capital. Through the contribution in kind, Pacifico Renewables acquired an operational solar park in Brandenburg with a total installed capacity of 7.6 MW. The contributing company is backed by Markus and Andreas Wirth, the two managing shareholders of WIRTH GRUPPE. Together with their team, the Wirth brothers have developed and built solar plants internationally with an installed capacity of more than 2 GW, as well as large battery storage systems. In them, the Group wins two pioneers of the German solar industry as strategic shareholders[81]. As part of the transaction, the Wirth brothers have committed to a two-year lock-up of the shares[82] and made a declaration of intent for a long-term partnership.

AGM lays foundation for flexible growth financing

On August 20, 2021, the annual general meeting resolved to repeal the existing authorized capital 2019 and to create a new authorized capital 2021. The annual general meeting also approved the creation of a new conditional capital which will allow, among other things, the issuance of convertible bonds in the future.

[81] Indirectly via Andreas & Markus Wirth Solaranlagen GmbH & Co. KG.
[82] Via the contributing company, Andreas & Markus Wirth Solaranlagen GmbH & Co. KG.

Czech parliament voted to reduce support for solar power

On September 14, 2021, the Czech parliament resolved to amend the law on supported energy sources as described above in Section 4.2.1.3.. The amendment provides for an additional solar levy of 10% that will apply directly to the "Green Bonus" or FiT of the Group's Czech solar plants from 2022 onwards.

MoU paves the way for market entry into the UK

On September 27, 2021, Pacifico Renewables entered into a memorandum of understanding ("MoU") with Boom Power to acquire solar parks in the United Kingdom. The MoU provides i.a. for a pathway towards the acquisition of the first bundle of parks, as soon as all of the deliverables and conditions for the start of construction are in place.

Landmark acquisition of a 51.8 MW wind project in Poland completed and 2021 guidance raised

On October 11, 2021, Pacifico Renewables signed a purchase agreement to acquire three onshore wind parks located in northern Poland with a total capacity of 51.8 MW. The three wind parks were developed by Pacifico Partners and comprise a total of 20 wind turbines which all started generating electricity by the end of the first half of 2021. As part of the Group's due diligence, the alignment of the projects with the technical screening criteria, do no significant harm criteria and minimum social safeguards of the EU taxonomy[83] was assessed internally on a best-efforts basis. The Group's internal assessment concluded that the project aligns with the EU taxonomy. On November 25, 2021, the acquisition was closed. On the occasion of this transaction, the Group raised its revenue guidance for the fiscal year 2021 from between €18.6 million and €20.0 million to between €20 million and €22 million.

14.1 MW solar park acquisition in the Netherlands closed and strategic partnership prolonged

On October 14, 2021, Pacifico Renewables signed a purchase agreement to acquire a solar park near Hernen in the Netherlands with an expected installed capacity of approximately 14.1 MW. The ground-mounted solar park was developed by Pacifico Partners. As part of the Group's due diligence, the alignment of the project with the technical screening criteria, do no significant harm criteria and minimum social safeguards of the EU taxonomy[84] was assessed internally on a best-efforts basis. The Group's internal assessment concluded that the project aligns with the EU taxonomy. In parallel to this acquisition, the management board of Pacifico Renewables and the management team of Pacifico Partners have agreed to refine and prolong their partnership by amending and prolonging until 2029 the asset management and right of first offer agreements. On October 19, 2021, the acquisition was closed.

Partnership with ACE Power grows pipeline beyond 3.1 GW

On October 19, 2021, Pacifico Renewables signed a right of first offer agreement with ACE Power, a renewable energy project developer based in Australia. This partnership grants Pacifico Renewables priority access to ACE Power's pipeline of currently more than one GW in Australia. The

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[83] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. The technical screening criteria are laid out in the technical annex to the respective EU Taxonomy report.

[84] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. The technical screening criteria are laid out in the technical annex to the respective EU Taxonomy report.

current pipeline of ACE Power mainly comprises nine large-scale solar projects across Australia. Each project is intended to be co-located with battery storage facilities. The first project is set to be completed by 2024. In close coordination, ACE Power and Pacifico Renewables intend to structure the financing and power purchase agreements ahead of the commercial operation date to tailor the financial structure precisely to the Group's requirements as long-term owner of the assets. In the past 20 years, the ACE Power team has played vital roles in developing over 2.5 GW of solar, battery storage and wind projects globally. Of these projects, 1.2 GW are currently operational in Australia.

Fifth acquisition in 2021 closed achieving almost 100 MW portfolio growth

On November 7, 2021, Pacifico Renewables signed a purchase agreement to acquire a portfolio of six ground-mounted and rooftop solar plants located in the Netherlands with an expected total installed capacity of approximately 10 MW from a Dutch development and EPC company. The portfolio comprises a total of six solar plants, of which five have already been operational for approximately two years. As part of the Group's due diligence, the alignment of the project with the technical screening criteria, do no significant harm criteria and minimum social safeguards of the EU taxonomy[85] was assessed internally on a best-efforts basis. The Group's internal assessment concluded that the project aligns with the EU taxonomy. On December 14, 2021, the acquisition was closed which led to a portfolio growth in 2021 of almost 100 MW once all acquired plants are fully operational.

Debut ABB successfully placed backed by strategic anchor shareholder

On November 10, 2021, an accelerated bookbuilding (ABB) in a private placement was successfully implemented to raise total gross proceeds of €9.8 million. The management board of Pacifico Renewables, with the consent of the supervisory board, resolved to increase the share capital of the Company from €3,382,766 by a total of €338,276 to €3,721,042 by issuing 338,276 new shares from the authorized capital 2021 under the exclusion of subscription rights. The placement price was set at €29 per share. The Group's majority shareholder Pelion Green Future Alpha GmbH underlined its role as strategic anchor shareholder by backing the capital increase with €6.0 million.

Increasing electricity prices lead to second revenue guidance raise in 2021

On December 16, 2021, based on preliminary indications and taking into account the increased volatility of the relevant electricity prices, Pacifico Renewables raised its revenue guidance for the fiscal year 2021 from €20.0 – €22.0 million to €20.5 – €23.5 million.

4.2.2.2. KEY PERFORMANCE INDICATORS

Adjusted operating EBITDA and EBIT

Revenues increased to €21.9 million (2020: €15.0 million) and electricity production to 123.8 GWh (2020: 75.7 GWh). Both revenues and power production were therefore within the range of the updated guidance from December 2021.

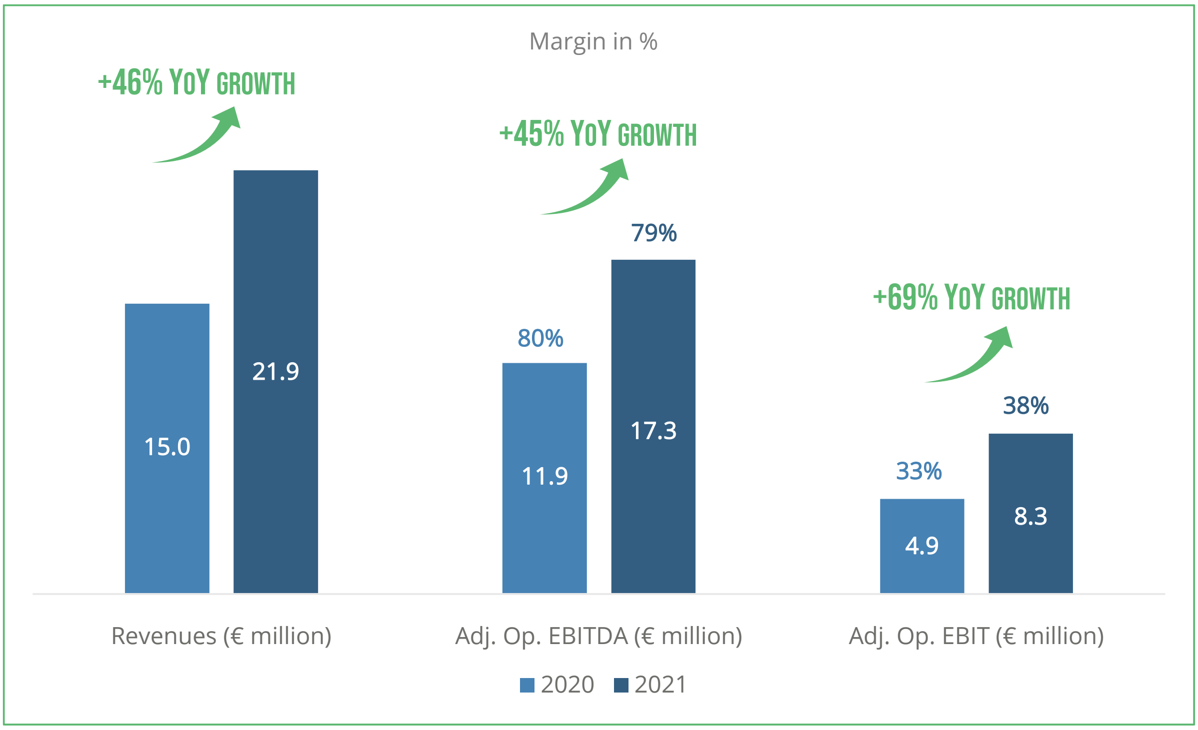
Earnings before interest, taxes, depreciation, and amortization (EBITDA) at Group level, adjusted for non-recurring items, amounted to €14.1 million (2020: €10.5 million). Earnings before interest

[85] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. The technical screening criteria are laid out in the technical annex to the respective EU Taxonomy report.

and taxes (EBIT) at group level, adjusted for non-recurring items, amounted to €6.8 million (2020: €4.4 million).

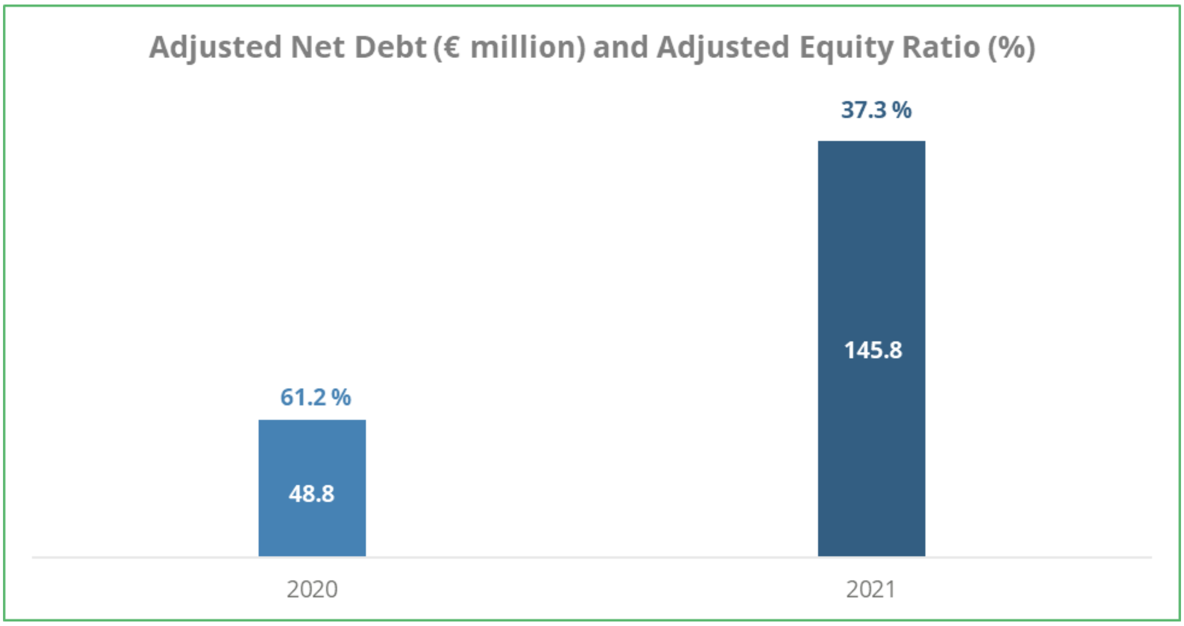
Additionally, adjusted for holding costs, Pacifico Renewables' portfolio yielded an adjusted operating EBITDA margin of 79% (2020: 80%) and an adjusted operating EBIT margin of 38% (2020: 33%), reflecting the operational strength of the portfolio. Earnings before interest, taxes, depreciation, and amortization (EBITDA) at portfolio level, adjusted for non-recurring items, amounted to €17.3 million (2020: €11.9 million). Earnings before interest and taxes, depreciation (EBIT) at portfolio level, adjusted for non-recurring items, amounted to €8.3 million (2020: €4.9 million).

Due to the transition from German GAAP to IFRS EBITDA margins naturally improve *ceteris paribus* since leasing is according to IFRS reflected as interest expense and depreciation from a profit and loss perspective, whereas German GAAP recognizes it as cost of materials from a profit and loss perspective. Compared to previous years the solar tax in the Czech Republic is recognized within other expenses.



Net Debt

The Group considers the evolution of indebtedness and, in particular, of adjusted net financial debt as key financial measure. The aforementioned metric captures the amount of financial liabilities net of cash and other current financial assets. Adjusted net financial debt amounted to €145.8 million at the end of financial year 2021 (2020: €48.8 million). The increase in adjusted net financial debt mainly comes after the acquisition of new assets in Germany, Netherlands and Poland completed during the year due to the consolidation of existing project finance facilities. The Group's adjusted equity ratios reflects book equity divided by book equity plus net debt and equals 37.3% at the end of financial year 2021 (2020: 61.2%).



4.2.3. SEGMENT REPORTING

For the operating segments, Earnings before interest, taxes, depreciation, and amortization (EBITDA) and Earnings before interest and taxes (EBIT) are adjusted for non-recurring items. Since the non-operating segment combines all holdings of the Group, including the ultimate parent company, Pacifico Renewables Yield AG, which do neither operate solar nor wind parks, operating segments are naturally adjusted for holding costs including personal costs. Hence, the EBIT(DA) of operating segments adjusted for non-recurring items conceptually equals the adjusted operating EBIT(DA) at portfolio level but is broken down into different operating segments.

Wind Germany

The year 2021 was marked by very low wind speeds compared to the long-term average in Germany, which led to a total production of around 20% below plan. The conditions were particularly bad in the first and third quarter of the year, where, consequently, revenues were also significantly below plan. In the fourth quarter, however, the production was closer to the plan and electricity prices were so high that in Q4 actual revenues exceeded expected revenues by around one third. This is because the market price obtained exceeded the average level of the FiT for the Group's wind parks (weighted by their share of production) by more than 50% during Q4.

A minor shortfall in planned revenues at annual level for the German parks was attributable to damage events. All damages were covered by existing full-service maintenance contracts. These include penalty regulations for falling short of the guaranteed technical availability to partially compensate for revenue losses.

The comparably high costs of materials are due to the advanced age of some plants and existing full maintenance contracts including the replacement of large components. Full maintenance contracts should not only provide current insurance protection, but also ensure the continued technical operation of the plants beyond the FiT.

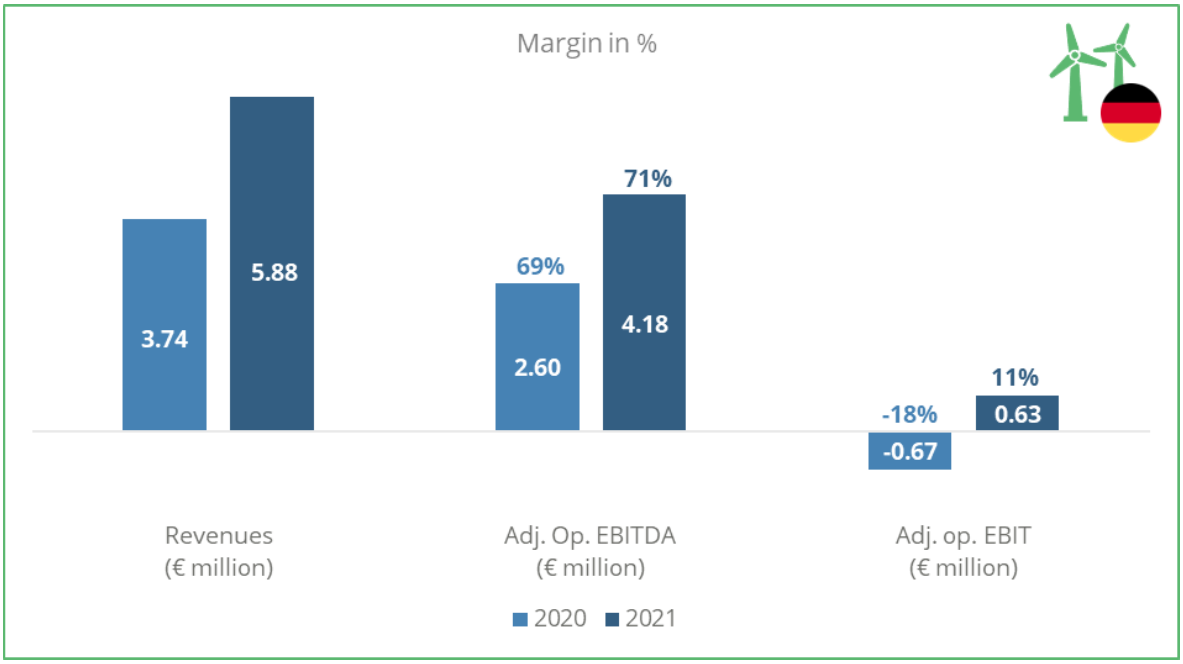
In 2021, the Group's wind parks located in Germany generated revenues of €5.88 million (2020: €3.74 million) and an electricity volume of 57.9 GWh (2020: 39.9 GWh).

Plant	Tech	Capacity (MW)	Support scheme expiration	Production 2021 (GWh)	Production 2020 (GWh)	Prod %YoY Change	Total Production Revenue 2021 (k€)	Total Production Revenue 2020 (k€)	Rev %YoY Change
Reudelsterz	WP	15.6	Q1-41	24.0	n/a	NM	2,131.3	n/a	NM
Kampehl	WP	6.0	Q4-25	5.9	6.7	-12%	614.4	646.0	-5%
Berg	WP	4.5	Q4-24	7.3	9.2	-20%	775.8	791.7	-2%
Etgersleben	WP	4.5	Q4-22	6.1	6.7	-9%	715.6	628.6	14%
Titz	WP	4.5	Q4-23	5.0	6.6	-25%	531.6	613.7	-13%
Süderbrarup	WP	3.0	Q4-31	5.4	5.7	-6%	635.5	596.8	6%
Berthelsdorf	WP	3.0	Q4-22	4.3	4.9	-13%	471.7	465.8	1%
Germany Wind		41.1		57.9	39.9	*45%*	5,876.0	3,742.6	*57%*
Percentage of Germany Total		*56%*		70%	*69%*		52%	*46%*	
Percentage of Group Total		*25%*		*47%*	*53%*		*27%*	*25%*	

Notes:

- "Support scheme expiration" refers to the first date on which at least a part of the applicable support scheme expires.
- PAC Saphir GmbH & Co. KG (SPV for the wind parks Berthelsdorf, Etgersleben and Titz) and PAC Topas GmbH & Co. KG (SPV for the wind parks Berg and Kampehl) entered into option purchase agreements with Pacifico Energy Partners GmbH for the sale of the wind parks to facilitate a potential repowering and extension of the wind parks after the expiration of the support scheme. Upon execution of the option rights, the Group would have priority access to repurchase the repowered and potentially extended wind parks.
- Reudelsterz wind farm became part of Group's portfolio in March 2021 with the consolidation of Windpark 1. RES GmbH & Co. KG.

In the reporting period, adjusted operating EBITDA amounted to €4.18 million (2020: €2.60 million) and adjusted operating EBIT to €631,855 (2020: €-673.040).



Solar Germany

The Group's German solar parks recorded a rather weak year 2021. Solar radiation in the second and third quarter, where most of the production takes place, was slightly below expectations. Since most of the solar plants have FiTs above the maximum level reached by market prices, the positive effect of market prices on revenues was small. Therefore, prices did not compensate for the lower production, such that total revenues for the year were also slightly below plan.

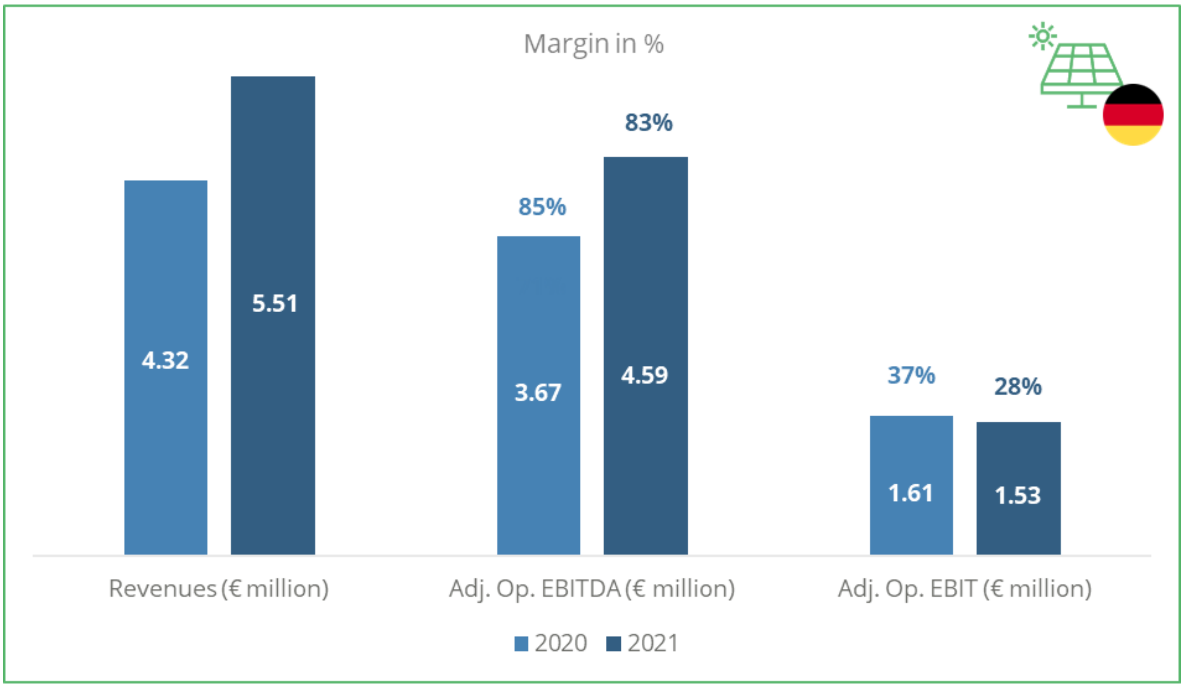
In 2021, the Group's solar parks located in Germany generated revenues of €5.51 million (2020: €4.32 million) and an electricity volume of 24.5 GWh (2020: 17.8 GWh).

Plant	Tech	Capacity (MW)	Support scheme expiration	Production 2021 (GWh)	Production 2020 (GWh)	Prod %YoY Change	Total Production Revenue 2021 (k€)	Total Production Revenue 2020 (k€)	Rev %YoY Change
Vossberg	PV	7.6	Q4-32	3.3	n/a	NM	312.4	n/a	NM
Auerbach	PV	6.4	Q4-31	5.8	5.0	16%	1,247.4	1,071.2	16%
Staßfurt	PV	5.0	Q4-31	4.4	3.5	25%	988.0	789.8	25%
Eisfeld	PV	2.9	Q4-31	2.5	2.0	29%	559.2	432.3	29%
Köthen	PV	2.2	Q4-30	2.3	1.7	34%	646.6	486.1	33%
Hedersleben I	PV	1.5	Q4-30	2.4	2.5	-4%	490.7	485.8	1%
Hedersleben II	PV	1.8	Q4-38						
Hohburg	PV	1.6	Q4-31	1.5	1.2	19%	312.4	262.2	19%
Rosefeld	PV	1.4	Q4-30	1.1	0.9	24%	373.1	300.3	24%
Neubukow	PV	1.3	Q4-28	1.0	0.8	17%	456.2	384.2	19%
Süpplingen	PV	0.4	Q4-28	0.3	0.2	23%	125.1	103.5	21%
Germany Solar		32.0		24.5	17.8	*37%*	5,511.1	4,315.4	*28%*
Percentage of Germany Total		*44%*		30%	*31%*		48%	*54%*	
Percentage of Group Total		*19%*		*20%*	*24%*		*25%*	*29%*	

Notes:

- "Support scheme expiration" refers to the first date on which at least a part of the applicable support scheme expires.
- For Vossberg, the columns "Production" and "Revenue" refer to the production volume and revenue of the park for the full calendar year 2021, which is not fully consolidated in the consolidated financial statements for the year ending December 31, 2021, as the park was only acquired by the Group during 2021.
- PV Hedersleben II comprises three plants. The subsidy for two of these three plants ends in Q4/38, the subsidy for the third plant ends in Q4/39

In the reporting period, adjusted operating EBITDA amounted to €4.59 million (2020: €3.67 million) and adjusted operating EBIT to €1.53 million (2020: €1.61 million). The lower adjusted operating EBIT margin in 2021 results from: (i) the acquisition of eight operational photovoltaic plants in Germany with an installed capacity of 21.2 MW in 2020 not being consolidated for the full year 2020 and (ii) the acquisition of a 7.6 MW solar park in Germany in 2021, which both have increased the depreciation in this segment in the reporting period compared to the previous period.



Poland

On November 25, 2021, the Group successfully closed the acquisition of three onshore wind parks located in northern Poland with a total capacity of 51.8 MW. Revenues and costs are recognized since the date of the acquisition. There are no financial results for the year 2020 because the wind parks only started operations in 2021.

In the period following the closing of the transaction, the wind conditions were roughly in line with expectations. As the wind parks generated all their revenues from merchant sales in 2021, they benefited from the very high power prices in Poland in November and December and revenues significantly exceeded expectations.

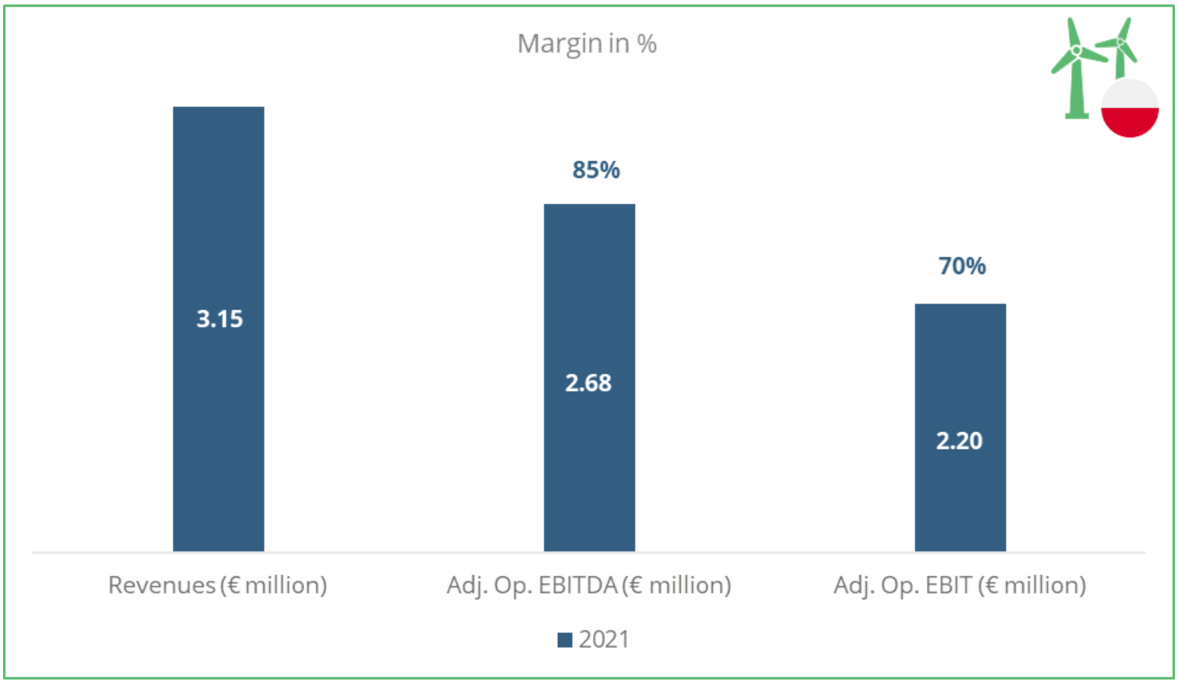
In 2021, the Group's wind parks located in Poland generated revenues of €3.15 million (2020: €0) and an electricity volume of 23.6 GWh (2020: 0).

Plant	Tech	Capacity (MW)	CfD expiration	Production 2021 (GWh)	Production 2020 (GWh)	Prod %YoY Change	Total Production Revenue 2021 (k€)	Total Production Revenue 2020 (k€)	Rev %YoY Change
Debowa Laka	WP	33.3	Q4-37	15.4	n/a	NM	2,068.2	n/a	NM
Swiecie	WP	16.3	Q4-37	7.0	n/a	NM	911.9	n/a	NM
12W	WP	2.2	Q4-37	1.2	n/a	NM	170.2	n/a	NM
Poland		51.8		23.6	n/a	NM	3,150.3	n/a	NM
Percentage of Group Total		*31%*		*19%*			*14%*		

Notes:

- "Support scheme expiration" is to be understood here in a restrictive manner as the plants have a diversified electricity remuneration profile (inflation-linked CfD, PPA, merchant, GoO) and part of the production is sold at merchant prices already before the support scheme expiration.
- Polish wind parks became part of Group's portfolio in November 2021 with the consolidation of SPVs GB 12W 212 sp.z.o.o., GB Debowa Laka 402 sp.z.o.o. and GB Swiecie 404 sp.z.o.o..

In the consolidated period, adjusted operating EBITDA amounted to €2.68 million (2020: €0) and adjusted operating EBIT to €2.20 million (2020: €0).



Due to elevated power prices post consolidation accelerated revenue recognition leads to relatively high adjusted operating EBIT(DA) margins.

Netherlands

The Group concluded two acquisitions in the Netherlands in late 2021: a 14.1 MW ground-mounted PV park close to Hernen and a 9,9 MW portfolio of nine roof-top and ground-mounted PV plants. The Hernen PV park and some of the others were still under construction at the time of acquisition in October and December, respectively. Hence comparability to previous year financials is given since the operational portfolio in the Netherlands remained relatively stable year over year.

The operational portfolio has performed in line with the plan in terms of production throughout the year. Revenues were above plan due to high electricity prices; however, there is a settlement mechanism in place under the Dutch subsidy scheme as described in section 4.2.1.3. After the settlement, the revenues per electricity produced will be equal to the designated subsidy level, such that total revenues will also be as planned.

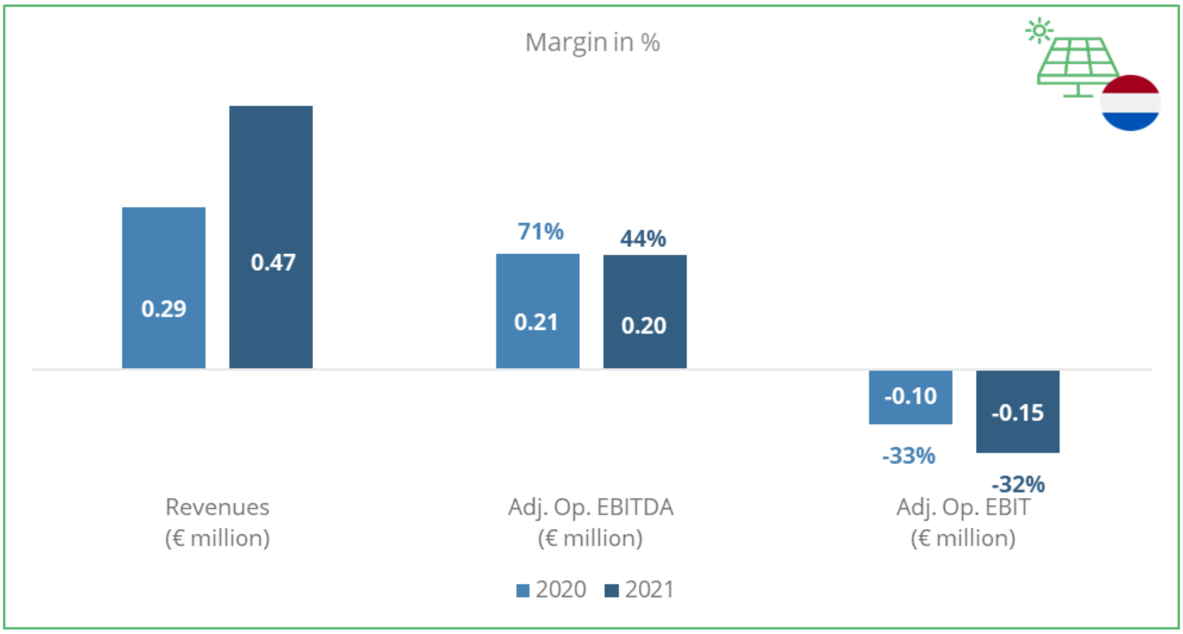
In the year 2021, the Group's solar parks located in the Netherlands generated revenues of €0.5 million (2020: €0.3 million) and an electricity volume of 4.7 GWh (2020: 3.7 GWh).

Plant	Tech	Capacity (MW)	Support scheme expiration	Production 2021 (GWh)	Production 2020 (GWh)	Prod %YoY Change	Total Production Revenue 2021 (k€)	Total Production Revenue 2020 (k€)	Rev %YoY Change
Hernen	PV	14.1	Q4-35	n/a	n/a	NM	n/a	n/a	NM
Solar Parks Oslo	PV	9.9	Q4-34	0.1	n/a	NM	22.8	n/a	NM
Tilburg	PV	2.8	Q2-35	2.4	1.6	56%	215.2	122.1	76%
Oud Gastel	PV	1.7	Q4-34	1.6	1.7	-7%	151.9	128.3	18%
Lunteren	PV	0.9	Q2-35	0.2	n/a	NM	28.9	n/a	NM
Vianen	PV	0.5	Q4-34	0.4	0.5	-9%	48.5	41.9	16%
Netherlands		30.0		4.7	3.7	*27%*	467.2	292.3	*60%*
Percentage of Group Total		*18%*		*4%*	*5%*		*2%*	*2%*	

Notes:

- “Support scheme expiration” refers to the first date on which at least a part of the applicable support scheme expires.
- Support scheme expiration for Dutch plants are shown as of the earliest end of FiT. Actual support might last longer in case actual production lies below a minimum level.
- The updated subsidy scheme expiration date is adjusted to the actual commercial operation date and approved by the Dutch regulator.
- Hernen sbecame part of Group’s portfolio in October 2021 with the consolidation of Dutch Durables Energy 3 B.V.
- Oslo solar parks became part of Group’s portfolio in December 2021 with the consolidation of Oslo Energy Netherlands B.V.

In the reporting period, adjusted operating EBITDA amounted to €204.896 (2020: €207.233) and adjusted operating EBIT to €-147,758 (2020: €-97,695).



Czech Republic

Meteorological conditions were mostly in line with or above expectations in the Czech Republic in 2021, such that the production targets could be reached. At the PV parks Osecna and Usilne several inverters had to be replaced; however, this did not lead to a significant decrease in production and no other major technical damages occurred. Revenues were slightly higher than in the previous year due to a higher price obtained for the PPA component of the revenue mechanism explained in section 4.2.1.

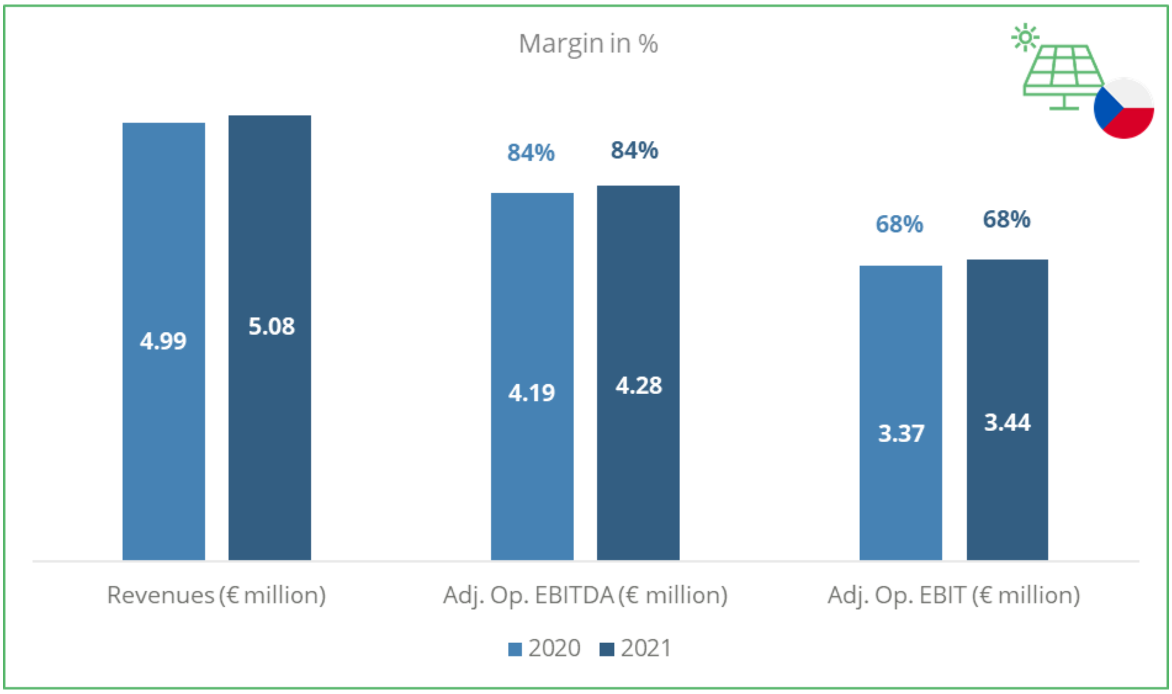
In the year 2021, the Group's solar parks located in the Czech Republic generated revenues of €5.08 million (2020: €4.99 million) and an electricity volume of 8.2 GWh (2020: 8.6 GWh).

Plant	Tech	Capacity (MW)	Support scheme expiration	Production 2021 (GWh)	Production 2020 (GWh)	Prod %YoY Change	Total Production Revenue 2021 (k€)	Total Production Revenue 2020 (k€)	Rev %YoY Change
Osecna	PV	3.0	Q4-30	3.0	3.3	-9%	1,781.9	1,831.5	-3%
Hodonice	PV	2.1	Q1-29	2.6	2.6	0%	1,683.1	1,584.8	6%
Usilne	PV	1.2	Q4-30	1.3	1.4	-5%	794.9	786.4	1%
Troskotovice	PV	1.1	Q4-29	1.3	1.3	-2%	815.2	787.8	3%
Czech Republic		7.5		8.2	8.6	*-5%*	5,075.1	4,990.5	*2%*
Percentage of Group Total		*4%*		*7%*	*11%*		*23%*	*33%*	

Notes:

- "Support scheme expiration" refers to the first date on which at least a part of the applicable support scheme expires.

In the reporting period, adjusted operating EBITDA amounted to €4.28 million (2020: €4.19 million) and adjusted operating EBIT to €3.44 million (2020: €3.37 million).



Italy

In Italy, production was slightly below plan in 2021 due to lower than expected irradiation in the second and third quarter. Furthermore, a medium-voltage cell had to be replaced at the Ferrandina solar plant in southern Italy. It could not be replaced immediately, partly due to material shortages. This circumstance led to a temporary shutdown of the plant in May and the first half of June. Due to these circumstances, the production in the first half of 2021 was around ten percent lower than expected. High electricity prices, especially in the second half of the year, were able to offset the low production, such that the total revenues ended up slightly above plan.

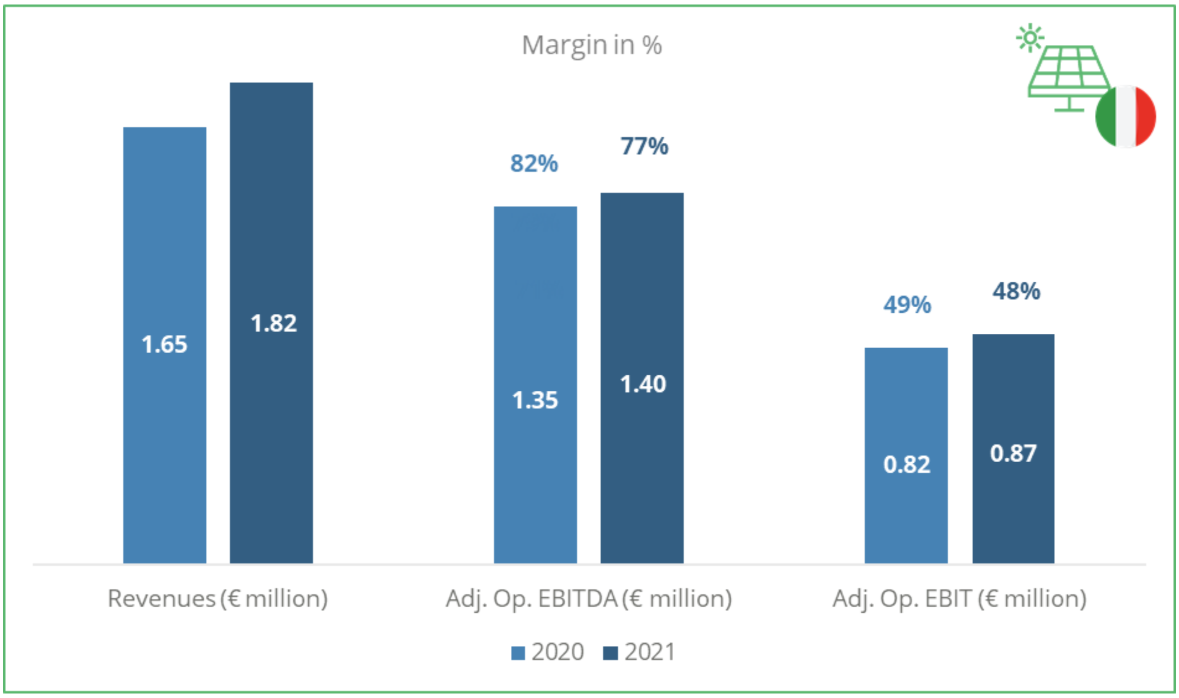
In the year 2021, the Group's solar parks located in Italy generated revenues of €1.82 million (2020: €1.65 million) and an electricity volume of 4.9 GWh (2020: 5.6 GWh).

Plant	Tech	Capacity (MW)	Support scheme expiration	Production 2021 (GWh)	Production 2020 (GWh)	Prod %YoY Change	Total Production Revenue 2021 (k€)	Total Production Revenue 2020 (k€)	Rev %YoY Change
Ugento	PV	1.0	Q2-30	1.2	1.4	-10%	522.8	484.5	8%
Ferrandina I	PV	1.0	Q4-31	1.0	1.4	-29%	334.9	352.6	-5%
Ferrandina II	PV	1.0	Q4-31	1.4	1.5	-7%	430.2	358.4	20%
Bariano	PV	1.0	Q2-31	1.2	1.3	-4%	527.3	458.3	15%
Italy		4.0		4.9	5.6	*-13%*	1,815.3	1,653.8	*10%*
Percentage of Group Total		*2%*		*4%*	*7%*		*8%*	*11%*	

Notes:

- "Support scheme expiration" refers to the first date on which at least a part of the applicable support scheme expires.
- These production figures correspond to the numbers used by Gestore dei Servizi Energetici GSE S.p.A. to calculate the FiT ("Tariffa incentivante"). Actual feed-in into the grid is slightly lower due to transformer losses between inverters and grid connection point.

In the reporting period, adjusted operating EBITDA amounted to €1.40 million (2020: €1.35 million) and adjusted operating EBIT to €870,311 (2020: €816,569).



Corporate

This segment combines all non-operating entities of the Group, including Pacifico Renewables Yield AG, which neither directly holds solar nor wind parks. The total expenses of this segment amounted to €4.4 million (2020: €2.8million). The major cost components are personnel expenses of €1.6million (2020: €1.2 million) thereof provisions for virtual share-based remuneration and other costs mainly attributable to operate a listed company as well as legal and advisory fees (see 4.2.5. for a detailed description of these cost items at Pacifico Renewables Yield AG level). Running costs for all holdings of the Group, adjusted by one-off expenses, non-recurring items and costs charged into operating Group entities, respectively, equal €2.8 million (2020: €1.8 million).

4.2.4. ASSETS, FINANCIAL AND EARNINGS POSITION

Assets

As of December 31, 2021, the Group's balance sheet totals amount to €292.7 million (2020: €155.8 million). Property, plant and equipment account for the largest part of the balance sheet total, which are reported with an amount of €251.1 million (2020: €97.0 million) as of the reporting date.

In 2021, Property, plant and equipment increased by approximately €154.1 million compared to December 31, 2020. This is mostly due to the following acquisitions in the reporting period:

- 15.6 MW onshore wind park located in Germany
- 7.6 MW solar park located in Germany
- 14.1 MW solar park located in the Netherlands
- 51.8 MW onshore wind project located in Poland
- 9,9 MW solar park portfolio in the Netherlands

Securities and other lendings decreased to €1.2 million (2020: €37.2 million) mainly due to the acquisition of the 51.8 MW onshore wind project located in Poland since the target company was recapitalized with a loan in December 2020 to facilitate the acquisition of this target company once its three wind parks are fully operational. Following full operation of the wind parks and the subsequent acquisition of the target company, the loan changed into an intra-group loan and as such does not represent a financial asset of the Group anymore.

The Cash and cash equivalents in the amount of €13,3 million (2020: €9.9 million) describe the total of all account balances in the Group. This item was increased by €6.2 million due to the contribution of the acquisitions in the reporting period. Furthermore, there is cash with restriction on disposal with an amount of €6.0 million (2020: €5.0 million).

Financial Position

Equity

Equity, which comprises, among other things, subscribed capital as well as additional paid-in capital of the Group increased in the reporting period due to two capital increases to €86.9 million (2020: €77.0 million).

As a result of a contribution in kind in July 2021, the subscribed capital rose by €73,000 while the additional paid-in capital increased by €2.47 million. 73,000 new shares were issued at an issue price of €34.77. The contribution in kind served the acquisition of an operational solar park with a total capacity of 7.6 MW in Germany and made Markus and Andreas Wirth, the two managing shareholders of WIRTH GRUPPE, strategic shareholders and long-term partners of the Group.

Due to the second capital increase, the Group's debut accelerated bookbuilding (ABB), the subscribed capital increased by €338,276, and the additional paid-in capital increased by €9.5 million in the reporting period. In the course of the ABB, 338,276 new shares were issued at an issue price of €29. The capital increase mainly served to further pursue the Group's portfolio growth strategy, particularly in connection with the of the acquisition of three onshore wind parks in Poland.

Financial liabilities

The Group's financial liabilities consist primarily of bank liabilities, thereof primarily project financing. At the end of the reporting period financial liabilities amounted to €166.9 million (2020: €63.4 million).

The Group is financed to a large extent by non-recourse project financing of which the amortization is directly covered by returns of its assets. Project financings are mainly to be repaid on schedule before the end of the respective subsidy mechanism of a plant. The interest rate risk of project financing is limited, as it is mainly tied to fixed interest rates or hedged against interest rate changes. There is no refinancing risk in case of scheduled repayments. All project financing has been concluded in local currency.

Furthermore, a subordinated promissory note loan at the level of Pacifico Holding 1 GmbH & Co. KG is outstanding. The interest rate on this promissory note loan is fixed. The promissory note loan matures in 2029, is mainly repaid from income from the plants attributable to Pacifico Holding 1 GmbH & Co. KG and requires, after a scheduled repayment profile, a remaining final repayment of €3.3 million in 2029. The subordinated promissory note loan is reported under other liabilities with a value of €9.4 million as of December 31, 2021 (2020: €10.0 million). The revolving credit facility of Triodos Bank N.V. Germany was drawn with an outstanding amount of €16.2 million as of December 31, 2021 (undrawn as of December 31, 2020). Both facilities were refinanced with the Group's €35 million debut secured green loan private placement with UBS Asset Management in the first quarter of 2022.

Statement of cash flows

In the reporting period, the change in cash and cash equivalents amounts to €13.3 million (2020: €9.9 million) and is composed as follows:

The net cash inflow from the operating activities of the operating portfolio amounts to €11.6 million (2020: €12.6 million) and mainly results from the Group's operation of solar and wind power plants. The decrease of €1.0 million despite a growing portfolio is attributable to:

i. mainly from the production of electricity of the Polish wind portfolio which was not yet cash-settled claims until the end of the reporting period,
ii. the fact that most acquisitions happened in the very end of the reporting period and have only contributed to the operating cash generation of the Group for a limited period of time in the reporting period,
iii. and growing personnel expenses needed to accommodate growth.

Once all plants acquired at the end of 2021 are fully operational, cash inflow from the operating activities will reflect the growth achieved in terms of portfolio expansion.

The cashflow from investment activities amounts to €-30.0 million (2020: €-57.4 million) and mainly results from the following acquisitions in the reporting period of:

- 15.6 MW onshore wind park located in Germany

- 14.1 MW solar park located in the Netherlands
- The holding company of a 51.8 MW onshore wind project located in Poland
- 9,9 MW solar park portfolio in the Netherlands

The positive cashflow from financing activities with an amount of €15.7 million (2020: €46.2 million) includes, in addition to a capital increase and the drawn revolving credit facility, the further borrowing of existing loans for newly acquired plants less the liquidity-reducing repayments of loans and interest payments for these. Taking into account that approximately €12.7 million of the €23.3 million of repayments of financial liabilities can be attributed to the regular amortization of project finance facilities, reveals that a combination of reinvested cash flows, additional debt and a capital increase have funded the investment activities of the Group in the reporting period.

In addition to these events qualifying as cash-effective, cash and cash equivalents increased by €6.2 million in the reporting period, mainly due to the liquidity available in the acquired companies.

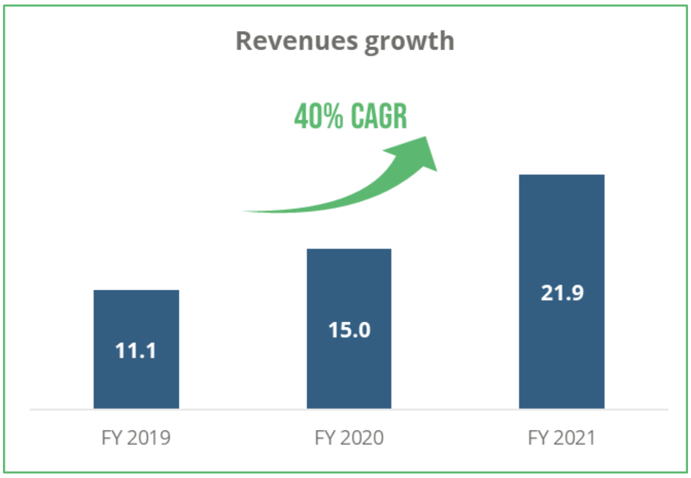
The Group remained in continuous financial solvency.

Financial Performance

Revenue

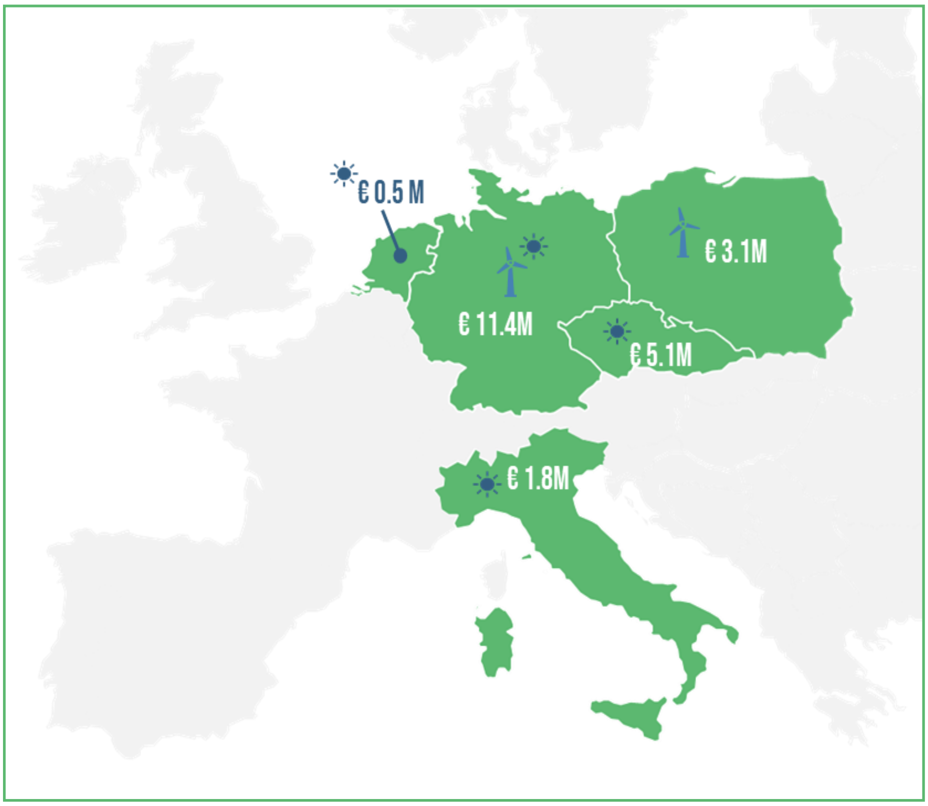
Generally, neither the COVID-19 pandemic nor the Russian invasion of Ukraine has disrupted the operations of the Group's power plants. All maintenance and service work could and can be carried out as planned and the production has not been affected.

Based on its electricity generation and the revenue recognition of the solar and wind power plants, the Group generated revenues of €21.9 million in 2021 (2020: €15.0 million)[86].



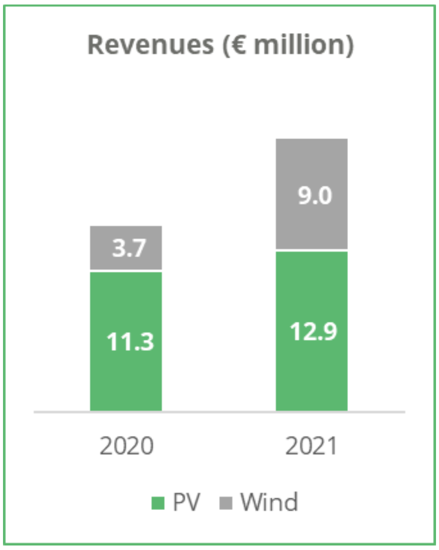
[86] To enable chart comparison, 2019 revenue data relates to the Group's portfolio for the full calendar year 2019 not only the consolidation period. Acquired assets were already operational prior to their consolidation which happened on June 30, 2019.

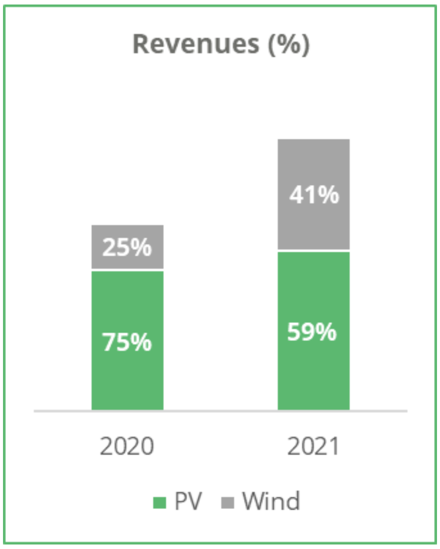
Country breakdown of revenues generated by the Group:



In comparison to 2020, the Group has further successfully grown its footprint in its home market Germany and built-out its footprint in Poland and the Netherlands. However, most of the installed capacity acquired in the Netherlands was not operating at the end of the reporting period and hence the revenue contribution of the Netherlands will significantly grow in 2022 once all plants acquired in 2021 are fully operational.

Technology breakdown of revenues generated by the Group:





4.2.5. NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS OF PACIFICO RENEWABLES AG (HGB)

Assets

As of December 31, 2021, the Pacifico Renewables Yield AG's balance sheet totals amount to €114.9 million (2020: €82.1 million). Financial assets account for the largest part of the balance sheet total, which are reported with an amount of €108.4 million (2020: €72.2 million) as of the reporting date.

In 2021, financial assets increased by approximately €36.2 million compared to December 31, 2020. This is mainly due to the following acquisitions in the reporting period:

- 15.6 MW onshore wind park located in Germany
- 7.6 MW solar park located in Germany
- 14.1 MW solar park located in the Netherlands
- 51.8 MW onshore wind project located in Poland
- 9.9 MW solar park portfolio in the Netherlands

The Cash and cash equivalents decreased to an amount of €0.8 million (2020: €4.1 million) due to the deployment of existing cash for acquisitions.

Financial Situation

Equity

Equity, which comprises, among other things, subscribed capital as well as additional paid-in capital of the Group increased in the reporting period due to two capital increases to €87.5 million (2020: €79.9 million).

As a result of a contribution in kind in July 2021, the subscribed capital rose by €73,000 while the additional paid-in capital increased by €2.5 million. 73,000 new shares were issued at an issue price of €34.77. Due to the second capital increase, the Pacifico Renewables Yield AG's debut accelerated bookbuilding (ABB), the subscribed capital increased by €338,276, and the additional paid-in capital increased by €9.5 million in the reporting period. 338,276 new shares were issued at an issue price of €29.

Debt Capital

The Group's financial liabilities consist primarily of a revolving credit facility, which was almost fully drawn at the end of the reporting period. At the end of the reporting period, financial liabilities amounted to €19.3 million (2020: €0.9 million).

The Group is financed to a large extent by non-recourse project financing of which the amortization is directly covered by returns of its assets. Project financings are mainly to be repaid on schedule before the end of the respective subsidy mechanism of a plant. The interest rate risk of the project financing is limited, as it is mainly tied to fixed interest rates or hedged against interest rate changes. There is no refinancing risk in case of scheduled repayments. All project financing has been concluded in local currency.

The revolving credit facility of Triodos Bank N.V. Germany was drawn with an outstanding amount of €16.2 million as of December 31, 2021 (undrawn as of December 31, 2020). By issuing a green loan at the level of a subsidiary of Pacifico Renewables Yield AG, the purpose of which was, among other things, to refinance this revolving credit facility, the revolving credit facility was repaid in full in March 2022.

Statement of cash flow

In the reporting period, cash and cash equivalents amount to €0.8 million (2020: €4.1 million) and are composed as follows:

The net cash inflow from the operating activities of the operating portfolio amounts to €1.5 million (2020: €-2.9 million) and mainly results from distributions of Pacifico Renewables Yield AG's financial assets.

The cashflow from investment activities amounts to €-30.3 million (2020: €-54.2 million) and mostly stems from the investments in financial assets.

The positive cashflow from financing activities with an amount of €25.6 million (2020: €58.1 million) includes, in addition to the capital increases described above, the utilization of the revolving credit facility.

Pacifico Renewables Yield AG remained in constant financial solvency.

Financial Performance

Revenues

Revenues in the amount of €1.2 million (2020: €0.3 million) mainly result from the intercompany recharging of services that Pacifico Renewables Yield AG, as the parent company, purchases centrally and provides to its direct and indirect subsidiaries. The majority of these services ensure that the wind and solar parks of its subsidiaries are operated economically.

Other operating expenses

Other operating expenses of €4.1 million in the reporting period (2020: €3.2 million) include:

- costs for asset management services acquired for subsidiaries under a framework agreement with Pacifico Partners (€1.1 million)
- Costs, which are mainly personnel costs, due to a service level agreement with an intragroup service company that provides different services to both the Pacifico Renewables Yield AG and its subsidiaries (€1.5 million)
- Legal and consulting fees (€0.4 million)
- Transaction costs for raising equity and continuous listing costs (€0.4 million)

The costs of preparing and auditing the financial statements include expenses for the audit of the consolidated financial statements (€162,000), expenses for the audit review of the half-year consolidated financial statements (€65,000) and expenses for the conversion of the consolidated financial statements from HGB to IFRS (€32,000).

Net Income

In the reporting period net lossincreased to €-0.5 million (2020: €-2.8 million).

Income from participations amounting to €3.4 million (2020: €1.1) includes €0.9 million in income from direct subsidiaries and €2.5 million in dividend income from Pacifico Renewables Fin GmbH.

4.3. OPPORTUNITIES AND RISKS

4.3.1. RISK REPORT

Risks resulting from Russia's military invasion of Ukraine

On February 24, 2022, Ukraine was invaded by the Russian Federation. This has been recognized as an act of aggression under the international legal framework. As of today, the conflict is still ongoing, and the outcome of eventual peace negotiations is not clear yet. The EU and several other countries have adopted packages of sanctions in response to the military attack, including economic and individual restrictive measures. Due to Russia's major role in global energy markets and the EU's dependence on Russian gas, the uncertainties associated with the conflict resulted in a significant increase of commodities prices, including electricity.

Pacifico Renewables does neither currently nor going forward intend to operate any generation plant either in Ukraine or Russia. Therefore, there are no substantial risks linked to military activities on the Group's business model. The Group also does not engage in any activity with Russian business partners, resulting in no counterparty risk associated with possible effects of adopted sanctions.

Risks resulting from a global pandemic

The aftermath of the COVID-19 pandemic is still impacting the world economy. While stock markets have recovered from their significant losses, further effects of the pandemic on financial markets cannot be ruled out, which could negatively influence the procurement of equity capital by Pacifico Renewables in the near future. Even more important, the consequences of the ongoing COVID-19 pandemic, especially in the field of renewable energies, have led to delays in project development and construction activities, e.g., with respect to required approvals or disrupted global supply chains. It cannot be ruled out that such delays may also arise regarding projects of partners of Pacifico Renewables.

Local project-related risks are mitigated through a broad network of development partners corresponding with a pipeline.

Risks resulting from climate change

Pacifico Renewables' physical renewable energy assets are inherently subjected to climate change risks. Most prominent, but not exclusively are the Group's plants exposed to chronic and acute changing temperatures (mainly heat stress, which could lead to potential damages), changing wind patterns (ranging from heavy storms to long periods without any wind) and changing precipitation patterns (not only influencing the incoming radiation, but also could more severely impact the Group's plants by floodings or connected landslides). Especially changing wind and precipitation patterns may not only physically endanger the Group's renewable energy assets but also render Pacifico Renewables' electricity production studies and forecasts, which are based upon own empirical values as well as external expert opinions or historical figures, and could become inaccurate in the long-term. This may result in lower-than-expected electricity generation and, as a consequence, financial underperformance.

To mitigate these risks Pacifico Renewables analyses environmental impact assessments and technical due diligence reports to ensure that should such climate change risks affect the Group's plants they are addressed proactively. Furthermore, the Group, as part of its integration of the EU-Taxonomy into its investment process, has started evaluating how to best carry out physical climate change risk assessments and climate change vulnerability assessments for its plants to address relevant climate change risks. Moreover, the risk of changing weather patterns leading to inaccurate electricity production is mitigated by the Group's increasing technological and geographical diversification.

Regulatory Risks

Currently, all of Pacifico Renewables' onshore solar and wind plants benefit from government subsidies, which secure stable and predictable revenues mainly independent from the spot market price for electricity. In addition, most plants are dependent on governmental approved operating licenses and permits. However, there is no guarantee that Pacifico Renewables will continue to benefit from financial incentives for the energy produced by its current or future solar and wind parks and that such incentives will not be reduced or even cancelled in the future or that the period of eligibility will not be shortened. Even more at risk are the windfall profits, connected to the high electricity prices. In some jurisdictions, governments might intervene and cut or limit these additional revenues.

Technological and even more important geographical diversification across multiple jurisdictions aim at mitigating regulatory risks. Also, a more diversified electricity marketing profile, i.e. an increasing use of PPAs, will increasingly reduce Pacifico Renewables' exposure to regulatory risks.

Risks resulting from fluctuating revenues

Production levels for Pacifico Renewables' solar and wind projects depend highly on suitable wind and solar radiation conditions. This in combination with the exposure to changing electricity prices can potentially create a high volatility in revenue streams and hence influence profitability.

This volatility is not only relevant for the projects itself, but could potentially cause liquidity shortages at holding level (e.g. if cash upstreamings from projects to the AG are not taken place as planned). Even delays in cash upstreaming could potentially be harmful, if paired with extraordinary costs (like tax payments).

In order to mitigate these risks, forecasts are being prepared for all solar and wind projects before being acquired, using their own empirical values as well as external expert opinions or historical figures. Expert opinions are based on long-term normalized historical weather data and professional considerations of local factors. However, such estimates or studies cannot be expected to precisely reflect the actual energy production in any given year in the future. For this reason, Pacifico Renewables' strategy is also to further mitigate these risks by a balanced technological and geographical diversification of its portfolio. Furthermore, changing electricity prices are mostly addressed by long-term government-guaranteed subsidy schemes with fixed electricity prices. For new plants and also plants exceeding the guaranteed revenues period, Pacifico Renewables is aiming to secure the majority of revenues through long-term PPAs. Potential negative electricity prices and the connected risks are playing in the current market environment a less important role and can be neglected. Only the polish assets are currently already part of an intermediate PPA (until 2024). As this baseload PPA guarantees the counterparty a certain production output, there is also some downside risk for the Group connected to it. Meaning in case the agreed minimum production is not met, a compensation payment will be due. Periods of both low production and high electricity prices are therefore the biggest risk. However, in the long-term potential compensation payments and potential excess production should balance each other out, assuming a limited power price volatility.

Operational Risks

The operation of Pacifico Renewables' current and future plants involves risks that include the breakdown or failure of equipment or processes, performance below expected levels of output or system instability. Such failures and performance issues can stem from several factors, including errors in operation, lack of maintenance, defects of building materials and general wear over time, which may be beyond the control of Pacifico Renewables. In order to ensure a smooth operation of its plants, Pacifico Renewables has entered into service agreements with third parties as service providers for operation and maintenance services and commercial and technical management services. The aim of Pacifico Renewables, to have a lean organizational set-up and to outsource activities which add limited value to the core business, also comes with certain risks and dependencies. The smooth operation of the plants could be jeopardized if one of the service providers does not properly fulfill its obligations. For example, when replacement of a contractual partner becomes necessary (e.g., due to underperformance, expiration of a contract, insolvency or mismanagement) and is not quickly feasible or results in an increase in running costs.

At the moment, Pacifico Renewables is not aware of any indications that any service provider faces solvency risks or is unable to meet its contractual obligations. In addition, the in most cases variable compensation of the service providers was designed to minimize the risks associated with their services and to ensure performance in their best interest. Furthermore, in the event of a technical break-down, Pacifico Renewables' plants are sufficiently insured against damage and loss of earnings. However, risks from the failure of national power grids, natural and nuclear disasters and wars cannot be insured.

Interest rate, inflation and currency risks

The Management Board's financing strategy concerning acquisitions of solar and wind parks involves a high proportion of debt, taken out at fixed interest rates for a certain time period (generally at least ten years) or variable interest rates. As of December 31, 2021, Pacifico Renewables' adjusted equity ratio equals 37.34%. The interest rate risk is limited, as only a marginal part of the volume of borrowed capital is subject to variable interest rates and there is only a limited refinancing risk. The interest rate risk is asymmetrical and results mainly from rising interest rates. Nevertheless, falling interest rates are also associated with risks for Pacifico Renewables. Interest rate swaps in which Pacifico Renewables is the beneficiary of a variable interest rate, but for which no "floor" is fixed at 0%, increase the interest burden for Pacifico Renewables if the reference interest rate is below 0, which is true for two of Pacifico Renewables' loans.

For most of Pacifico Renewables' plants, the operational costs or at least the main parts of it are exposed to inflation, whereas revenues are mostly fixed. This asymmetry creates a risk for potential costs overruns in the long term. For this reason, conservative inflation assumptions are an essential part of the risk mitigation. Furthermore, Pacifico Renewables aims to also link revenues to inflation, if possible (for example as done in Poland), to further reduce the exposure.

Pacifico Renewables generates most of its revenues in Euros. Exchange rate risks currently only exist with respect to the plants in Poland and the Czech Republic. Exchange rate fluctuations between the Polish Zloty, the Czech Krona and the Euro can lead to exchange rate losses. The Management Board aims to debt-finance foreign plants in local currency which eliminates the most substantial currency risk for Pacifico Renewables when operating outside of the euro area. Furthermore, in light of the increasing exposure to different currencies, the Management Board is currently developing new currency risk management strategies.

Funding & refinancing risks

To thereby implement its growth strategy, Pacifico Renewables needs to obtain high amounts of external financing, in particular from equity investors but also debt financing. It is not certain if the required funds for Pacifico Renewables' intended portfolio growth will be available at the relevant point in time. Even if they are available in principle, it cannot be excluded that such financing will be offered to Pacifico Renewables at unattractive conditions (e.g., at high interest rates). If Pacifico

Renewables fails to obtain additional financing at acceptable conditions, it may not be able to implement its portfolio growth strategy which would have a highly adverse effect on Pacifico Renewables' prospects. In addition, most of the Group's plants have their own financing, structured as project financing, at the asset level. This most common financing structure for renewable energy plants is also coming with certain risks and could potentially adversely influence liquidity at holding level (in case certain restrictions and covenants are not met).

On February 26, 2022 (already in the 2022 reporting period), Pacifico Renewables signed (through a subsidiary) a €35 million debut secured green loan private placement with UBS Asset Management. The fixed interest rate of the green debt instrument equals 4.85% and the tenor of the financing is five years from signing with a bullet repayment. Roughly €26 million of the loan was used to refinance existing debt, thereby optimizing the Group's capital structure. The remainder of the net proceeds will be used to finance the further build-out of the Group's existing portfolio and new acquisitions. The new opportunity, however, also came with increased refinancing risks since the bullet loan needs to be repaid or refinanced in 2027.

In order to mitigate funding and refinancing risks, the Management Board regularly reviews funding as well as refinancing options and tries to operate with a sufficient liquidity buffer, also including the project financing structures of the assets. Furthermore, regarding the new UBS financing, the refinancing risk is mainly addressed by a comprehensive asset due diligence and asset valuation. Several expert opinions assessed the risks and it was also extensively assessed within the course of the holding financing.

4.3.2. OPPORTUNITY REPORT

Opportunities arising from fluctuating revenues

Revenue generation by electricity production from solar and wind plants is subject to meteorological fluctuations and the respective electricity prices. The Management Board follows a conservative approach to forecast weather conditions as well as electricity prices. Currently, all plants benefit from revenues backed by government subsidies. However, for some jurisdictions, government subsidies are basically constructed as a floor prices. This implies that high spot market prices (as currently seen across Europe), could provide upside potential.

Opportunities resulting from the regulatory environment

The pressure on the international community to take measures to curb global warming has steadily increased, in particular with the conclusion of the agreement of the Paris Climate Conference of 2015. Reducing CO_2 emissions from electricity generation plays a key role in this movement. In order to substitute the reduction of high-carbon generation sources such as coal-fired power plants against the backdrop of constant electricity demand, numerous government support regimes are in place to promote the energy transition.

Supranational measures such as the European Green Deal, with its ambitious goal of climate neutrality by 2050, provide opportunities for the further promotion of renewable energy expansion. In the wake of the COVID-19 pandemic, the European Commission published the European Recovery Plan at the end of May 2020 as a pan-European reconstruction plan for the period of economic recovery after the pandemic. This plan is intended to implement the "Marshall Plan for Europe" previously announced by Commission President Ursula von der Leyen. In addition to the European budget for 2021 to 2027, the European Recovery Plan includes the Next Generation EU reconstruction instrument, which is intended to support the European budget from 2021 to 2024 with a financial volume of 750 billion euros raised on the financial markets, 600 billion of which are explicitly earmarked as part of the European Green Deal for achieving climate neutrality by 2050.[87]

Most recent events regarding the Russian invasion of Ukraine have also further underlined the geostrategic relevance of renewable energies. Labelled as “freedom energies” (by the German Minister of Finance Christian Lindner at the Bundestag in late February 2022) they provide electricity from an independent source, which will become more and more relevant for decision makers in the future. Hence, further regulatory support could be anticipated.

Opportunities arising from technologies

The levelized costs of electricity for renewable energies are supposed to remain cost-competitive with conventional energies in the future. Technological development is conducive to the long-term attractiveness of the sector and the further expansion of the Group’s portfolio.

Advancing efficiency improvements in energy storage systems for solar and wind plants for short-, medium-, and long-term energy storage may enable more effective and cost-efficient control of energy feed-in in the future. This could allow production volatilities to be better managed, which in turn can have a positive impact on revenues.[88] Furthermore, entering the battery storage market could bring additional attractive business opportunities and the ability to further diversify the Group’s profile.

Opportunities provided by a low interest rate environment

Despite the expectations of increasing interest rates, the ongoing low interest rate environment continues to have a positive impact on the investment- and funding intensive business model of Pacifico Renewables. As a result, it should also be possible to realize advantageous financing conditions for the expansion of the portfolio in the future, which will enable an attractive project return. The Management Board is continuously examining the possibility of optimizing the existing financing structure.

In addition, the low interest rate environment is reducing energy production costs, making plants that feed their electricity into the grid at market prices more attractive.

Opportunities from extended operations

With the expiry of the support scheme, there exists the possibility to continue operating Pacifico Renewables’ existing plants in the so-called "golden end" if Pacifico Renewables either owns land or has an extension option on the lease. An increased operating time, which enables the profitable operation of the plants in the "golden end", can therefore have a positive effect on future revenues.

For most of its existing plants, Pacifico Renewables may extend the useful life beyond the expiry of applicable public support schemes as it either owns the land or holds options to extend the lease contracts. Generally, the following possibilities exist to capture this option value when project companies have typically repaid their senior debt and the plants have been fully depreciated on an individual entity basis: (1) operate the fully depreciated and debt free plant beyond the expiration of subsidies with lower maintenance costs and sell electricity on the market or through a PPA; (2) Cooperate with a service provider or the Group’s partnersto propose a repowering of the plant and build a new and potentially larger plant based on state-of-the-art technologies and the knowledge of the local circumstances gained through prior experience. In particular, land ownership

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[87] https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_de.

[88] Electricity storage and renewables: cost and markets to 2030 (https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Oct/IRENA_Electricity_Storage_Costs_2017_Summary.pdf?la=en&hash=2FDC44939920F8D2BA29CB762C607BC9E882D4E9).

represents an inherent option value, which can be realized via repowering since suitable sites for development projects are scarce in some European countries.

Opportunities resulting from focus on small- and medium-sized assets

For its further portfolio growth, the Management Board intends to continue to target small- and medium-sized renewable assets, which it defines as assets requiring equity investments between €5 million and €50 million.

In the Management Board' opinion, this focus on small- and medium-sized assets offers significant benefits compared to large-sized renewable assets in terms of availability of locations, length of the development process, portfolio diversification, competition from other investors and corresponding returns.

Furthermore, investments in small- and medium-sized projects will lead to natural diversification and thus reduce the risk exposure of Pacifico Renewables' entire portfolio, as the risk is spread over more projects instead of just being in a few large projects. At the same time, these projects are sufficiently large to enter into attractive long-term PPAs with a variety of customers and to conclude attractive project financing arrangements.

Opportunities from building on partnerships

To further grow and diversify its portfolio without bearing development risks and to allow for efficient outsourcing of asset management and other services, Pacifico Renewables has entered into partnerships with developers. Each partnership increases Pacifico Renewables' visibility on growth, reduces dependence on individual partners and allows Pacifico Renewables to be highly selective when it comes to acquiring plants from its partners. Entering further partnerships in the future could hence bring additional opportunities for Pacifico Renewables.

Opportunities resulting from a lean and scalable set-up

Efficient outsourcing of non-strategic elements of the value chain such as asset management activities allows Pacifico Renewables to be able to operate a large scalable portfolio with a lean organizational structure whose resources are focused on financial and strategic aspects, and on applying a top-down portfolio approach from investment to end-of-lifetime optionality centered on shareholder accretion. In addition, the variable remuneration for asset management services further adds to the stability of Pacifico Renewables' returns and softens the impact of revenue variation.

The lean corporate structure should also enable cost-efficient management of the group in the future. With the further expansion of the existing portfolio and only targeted expansion of the number of full-time employees, further economies of scale could be realized in the future.

Opportunities from a conservative investment approach

The Management Board aims to profit from efficiency gains by separating distinct development risks from other activities in the lifecycle of renewable energy power plants. It focuses on power plants that are already operational or in a contractually secured construction phase and benefit from a contracted revenue base. This clear profile allows to deliver stable and predictable cash flows while avoiding development risks. Furthermore, with solar and wind energy, Pacifico Renewables builds on established and competitive technologies associated with comparatively limited risks in a growing market.

Opportunities from continuously optimizing capital structure

The Management Board continuously challenges and seeks to optimize Pacifico Renewables' capital structure. The management strictly ties capital increases to acquisitions or a specific use of funds in order to provide Pacifico Renewables' shareholders attractive returns. Beyond capital increases, Pacifico Renewables' management sees large potential in using debt instruments at the level of Pacifico Renewables or intermediate holding companies in addition to, or as a substitute for, project financing. Pacifico Renewables believes that debt issuances at holding level will create accretion for shareholders. Pacifico Renewables continues to consider the green debt market to be particularly interesting. The post-subsidy remuneration regime for renewable energy plants, associated with less project finance capacity at plant level, creates an increased need of holding level debt, which Pacifico Renewables considers an opportunity based on its diversified portfolio and given its expertise.

Opportunities arising from a rigorous focus on financial discipline

In its operating activities and investment decisions, the Management Board applies strict financial discipline. Pacifico Renewables regularly optimizes its capital structure to increase capital efficiency, keep its interest rate and currency exposure as low as possible and aims to limit unused liquidity to a minimum by translating capital measures into investments as soon as possible in order to optimize returns on capital.

Opportunities based on an increasingly diversified portfolio

The Management Board is continuously looking at and determining new investment opportunities. The increasing diversification of the portfolio results in an altered risk profile. The geographic diversification results in decreased sensitivity to revenue fluctuations. In addition, the Management Board aims at technological diversification by operating solar plants, onshore wind assets and potentially battery storage assets. Targeting different renewable energy technologies reduces the risk of exposure to seasonality and weather conditions. Power production curves from solar and wind parks complement each other with respect to daily or yearly production, which helps provide stable and predictable cash flows. Both technologies also provide interesting upside potentials for follow-on investments, such as technological upgrading, lifetime extension and repowering.

Opportunities from additional funding sources

With private markets having grown enormously over the last decade and the natural fit of renewable energy assets with long-term oriented investors such as pension funds or insurers, which do only to a limited degree invest in stock, the Management Board has decided to explore funding alternatives. Due to the economies of scale and scope being applicable here, additional funding channels to manage a larger and more diversified portfolio provides significant opportunities to the Group.

4.4. FUTURE OUTLOOK

Macroeconomic environment

It should be noted that the current economic forecasts do not yet take into account the emerging uncertainties related to the Russian invasion of Ukraine. As long as it is difficult to predict the economic and social consequences of this conflict, adjustments to the forecasts are likely. The Ukraine crisis is likely to lead to structural changes in the European energy market in the medium to long term, as the political goal is to reduce EU demand for Russian gas by two thirds by the end of the year and make Europe independent of Russian fossil fuels as quickly as possible.

The renewable energy sector will be affected by several external factors in 2022 and beyond. The global and European economies are expected to continue to recover from the recession caused by the COVID-19 pandemic in 2020.[89] A favorable economic environment is beneficial to the renewable energy sector as it improves financing conditions in financial markets. In addition, economic growth and the disruption of global supply chains have led to a sharp increase in energy prices in Europe and many other parts of the world, which is expected to continue in 2022. Increased energy prices can be beneficial to the renewable energy sector by making renewable energy facilities more profitable to operate and by incentivizing increased development of new renewable energy facilities. Increased prices for materials used in renewable energy facility components and supply chain bottlenecks could temporarily increase the cost of developing renewable energy facilities. In the long term, however, the downward trend in the levelized cost of electricity ("**LCOE**") is expected to prevail.[90]

Policy support continues to improve the outlook for the renewable energy sector. New ambitious emission reduction targets exist in the EU[91], Germany[92], and the United States[93], among others. In the EU, the €750 billion Next Generation stimulus program is expected to provide additional support to the sector, as a significant portion of the funds will be used to promote renewables.

Overall assessment of future development

The Management Board plans to further expand its portfolio through acquisitions in 2022. The secured priority access to the pipeline of Boom Power of more than 3.1 GW illustrates Pacifico Renewables' ambitions. Pacifico Renewables targets to build a 400 MW portfolio until 2023.

The continued economic operation of the renewable energy portfolio in the reporting period is largely independent of macroeconomic developments. Power generation in 2021 turned out slightly lower than expected due to meteorological conditions, whereas power generation in the first quarter of 2022 performed above expectations.

As a result of the portfolio growth realized and currently elevated electricity prices, Pacifico Renewables is raising its revenue and electricity production forecast for the financial year 2022 above the 2021 guidance. The revenue and power production forecast for 2022 relates to the existing portfolio of plants already in operation or to become operational, respectively, in the reporting period.

[89] IMF. World Economic Outlook. Update January 2022.
[90] Bloomberg New Energy Finance.
[91] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1599.
[92] https://www.bmwi.de/Redaktion/DE/Artikel/Industrie/klimaschutz-deutsche-klimaschutzpolitik.html
[93] https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/.

The Group´s revenue guidance is based on mostly favourable weather conditions combined with high electricity prices in the first quarter of 2022, as well as the possibility of continued high electricity prices. The management board expects revenues to range between €33 million and €43 million for the 2022 financial year. The management anticipates that especially the electricity prices in Poland and Germany, which have reached long-term highs, will drive revenues beyond prior expectations. However, electricity prices are currently subject to substantial volatility, leading to the wide range of revenue expectations. Pacifico Renewables expects to produce between 300 GWh and 350 GWh of green electricity. These predictions rely on the following assumptions: (i) no significant retroactive changes to legislation, (ii) no significant deviations from weather forecasts and historical production levels and (iii) no acquisitions of operative plants.

4.5. DEPENDENCY REPORT

Closing statement on the report of the Management Board on relations with affiliated companies pursuant to section 312 of the German Stock Corporation Act ("**AktG**")

Pursuant to section 312(1) AktG, the Management Board of Pacifico Renewables Yield AG has prepared a report of the Management Board on relations with affiliated companies, which contains the following closing statement:

"We declare that Pacifico Renewables Yield AG received adequate consideration for the legal transactions listed in this report on relations with affiliated companies according to the circumstances known to the Management Board at the time when the legal transactions were carried out. The Group did not suffer a disadvantage by the measures taken by the Group within the meaning of section 312 (1) sentence 2 AktG according to the circumstances known to the Management Board at the time when the measures were carried out."

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€	Notes	2021	2020
Revenue	A.1	21,894,987	14,994,495
Other income	A.2	334,678	94,855
Cost of materials	A.3	-3,824,022	-2,544,932
Personnel expenses	A.4	-1,603,687	-1,231,182
thereof from share-based payments		-417,631	-799,989
Other expenses	A.5	-3,125,730	-2,293,570
Operating profit before depreciation and amortization (EBITDA)		**13,676,226**	**9,019,666**
Depreciation and amortization	A.6	-10,508,786	-7,511,453
Operating profit (EBIT)		**3,167,440**	**1,508,213**
Financial income	A.7	2,228,952	55,378
Financial expenses	A.7	-4,163,360	-2,630,425
Earnings before taxes (EBT)		**1,233,032**	**-1,066,834**
Income taxes	A.8	-589,237	183,200
Consolidated net income		**643,796**	**-883,634**
Items that may be reclassified subsequently to profit or loss			
Currency translation difference	A.9	-3,802,197	-508,449
Fair value measurement of derivative financial instruments in hedging relationship	A.9	1,082,435	-53,230
Other comprehensive income		**-2,719,762**	**-561,679**
Total comprehensive income		**-2,075,966**	**-1,445,313**
Earnings Per Share			
Earnings per share from continuing operations, basic (€)	C.9	0.17	-0.27
Earnings per share from continuing operations, diluted (€)	C.9	0.17	-0.27

5.2. CONSOLIDATED BALANCE SHEET

Assets €	Notes	31.12.2021	31.12.2020	01.01.2020
Non-current assets				
Intangible assets	B.1	227,143	247,075	279,822
Property, plant and equipment	B.2	251,083,582	97,005,689	64,617,439
Derivative financial instruments in hedging relationship	B.3	9,132,229	518	22,178
Financial assets	B.4	7,145,076	42,207,671	4,622,317
Deferred tax assets	B.5	2,882,277	2,327,249	475,954
Total non-current assets		**270,470,307**	**141,788,202**	**70,017,710**
Current assets				
Trade receivables	B.6	5,220,060	1,368,111	1,071,877
Non-financial assets	B.7	1,703,626	1,134,291	1,654,550
Income tax receivables	B.7	372,812	174,186	145,450
Other current receivables	B.7	1,630,796	1,432,462	1,076,609
Cash and cash equivalents	B.8	13,323,870	9,860,077	7,145,637
Total current assets		**22,251,164**	**13,969,127**	**11,094,123**
Total assets		**292,721,471**	**155,757,329**	**81,111,833**

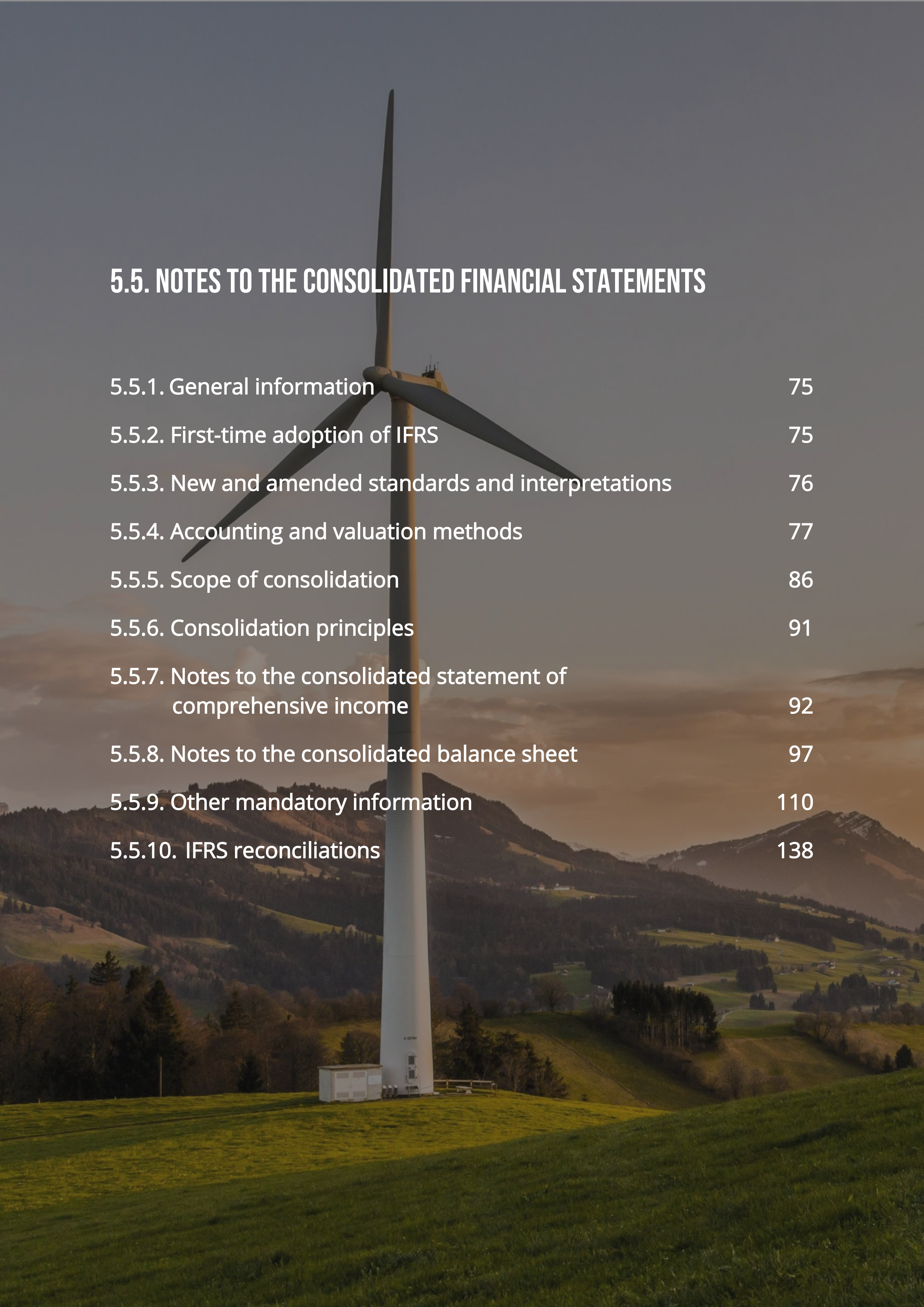
Equity and liabilities				
€	Notes	31.12.2021	31.12.2020	01.01.2020
Equity				
Subscribed capital	B.9	3,721,042	3,309,766	1,135,000
Capital reserve	B.9	89,160,140	77,594,401	23,287,507
Other reserves	B.9	-3,251,527	-531,765	29,914
Retained earnings	B.9	-2,735,287	-3,379,083	-2,495,449
Total equity		**86,894,368**	**76,993,319**	**21,956,972**
Non-current liabilities				
Non-current financial liabilities	B.10	124,636,297	46,923,163	40,214,596
Derivative financial instruments in hedging relationship	B.11	299,471	610,885	519,270
Non-current lease liabilities	B.12	16,847,294	4,986,039	2,584,232
Other non-current liabilities	B.16	705,532	911,616	111,626
Other non-current provisions	B.14	8,981,791	3,617,670	2,439,899
Deferred tax liabilities	B.5	2,743,045	601,802	602,926
Total non-current liabilities		**154,213,430**	**57,651,175**	**46,472,549**
Current liabilities				
Income tax liabilities	B.13	1,618,004	998,878	654,854
Current financial liabilities	B.10	42,228,883	16,465,423	10,063,429
Current lease liabilities	B.12	1,072,274	499,177	246,855
Trade accounts payable	B.15	4,613,703	1,829,942	1,054,519
Other current liabilities	B.16	1,080,350	625,280	476,078
Other current accrued liabilities	B.14	1,000,459	694,135	186,577
Total current liabilities		**51,613,673**	**21,112,835**	**12,682,312**
Total equity and liabilities		**292,721,471**	**155,757,329**	**81,111,833**

5.3. CONSOLIDATED STATEMENT OF CASH FLOWS

€	Notes	2021	2020
Consolidated net income		643,796	-883,634
Depreciation and amortization of non-current assets	A.6	10,508,786	7,511,453
Changes in provisions	B.14	390,006	500,725
Other non-cash expenses/income		-	-7,600
Changes in other assets not attributable to investing or financing activities		-684,676	1,595,807
Changes in other liabilities not attributable to investing or financing activities		-1,487,026	1,381,682
Financial expenses/financial income	A.7	1,934,407	2,575,046
Income tax expense/income	A.8	589,237	-183,200
Income tax payments		-284,701	107,618
Cash flows from operating activities		**11,609,829**	**12,597,897**
Cash outflows for investments in intangible assets	B.1	-	-6,636
Cash outflows for investments in property, plant and equipment	B.2	-968,381	-1,401,735
Cash outflows for investments in financial assets	B.4	-500,842	-37,210,264
Proceeds from disposals from the scope of consolidation		500	-
Payments for additions to the scope of consolidation		-28,549,145	-18,810,939
Interest received		-	36,224
Cash flows from investing activities		**-30,017,868**	**-57,393,350**
Proceeds from capital increases	B.9	9,695,794	58,227,993
Payment for issuing costs		-256,989	-1,746,333
Proceeds from borrowings	B.10	35,243,995	8,242,806
Repayment of loans		-23,374,562	-16,502,501
Repayment of lease liabilities	B.12	-785,220	-380,745
Interest paid		-4,582,248	-2,395,356
Change in cash with restriction on disposal	B.4	-229,751	777,518
Cash flows from financing activities		**15,711,019**	**46,223,382**
Changes in cash and cash equivalents affecting payments (sum of current CF and CF from financing and investing)		-2,697,020	1,427,929
Changes in cash and cash equivalents due to exchange rate changes		-84,089	-269,071
Consolidation-related changes in cash and cash equivalents		6,244,902	1,555,582
Cash and cash equivalents at the beginning of the period	B.8	9,860,077	7,145,637
Cash and cash equivalents at the end of the period	B.8	**13,323,870**	**9,860,077**

5.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€	Subscibed Capital	Capital - reserve	Other reserves Currency translation reserve	Hedge reserve	Retained earnings	Total
As of 01.01.2020	**1,135,000**	**23,287,507**	**-**	**29,914**	**-2,495,449**	**21,956,972**
Consolidated net income	-	-	-	-	-883,634	-883,634
Other comprehensive income	-	-	-508,449	-53,230	-	-561,679
Total comprehensive income	**-**	**-**	**-508,449**	**-53,230**	**-883,634**	**-1,445,313**
						-
Changes from capital measures	2,174,766	56,053,227	-	-	-	58,227,993
Issuing costs		-1,746,333				
As of 31.12.2020	**3,309,766**	**77,594,401**	**-508,449**	**-23,316**	**-3,379,083**	**78,739,652**
As of 01.01.2021	**3,309,766**	**77,594,401**	**-508,449**	**-23,316**	**-3,379,083**	**78,739,652**
Consolidated net income	-	-	-	-	643,796	643,796
Other comprehensive income	-	-	-3,802,197	1,082,435	-	-2,719,762
Total comprehensive income	**-**	**-**	**-3,802,197**	**1,082,435**	**643,796**	**-2,075,966**
Changes from capital measures	411,276	11,822,728	-	-	-	12,234,004
Issuing costs		-256,989				
As of 31.12.2021	**3,721,042**	**89,160,140**	**-4,310,646**	**1,059,119**	**-2,735,287**	**88,897,690**



5.5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.5.1. GENERAL INFORMATION

Pacifico Renewables Yield AG is registered in the Commercial Register of the District Court of Munich under HRB 251232. The registered office is Bavariafilmplatz 7, Building 49, 82031 Grünwald.

Pacifico Renewables Yield AG, together with its direct and indirect subsidiaries, forms a "**Group".**

According to the current Articles of Association dated December 22, 2021, the business activities of the Group comprise the acquisition, holding, management and exploitation of participations and assets of all kinds in the field of renewable energies and energy storage facilities, including battery storage facilities, in Germany and abroad, including the operation of facilities for the production of energy from renewable energies and energy storage facilities by Renewables Yield AG or its subsidiaries. Further information can be found in the segment reporting in C.1.

Pacifico Renewables Yield AG, Grünwald, prepares the consolidated financial statements for the smallest group of consolidated companies and Arvantis Group Holding GmbH, Grünwald (place of publication: Grünwald), for the largest group of consolidated companies. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as applicable in the European Union, and the supplementary provisions of commercial law applicable under Section 315e (1) of the German Commercial Code (HGB). They are published in the electronic Federal Gazette. The International Financial Reporting Standards were applied for the first time in these consolidated financial statements.

The Group was expanded in the financial year mainly by the acquisition of the following companies:

- Windkraft 1. RES GmbH & Co. KG
- Solarpark Voßberg GmbH & Co. KG
- Dutch Durables Energy 3 B.V.
- PAC Poland 2 GmbH
- GB Dębowa Łąka 402 sp. z o.o.
- GB 12W 212 sp. z o.o.
- GB Świecie 404 sp. z o.o.
- Oslo Energy Netherlands B.V.

The consolidated financial statements have been prepared on a going concern basis. The consolidated statement of comprehensive income has been prepared using the nature of expense method.

5.5.2. FIRST-TIME ADOPTION OF IFRS

These consolidated financial statements for the year ending December 31, 2021, are the first to be prepared by the Group in accordance with IFRS. For periods up to and including December 31, 2020, the Group has prepared its consolidated financial statements in accordance with HGB.

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS effective as of December 31, 2021. In preparing the consolidated financial statements, the Group's opening balance sheet was prepared as of January 1, 2020, the date of the Group's transition to IFRS.

The Group has elected the exemption of IFRS 1.D13 to set the cumulative translation differences for all foreign operations to 0 at the date of transition. As a result, the cumulative translation differences of €71,844 were reclassified to retained earnings at the date of transition.

For reconciliations showing the effect of the transition to IFRS, see 5.5.10.

5.5.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The IASB or IFRIC published or amended the following significant new standards or interpretations whose mandatory application date is still in the future, or which have not yet been endorsed for application by the European Commission:

New and amended standards and interpretations for future financial years

		Mandatory for financial years beginning on or after	Status of EU endorsement (as of 31.12.2021)	Group status
IAS 16	Change - Offsetting revenue from sales against cost of sales during production	01.01.2022	endorsed	No significant effects expected
IAS 37	Amendment - Definition of settlement costs	01.01.2022	endorsed	No significant effects expected
diverse	Annual improvements to IFRS	01.01.2022	endorsed	No significant effects expected
IAS 1	Amendment - Classification of liabilities as current or non-current	01.01.2023	not yet endorsed	No significant effects expected
IAS 1	Amendment - Disclosures on accounting policies	01.01.2023	not yet endorsed	No significant effects expected
IAS 8	Amendment - Definition of accounting estimates	01.01.2023	not yet endorsed	No significant effects expected
IFRS 17	First-time application - insurance contracts	01.01.2023	not yet endorsed	No significant effects expected
IFRS 17	Amendment - First-time Adoption of IFRS 9 and IFRS 17	01.01.2023	not yet endorsed	No significant effects expected
IAS 12	Amendment - Deferred taxes relating to assets and liabilities arising from a single transaction	01.01.2023	not yet endorsed	Applied

The change in status to IAS 12 is relevant for the Group in the context of the acquisitions of solar and wind plants and was applied early:

Amendment to IAS 12 *Deferred Taxes in Connection with Assets and Liabilities Arising from a Single Transaction*

The Group has applied these amendments at the time of transition to IFRS. They result in the introduction of a reversal of the prohibition on the recognition of deferred taxes in the context of a transaction that is not a business combination, provided that neither the accounting nor the tax result is affected at the time of the transaction ("initial recognition exemption").

The amendments are relevant to the Group because the acquisitions of solar and wind plants as part of the purchase of shares in special purpose entities (share deal) regularly involve the acquisition of assets and liabilities in a transaction that does not meet the definition of a business combination. The application resulted in the following effects on the consolidated financial statements:

- Deferred taxes are recognized on both right-of-use assets and lease liabilities. In addition, deferred taxes are recognized on the dismantling obligations recognized both in property, plant and equipment and in the provisions for dismantling obligations.

The Group does not expect the other newly published adjustments relating to new and amended standards/interpretations that are not yet mandatory and for which early application has not taken place in the Group to have a material impact on the Group.

5.5.4. ACCOUNTING AND VALUATION METHODS

Business combinations

The IASB has clarified IFRS 3 with regard to the definition of a business for application in financial years beginning on or after January 1, 2020. The amendments in IFRS 3 Appendix D and in the application guidelines require that the acquired assets and related activities must have an input and a substantial process that together contribute to the ability to generate outputs (production of goods or services) in order to qualify as a business within the meaning of IFRS 3. To classify the business combination, the Group uses the concentration test to determine whether the significant portion of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar assets.

If the significant portion of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar assets, there is no business within the meaning of IFRS 3. Therefore, the acquisition does not represent a business combination but an acquisition of assets. These are measured at the consideration transferred, with differences to the net assets acquired being allocated to the assets on a percentage basis. The recognition of goodwill is excluded, as is the creation of badwill.

The acquisition of solar and wind plants generally constitutes an acquisition of assets, irrespective of the date on which they are completed or commissioned.

Estimation uncertainties and judgements

Main sources of estimation uncertainty

In applying the group accounting and valuation methods, the Executive Board must make judgements that have a material effect on the amounts reported and make estimates and assumptions with regard to the carrying amounts of assets and liabilities that cannot be readily determined from other sources. The estimates and underlying assumptions are based on studies by external consultants in combination with past experience and other factors deemed relevant. The actual values may differ from the estimates.

The assumptions underlying the estimates are subject to regular review. If the change relates to only one period, changes in estimates are only taken into account in this period. If the changes concern the current and subsequent reporting periods, they will be reflected accordingly in this and subsequent periods.

Assessment of the recoverability of non-current assets

For non-current assets subject to straight-line depreciation or amortization, the Group assesses external and internal sources of information on the basis of which possible indications of impairment or a reversal of impairment can be identified. In assessing whether there are indications of impairment or a reversal of impairment and - if such indications exist - in determining the recoverable amount required in this case as part of an impairment test, the Management Board must make assumptions and estimates about the expected future cash flows from the use of the non-current assets and a determination of the cost of capital.

Recognition of deferred tax assets

The recognition of deferred tax assets on loss carryforwards is subject to the assessment of whether taxable income will be available in the future. The deferred tax asset is not recognized to the extent that future utilization appears unlikely. In order to assess the probability of the future utilization of deferred tax assets, various factors have to be taken into account, such as the earnings situation in the past and operational planning.

Lease term

As part of the measurement of lease liabilities and right-of-use assets in the context of leases in accordance with IFRS 16, an estimate of the lease term is necessary; in addition, the probability of the utilization of extension options must be estimated. The majority of the leases relates to leases for land on which solar and wind plants are located. The estimate of the lease term, including the exercise of renewal options, is linked to the expected useful economic life of the solar and wind plants located on the land.

Economic useful lives of property, plant and equipment and intangible assets

When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated, taking into account in particular industry knowledge, contractual provisions and technical studies by external consultants. In the financial year 2021, the useful lives of solar and wind plants in property, plant and equipment were reassessed. This resulted in higher depreciation and amortization (€391,959) in the financial year.

Estimate of provisions for the dismantling of solar and wind plants

In accordance with IAS 37, the best estimate of the present obligation for the provision for the dismantling of the solar and wind parks must be recognized. This requires an estimate of both, the settlement amounts and the interest rate for determining the present value. The settlement amounts are determined by renowned external experts. The present values are determined by discounting the settlement amounts with the respective country-specific risk-free interest rate with an appropriate maturity.

Foreign currency

The consolidated financial statements are prepared in Euro. The Euro is the functional reporting currency of the Group. In preparing the financial statements of each individual Group company, transactions denominated in currencies other than the functional currency of the Group company are translated using the exchange rates prevailing at the dates of the transactions in accordance with IAS 21.

On each balance sheet date, monetary items denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rates prevailing at the date when the fair value was determined. Non-monetary items measured at acquisition or production cost are translated using the exchange rate at the date of initial recognition. Translation differences arising from monetary items are recognized in profit or loss in the period in which they occur. Exceptions to this are translation differences from transactions entered to hedge certain foreign currency risks (see the guidelines on hedge accounting in 5.5.4.).

The companies included in the consolidated financial statements, which prepare their financial statements in local currency, conduct their business independently in the respective local currency. Accordingly, balance sheet items in the consolidated financial statements are translated at closing rates. Differences arising from currency translation are recognized in other comprehensive income.

The currency translation is based on the following exchange rates:

1 Euro	Closing Rates			Average Rates	
	31.12.2021	31.12.2020	01.01.2020	2021	2020
Polish Złoty (PLN)	4.597	4.560	4.257	4.565	4.443
Czech Crown (CZK)	24.858	26.242	25.408	25.640	26.455

Intangible assets

Intangible assets have a finite useful life and are measured at cost less straight-line amortization. Amortization is charged in accordance with the economic useful life. The Group currently holds only acquired intangible assets.

The main useful lives are:

Useful life in years - straight line	
Licenses	30
Other	3

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation in accordance with IAS 16. Gains or losses from the disposal of fixed assets are included in other income or expenses. The depreciation period and the depreciation method are reviewed at the end of each financial year. Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. The expected useful life results from the expected technical life of the solar and wind plants or from the lease agreements for the corresponding land required for the operation of the plants. Pacifico reports the right-of-use assets from the leases and rental agreements together with the item property, plant and equipment.

The main useful lives are:

Useful life in years - straight line	
Solar systems	25 to 30
Wind turbines	20 to 30
Other operating and office equipment	3 to 7

Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of property, plant and equipment and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. If the recoverable amount cannot be estimated for the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If a reasonable and consistent basis for allocation can be identified, the corporate assets are allocated to the individual cash-generating units. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be identified.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. If the estimated recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

If the impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the most recent estimate of its recoverable amount. The increase in the carrying amount is limited to the amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss recognized for the asset in prior years.

Borrowing costs

Borrowing costs incurred directly in connection with the construction of qualifying assets from the start of construction until the asset is placed in service are capitalized and subsequently depreciated with the corresponding asset. In the case of loans specifically borrowed for the production of a qualifying asset, the financing cost rate is determined on the basis of the specific financing costs.

Leases

As the Group does not act as a lessor, the explanations are limited to accounting as a lessee. Upon identification of a lease, the right-of-use asset is capitalized at cost at the inception date. The acquisition costs include:

- the amount carried as a lease liability at initial measurement;
- all directly incurred initial costs;
- all lease payments already made before or on the commencement date.

Subsequent measurements are made at cost less straight-line depreciation and impairment, adjusted for revaluations and modifications of the lease liability. The depreciation period is defined as the shorter of the expected economic life and the lease term. The lease liability corresponds to the present value of the outstanding lease payments over the entire lease term and is carried as a liability on the commencement date. As the implicit interest rate is generally very difficult to determine, the Group uses the incremental borrowing rate. The incremental borrowing rate is the rate that a lessee would pay to borrow funds over a similar term with similar security as would be required in a similar economic environment for an asset of similar value to the right-of-use asset. To estimate the Group companies' incremental borrowing rate, effective interest rates are derived from observable risk-equivalent market yields and these are subsequently adjusted to reflect the maturity.

Lease liabilities include all fixed payments (including de facto fixed payments). Variable lease payments are recognized in the consolidated income statement. In the case of the Group, these are usually lease payments that are linked, for example, to revenue from the solar or wind plants.

The term of the leases consists of the non-cancellable term and any renewal options that are sufficiently probable of being exercised, and periods during which a termination option exists if exercise is sufficiently improbable. The lease liability is accreted over the term and reduced by payments made. The Group exercises the option under IFRS 16 not to recognize short-term leases and leases of low-value underlying assets in the balance sheet for periods of up to 12 months. All related payments are recognized in the statement of comprehensive income evenly over the term. As the Group's business model is predominantly based on long-term contracts, these exceptions are rare in the Group and are considered immaterial.

Useful life in years - straight line	
Office buildings rights of use	5
Land rights of use	5 to 30

Financial assets

The Group classifies its financial assets into the following measurement categories:

1. Financial assets measured at amortized cost (AC)
2. Financial assets at fair value through profit or loss (FVPL)
3. Financial assets at fair value through other comprehensive income (FVOCI)

The classification depends on the entity's business model for managing financial assets and the contractual cash flows.

Trade receivables, financial assets, other receivables, and cash and cash equivalents are measured at amortized cost and are subject to the effective interest method. Derivative financial instruments in a hedging relationship with a positive fair value are recognized at fair value through other comprehensive income.

Impairment model based on expected credit losses

Within the scope of IFRS 9, an impairment model is developed based on expected credit losses, which can be applied to all financial assets that are recognized either at amortized cost or at fair value through other comprehensive income. This includes not only credit losses that have already occurred, but also expectations about the future. In general, a three-stage approach is used to allocate valuation allowances when recognizing expected credit losses:

- Level 1: Expected credit losses within the next year. This includes all contracts without a significant increase in credit risk since initial recognition, new contracts and those whose payments are not yet or not significantly past due. The portion of the anticipated credit losses over the life of the instrument that is attributable to default within the next year is recorded.
- Level 2: Expected credit losses over the entire term - no impaired credit rating. If a financial asset is subject to a significant increase in credit risk but its credit quality is not impaired, it is allocated to this level. Here, the expected credit losses over the entire term of the financial asset are recognized as an impairment.
- Level 3: Expected credit losses over the entire term - credit-impaired

The Group applies the simplified impairment model of IFRS 9 to trade receivables and thus recognizes the losses expected over the entire term. Financial assets, other receivables and cash and cash equivalents are recognized using the general approach.

Financial liabilities

Financial liabilities are measured either at amortized cost (AC) or, if one of the exceptions of IFRS 9 is met, through profit or loss (FVPL). The Group's financial liabilities comprise of trade accounts payable and liabilities to banks. They are recognized at amortized cost. Lease liabilities are not assigned to any IFRS 9 category. Financial liabilities are recognized when a Group company becomes a party to the contractual provisions of the financial instrument.

Determination of fair values

The determination of fair values for financial assets and liabilities is required for some of the Group's accounting policies and disclosures. For this purpose, the Group uses observable market data (market or stock market value) as far as possible. If no active market exists, the fair value is determined using alternative observable inputs where possible. If no observable inputs are available, fair value is determined using alternative methods. The fair value is divided into three levels for determination, depending on the availability of observable parameters and the significance of these parameters. The subdivision is made in accordance with the following guidelines:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are either directly observable for the asset or liability or can be indirectly derived from other prices.

- Level 3 inputs are unobservable inputs for the asset or liability. If reclassifications between the different levels are necessary for assets and liabilities measured at fair value on a recurring basis, for example because an asset is no longer traded on an active market or is traded for the first time, a corresponding reclassification is made.

Derivative financial instruments and hedge accounting

In the Group, derivative financial instruments are only used to hedge future cash flows (so-called underlying transactions) for financial risks resulting from financing activities. This only affects interest rate and currency risks. In accordance with the Group's risk management principles, the main part of the forecast, highly probable cash flows are generally hedged on the basis of an economic assessment of the individual case. Derivative financial instruments in hedging relationship are initially and subsequently measured at fair value. If the fair value is positive, derivatives are recognized as assets; if the fair value is negative, they are recognized as liabilities.

In order to be allowed to report hedging relationships (hedge accounting), the clear hedging relationship between the underlying transaction and the hedging instrument must be documented and its effectiveness demonstrated. Only interest rate swaps and interest rate and currency swaps are used as hedging instruments. The hedging relationship is accounted for and documented as a cash flow hedge from the time when the guidelines of IFRS 9 (Hedge Accounting) are met. The swaps are generally congruent with the underlying transaction with regard to reference interest rate, interest rate adjustment dates, payment dates, maturities and nominal amount. An economic relationship existed between the hedged item and the hedging instrument during the financial year, as all material contractual terms were in alignment. Hedging relationships are regularly reviewed for effectiveness throughout the reporting period. In the event of a change in the fair value of the financial instruments in hedging relationship, the differences are temporarily recognized in other comprehensive income (fair value measurement of derivative financial instruments in hedging relationship) and transferred to the consolidated income statement (financial result) when the underlying transaction is realized. The ineffective portion of the financial instruments is recognized immediately in the financial result.

Collateral

The financial liabilities of the solar and wind plants are essentially non-recourse project financing ("non-recourse"). This means that only collateral from the project or special purpose entity's liability group is granted for the respective loan, but not collateral from parent or sister companies (with the exception of pledges of shares in the project company). Tangible assets or rights as well as future receivables can be assigned to the project-financing banks, as is customary with this type of financing. The carrying amount of the fixed assets or the amount of the reserves formed thus correspond to the current amount of the collateral given. In detail, these are mainly:

- Mortgages or land charges (property, plant and equipment)
- Pledge of debt service and project reserve accounts (financial assets)
- Assignment of the claim to remuneration from the electricity feed-in of the respective grid company; assignment of payment and remuneration claims against third parties from any direct marketing contracts (trade receivables)
- Pledging/assignment as security of movable assets (property, plant and equipment)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and time deposits with a high degree of liquidity, a total term of up to three months and only insignificant fluctuations in value.

Provisions

Current provisions are recognized at the expected settlement amount without discounting, taking into account all obligations identifiable at the balance sheet date as a result of past transactions or events prior to the balance sheet date. In addition, their amount or maturity must be uncertain. The settlement amount with the highest probability of occurrence is assumed. Long-term provisions are discounted at an appropriate interest rate (risk-free). Provisions are only formed if the probability of occurrence is greater than 50% and there are legal or constructive obligations to third parties. In addition, it must be probable that an outflow of resources will be required to settle the obligation and the amount of the provision can be reliably estimated.

Revenue

The core principle of IFRS 15 is to determine the amount of revenue that an entity can reasonably expect to receive in exchange for transferring goods or services to customers. Revenue is recognized when the customer obtains control of the goods or services. IFRS 15 also includes requirements for the recognition of surpluses or obligations that exist at the contract level. To determine the timing (or period) and amount of revenue recognition, IFRS 15 introduces a five-step model that the Group uses in measuring its transactions. The goods (electricity) transferred by the Group represent a separate performance obligation or a combination of performance obligations. Revenue from the supply of electricity is recognized over time using the output-based measurement method on a monthly basis by volume.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants, which are paid as compensation for expenses or losses already incurred or for immediate financial support without future related expenses, are recognized in the consolidated income statement in the period in which the corresponding claim arises.

Virtual share-based payments

IFRS 2 requires that for cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are recognized at the fair value of the liability. Unlike equity-settled share-based payments, the fair value of the liability must be remeasured at each reporting date and at the settlement date until settlement. Any resulting changes must be recognized in profit or loss.

The benefits received and, at the same time, the liability to settle those benefits shall be recognized when the employees render service.

This liability shall be recognized initially and at each reporting date until it is settled at the fair value of the stock appreciation rights. For this purpose, a model is to be applied that takes the following into account:

- the contractual terms on which the stock appreciation rights were granted, and
- the length of service completed to date by staff members.

The effects of all conditions are determined at each reporting date and ultimately result in the cumulative amount for the benefits received equaling the amount of cash paid.

Financial income

If it is probable that the economic benefits will flow to the Group and the amount of the income can be reliably determined, financial income is recognized. It is to be deferred using the relevant effective interest rate - based on the outstanding nominal amount. The effective interest rate is the rate that exactly discounts expected future cash payments through the expected life of a financial asset to the net carrying amount of the asset at initial recognition.

Income taxes

Income tax expenses are the sum of current tax expenses and deferred taxes. Current and deferred taxes are recognized in consolidated profit or loss unless they relate to items recognized in other comprehensive income or directly in equity. In this case, current and deferred taxes are also recognized in other comprehensive income or directly in equity.

Current taxes

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the tax authorities, based on the tax rates and tax laws applicable at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the basis of the temporary recognition and measurement differences between the IFRS carrying amount of an asset or liability and its tax base. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred taxes are not recognized if the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss (so-called "initial recognition exemption"). Since the financial year 2020, this has particularly affected acquisitions of new solar and wind plants that do not meet the definition of a business and are treated as an acquisition of assets. Due to the reversal of the "Initial Recognition Exemption", the Group recognizes both deferred tax assets (if or when recoverable) and deferred tax liabilities to the extent that deductible and taxable temporary differences of equal amounts arise. This relates to the recognition of asset retirement obligations and leases. Deferred tax assets are recognized if it is probable that taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets from unused tax loss carryforwards are recognized to the extent that it is probable that they can be offset against future taxable income within a planning period of five years. Deferred tax liabilities and tax assets are generally calculated using company- and country-specific tax rates that are expected to apply when the liability is settled or the asset is realized. For German companies, the tax rates used, take into account the respective German trade tax rates. The tax reconciliation and further information are provided in note A.8.

Earnings per share

Basic earnings per share are computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. To calculate diluted earnings per share, the earnings attributable to the holders of no-par value shares are divided by the weighted average number of shares outstanding for the period plus the number of exercisable options. Options are taken into account if the average weighted market price of the ordinary shares during the period equals or exceeds the exercise price of the option. Currently, there are no exercisable dilutive options.

Segment reporting

Segment reporting is carried out in accordance with the management approach, which is defined in the accounting standard IFRS 8 "Operating Segments". Segmentation and reporting are based on the internal organisational and reporting structure as well as on the internal control parameters. The segments are therefore defined and identified in accordance with the internal organizational and reporting structure. The following reportable operating segments exist in the group: Wind Germany, Solar Germany, Poland, Netherlands, Czech Republic and Italy. The non-reportable segment Corporate does not represent an independent operating segment in accordance with IFRS 8.6 and is reported separately. It comprises the parent company, the intra-group service company and other non-operating intermediate companies. In particular, revenue and operating profit before depreciation and amortization (EBITDA) are monitored separately by the Management Board in order to determine the profitability of the segments and to make better decisions on the allocation of resources. In addition, the following operating earnings figures of the segments are monitored by the Management Board: revenue, adjusted operating EBITDA as well as margin and adjusted operating profit (EBIT) as well as margin.

5.5.5. SCOPE OF CONSOLIDATION

In addition to Pacifico Renewables Yield AG, all directly or indirectly controlled subsidiaries are included in the consolidated financial statements. The Group obtains control if it can exercise control over the investee, is exposed to variable returns from its involvement, and can affect the amount of returns based on its power over the investee. The Group reassesses whether or not it controls an investee when facts and circumstances indicate that one or more of the above three criteria for control have changed.

The Group directly or indirectly holds 100% of the shares in all Group companies. The following subsidiaries were fully consolidated in the consolidated financial statements as of December 31, 2021:

Segment	Company	Seat	Share in %
Corporate	Pacifico Renewables Management GmbH[1.)]	Munich, Germany	100
Corporate	Pacifico Renewables Fin GmbH[1.)]	Grünwald, Germany	100
Corporate	Pacifico Management GmbH[1.)]	Grünwald, Germany	100
Corporate	Pacifico Holding 1 GmbH & Co. KG[1.) 6.)]	Grünwald, Germany	100
Corporate	Pacifico Germany 1 GmbH & Co. KG[6.)]	Grünwald, Germany	100
Corporate	PAC Block Germany 1 GmbH	Grünwald, Germany	100
Wind Germany	PAC Opal GmbH & Co. KG	Grünwald, Germany	100
Solar Germany	PAC Rubin GmbH & Co. KG	Grünwald, Germany	100
Wind Germany	PAC Saphir GmbH & Co. KG	Grünwald, Germany	100
Wind Germany	PAC Topas GmbH & Co. KG	Grünwald, Germany	100
Wind Germany	Windkraft 1. RES GmbH & Co. KG[1.) 2.)]	Grünwald, Germany	100
Corporate	Pacifico Italy 1 GmbH & Co. KG[6.)]	Grünwald, Germany	100
Corporate	PAC Italy GmbH[4.)]	Grünwald, Germany	100
Corporate	Pacifico Italia S.r.l.	Bolzano, Italy	100
Solar Italy	C.C.D. Solar S.r.l.	Bolzano, Italy	100
Solar Italy	Energia Fotovoltaica 12 S.r.l.	Bolzano, Italy	100
Solar Italy	Energia Fotovoltaica 22 S.r.l.	Bolzano, Italy	100
Solar Italy	Mediterraneo Greenpower S.r.l.	Bolzano, Italy	100
Corporate	Pacifico Smeraldo S.r.l.	Bolzano, Italy	100
Corporate	PAC Czechia GmbH[1.) 3.)]	Grünwald, Germany	100
Corporate	Pacifico Renewables International GmbH[1.) 4.)]	Grünwald, Germany	100
Corporate	Pacifico Energy Czech s.r.o	Prague, Czech Republic	100
Solar Czech Republic	FVE Osečná S.r.o.	Prague, Czech Republic	100
Solar Czech Republic	FVE Úsilné S.r.o.	Prague, Czech Republic	100
Corporate	Pacifico Energy Hol s.r.o.	Prague, Czech Republic	100
Corporate	PAC Czechia 2 GmbH[1.) 3.)]	Grünwald, Germany	100
Solar Czech Republic	FVE Hodonice s.r.o.	Prague, Czech Republic	100
Solar Czech Republic	FVE Troskotovice s.r.o.	Prague, Czech Republic	100
Solar Netherlands	Dutch Durables Energy B.V. [1.)]	Soest, Netherlands	100
Solar Netherlands	Dutch Durables Energy 3 B.V.[1.) 2.)]	Bosch en Duin, Netherlanc	100
Solar Netherlands	Oslo Energy Netherlands B.V.[1.) 2.)]	Utrecht, Netherlands	100
Solar Germany	PV Süpplingen GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Auerbach GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Eisfeld GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Hohburg GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Köthen BF 5 GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Rosefeld GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Neubukow GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	PV Staßfurt GmbH & Co. KG[1.)]	Grünwald, Germany	100
Solar Germany	Solarpark Voßberg GmbH & Co. KG[1.) 2.)]	Grünwald, Germany	100
Corporate	PAC Poland 2 GmbH[1.) 2.) 5.)]	Grünwald, Germany	100
Wind Poland	GB Dębowa Łąka 402 sp. z o.o. [2.)]	Warsaw, Poland	100
Wind Poland	GB 12W 212 sp. z o.o. [2.)]	Warsaw, Poland	100
Wind Poland	GB Świecie 404 sp. z o.o. [2.)]	Warsaw, Poland	100

[1.)] Companies in which a direct equity interest was held.
[2.)] Addition in 2021
[3.)] Merged into Pacifico Renewables International GmbH on 07.04.2021
[4.)] Merged with Renewables International Portfolio GmbH (formerly PAC Poland 2 GmbH) on 25.03.2022
[5.)] Renamed Renewables International Portfolio GmbH on 25.03.2022
[6.)] Deleted by accretion in 2022.

Acquisition of subsidiaries that do not meet the definition of a business

The Group was able to significantly expand the existing portfolio of solar and wind parks in the financial year 2021. None of the following transactions meet the definition of an acquisition of a business according to the amendments to IFRS 3 described above. Therefore, all acquisitions have been accounted for as acquisitions of assets in the consolidated financial statements, irrespective of the date of commissioning of the plant.

Windkraft 1. Res GmbH & Co. KG

Windkraft 1. Res GmbH & Co. KG was consolidated in the Group for the first time on March 30, 2021. The company holds an operating wind park with a total output of 15.6 MW near Reudelsterz (Rhineland-Palatinate). Of the identified net assets, €12.33 million relate to the purchase price payment in cash and €454,529 to incidental acquisition costs.

€	Purchase price allocation
Property, plant and equipment	36,179,439
Right-of-use assets IFRS 16	5,561,933
Financial assets	610,000
Trade receivables	223,035
Deferred tax assets	17,461
Cash and cash equivalents	269,962
Liabilities and provisions	-24,468,308
Lease liability IFRS 16	-5,633,993
Identified net assets acquired	**12,759,529**

Solarpark Voßberg GmbH & Co. KG

Solarpark Voßberg GmbH & Co. KG was consolidated for the first time on August 1, 2021 via a contribution in kind. The valuation of the solar park was carried out by an IDW S1 expert opinion of an auditing company using the DCF method. For the contribution in kind, 73,000 no-par value bearer shares with a notional share in the subscribed capital of €1per share were issued. The premium per share amounted to €33.77. Shares with a total value of €2.54 million were thus issued. The incidental acquisition costs amounted to €133,064. Dividends or other possible equity components were not taken into account. Solarpark Voßberg GmbH & Co. KG holds two operational solar plants with a total output of 7.6 MW in Letschin in Brandenburg.

€	Purchase price allocation
Property, plant and equipment	7,066,946
Right-of-use assets IFRS 16	34,490
Financial assets	650,000
Trade receivables	157,644
Cash and cash equivalents	1,427,969
Other current assets	50,038
Liabilities and provisions	-6,554,407
Lease liability IFRS 16	-36,714
Deferred tax liabilities	-124,692
Identified net assets acquired	**2,671,274**

Dutch Durables Energy 3 B. V.

On October 19, 2021, the ground-mounted solar park with an expected capacity of 14.1 MW near Hernen, the Netherlands was consolidated for the first time. The solar park was in the final construction phase on December 31, 2021, and was completed in May 2022. According to the purchase agreement, 25% of the purchase price in the amount of €971,936 was linked to completion. This was recognized in full as a current financial liability, as completion was already expected. Payments of €2.92 million in cash and incidental acquisition costs of €47,075 have already been made.

€	Purchase price allocation
Property, plant and equipment	13,258,073
Right-of-use assets IFRS 16	850,867
Other current assets	1,333,914
Liabilities and provisions	-10,659,131
Lease liability IFRS 16	-848,274
Deferred tax liabilities	-628
Identified net assets acquired	**3,934,821**

Wind park portfolio Poland

On November 24, 2021, the portfolio of three onshore wind parks in the north of Poland with a total output of 51.8 MW was added to the Group. The first tranche of the purchase agreement amounted to €7.51 million as well as incidental acquisition costs of €180,733. The purchase agreement also contains financial obligations subject to a condition precedent in the amount of €7.32 million. These are conditional on the successful extension of certain land rights in order to cover the entire technical service life. Of this amount, €2.46 million have already been paid and taken into account regarding allocation of the purchase price. The entire remaining contractually outstanding amount of €4.86 million is recognized as a contingent liability in the notes under C.4, as completion is expected.

€	Purchase price allocation
Property, plant and equipment	85,599,812
Right-of-use assets IFRS 16	4,318,959
Derivative financial instruments	7,254,907
Loans and advances to customers	2,469,869
Cash and cash equivalents	5,097,265
Other current assets	2,090,677
Liabilities and provisions	-90,519,558
Lease liability IFRS 16	-4,546,641
Deferred tax liabilities	-1,614,747
Identified net assets acquired	**10,150,543**

Energy Oslo Netherland B. V.

On December 13, 2021, the portfolio of six ground-mounted and rooftop solar plants in the Netherlands was consolidated for the first time. Most of the solar plants are already in operation and have an output of 9,9 MW. The purchase price amounts to €1.36 million. Of this amount, €547,472 and incidental acquisition costs of €138,285 have already been paid. According to the purchase agreement, €816,336 of the purchase price is subject to a condition precedent and was recognized in full as a current financial liability, as it is expected to be utilized.

€	Purchase price allocation
Property, plant and equipment	7,866,836
Right-of-use assets IFRS 16	1,602,391
Financial assets	32,361
Other current assets	236,758
Cash and cash equivalents	256,402
Liabilities and provisions	-6,898,304
Lease liability IFRS 16	-1,591,681
Deferred tax liabilities	-2,595
Identified net assets acquired	**1,502,168**

5.5.6. CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of the parent company and the companies it controls. For all companies included in the consolidated financial statements, the reporting date of the separate financial statements is the same as the reporting date of the parent company and thus of the consolidated financial statements.

A subsidiary is included in the consolidated financial statements from the date on which the Group obtains control over the subsidiary until the date on which control by the Group ends. The results of subsidiaries acquired or disposed of during the year are recognized in the consolidated income statement and other comprehensive income from the actual date of acquisition or until the actual date of disposal, respectively.

Profit or loss and each component of other comprehensive income shall be attributed to the shareholders of the parent and to the non-controlling interests.

Where necessary, the financial statements of subsidiaries are adjusted to bring their accounting policies in line with those of the Group.

All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated within the scope of consolidation.

If the Group loses control over a subsidiary, the deconsolidation gain or loss is recognized in profit or loss. This is determined from the difference between

(i) the total of the fair value of the consideration received and the fair value of the shares retained; and

(ii) the carrying amount of the assets of the liabilities of the subsidiary and any non-controlling interests.

All amounts recognized in other comprehensive income in connection with this subsidiary are accounted for as they would be if the assets were sold, i.e. reclassified to the consolidated income statement or transferred directly to retained earnings.

5.5.7. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A.1 REVENUE

The Group's revenue of €21.89 million (2020: €14.99 million) is distributed among the individual segments as follows:

€	2021	2020
Wind Germany	5,876,029	3,742,513
Solar Germany	5,511,107	4,315,431
Poland	3,150,268	-
Netherlands	467,252	292,282
Czech Republic	5,075,056	4,990,480
Italy	1,815,275	1,653,789
Total	**21,894,987**	**14,994,495**

Timing of revenue recognition		
	2021	2020
Services rendered over time	21,894,987	14,994,495

The Group's revenue exclusively comprise revenue from the feed-in of electricity.

Revenue include €1.73 million (2020: €1.47 million) in government grants from government subsidies granted to renewable energy producers. The remaining sales are attributable to remuneration from direct marketers and therefore do not represent government grants in accordance with IAS 20.

Of the revenue, €43,158 (2020: €298,964) relate to down-regulation. These are compensation payments for the shutdown of solar and wind plants by the grid operator (due to shortages in the grid or other technical reasons) or by the direct marketer (for example, due to a temporarily too low remuneration on the electricity exchange).

A.2 OTHER INCOME

Other income		
€	2021	2020
Income from currency conversion	73,188	66,384
Income relating to other periods	10,306	800
Income from the reversal of provisions	125,106	23,838
Miscellaneous other income	126,078	3,833
Total	**334,678**	**94,855**

Income from currency translation relates to income already realized from currency translation at the foreign Group companies. Income from the reversal of provisions mainly relates to income from the reversal of litigation costs.

A.3 COST OF MATERIALS

Cost of materials		
€	2021	2020
Insurance	168,064	156,517
Variable lease of land	111,672	113,039
Technical management	364,493	122,597
Asset Management	2,930,755	1,952,276
Other	249,038	200,503
Total	**3,824,022**	**2,544,932**

The cost of materials increased compared to the previous year due to the additions to the scope of consolidation.

A.4 PERSONNEL EXPENSES

Personnel expenses		
€	2021	2020
Salaries	1,433,958	1,186,169
Social security contributions	169,729	45,013
Total	**1,603,687**	**1,231,182**

A breakdown of the Executive Board remuneration is included under other mandatory disclosures C.7. In the financial year 2021, €417,631 (2020: €799,989) were recognized as personnel expenses in order to recognize the liabilities to the Executive Board as well as the employees from stock option programs.

As of the reporting date, the Group employed nine permanent full-time employees in Germany at the Group's internal service company Pacifico Renewables Management GmbH in addition to the two members of the Management Board at the parent company. In the financial year, the total average number of employees was nine (2020: two employees).

A.5 OTHER EXPENSES

Other expenses		
€	2021	2020
Financial statement and audit costs	489,514	323,413
Other taxes	326,638	310,816
Legal and consultancy costs	294,196	631,063
Bank charges	162,590	37,483
Supervisory board compensation	157,500	30,246
Accounting	111,070	337,035
Stock exchange costs	100,352	56,429
D&O insurance	91,430	70,536
Other	1,392,440	496,549
Total	**3,125,730**	**2,293,570**

Legal and consultancy costs decreased significantly in the financial year, as the exceptionally high costs of the previous year were attributable to a rights issue at the end of 2020. Accounting expenses were reduced by the complete in-house takeover of the accounting of the German companies in the reporting year. Financial statement and audit costs include the costs for the audit of the financial statements (see also C.6) and the costs for the external preparation of the financial statements of the Group companies. Other taxes include the solar tax in the Czech Republic with €263,837 (2020: €261,953).

A.6 DEPRECIATION AND AMORTIZATION

Depreciation and amortization €	2021	2020
Amortization of intangible assets	32,785	36,970
Depreciation of property, plant and equipment	10,476,001	7,474,483
of which on solar and wind power plants	9,618,267	6,672,206
Total	**10,508,786**	**7,511,453**

A.7 FINANCIAL RESULT

Financial result €	2021	2020
Financial income	2,228,952	55,378
Interest and similar expenses	-4,111,169	-2,561,918
Interest portion of increase in provisions	-52,191	-68,507
Financial expenses	-4,163,360	-2,630,425
Total	**-1,934,408**	**-2,575,047**

The item "Financial expenses" also includes the compounding effects of lease liabilities carried as liabilities within the meaning of IFRS 16 in the amount of €-232,577 (2020: €-126,825). For further details, please refer to section B.12.

Borrowing costs of €251.863 (2020: €129,377) were capitalized in the financial year. The underlying capitalization rate was 1.95%. Other borrowing costs are recognized as current expenses.

The relatively high financial income in the reporting period results from the loan in the amount of €37.20 million that was granted to PAC Poland 2 GmbH in 2020, which has been fully consolidated since the acquisition of PAC Poland 2 GmbH in November 2021. The granting of the loan paved the way for the acquisition of the wind portfolio in Poland after its commissioning in the most financially attractive way possible.

A.8 INCOME TAXES

Income taxes €	2021	2020
Actual tax charge	-1,277,967	-390,537
Deferred tax income relating to temporary differences	688,730	573,737
Total	**-589,237**	**183,200**

The reconciliation of expected to actual income tax expenses is shown in the table below:

€	2021	2020
Earnings before taxes	1,233,033	-1,066,834
Expected income taxes 24,23 % (2020: 24,23 %)	**-298,764**	**258,494**
Effective tax rate	**47.79%**	**17.17%**
Differences due to different local tax rates and tax rate changes	176,708	118,309
Tax effects from non-deductible expenses	-412,766	-198,580
Effects from Initial Recognition Exemption	245,742	32,444
Deferred tax on loss carryforwards	-710,793	-339,650
Capitalization of costs for capital measures	62,268	423,137
Taxes relating to other periods	382,876	20,545
Other	-34,508	-131,499

A.9 OTHER RESULT

Other comprehensive income mainly comprises currency differences from Group companies managed in foreign currencies of €-3.80 million (2020: €-508,449) as well as changes in value from derivative financial instruments in hedging relationships of €1.65 million (2020: €-151,513) and related recognition of deferred tax on the financial instruments of €-571.406 (2020: €98.283)

Significant increase in the currency translation difference is attributable to the expansion of the scope of consolidation to include the Polish portfolio and the associated recognition of currency differences on intercompany loans in the currency translation difference of € 2.87 million (2020: €0). The loans are net investments in foreign operations within the meaning of IAS 21.

The fair value measurement of derivative financial instruments of €1.65 million (2020: €-151,513) relates to the measurement of interest rate swaps as well as interest rate and currency swaps in other comprehensive income due to their allocation to the FVOCI measurement category.

€	2021	2020
Items to be reclassified to profit or loss in the future		
Currency translation difference	-3,802,197	-508,449
Fair value measurement of derivative financial instruments in hedging relationship	1,082,435	-53,230
Other comprehensive income	**-2,719,762**	**-561,679**

5.5.8 NOTES TO THE CONSOLIDATED BALANCE SHEET

B.1 INTANGIBLE ASSETS

€	Licenses	Other	Total
Acquisitions costs			
Balance 01.01.2020	228,747	65,170	293,917
Additions	-	10,985	10,985
Change in scope of consolidation	-	-	-
Currency translation	-6,933	-	-6,933
Balance 31.12.2020	**221,814**	**76,155**	**297,969**
Amortisation			
Balance 01.01.2020	-6,854	-7,242	-14,096
Additions	-11,127	-25,843	-36,970
Currency translation	172	-	172
Balance 31.12.2020	**-17,809**	**-33,085**	**-50,894**
Acquisitions costs			
Balance 01.01.2021	221,814	76,155	297,969
Additions	2,268	-	2,268
Change in scope of consolidation	-	-	-
Currency translation	11,682	-	11,682
Balance 31.12.2021	**235,764**	**76,155**	**311,919**
Amortisation			
Balance 01.01.2021	-17,809	-33,085	-50,894
Additions	-18,432	-14,353	-32,785
Currency translation	-1,097	-	-1,097
Balance 31.12.2021	**-37,338**	**-47,438**	**-84,776**
Carrying amount 31.12.2020	**204,005**	**43,070**	**247,075**
Carrying amount 31.12.2021	**198,426**	**28,717**	**227,143**

Licenses in the amount of €198,426 (December 31, 2020: €204,005, January 1, 2020: €221,893) mainly comprise licenses required for the commissioning or operation of the solar and wind plants. The item “Other” in the amount of €28,717 (December 31, 2020: €43,070, January 1, 2020: €57,928) includes, among other things, purchased consolidation software at Group level.

Only acquired intangible assets currently exist in the Group.

B.2 PROPERTY, PLANT AND EQUIPMENT

€	Assets under Construction	Solar and wind plants	Land and buildings	Other	Total
Acquisition costs					
Balance 01.01.2020		71,650,490	3,856,429	13,678	75,520,597
Additions		1,391,769	672,235	9,414	2,073,418
Change in the scope of consolidation		34,116,212	3,685,755	4,829	37,806,796
Currency conversion		134	-17,615	-	-17,481
Balance at 31.12.2020		**107,158,605**	**8,196,804**	**27,921**	**115,383,330**
Depreciation					
Balance 01.01.2020		-10,554,034	-347,308	-1,816	-10,903,158
Additions		-6,672,206	-794,608	-7,669	-7,474,483
Currency translation		-	-		-
Balance 31.12.2020		**-17,226,240**	**-1,141,916**	**-9,485**	**-18,377,641**
Carrying amount 31.12.2020		89,932,365	7,054,888	18,436	97,005,689

€	Assets under construction	Solar and wind plants	Land and buildings	Other	Total
Acquisition costs					
Balance 01.01.2021		107,158,605	8,196,804	27,921	115,383,330
Additions		924,044	300,472	44,907	1,269,423
Change in the scope of consolidation	2,128,131	147,000,548	13,211,050	17	162,339,746
Currency translation		894,095	85,278	-	979,373
Balance 31.12.2021	2,128,131	255,977,291	21,793,604	72,846	279,971,872
Depreciation					
Balance at 01.01.2021		-17,226,240	-1,141,916	-9,485	-18,377,641
Additions		-9,618,267	-841,089	-16,645	-10,476,001
Currency translation		-32,992	-1,657	-	-34,649
Balance 31.12.2021		-26,834,245	-2,027,916	-26,129	-28,888,290
Carrying amount 31.12.2021	2,128,131	229,099,792	19,808,942	46,717	251,083,582

The item "Land and buildings" includes partly leased land and buildings, see B.12. Property, plant and equipment includes solar and wind plants as well as other property, plant and equipment in the amount of €224.44 million (December 31, 2020: €76.23 million, January 1, 2020: €44.18 million) as collateral for existing financing. In addition, solar and wind plants include two solar parks of €11.16 million (December 31, 2020: €11.96 million, January 1, 2020: €12.76 million) belonging to the Czech Republic segment from sale and leaseback transactions (see also B.10).

The changes in the scope of consolidation relate to the additions to the scope of consolidation explained under 5.5.5.

B. 3 DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments in hedging relationship amounting to €9.13 million (December 31, 2020: €518, January 1, 2020: €22,178) represent interest rate swaps as well as interest rate and currency swaps with a positive fair value, for which there is a positive valuation due to the current market development. The significant increase of derivative financial instruments in hedging relationship is due to the addition of the Polish portfolio.

B. 4 FINANCIAL ASSETS

€	Securities	Other loans	Cash with restriction on disposal	Total
Balance 01.01.2020	800	-	4,621,517	4,622,317
Additions/disposals	-	37,200,000	777,518	37,977,518
Change in the scope of consolidation	10,264	-	-349,915	-339,651
Currency translation	-	-	-52,513	-52,513
Balance 31.12.2020	**11,064**	**37,200,000**	**4,996,607**	**42,207,671**

€				
Balance 01.01.2021	11,064	37,200,000	4,996,607	42,207,671
Additions/disposals	500,842	-	229,750	229,750
Change in the scope of consolidation	650,000	-37,200,000	642,361	-35,907,639
Currency translation	-	-	114,452	-
Balance 31.12.2021	**1,161,906**	**-**	**5,983,170**	**7,145,076**

The financial assets mainly include cash with restriction on disposal, which serves as collateral for the lending banks of the solar and wind parks, as well as a step interest bond in the amount of € 11.5 million acquired via Solarpark Voßberg GmbH & Co KG. This serves as a substitute for a debt service and project reserve account and is thus collateral for the Group company's loan. The loan in the amount of €37.20 million granted to PAC Poland 2 GmbH in 2020 has been fully consolidated since the acquisition of PAC Poland 2 GmbH in November 2021. The origination of the loan paved the way for the acquisition of the wind portfolio in Poland after its commissioning in the most financially attractive way possible.

Information on the impairment of financial assets and the default and foreign currency risk to which the Group is exposed can be found in note C.2. Further information can be found in the section Hedge Accounting C.2.

B. 5 DEFERRED TAXES

Deferred taxes in the Group are generally recognized for the foreign companies at the individual tax rate of the respective company. The Group tax rate is 24.23% and corresponds to the tax rate of the Group parent company Pacifico Renewables Yield AG, consisting of the corporate income tax rate of 15%, the solidarity surcharge of 5.5% on the corporate income tax rate and a trade tax rate of 8.40%. As of December 31, 2021, the Group had provisional loss carryforwards of approximately €12.59 million in corporate income tax (2020: €7.93 million) and €16.23 million in German trade tax (2020: €10.49 million). Of this, amounts of € 4.76 million corporate income tax (2020: €2.72 million) and €12.73 million German trade tax (2020: €7.92 million) are not expected to be utilized within a reasonable period of time. Therefore, no deferred tax assets were recognized for these. With the exception of the change in deferred taxes on derivative financial instruments in hedging relationship, which are recognized in other comprehensive income, changes in deferred taxes are recognized in the income statement.

Deferred taxes arose on the following balance sheet items:

Deferred taxes	31.12.2021		31.12.2020		01.12.2020	
€	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment - differences between original, commercial and tax balance sheet	1,458,757	666,144	1,285,520	593,329	39,709	515,743
Property, plant and equipment - recognition of asset retirement obligations	-	834,951	-	713,296	-	541,114
Property, plant and equipment - right-of-use leases	-	4,485,919	-	1,560,332	-	841,650
Derivative financial instruments	72,562	2,211,588	149,522	-	56,613	5,374
Leasing liabilities	4,602,195	-	1,562,266	-	843,076	-
Accrued liabilities Reversal	856,780	-	653,858	-	521,391	-
Tax loss carryforwards	1,347,539	-	941,237	-	316,121	-
Gross amount	**8,337,833**	**8,198,601**	**4,592,403**	**2,866,956**	**1,776,909**	**1,903,881**
Offset	5,455,556	5,455,556	2,265,154	2,265,154	1,300,955	1,300,955
Net amount	**2,882,277**	**2,743,045**	**2,327,249**	**601,802**	**475,954**	**602,926**

The tax loss carryforwards have increased compared to 2020. The deferred tax assets on the tax loss carryforwards have therefore also increased (increase from €941,237 to €1.35 million). The main reason for the increase in deferred tax assets was the expansion of the Group's scope of consolidation. There are no taxable differences in connection with Group companies.

B. 6 TRADE RECEIVABLES

€	31.12.2021	31.12.2020	01.01.2020
Trade receivable	5,220,060	1,368,111	1,071,877

Trade receivables are amounts owed by government customers or direct marketers for electricity generated. They are generally due within 30 to 60 days, depending on the country, and are therefore classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration. The Group does not have significant financing components. The Group holds trade receivables to collect the contractual cash flows and subsequently measures them at amortized cost using the effective interest method.

Of the trade receivables, €4.76 million (December 31, 2020: €863,663, January 1, 2020: €853,939) was pledged as collateral as of the balance sheet date. This relates to the assignment of the claim to remuneration from the electricity feed-in of the respective grid company and the assignment of payment and remuneration claims against third parties from any direct marketing contracts.

Information on the impairment of trade receivables and the default and foreign currency risk to which the Group is exposed can be found in Note C.2.

B. 7 OTHER CURRENT ASSETS

€	31.12.2021	31.12.2020	01.01.2020
Non-financial assets	1,703,626	1,134,291	1,654,550
Income tax receivables	372,812	174,186	145,450
Other current receivables	1,630,796	1,432,462	1,076,609
Total	**3,707,234**	**2,740,939**	**2,876,609**

The non-financial assets mainly comprise VAT receivables. Other current receivables mainly comprise prepaid expenses in the amount of €947,111 (December 31, 2020: €949,810, January 1, 2020: €539,015) and other assets and receivables.

B. 8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounting to €13.32 million (December 31, 2020: €9.86 million, January 1, 2020: €7.15 million) comprises exclusively cash and balances with banks. Of this amount, €10.47 million (December 31, 2020: €4.35 million, January 1, 2020: €3.43 million) were provided as collateral to the lending banks.

B. 9 EQUITY

Subscribed capital

The Group's subscribed capital as of the reporting date December 31, 2021, amounts to €3.72 million (December 31, 2020: €3.31 million, January 1, 2020: €1.14 million). The subscribed capital as of December 31, 2021, is divided into 3,721,042 (December 31, 2020: 3,309,766, January 1, 2020: 1,135,000) no-par-value bearer shares with a notional interest in the subscribed capital of €1 per share.

By resolution of the Annual General Meeting on October 16, 2019, the Management Board was authorized, with the approval of the Supervisory Board, to increase the subscribed capital against cash and/or non-cash contributions on one or more occasions until October 15, 2024, by a total of up to €567,500, whereby the subscription rights of shareholders could be excluded (Authorized Capital 2019). The Management Board, with the approval of the Supervisory Board, made use of the Authorized Capital 2019 on July 1, 2021, and resolved to increase the subscribed capital by €73,000 against contributions in kind, excluding shareholders' subscription rights.

The Annual General Meeting adopted a resolution on August 19, 2021 to cancel the Authorized Capital 2019 and to create a new Authorized Capital 2021 with authorization to exclude subscription rights and to amend the Articles of Association accordingly. The Authorized Capital 2021 authorized the Executive Board, with the consent of the Supervisory Board, to increase the Group's subscribed capital by up to €1,654,883 on one or more occasions by issuing no-par value bearer shares against cash and/or non-cash contributions. The Executive Board, with the approval of the Supervisory Board, made use of the Authorized Capital 2021 on November 10, 2021, and resolved to increase the subscribed capital by €338,276 in return for cash contributions, excluding shareholders' subscription rights.

The Extraordinary General Meeting of December 22, 2021, adopted a resolution on the cancellation of the Authorized Capital 2021 and the creation of a new Authorized Capital 2021/II with authorization to exclude subscription rights and a corresponding amendment to the Articles of Association. Authorized Capital 2021/II authorizes the Executive Board, with the consent of the Supervisory Board, to increase the Group's subscribed capital by up to €1,860,521 on one or more occasions by issuing new no-par value bearer shares against cash and/or non-cash contributions. No new shares had been issued under Authorized Capital 2021/II as of the reporting date.

The Annual General Meeting of August 19, 2021, also passed a resolution on the creation of conditional capital 2021 and a corresponding amendment to the Articles of Association as part of a resolution authorizing the issue of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds. Based on the authorization resolution, the Group's subscribed capital was conditionally increased by up to €1,654,883 by issuing up to 1,654,883 new no-par value bearer shares. No new shares were issued under the Conditional Capital 2021.

The Extraordinary General Meeting of December 22, 2021 passed a resolution on the cancellation of the existing authorization and the granting of a new authorization to issue convertible bonds, bonds with warrants, profit participation rights and/or participating bonds with the authorization to exclude subscription rights, on the cancellation of the existing Conditional Capital 2021 and the creation of a new Conditional Capital 2021/II and on the corresponding amendment to the Articles of Association. Based on the authorization resolution, the Group's subscribed capital l is conditionally increased by up to €1,860,521 by issuing up to 1,860,521 new no-par value bearer shares. No new shares have been issued under Conditional Capital 2021 as of the reporting date.

As of December 31, 2021, there are no other obligations arising from subscription rights, convertible bonds or comparable securities.

Capital reserve

The capital reserve amounts to €89.16 million as of the reporting date December 31, 2021 (December 31, 2020: €77.59 million, January 1, 2020: €23.29 million). The capital reserve increased in the financial year due to both the non-cash contribution in July of €2.47 million and a further capital increase in November of €9.36 million. Due to the direct recognition of transaction costs in connection with capital increases in the capital reserve in accordance with IAS 32, the capital reserve of the separate financial statements of Pacifico Renewables Yield AG differs from the capital reserve of the Group (effect: December 31, 2021: €-2.15 million, December 31, 2020: €-1.89 million, January 1, 2020: €-144,935).

Other reserves

€	2021	2020	2019
Currency translation reserve	-4,310,646	-508,449	-
Hedge reserve	1,059,119	-23,316	29,914
Total	**-3,251,527**	**-531,765**	**29,914**

Exchange differences arising on the translation of the functional currency of foreign operations into the Group's presentation currency (Euro) are recognized directly in other comprehensive income in the consolidated financial statements and accumulated in the currency translation reserve. Translation differences previously recognized in the currency translation reserve (relating to the translation of the net assets of the foreign operation) are transferred to profit or loss when a partial or complete disposal of the foreign operation takes place.

The currency translation reserve in the amount of €-4.31 million (December 31, 2020: €-508,449, January 1, 2020: €0) mainly relates to the translation of Polish zloty and Czech crowns into Euro from the respective subsidiaries as of the balance sheet date. Due to the relief taken under IFRS 1 not to remeasure the cumulative translation differences at the date of transition, these are measured at 0 as of January 1, 2020. The sharp increase in the currency translation reserve is attributable to the expansion of the scope of consolidation to include the Polish portfolio and the associated recognition of currency differences on intercompany loans in the currency translation difference of €2.87 million (2020: €0). The loans represent net investments in foreign operations according to IAS 21.

In addition to the currency reserve, other reserves include the hedge reserve in the amount of €1.06 million (December 31, 2020: €-23,316, January 1, 2020: €29,914). The hedge reserve comprises gains or losses from the effective portion of cash flow hedges that arose due to changes in the fair value of the hedging transactions. The cumulative gain or loss from changes in the fair value of hedges that was recognized in the hedge reserve is only transferred to profit or loss if the hedged item affects profit or loss.

With regard to the explanation of other comprehensive income, see also A.9.

Retained earnings

€	2021	2020
Balance as of 01.01	-3,379,083	-2,495,449
Consolidated net income	643,796	-883,634
Balance as of 31.12	**-2,735,287**	**-3,379,083**

Retained earnings include the loss carried forward from previous years and the consolidated net income for the financial year.

Capital Management

The Group's capital management aims to increase the corporate value of the Group through targeted growth financing and continuous optimization of the capital structure and comprises three components: (1) growth financing of the Group at the level of the parent company by raising equity, debt and hybrid capital, (2) project financing at the level of the operating special purpose entities and (3) further borrowing at the level of non-operating intermediate companies or at the level of the parent company to finance growth and optimize the capital structure. Both the targeted growth financing and the continuous optimization of the capital structure take into account macroeconomic and sector-specific conditions and consider that the Group operates on a solid equity ratio at all times.

€	31.12.2021	31.12.2020	01.01.2020
Equity	86,894,368	76,993,319	21,956,972
Equity ratio in %	29.68%	49.43%	27.07%

In addition to the targeted growth financing and the continuous optimization of the capital structure, the Group's capital management also includes the monitoring of and compliance with the covenants resulting from loan agreements. In the reporting period, all covenants resulting from loan agreements were met.

B.10 FINANCIAL LIABILITIES

Financial liabilities €	31.12.2021 Non-current	 Current	31.12.2020 Non-current	 Current	01.01.2020 Non-current	 Current
Liabilities to banks and other loans	124,636,297	40,440,611	46,923,163	16,465,423	40,214,596	10,063,429
Liabilities from purchase price payment	-	1,788,272	-	-	-	-
Total	124,636,297	42,228,883	46,923,163	16,465,423	40,214,596	10,063,429

Financial liabilities include a subordinated bond from an external lender of €9.41 million (31 December 2020: €9.97 million, January 1, 2020: €10.49 million) and the parent company's revolving credit facility, which was drawn down in the amount of €16.21 million (2020: €0) as of the reporting date.

By taking out a loan at the level of a subsidiary of the parent company, both the subordinated bond from an external lender and the revolving credit facility of the parent company were refinanced in March 2022.

In addition, the financial liabilities include two sale and leaseback transactions belonging to the Czech Republic segment, for which the criteria for an economic sale within the meaning of IFRS 15 were not met. As a consequence the transaction had to be presented as a financing transaction within the meaning of IFRS 9 and not as a sale and leaseback transaction within the meaning of IFRS 16. The resulting financial liabilities amounted to €3.85 million (December 31, 2020: €4.70 million, January 1, 2020: €5.42 million).

The liabilities from purchase price payments in the amount of €1.79 million (2020: €0) include purchase price payments subject to a condition precedent from the acquisition of Oslo Energy Netherlands B.V. and Dutch Durables Energy 3 B.V. which are linked to the completion of the plants.

B.11 DERIVATIVE FINANCIAL INSTRUMENTS IN HEDGING RELATIONSHIP (LIABILITIES)

The derivative financial instruments in hedging relationship in the amount of €299,471 (December 31, 2020: €610,885, January 1, 2020: €519,270) represent interest rate swaps and interest rate and currency swaps with negative fair values for which a negative cash flow is expected due to current market developments.

B.12 LEASES

The leased assets serve as collateral for the lessor. Apart from this, the contracts do not contain any additional collateral. Fully revenue-dependent payments are not included in the lease liability but are recognized in the consolidated income statement in the period in which they are incurred. Capitalized right-of-use assets are included in property, plant and equipment under the category “Land and buildings” in the balance sheet. The following table provides an overview of the capitalized rights of use per asset class:

€	Land	Buildings	Total
Acquisition costs			
Balance 01.01.2020	3,005,400	-	3,005,400
Additions	291,487	380,748	672,235
Change in scope of consolidation	2,309,649	-	2,309,649
Currency translation	-	-	-
Balance 31.12.2020	**5,606,536**	**380,748**	**5,987,284**
Depreciation			
Balance 01.01.2020	-291,279	-	-291,279
Additions	-445,742	-6,346	-452,088
Change in scope of consolidation	-	-	-
Currency translation	-	-	-
Balance 31.12.2020	**-737,021**	**-6,346**	**-743,367**
Acquisition costs			
Balance 01.01.2021	5,606,536	380,748	5,987,284
Additions	-	300,472	300,472
Change in the scope of consolidation	12,368,640	-	12,368,640
Currency translation	48,012	-	48,012
Balance 31.12.2021	**18,023,188**	**681,220**	**18,704,408**
Depreciation			
Balance 01.01.2021	-737,021	-6,346	-743,367
Additions	-683,175	-119,855	-803,030
Change in the scope of consolidation	-	-	-
Currency translation	-1,558	-	-1,558
Balance 31.12.2021	**-1,421,754**	**-126,201**	**-1,547,955**
Carrying amount 01.01.2020	**2,714,121**	**-**	**2,714,121**
Carrying amount 31.12.2020	**4,869,515**	**374,402**	**5,243,917**
Carrying amount 31.12.2021	**16,601,434**	**555,019**	**17,156,453**

Lease liabilities as of December 31, 2021, are as follows:

€	31.12.2021	31.12.2020	01.01.2020
Non-current	16,847,294	4,986,039	2,584,232
Current	1,072,274	499,177	246,855
Total	**17,919,568**	**5,485,216**	**2,831,087**

The cash outflows for leases (including variable lease payments and payments for low-value leases) total €933,974 in financial year 2021 (2020: €548,131). The expenses for variable lease payments and for low-value leases are recognized in the cost of materials.

In the financial year 2021, the following amounts related to leases were recognized in the consolidated income statement:

€	01.01. - 31.12.2021	01.01. - 31.12.2020
Depreciation of rights-of-use assets	-803,030	-452,087
thereof for land	-683,175	-445,742
thereof for buildings	-119,855	-6,346
Interest expense from the unwounding of discount on lease liabilities	-232,577	-126,825
Variable lease payments	-111,672	-113,039
Total	**-1,147,279**	**-691,951**

B.13 INCOME TAX LIABILITIES

Income tax liabilities of €1.62 million (December 31, 2020: €998,878, January 1, 2020: €654,854) comprise all income taxes incurred for the financial year and in previous years that are expected to be payable to the tax authorities. The calculation of the tax provisions was carried out by tax advisors based in the different countries in which the Group operates.

B.14 OTHER PROVISIONS

Other provisions	31.12.2021		31.12.2020		01.01.2020	
€	Non-current	Current	Non-current	Current	Non-current	Current
Provisions for asset retirement obligations	8.981.791	-	3.617.670	-	2.439.899	-
Other provisions	-	1.000.459	-	694.135	-	186.577
Total	**8.981.791**	**1.000.459**	**3.617.670**	**694.135**	**2.439.899**	**186.577**

The provisions for asset retirement obligations include the estimated costs for the demolition and clearing of the solar and wind plants and the restoration of the site on which they are located. There are minor uncertainties in the measurement of the asset retirement obligations, which relate solely to the amount of the provision. This results from the fact that the dates on which the dismantling of the solar and wind plants is due are fixed by the remaining useful life of the plants. In determining the actual amount of the dismantling costs, an average inflation rate of 2% (December 31, 2020: 2%, January 1, 2020: 2%) was assumed. The discount on the provision is unwound annually.

Other provisions include the provision for preparation and audit of financial statements at all Group companies of €381,967 (December 31, 2020: €211,756, January 1, 2020: €164,656) as well as provisions for estimated trade payables.

The development of provisions is as follows:

Statement of changes in provisions €	Balance 01.01.2021	Utilization	Additions	Reversals	Changes in scope of consolidation, currency adjustments	Interest portion	Balance 31.12.2021
Provisions for asset retirement obligations	3,617,670				5,416,312	-52,191	8,981,791
Other provisions	694,135	-200,241	631,671	-125,106			1,000,459
Total	**4,311,805**	**-200,241**	**631,671**	**-125,106**	**5,416,312**	**-52,191**	**9,982,250**

Statement of changes in provisions €	Balance 01.01.2020	Utilization	Additions	Reversals	Changes in scope of consolidation, currency adjustments	Interest portion	Balance 31.12.2020
Provisions for asset retirement obligations	2,439,899				1,109,264	68,507	3,617,670
Other provisions	186,577	-247,784	778,180	-23,838	-	-	693,135
Total	**2,626,476**	**-247,784**	**778,180**	**-23,838**	**1,109,264**	**68,507**	**4,310,805**

B.15 TRADE ACCOUNTS PAYABLE

Trade accounts payable of €4.61 million (December 31, 2020: €1.83 million, January 1, 2020: €1.05 million) are largely attributable to invoices received from service providers. The increase is mainly due to the expansion of the existing portfolio of solar and wind plants.

B.16 OTHER LIABILITIES

Other liabilities	31.12.2021		31.12.2020		01.01.2020	
€	Non-current	Current	Non-current	Current	Non-current	Current
Other tax liabilities	-	52,273	-	433,457	-	371,479
Personnel-related liabilities	705,532	672,655	911,616	22,548	111,626	-
Other	-	355,422	-	169,275	-	104,599
Total	**705,532**	**1,080,350**	**911,616**	**625,280**	**111,626**	**476,078**

The personnel-related liabilities mainly include provisions for vacation as well as liabilities from the virtual share-based remuneration of the Management Board and employees.

Share-based payment

Currently, share-based compensation agreements exist for the Management Board and for employees. The program is granted to the Management Board or employees as remuneration with a long-term incentive effect and is accounted for as cash-settled share-based payments.

Pacifico Renewables AG	31.12.2021	31.12.2020	01.01.2020
Number of virtual shares	135,472	93,022	93,022
Number of shares transferred	44,606	23,256	4,651
Thereof cliff	2,746	-	4,651
Thereof lock-up	23,676	23,256	4,651

The put option price corresponds to the average daily closing price of the last 30 days prior to exercising the option and can only be exercised after expiry of the cliff period. The claims are settled in cash.

There are neither performance conditions nor floors or caps for the virtual share options. Due to the simple design of both programs, the value of the share is determined in each case using the current Xetra price of the Pacifico share (ISIN DE 000A2YN371) on the balance sheet date instead of an option price model.

No put options were exercised in the past financial year or in the previous year.

As of December 31, 2021, the Group reports other liabilities from virtual share options of €1.33 million (December 31, 2020: €911,616, January 1, 2020: €111,626). The total expenses recognized in the current financial year are reported at A.4 Personnel expenses.

Share-based payments - Management Board

The grant date for the virtual shares was October 1, for the Management Board, and the number of virtual shares granted was based on the market price upon entry into the over-the-counter market on November 19, 2019.

The vesting period is 60 months starting on October 1, 2019. The virtual shares expire without compensation as soon as the beneficiary is no longer a member of the Executive Board due to dismissal or resignation. The number of virtual shares forfeited depends on the progress of the vesting period. Up to the 15th month, 100% of the virtual shares are forfeited. From the 15th month, 75% of the virtual shares are forfeited and thereafter the proportion of forfeited virtual shares decreases proportionally until the end of the vesting period.

The exercisability of the put option for the Management Board depends on the point in time in the vesting period. No virtual shares can be exercised in the first two years. Between two and five years after granting, 50% of all virtual shares are exercisable. After the vesting period of five years, the put option can be exercised for all virtual shares. The put option price corresponds to the average daily closing price of the last 30 days before the option is exercised. The claims are settled in cash.

Share-based payments - employees

For employees, the date of grant of the virtual shares occurs at the start of employment. The number of options on virtual shares is calculated as the individually agreed total value of the options on virtual shares divided by the closing price of the ordinary shares on the date of commencement of employment or the average of the last three months.

The vesting period is either 24, 36 or 60 months, depending on the individual agreement, starting from the grant date. The option on virtual shares expires without compensation upon termination of employment in the event of certain conditions ("bad leaver"). The number of forfeited options on virtual shares depends on the progress of the vesting period. Up to an individual cliff date (either non-existent or 12 or 15 months), 100% of the options on virtual shares are forfeited. Thereafter, the proportion of forfeited options decreases proportionally until the end of the vesting period.

5.5.9. OTHER MANDATORY INFORMATION

C.1 SEGMENT REPORTING

The focus of the Group's business activities is on the operation of the existing solar and wind parks and the further expansion of the portfolio. The definition of the segments follows the internal management of the group according to countries as well as technologies. The Group therefore comprises the reportable operating segments Wind Germany, Solar Germany, Poland, Netherlands, Czech Republic and Italy as well as the non-reportable segment Corporate. The Corporate segment comprises the group companies in which no solar or wind plants are operated, such as the parent company, the group-internal service company and intermediate holding companies. Additional information on companies consolidated for the first time can be found in 5.5.5.

The following segments of the Group are therefore reportable in accordance with IFRS 8:

Solar Germany, Solar Italy, Netherlands and Czech Republic

The segments include the German, Italian, Dutch and Czech solar parks.

The main business activity of the segments is the production of electricity from renewable sources in the respective countries. The sales generated in this segment mainly consist of the feed-in revenue from the respective local suppliers and the market premiums generated by direct marketing on the electricity exchange.

Wind Germany and Poland

The segments include all wind parks in Germany and Poland. The Poland segment was added in the reporting period.

The main business activity of this segment is the production of electricity from renewable sources. The sales generated in this segment mainly consist of the feed-in revenue from the respective local suppliers or market premiums from direct marketing on the electricity exchange.

The following table shows the revenue and earnings of the Group's individual reportable segments. Adjusted EBITDA represents EBITDA adjusted for non-recurring expenses and adjusted EBIT represents EBIT adjusted for depreciation and amortization at the level of the individual financial statements to Group depreciation and amortization. The sum of the operating segments results in adjusted operating EBITDA and EBIT.

Segment reporting €		Wind Germany	Solar Germany	Poland
Revenue				
	2021	5.876.029	5.511.107	3.150.268
	2020	3.742.514	4.315.431 [94]	-
Operating profit before depreciation and amortization (EBITDA)				
	2021	4.475.101	4.890.328	2.660.014
	2020	2.583.407	3.432.247	-
EBITDA margin %				
	2021	76%	89%	84%
	2020	69%	80%	-
Adjusted EBITDA				
	2021	4.180.349	4.589.241	2.680.988
	2020	2.599.739	3.667.403	-
Adjusted EBITDA margin %				
	2021	71%	83%	85%
	2020	69%	85%	-
Depreciation and amortization				
	2021	-4.502.584	-3.093.320	-343.658
	2020	-3.390.694	-1.739.666	-
Operating profit (EBIT)				
	2021	-27.483	1.797.008	2.316.357
	2020	-807.287	1.692.580	-
EBIT margin %				
	2021	0%	33%	74%
	2020	-22%	39%	-
Adjusted EBIT				
	2021	631.855	1.527.391	2.201.783
	2020	-673.040	1.605.932	-
Adjusted EBIT margin %				
	2021	11%	28%	70%
	2020	-18%	37%	-

[94] During the transition to IFRS, the timing of the initial consolidation of the 21 MW solar parks acquired in the first half of 2020 was reassessed, resulting in a later consolidation. Due to the later consolidation, the recognition in the consolidated income statement now takes place from April 2020 and affects the financial figures for the 2020 financial year. This results in differences compared to the HGB financial figures published in the 2020 Annual Report.

Segment reporting €		Netherlands	Czech Republic	Italy
Revenue				
	2021	467.252 [95]	5,075,056	1,815,275
	2020	292,282	4,990,480	1,653,789
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
	2021	227,496	4,408,372	1,388,731
	2020	166,352	4,255,324	1,375,177
EBITDA margin %				
	2021	49%	87%	77%
	2020	57%	85%	83%
Adjusted EBITDA				
	2021	204,896	4,281,676	1,402,492
	2020	207,233	4,190,228	1,349,162
Adjusted EBITDA margin %				
	2021	44%	84%	77%
	2020	71%	84%	82%
Depreciation and amortization				
	2021	-199,420	-1,542,112	-656,249
	2020	-122,152	-1,567,966	-653,762
Operating profit (EBIT)				
	2021	28,076	2,866,261	732,482
	2020	44,201	2,687,358	721,416
EBIT margin %				
	2021	6%	56%	40%
	2020	15%	54%	44%
Adjusted EBIT				
	2021	-147,758	3,444,994	870,311
	2020	-97,695	3,373,454	816,569
Adjusted EBIT margin %				
	2021	-32%	68%	48%
	2020	-33%	68%	49%

[95] Revenue in the Netherlands segment differs from the preliminary published revenue because the new company Oslo Energy Netherlands B.V. recorded revenue based on preliminary monthly average values for both SDE and PPA for the month of December. In the course of the preparation of the consolidated financial statements, the recording logic was adjusted to the recording of the actual electricity volume.

Segment reporting €		Total reportable operating segments	Corporate	Total
Revenue				
	2021	21,894,987	-	21,894,987
	2020	14,994,495	-	14,994,495
Operating profit before depreciation and amortization (EBITDA)	2021	18,050,043	-4,373,817	13,676,226
	2020	11,812,507	-2,792,841	9,019,666
EBITDA-margin %				
	2021	82%	-	62%
	2020	79%	-	60%
Adjusted EBITDA				
	2021	17,339,641	-70,698	17,268,943
	2020	12,013,766	-78,934	11,934,832
Adjusted EBITDA margin %				
	2021	79%	-	79%
	2020	80%	-	80%
Depreciation and amortization				
	2021	-10,337,344	-171,442	-10,508,786
	2020	-7,474,240	-37,213	-7,511,453
Operating profit (EBIT)				
	2021	7,712,700	-4,545,260	3,167,440
	2020	4,338,267	-2,830,054	1,508,213
EBIT margin %				
	2021	35%	-	14%
	2020	29%	-	10%
Adjusted EBIT				
	2021	8,528,577	-242,141	8,286,436
	2020	5,025,222	-116,147	4,909,075
Adjusted EBIT margin %				
	2021	39%	-	38%
	2020	34%	-	33%

The non-operating result must be added to reconcile adjusted operating EBITDA and EBIT to earnings before taxes (EBT). This includes income and expenses that are unusual from a business perspective or are not attributable to operating activities. In addition to the above-mentioned adjustments (non-recurring expenses at the level of the operating segments as well as adjustments to Group depreciation and amortization), the non-operating result includes non-recurring expenses in the Corporate segment as well as personnel expenses in the Corporate segment. The calculation of the financial result is shown in A.7.

Calculation of non-operating result

€	2021	2020
Non-recurring expenses in the Corporate segment	-88,030	-204,950
Non-recurring expenses at operating segment level	-232,017	-455,454
Accrued share-based payments	-417,631	-799,989
Personnel expenses in the Corporate segment	-1,186,056	-431,193
Other operating income not attributable to the Group's operating activities, net of consolidation adjustments	262,375	67,476
Other operating expenses not attributable to the Group's operating activities, net of consolidation adjustments	-1,931,357	-1,091,058
Adjustments for depreciation and amortization in the Group	-1,526,280	-485,695
Non-operating result	**-5,118,996**	**-3,400,863**

Reconciliation of earnings figures

€	2021	2020
Adjusted operating EBITDA	**17,268,943**	**11,934,832**
Operating depreciation and amortization	-8,982,507	-7,025,757
Adjusted operating EBIT	**8,286,436**	**4,909,075**
Non-operating result	-5,118,996	-3,400,863
Financial result	-1,934,408	-2,575,046
Earnings before taxes (EBT)	**1,233,032**	**-1,066,834**

The revenue presented in the segment reporting are recognized over time. The Group's revenue is distributed among the individual regions as follows. The breakdown of revenue is based the location of the company's registered office.

Sales by country

€	2021	Share in %	2020	Share in %
Germany	11,387,136	52%	8,057,944	54%
Poland	3,150,268	14%	-	-
Netherlands	467,252	2%	292,282	2%
Czech Republic	5,075,056	23%	4,990,480	33%
Italy	1,815,275	8%	1,653,789	11%
Total	**21,894,987**	**100%**	**14,994,495**	**100%**

Approximately €2.63 million (2020: €723,063) of the revenue from the Wind Germany segment are attributable to revenue with one customer of the Group. All revenue from the segment Poland with €3.15 million (2020: €0) are attributable to one customer of the Group. No other individual customers contributed 10% or more to the Group's revenue in the financial year 2021 or 2020. With one exception (Windkraft 1. Res GmbH & Co. KG), all German wind parks are in voluntary direct marketing and, in the event of insolvency of the contractual partner, can immediately switch from direct marketing to EEG compensation on the 1st of the following month, whereby compensation is immediately taken over by the grid operator. Likewise, a change of the direct marketer during the year is legally permissible. In the event of insolvency, guarantees have been provided by the direct marketer, which offers sufficient time for a change of direct marketer. With regard to the wind parks in Poland, it is also possible to switch to the auction mechanism at any time. Accordingly, there is no de facto dependency on the direct marketers, despite the considerable share of sales revenue in both the Wind Germany and Poland segments.

Segment assets (non-current assets excluding derivative financial instruments in hedging relationship, financial assets and deferred taxes) are allocated to the individual segments as follows:

Segment assets €	Wind Germany	Solar Germany	Germany	Poland	Netherlands
Non-current assets	51,108,380	46,056,903	97,165,283	90,494,846	31,309,457
(2020)	13,885,323	41,862,658	55,747,981	-	7,201,423
Segment assets	Czech Republic	Italy	Corporate	Total	
Non-current assets	22,127,211	9,585,661	628,266	251,310,725	
(2020)	23,635,048	10,236,811	431,504	97,252,765	

Net debt €	Wind Germany	Solar Germany	Germany	Poland	Netherlands
Financial liabilities	26,735,586	30,434,756	57,170,343	49,747,062	18,154,670
Financial liabilities adjusted	23,351,618	28,545,597	51,897,214	44,121,678	15,422,032
Financial liabilities (2020)	5,465,049	27,012,464	32,477,514	-	3,392,710
Financial liabilities adjusted (2020)	3,824,907	24,563,343	28,388,250	-	2,127,058
Net debt	Czech Republic	Italy	Corporate	Total	
Financial liabilities	8,827,867	1,206,052	31,759,187	166,865,180	
Adjusted financial liabilities	5,851,475	922,786	27,600,744	145,815,930	
Financial liabilities (2020)	11,324,184	1,458,773	14,735,405	63,388,586	
Financial liabilities adjusted (2020)	8,519,025	1,298,252	8,504,712	48,837,298	
Adjusted equity ratio				**37.34%**	
Adjusted equity ratio (2020)				**61.19%**	

Adjusted financial liabilities (net debt) represent financial liabilities adjusted for all cash and cash equivalents including debt service and project reserve accounts (cash with restriction on disposal). The adjusted equity ratio calculates the equity ratio based on net debt.

C.2 ADDITIONAL DISCLOSURES ON FINANCIAL ASSETS AND LIABILITIES

Classes and categories of financial instruments and their fair values

The following table includes information about:

- Classes of financial instruments, based on their nature and characteristics;
- the carrying amounts of the financial instruments;
- the fair values of financial instruments (other than financial instruments whose carrying amount equals fair value); and
- the classification to the hierarchy levels for fair value measurement.

The classification of the fair value measurements into the hierarchy levels listed below is based on the availability of observable input parameters and the significance of these parameters for the determination of the fair value:

- Level 1 valuations are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 valuations are derived from inputs other than quoted prices included within Level 1 that are either directly observable for the asset or liability or can be indirectly derived from other prices; and
- Level 3 valuations result from valuation models that use input parameters that are not observable on the market.

The Group applies the relief of IFRS 7.29(a), according to which the fair value is not disclosed if the carrying amount of the financial instrument approximates the fair value. This is the case for all current assets and liabilities. No level disclosure is made for these items.

Carrying amounts, valuations and fair values by class and measurement category in accordance with IFRS 9:

31.12.2021 €	Measurement category according to IFRS 9	Carrying amount as of 31.12.2021	Amortized cost	Fair value through other comprehensive	Fair value through profit or loss	Fair value as of 31.12.2021
Financial assets						
Financial assets	AC	7,145,076	7,145,076	-	-	7,145,076
Trade receivables	AC	5,220,060	5,220,060	-	-	-
Other current receivables	AC	1,630,796	1,630,796	-	-	-
Cash and cash equivalents	AC	13,323,870	13,323,870	-	-	-
Derivative financial assets						
Derivative financial instruments in hedging relationship (swaps)	FVOCI	9,132,229	-	9,132,229	-	9,132,229
Financial liabilities						
Financial liabilities	AC	166,865,180	166,865,180	-	-	172,757,749
Trade accounts payable	AC	4,613,703	4,613,703	-	-	-
Derivative financial liabilities						
Derivative financial instruments in hedging relationship (swaps)	FVOCI	299,471	-	-	-	299,471

31.12.2020 €	Measurement category according to IFRS 9	Carrying amount as of 31.12.2020	Amortized cost	Fair value through other comprehensive	Fair value through profit or loss	Fair value as of 31.12.2020
Financial assets						
Financial assets	AC	42,207,671	42,207,671	-	-	42,207,671
Trade receivables	AC	1,368,111	1,368,111	-	-	-
Other current receivables	AC	1,432,462	1,432,462	-	-	-
Cash and cash equivalents	AC	9,860,077	9,860,077	-	-	-
Derivative financial assets						
Derivative financial instruments in hedging relationship (swaps)	FVOCI	518	-	518	-	518
Financial liabilities						
Financial liabilities	AC	63,388,586	63,388,586	-	-	63,435,440
Trade accounts payable	AC	1,829,942	1,829,942	-	-	-
Derivative financial liabilities						
Derivative financial instruments in hedging relationship (swaps)	FVOCI	610,885	-	610,885	-	610,855

01.01.2020 €	Measurement category according to IFRS 9	Carrying amount as of 01.01.2020	Amortized cost	Fair value through other comprehensive	Fair value through profit or loss	Fair value as of 01.01.2020
Financial assets						
Financial assets	AC	4,622,317	4,622,317	-	-	4,622,317
Trade receivables	AC	1,071,878	1,071,878	-	-	-
Other current receivables	AC	1,076,609	1,076,609	-	-	-
Cash and cash equivalents	AC	7,145,637	7,145,637	-	-	-
Derivative financial assets						
Derivative financial instruments in hedging relationship (swaps)	FVOCI	22,178	-	22,178	-	22,178
Financial liabilities						
Financial liabilities	AC	50,278,025	50,278,025	-	-	51,199,195
Trade accounts payable	AC	1,054,519	1,054,519	-	-	-
Derivative financial liabilities						
Derivative financial instruments in hedging relationship (swaps)	FVOCI	519,270	-	519,270	-	519,270

The following table presents the net gains or losses on financial instruments recognized in the consolidated income statement:

Net result 2021 €	Financial assets AC	Financial liabilities AC
Interest income and interest expense 2021	2,228,952	-3,878,591

Net result 2020 €	Financial assets AC	Financial liabilities AC
Interest income and interest expense 2020	55,378	-2,435,093

The net result of financial assets measured at amortized cost in accordance with IFRS 9 mainly includes interest income from other loans.

The net result of financial liabilities measured at amortized cost in accordance with IFRS 9 mainly includes interest expenses from financial liabilities.

The following table shows the fair value hierarchy for financial assets and liabilities measured at fair value. The fair value hierarchy for measurement at amortized cost is also disclosed, if the fair value differs significantly from the carrying amount.

Fair value hierarchy

Valuation levels €	Level 1	 2	 3
Assets			
Derivative financial instruments in hedging relationship (Swaps) 31.12.2021	-	9,132,229	-
Derivative financial instruments in hedging relationship (Swaps) 31.12.2020	-	518	-
Derivative financial instruments in hedging relationship (Swaps) 01.01.2020	-	22,178	-

Fair value hierarchy

Valuation levels €	Level 1	 2	 3
Liabilities			
Derivative financial instruments in hedging relationship (Swaps) 31.12.2021	-	299,471	-
Derivative financial instruments in hedging relationship (Swaps) 31.12.2020	-	610,885	-
Derivative financial instruments in hedging relationship (Swaps) 01.01.2020	-	519,270	-
Financial liabilities (non-current) 31.12.2021	-	172,757,749	-
Financial liabilities (non-current) 31.12.2020	-	63,435,440	-
Financial liabilities (non-current) 01.01.2020	-	51,199,195	-

Derivative financial instruments in hedging relationships and financial liabilities are measured on the basis of market data (mark-to-model).

Both the derivative financial instruments in hedging relationships and the financial liabilities therefore correspond to level 2 of the fair value hierarchy of IFRS 13. There was no change between the levels neither in the current nor in the past financial year.

Financial instruments measured at fair value		
Type	Valuation technique	Significant, unobservable inputs
Derivative financial instruments in hedging relationship	Discounted cash flows: Fair values are determined using expected future cash flows discounted using generally observable market data of the relevant yield curves.	Not applicable
Financial liabilities	Financial liabilities are measured by discounting the expected cash flows at the individually determined interest rate. This is composed of the underlying risk premium and the risk-free market interest rate at the reporting date.	Not applicable

Explanatory notes on risk management

The Group's risk management aims to identify and mitigate material risks at an early stage. As of December 31, 2021, no risk concentrations were identified for the Group.

Credit risk

Credit risk arises from the risk that counterparties fail to meet their contractual payment obligations. The Group monitors the creditworthiness of counterparties, in particular when contracts are concluded and on an ongoing basis.

Default risks arise in the Group predominantly from trade receivables. The Group is not exposed to any significant default risk from this, as the risks arising from the Group's counterparties are companies with very good credit ratings or government authorities with equally very good credit ratings. In addition, there are default risks on bonds held under financial investments. The counterparty is a state bank with a very good credit rating, which is not subject to any significant default risk.

In this sense, the historical default rate for trade receivables is 0% as at December 31, 2021 (December 31, 2020: 0%, January 1, 2020: 0%). The maximum default risk is reflected by the carrying amounts of the financial assets recognized in the balance sheet.

Liquidity risk

Liquidity risk arises from the potential inability to meet payment obligations when due or only at excessive cost. The objective of the Group's liquidity risk management is to ensure that the Group is able to meet its payment obligations at all times and to manage its liquidity and funding targets.

In principle, a distinction must be made between liquidity risks at the level of the parent company and at the level of the project company or sub-holding company. As part of the Group's lean company strategy, all operational, project-specific activities (including liquidity management at project company level) are outsourced as far as possible. By involving experienced service providers, the risk is thus limited as far as possible. Liquidity management at the AG level is part of risk management and is consistently monitored by the Management Board. This includes detailed budget and cost planning, the maintenance of adequate reserves and a daily comparison with actual liquidity. In this way, the Group ensures that all payment obligations can be met at all times.

The following table shows a maturity analysis of the Group's primary and derivative financial liabilities in hedging relationship as of December 31, 2021 in the form of undiscounted cash flows.

Maturity analysis €	Carrying amount 31.12.2021	2022	2023 to 2025	>2025
Financial liabilities (non-current)	124,636,297	-	49,955,128	108,774,890
Financial liabilities (current)	42,228,883	35,106,802	-	-
Trade accounts payable	4,613,703	4,613,703	-	-
Derivative financial instruments in hedging relationship (swaps)	299,471	662,971	1,692,836	3,251,495
Lease liabilities (non-current)	16,847,294	-	3,280,627	13,566,666
Lease liabilities (current)	1,072,274	1,072,274	-	-

Maturity analysis €	Carrying amount 31.12.2020	2021	2022 to 2024	>2024
Financial liabilities (non-current)	46,923,163	-	25,427,118	25,848,867
Financial liabilities (current)	16,465,423	13,786,841	-	-
Trade accounts payable	1,829,942	1,829,942	-	-
Derivative financial instruments in hedging relationship (swaps)	610,885	180,315	316,474	129,101
Lease liabilities (non-current)	4,986,039	-	1,701,135	3,284,904
Lease liabilities (current)	499,177	499,177	-	-

Market risk

The Group's activities expose the Group primarily to the financial risks of changes in foreign exchange rates, electricity prices and interest rates. There were no changes in the Group's market risk exposure or in the way these risks are managed and measured during the reporting period.

Electricity price risk

The Group receives long-term government subsidies for the electricity generated from renewable sources, which ensure a certain price regardless of the (normally lower) market price. As a result, the electricity price risk is currently almost completely mitigated by the Group. Regulated standard prices can only be suspended under certain regulatory arrangements. For example, this is the case, if spot market prices for electricity are negative over a certain period of time.

A balanced and increasing technological and geographical diversification of the Group's portfolio also mitigates the risks arising from electricity prices.

Exchange rate risk

The Group generates the majority of its sales in Euros. The Group is exposed to foreign exchange risk on its investments in Poland and the Czech Republic. The Group's foreign exchange risk policy involves borrowing in local currency to finance the Group's foreign operations. As a result, these risks are not hedged by financial instruments in the Group.

The following table provides a sensitivity analysis of the impact of foreign exchange risk on earnings. The analysis considers the impact on earnings if the Euro, the Group's functional currency, would increase or fall by 5%.

2021	5%	-5%
Polish Złoty (PLN	-30,216	1,590
Czech Crown (CZK)	-49,287	2,594
Total	**-79,503**	**4,184**

2020	5%	-5%
Polish Złoty (PLN)	-	-
Czech Crown (CZK)	-28,881	31,921
Total	**-28,881**	**31,921**

Interest rate risk

Interest rate risks arise from long-term loan obligations for financing the individual projects and project companies. In order to hedge the variability of cash flows with regard to interest rate risks, the Group aims to hedge the interest rates of all financing as long as possible. This is also reflected in the current portfolio, with interest rate terms of up to 19 years. Long-term interest rate hedging also plays an important role in the context of new acquisitions.

In accordance with the Group's risk management principles, the majority of the forecast, highly probable cash flows are generally hedged by means of interest rate swaps based on an economic analysis of the individual case. Possible ineffectiveness arises if the hedge is less than 100%. In the financial year, the effectiveness rate was 98.70% (2020: 93.01%). Further information on the designation of hedging relationships can be found in section 5.5.4. The nominal amounts of the hedging instruments are listed in the section on hedge accounting.

IFRS 7 requires a sensitivity analysis of the Group's market risks. The sensitivity analysis considers the change in market value that would occur if the applied interest rate curve were to be increased or decreased by a specified number of basis points as of the reporting date. The analysis is based on the assumption that all other variables remain constant. If the market interest rate had been 50 basis points higher as of December 31, 2021, the result would have been €21,540 (2020: €10,902) lower, but the hedge reserve would have been €529,881 (2020: €58,407) higher.

If the market interest rate level as of December 31, 2021 had been 50 basis points lower, the result would have been €21,540 (2020: €10,902) higher and the hedge reserve would have been €570,580 (2020: €58,553) lower.

Notes on hedge accounting

As of December 31, 2021, the Group has various derivative financial instruments that constitute effective hedging relationships in accordance with IFRS 9. These are interest rate swaps with an average remaining term of 9.63 years to hedge the fluctuations in cash flows relating to interest rate risks. They are therefore classified as cash flow hedges within the meaning of IFRS 9.

The terms of the interest rate swaps generally correspond to those of the underlying transaction at reference interest rate, interest rate adjustment dates, payment dates, maturities and notional amount. The hedge ratio is calculated using the critical term match method and monitored quarterly. It is adjusted as necessary depending on relevant macroeconomic factors (for example a change in the ECB key interest rate).

If either the hedging instrument does not cover the entire risk (the critical terms do not match) or there is no hedging instrument at all, the cash flow is considered unhedged.

The nominal volumes and residual terms of the interest rate swaps that met the requirements for hedge accounting were as follows as of the balance sheet date:

€	Nominal volume				
31.12.2021	Residual term up to 1 year	Remaining term 1 to 5 years	Residual term over 5 years	Sum	Average interest rate (%)
Hedging of interest rate and currency risk					
Derivative financial instruments in hedging relationship (swaps)	-	-	27,409,776	27,409,776	1,60 %
Hedging of interest rate risk					
Derivative financial instruments in hedging relationship (swaps)	-	6,243,430	26,050,508	32,293,938	1.37%

€	Nominal volume				
31.12.2020	Residual term up to 1 year	Remaining term 1 to 5 years	Residual term over 5 years	Total	Average interest rate (%)
Hedging of interest rate and currency risk					
Derivative financial instruments in hedging relationship (swaps)	-	-	-	-	
Hedging of interest rate risk					
Derivative financial instruments in hedging relationship (swaps)	-	6,317,860	6,488,675	12,806,535	1.67%

The following table shows the effects of hedging relationships on the consolidated income statement and other comprehensive income.

2021 €	Gain/loss from hedging recognized in OCI	Ineffectiveness reclassified from OCI to the income statement	Items in the income statement
Assets			
Derivative financial instruments in hedging relationship (swaps)	1,426,136	34,961	Financial expenses/ Financial income
Liabilities			
Derivative financial instruments in hedging relationship (swaps)	227,706	-	Financial expenses/ Financial income

2020 €	Gain/loss from hedging recognized in OCI	Ineffectiveness reclassified from OCI to the income statement	Items in the income statement
Assets			
Derivative financial instruments in hedging relationship (swaps)	840	-	Financial expenses/ Financial income
Liabilities			
Derivative financial instruments in hedging relationship (swaps)	-152,353	-10,220	Financial expenses/ Financial income

The following table contains information on hedging instruments in the context of cash flow hedges:

€	Carrying amount 31.12.2021	Fair value change to determine ineffectiveness 31.12.2021	Nominal volume 31.12.2021
Hedging of interest rate and currency risk			
Interest rate and currency swaps			
Derivative financial instruments (assets)	5,197,925	533,490	27,409,776
Derivative financial instruments (liabilities)			
Hedging of interest rate risk			
Interest rate swaps			
Derivative financial instruments (assets)	3,934,304	1,611,719	26,511,314
Derivative financial instruments (liabilities)	299,471	215,422	5,782,624

€	Carrying amount 31.12.2020	Fair value change to determine ineffectiveness 31.12.2020	Nominal volume 31.12.2020
Hedging of interest rate and currency risk			
Interest rate and currency swaps			
Derivative financial instruments (assets)	-	-	-
Derivative financial instruments (liabilities)	-	-	-
Hedging of interest rate risk			
Interest rate swaps			
Derivative financial instruments (assets)	518	518	314,714
Derivative financial instruments (liabilities)	610,885	-113,146	12,491,821

C.3 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is presented in a separate statement. The consolidated cash flow statement shows the changes in cash and cash equivalents in the Group. The consolidated cash flow statement was prepared in accordance with IAS 7 and breaks down the changes in cash and cash equivalents into cash flows from operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method. Cash and cash equivalents exclusively comprise cash on hand and bank balances.

Reconciliation of the movement in debt to cash flows from financing activities

The measurement of the balance sheet development of liabilities from financing activities is carried out with regard to the composition of cash and non-cash changes, whereby the classification as a component of the cash flow from financing activities is decisive as a cash criterion. The following table shows the reconciliation of the opening balances to the closing balances of the balance sheet items.

€		Non-current financial liabilities	Current financial liabilities	Leasing liabilities	Derivative financial instruments (positive fair value)	Derivative financial instruments (negative fair value)	Total
Balance as of 01.01.2021		46,923,163	16,465,423	5,485,216	518	610,885	69,485,205
(Balance as of 01.01.2020)		40,214,596	10,063,429	2,831,087	22,178	519,270	53,650,560
Borrowing/repayment of loans		4,767,090	8,890,615	-	-	-	13,657,705
	2020	-8,130,621	-129,074	-	-	-	-8,259,695
Repayment of lease liabilities		-	-	-785,220	-	-	-785,220
	2020	-	-	-380,745	-	-	-380,745
Additions to scope of consolidation		81,167,169	7,836,659	12,657,303	7,254,907	-	108,916,038
	2020	14,971,155	6,548,170	2,290,162	-	-	23,809,487
Change in exchange rate		630,419	184,642	48,989	3,505	2,106	869,661
	2020	-131,967	-17,102	-	171	2,372	-146,526
Changes in fair value		-	-	-	1,873,299	-313,520	1,559,779
	2020	-	-	-	-21,831	89,243	67,412
Additions to lease liabilities		-	-	513,280	-	-	513,280
	2020	-	-	744,712	-	-	744,712
Reclassification		-8,851,544	8,851,544	-	-	-	-
	2020	-	-	-	-	-	-
Balance as of 31.12.2021		124,636,297	42,228,883	17,919,568	9,132,229	299,471	194,216,448
(Balance as of 31.12.2020)		46,923,163	16,465,423	5,485,216	518	610,885	69,485,205

C.4 CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

As of the balance sheet date, the Group had the following off-balance-sheet obligations:

€	Other obligations of up to 1 year in €'000	Other obligations from 1 to 5 years in €'000	Other obligations of more than 5 years in €'000	Total
Maintenance and operational management contracts	1,179	2,819	1,114	5,112
2020	875	2,845	500	4,220
Asset Stewardship Services (ASF)	1,027	3,282	1,628	5,937
2020	337	1,348	-	1,685
Commercial Asset Management Agreement (CAMA)	522	2,019	1,455	3,996
2020	167	668	-	835

In addition, there are contingent liabilities of €4.86 million (2020: €12.33 million) with a remaining term of more than five years (2020: remaining term of up to 1 year) as of December 31, 2021. They include, among other things, financial obligations subject to conditions precedent from purchase agreements. The financial obligations of the financial year are conditional on the successful extension of certain land rights in order to cover the entire technical lifetime. The entire contractually outstanding amount is recognized as a contingent liability.

C.5 RELATIONSHIPS WITH RELATED PERSONS AND COMPANIES

In the course of its ordinary business activities, the Group maintains relationships with subsidiaries and other related parties (major shareholders, members of the Supervisory Board and the Management Board).

As of the balance sheet date, Pelion Green Future Alpha GmbH, Grünwald, Pelion Green Future Neo GmbH, Munich, Arvantis Group Holding GmbH, Grünwald and Mr. Alexander Samwer, Munich, exercised a controlling influence over the Group.

Transactions with companies whose shareholders exercise significant influence over the parent company:

As of the balance sheet date, the following companies, among others, constituted related parties: Pacifico Energy Partners GmbH, Munich, Pacifico Development GmbH, Munich, Pacifico Green Development GmbH, Munich, Boom Developments Ltd, Arundel, United Kingdom, ACE Power Development Pty Ltd, Lavender Bay, Australia, and ACE Power Operations Pty Ltd, Lavender Bay, Australia.

There is an initial bid agreement with Pacifico Partners (a company controlled by Pelion Green Future Neo GmbH), which obliges Pacifico Partners to tender to Pacifico Renewables Yield AG all solar and wind plants developed by it at a certain point in time. This initial bid agreement was amended during the financial year and extended to 2029. The following transactions were made under the initial bid agreement during the financial year:

On May 15, 2020, the Group completed the acquisition of a solar park portfolio with a total capacity of 21.2 MW. Pacifico Partners acted as broker and received a brokerage fee of €366,831. 50% of this brokerage fee was invoiced on May 20, 2020. The remaining 50% was invoiced on March 31, 2021.

On November 5, 2020, the Group entered into a purchase agreement to acquire a turnkey onshore wind park in Germany with a total capacity of 15.6 MW. The closing took place on March 29, 2021. Pacifico Partners acted as broker and received a brokerage fee of €350,000.

On October 11, 2021, the Group purchased from Pacifico Development GmbH (a company controlled by Pelion Green Future Neo GmbH) three wind parks in Poland developed by Pacifico Partners with a total capacity of 51.8 MW. The purchase agreement, which contained customary market terms and guarantees of the parties, was preceded by a recapitalization of the target company PAC Poland 2 GmbH in the amount of €37.20 million in December 2020. An external fairness opinion was obtained on the purchase price of approximately €14.83 million. The acquisition was completed on November 24, 2021, with a partial amount of approximately €7.51 million of the purchase price being paid on the date of completion and the remaining purchase price being payable over a maximum period of ten years from the date of the agreement, subject to the extension of certain leases and other land rights, in order to take advantage of the full technical life of the assets.

On October 14, 2021, the Group entered into a purchase agreement with Pacifico Green Development GmbH (a company controlled by Pelion Green Future Neo GmbH) for the acquisition of a solar park in the Netherlands with a total capacity of 14.1 MW developed by Pacifico Partners. An external fairness opinion was obtained on the purchase price of approximately €3.89 million. The purchase agreement contained customary market conditions and guarantees of the parties. The Group acquired ownership of the shares on October 19, 2021. A purchase price instalment of €971,936 is still outstanding from the acquisition, which is payable on final completion of the work and final acceptance.

On the same day, the Group, through subsidiaries, granted Pacifico Partners three purchase options for the acquisition of one wind park each with a total of 13 wind turbines and a total capacity of 22.5 MW with the possibility to exercise the options from June 30, 2023 to August 30, 2026. A predefined mechanism is used to determine the value of the continued operation after the expiry of the state subsidy. An external fairness opinion was obtained for the options with respect to the future purchase prices to be paid by Pacifico Partners. This ensures an early start as well as a higher success rate of the repowering projects planned with the turbines and, in turn, provides the Group with priority access to the acquisition of the projects after successful repowering via the initial offer agreement.

On November 7, 2021, the Group entered into a purchase agreement to acquire a turnkey portfolio of solar parks in the Netherlands with a total capacity of 10 MW, the agreement was executed on December 13, 2021. Pacifico Partners acted as broker and received a brokerage fee of €81,455.

In addition, Pacifico Partners and the Group have a Commercial Asset Management Agreement ("**CAMA**") and a Master Services Agreement ("**MSA**") (collectively, the "**Operating Agreements**"). The Operating Agreements have also been extended through 2029. The scope of services under the Operating Management Agreements has been further developed to allow for a modular regulatory framework. This modular framework provides the Group with additional flexibility to pursue its strategy of becoming a platform to the capital markets for a variety of project developers. In the financial year 2021, the following expenses related to Pacifico Partners occurred under the operating agreements:

€	
Master Services Agreement (MSA)	995,582
(2020)	883,872
Commercial Asset Management Agreement (CAMA)	330,719
(2020)	149,035
Other services	4,923
(2020)	259,094

The Group has also purchased IT services from Pacifico Partners until the middle of the year 2021. For the period January 01, 2021 to June 30, 2021, the Group was charged €4,923 for these services. On April 8, 2021, the Group, through a subsidiary, sold an asset-less limited partnership not required by the Group to Pacifico Partners for €500, as Pacifico Partners was thus able to avoid the acquisition of a shelf company or a new formation.

The loan of €37.20 million extended to the subsidiary PAC Poland 2 GmbH of Pacifico Partners in 2020 was included in the Group in the financial year through the acquisition of the target company and consequently consolidated.

The Group entered into an Initial Bid Agreement with Boom Developments Ltd (a company controlled by Pelion Green Future Neo GmbH) and Boom Power Ltd (collectively "**Boom Power**") on March 16, 2021. This Initial Bid Agreement contractually governs the Group's priority access to projects developed by Boom Power and obligates Boom Power to tender to the Group for purchase all projects developed by Boom Power. However, in no event is the Group obligated to make a purchase. No compensation or fees are associated with the Initial Bid Agreement. The Initial Bid Agreement became effective on March 16, 2021 and may be terminated no earlier than March 31, 2024 upon one year's notice.

The Group entered into a further Initial Bid Agreement with ACE Power Development Pty Ltd and ACE Power Operations Pty Ltd (together "**ACE Power**", two companies controlled by Pelion Green Future Neo GmbH)) on October 19, 2021. Pursuant to the Initial Bid Agreement, the Group will have the right, but not the obligation, to make the initial bid to acquire the projects developed by ACE Power once a project becomes ready for construction. There are no compensation or fees associated with the Initial Bid Agreement. This Initial Bid Agreement became effective on October 19, 2021 and, unless special termination rights are exercised, may be terminated no earlier than March 31, 2025 upon one year's notice.

Transactions with key management personnel

The members of the Executive Board as key management personnel are beneficiaries of short-term benefits and other long-term benefits (see disclosures C.7).

The members of the Supervisory Board as key management personnel are beneficiaries of short-term benefits (see disclosures C.8).

C.6 AUDITOR'S FEE

The total auditor's fee of €194,000 (2020: €150,000) calculated in the financial year 2021 includes the audit services provided by Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

C.7 EXECUTIVE BOARD

As of December, 31, 2021, the Board of Directors included the following individuals:

Dr. Martin Siddiqui, Member of the Executive Board

Formerly with J.P. Morgan in Corporate & Investment Banking. Studied economics (diploma) at the University of Mannheim and doctorate (Dr. rer. pol.) at Zeppelin University.

Christoph Strasser, Member of the Executive Board

Formerly J.P. Morgan in Corporate & Investment Banking. Bachelor's degree in Business Administration from the University of Mannheim and Master of Management double degree from the University of Mannheim and ESSEC Business School.

The remuneration of the members of the Executive Board totaled €269,584 for the financial year 2021 (2020: €226,666). This remuneration consists of an annual fixed remuneration, which is paid in 12 monthly instalments.

The following table provides an overview of the inflows and allocations granted by Pacifico Renewables Yield AG to the members of the Management Board:

€	Fixed remuneration	Total remuneration
Dr. Martin Siddiqui	132,500	409,706
2020	113,333	477,979
Christoph Strasser	132,500	409,706
2020	113,333	477,979
Total	**265,000**	**819,412**
2020	226,666	955,958

In addition to the annual fixed remuneration, liabilities of €554,412 (2020: €729,292) were recognized in the year under review for the virtual share-based remuneration with a long-term incentive effect:

Dr. Martin Siddiqui €277,206 (2020: €364,646)

Christoph Strasser €277,206 (2020: €364,646)

The grant date for the virtual shares was October 1, 2019, for the Board of Directors, and the number of virtual shares granted was based on the market price upon entry into the over-the-counter market on November 19, 2019.

The vesting period is 60 months starting on October 1, 2019. The virtual shares expire without compensation as soon as the beneficiary is no longer a member of the Executive Board due to dismissal or resignation. The number of virtual shares forfeited depends on the progress of the vesting period. Up to the 15th month, 100% of the virtual shares are forfeited. From the 15th month, 75% of the virtual shares are forfeited and thereafter the proportion of forfeited virtual shares decreases proportionally until the end of the vesting period.

The exercisability of the put option for the Management Board depends on the point in time in the vesting period. No virtual shares can be exercised in the first two years. Between two and five years after granting, 50% of all virtual shares are exercisable. After the vesting period of five years, the put option can be exercised for all virtual shares. The put option price corresponds to the average daily closing price of the last 30 days prior to exercising the option. The claims are settled in cash.

C.8 SUPERVISORY BOARD

As of December 31, 2021, the Supervisory Board consisted of the following persons:

David Neuhoff, Chairman of the Supervisory Board

CEO of LINUS Digital Finance AG, an investment company that offers investors access to selected, "off-market" real estate investments.

Dr. Bettina Mittermeier, Deputy Chairwoman of the Supervisory Board

Senior Legal Counsel at Allianz SE specializing in corporate law and governance.

Dr. Eva Kreibohm, Member of the Supervisory Board

Lawyer with Beiten Burkhardt Rechtsanwaltsgesellschaft mbH, specialising in advising the state, administration and public companies, as well as notary public with official residence in Berlin.

Dr. Michael Menz, Member of the Supervisory Board

Chief Administrative Officer on the Management Board of GROPYUS AG.

Verena Mohaupt, Member of the Supervisory Board

Partner at Findos Investor GmbH, a medium-sized private equity fund and member of the supervisory board of home24.

Florian Seubert, Member of the Supervisory Board

Partner and co-founder of Maxburg Capital Partners GmbH.

The following table contains an overview of the Supervisory Board compensation and other benefits granted by Pacifico Renewables Yield AG to the members of the Supervisory Board:

€	Supervisory Board compensation	Other grants	Total
David Neuhoff	30,000	-	30,000
2020	*12,000*	-	*12,000*
Dr. Bettina Mittermeier	27,500	-	27,500
2020	*6,000*	-	*6,000*
Dr. Eva Kreibohm	20,000	-	20,000
2020	*2,082*	-	*2,082*
Dr. Michael Menz	30,000	-	30,000
2020	*2,082*	*91*	*2,173*
Verena Mohaupt	25,000	-	25,000
Previous year (as of March 16, 2020)	*4,754*	-	*4,754*
Florian Seubert	25,000	-	25,000
2020	*2,082*	-	*2,082*
Ulf Oesterlin (until March 15, 2020)	-	-	-
2020	*1,246*	-	*1,246*
Total	**157,500**	**-**	**157,500**
2020	*30,246*	*91*	*30,337*

C.9 EARNINGS PER SHARE

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is derived from the weighted average number of ordinary shares used in the calculation of basic earnings per share below. There were no dilutive effects in the financial year.

	31.12.2021	31.12.2020
Weighted average number of ordinary shares used in the calculation of basic earnings per share (units)	3,721,042	3,309,766
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (units)	3,721,042	3,309,766
Earnings per share from continuing operations, basic (€)	0.17	-0.27
Earnings per share from continuing operations, diluted (€)	0.17	-0.27

C.10 EVENTS AFTER THE BALANCE SHEET DATE

On February 24, 2022, Ukraine was invaded by the Russian Federation. This was recognized in the international legal framework as an act of aggression. The conflict continues to this day, and the outcome of negotiations is still unclear. The EU and several other countries have adopted sanctions packages in response to the military attack. Due to Russia's important role in global energy markets and the EU's dependence on Russian gas, the uncertainties associated with the conflict led to a significant increase in commodity prices, including electricity prices. The Group has no current or future intention to operate solar or wind plants in Ukraine or Russia. Therefore, there are no material risks related to military activities to the Group's business model. It should be noted, however, that current economic forecasts largely do not yet take into account the emerging uncertainties related to the Russian invasion of Ukraine and that adjustments to forecasts are likely as long as it is difficult to predict the economic and social consequences of this conflict. The Ukraine crisis is likely to bring about structural changes in the European energy market in the medium to long term, as the political goal is to reduce EU demand for Russian gas by two-thirds by the end of the year and to make Europe independent of Russian fossil fuels as quickly as possible.

On 26 February, 2022 a Group company signed a private placement of a €35 million secured green loan with UBS Asset Management. The fixed interest rate of the green loan is 4.85% and there is no interest rate risk. The term of the financing is five years from signing with a bullet repayment. Approximately €26 million was used to repay existing debt and optimize the Group's capital structure. Of this amount, approximately €9.3 million was used to refinance an existing subordinated bond. The refinancing of this subordinated bond also enables a simplification of the corporate structure. A further approximately €16.5 million was be used to refinance the Group's revolving credit facility, optimizing the Group's refinancing profile by replacing a short-term facility with more long-term financing. The remaining net proceeds will be used to finance the further expansion of the Group's existing portfolio and new acquisitions.

The construction phase of the 14.1 MW solar park in the Netherlands was successfully completed in May 2022 and the solar park was put into operation.

C.11 NOTIFICATION OBLIGATIONS PURSUANT TO SECTION 20 AKTG

Written notification pursuant to Section 20 (6) of the German Stock Corporation Act dated 20 August; 2021:

Pelion Green Future Alpha GmbH, Grünwald, has informed us that it continues to directly own more than one-fourth of the shares in our company pursuant to Section 20 (1) and (3) of the German Stock Corporation Act (AktG) and that it directly owns a majority interest in our company pursuant to Section 20 (4) of the AktG.

We have also been informed with regard to the following legal and natural persons that

Pelion Green Future Neo GmbH, Munich, indirectly holds more than one fourth of the shares (Section 20 (1) and (3) AktG) and indirectly holds a majority interest in the Company (Section 20 (4) AktG) by virtue of attribution in accordance with Section 16 (4) AktG, whereby these attributions are mediated by shares held directly by Pelion Green Future Alpha GmbH.

Arvantis Group Holding GmbH (formerly Pelion Green Future GmbH), Schönefeld, continues to indirectly hold more than one fourth of the shares (Section 20 (1) and (3) AktG) and indirectly holds a majority interest in the company (Section 20 (4) AktG) by virtue of attribution in accordance with

Section 16 (4) AktG, whereby these attributions are mediated by shares held directly by Pelion Green Future Alpha GmbH.

Felicis Holding GmbH, Munich, continues to indirectly hold more than one fourth of the shares (Section 20 (1) and (3) of the German Stock Corporation Act) and indirectly holds a majority interest in our company (Section 20 (4) of the German Stock Corporation Act) by virtue of attribution pursuant to Section 16 (4) of the German Stock Corporation Act, whereby these attributions are mediated by shares held directly by Pelion Green Future Alpha GmbH.

Mr. Alexander Samwer, c/o Arvantis Group, Karlstraße 14, 80333 Munich, continues to indirectly own more than one-fourth of the shares (Section 20 (1) AktG) and indirectly owns a majority interest in our company (Section 20 (4) AktG) by virtue of attribution pursuant to Section 16 (4) AktG, whereby these attributions are mediated by shares directly held by Pelion Green Future Alpha GmbH.

C.12 DATE OF AUTHORIZATION FOR PUBLICATION

These consolidated financial statements were approved for publication by resolution of the Management Board on June 24, 2022.

5.5.10. IFRS RECONCILIATIONS

D.1 RECONCILIATION OF GROUP EQUITY

The following reconciliation shows the impact of the transition to IFRS on consolidated equity as of January 1, 2020 and December 31, 2020:

€	HGB 01.01.2020	IFRS effect	IFRS 01.01.2020
Equity			
Subscribed capital	1,135,000	-	1,135,000
Capital reserve	23,565,000	-277,493	23,287,507
Other reserves	-113,995	143,909	29,914
Retained earnings	-1,844,133	-651,316	-2,495,449
Total equity	**22,741,872**	**-784,900**	**21,956,972**

€		HGB 31.12.2020	Correction consolidation	HGB 31.12.2020	IFRS effect	IFRS 31.12.2020
Equity						
Subscribed capital		3,309,766	-	3,309,766	-	3,309,766
Capital reserve	IV.	79,618,227	-	79,618,227	-2,023,826	77,594,401
Other reserves		-680,577	-	-680,577	148,812	-531,765
Retained earnings		-5,613,870	-310,796	-5,924,666	2,545,583	-3,379,083
Total equity		**76,633,546**	**-310,796**	**76,322,750**	**670,569**	**76,993,319**

D.2 RECONCILIATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following reconciliation shows the impact of the transition to IFRS on consolidated comprehensive income for the period from January 1, 2020 to December 31, 2020:

€		HGB 31.12.2020	Correction consolidation[97]	HGB corrected 31.12.2020	IFRS effect	IFRS 31.12.2020
Revenue		16,231,063	-1,537,849	14,693,214	301,281	14,994,495
Other income		396,135	-	396,135	-301,280	94,855
Cost of materials		-3,107,567	142,650	-2,964,917	419,985	-2,544,932
Personnel expenses	VI.	-1,282,478	-	-1,282,478	51,296	-1,231,182
thereof from share-based payment	VI.	-851,285	-	-851,285	51,296	-799,989
Other expenses[96]	IV., V.	-4,671,038	133,588	-4,537,450	2,243,880	-2,293,570
Operating profit before depreciation and amortization (EBITDA)		**7,566,115**	**-1,261,611**	**6,304,504**	**2,715,162**	**9,019,666**
Depreciation and amortization	II., VII., IX.	-7,993,064	726,091	-7,266,973	-244,480	-7,511,453
Operating profit (EBIT)		**-426,949**	**-535,520**	**-962,469**	**2,470,682**	**1,508,213**
Financial income		55,378	-	55,378	-	55,378
Financial expenses	III., VIII., IX.	-3,071,792	224,725	-2,847,067	216,642	-2,630,425
Earnings before taxes (EBT)		**-3,443,363**	**-310,795**	**-3,754,158**	**2,687,324**	**-1,066,834**
Taxes on income and earnings	I.	-326,374	-	-326,374	509,574	183,200
Consolidated net income		**-3,769,737**	**-310,795**	**-4,080,532**	**3,196,898**	**-883,634**
Currency translation difference		-	-	-	-508,449	-508,449
Fair value measurement of derivative financial instruments	VIII.	-	-	-	-151,513	-53,230
Consolidated comprehensive income		-3,769,737	-310,795	-4,080,532	2,536,936	-1,445,313

[96] Other expenses include the other taxes reported in accordance with HGB at € -53,736 in 2020.

[97] During the transition to IFRS, the timing of the initial consolidation of the 21 MW solar parks acquired in the first half of 2020 was reassessed, resulting in a later consolidation. Due to the later consolidation, the recognition in the consolidated income statement now takes place from April 2020 and affects the financial figures for the 2020 financial year. This results in differences compared to the HGB financial figures published in the 2020 Annual Report.

The following standards have the greatest impact on the reconciled balance sheet and statement of comprehensive income:

I. **IAS 12**: The obligation to recognize deferred tax assets under IAS 12, in contrast to the option under the German Commercial Code, results in the recognition of deferred tax assets of €2.33 million as of January 1, 2020 and €475,954 as of December 31, 2020. This is offset by deferred tax liabilities of €601,802 as of January 1, 2020 and €602,926 as of December 31, 2020, with deferred tax assets on loss carryforwards being recognized for the first time (increase as of January 1, 2020: €316,121, December 31, 2020: €941,237). The differences between the commercial balance sheet and the tax balance sheet that do not fall under the "initial recognition exemption" result in deferred tax liabilities of €476,034 as of January 1, 2020 and deferred tax assets of €692,191 as of December 31, 2020.
II. **IAS 16**: The requirement to include asset retirement obligations in the cost of acquisition or production in accordance with IAS 16 leads to an increase in solar and wind plants of €2.23 million as of January 1, 2020 and €2.94 million as of December 31, 2020, respectively. As a result, there is higher depreciation on property, plant and equipment. Part of the property, plant and equipment was contributed as a contribution in kind in 2019 and accordingly the valuation was made at fair value of €36.63 million as of January 1, 2020. There are no differences compared to the valuation according to previous accounting principles.
III. **IAS 23:** The capitalization of borrowing costs as part of the cost of property, plant and equipment leads to an increase in property, plant and equipment under IFRS (January 1, 2020: €0, December 31, 2020: €129,377).
IV. **IAS 32:** Recognition of expenses in connection with capital increases in equity results in lower other expenses as well as a reduced capital reserve (January 1,2020: €-144,935, December 31, 2020: €-1.89 million).
V. **IAS 37:** The full recognition of the asset retirement obligations of the solar and wind plants at the time of initial recognition leads to higher non-current provisions (€2.44 million as of January 1, 2020; €3.62 million as of December 31, 2020), in contrast to the pro rata provision under HGB.
VI. **IFRS 2:** Differences in the measurement of share-based payments under HGB and IFRS lead to differences in personnel expenses and other liabilities (change as of January 1, 2020: €-1,446, December 31, 2020: €51,296).
VII. **IFRS 3**: The acquisition of companies holding solar and wind plants leads to an acquisition of assets and liabilities according to IFRS and not to a business combination according to IFRS 3. The allocation of the acquisition costs to the individual assets and liabilities on the basis of the relative fair values consequently leads to the recognition of different values. This particularly affects goodwill (reduction January 1, 2020: €-1.07 million, December 31, 2020: €-947,584).
VIII. **IFRS 9**: Measurement of financial liabilities using the effective interest method results in changes in financial expenses (change € 398,998 in 2020) and lower financial liabilities (change January 1, 2020: €-3.92 million, December 31, 2020: €-4.35 million). The measurement of the financial liabilities from the sale-and-leaseback transactions at FVE Osečná s. r. o. and FVE Úsilné s. r. o. which do not represent a lease in economic terms leads to lower financial liabilities (change: January 1, 2020: €-3.28 million, December 31, 2020: €-2.93 million). The recognition of derivatives in hedging relationship with negative fair value leads to higher liabilities (January 1, 2020: €519,270, December 31, 2020: €610,885).
IX. **IFRS 16**: The accounting for leases under IFRS 16 results in the recognition of right-of-use assets (€2.71 million as of January 1, 2020, €5.24 million as of December 31, 2020) and lease liabilities (€2.83 million as of January 1, 2020, €5.49 million as of December 31, 2020), as well as

the recognition of the corresponding depreciation (€-452,087 in 2020) and financial expenses (€-126,825 in 2020) in the statement of comprehensive income.

D.3 RECONCILIATION OF CONSOLIDATED CASH FLOW STATEMENT

The following reconciliation shows the impact of the transition to IFRS on the consolidated statement of cash flows the period from January 1, 2020 to December 31, 2020:

Position €	2020 HGB	IRFS effect	2020 IFRS
Consolidated net income	-3,769,737	-2,886,103	-883,634
Depreciation and amortization of non-current assets	7,993,064	481,611	7,511,453
Changes in provisions	1,687,252	1,186,527	500,725
Other non-cash expenses/income	-7,600	-	-7,600
Changes in other assets not attributable to investing	863,139	-732,668	1,595,807
Changes in other liabilities not attributable to investing or financing activities	630,411	-751,271	1,381,682
Financial expenses/financial income	3,052,638	477,592	2,575,046
Income tax expense/income	326,374	509,574	-183,200
Income tax payments	-154,335	-	107,618
Cash flows from operating activities	**10,621,206**	-1,976,691	**12,597,897**
Cash outflows for investments in intangible assets	-10,537	-3,901	-6,636
Cash outflows for investments in property, plant and equipment	-1,401,735	-	-1,401,735
Cash outflows for investments in financial assets	-37,294,793	-84,529	-37,210,264
Payments for additions to the scope of consolidation	-18,810,939	-	-18,810,939
Interest received	36,224	-	36,224
Cash flow aus Investitionstätigkeit	**-57,481,780**	-88,430	**-57,393,350**
Proceeds from capital increases	58,227,993	-	58,227,993
Payment for issuing costs		1,746,333	-1,746,333
Proceeds from borrowings	8,242,806	-	8,242,806
Repayment of loans	-16,830,303	-327,802	-16,502,501
Repayment of lease liabilities			-380,745
Interest paid	-3,032,414	-637,058	-2,395,356
Change in cash with restriction on disposal			777,518
Cash flows from financing activities	**46,608,081**	384,699	**46,223,382**
Changes in cash and cash equivalents affecting payments (sum of current CF and CF from financing and investing).	-252,493	-1,680,422	1,427,929
Changes in cash and cash equivalents due to exchange rate changes	-447,636	-178,565	-269,071
Consolidation-related changes in cash and cash equivalents	3,789,658	2,234,076	1,555,582
Cash and cash equivalents at the beginning of the period	11,767,154	4,621,517	7,145,637
Cash and cash equivalents at the end of the period	**14,856,683**	4,996,606	**9,860,077**

Cash and cash equivalents are reduced in accordance with IFRS, as the cash with restriction on disposal does not count as cash and cash equivalents in accordance with IFRS (change as of January 1, 2020: €-4.62 million, December 31, 2020: €-5.00 million). Accordingly, the exchange rate-related changes in cash and cash equivalents are also reduced (change in 2020: €-178,565).

The **cash flow from operating activities** increased from €10.62 million to €12.60 million. The most significant effects are the recognition of leases under IFRS in the cash flow from financing activities with interest paid for the lease (2020: €126,825) and repayment of lease liabilities (2020: €380,745) in contrast to recognition under HGB in the cost of materials. Furthermore, the cash flow from operating activities increases due to the recognition of expenses in connection with capital increases in equity (2020: €1.75 million) in contrast to recognition in other expenses under HGB. The full recognition of provisions under IFRS - in contrast to the pro rata provision under HGB - also leads to an increase in cash flow from operating activities (2020: €533,184).

The **cash flow from investing activities is** reduced from €57.48 million to €57.39 million.

The **cash flow from financing activities** decreased from €46.61 million to €46.22 million. In addition to the shift in payments from cash flow from operating activities to cash flow from financing activities in accordance with IFRS described above, the application of the effective interest method in accordance with IFRS 9 increases the payments from loan repayments and reduces the interest paid in the same amount (effect 2020: €306,046).

6. AUDIT OPINION OF THE INDEPENDENT AUDITOR

To Pacifico Renewables Yield AG, Grünwald

Audit Opinions

We have audited the consolidated financial statements of Pacifico Renewables Yield AG and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report and group management report of Pacifico Renewables Yield AG for the fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- the accompanying consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to § 315e (1) and (3) HGB and give a true and fair view of the financial position of the Group as of December 31, 2021, and of its financial performance for the fiscal year from January 1, 2021 to December 31, 2021 in accordance with these requirements; and
- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, this combined management and Group management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations concerning the propriety of the consolidated financial statements and the combined management and group management report.

Basis for the audit judgments

We conducted our audit of the consolidated financial statements and the combined management and group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions, principles and standards is further described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management and Group Management Report" of our auditor's report. We are independent of the Group companies in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management and group management report.

Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following components of the annual report: key figures, the foreword by the Management Board, the report of the Supervisory Board.

Our audit opinions on the consolidated financial statements and the combined management and group management report do not cover the other information and, accordingly, we do not express an opinion or any other form of conclusion on it.

In connection with our audit, we have a responsibility to read the other information referred to above and, in doing so, assess whether the other information is

- are materially inconsistent with the annual financial statements, the content of the audited group management report disclosures or our knowledge obtained in the audit, or
- otherwise appear to be materially misrepresented.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) and (3) HGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on a going concern basis unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

In addition, management is responsible for the preparation of the group management report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of the combined management and group management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the combined management and group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management and group management report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and with our audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and in supplementary compliance with ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the combined management and group management report.

During the audit, we exercise dutiful judgment and maintain a critical mindset. In addition:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the combined management and group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements is higher for noncompliance than for inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misleading representations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and actions relevant to the audit of the combined management and group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the combined management and group management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements

represent the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) and (3) HGB.

- obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management and group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view it conveys of the Group's position.
- We perform audit procedures on the forward-looking statements made by management in the Group management report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions made by management regarding the forward-looking statements and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Munich, 23 June 2021

Baker Tilly GmbH & Co KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Abel	Merget
German Public Accountant	German Public Accountant