Sun Investment Group, UAB

The Independent Auditor's Report,
the Consolidated Annual Report
and the Consolidated Financial Statements
for the year ended 31 December 2022,
prepared in accordance with the
International Financial Reporting Standards
as adopted by the EU

Contents

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sun Investment Group UAB

Opinion

We have audited the financial statements of Sun Investment Group UAB and its subsidiaries (hereinafter referred to as the "Group"), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and consolidated financial statements for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements in pages 7-57 present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter referred to as the "ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter referred to as the "IESBA Code") together with the requirements of the Republic of Lithuania Law on Audit of Financial Statements that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of financial statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Paragraph

Without further qualifying our opinion, we note that due to changes in the Group business model, the Group has revised the applicable accounting policy, because of which the comparative figures of the 2022 year consolidated financial statements have been recalculated. The impact of the recalculation is disclosed in the accompanying consolidated financial statements.

Other Information

The other information comprises the information included in the Group's annual report but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as specified below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Group's annual report for the financial year for which the consolidated financial statements are prepared is consistent with the financial statements and whether the Group's annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's annual report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements; and
- The Group's annual report has been prepared in accordance with the requirements of the Law on Consolidated Reporting by Group of Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate 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 a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Liucina Vasiliauskienė
Certified auditor of Lithuania
Audit firm's certificate No 001472

Crowe LT UAB
Auditor's certificate No 000528

Vilnius, Lithuania
The 23rd of October 2023

Only the Independent Auditor's Report is signed with an electronic signature.

Consolidated annual report for the year ended 31 December 2022 (in EUR thousand, unless otherwise specified)

General information about the Group:

Name	Sun Investment Group, UAB
Legal form	Private Limited Liability Company
Code	302662621
VAT payer ID	LT100006408511
Authorised capital	EUR 100,686, divided into 10,063,600 ordinary registered shares of EUR 0.01 value per share
Shareholders	100% Sun Investment Group Sarl
Registered office address	Gedimino pr. 44A-501, LT-01110 Vilnius
Phone	+370 602 81 979
Email	vilnius@suninvestmentgroup.com
Website	https://suninvestmentgroup.com/
Registration date and address	1 September 2011, SE Centre of Registers, Vilnius Branch
Register where data about the company is collected and stored	Register of Legal Entities
Type of operating activity	Design and installation of solar power plants

I. Objective overview of the Group's position, activities and development, and description of the principal risks and contingencies

Priority activities of the Group
The Group consists of the Company and its 23 subsidiaries (22 as at 31 December 2021), 67 subsidiaries (53 as at 31 December 2021).

Sun Investment Group is an international group of companies mainly active in the renewable energy sector.

Main risks to which companies of the Group are exposed.

- Introducing new taxes on business activities or increasing existing tax rates.
- Shortages of skilled labour.
- Unfavourable changes in the regulation of renewable energy.
- Sudden inflation or general deterioration of the economic situation in the country.

II. Analysis of the Group's financial and non-financial performance, information relating to environmental issues, excluding climate action, human resources, anti-corruption and anti-bribery, with a specific focus on bribery of foreign officials in international business transactions

In 2022, the consolidated sales revenue of the consolidated operations amounted to EUR 23.554 thousand and was 17 % lower than in 2021 (2021: EUR 28.507 thousand). The cost of sales in 2022 was EUR 22.970 thousand (2021: EUR 19.943 thousand).

In 2022, consolidated gross operating profit before tax stood at EUR 2082 thousand in the previous reporting period when it amounted to EUR 5652 thousand.

As of 31 December 2022, consolidated assets of the Group amounted to EUR 45.070 thousand (31 December 2021: EUR 31.824 thousand).

Consolidated annual report for the year ended 31 December 2022 (in EUR thousand, unless otherwise specified)

III. Highlights for 2022

In 2022 Companies reorganized by Sun Investment Group, UAB: SI Holdings, UAB, UAB DV Capital. The main reasons for the reorganization are to simplify the business structure according to the needs of the shareholders, to optimize the company's operations.

In 2022 September 12 Sun Investment Group, UAB is the sole shareholder of Saulės community LT, UAB and UAB "Siginvesticijos PL2", concluded a purchase and sale agreement, according to which it sold 100% of the companies' shares.

In 2022 September 1 Sun Investment Group, UAB's parent company SIG AssetCO, UAB, the sole shareholder of SIG LT holding 1, UAB and SIG Land LT, UAB, entered into a purchase and sale agreement for the aforementioned companies, according to which they sold 100% of the shares of the aforementioned companies.

In 2022 September 15 Sun Investment Group, UAB concluded an agreement with IMASD Energias regarding the acquisition of 49% of the shares of UAB "Siginvesticijos PL".

Group performance indicators		
Indicator	**2022**	**2021**
Gross margin = gross profit/sales	2,48 %	30,04 %
Net margin = net profit/sales	(9,85) %	18,66 %
Debt ratio = liabilities/total assets	0,81	0,66
Asset turnover = sales/total assets	0,52	0,90
Liquidity ratio = current assets/current liabilities	1,00	0,85

Employees
In 2022 the average number of employees in the Group was 209 (2021: 190 employees).

Information about the manager
Sun Investment Group, UAB director Deividas Varabauskas:

Natural person	Legal form	Name	ID number	Address	Position
Deividas Varabauskas	UAB	SIG Lux HoldCo S.a.r.l.	B273000	6 Rue Dicks, L-1417 Luxembourg, Grand-Duché de Luxembourg	Board member
Deividas Varabauskas	UAB	Sun Investment Group S.a.r.l.	B273924	8, rue Dicks, L-1417 Luxembourg, Grand-Duché de Luxembourg	Board member
Deividas Varabauskas	UAB	SIG Project Italy 1 S.r.l.	2607654	Via Porlezza 12 CAP 20123 Milan	Board member
Deividas Varabauskas	UAB	SIG Project Italy 2 S.r.l.	05396770280	Via Borgogna 8 - Milan (MI) – 20122	Board member
Deividas Varabauskas	UAB	Sun Investment Group B.V.	80506577	Keizersgracht 241 Amsterdam, 1016EA Netherlands	Board member
Deividas Varabauskas	UAB	Galway Investment sp. z o.o.	0000689590	Plac Piłsudskiego 2, 00-073 Warszawa	Board member
Deividas Varabauskas	UAB	UAB „Nogridas"	304287390	Kauno g. 16-307, LT-03212 Vilnius	Board member
Deividas Varabauskas	UAB	UAB „Spektro spindis“	303403073	J. Savickio g. 4-7, LT-01108 Vilnius	Direktor

Deividas Varabauskas	UAB	DAD 3 Limited	HE423030	Michalakopoulou, 27 Flat/Office SF03 1075, Nikosija, Kipras	Direktor

There are no specific environmental requirements for the activities of companies in the Group.

IV. References and additional explanations for the disclosures in the consolidated financial statements

The disclosures in the consolidated financial statements and Notes are sufficient, complete and do not require further explanation.

V. Information on significant events after the end of the reporting period

There have been no subsequent events after the end of the reporting period until the date of approval of these consolidated financial statements that would affect these financial statements or require additional disclosures, except as disclosed in Note 29 of the explanatory Notes to these consolidated financial statements.

VI. Operational plans and forecasts for the Group

The main investments are planned to be directed towards the development of renewable energy in Lithuania, Poland, Germany, Spain and Italy. These investments reflect the Group's long-term strategic priorities.

VII. Information on R&D activities of the Group

Market studies are commissioned to support the projects carried out by the Group. There is no annual research budget and research is carried out as and when required.

VIII. Number and nominal value of shares of the parent company held by the company itself, its subsidiaries or persons acting on their behalf but in their own name.

The Company has no own shares.

IX. Information about the objectives of financial risk management, the hedging instruments used that are subject to hedge accounting, and the extent of the group's exposure to price risk, credit risk, liquidity risk, and cash flow risk when the group uses financial instruments that are relevant to the measurement of the Group's assets, equity, liabilities, income and expenses

The Group did not use any significant financial instruments that are relevant to the measurement of the Group's assets, liabilities, financial position and performance.

Deividas Varabauskas
Director
Sun Investment Group, UAB

Vilnius, Lithuania

The 23rd of October 2023

Consolidated statement of financial position for the year ended 31 December 2022 (in EUR thousand, unless otherwise specified)

Consolidated statement of financial position

	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	2 724	2 002
Investment property		–	–
Intangible assets[1]	5	30 458	12 196
Granted long-term loans and long-term deposits	6	514	97
Other investments	9	–	3
Trade and other receivables	7	–	112
Deferred income tax assets		5	2
Total non-current assets		**33 702**	**14 412**
Current assets			
Loans granted and term deposits	6	60	95
Other investments		–	–
Inventories	8	1 499	8 815
Trade and other receivables	7	1 859	2 276
Contract assets[2]	18	2 261	2 654
Prepayments, deferred costs and accrued income	10	2 508	2 739
Advance corporate income tax		8	166
Cash and cash equivalents	11	3 173	667
Assets held for sale		–	–
Total current assets		**11 368**	**17 412**
TOTAL ASSETS		45 070	31 824

(Continued on the next page)

[1] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38.
[2] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, 1,742 thousand EUR, the articles of "Net profit" and "Contractual assets" in accordance with the 15th IFRS.

Consolidated statement of financial position for the year ended 31 December 2022 (in EUR thousand, unless otherwise specified)

Consolidated statement of financial position (continued)

	Notes	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Authorised capital	12	101	101
Share premium		–	–
Legal reserve		10	–
Revaluation reserve		-	–
Currency exchange translation reserve		(51)	(14)
Retained earnings (loss)[3]		8 524	10 826
Equity attributable to shareholders of the parent company		**8 584**	**10 913**
Non-controlling interest		**–**	**(54)**
Total equity		**8 584**	**10 859**
Non-current liabilities			
Bank loans and lease liabilities	13	96	235
Other financial debts	14	24 466	231
Corporate income tax liabilities		–	–
Deferred income tax liabilities	14.1	576	–
Total non-current liabilities		**25 138**	**466**
Current liabilities			
Bank loans and lease liabilities	13	3 955	2 492
Other financial debts	14	3 621	10 843
Corporate income tax liabilities		–	354
Prepayments received, accrued liabilities and deferred income	15	1 538	1 503
Contract liabilities	18	161	246
Employment related liabilities	16	677	697
Trade, other payables and current liabilities	17	1 396	4 364
Total current liabilities		**11 348**	**20 499**
Total liabilities		**36 486**	**20 965**
TOTAL EQUITY AND LIABILITIES		45 070	31 824

The following explanatory Notes form an integral part of these consolidated financial statements.

The consolidated financial statements were prepared and signed on 23 October 2023:

Deividas Varabauskas	Lina Ribokė
Director	Head of Accounting

[3]The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38.

[4]The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, 1,742 thousand EUR, the articles of "Net profit" and "Contractual assets" in accordance with the 15th IFRS.

Consolidated statement of profit (loss) and other comprehensive income for the year ended 31 December 2022 (in EUR thousand, unless otherwise specified)

Consolidated statement of profit (loss) and other comprehensive income

	Notes	2022	2021
Revenue[4]	18	23 554	28 507
Cost of sales	19	(22 970)	(19 943)
Gross profit		**584**	**8 564**
Other activity income	20	170	54
Other activity expenses	20	(186)	(21)
Selling expenses	21	(71)	(309)
Administrative expenses[5]	22	(2 816)	(2 205)
Impairment loss on trade receivables and contract assets		–	–
Operating profit (loss)		**(2 320)**	**6 083**
Profit (loss) on disposal of investments in subsidiaries	23	**642**	**659**
Finance income	24	209	87
Finance expenses		(613)	(1 177)
Result from financing activity		**(403)**	**(1 090)**
Share of profit of associates or jointly controlled entities		–	–
Operating profit (loss) before tax		**(2 082)**	**5 652**
Corporate income tax	25	(210)	(333)
Net profit (loss)		(2 292)	5 319
Other comprehensive income			
Other comprehensive income that will be reclassified subsequently to the profit (loss) statement:			
Effect of currency rate changes		(37)	13
Other comprehensive income that will be reclassified subsequently to the profit (loss) statement		**(37)**	**13**
Other comprehensive income that will not be reclassified subsequently to the profit (loss) statement:			
Employee benefits (accrual)		–	–
Revaluation of , plant and equipment, net of tax		–	–
Other comprehensive income that will not be reclassified subsequently to the profit (loss) statement			
Total comprehensive income		**(2 329)**	**5 332**

[4] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, the articles of "Revenue" – 10 492,5 thousand Eur, and "Cost of sales" – 8 750,30 thou Eur, "Contractual assets"- 1,742 thousand EUR in accordance with the 15th IFRS.

[5] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38

Consolidated statement of profit (loss) and other comprehensive income for the year ended 31 December 2022 (in EUR thousand, unless otherwise specified)

Net profit (loss) attributable to:			
Shareholders of the parent company		(2 292)	5 339
Non-controlling interest		–	(20)
Total comprehensive income attributable to:			
Shareholders of the parent company		(2 329)	5 352
Non-controlling interest		–	(20)
Depreciation and amortisation	22	224	253
EBITDA		(2 096)	6 336
% Net profit margin		*2%*	*30%*
% EBITDA		*-9%*	*22%*

The following explanatory Notes constitute an integral part of these consolidated financial statements.

The consolidated financial statements were drawn up and signed on the 23rd of October 2023:

Deividas Varabauskas	Lina Ribokė
Director	Head of Accounting

(in EUR thousand, unless otherwise specified)

Consolidated statement of changes in equity

	Authorized capital	Legal reserve	Currency exchange translation reserve	Other reserves	Retained earnings (loss)[6]	Attributable to shareholders of the parent company	Non-controlling interest	Total
1 January 2021	**3**	0,3	(27)	-	6 101	6 111	(34)	6 077
Net profit (loss) for the reporting period	–	–	–	-	5 319	5 339	(20)	5 319
Other comprehensive income for the period that will be reclassified subsequently to the profit (loss) statement	–	–	12	-	–	12	–	12
Increase of authorized capital	98		–	-	(98)	–	–	–
Acquisition of non-controlling interest	–	–	–	-	–	–	–	–
Dividends paid	-	–	–	-	(550)	(550)	–	(550)
31 December 2021	101	0,3	(14)	-	10 772	10 913	(54)	10 859
Net profit (loss) for the reporting period	–	–	-	-	(2 292)	(2 292)	–	(2 292)
Other comprehensive income for the period that will be reclassified subsequently to the profit (loss) statement	–	–	(37)	–		(37)	–	(37)
Increase in the authorized capital	–	10	–	-	(10)	-	–	-
Acquisition of non-controlling interest	–	–	–	-	54	–	54	54
Dividends paid	–	–	–	-	–	–	–	–
31 December 2022	**101**	**10**	**(51)**		**8 524**	**8 584**	**-**	**8 584**

Acquisition of minority interest in 2022 reflects the acquisition of 49 % UAB "Siginvesticijos PL"from IMASD Energias. Following the acquisition, the Group owned 100% of UAB "Siginvesticijos PL" as of 31 December 2022. The following explanatory Notes constitute an integral part of these consolidated financial statements.
The consolidated financial statements were drawn up and signed on the 23rd October 2023:

Deividas Varabauskas Director	Lina Ribokė Head of Accounting

[6]The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38.
The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, 1,742 thousand EUR, the articles of "Net profit" and "Contractual assets" in accordance with the 15th IFRS.

(in EUR thousand, unless otherwise specified)

Consolidated statement of cash flows

	Notes	2022	2021
I. Cash flows from operating activities			
Net profit (loss)		(2 292)	5 319
Eliminations of non-monetary transactions:			
Depreciation expenses	4	204	238
Amortization expenses	5	20	16
Share of profit in associated or jointly controlled entities		54	(20)
Impairment (reversal) of trade and other receivables	7	-	-
Write-down (reversal of write-down) of inventories to net realizable value	8	-	-
Impairment (reversal) of loans granted	6	-	-
Impairment of other investments	9	-	-
Change in fair value of derivative financial instruments		-	-
Change in employee benefit liability		576	-
Change in provisions		-	-
Finance (income) expenses	24	403	1 148
Effect of currency exchange		(37)	13
(Profit) loss on disposal of property, plant and equipment and intangible assets	20	-	-
(Profit) loss on disposal of investments in subsidiaries	23	642	-
(Profit) loss on disposal of discontinued operations		-	-
Income tax expenses (income)	25	210	72
Amortization of grants		-	-
Elimination of other non-monetary items		404	(270)
Effect of changes in working capital:			-
(Increase) decrease in inventories	8	7 317	(5 115)
(Increase) decrease in trade and other receivables	7	529	1 084
(Increase) decrease in contract assets		393	(2 654)
(Increase) decrease in prepayments, deferred costs and accrued income	10	231	(2 112)
(Increase) decrease in available-for-sale assets		-	-
(Decrease) increase in trade, other payables and current liabilities	17	(2 968)	2 464
(Decrease) increase in prepayments received, accrued liabilities and deferred income	15	35	852
(Decrease) increase in contract liabilities		(85)	246
(Decrease) increase in employment related liabilities	16	(20)	507
Income tax paid		(411)	(213)
Net cash flows from operating activities		5 204	1 575

(continued on the next page)

(in EUR thousand, unless otherwise specified)

Consolidated statement of cash flows (continued)

	Notes	2022	2021
II. Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(19 128)	(6 885)
Disposal of property, plant and equipment and intangible assets		-	-
Dividends received		-	-
Disposal of discontinued operations		-	-
Redemption of non-controlling interests		-	-
Acquisition of bonds		-	-
Acquisition of other long-term investments		-	-
Acquisition of associated entities		-	-
Acquisition of subsidiaries		-	-
Disposal of subsidiaries	23	11	-
Payments on term deposits		-	-
Redemption of term deposits		-	-
Loans granted	6	(1 098)	(673)
Loans recovered	6	844	829
Interest received	6	-	-
Other increase (decrease) in cash flows from investing activities		-	-
Net cash flows from investing activities		(19 371)	(6 730)
III. Cash flows from financing activities			
Loans received	13; 14	51 636	24 166
Loans repayment	13; 14	(33 127)	(19 665)
Issue of bonds		-	-
Repurchase of bonds			
Interest paid and transaction costs	13; 14	(1 573)	(1 066)
Lease payments	14	(264)	(207)
Dividends paid to non-controlling interests		-	(550)
Change in non-controlling interest		-	-
Other increase (decrease) in cash flows from financing activities		-	-
Net cash flows from financing activities		16 672	2 678
Effect of exchange rate changes on cash and cash equivalents balance			
Net increase (decrease) in cash flows		2 506	(2,477)
Cash and cash equivalents at beginning of period		667	3 144
Cash and cash equivalents at end of period		3 173	667

The following explanatory Notes constitute an integral part of these consolidated financial statements.

The consolidated financial statements were drawn up and signed on 2023 October 23:

Deividas Varabauskas	Lina Ribokė
Director	Head of Accounting

(in EUR thousand, unless otherwise specified)

Explanatory Notes

1. General information

Sun Investment Group, UAB (hereinafter – the Company) is a private limited liability company registered in the Register of Legal Entities on 1 September 2011 under the Law on the Register of Enterprises of Lithuania, company code: 302662621, registered office address: Gedimino pr. 44A-501, LT-01110, Vilnius. The Company engages in business and other management consultancy activities.

100 % of the Company's shares are owned by the controlling parent Sun Investment Group S.a.r.l. registered office address: 6 Rue Dicks, L-1417 Luxembourg, Grand-Duché de Luxembourg, company code: B273000. The Company engages in business and other management consultancy activities.

The Group consists of the Company and its 23 subsidiaries (as of 31 December 2021 - 22), 64 subsidiaries (as at 31 December 2021 - 53).

The Company's directly owned subsidiaries with participating interest of 100 % are specified in the table below (equity and net profit (loss) data taken from consolidated financial statements):

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
UAB Siginvesticijos	Kęstučio g. 31D-1, 00215 Palanga	305277449	Lithuania	-	-	-	3	35	466	Electricity generation (sold in 2022)
UAB Siginvesticijos PL2	Kauno g. 16-307, LT-03212 Vilnius	305465878	Lithuania	-	-	-	3	(37)	(32)	Electricity generation (sold in 2022)
SIG POLSKA PORTFOLIO 7 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000812492	Poland	-	-	-	1	(9)	(5)	Development of solar projects company (sold in 2022)
SIG POLSKA PORTFOLIO 8 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000812514	Poland	-	-	-	1	(23)	(17)	Development of solar projects company (sold in 2022)
SIG PV 32 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000913314	Poland	-	-	-	1	1	-	Development of solar projects company (sold in 2022)
SIG Development Italy S.r.l.	Largo degli Obizzi 19/5 – 35020 Albignasego (PD)	PD - 461562	Italy	-	199	17	10	(182)	(192)	Development of solar PV projects in Italy (incorporated in 2021)
Sun Investment Services, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305780258	Lithuania	-	6	(45)	3	(251)	(254)	Business and other management consultancy activities (incorporated in 2021)
Eternia Solar, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305697524	Lithuania	4 758	(2)	10 201	3	(6)	(9)	Business and other management consultancy activities (incorporated in 2021)

(in EUR thousand, unless otherwise specified)

1. General information (continued)

The Company's directly owned subsidiaries with participating interest of 100 % (continued):

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
Saulės elektrinių ranga, UAB	Kauno g. 16-307, LT-03212 Vilnius	305010827	Lithuania	135	6	117	3	122	59	Installation of electrical systems
Eternia Services, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305697531	Lithuania	-	(7)	(8)	6	(2)	(5)	Business and other management consultancy activities (incorporated in 2021)
Sun Investment Services PL sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000909604	Poland	-	(9)	(10)	-	(0)	(1)	Business and other management consultancy activities (incorporated in 2021)
UAB Astroinvesticijos PL	Kryžiokų g. 456, LT-08422 Vilnius	305307508	Lithuania	-	(150)	2 337	3	(13)	(7)	Holding company
UAB SIG Italy 1	Kryžiokų g. 456, LT-08422 Vilnius	305510031	Lithuania	-	28	564	3	36	219	Electricity generation
UAB SIG Poland 3	Kryžiokų g. 456, LT-08422 Vilnius	305515402	Lithuania	5 928	(109)	(100)	3	19	67	Electricity generation
SIG Poland 4, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305863711	Lithuania	15 611	(215)	(222)	3	3	(0)	Business and other management consultancy activities (incorporated in 2021)
SIG AssetCo, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305925508	Lithuania	26 235	(280)	9 123	3	3	(0)	Business and other management consultancy activities (incorporated in 2021)
SIG PL Holding 6, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305979897	Lithuania	325	(6)	(3)	-	-	-	Electricity generation (incorporated in 2022)
SIG PL Holding 7, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305979872	Lithuania	611	(6)	(3)	-	-	-	Electricity generation (incorporated in 2022)
SIG Project Italy 1 S.r.l.	Via Borgogna 8 - Milan (MI) - 20122	2607654	Italy	31 996	(44)	(36)	10	8	(2)	Solar energy project company
SIG Project Italy 2 S.r.l.	Via Borgogna 8 - Milan (MI) - 20122	05396770280	Italy	-	(2)	2	10	4	(6)	Solar energy project company (incorporated in 2021)
Sun Investment Group B.V.	Keizersgracht 241 Amsterdam, 1016EA Netherlands	80506577	Netherlands	-	(240)	(1 588)	0,1	(1 340)	(1 340)	Business and other management consultancy activities
SIG PV 40 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	949394	Poland	33	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SUN Investment PV Projects Development ES S.L.U.	Avda. Diagonal 640, 6a Planta, 08017 Barcelona	B10672376	Spain	-	(55)	(52)	-	-	-	Business and other management consultancy activities (incorporated in 2022)

(in EUR thousand, unless otherwise specified)

Directly controlled subsidiaries of the Company with participating interest of 50 % or more:

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
UAB Solinvesticijos PL	Kryžiokų g. 456, LT-08422 Vilnius	305300403	Lithuania	2 484	3 351	7 249	2 484	3 898	4 218	Holding company

Indirectly controlled subsidiaries of the Company with participating interest of 100 %:

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
Sun Investment Development PL sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000646954	Poland	6 395	(4 444)	(4 242)	6 395	973	780	Development of solar PV projects in Poland (in 2020 directly controlled by the Company)
Eternia Solar LT, UAB	Kauno g. 16-307, LT-03212 Vilnius	304521263	Lithuania	10 208	1 367	4 111	111	3 086	2 277	Installation of solar power plants, B2B segment (in 2020 directly managed by the Company)
Sun Investment Development DE GmbH	Herzogspitalstraße 24, 80331 München	HRB 262022	Germany	25	(598)	(1 065)	25	(454)	(468)	Installation of solar power plants (incorporated in 2021)
Eternia Solar PL sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000907851	Poland	1	(244)	(277)	-	(23)	(25)	Installation of solar power plants
Eternia Services LT, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305925789	Lithuania	3	(100)	(97)	3	3	(0)	Repairs of electrical equipment (incorporated in 2021)
Eternia Services PL sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000907846	Poland	1	32	33	1	1	(0)	Repairs of electrical equipment (incorporated in 2021)
SIG PL Holding 1, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305925807	Lithuania	-	-	-	3	3	(0)	Business and other management consultancy activities (incorporated in 2021)
SIG PL Holding 2, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305927594	Lithuania	-	-	-	3	3	(0)	Business and other management consultancy activities (incorporated in 2021)

(in EUR thousand, unless otherwise specified)

1. General information (continued)

Indirectly controlled subsidiaries of the Company with participating interest of 100 % (continued):

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
SIG PL Holding 3, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305927174	Lithuania	-	-	-	3	3	(0)	Business and other management consultancy activities (reorganized in 2022)
SIG LT holding 1, UAB	Gedimino pr. 44A-501, LT-01110 Vilnius	305960345	Lithuania	-	-	-	3	3	(0)	Business and other management consultancy activities (sold in 2022)
UAB "Siginvesticijos PL"	Kryžiokų g. 456, LT-08422 Vilnius	305300428	Lithuania	17 500	(2)	414	2	(84)	(18)	Holding company
SIG POLSKA PORTFOLIO 1 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000798072	Poland	1	(2)	(18)	1	(16)	(3)	Solar energy project company
SIG POLSKA PORTFOLIO 2 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000745534	Poland	1	(2)	(93)	1	(93)	(4)	Solar energy project company
SIG POLSKA PORTFOLIO 3 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000745531	Poland	1	(2)	(48)	1	(47)	(3)	Solar energy project company
SIG POLSKA PORTFOLIO 4 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000745258	Poland	1	0	(106)	1	(108)	(4)	Solar energy project company
SIG POLSKA PORTFOLIO 5 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000798073	Poland	1	(3)	(27)	1	(25)	(4)	Solar energy project company
SIG POLSKA PORTFOLIO 6 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000812474	Poland	1	(2)	(9)	1	(7)	(3)	Solar energy project company
SIG POLSKA PORTFOLIO 7 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000812492	Poland	1	(2)	(12)	1	(9)	(5)	Solar energy project company
SIG POLSKA PORTFOLIO 8 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000812514	Poland	1	(13)	(35)	1	(23)	(17)	Solar energy project company
ELEKTROWNIA PV ROGOŹNIK sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000812594	Poland	1	(2)	(8)	1	(6)	(3)	Solar energy project company
Elektrownia PV Bobrowniki sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000826862	Poland	79	(3)	(5)	1	(2)	(1)	Solar energy project company
Elektrownia PV Pławnica sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000833171	Poland	1	(2)	(5)	1	(3)	(3)	Solar energy project company
Elektrownia Słoneczna PV Kozodrza sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000826715	Poland	1	(2)	(5)	1	(2)	(1)	Solar energy project company
Elektrownie Słoneczne PV Południe sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000826761	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company

(in EUR thousand, unless otherwise specified)

1. General information (continued)

Indirectly controlled subsidiaries of the Company with participating interest of 100 % (continued):

Subsidiary	Address	Company code	Country	31 December 2022 Carrying amount of investments	31 December 2022 Amount of equity capital	31 December 2022 Net profit (loss)	31 December 2021 Carrying amount of investments	31 December 2021 Amount of equity capital	31 December 2021 Net profit (loss)	Brief description of activities
SIG Fotowoltaika 1 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000832944	Poland	18	(8)	(25)	1	(16)	(16)	Solar energy project company
SIG Fotowoltaika 2 sp. z o.o.		0000832937	Poland	1	(2)	(5)	1	(3)	(3)	Solar energy project company
SIG PV Centrum sp. z o.o.		0000832932	Poland	43	(8)	(12)	1	(6)	(5)	Solar energy project company
SIG PV 1 sp. z o.o.		0000837210	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 2 sp. z o.o.		0000837146	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 3 sp. z o.o.		0000837122	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 4 sp. z o.o.		0000837193	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 5 sp. z o.o.		0000837215	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 6 sp. z o.o.		0000854316	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 8 sp. z o.o.		0000837127	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 10 sp. z o.o.		0000837194	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 12 sp. z o.o.		0000854221	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 11 sp. z o.o.		0000837200	Poland	1	(2)	(4)	1	(2)	(2)	Solar energy project company
SIG PV 13 sp. z o.o.		0000854154	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 14 sp. z o.o.		0000854321	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 15 sp. z o.o.		0000854440	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 16 sp. z o.o.		0000854274	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 17 sp. z o.o.		0000854157	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 19 sp. z o.o.		0000854319	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company

(in EUR thousand, unless otherwise specified)

1. General information (continued)

Indirectly controlled subsidiaries of the Company with participating interest of 100 % (continued):

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
SIG PV 20 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000854887	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 21 sp. z o.o.		0000854093	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 23 sp. z o.o.		0000854268	Poland	1	(2)	(3)	1	(1)	(2)	Solar energy project company
SIG PV 24 sp. z o.o.		0000870874	Poland	1	(2)	(1)	1	1	-	Solar energy project company
SIG PV 25 sp. z o.o.		0000870880	Poland	1	(2)	(1)	1	1	-	Solar energy project company
SIG PV 27 sp. z o.o.		0000870924	Poland	1	(2)	(1)	1	1	-	Solar energy project company
SIG PV 28 sp. z o.o.		0000870328	Poland	1	(2)	(1)	1	1	-	Solar energy project company
SIG PV 29 sp. z o.o.		0000870892	Poland	1	(1)	(0)	1	1	-	Solar energy project company
SIG PV 32 sp. z o.o.		0000913314	Poland	1	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 41 sp. z o.o.		0000950357	Poland	1	(3)	(2)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 44 sp. z o.o.		0000950003	Poland	1	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 45 sp. z o.o.		0000948954	Poland	1	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 46 sp. z o.o.		0000948966	Poland	1	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 47 sp. z o.o.		0000950005	Poland	1	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 48 sp. z o.o.		0000949105	Poland	1	(2)	(1)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 42 sp. z o.o.		0000948962	Poland	1	(1)	(0)	-	-	-	Solar energy project company (incorporated in 2022)
SIG PV 43 sp. z o.o.		0000952728	Poland	1	(1)	(0)	-	-	-	Solar energy project company (incorporated in 2022)
ELEKTROWNIA PV NIEGOSŁAWICE sp. z o.o.		0000756677	Poland	1	25	18	1	(7)	(3)	Solar energy project company
ELEKTROWNIA PV MŁODZIKOWO sp. z o.o.		0000812542	Poland	22	(5)	4	1	(13)	(9)	Solar energy project company

(in EUR thousand, unless otherwise specified)

ELEKTROWNIA PV KŁODZKO sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	.0000812752	Poland	21	(2)	(9)	1	(7)	(4)	Solar energy project company

Indirectly controlled subsidiaries of the Company with participating interest of 50 % or more:

				31 December 2022			31 December 2021			
Subsidiary	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
RA01 sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000802648	Poland	-	-	-	58	(5)	(2)	Solar energy project company (sold in 2022)
Gardno PV sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000765062	Poland	-	-	-	766	(3)	2	Solar energy project company (sold in 2022)
Gardno2 PV sp. z o.o.	Plac Piłsudskiego 2, 00-073 Warszawa	0000789820	Poland	-	-	-	508	(5)	(1)	Solar energy project company (sold in 2022)

Directly controlled associates of the Company with participating interest of 50 % or less (not less than 21 %):

				31 December 2022			31 December 2021			
Associate	Address	Company code	Country	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Carrying amount of investments	Amount of equity capital	Net profit (loss)	Brief description of activities
Onice Solar, S.L.	Poligindustrial Larache, Calle Malagon, 10 13005 - Ciudad Real	B13631817	Italy	-	-	-	3	6	(1)	Installation of electrical systems (sold in 2022)

1. General information (continued)

Sales of group companies

September 12, 2022 Sun Investment Group, UAB is the sole shareholder of Saulės community LT, UAB and UAB "Siginvesticijos PL2", concluded a purchase and sale agreement, according to which it sold 100% of the companies' shares.

September 1, 2022 Sun Investment Group, UAB's parent company SIG AssetCO, UAB, the sole shareholder of SIG LT holding 1, UAB and SIG Land LT, UAB, entered into a purchase and sale agreement for the aforementioned companies, according to which they sold 100% of the shares of the aforementioned companies.

Acquisitions/establishments of group companies

In 2022, the following companies were established: SIG PL Holding 6, UAB; SIG PL Holding 7, UAB; SUN INVESTMENT PV PROJECTS DEVELOPMENT ES S.L.U.; SIG PV 40 sp. z o.o.; SIG PV 41 art. z o.o.; SIG PV 42 sp. z o.o.; SIG PV 43 art. z o.o.; SIG PV 44 art. z o.o.; SIG PV 45 sp. z o.o.; SIG PV 46 sp. z o.o.; SIG PV 47 art. z o.o.; SIG PV 48 sp. z o.o.

September 15, 2022 Sun Investment Group, UAB concluded an agreement with IMASD Energias regarding the acquisition of 49% of the shares of UAB "Siginvesticijos PL".

Other general information

In 2022, the average number of employees in the Group was 209 employees (2021 – 190 employees).

2. New standards, amendments and clarifications

Application of new and/or amended IFRS and International Financial Reporting Interpretations Committee (IFRC) interpretations

New standards, amendments and interpretations applied by the Group

Revenues until intended use", "Loss contracts - contract performance costs", "Reference to Conceptual frameworks" - narrow scope of IAS 16, IAS 37 and 2018-2020 cycle Annual Improvements to International Financial Reporting Standards - 9 IFRS.

- According to the 16th amendment of IAS, an economic entity is prohibited from deducting from the cost of tangible fixed assets the proceeds received from the sale of manufactured products as long as the economic entity prepares the asset for its intended use. The proceeds from the sale of such products, as well as the costs of their production, are now recognized in profit or loss. The entity will apply IAS 2 to determine the cost of such production. The cost will not include the depreciation of the asset being tested because it is not yet ready for use for its intended purpose. The amendment to IAS 16 also clarifies that an entity "tests whether an asset is in good working order" when it assesses the technical and physical performance of the asset. Asset-related financial indicators are not relevant to this assessment. Therefore, the asset can function according to the purpose intended by the management and depreciation is calculated for it even before it reaches the performance indicators intended by the management.

  Example 13 of IFRS 16 has been amended to remove the example on payments made by a lessor in respect of leasehold improvements. The purpose of the amendment is to remove any potential ambiguity regarding the accounting for lease incentives.

  These amendments did not affect the Group's consolidated statements, as there were no sales at the beginning of the earliest presented period or after any production of fixed tangible assets held for intended use.

- Amendment 37 clarifies the meaning of "contract performance costs". The amendment clarifies that costs directly related to the execution of the contract include direct costs of contract execution and include other costs directly related to the execution of the contract. The amendment also clarifies that before forming a separate provision for a loss-making contract, the business entity recognizes any impairment loss of the assets used in the performance of the contract, and not of the assets assigned to the contract.

  These amendments did not affect the Group's consolidated financial statements, as on January 1, 2022, The Group had no unprofitable contracts under which it had not yet fulfilled all of its obligations.

- The amendment to IFRS 9 determines which charges should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be payable to third parties or the lender. Under the amendment, costs or fees to third parties will not be included in the 10% test.

  These amendments did not affect the Group's consolidated financial statements, as there were no changes to the terms of the Group's financial instruments during the period.

There are a number of other amendments that will be applied for the first time in 2022, but they do not affect the Group's consolidated financial statements for the year ended 31 December 2022.

Published but not yet effective IFRS

The following are other new standards, amendments and interpretations applicable to annual periods beginning on or after January 1, 2023. or later, but which were not applied in the preparation of these consolidated financial statements. Newly published standards have been approved by the European Union, unless otherwise stated. It is not expected that these standards, amendments and interpretations will have a significant impact on the Group in the current or future reporting periods and transactions occurring in the near future.

- “Classification of liabilities as current or non-current” – amendments to IAS 1 (applicable for annual periods beginning on or after 1 January 2024)

  These narrow amendments clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. Obligations are long-term if, at the end of the reporting period, the economic entity has a substantial right to postpone the fulfilment of the obligation for at least 12 months. The guidelines no longer require that this right be unconditional. Management's expectations regarding whether it will subsequently exercise the right to defer settlement of the liability do not affect the classification of the liability. The right to postpone the fulfilment of the obligation exists only if the economic entity meets all the relevant conditions at the end of the reporting period. The obligation is classified as short-term if the condition is violated on or before the date of preparation of the financial statements, even if a waiver of such condition is received from the lender after the end of the reporting period. Otherwise, the loan is classified as long-term if the loan condition is violated only after the end of the reporting period. In addition, the amendments clarify the classification requirements for debt that a company can repay by converting it into equity. "Settlement" is defined as the extinction of an obligation after settlement in cash, other resources providing economic benefits, or equity instruments owned by the entity. An exception is provided for convertible instruments that can be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a composite financial instrument.

  These amendments have not yet been approved by the European Union. The Group has not yet assessed the impact of the implementation of these amendments.

- Amendments to the guidance on the practical application of IAS 1 and IFRS 2 - "Disclosure of accounting policies" (applicable to annual periods beginning on or after January 1, 2023)

  The amendments to IAS 1 require companies to disclose significant accounting policy information rather than significant accounting policy principles. The amendment provides a definition of material accounting policy information. The amendment also clarifies that accounting policy information is considered material if, without it, users of financial statements would not be able to understand other material information disclosed in the financial statements. The amendment provides examples of accounting policy information that is likely to be considered material to the entity's financial statements. In addition, the amendments to IAS 1 clarify that it is not necessary to disclose information about immaterial accounting policies. However, if disclosed, it should not obscure significant accounting policy information. Along with this amendment, an amendment was made to the recommendation on the application of IFRS 2 "Making decisions about materiality", which provides guidelines on how to apply the concept of materiality to accounting policy disclosures.

The Group has not yet assessed the impact of the implementation of these amendments.

- Amendments to IAS 8 – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).

  The amendments to IAS 8 clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates.

  The Group has not yet assessed the impact of the implementation of these amendments.

- Deferred income tax relating to assets and liabilities arising from a single transaction – amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2023).

  The amendments to IAS 12 specify how to account for deferred income tax on transactions such as leases and decommissioning liabilities. Under the specified circumstances, economic entities are allowed not to recognize deferred income tax when they recognize assets or liabilities for the first time. In the past, there has been some uncertainty as to whether the exemption applies to transactions such as leases and decommissioning obligations, i.e. transactions for which both assets and liabilities are recognized. The amendments specify that the exception does not apply and that economic entities must recognize deferred income tax from such transactions. The amendments require companies to recognize deferred tax on transactions that give rise to equal amounts of taxable and creditable temporary differences on initial recognition.

  These amendments will not affect the Group's consolidated financial statements, as the Group currently recognizes deferred income tax on transactions that give rise to equal amounts of taxable and creditable temporary differences on initial recognition.

Other standards

There are no other IFRS, IAS amendments or IFRS interpretations that have not yet come into effect and are expected to affect the Group.

3. Accounting policies

a. Compliance with standards

These consolidated financial statements (hereinafter – the financial statements) have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union, in accordance with the Republic of Lithuania Law on Financial Reporting by Undertakings.

These financial statements were prepared and signed by the management of the Group on 23rd of October 2023. The shareholders of the Group have the legal right to approve or disapprove these financial statements and to require management to prepare new financial statements. The financial statements have been prepared on a going concern basis assuming that the Group will continue in operation in the foreseeable future.

b. Basis of preparation of the financial statements

Statement of conformity

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – the IFRS) as adopted by the European Union (hereinafter – the EU).

Measurement basis

The financial statements are prepared on the historical cost basis.

These financial statements are presented in the legal tender of Lithuania – the euro (EUR).

The main accounting policies used are presented below.

c. Currency

In these financial statements, all amounts are presented in the single currency of the European Union adopted for settlements in Lithuania – the euro (EUR), which is the functional currency of the Group companies operating in Lithuania and other countries of the European Union. The functional currencies of companies operating in the Member States of the European Union that have not adopted the euro for settlements are their local currencies.

3. Accounting policies (continued)

d. Consolidation principles and investments in subsidiaries and associates

The consolidated financial statements of the Group include the Company and its subsidiaries and associates. The financial statements of the subsidiaries are prepared for the same financial year and using the same accounting principles.

Subsidiaries are consolidated from the date on which control passes to the Group and are no longer consolidated from the date on which control is passed outside the Group. All intercompany transactions, balances and unrealised transaction profit or loss between Group companies are eliminated. Equity and net result attributable to the non-controlling interest are presented separately in the statement of financial position and in the profit (loss) statement.

Investments in associates, i.e. those over which the Group has significant influence, are accounted for using the equity method in the consolidated financial statements of the Group. Investments in associates are assessed for impairment when there are indications of impairment or when an impairment recognised in the previous year no longer exists.

Goodwill acquired in a business combination is recognised at cost and is the excess of the cost of the acquisition over the total consideration transferred, including the amount of the non-controlling interest recognised, over the net fair value of the assets acquired, liabilities and contingent liabilities assumed in the business combination over the proportionate share of the shares acquired. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is reviewed annually or more frequently if events or changes in circumstances indicate that the carrying amount is impaired.

The amount by which the fair value of the recognised assets, liabilities and contingent liabilities acquired still exceeds the cost of the investment after the reassessment of the recognised assets, liabilities and contingent liabilities and the determination of the cost of the investment is recognised immediately in the profit (loss) statement.

For the purpose of impairment measurement, goodwill acquired in business combinations is allocated at the acquisition date to the cash-generating units or groups of cash-generating units that are expected to benefit from the combination, irrespective of whether the Group's other assets and liabilities are allocated to those units or groups of units.

Value impairment is determined by measuring the recoverable amount of the cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the residual value, an impairment loss is recognised. When goodwill forms part of a revenue-generating unit and part of the operations within that unit is sold, the goodwill associated with the operation sold is included in the residual value of the operation sold in determining the profit or loss on the sale of the operation. In such a case, the goodwill sold is measured by reference to the relative value of the divested operation compared with the remaining portion of the revenue-generating unit.

Losses of subsidiaries are attributed to the non-controlling interest, even if this results in a negative non-controlling interest balance. A change in the ownership interest in a subsidiary without loss of control is accounted for as an equity transaction. If the Group loses control of a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount, if any, of the non-controlling interest;
- derecognises cumulative exchange differences accounted for in equity;
- accounts for the consideration received at fair value;
- accounts for a continuing investment at fair value;
- recognises any resulting surplus or deficit in the statement of comprehensive income;
- reclassifies the parent's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

Investments in subsidiaries and associates are carried at cost less impairment in the separate financial statements of the Group companies. Costs directly attributable to the acquisition of subsidiaries and associates are recognised in the profit (loss) statement in the period in which they are incurred. An impairment assessment is performed when there is an indication that an asset may be impaired or that an impairment recognised in a prior year no longer exists.

Sales of special purpose subsidiaries together with a developed solar power plant project are accounted for under operating activities.

e. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is determined by adding the fair value of the consideration transferred at the acquisition date and the amount of the non-controlling interest, if any, in the acquired entity.

3. Accounting policies (continued)

For each business acquisition, the acquirer measures the non-controlling interest in the acquiree either at fair value or at a proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are written off to administrative expenses.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is measured at fair value through profit or loss at the acquisition date. The contingent part of the consideration to be paid by the acquirer is recognised at fair value at the acquisition date. Subsequent fair value measurements of contingent consideration that is treated as an asset or liability will be recognised in accordance with IFRS 9, either through profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured, and its subsequent payment is recorded in equity.

Goodwill is recognised at cost and is the excess of the total consideration transferred, including the amount of any recognised non-controlling interest, over the net amount of the assets acquired and the liabilities measured.

If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in profit or loss.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to those of the Group's revenue-generating units that are expected to benefit from the combination, regardless of whether the other assets or liabilities of the acquiree are allocated to those units.

When goodwill forms part of a revenue-generating unit and part of the operations within that unit is sold, the goodwill associated with the operations sold is included in the carrying amount of the operations sold in determining the profit or loss on the sale of the operations. In such a case, the goodwill sold is measured by reference to the relative value of the divested operation compared with the remaining part of the revenue-generating unit.

f. Cash flow statement

The cash flow statement reflects the Group's cash inflows and the use of cash during the year and its financial position at the year end. The Standards require classifying the cash flows into three groups: cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Cash flows from operating activities are presented indirectly, i.e. as net profit adjusted for non-cash operating activities, changes in working capital, changes in fair value of derivatives, interest paid on the Group's borrowings to finance its working capital activities, non-operating amounts and income tax paid.

Cash flows from investing activities consist of payments related to the acquisition/sale of fixed assets and investments, and the receipt of dividends and interest.

Cash flows from financing activities consist of amounts received and paid relating to shareholders, the receipt and repayment of debts, interest payments outside the Group's working capital loans, and long-term and short-term borrowings that are not related to operating activities.

g. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The determination of fair value is based on the assumption that the sale of the asset or transfer of the liability takes place or:

- in the principal market for the asset or liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

The Group must have access to the principal or most advantageous market.

The fair value of the asset or liability is determined assuming that market participants would use to price the asset or liability, assuming that the market participants have the best economic interests.

The fair value of a non-financial asset is determined by reference to the ability of a market participant to generate economic benefits by using the asset in the most efficient and best manner or by selling it to another market participant who would use the asset in the most efficient and best manner.

The Group uses valuation methodologies that are appropriate in the circumstances and for which there is sufficient evidence to determine fair value, using as much relevant observable inputs as possible and as few unobservable inputs as possible.

3. Accounting policies (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy described below, which is based on the lowest level of inputs that are significant to the fair value measurement:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: valuation methodologies that observe, either directly or indirectly, the lowest level of inputs that are significant to the fair value measurement.
- Level 3: valuation methodologies that do not observe the lowest level inputs that are significant to the fair value measurement.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group reassesses the allocation by deciding whether the amounts transferred have been between the levels of the hierarchy (based on the lowest level of inputs that are significant for the measurement of fair value in the aggregate) at the end of each reporting period.

The assessments are performed by the Group's management at each reporting date. For the purpose of fair value disclosures, the Group has identified classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities and the level of the fair value hierarchy described above (Note 27).

h. Property, plant and equipment

Property, plant and equipment are assets that the Group owns and controls, from which it expects to derive economic benefits in future periods and that have a useful life of more than one year. Property, plant and equipment are carried at cost less accumulated depreciation and subsequent impairment losses.

The initial value of the property, plant and equipment consists of the purchase price, including non-refundable acquisition taxes and any directly attributable costs incurred in bringing the asset to the point of commissioning or moving it into use. Costs, such as repairs and maintenance, incurred after the property, plant and equipment is put into operation are generally charged to the profit (loss) statement in the period in which they are incurred.

Costs incurred subsequently are added to the carrying amount of the property, plant and equipment or recognised as a separate asset only if it is probable that future economic benefits will flow to the Group from the asset and the cost of the asset can be measured reliably. The carrying amount of the replaced part is written off. All other repairs and maintenance costs are recognised as an expense in the profit (loss) statement as incurred.

Profit or loss arising on the disposal of assets are calculated by deducting from the proceeds received the carrying amount of the assets disposed of and are recognised in the profit (loss) statement.

Depreciation is calculated using the straight-line method over the following useful lives:

Tangible fixed assets group	Useful life, in years	Minimum capitalisation value, EUR
Buildings	15	1 000
Machinery and equipment	5	1 000
Vehicles	6 - 10	1 000
Other fixtures, fittings, tools and equipment	4	1 000

3. Accounting policies (continued)

The useful lives, depreciation method and residual values are reviewed annually to ensure that they are consistent with the expected use of the property, plant and equipment.

Construction in progress is carried at cost less accumulated impairment. This comprises the value of construction, structures and equipment and other directly attributable costs. Depreciation is not charged on construction in progress until the construction is completed and the asset is put into use.

Borrowing costs directly attributable to the acquisition of an asset that takes time to prepare for its intended use or sale, construction or production are capitalized as part of the cost of the related asset. All other borrowing costs are recognized as an expense when incurred.

i. Intangible assets other than goodwill

Intangible assets are initially recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of the business combination. An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the asset value can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over their useful lives and are assessed for impairment whenever there is an indication that they may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at each financial year-end.

The estimated useful lives for intangible assets with finite useful lives are shown below:

Intangible fixed assets group	Useful life in years	Minimum capitalisation value, EUR
Software	3	1 000
Concessions, patents, licences, trademarks and similar rights	3	1 000
Other intangible assets	4	1 000

Intangible assets with indefinite useful lives are not amortised but are tested for impairment at the end of each reporting period.

The useful life, residual value and amortisation method are reviewed annually to ensure that they are consistent with the intended use of the intangible asset (excluding goodwill).

The cost of production of internally created intangible assets is recognized in accordance with International Accounting Standards No. 38 and no. 23 of the guidelines. The main cost groups related to investments in projects:

- Legal advice
- Environmental studies
- Expenses related to the establishment of companies
- IT infrastructure costs: software rental and engineering system simulation systems
- Wages of employees related to development, development and service
- Marketing campaign costs, feed memberships to increase awareness
- Costs of attracting talents, their development and certification
- Salary of financial models, treasury planning and recruitment specialists
- Project financing interest

3. Accounting policies (continued)

j. Financial instruments

- Recognition and initial measurement

Trade receivables are first recognised when they arise. All other financial assets and financial liabilities are recognised for the first time when the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset (other than a trade receivable without a significant financing component) or financial liability is measured at fair value on initial recognition plus, if it is not a financial asset at fair value through profit or loss, transaction costs directly attributable to the acquisition or sale of that asset. The trade receivable, net of any significant financing component, is initially measured at transaction price.

- Classification and subsequent measurement

Financial assets. Accounting policies

On initial recognition, financial assets are classified as assets at amortised cost; debt investments as assets at fair value through other comprehensive income; equity investments as assets at fair value through other comprehensive income; or fair value through profit or loss.

After initial recognition, financial assets are not reclassified unless the Group changes its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the reporting period following the change in business model.

A financial asset is measured at amortised cost if it meets both of these conditions and is not designated as at fair value through profit or loss:
- it is held under a business model whose objective is to hold the asset to collect contractual cash flows; and
- under the terms of the contract, the cash flows are used only to pay the outstanding principal and related interest at specified dates.

On initial recognition of equity investments that are not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in other comprehensive income. Such an election is made on an investment basis.

All financial assets that are not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate financial assets that otherwise qualify to be measured at amortised cost or at fair value through other comprehensive income as financial assets at fair value through profit (loss) if doing so eliminates or substantially reduces an accounting mismatch that would otherwise arise.

Financial assets. Business model valuation.

The Group assesses the purpose of the business model where financial assets are located at portfolio level as this best reflects the management of the business and the reporting of information to management. The information discussed includes:
- the principles and objectives established for portfolio construction and their practical implementation. These include whether management's strategy focuses on generating contractual interest income, maintaining a particular interest rate profile, matching the duration of financial assets to the duration of the associated liabilities or expected cash outflows, or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the management of the Group;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the entity's executives are compensated – e.g., whether the compensation is based on the fair value of the assets under management or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3. Accounting policies (continued)

The transfer of financial assets to third parties in transactions that do not qualify for derecognition is not treated as a sale for this purpose, which is consistent with the Group's continuing recognition of assets.

Financial assets that are held for trading or managed and whose performance is measured on a fair value basis are measured at fair value through profit or loss.

<u>Financial assets. Assessment whether the contractual cash flows are solely payments of principal and interest.</u>

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition.

"Interest" is defined as the remuneration for the time value of money and the credit risk associated with the principal outstanding in a particular period and for other principal lending risks and costs (e.g., liquidity risk and administrative costs), plus a profit margin.

In assessing whether contractual cash flows are limited to principal and interest payments, the Group considers the terms of the contract. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows in a way that would cause it not to meet that term. In making this assessment, the Group considers the following factors:

- unforeseen events that would change the amount or timing of cash flows;
- maturities that could adjust the contractual coupon rate, including variable interest rates;
- prepayment and extension features; and
- conditions that limit the Group's requirement to receive cash flows from a particular asset (e.g., non-recourse options).

A prepayment function meets only the criterion for payment of principal and interest, if the amount of the prepayment is, in substance, a portion of the unpaid principal and interest on the unpaid principal, which may include reasonable additional compensation for early termination of the contract. In addition, for financial assets acquired at a discount or premium to their contractual amount, a function that permits or requires prepayment of an amount that is substantially equal to the contractual amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) shall be considered as meeting this criterion if the actual prepayment feature is insignificant at the time of initial recognition.

<u>Financial assets. Subsequent measurement and profit (loss)</u>

Financial assets measured at fair value through profit (loss) are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognised in profit or loss.

Financial assets subsequently measured at amortised cost are carried at amortised cost using the effective interest rate method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in the profit (loss) statement. Any profit (loss) on derecognition is recognised in profit (loss).

Equity investments measured at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in the profit (loss) statement unless the dividend clearly reflects the recovered portion of the cost of the investment. The remaining net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

<u>Financial assets. Subsequent measurement and gains and losses</u>

Financial assets at fair value through profit. The fair value measurement and changes therein, including any interest and dividend income, have been recognised in the profit (loss) statement.

Held-to-maturity financial assets are measured at amortised cost using the imputed interest method. Loans and receivables are measured at amortised cost using the compound interest method.

Financial assets held for sale are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, have been recognised in other comprehensive income and accumulated in the fair value reserve. On derecognition of these assets, the cumulative profit (loss) on equity was reclassified to profit (loss).

3. Accounting policies (continued)

Financial liabilities. Classification, subsequent measurement and profit (loss)

Financial liabilities are classified as at amortised cost or fair value through profit (loss). A financial liability is classified as at fair value through profit (loss) if it is held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at fair value through profit (loss) are measured at fair value through profit (loss), with net profit (loss), including any interest expense, recognised in profit (loss). Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange profit (loss) are recognised in profit or loss. Any derecognition is also recognised in profit (loss).

- Derecognition

Financial assets

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

The Group enters into transactions in which it transfers an asset recognised in the statement of financial position but retains all or substantially all of the risks and rewards of the transferred asset. In these cases, the transferred asset is not derecognised.

Financial liabilities

The Group derecognises a financial liability when the Group's obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when the terms of the liability are modified and the cash flows from the modified liability are completely different. In such a case, the new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the derecognised carrying amount and the consideration paid (including any non-monetary assets transferred or liabilities assumed) is carried through profit (loss).

- Offsetting

Financial assets and financial liabilities are offset and the net amount recognised in the statement of financial position when, and only when, the Group has the legal ability to set off the recognised amounts and either intends to settle the offsetting amounts or to realise the assets and settle the liabilities simultaneously.

k. Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the selling price in the ordinary course of business less costs of completion, marketing and distribution. Cost is calculated using the FIFO method. The cost of production and work in progress includes fixed costs (raw materials, packaging, direct labour, etc.) and variable overheads (depreciation, indirect labour, utilities, etc.) at normal production volumes. Inventories that can no longer be disposed of are written off.

l. Cash and cash equivalents

Cash consists of cash on hand and in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash. Such investments have a maturity of less than three months and are subject to very little risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits in current accounts, other short-term highly liquid investments and bank overdrafts.

3. Accounting policies (continued)

m. Lease

IFRS 16 Leases was adopted from 1 January 2019 and replaced IAS 17 Leases, IFRIC 4 "Testing a contract to determine whether it is a Lease", SIC-15 "Operating Leases – Incentives" and SIC 27 "Evaluating the substance of transactions involving the legal form of a lease". The Group applies the requirements of IFRS 16 as of 1 January 2019 on a modified retrospective basis without adjusting the comparative information. The impact of IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. Under the retrospective approach without adjusting the comparative information, the 2018 figures are prepared in accordance with IAS 17. The disclosure requirements under IFRS 16 are not applicable to the comparative year. The interpretations and amendments to IFRS 16 Leases that are relevant to the Group are set out below.

During the transition period, the Group applied IFRS 16 to contracts previously identified as leases by applying IAS 17 Leases and IFRIC 4 "Testing a contract to determine whether it is a lease".

IFRS 16 was not applied to contracts to which IAS 17 and IFRIC 4 did not apply during the reporting period. IFRS 16 was applied only to contracts that were in force or changed on or after 1 January 2019.

Leases where the Group is the lessee

The Group assesses each contract for potential lease elements. If the contract is a lease or involves a lease, the Group accounts for each lease component of the contract as a lease separately from the non-lease (service) components of the contract.

The Group does not apply the lease recognition provisions to short-term leases (leases of less than one year) and leases with low lease values (computers, telephones, printers, furniture, etc.). The Group assesses each asset individually to determine whether it is impaired. In determining whether an asset is impaired, lease payments are not assessed over the lease term. Assets with a value of less than EUR 5 thousand are considered to be low-value assets. Lease payments relating to short-term leases and leases of low-value assets are recognised directly as an expense in the statement of profit or loss and other comprehensive income. The Group does not apply the lease recognition provisions to all intangible assets. The Group applies the provisions of IAS 38 "Intangible Assets" to such assets.

The Group recognises the right-of-use asset and the lease liability in the statement of financial position at the lease commencement date.

The Group measures assets held under right-of-use at cost at the inception date. After the commencement date, assets held under right-of-use are measured at cost less accumulated depreciation and accumulated impairment losses and an adjustment for any re-measurement of a liability.

At inception, the Group measures the lease liability at the present value of the rentals outstanding at that date. Lease payments shall be discounted using the interest rate provided for in the lease agreement if that rate is readily determinable. If that rate is not readily determinable, the Group uses the borrowing rate charged by the lessee. The Group records the lessee's borrowing rate at the beginning of each year and uses it for all new contracts signed in that year and for contracts for which the terms of the lease liability (not all of which are remeasured) have changed during that year. A lease liability is remeasured if the cash flows change based on the original terms of the lease, for example, if the lease term changes or the lease payments change based on an index or interest rate. Changes that were not part of the original terms of the lease are lease amendments.

n. Provisions

A provision is recorded when, and only when, the Group has a legal obligation or an irrevocable commitment as a result of a past event, it is probable that resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the best current estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure that is expected to be required to settle the obligation. Where discounting is used, the increase in the provision to reflect the passage of time is recorded as interest expense.

(in EUR thousand, unless otherwise specified)

3. Accounting policies (continued)

o. Income tax

Income tax assets and liabilities for the current and prior years are recorded at the amount expected to be recovered from, or paid to, the tax authority. The tax rates used in the calculation of corporation tax are those enacted at the last date of the accounting period. The calculation of corporation tax is based on the profit for the year after taking into account deferred corporation tax. The Group's income tax is calculated in accordance with the requirements of the tax laws of the Republic of Lithuania.

The corporate income tax rate applicable to companies in the Republic of Lithuania for 2022 and 2021 was 15%.

In the Republic of Lithuania, tax losses can be reversed indefinitely, except for losses arising from the disposal of securities and/or derivatives. Such carry-forwards cease if the Group ceases to carry on the activity giving rise to the losses, unless the Group ceases to carry on the activity for reasons beyond its control. Losses on disposals of securities and/or derivatives may be incurred for a period of 5 years and shall be recovered only from gains on transactions of the same nature. As from 1 January 2014, tax loss carry-forwards can cover a maximum of 70% of the taxable profits for the current tax year.

Corporate income tax for foreign subsidiaries is calculated in accordance with the tax laws in force in those countries' requirements. The standard corporate tax rates in the foreign countries in which the Group operates in 2022 and 2021 are:

Country	Tarif %
Poland	19
Italy	24
Germany	15,825
Spain	19
Neverlands	25,8

Deferred taxes are calculated using the balance sheet liability method. Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period in which the asset is realised or the liability settled, taking into account tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are recognised in the statement of financial position to the extent that the Group's management expects them to be realised in the foreseeable future in accordance with forecasts of taxable profit. If it is probable that part of the deferred tax will not be realised, that part of the deferred tax is not recognised in the financial statements.

In Lithuania, tax profits and losses in LR may be transferred between Group companies. The corporate income tax law allows In Lithuania, tax profits and losses in LR may be transferred between Group companies. The Corporate Income Tax Law allows for both transfer of losses for consideration and non- consideration. Group companies seeking to transfer tax profits or losses must meet certain conditions:

- The parent entity in the group owns, directly or indirectly, at least 2/3 of the shares of each subsidiary participating in the tax loss transfer at the date of the tax loss transfer;
- the tax losses are transferred between entities within the Group that have been continuously within the Group for at least two years from the date of the transfer of the tax losses;
- the tax losses are transferred or assumed by the Group entity (-ies) which is (are) present in the Group from the date of its (their) registration and will be present in the Group continuously for at least two years from the date of its (their) registration.

3. Accounting policies (continued)

p. Revenue recognition

The Group recognises revenue in accordance with IFRS 15, i.e. the Group recognises revenue at the time and to the extent that the transfer of goods or services to customers reflects the amount of consideration that the Group expects to receive in exchange for those goods or services. In applying this Standard, the Group considers the terms of the contract and all relevant facts and circumstances. The Group recognises revenue using the 5-step model. For information on the accounting policies Group related to contracts with customers, see Note 18.

<u>Step 1 – Identify the contracts with the customer</u>

A contract is an agreement between two or more parties (depending on the terms and conditions of the sale/purchase) that creates enforceable rights and obligations. A contract to which IFRS 15 applies is recognised only if the following criteria are met:

- the parties have approved the contract (whether in writing, orally or otherwise in the ordinary course of business) and are committed to performing the obligations assumed by the contract,
- it is possible to identify the rights of each party to the goods and/or services to be transferred,
- it is possible to identify the terms of payment for the goods and/or services to be transferred,
- the contract is of a commercial nature, there is a likelihood of receiving consideration in exchange for the goods and/or services to be transferred to the customer,

Contracts with the customer may be merged or separated into several contracts, while maintaining the criteria of the previous contracts. Such a merger or separation shall be treated as a contract modification.

<u>Step 2 – Identify the performance obligations in the contracts</u>

The contract contains a promise to transfer goods and/or services to the customer. If the goods and/or services can be identified, the obligations are recognised separately. Each obligation is identified in one of the two ways:

- the good and/or service is distinct; or
- a series of distinct goods and/or services that are substantially the same and that have the same pattern of transferred to the customer.

<u>Step 3 - Setting the transaction price</u>

Under the newly applied IFRS 15, the transaction price may be: fixed, variable or a combination of both.

The transactions entered into by the Group use fixed prices for both continuing services and services performed at a point in time. The Company uses the following methods to calculate the selling price: the adjusted market valuation method and the expected cost and profit margin method. Similar transactions are valued in the same way.

<u>Step 4 - Allocate the transaction price to the operating liabilities</u>

The Group normally allocates a transaction price to each performance obligation based on the relative individual selling prices of each good or service committed to be transferred under the contract. If individual selling prices are not observable in the market, the entity makes an estimate.

<u>Step 5 – Recognise revenue when a performance obligation is satisfied by the Group</u>

The Group recognises revenue when it discharges a performance obligation by transferring the committed goods or services to a customer (i.e. when the customer obtains control of those goods or services). The amount of revenue recognised is equal to the amount attributable to the fulfilment of the performance obligation. A performance obligation may be settled at a point in time or over time.

Revenue from subcontracting of power plants is recognised over time using the percentage-of-completion method. The related costs are recognised in the statement of profit or loss and other comprehensive income as incurred. Advances received are included in contract liabilities. Revenue on sale of goods is recognised in accordance with INCOTERMS.

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group and the specific criteria for each type of revenue have been met as described below. The Company relies on historical performance, taking into account the type of customer, the type of transaction and the characteristics of each arrangement.

3. Accounting policies (continued)

Revenue is recognised at the fair value of the consideration received or receivable. Revenue is reduced by the estimated amounts of customer rebates, discounts and other similar provisions. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. Sales revenue is recognised net of VAT and discounts, including accrued expected discounts for the year.

q. Recognition of expenses

Expenses are recognised on an accrual and comparative basis in the period in which the related income is earned, irrespective of the timing of cash outflows. Where expenses incurred during the reporting period cannot be directly attributed to the generation of specific revenue and will not generate revenue in future periods, they are recognised as expenses during the period in which they are incurred.

The amount of the expense is generally measured at the amount of cash paid or payable, excluding VAT. In cases where there is a long settlement period and interest is not earned, the amount of the expense is estimated by discounting the settlement amount at the market interest rate.

r. Foreign currencies

Transactions denominated in foreign currencies are accounted for at the official exchange rate at the date of the transaction. Gains and losses arising from such transactions and from the revaluation of foreign currency denominated assets and liabilities at the statement of financial position date are recorded in the profit (loss) statement. Such balances are revalued at the closing exchange rate.

Subsidiaries are accounted for in their respective local currency, which is their functional currency. Balance sheet items in the financial statements of consolidated foreign subsidiaries are translated into euro using year-end exchange rates and profit (loss) statement items are translated at the average exchange rate for the period. Exchange differences arising on translation are taken directly to the statement of other comprehensive income. On realisation of the related investment, the cumulative translation reserve is transferred to profit (loss) for the period in the same period that the profit or loss on realisation of the investment is recognised.

Goodwill and fair value adjustments arising from the acquisition of a foreign subsidiary are recognised as net assets of the acquired company and are recorded at the exchange rate at the last day of the reporting period.

The following principal exchange rates were applied for the preparation of the statement of financial position at 31 December:

2022	2021
1 EUR = 4.6808 PLN	1 EUR = 4.5969 PLN

s. Impairment of assets

- Non-derivative financial assets

Financial instruments and contract assets

The Group recognises provisions for expected credit losses (ECL) on the following assets:
- financial assets measured at amortised cost;
- contract assets.

The Group calculates the provision for losses in an amount equal to the duration of the ECL, except for the following with an ECL of 12 months comprising:
- debt securities with low credit risk at the reporting date;
- and other debt securities and bank balances for which the credit risk (i.e. the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

3. Accounting policies (continued)

Provisions for losses on trade receivables and contract assets are always measured at an amount equal to the full duration of the ECL.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in assessing the ECL, the Group considers reasonable and supporting information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit judgement and forward-looking information.

The Group assumes that the credit risk of a financial asset increases significantly if it has a maturity of more than 90 days.

The Group considers a financial asset to be in default when it is more than 180 days past due.

The ECL duration is the ECL derived from all possible events of default over the expected life of the financial instrument.

The 12-month ECL is the portion of the ECL that arises from events of default that are probable within 12 months of the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

For the purpose of calculating the ECL, the maximum period of the ECL is the maximum contract period over which the Group is exposed to credit risk.

Measurement of the ECL

ECLs are credit losses measured on the basis of a probability-weighted estimate. Credit losses are measured as the present value of any cash shortfall (i.e. the difference between the entity's contractual cash flows and the cash flows that the Group expects to receive). ECLs are discounted using the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is considered to be "credit-impaired" if one or more events occur that adversely affect the future cash flows of the financial asset.

The Group assumes that the credit risk of a financial asset increases significantly if its Evidence of credit impairment includes the following observable data:
- significant financial difficulties of the lender or issuer;
- a breach of contract, such as a default or a settlement more than 90 days past due;
- restructuring of the Group's loan or prepayment on terms that the Group would not otherwise consider;
- the debtor is likely to enter bankruptcy or other financial restructuring; or
- the disappearance of an active market for the securities due to financial difficulties.

Presentation of a provision for ECL in the statement of financial position

Impairment losses on financial asset measured at amortised cost are deducted from the gross carrying amount of those assets.

Write-downs

The gross carrying amount of a financial asset is written down when the Group no longer has a reasonable expectation of recovering all or part of the financial asset. For individual and corporate customers, the Group makes an individual assessment of the timing and amount of write-downs based on whether there is a reasonable expectation of recovery. The Group does not expect to recover the amounts written off in a material way, but the written-off financial assets may still be recoverable through past due recovery procedures.

3. Accounting policies (continued)

- Non-derivative financial assets

The Group recognises an impairment loss, calculated as the difference between the asset's carrying amount and the present value of future cash flows discounted at the estimated interest rate, if it is probable that the Group will not be able to collect the receivables.

- Non-financial assets

The Company reviews the carrying amounts of non-financial assets (other than inventories and deferred tax assets) at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of that asset is calculated. For the purpose of impairment testing, assets that generate cash in the course of their continuous use and are largely independent of the cash inflows generated by other assets or groups of assets (cash-generating units) are grouped into the smallest group.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset. The value in use of an asset is calculated by discounting the future cash flows to their present value using a pre-tax discount rate that reflects realistic market assumptions about the time value of money and the risks associated with that asset. An impairment is recorded when the residual value of an asset or cash-generating unit exceeds its estimated recoverable amount.

t. Use of estimates in preparing financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Significant areas of estimation in these financial statements include property, plant and equipment (Note 4); intangible assets (Note 5); long and short-term loans granted (Note 6); impairment of trade and other receivables (Note 7); write-down of inventories (Note 8); depreciation and amortisation (Notes 4, 5); and valuation of contractual assets. Future events may change the assumptions used in making the estimates. The result of such changes in estimates will be accounted for in the financial statements when determined.

In the opinion of management, at the date of these financial statements, there was no significant risk that the carrying amounts of assets and liabilities would have to be materially adjusted in future periods as a result of a change in management's assumptions and accounting estimates.

u. Contingencies

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements unless the probability of loss of economic benefits is remote.

Contingent assets are not recognised in the financial statements, but are described in the financial statements when it is probable that income or economic benefits will flow.

v. Events after the end of the financial year

Events after the date of preparation of the financial statements that provide additional information about the Group's position at the last day of the reporting period (adjusting events) are reflected in the financial statements. Events after the date of preparation of the financial statements that are not adjusting events are described in the Notes when material.

3. Accounting policies (continued)

w. Related parties

Related party is a legal and/or natural person who meets at least one of the following conditions:

- directly or indirectly exercises a determining influence over the undertaking;
- is in a position to exercise significant influence over the undertaking;
- jointly controls the subject matter of the joint operating agreement;
- is an undertaking over which the same parent undertaking or the same natural person (a group of natural persons) has a decisive influence;
- is an associate or subsidiary;
- is an undertaking controlled under a joint operating agreement;
- is one of the directors of the undertaking or the parent undertaking;
- is a close family member of one of the persons referred to in points a), b), c) or g);
- is an undertaking which is significantly influenced, jointly controlled or potentially significantly influenced by any of the persons referred to in points (g) or (h);
- is an undertaking which accumulates and pays pensions and other post-employment benefits to the employees of the undertaking or of a related legal person

x. Offsets

Assets and liabilities and income and expenses are not offset in the preparation of financial statements unless a separate International Financial Reporting Standard requires or permits such offsetting.

(in EUR thousand, unless otherwise specified)

4. Property, plant and equipment and investment property

The Group's property, plant and equipment comprised:

	Land	Buildings	Machinery and equipment	Vehicles	Other fixtures, fittings and tools	Advances paid and constructi on in progress	Total
Acquisition cost							
1 January 2021	**15**	**559**	**13**	**–**	**94**	**1 154**	**1 835**
Recognition of the right-of-use asset		179		195			374
Acquisitions of subsidiaries (+)						–	–
Acquisitions of assets (+)	77	–	–	25	62	10 104	10 268
Disposals of subsidiaries (-)	–	–	–	–	(23)	(8 268)	(8 292)
Effect of exchange rates (+ / -)	–	–	–	–	–	39	39
Disposals and write-offs (-)	–	–	–	–	–	(178)	(178)
Transfers to assets held for sale (-)	–	–	–	–	–	–	–
Reclassifications (+ / -)	–	–	–	–	–	(1 576)	(1 576)
31 December 2021	**92**	**738**	**13**	**220**	**133**	**1 275**	**2 471**
Recognition of the right-of-use asset	–	-	–	–	–	–	-
Acquisitions of subsidiaries (+)	–	–	–	–	–	–	–
Acquisitions of assets (+)	–	–	4	–	31	1 017	1 052
Disposals of subsidiaries (-)	(92)	–	–	–	–	(138)	(230)
Effect of exchange rates (+ / -)	–	–	–	–	–	212	212
Disposals and write-offs (-)	–	–	–	–	–	(70)	(70)
Transfers to assets held for sale (-)	–	–	–	–	–	–	–
Reclassifications (+ / -)	–	–	–	–	–	–	–
31 December 2022	**–**	**738**	**17**	**220**	**164**	**2 296**	**3 435**
Accumulated depreciation							
1 January 2021	**–**	**178**	**13**	**–**	**49**	**–**	**240**
Recognition of the right-of-use asset	–	148	–	48	–	–	196
Acquisitions of subsidiaries (+)	–	–	–	–	–	–	–
Depreciation over the period (+)	–	10	–	2	30	–	42
Disposals of subsidiaries (-)	–	–	–	–	(10)	–	(10)
Effect of exchange rates (+ / -)	–	–	–	–	–	–	–
Disposals and write-offs (-)	–	–	–	–	–	–	–
Transfers to assets held for sale (-)	–	–	–	–	–	–	–
Reclassifications (+ / -)	–	–	–	–	–	–	–
31 December 2021	**–**	**336**	**13**	**50**	**69**	**–**	**468**
Recognition of the right-of-use asset	–	–	–	–	–	–	–
Acquisitions of subsidiaries (+)	–	–	–	–	–	–	–
Depreciation over the period (+)	–	147	1	56	39	–	243
Disposals of subsidiaries (-)	–	–	–	–	–	–	–
Effect of exchange rates (+ / -)	–	–	–	–	–	–	–
Disposals and write-offs (-)	–	–	–	–	–	–	–
Transfers to assets held for sale (-)	–	–	–	–	–	–	–
Reclassifications (+ / -)	–	–	–	–	–	–	–
31 December 2022	**–**	**483**	**14**	**106**	**108**	**–**	**711**
Change in value							
1 January 2021	-	-	-	-	-	-	-
31 December 201	-	-	-	-	-	-	-
Change in year (+/-)	-	-	-	-	-	-	-
31 December 2022	-	-	-	-	-	-	-
Residual value:							
1 January 2021	15	381	–	–	45	1 154	1 595
31 December 2021	92	402	–	170	64	1 275	2 003
31 December 2022	–	255	3	114	56	2 296	2 724

Amortization of the Group's intangible assets and depreciation of property, plant and equipment were charged to the profit (loss) and other comprehensive income statement under administrative expenses (Note 22) in the amount of EUR 263 thousand (2021: EUR 253 thousand).

(in EUR thousand, unless otherwise specified)

Cost of acquisition of property, plant and equipment that is fully depreciated but still used in the Group's operations:

	31 December	
	2022	2021
Buildings	–	–
Machinery and equipment	12	13
Vehicles	–	–
Other fixtures, fittings and tools	–	–
Total	12	13

The residual value of property, plant and equipment acquired under lease was (Note 13):

	31 December	
	2022	2021
Buildings	177	313
Machinery and equipment	–	–
Vehicles	96	170
Other fixtures, fittings and tools	–	–
Total	273	483

In 2022 and 2021, there was no property, plant and equipment leased to third parties (operating leases).

During 2022 there was no interest capitalised by the Group (was EUR 37 thousand in 2021).

As at 31 December 2022 and 2021, there was no impairment of property, plant and equipment.

(in EUR thousand, unless otherwise specified)

5. Intangible assets

The Group's intangible assets consisted of:

	Goodwil	Software	Concessions, trademarks and similar rights	Other intangible assets	Advances paid	Total
Acquisition cost						
1 January 2021	–	24	–	5 081	–	5 105
Acquisitions of subsidiaries (+)	–	–	–	–	–	–
Acquisitions of assets (+)	–	500	–	6 624	–	7124
Disposals of subsidiaries (-)	–	(18)	–	–	–	(18)
31 December 2021[7]	–	507	–	11 705	–	12 212
Acquisitions of subsidiaries (+)	7 652	–	–	–	–	7 652
Acquisitions of assets (+)	–	–	–	7	–	7
Disposals of subsidiaries (-)	–	(500)	–	–	–	(500)
31 December 2022	7 652	7	–	22 834	–	30 493
Accumulated depreciation						
1 January 2021	–	5	–	2	–	7
Acquisitions of subsidiaries (+)	–	–	–	–	–	–
Depreciation over the period (+)	–	5	–	11	–	16
Disposals of subsidiaries (-)	–	(7)	–	–	–	(7)
31 December 2021	–	3	–	13	–	16
Acquisitions of subsidiaries (+)	–	–	–	–	–	–
Depreciation over the period (+)	–	3	–	16	–	19
31 December 2022	–	7	–	29	–	35
Residual value						
1 January 2021	–	19	–	5 079	–	5 098
31 December 2021	–	504	–	11 692	–	12 196
31 December 2022	7 652	–	–	22 806	–	30 458

As at 31 December 2022 and 2021, the Group did not have any intangible assets the control of which was restricted by law or certain contracts or any intangible assets that were pledged.

There were no intangible fixed assets that were fully amortised but still used in the Group's operations in 2022 and 2021.

The amortisation of the Group's intangible fixed assets has been charged to the statement of profit or loss and other comprehensive income under administrative expenses (Note 22).

In each financial year, or more frequently, if there are signs of impairment, goodwill is reviewed to see if it needs to be accounted for impairment. Goodwill acquired in a business combination is attributed to groups of cash-generating units at the level at which management monitors that goodwill. In the 2022 impairment tests, no impairment of goodwill was recognised.

[7] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38

(in EUR thousand, unless otherwise specified)

6. Loans granted and term deposits

The Group's long-term loans and term deposits consisted of:

	31 December	
	2022	2021
Loans to related parties (Note 28)	495	95
Accrued interest receivable from related parties (Note 28)	19	2
Loans to other entities	–	–
Accrued interest receivable from other entities	–	–
Less: short-term portion of loans	–	–
Less: impairment	–	–
Long-term deposits and accrued interest receivable	–	–
Total	514	97

The Group's short-term loans and term deposits consisted of:

	31 December	
	2022	2021
Loans to related parties (Note 28)	60	71
Accrued interest receivable from related parties (Note 28)	–	15
Loans to other entities	–	9
Accrued interest receivable from other entities		–
Less: value impairment	–	–
Short-term deposits and accrued interest receivable	–	–
Total	60	95

As at 31 December 2022 and 2021, loans of the Group were granted to the directly and indirectly controlled subsidiaries and related parties of shareholders.

Changes in the Group's loans and term deposits during the year were as follows:

	2022	2021
Balance of loans granted and term deposits at the beginning of the period	**191**	**338**
Loans granted	1 099	673
Loans repaid	(845)	(829)
Accrued interest on loans	129	9
Interest received	–	-
Accumulated impairment	–	–
Term deposits	–	–
Redeemed term deposits	–	–
Balance of loans granted and term deposits at the end of the period	**574**	**191**

Loans granted and fixed-term deposits denominated in euro, except as follows:

Loans are subject to fixed interest rates from 2.5 % and 10.00 % set under market conditions.

(in EUR thousand, unless otherwise specified)

7. Trader and other receivables

Trade and other receivables of the Group consisted of:

	31 December 2022	31 December 2021
Trade receivables	192	1 011
Receivables from related parties (Note 28)	697	352
	889	1 363
Less: impairment allowance for receivables	–	–
Less: impairment allowance for receivables from related parties (Note 28)	–	–
Trade receivables (net)	**889**	**1 363**
Receivable VAT	620	692
Overpayments of other taxes and prepaid taxes	–	–
Collaterals and other receivables	350	333
	970	1 026
Less: non-current finance lease receivables	–	–
Less: other non-current receivables	–	–
Other receivables (net)	970	**1 025**
Total	1 859	2 388

There was no impairment of the trade receivables of the Group over the year.

The aging of the Group's trade receivables from third parties, net of impairment, was as follows:

	31 December 2022	31 December 2021
Amounts not overdue	30	642
Overdue for up to 1 month	5	287
Overdue from 1 to 3 months	127	66
Overdue from 3 to 6 months	3	15
Overdue from 6 to 12 months	26	–
Overdue more than 12 months	1	1
Total	192	1 011

The aging of the Group's trade receivables from related parties, before impairment, was as follows:

	31 December 2022	31 December 2021
Amounts not overdue	296	34
Overdue up to 1 month	90	39
Overdue from 1 to 3 months	196	9
Overdue from 3 to 6 months	–	61
Overdue from 6 to 12 months	103	34
Overdue more than 12 months	11	175
Total	697	352

For trade and other receivables that are not past due and for which no impairment has been recognised, at the statement of financial position date, management believes that there was no indication that the debtors would be unable to meet their payment obligations.

No impairment loss is recognised for trade receivables overdue more than 12 months if the debt has been recovered by the date of signing these consolidated financial statements.

(in EUR thousand, unless otherwise specified)

8. Inventories

Inventories of the Group consisted of:

	31 December	
	2022	2021
	1 499	789
Goods purchased for resale	–	–
Raw materials and components	–	8 026
Unfinished products and work in progress	1 499	8 815
Less: write-down to net realisable value	–	–
Total	**1 499**	**8 815**

As at 31 December 2022 and 2021, there was no pipeline inventory.

As at 31 December 2022 and 31 December 2021, all goods for resale were stored in warehouses owned by third parties

In 2022, inventories amounting to EUR 11 299 thousand (2021: EUR 12 733 thousand) were recognised as expenses incurred during the year and were included in the cost of sales.

9. Other investments

The Group's other non-current investments consisted of:

- Investments in associates accounted for using the equity method:

	31 December	
	2022	2021
Onice Solar, S.L.	–	3
Other investments	–	–
Total	**–**	**3**

Changes in the Group's investments in associates accounted for using the equity method during the year were as follows:

	2022	2021
Group investments in associates at the beginning of the period	**3**	**34**
Investments acquired during the period	–	(31)
Increase (decrease) due to share of net profit (loss)	(3)	–
Group investments in associates at the end of the period	**–**	**3**

Increase (decrease) of the Group's investments in associates due to net profit (loss) is recorded in the profit (loss) and other comprehensive income statement under share of profit of associates and jointly controlled entities.

Information on associates is disclosed in the general information section of the consolidated explanatory Notes.

- Non-equity securities:

Investments in shares:	31 December	
	2022	2021
Galway Investment sp. z o.o.	–	0,5
Total	**–**	**0,5**

(in EUR thousand, unless otherwise specified)

10. Prepayments, deferred costs and accrued income

The Group's prepayments, deferred costs and accrued income consisted of:

	31 December	
	2022	2021
Prepayments	1 883	2 638
Prepayments to related parties (Note 28)	524	–
Accrued income	-	–
Deferred costs	101	101
Total	2 508	2 739

11. Cash and cash equivalents

The cash and cash equivalents of the Group consisted of:

	31 December	
	2022	2021
Cash at bank	3 170	664
Cash in hand	2	2
Cash in transit	1	1
Total	3 173	667

Cash and cash equivalents are denominated in the following currencies:

	31 December	
	2022	2021
EUR	2 154	157
PLN	1 019	510
Total	3 173	667

The Group has measured cash and cash equivalents as at 31 December 2022 and 31 December 2021, as required by IFRS 9, and no material impairment has been identified – the carrying amount of the Group's cash and cash equivalents approximates their fair value.

12. Equity

Authorised capital

As at 31 December 2022, the Company's authorised capital consisted of 10 063 600 ordinary shares of EUR 0.1 nominal value of one share.

All shares are fully paid up.

In 2022 and 2021, the Group did not acquire or dispose its own shares.

Legal reserve

Legal reserve is a mandatory reserve required by laws of the Republic of Lithuania. At least 5% of net distributable profit is transferred to it each year until the legal reserve reaches 10 % of the share capital. It may be used solely to cover future losses.

Profit distribution plan

As at the date of approval of these consolidated financial statements, no profit distribution plan has been prepared.

(in EUR thousand, unless otherwise specified)

13. Bank loans and lease liabilities

Bank loans and lease liabilities of the Group consisted of:

		31 December 2022			
Borrower	Lender	Short-term part	Long-term part	Total	Interest rate
Eternia Solar LT, UAB	AS Citadele banka Lithuanian Branch	3 724	–	3 724	6 mėn. EURIBOR +marža
Lease liabilities	n/a	231	96	327	n.a.
Total		3 955	96	4 051	

		31 December 2021			
Borrower	Lender	Short-term part	Long-term part	Total	Interest rate
Eternia Solar LT, UAB	AS Citadele banka Lithuanian Branch	2 228	–	2 228	6 mėn. EURIBOR +marža
Lease liabilities	n/a	264	235	498	n.a.
Total		2 492	235	2 726	

Maturities of the Group's long-term bank loans and lease liabilities were as follows:

	31 December	
	2022	2021
In the second – fifth years	96	235
After five years	–	–
Total	96	235

The Group's long-term and short-term bank loans and lease liabilities are denominated in EUR.

Changes in the Group's bank loans and lease liabilities during the year were as follows:

	2022	2021
Balance of bank loans and lease liabilities at the beginning of the period	**2 727**	**332**
Loans received	12 306	2 228
Increase in lease liabilities	80	374
Loans repaid	(10 810)	–
Lease payments	(264)	(207)
Interest calculated	261	10
Interest paid	(249)	(10)
Transaction costs	-	–
Amortisation of transaction costs	-	–
Effect of currency exchange rates	-	–
Increase in liabilities arising from derivative financial instruments	-	–
Balance of bank loans and lease liabilities at the end of the period	**4 051**	**2 727**

14. Other financial debts

	31 December	
	2022	2021
Long-term loans and accrued interest payable to related parties (Note 28)	–	–
Debts under non-equity securities and accrued interest payable to related parties (Note 28)	–	–
Long-term loans and accrued interest payable to other entities	24 466	231
Debts under non-equity securities and accrued interest payable	–	–
Other financial debts	–	–
Total non- current part	24 466	231
Debts under non-equity securities and accrued interest payable	–	–
Short-term loans and accrued interest payable to related parties (Note 28)	–	16

(in EUR thousand, unless otherwise specified)

Short-term loans and accrued interest payable to other entities	3 621	10 558
Debts under non-equity securities and accrued interest payable to related parties (Note 28)	–	–
Other financial debts	–	270
Total current part	3 621	10 844
Total	28 087	11 075

Changes in other financial debts of the Group during the year were as follows:

	2022	2021
Balance of other financial debts at the beginning of the period	**11 075**	**8 531**
Bonds issued	–	–
Bonds redeemed	–	–
Loans received	39 328	21 938
Loans repaid	(22 317)	(19 665)
Interest calculated	1 324	(1 056)
Interest paid	(1 324)	1 056
Disposal of subsidiaries	–	–
Change in other financial liabilities	–	271
Balance of other financial debts at the end of the period	**28 087**	**11 075**

As of 31 December 2022, 2021, financial debts of the Group were denominated in euro. Loans from related parties are subject to fixed interest rates set under market conditions.

As of 31 December 2022, 2021, the loans were subject to variable interest rates depending on EURIBOR of different maturities plus margins reflecting market conditions.

On 31 December 2022, trade and other receivables amounting to EUR 1 242 thousand (on 31 December 2021 – 968 thousand) were pledged to credit institutions to secure the repayment of loans. The pledge expires in April 2026 (Note 7).

As of 31 December 2022, inventories with a carrying amount of EUR 1 468 thousand (on 31 December 2021 – 756 thousand) were pledged to credit institutions to secure the repayment of loans. The pledge expires in April 2026 (Note 8).

As of 31 December 2022, cash and cash equivalents with a carrying amount of EUR 1 880 thousand (at 31 December 2021 – 116 thousand) were pledged to credit institutions to secure the repayment of loans. The pledge expires in April 2024 (Note 11).

As of 31 December 2022, shares in subsidiaries with a value of EUR 17 693 thousand (at 31 December 2021 – 2,600 thousand) were pledged to credit institutions to secure the repayment of loans. The pledge expires in May 2025.

14.1 Deferred income tax liabilities

As of 31 December deferred tax assets/(liabilities) comprised:

	2022	**2021**
Deferred tax assets		
Holiday Reserve	-	-
Unrealized tax losses	196	-
Impairment of receivables		
Total deferred tax assets	196	-

Subtract: Decrease after evaluation

(in EUR thousand, unless otherwise specified)

	2022	2021
Deferred tax liability		
Revalued fixed assets		
Differences between financial and tax depreciation of long-term tangible assets		
Accumulation of future income	772	-
Total deferred tax liability	772	-
Net deferred tax liability	**576**	**-**

15. Prepayments received, accrued liabilities and deferred income

Prepayments received, accrued liabilities and deferred income of the Group were as follows:

	31 December	
	2022	2021
Accrued expenses	144	347
Prepayments received	826	1 156
Prepayments received from related parties (Note 28)	569	–
Deferred income	-	–
Total	1 538	1 503

16. Employment related liabilities

	31 December	
	2022	2021
Vacation reserve	153	92
Accrued annual bonuses	-	174
Payable remuneration	160	250
Payable taxes related to remuneration	200	178
Other employment related liabilities	164	3
Total	677	697

17. Trade, other payables and current liabilities

	31 December	
	2022	2021
Trade payables	1 299	3 506
Payable VAT	–	192
Trade payables to related parties (Note 28)	–	511
Other taxes payable (excl. corporate income tax)	97	145
Other payables	-	10
Total	1 396	4 364

The above mentioned trade and other payables and current liabilities are interest-free and normally have a payment period of up to 60 days.

(in EUR thousand, unless otherwise specified)

18. Revenue

The following table presents revenue from contracts with customers by primary geographic market, major product and service lines and timing of revenue recognition.

For the year ended 31 December, the Group's revenue was as follows:

	2022	2021
Primary geographic markets		
Lithuania	11 670	14 236
Poland	11 605	13 206
Cyprus	274	1 063
Other countries	5	2
Total	23 554	28 507

	2022	2021
Main product and service lines		
Revenue from contracting of power plants[8]	21 482	15 910
Revenue from the sale of equipment	1 755	12 596
Other	317	-
Total	23 554	28 507

	2022	2021
Timing of revenue recognition		
Transfer of risks and rewards at a specific point in time	10 141	1 228
Transfer of risks and rewards over the period[9]	13 413	27 279
Total	23 554	28 507

Contract assets and contract liabilities

The following table provides information on receivables, contract assets and contract liabilities under contracts with customers.

	31 December	
	2022	2021
Contract assets[9]	2 261	2 654
Contract liabilities	161	246

Contract assets relate primarily to the Group's rights to consideration for subcontracted work performed but not taxed as of 31 December. No impairment was identified in respect of the contract assets during the period ended 31 December 2021 and 2021. Contract assets are transferred to receivables when rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities relate to prepayments received from customers for subcontracted work for which income is recognised during the period.

[8] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, the articles of "Revenue" – 10 492,5 thousand Eur, and "Cost of sales" – 8 750,30 thou Eur, "Contractual assets"- 1,742 thousand EUR in accordance with the 15th IFRS.

[9] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, 1,742 thousand EUR, the articles of "Net profit" and "Contractual assets" in accordance with the 15th IFRS.

(in EUR thousand, unless otherwise specified)

Operating liabilities and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control of the good or service to the customer.

The following table provides information about the nature and timing of performance obligations under contracts with customers, including significant payment terms and revenue recognition policies.

Product / service type	The nature and timing of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Power plant subcontracting revenue	The Group projects and constructs solar power plants for customers. Each project starts after the signing of a contract and according to the time limits of construction phases set out in the contract. The duration of the project depends on the complexity of the project, but usually does not take more than one year. During construction, the customer has control over all work in progress and if the customer terminates the contract, the Group is entitled to reimbursement of costs incurred until the point of termination, including the agreed margin. Invoices are issued under the contractual terms and conditions are generally due within 30 days of issue.	Revenue is recognized over the period using the cost method. The related expenses are recognized when incurred. Advances received are included in contractual obligations. The Group's rights to consideration for subcontracted work performed but not invoiced at 31 December are included in contract assets.
Other revenue	The Group provides other services (management, etc.) and sells other goods (raw materials, etc.). Invoices are issued under the contractual terms and conditions are generally due immediately or within 30 days.	Revenue is recognized when the service is actually rendered or, in the case of sales of goods, when the customer takes over all risks and rewards.

19. Cost of sales

For the year ended 31 December, the Group's cost of sales comprised the following:

	2022	2021
Contracting costs	851	1 350
Installation works	1 006	5 774
Logistics and warehousing services	352	258
Solar modules, inverters and other solar power plant components	19 979	10 950
Other construction costs	782	1 611
Total	22 970	43

(in EUR thousand, unless otherwise specified)

20. Other activity result

	2022	2021
OTHER ACTIVITY INCOME	–	–
Profit on disposal of non-current assets	–	–
Fines received and compensation for damages	–	–
Revenue from resold services	14	–
Income from the sale of inventories	–	–
Other income	156	54
	170	54
OTHER ACTIVITY EXPENSES		
Loss on disposal of non-current assets	–	–
Cost of resold services	(64)	–
Other expenses	(123)	(21)
	(187)	(21)
Other activity results	(17)	33

21. Selling expenses

	2022	2021
Advertising and marketing expenses	71	181
Other selling expenses	–	128
Total	71	309

22. Administrative expenses

For the year ended 31 December, administrative expenses[10] consisted of the following.

[10] The comparative figures noted have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38.

(in EUR thousand, unless otherwise specified)

	2022	2021
Payroll and related expenses	1 499	1 104
Accounting and audit services	105	162
Legal and consulting fees	183	119
Short-term lease of premises	52	5
Facilities operation, equipment repair and maintenance	48	16
Training and other staff-related costs	46	19
Car rental and maintenance	158	106
Business travel costs	60	262
IS rental and support costs	211	91
Operating fees	34	40
Advertising and representation expenses	22	3
Depreciation and amortization	224	195
Bank charges	42	12
Communications services	13	14
Asset impairment charges	-	-
Support	14	16
Insurance	15	24
Other administrative expenses	90	17
Total	2 816	2 205

23. Gain on disposal of investments in subsidiaries

Gain on disposal of investments in subsidiaries

2022 the Group disposed its investment in subsidiary Saulės Bendruomenė LT, UAB, UAB "Siginvesticijos PL2", SIG LT holding 1, UAB, SIG Land LT, UAB.

The disposal is not considered to be a discontinuation of operations because the activities in which the sold entity was engaged are continuing or the entity disposed did not constitute a significant separate operating segment.

The table below is presented for the sale transaction (the values at the date of sale and at the date of the carrying amounts, and the carrying amounts were not materially different from the fair values):

Item / entity	Saulės bendruomenė LT, UAB	UAB "Siginvesticijos PL2"	SIG LT holding 1, UAB	SIG Land LT, UAB	**Total**
Non-current assets					
Property, plant and equipment	150	80	–	–	230
Intangible assets	417	–	–	–	417
Deferred income tax assets	–	–	–	–	–
Long-term loans granted and long-term deposits	318	321	–	–	639
Trade and other receivables	32	1	–	–	33
Other investments	–	–	25	–	25
Total non-current assets	**917**	**402**	**25**	**–**	**1 344**
Current assets					
Short-term loans granted and long-term deposits	–	47	–	–	47
Trade and other receivables	75	–	–	–	75
Prepayments, deferred expenses and accrued income	606	137	–	–	743
Total current assets	**681**	**184**	**–**	**–**	**865**
Total assets	**1 598**	**586**	**25**	**–**	**2 209**
Non-current liabilities					

Other financial debts	–	–	(23)	–	(23)
Total non-current liabilities	**–**	**–**	**(23)**	**–**	**(23)**
Current liabilities					
Prepayments received, accrued liabilities and deferred income	(1 727)	(731)	–	–	(2 458)
Employment related liabilities	(1)	–	–	–	(1)
Trade, other payables and current liabilities	(1 009)	(23)	–	–	(1 032)
Total current liabilities	**(2 737)**	**(754)**	**–**	**–**	**(3 491)**
Total liabilities	**(2 737)**	**(754)**	**(23)**	**–**	**(3 514)**
Net assets at the time of disposal	**(1 139)**	**(168)**	**2**	**–**	**(1 305)**
Disposed share capital, %	100	100	100	100	
Selling price	3	3	3	2	11
Cash and cash equivalents	547	125	–	2	674
Cash flows from disposals	**550**	**128**	**3**	**4**	**685**
Gain on disposal of investment in subsidiary	595	46	1	–	642

Entity	**Date of disposal**
Saulės bendruomenė LT, UAB	2022-09-12
UAB "Siginvesticijos PL2"	2022-09-12
SIG LT holding 1, UAB	2022-09-01
SIG Land LT, UAB	2022-09-01

24. Finance income and expenses

For the year ended 31 December, finance income (expenses) comprised the following:

	2022	2021
Gain from currency exchange rates		
Positive exchange income	–	–
Interest and other related income	129	8
Penalties and fines	3	–
Dividends received	–	–
Other income from financing and investing activities	78	80
	210	88
FINANCE EXPENSES		
Currency exchange loss	(75)	(89)
Interest and other related expenses	(540)	(1 066)
Penalties and fines	3	(20)
Other expenses from financing and investing activities		(4)
	(612)	(1 179)
Result from financing activities	(403)	(1 091)

25. Income tax

(in EUR thousand, unless otherwise specified)

2022 and 2021 income tax for the Group and its Lithuanian subsidiaries is calculated using 15 % corporate income tax rate on the estimated taxable profit for the period. In other countries, corporate income tax is calculated using the corporate income tax rates applicable in those countries.

As of 31 December, the Group's income tax expenses (benefit) recognised in the profit (loss) statement was as follows:

	2022	2021
Income tax expenses for the reporting year	210	340
Income tax adjustments for previous reporting periods	–	(7)
Deferred income tax expenses (income)	–	–
Income tax expenses (income) recognised in statement of profit or loss and other comprehensive income	210	333

26. Contingent liabilities

During 2022 and 2021, the Group was not involved in any material legal proceedings that, in the opinion of management, could have a material effect on the consolidated financial position of the Group.

The tax authorities have not performed a full tax audit of the Group. The tax authorities may at any time examine the accounting, transactional and other documents, records and tax returns of the Group for the current and 3 preceding calendar years and, in certain cases, for the current and 5 or 10 preceding calendar years and assess additional taxes and penalties. The management of the Group has no information on any circumstances that could give rise to a potential material liability for unpaid taxes.

The Group has not issued any guarantees / sureties.

In 2022, some of the Group companies did not comply with the requirement of the Law on Companies that the equity capital of a company must be at least ½ of its authorised capital. As at 31 December 2021, this requirement was not fulfilled by the following companies: UAB Astroinvesticijos PL, UAB Siginvesticijos PL2, Sun Investment Services, UAB.

On 24 February 2022, the Russian Federation invaded the Republic of Ukraine. Shortly after the invasion, the EU and the rest of the world, including global institutions, imposed a wide-ranging set of restrictive measures on Russia, which are constantly being updated and expanded. This non-adjusting post-acquisition event did not affect the accounting estimates and assumptions as at 31 December 2022. The restrictive measures taken up to the date of approval of these financial statements did not have a material impact on the Group's results, and at the date of the financial statements, no operations have been suspended and the Group has not incurred any significant direct losses related to the restrictive measures.

27. Financial instruments – fair value and risk management

The main financial liabilities of the Group consist of loans, finance lease, other financial debts, trade and other payables. The primary purpose of these financial liabilities is to increase the funding of the Group's operations and to provide liquidity.

The Group classifies all financial liabilities into three categories:

- bank loans and lease liabilities (Note 13);
- other financial debts (Note 14);
- trade, other payables and current liabilities (Note 17).

The Group has different financial assets: trade and other receivables, loans granted, short-term investments and cash. The Group classifies financial assets into three categories:

- cash and cash equivalents (Note 11);
- other investments (Note 9);
- trade, other receivables and loans granted stated at amortised cost (Notes 7 and 6 respectively).

<u>Fair value</u>

As at 31 December 2022 and 2021, the Group had no significant financial instruments that were carried at fair value in the statement of financial position, except for the investments into shares and investment units (Note 9).

The main financial assets and liabilities of the Group that are not reflected at fair value are trade and other receivables (including loans granted), long-term and short-term trade and other debts.

As at 31 December 2022 and 2021, the fair value of financial assets and liabilities of the Group was close to their carrying amounts.

The methods and assumptions used in determining the fair values are described below:

1. The carrying amounts of current trade and other receivables, current trade and other payables and short-term borrowings approximate their fair values due to the short-term maturity of the instruments.
2. The fair value of long-term debt and long-term receivables is determined by reference to the market price of the same or a similar loan or the interest rate then prevailing for debts of the same maturity. The fair value of long-term liabilities and receivables with variable interest approximates their carrying amount;
3. The fair value of investments in shares and units is determined by reference to valuations made by independent external valuators.

The main risks arising from financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group is also exposed to capital management and inventory risks. The risks are identified and described below.

Credit risk

The credit risk of the Group mainly relates to receivables (including loans) and arises from the possible default of counterparties. In the statement of financial position, receivables are presented net of doubtful receivables, which are estimated by the Group based on historical experience and the current economic environment. The credit risk related to cash is limited as the Group transacts with banks with high credit ratings from foreign agencies.

The maximum amount of credit risk is equal to the carrying amount of receivables, contract assets, loans granted and cash and cash equivalents.

The credit risk of the Group is assessed separately by Group companies. Receivable balances and past due receivables of Group companies are monitored on a monthly basis.

The Group's concentration of credit risk related to trade receivables is insignificant. The Group does not have any significant transactions that are outside the country in which the relevant Group entity operates.

The analysis of outstanding and overdue receivables and loans as at 31 December 2022 and 2021 and impairment recognised is presented in Notes 7 and 6.

Assessment of expected credit losses

Trade and other receivables

Trade receivables do not have a significant financing component. The Group's credit terms for sales are 30 days from receipt of invoice.

Following the impairment loss analysis as at 31 December 2022 and 2021, the Group has determined that there are no significant impairment losses other than those recorded.

Loans granted

The Group uses an individual valuation model to determine the expected loss on granted loans.

The analysis did not reveal any significant expected credit losses.

As at 31 December 2022 and 2021, there were no indications that receivables for which no impairment had been recorded may not be recoverable.

Interest rate risk

The Group is exposed to interest rate risk on bank loans and other financial debts with variable interest rates.

Liquidity risk

The objective of short-term liquidity risk management is to regulate the daily need for funds. Each Group company independently plans its internal cash flows. The Group's short-term liquidity is monitored on a daily basis by checking cash and cash equivalent balances and the need.

Long-term liquidity risk is controlled by analysing the expected future cash flows in relation to possible sources of funding. The ability of the Group to raise the necessary funds and the impact of the investment on the Group liquidity are assessed before a new investment project is approved.

(in EUR thousand, unless otherwise specified)

Foreign currency risk

The financial position of the Group may be affected by changes in exchange rates as a result of its operations.

The Group is exposed to foreign exchange risk when sales, purchases and financial debts are denominated in currencies other than euro.

Capital management

The Group manages its capital to ensure that it is sufficient to support the Group's operations. The management of the undertakings controls that the companies comply with the capital requirements prescribed by legal acts and loan agreements and report to the management of the Group.

In 2022 and 2021, the capital management policy or process did not change.

The Republic of Lithuania Law on Companies requires that the equity capital of an individual company must be at least 50 % of its share capital. In 2022 and 2021, the Group's equity capital complied with the legal requirements.

Raw materials' price risk

Some companies of the Group are exposed to the risk of fluctuations in the prices of raw materials, which are dependent on prices on international markets. The management of the Group believes that this risk is managed by entering into long-term and short-term contracts with suppliers of raw materials.

28. Related party transactions

Remuneration and related taxes of the Group's key management personnel:

	2022	2021
Employment related amounts calculated during the year:		
Key remuneration and related taxes	717	680
Number of key management personnel	8	6

During 2022 and 2021, the main transactions with related parties undertaken by Group companies were obtaining loans from related parties, granting loans to Group companies and supplying goods.

The related parties of the Group are:

a. Ultimate beneficial owner (shareholder) – D. Varabauskas
b. Parent company – Sun Investment Group S.a.r.l.
c. Group companies – companies of Investment Group S.a.r.l. group;
d. Associated entities – the list of companies is given in the General Information part of the explanatory Notes;
e. Other related entities – other undertakings controlled by Sun Investment Group S.a.r.l. shareholder, his family members and the management of the Group.

The table below shows the transactions with related parties during the period ended 31 December 2022:

Related party	Receivables (including loans granted)	Payables (including loans received)	Sales of goods and services (including interest)	Purchases of goods and services (including interest)
Ultimate beneficial owner	60	108	4	–
Parent company	–	–	–	–
Group companies	1 030	(567)	102	(2)
Associated entities	–	–	–	–
Other related entities	674	(7)	2 066	(1 764)
Total	1 764	(466)	2 172	(1 766)

The table below reflects transactions with related companies during the period ended 31 December 2021:

(in EUR thousand, unless otherwise specified)

Related party	Receivables (including loans granted)	Payables (includin g loans received)	Sales of goods and services (including interest)	Purchases of goods and services (including interest)
Ultimate beneficial owner	86	–	7	–
Parent company	1	–	–	–
Group companies	532	(570)	11	–
Associated entities	–	–	–	–
Other related entities	–	–	–	–
Total	619	(570)	18	–

29. Events after the end of the financial year

In 2023 Sun Investment group (as a partially managing legal entity) established additional project company SUN Investment Germany PO GmbH & Co. KG

IN 2023m. Sun Investment Group, UAB parent company Eternia Solar DE renamed to Sun Investment Development DE.

There have been no post-financial year-end events, other than those referred to above, that have occurred after the end of the financial year and before the date of approval of these financial statements that have an impact on these financial statements or that require additional disclosure.