Annual Report 2021
PNE AG

ENERGY WITH PERSPECTIVE

21

PNE
pure new energy

THE PNE GROUP AT A GLANCE

PNE Group key figures

in million euro	1.1.–31.12. 2021	1.1.–31.12. 2020	1.1.–31.12. 2019
Total aggregate output	252.0	151.7	171.2
Revenues	117.7	109.7	132.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	32.7	26.3	28.7
Operating profit (EBIT)	9.3	8.2	16.1
Result before taxes (EBT)	3.0	-2.7	5.8
Net income	25.1	1.6	-0.8
Basic earnings per share (euro)	0.33	0.02	-0.01
Average number of shares (million)	76.3	76.3	74.8

in million euro	31.12.2021	31.12.2020	31.12.2019
Equity as at 31.12.	221.8	200.6	205.1
Equity ratio as at 31.12. (%)	26.8	30.2	37.3
Balance sheet total as at 31.12.	827.0	663.8	550.0

OUR MISSION

ENERGY WITH PERSPECTIVE

We are a **Clean Energy Solution Provider** for markets and industries, both regionally, nationally and internationally. Our core competencies are the development and operation of renewable energy projects. We are also driving forward the storage of renewable energies and power-to-X technologies. In this way, we are consistently pursuing the goal of a secure, sustainable and profitable energy supply generated 100 percent from renewables.

1,076
MW / MWp
completed, under construction or sold in 2021

233
MW
in own power generation portfolio

295
GWh
green electricity produced in 2021

6,916
MW / MWp
in the pipeline wind onshore and PV

> 2,000
MW
order volume in operational management

~ 200,000
TONNES OF CO_2
saved in 2021

FOREWORD OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS,

2021 was a record year for PNE – in several respects. We increased our output, i.e. the wind energy and photovoltaic projects that were sold, were completed or are under construction, to over 1,000 MW/MWp and, with a volume of 773 MW/MWp, we sold more projects than ever before, including the first photovoltaic projects. In addition, we continued to invest significantly in our own portfolio of wind farms and expanded it considerably. And despite the sales and project realisations, our project pipeline was again significantly increased by almost 1,000 MW/MWp.

EBITDA guidance exceeded

We were also able to close the 2021 fiscal year with a very pleasing result in financial terms. The EBITDA guidance of euro 24 to 32 million was slightly exceeded with euro 32.7 million achieved, a clearly positive net result was generated and the cash position and equity increased.

This success is remarkable, because we have invested heavily in the construction of our own wind turbines and in the implementation of our expanded strategy via the "Scale up" concept. All business segments contributed positively to the result: national and international project development, electricity generation and the service segment with operations management and our other service products.

This is a very pleasing performance, as the general conditions with restrictions due to the COVID-19 pandemic, lengthy approval procedures, delivery delays and growing challenges in finding suitable, qualified personnel were not easy – even though the trend towards sustainability is giving the industry a tailwind and the demand for sustainable investments remains high.

Markus Lesser
CEO

Jörg Klowat
CFO

PNE pushes forward to a new magnitude

PNE has now reached a new magnitude. This is evidenced not only by the significant increase in key performance indicators or the excellent results. This is also evident from the investment sums that we raise ourselves or we initiate. In 2021, we initiated investments of euro 1.3 to 1.7 billion in renewable energy projects. In our own portfolio alone, with a target volume of 500 MW by the end of 2023, we will make total investments of approx. euro 1 billion.

"Scale up" goals already achieved or within reach

The growth is also evident when looking at the "Scale up" goals we set ourselves in 2017 and which we want to achieve by the end of 2023. We have further promoted their implementation in 2021 and have already made very good progress. We are fully on track to meet or exceed the defined goals.

This also becomes clear when looking at our segments. Due to the continued growth in the service and electricity generation segments, the share of steady income continues to grow. This makes our business even more robust and contributes to our goal of reduced volatility.

Operating business expanded in Germany and abroad

In the project development segment, we have made good progress despite some delays due to difficult general conditions as a result of the COVID-19 pandemic: we obtained further approvals, won tenders, commissioned and started the construction of further wind farms, sold the first photovoltaic projects and positioned ourselves even more strongly in the service sector.

As a result, we have reached an unprecedented level in the Company's history: in fiscal year 2021, the PNE Group completed, sold or started construction of wind farm and photovoltaic projects with a capacity of approx. 1,076.1 MW/MWp (prior year only wind energy: 461.2 MW).

Our many years of investment in building up international business are paying off. In 2021, we benefited from successes in our foreign markets such as Sweden, Poland, Romania, South Africa and the USA.

Due to the continuing high level of project activity, ten wind farms with a total capacity of 235.1 MW (prior year: 223.1 MW) were under construction in Germany, Sweden, France and Poland at the end of the year.

Positive development in the field of offshore wind energy

The financial year was also pleasing in the offshore wind energy sector. For example, we received the expected final milestone payment for "Gode Wind 4" of approx. euro 15 million.

In addition, we have continued to develop our international business activities. In Vietnam, we are currently examining the possibilities of developing wind farms at sea and have filed an application for an offshore project with up to a possible 2,000 MW of total capacity. Further steps will depend on the inclusion in the national Power Development Plan.

Expansion of internally operated wind farms makes progress

We have made very good progress in the expansion of our portfolio of internally operated wind farms and are well on schedule in this area.

Due the completion and acquisition of further wind farms, the nominal capacity of the wind farms operated by the Company increased by 134.8 MW to 233.2 MW. Additional wind farms with a nominal capacity of approx. 103.1 MW, which will be included in PNE's own portfolio, are under construction. Other projects are currently in the approval process. PNE plans to expand the portfolio of internally operated wind farms or of wind farms under construction, primarily in Germany, to up to 500 MW by the end of 2023.

Project pipeline expanded further

At the end of 2021, the companies of the PNE Group were working on onshore wind farm projects with 5,706 MW (prior year: 5,405 MW) of nominal output to be installed, which are in different phases of the multi-year development process. This means that the project pipeline, i.e. the existing portfolio of projects in development, was further expanded. Also noteworthy is the high number of projects with approx. 751 MW of planned nominal capacity (prior year: 642 MW), which are currently in the approval phase in Germany and France. Accordingly, we were able to increase the high level of projects in the final phase of project development compared to the previous year.

There was also significant progress again in the development of photovoltaic projects. Here, the pipeline could be more than doubled as at the end of 2021: from projects with a planned capacity of 548 MWp at the end of 2020 to 1,210 MWp at the end of 2021. The markets of Germany, Italy, Romania and the USA have now been joined by France, Canada, Poland and South Africa.

These project pipelines are the basis for the further development of PNE.

Progress in the expansion of our service business

Again, we have further expanded our expertise in services relating to wind power turbines. The PNE Group is well established in the market in the fields of safety technology for wind power turbines and industrial plants, aviation obstruction markers for wind power turbines and rope access technology.

With contracts for operations management of wind farms in Germany, France, Poland and Sweden, the PNE Group is also well positioned internationally in this area. In total, the order volume managed by us was expanded to wind farms with a nominal capacity of more than 2,000 MW.

New orientation with our "Scale up" concept is progressing

This trend shows: In the 2021 fiscal year, we achieved further progress in implementing our strategic expansion to become a Clean Energy Provider through our "Scale up" concept. The organisation, staff base, internal structures and processes were further developed and adapted to our growth. We can now harvest the first fruit. We are on a good and successful path that we will continue to follow consistently.

Changes in the market environment

Global efforts to reduce emissions from fossil fuels to protect the climate continue, and the world's hunger for energy is growing. To meet the demand, renewable energies are becoming increasingly important, especially since they are already competitive in many areas, often even cheaper than conventional energy sources. In addition, technological developments ensure that the energy markets are becoming increasingly interlinked and offer new business opportunities. We want to profit from this.

The framework conditions for the expansion of renewable energies have changed positively in Germany and Europe. In Germany, the new federal government, in office since the end of 2021, has set higher targets than before, in particular, for the expansion of wind energy and photovoltaics. It is planned to designate two percent of the country's land area for the use of onshore wind energy. The capacities for offshore wind energy are to be significantly increased to at least 30 GW by 2030, to 40 GW by 2035 and to 70 GW by 2045. The expansion target for photovoltaics was increased to approx. 200 GWp by 2030. Approval procedures are to be accelerated. We very much welcome this last point in particular.

> The strong growth in all segments of our business shows that our „Scale up“ programme is successful. PNE has now reached a new magnitude.
>
> MARKUS LESSER

Climate protection was also one of the political priorities in the European Union (EU) in 2021. The European Climate Law, which came into force in mid-2021, enshrines the EU's commitment to climate neutrality and the intermediate target of reducing net greenhouse gas emissions into binding legislation. To be able to achieve the targets set, the EU Commission also presented a comprehensive package of measures entitled "Fit for 55" in July 2021. This programme should give further impetus to the expansion of renewable energies.

On the other hand, 2021 was also marked by the impact of the COVID-19 pandemic. Based on the experience from the first year of the pandemic, we were able to adapt to these challenges in order to protect employees, but also to secure the realisation of projects and deliveries. Nevertheless, the effects on the manufacturers' supply chains have been and are being felt and have resulted in longer delivery times. This also affected us and led to individual projects being realised later than planned. In addition, there are increased raw material prices, which have led to a rise in the price of wind turbines. However, we also assume that the rising prices can be partially or completely compensated for by rising electricity prices and turbines that are more efficient.

Results of the business year significantly increased

Based on these successful operational business developments, the Group recorded total aggregate output of euro 252.0 million in the reporting period (prior year: euro 151.7 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 32.7 million (prior year: euro 26.3 million), operating profit (EBIT) of euro 9.3 million (prior year: euro 8.2 million) and undiluted earnings per share of euro 0.33 (prior year: euro 0.02).

The results are strongly influenced by the development of our own portfolio. As profits from projects owned by the Company are eliminated at Group level, the consolidated results in the Group do not show a complete picture of the performance of the enterprise. With the establishment of our own wind farm portfolio, "hidden reserves" were created that are not immediately recognisable. As a result of the investments in own our projects, pre-tax profits totalling euro 134.6 million were eliminated at Group level, of which euro 53.0 million in the reporting period (prior year: euro 50.0 million). The EBITDA adjusted for the hidden reserves created in the financial year thus amounted to euro 85.7 million (prior year: euro 76.4 million).

Dividend proposed

For the 2021 fiscal year, the Board of Management and the Supervisory Board propose that a dividend of euro 0.04 as well as a special dividend of euro 0.04 for each no-par value share entitled to a dividend in the 2021 fiscal year be distributed from PNE AG's retained earnings totalling euro 231,127,360.22. The remaining retained earnings shall be carried forward to a new account.

Positive outlook

We are well positioned for our further development. This is demonstrated by the successful close of the 2021 fiscal year and is also reflected in the growth of our project pipeline for wind energy and photovoltaics. This is the potential of the future.

The course for the coming years is clear: we will continue to strengthen our core business of project development and internal operations and, at the same time, consistently push ahead with the expansion of services, technologies and markets.

In fiscal 2022, as in previous years, we will make further upfront investments in the low single-digit million range for the strategic expansion of the business model. We expect Group EBITDA of euro 20 to 30 million in respect of our guidance for the 2022 fiscal year.

We are increasing the value of the enterprise

We want to increase revenues, make developments more calculable and predictable and thus raise the value of the enterprise continuously and sustainably. We continue to work on increasing our contribution to the global expansion of renewable energies, to ensuring efficient and sustainable electricity generation and to limiting the consequences of climate change.

In view of the events in Ukraine, it is all the more important to make our energy supply independent of Russia. This means that the expansion of renewable energies in Germany and Europe is necessary and sensible for this reason, too. We, the PNE Group, will work on driving this forward.

All the above clearly shows: the PNE Group is seizing the opportunities in the market and is steering towards a future in which the idea of creating sustainable added value is even more in focus. We invite you to accompany us on this journey.

Maintain your confidence in us!

Kind regards

The Board of Management

Markus Lesser
CEO

Jörg Klowat
CFO

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS

PNE AG closed the 2021 fiscal year successfully in operational terms, although this was hampered again by the effects of the COVID-19 pandemic. The positive Group performance (EBITDA) resulting from the business performance is particularly pleasing, especially against the background of the ongoing COVID-19 pandemic. Operationally, PNE AG has developed further through the continuous realisation of wind farm projects, the expansion of its own operation of wind farms, the increased development of photovoltaic projects in several countries as well as the expansion of the range of services relating to clean energy projects. Important operational successes were the sales of wind and photovoltaic projects as well as the completion of various wind farms both in Germany and abroad. Internally, the Board of Management has further developed the new structures in order to rapidly advance the expansion of the business model.

The Board of Management with CEO Markus Lesser and CFO Jörg Klowat also worked on the implementation of the Group's expanded strategy. This strategic orientation has been given further substance via the "Scale up" programme. This includes the increased development of photovoltaic projects in Germany, Romania and the USA, the expansion of the service sector as well as the development of power-to-X solutions. Internal measures to increase efficiency and to enhance cooperation were also initiated. This included management training for executives, standardisation of processes, introduction of new process control systems and the creation of a company-wide picture of success, which defines guidelines for the internal and external corporate conduct.

Based on the successful development of wind farm projects, which are still the Company's core business, PNE AG continues to develop into a "Clean Energy Solution Provider".

The Supervisory Board held a total of eight ordinary meetings in fiscal 2021, on January 19 (in person/video conference), March 3 (video conference), March 12 (video conference), March 17 (in person/video conference), May 18 (video conference), May 19 (video conference), September 10 (in person) and December 8, 2021 (in person/video conference). All members of the Supervisory Board participated in all meetings.

A focus of the Supervisory Board's activities in 2021 was on the continuous exchange of information with the Board of Management on corporate governance issues in the time of the COVID-19 pandemic.

The members of the Supervisory Board f. l. t. r.
Marcel Egger, Per Hornung Pedersen (Chairman of the Supervisory Board), **Florian Schuhbauer, Dr. Susanna Zapreva, Alberto Donzelli, Christoph Oppenauer** (Deputy Chairman of the Supervisory Board)

In compliance with the recommendation of the German Corporate Governance Code (GCGC), the Supervisory Board has enough independent members. The Supervisory Board has obtained confirmation that all members in office are independent.

In May 2017, the Supervisory Board determined, in accordance with Section 111 (5) sentence 1 of the German Stock Corporation Act (AktG), that the target figure for the proportion of women on the Supervisory Board shall be one sixth (16.67 percent), which is to be achieved by the end of the general meeting of shareholders which resolves on the official approval of the Supervisory Board's actions for the 2021 fiscal year. The target of women representing one sixth of the Supervisory Board members was fulfilled with the composition of the Supervisory Board.

In accordance with the special legal regulations due to the COVID-19 pandemic, the general meeting of shareholders on May 19, 2021 took place as a virtual meeting without the physical presence of shareholders or their proxies. At this general meeting of shareholders, Mr. Per Hornung Pedersen, Dr. Susanna Zapreva and Mr. Alberto Donzelli were elected again to the Supervisory Board. The general meeting of shareholders resolved the official approval of the actions of the Supervisory Board members for the 2020 fiscal year. To ensure the efficient handling of its tasks, the Supervisory Board set up a Personnel Committee, an Appointments Committee and an Audit Committee.

The Personnel Committee held its meetings jointly with the Appointments Committee. In the 2021 fiscal year, they met for two meetings on February 22 (video conference) and on September 9, 2021 (in person/video conference). The topics discussed at the meetings included

- the target agreements for the members of the Board of Management,
- the remuneration system as well as the preparation of remuneration reports for the Board of Management and the Supervisory Board,
- the organisational structure to support the strategic "Scale up" programme,
- the preparation of proposals for elections to the Supervisory Board.

The Audit Committee met in four meetings on March 16 (in person/video conference), May 7 (video conference), August 9 (video conference) and November 8, 2021 (video conference). The topics of these meetings were the audit of the annual financial statements as at December 31, 2020, the discussion of the half-yearly financial report and the quarterly statements of the 2021 fiscal year as well as the related recommendations to the Supervisory Board for the adoption of relevant resolutions.

The Supervisory Board undertook the tasks for which it is responsible in accordance with the law, the articles of association and the internal regulations. It regularly advised the Board of Management concerning the management of the Company and supervised its activities. The Supervisory Board was directly included in all decisions of major importance for the Company. The Supervisory Board was punctually and fully informed in writing and at its meetings through written and verbal reports from the Board of Management about the current business developments and the asset, earnings and financial situation of the Company as well as about the planned business policy and the additional key questions of corporate planning, especially regarding financial, investment and personnel planning. The Board of Management and the Supervisory Board have discussed these issues in detail. Furthermore, the Supervisory Board inspected and reviewed the books, documents and the schedules of assets. Particular emphasis was given to future liquidity planning and the financing structure of PNE AG and the Group. Moreover, the Supervisory Board was kept informed on a regular basis in the context of individual meetings with the Board of Management.

The Supervisory Board examined in detail all transactions and measures requiring its consent due to the legal provisions, the articles of association and the internal regulations of the Board of Management and adopted relevant resolutions.

The focus of the Supervisory Board's activities and topics during the 2021 fiscal year was on:

- → the reports and discussions concerning the annual and the consolidated financial statements as at December 31, 2020
- → the preparation of the general meeting of shareholders on May 19, 2021, including the resolution to hold it as a virtual general meeting
- → the adoption of the remuneration systems for the Board of Management and the Supervisory Board, which were submitted to the general meeting of shareholders for approval on May 19, 2021
- → the continuous exchange of information with the Board of Management regarding corporate governance in the time of the COVID-19 pandemic
- → the medium-term corporate planning of the PNE Group
- → the reports on the development of current and planned business transactions
- → the reports and discussions concerning the further strategic development of the Company and the analysis of the shareholder structure
- → the discussions regarding the effects resulting from the changes in markets for renewable energies
- → the determination of the targets relevant for performance-related compensation of the members of the Board of Management
- → the resolution on the issuing of the declaration of compliance with the German Corporate Governance Code

The Supervisory Board dealt particularly with the strategic direction of the enterprise and the future orientation of the business model.

No conflicts of interest regarding the Board of Management and Supervisory Board members were reported in the year under review, nor did such conflicts become apparent.

The Supervisory Board also adopted the declaration of compliance.

The annual financial statements of PNE AG, the consolidated financial statements as well as the management report of PNE AG and of the Group were drawn up on schedule by the Board of Management. The auditors, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed by the general meeting of shareholders on May 19, 2021, audited these statements and the accounting documents and issued an unqualified audit opinion on the annual financial statements and the consolidated financial statements as well as on the combined management and group management report.

In addition, the Board of Management prepared a report on the Company's relations with affiliated companies, which it presented, together with the audit report prepared by the auditors, to the Supervisory Board. The auditors issued the following opinion on the report:

"Based on our audit and assessment in accordance with professional standards, we confirm that

- 1. the factual information contained in the report is correct,
- 2. the payments made by the Company in connection with the legal transactions stated in the report were not unreasonably high."

The Supervisory Board issued the mandate for the audit of the 2021 financial statements on August 24, 2021, after receiving the required declaration of independence.

The Supervisory Board informed the auditors about the main topics for the audit of the annual financial statements of PNE AG and of the Group for the 2021 fiscal year.

The financial statements of PNE AG, the consolidated financial statements, the combined management and group management report of PNE AG for fiscal 2021, the report on the Company's relations with affiliated companies and the audit reports of the auditors were made available on schedule to all Supervisory Board members prior to the meeting on the financial statements on March 16, 2022. The documents were comprehensively examined and discussed by the members of the Supervisory Board at the meeting of the Audit Committee on March 15, 2022 and at the meeting on the financial statements. The Chairman of the Audit Committee gave a report on the treatment of the financial statements and the consolidated financial statements as well as of the report on relations with affiliated companies, including the audit report, by the Audit Committee to the full Supervisory Board at the meeting on the financial statements. Representatives of the auditors participated in the meeting on the financial statements and reported on the significant results of the audits with a special focus on the key audit matters and the audit measures performed. There were no objections. All questions of the Supervisory Board were answered fully following the reports from the Board of Management and the auditors. The Supervisory Board, after its own comprehensive examination of the annual financial statements, the consolidated financial statements, the combined management and group management report and the report on the relations with affiliated companies (including the final declaration of the Board of Management) as well as based on the recommendations of the Audit Committee, consented to the result of the audits by the auditors.

The Supervisory Board approved the annual financial statements as at December 31, 2021 of PNE AG and the consolidated financial statements as at December 31, 2021. The financial statements were thus adopted. The proposal of the Board of Management regarding the appropriation of profits was reviewed and approved by the Supervisory Board in accordance with the interests of the Company and the shareholders. In addition, the Supervisory Board accepted the final declaration of the Board of Management in the report on the Company's relations with affiliated companies.

The regulations and obstacles which could impede the takeover of and exercise of control over the Company by third parties were reviewed and analysed by the Supervisory Board. The Supervisory Board does not consider any changes to be necessary in this respect.

The Supervisory Board wants to thank the members of the Board of Management as well as all employees of PNE AG for their outstanding commitment and responsible and successful work during the 2021 fiscal year.

Cuxhaven, March 16, 2022

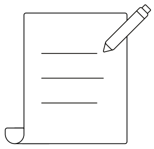
Per Hornung Pedersen

Chairman of the Supervisory Board

THE ENTIRE PORTFOLIO OF RENEWABLE ENERGIES

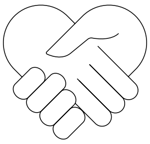
We are a Clean Energy Solution Provider for markets and industries, both regionally, nationally and internationally. Our core competencies are the development and operation of renewable energy projects. We are also driving forward the storage of renewable energies and power-to-X technologies.

With the projects we develop and operate, we make an important contribution to avoiding climate-damaging emissions. With our complete range of services in the areas of wind energy and photovoltaics, we ensure that the expansion of clean energies moves forward a step faster – for a better climate worldwide. In this way, we are consistently pursuing the goal of a secure, sustainable and profitable energy supply generated 100 percent from renewables.



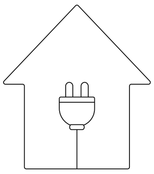
PROJECT DEVELOPMENT

- Wind energy on land and at sea
- Photovoltaics (PV)
- Hybrid solutions (wind, PV and/or battery/hydrogen storage)



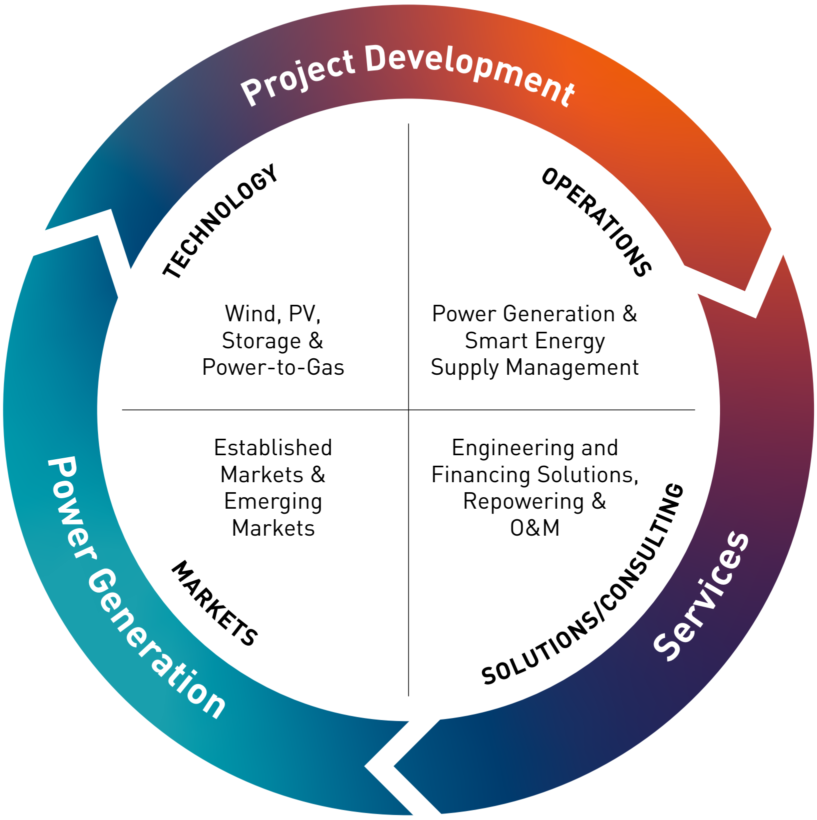
SERVICES

- Financial services
- Construction management & grid connection
- Operations management
- Energy supply services
- Wind planning services
- Technical tests & services
- Continued operation & repowering



ELECTRICITY GENERATION

- From own power plants



INTEGRATED BUSINESS MODEL WITH PROSPECTS OF GROWTH

With our business segments of project development, service products and electricity generation, we cover the entire value chain of renewable energies. Through the integrated business model, the business segments can benefit from each other, generate synergies and thus offer significant growth potential for the enterprise.

This gives us access to projects through greenfield development and allows us to build up our own electricity generation portfolio independently of the market without having to buy projects at high cost. With our own plant operations, we generate stable cash flows over the entire life cycle of the wind farms. By offering solutions and services for all phases of the value chain, we remain involved even after the projects have been sold. In this way, we generate additional, stable income. In turn, our services open up access to new projects through repowering.

In addition to integration across the value chain, our business model is very robust and risk-minimised due to diversification across multiple technologies and markets.

approx. three to six years — more than 20 years

1. Development — **2. Financing** — **3. Construction** — **4. Sale / IPP** — **5. Service**

1. Development
- Acquisition of land
- Analysis (wind / sun)
- Selection of wind turbines
- Approval

2. Financing
- Financial analysis
- Legal concept
- Sales / marketing
- Project financing

3. Construction
- Grid connection
- Infrastructure
- Installation
- Start of operation

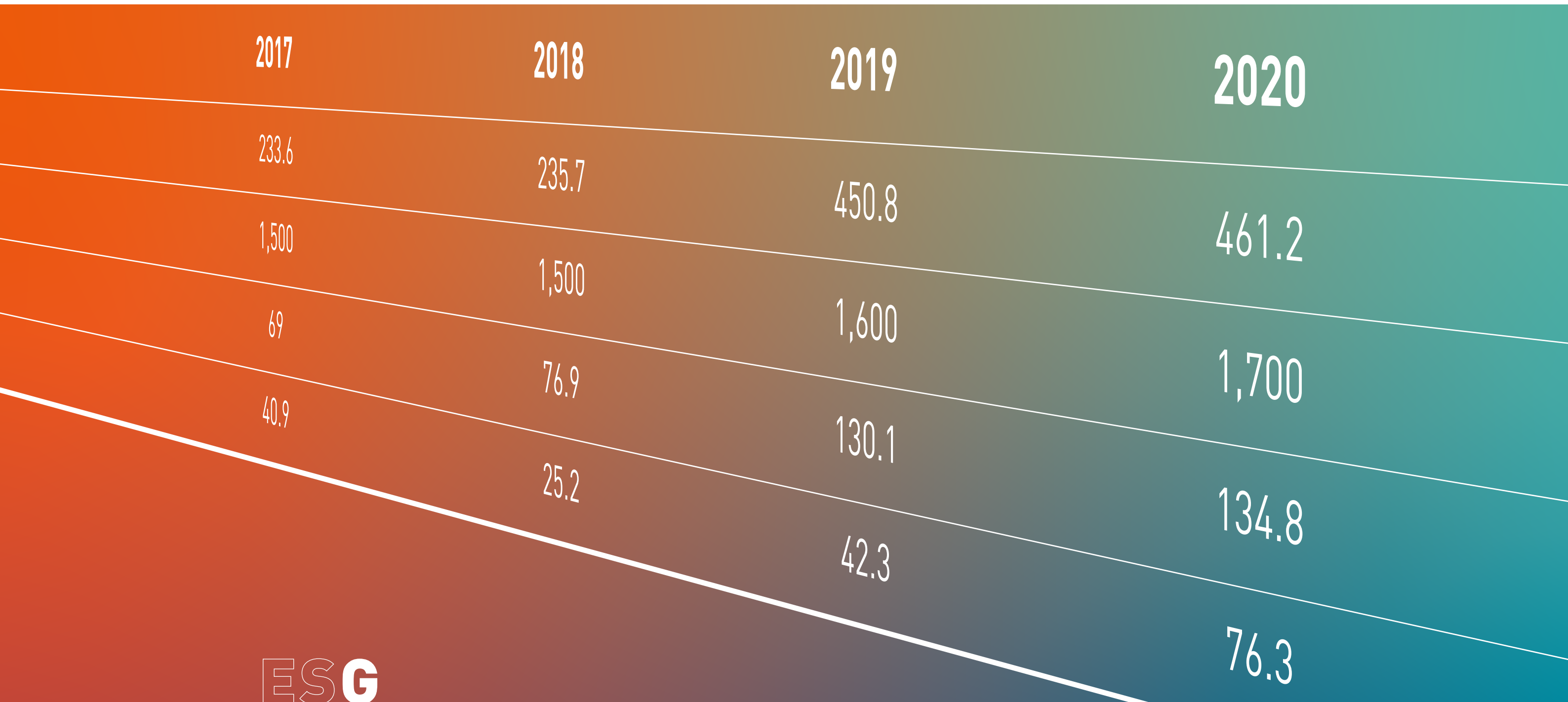
4. Sale / IPP
- Utility companies
- Infrastructure funds
- Insurance companies
- IPP

5. Service
- Technical and commercial operations management

Wind — **PV** — **Storage** — **Power-to-X**

"SCALE UP" – FULLY ON TRACK FOR THE FUTURE

In 2017, we launched "Scale up" to make the company fit for the future and develop it into a **Clean Energy Solution Provider.** With this programme, we have transferred our expertise from the successful development, project planning and realisation of onshore and offshore wind farms to other fields.



ESG

VISION OF SUCCESS

In 2021, we developed and introduced a picture of success for the entire PNE Group. The picture of success emerged as a result of intensive cooperation and coordination between the Board of Management and the departmental heads. It describes our declared values as well as goals and illustrates how we want to act together. In parallel to the picture of success, we have initiated focus measures that are part of our project business and have a direct impact on our picture of success: the implementation of leadership standards, continuous process improvement or the management of resources.

The operating business was placed on a significantly broader basis both nationally and internationally in order to establish PNE as a specialist in photovoltaic projects and a broadly positioned provider of clean energy solutions, in addition to being a specialist in wind projects. Elements of our strategy are the expansion of our service offering and the development of new markets and technologies.

The developments of the last few years have shown: We have already made very good progress in implementing our strategy expansion and are fully on track to achieve or exceed our defined goals in 2023.

2021

1,076.1 PROJECTS SOLD, COMPLETED, UNDER CONSTRUCTION (IN MW/MWp)

2,000 IN OPERATIONAL MANAGEMENT (IN MW)

233.2 IN OWN POWER GENERATION PORTFOLIO (IN MW)

85.7 EBITDA adj.* (IN MILLION EURO)

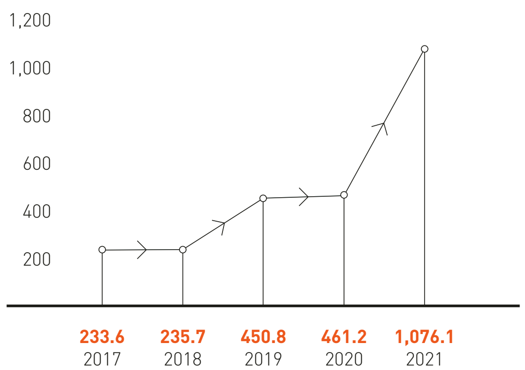
*incl. Hidden Reserves

STRONGLY GROWING NUMBER OF PROJECTS UNDER DEVELOPMENT

We plan and develop wind farms on land and at sea, in Germany and abroad. With our more than 490 employees, we offer the entire value chain comprising the development, financing, realisation, operation, sales and repowering from a single source. We develop wind farms at sea up to the point where they are ready for construction. In addition to wind energy, photovoltaics is a new, fast-growing part of our offering. Solar energy is the ideal source of energy at many locations and is also interesting from an economic point of view.

We have successfully realised wind farms with a total nominal output of more than 3,700 megawatts (MW). Output has increased significantly since 2017. In the 2021 fiscal year, for example, we completed, sold or started construction of projects with 1,076 MW, compared to 234 in 2017.

Project output
in MW

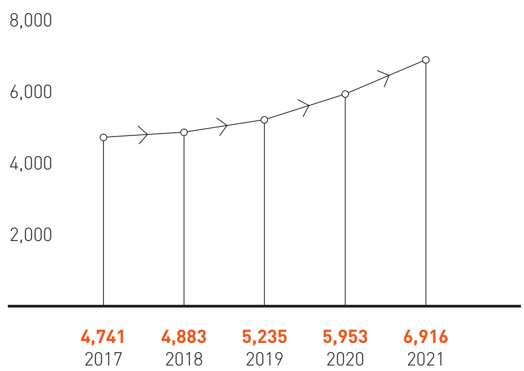


Our project pipeline grows despite significantly increased project realisation

Although we realised considerably more projects, we were able to steadily expand our project pipeline, i.e. the portfolio of wind farm and photovoltaic projects in the various phases of development – both in the onshore wind segment and in the PV segment, which is characterised by particularly strong growth.

The "pipeline" grew by 301 MW from 5,405 MW to 5,706 MW by the end of 2021 compared to the previous year for wind energy and by 662 MWp from 548 MWp to 1,210 MWp for photovoltaics. Since 2017, we have increased the total pipeline from 4,741 MW/MWp to 6,916 MW/MWp – a growth of more than 2 GW/GWp.

Pipeline total
in MW



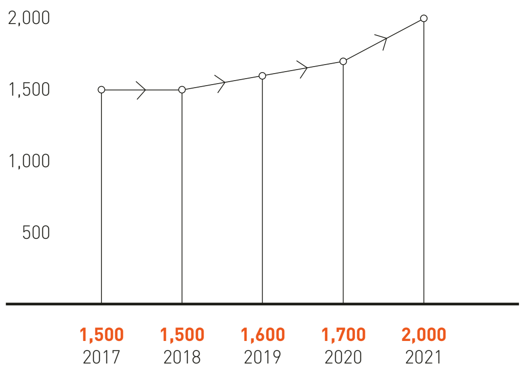
HIGH DEMAND FOR OUR SERVICES

As experienced project planners for wind turbines, we also offer our expertise to customers as individual services. The aim of this strategy is to provide us with continuous income. Our services cover the entire spectrum from the planning to the operation of wind farms as well as photovoltaic plants. We offer an all-round carefree package: optimum financing, solid data for planning and implementation, reliable construction management, budget, time and quality controls during the construction phase, revenue-oriented and cost-efficient operations management, guaranteed safety of people and facilities, successful electricity marketing and PPA management. And, in the end, they help with the question: dismantling, new construction or continued operation?

We have also achieved considerable growth in the service sector. For example, by the end of 2021 we managed wind farms with more than 2,000 MW of nominal capacity, compared to 1,500 MW in 2017.

Operations management

in MW



ESG

WERTEWIND

We have further intensified our engagement in communities, e.g., with WERTEWIND, our enterprise for special wind energy concepts. In all topics and tasks, the maximum benefit for the stakeholders – such as landowners, residents and communities – is a particular concern. WERTEWIND is responsible for the development, planning and construction of communal wind farms and provides support in their financing and operational management. In addition, we develop concepts that put the interests of the affected local people and their community at the centre. We develop creative ideas for additional advantages that benefit everyone in the community – from the establishment of an energy education trail to funding for institutions. We are also planning sustainable projects for the future. In this respect, we focus on storage solutions, sector coupling and integration into the public electricity grid.

MORE AND MORE GREEN ELECTRICITY FROM OUR OWN WIND FARMS

We do not sell all the projects we develop. We hold more and more onshore wind farms in our own portfolio and operate them ourselves. We have the necessary know-how for this.

In the course of our strategic further development, we decided to strengthen our own wind farm operations. In addition to the expansion of the service business, this is a further step in the implementation of our "Scale up" programme.

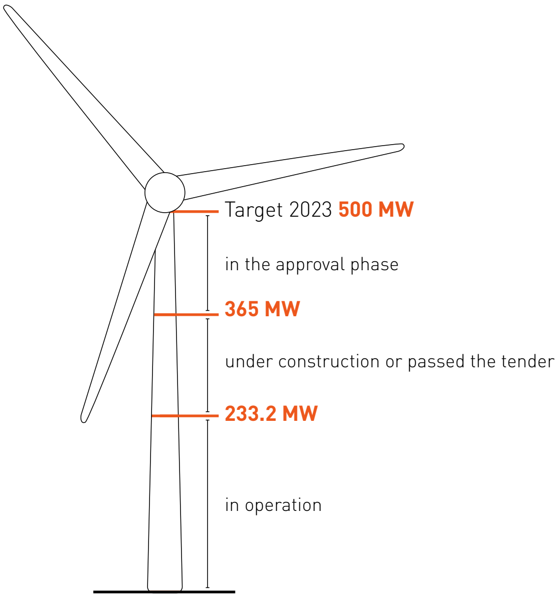
Internal operation also makes economic sense for us: Our own wind farms reliably produce green electricity at various sites and generate sustainable, continuous income. We generate revenues and stable results at a high level and can thus reduce the usual fluctuations in the income from our project business. Favourable framework conditions and financing options make the expansion of our own wind farm portfolio additionally attractive.

The basis for the expansion of our internally operated wind farm portfolio is our well-filled, growing project pipeline.

Expansion and electricity production in 2021

In the 2021 fiscal year, we completed five wind farms with a nominal capacity of 77 MW for our own wind farm portfolio. And we took over a further wind farm. This means that we operated wind farms with a nominal capacity of approx. 233 megawatts (MW) in our own portfolio at the end of 2021.

In 2021, our own wind farms produced a total of 278 GWh of green electricity. This is enough to cover the average consumption of almost 90,000 households with green electricity. In addition, they have also generated CO_2 savings of around 200,000 tonnes.



Internally operated wind farms

Kührstedt-Alfstedt wind farms	43.2 MW
Boitzenhagen wind farm	25.1 MW
Papenrode wind farm	22.3 MW
Zahrenholz wind farm	21.6 MW
Gerdau-Repowering wind farm	21.6 MW
Helenenberg wind farm	21.5 MW
Kittlitz wind farm	17.3 MW
Holstentor wind farm	13.5 MW
Langstedt wind farm	8.4 MW
Lentföhrden wind farm	8.4 MW
Neuenwalde wind farm	7.2 MW
Schlenzer wind farm	6.5 MW
Pülfringen wind farm	6.5 MW
Kleinbüllesheim wind farm	4.7 MW
Laubuseschbach wind farm	3.0 MW
Erfeld wind farm	2.6 MW

Further expansion is already underway

We intend to expand our IPP portfolio significantly in the coming years. Six wind farms with 103 MW are under construction, another wind farm with 28.5 MW was already successful in the tender. This means that we have projects with approx. 365 MW for our IPP portfolio, which are in operation, are under construction or have passed the tender process. This all shows: We are getting closer step by step to our goal of having up to 500 MW in operation or under construction for our own portfolio by the end of 2023.

Creation of hidden reserves

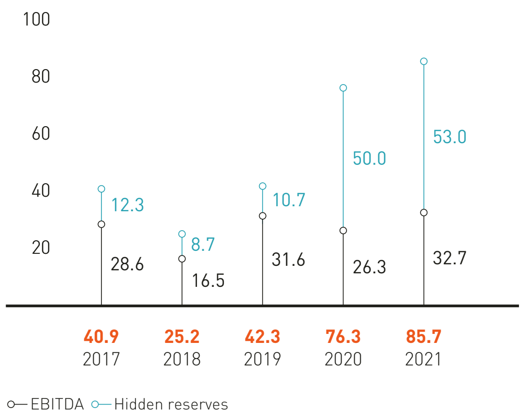
The expansion of our own wind farm portfolio has a strong influence on the consolidated results. As profits from projects owned by the Company are eliminated at Group level, the consolidated results in the Group do not show a complete picture of the performance of the enterprise. With the expansion of our own wind farm portfolio, "hidden reserves" were created that are not immediately recognisable – to date a total of euro 134.6 million.

Investments of one billion euro

Due to the development of our IPP portfolio, there is a particular need for investment. Up to the time of completion of the 500 MW by 2023, we will have invested more than one billion euro. Owing to the Group's good financial position and the expected positive business developments in the coming years, we will be able to raise a significant equity portion of the investments from our own resources. This again shows an advantage of our integrated business model: Through the development and partial sale of projects abroad, the stable cash flows from our service products and electricity generation segments, we are in a position to cover even this large capital requirement.

EBITDA adj.

in million euro



GOOD PROSPECTS WITH NEW TECHNOLOGIES

By 2050 at the latest, almost all fossil fuels must be replaced by renewable energies in order to limit climate change. Not only the power sector, but also large parts of industry, the heating sector and transport must be decarbonised as quickly as possible. We are already working on this.

Climate protection as a central challenge of our time needs holistic solutions. Ideas and innovations are in demand. Energy generation from wind and sun plays an important role here. The projects we develop and operate are already making a significant contribution to reducing climate-damaging emissions. In addition to the adjustments for future renewable energy projects, we aim to expand our portfolio to include green hydrogen, the integration of storage solutions (such as batteries) and power-to-heat concepts. We want to guarantee a stable supply. We regard flexible sector coupling with power-to-X as an integral part of a future supply system – and as a key technology for climate protection. We are currently building up planning bases and supplier relationships for this.

It is becoming increasingly clear that green hydrogen will play a central role as a future energy carrier alongside electrification. It can be used to store, transport and trade in renewable electricity. Furthermore, green hydrogen can replace fossil raw materials in industry as a basic material for industrial products and processes.

Strong need

The share of renewable energies in primary energy and raw material demands in the European Union to date is still below 20 percent. The additional demand for renewable energies for the energy transformation is accordingly enormous. For the production of green

ESG

eMOBILITY AT PNE

We have introduced a special regulation for electric and hybrid vehicles in our company car policy. As environmental awareness is a high priority for us, we support electric mobility, hybrid and hydrogen drives and the abandonment of fossil fuels. The new directive provides for a advantages for the use of electric mobility with the aim of reducing the CO_2 emissions of the company car fleet.

hydrogen, there will be both decentralised production sites (as close as possible to local consumers) and large hydrogen hubs around the industries with the highest hydrogen demand, such as the steel or chemical industries. In addition, new import and export markets will develop because of the strong demand.

Well equipped

To participate in this development, we have set our course and are well equipped for the future. The focus of activities is on reducing costs in order to make green hydrogen competitive with grey hydrogen generated from fossil fuels as quickly as possible. For this, future facilities for the production of green hydrogen will require very large power plants with a combination of wind energy (onshore and offshore) and solar energy. The criteria for possible sites will change with regard to the subsequent logistics for hydrogen. Proximity to pipelines, ports and consumers, for example, plays a major role here.

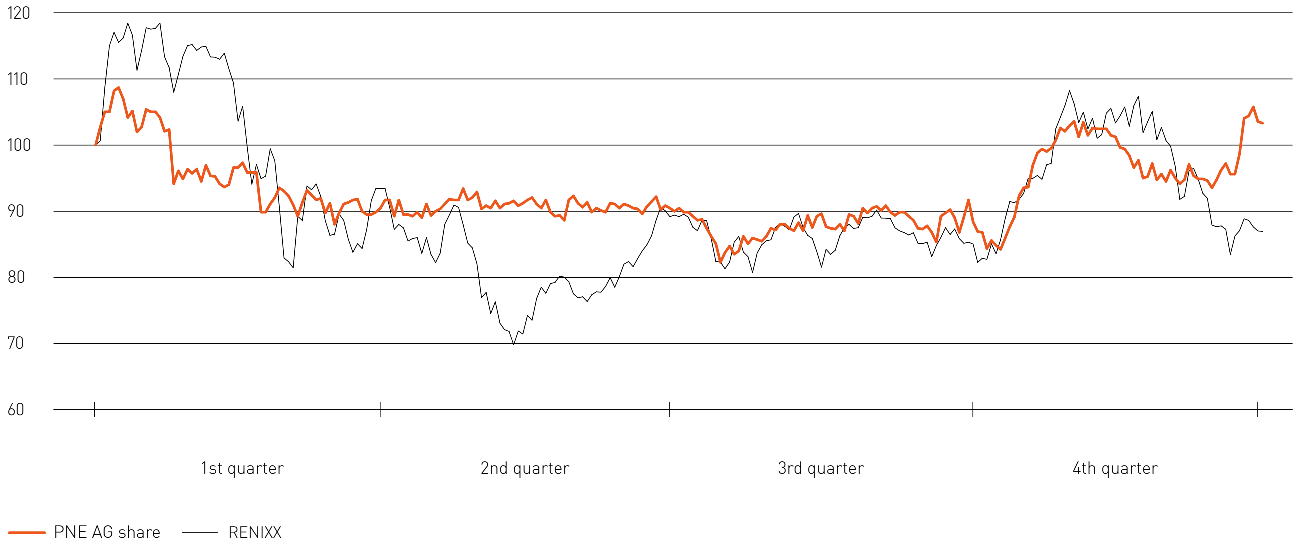
The lowest costs and thus the greatest opportunities in an emerging world market for green hydrogen can be realised at sites that can combine optimum wind and solar conditions with a suitable infrastructure. We also plan to play a leading role in the development of global hydrogen production hubs. To this end, we would also like to plan green projects abroad as a basis for hydrogen applications.

With our focus on new technologies, our competitiveness and the large future demands, especially from the industry, we can expect greater growth. These are good prospects for us.

Up to 2050
almost all
fossil fuels must
be replace by
renewable energies

CAPITAL MARKET INFORMATION

PNE Shares vs. RENIXX indexed to 100%



SHARE

The PNE AG share started the fiscal year on January 4, 2021 with an opening price of euro 8.09. In the first few weeks of the 2021 fiscal year, the PNE shares continued to rise and reached their high of euro 8.97 in January of the reporting period. The strong price increase was followed by several weeks of consolidation. After that, the price fluctuated between euro 6.60 and 7.60 for several months. In the 4th quarter, the share price rose again significantly and closed on December 30, 2021 at euro 8.45 euro, which corresponds to a market capitalisation of around euro 647 million and an increase of +4.4 percent compared to the beginning of the year. Compared to our peer group as well as the benchmark index RENIXX, our share developed with a significantly lower volatility.

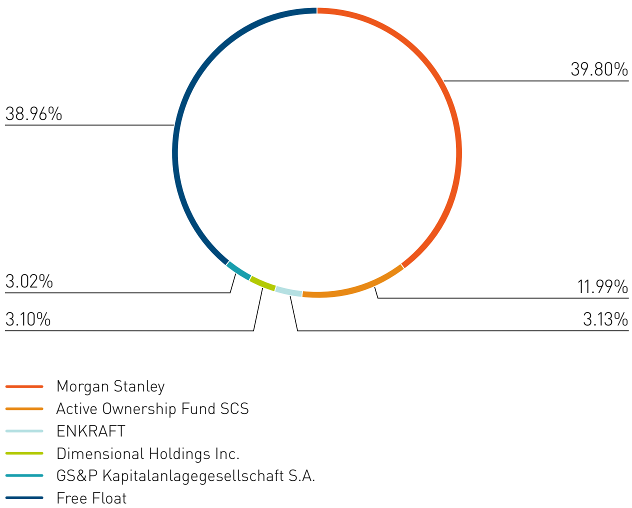
BOND INFORMATION

The 2018/23 corporate bond issued by PNE AG has a volume of euro 50 million, and it was primarily traded over 100 percent during the reporting period. The share price was 101.15 percent at the end of the reporting period on December 30, 2021. The corporate bond has an annual interest rate of 4.0 percent. This percentage increases by 0.75 percent if the "Group equity ratio according to bond conditions" (calculation: Group equity/(Group total assets less Group cash and cash equivalents)) is less than 25 percent on December 31 of a fiscal year. The Group equity ratio calculated according to these conditions was approximately 32.7 percent as at December 31, 2021.

SHAREHOLDER STRUCTURE

At the end of the reporting period on December 31, 2021, the total number of shares issued by PNE AG amounted to 76,603,334.

According to published notifications relating to voting rights and directors' dealings, Morgan Stanley/Photon Management GmbH held 39.80 percent of the shares, Active Ownership Fund SCS 11.99 percent of the shares, ENKRAFT 3.13 percent of the shares, Dimensional Holdings Inc. 3.10 percent and GS&P Kapitalanlagegesellschaft S.A. 3.02 percent of the voting rights on December 31, 2021. All other shareholdings were therefore classified as other free float. This results in the following shareholder structure at the end of the reporting period:



GENERAL MEETING OF SHAREHOLDERS

PNE AG's general meeting of shareholders was held in Cuxhaven on May 19, 2021 in the form of a virtual general meeting without the physical presence of shareholders or their proxies.

The shareholders voted by a large majority in favour of the proposal of the Board of Management and the Supervisory Board to pay a dividend of euro 0.04 per eligible share.

The shareholders also clearly consented to the proposed resolution to give formal approval of the actions of the members of the Board of Management Markus Lesser (CEO) and Jörg Klowat (CFO). In addition, the shareholders decided with a clear majority to give formal approval of the actions of the Supervisory Board. Per Hornung Pedersen, Alberto Donzelli and Dr. Susanna Zapreva were re-elected to the Supervisory Board by a large majority.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft was elected as the auditor of the financial statements and of the consolidated financial statements for the 2021 fiscal year by a large majority.

The general meeting of shareholders also approved by a large majority the remuneration system for the members of the Board of Management and the remuneration for the Supervisory Board members.

KEY SHARE DATA (AS AT DECEMBER 31, 2021)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	76,603,334
Market segment	Prime Standard
Indices	CDAX, MSCI Small Cap Index
Designated Sponsors	ODDO BHF, Baader Bank
Reuters	PNEGn
Bloomberg	PNE3

FINANCIAL CALENDAR

11.5.2022	Publication of Financial Report Q1
18.5.2022	General Meeting of Shareholders
10.8.2022	Publication of Financial Report Q2
9.11.2022	Publication of Financial Report Q3
November 2022	Analyst Conference/Frankfurt

ADDITIONAL INFORMATION

On the website www.pne-ag.com, you will find extensive information on PNE AG and a comprehensive presentation of the business model as well as current data concerning the shares in the section "Investor Relations". Furthermore, financial and quarterly reports, press announcements and background information on PNE AG can be accessed and downloaded from there.

COMBINED MANAGEMENT AND GROUP MANAGEMENT REPORT

1. FUNDAMENTALS OF THE GROUP

During the 2021 fiscal year, the corporate structure changed versus December 31, 2020 due to the first-time consolidation of companies and the deconsolidation of companies sold. For detailed information, please refer to the chapter "Scope of Consolidation" in the notes to the consolidated financial statements.

1.1 Business model

The internationally operating PNE Group with its brands PNE and WKN is one of the most experienced project developers in the field of onshore and offshore wind farms. The projects developed are sold to external customers or integrated into the rapidly growing portfolio of wind farms operated by the Company itself. In the reporting period, the PNE Group has also intensified the development of photovoltaic projects in Germany and abroad. The PNE Group currently operates in 13 countries on four continents. On this successful basis, the Group is active as a "clean energy solutions provider". From initial site exploration and implementation of approval procedures, financing and turnkey construction to operation and repowering, the range of services covers all phases of project planning and operation of clean power plants using the wind, the sun and storage technology. This is how the products are defined: project development wind energy, project development photovoltaics and project development hybrid solutions. The PNE Group is also involved in the development of power-to-X solutions. In addition to project development and operation, the Group offers a wide range of services for projects as well as for the supply of clean electricity to customers. These services include, among others, financial services, construction management, wind planning services/wind measurements, operations management, electricity marketing management, and energy supply services. In this field, PNE is a strong partner to its customers throughout the entire life cycle of wind and photovoltaic farms.

1.2 Objectives and strategy

The PNE Group as well as the products and services are continuously being developed further. In this process, the Group is increasingly focusing on technologies, markets and the significantly expanded range of services. With this strategic orientation, the Board of Management aims to achieve both an improvement in and a stabilisation of the usually very volatile results in the project business. This can be primarily measured in terms of earnings before interest, taxes, depreciation and amortisation (EBITDA), since the bundling of wind farms into portfolios means that the projects are continuously held in own operation until a possible sale and the own operation of project will be further expanded. PNE AG concluded profit and loss transfer agreements with important companies of the Group so that a high level of income from investments is reported at PNE AG. For this reason, PNE AG uses earnings before taxes (EBT) as a key indicator. Another key indicator of the achievement of the objectives is the number of national and international projects in progress ("project pipeline"), which will be consistently expanded. Success is also measured by how the PNE Group succeeds in entering new markets and new technologies and implementing its business model there. Finally, the expansion of the services offered is an important milestone in achieving the corporate goals.

1.3 Controlling system

The control of the PNE Group is based on regular discussions between the Board of Management and the corporate units. The internal controlling system covers all areas of the Company. As a result, short reaction times to changes in all areas and at all decision-making levels of the PNE Group can be guaranteed. Any changes with a significant effect on the results are reported immediately to the Board of Management. Meetings of the Board of Management take place regularly.

The starting point for controlling the overall Group and the corporate units is the targets set by the Board of Management, which are derived from the vision, mission and the overall strategy of the PNE Group. A key instrument for the implementation of the targets and objectives is the totality of the internal regulations of the PNE Group.

The corporate units report monthly on the current developments and deviations from the targets. Moreover, early operating indicators are continuously analysed.

A regular exchange takes place between the Board of Management and the business divisions to give an overview of the most recent market and project situation. In addition, major topics, such as the determination of the strategy and its systematic implementation within the context of the annual and medium-term planning as well as the target agreements and their achievement, are discussed during the course of the year.

The activities of the operating units are controlled using the stated performance indicators; in this context, the earnings figure EBITDA, against the backdrop of the portfolio expansion, is of particular importance, since the Board of Management believes that this is the appropriate indicator for assessing the earnings power of the PNE Group. Furthermore, the project pipeline is used as a non-financial control parameter in the Group (see "Overview of the status of onshore project activities of the PNE Group in MW and MWp"). Using the Group-wide key performance indicators EBITDA (Group EBIT plus depreciation and amortisation of intangible fixed assets and property, plant and equipment as well as goodwill) and the project pipeline and, at PNE AG, EBT (earnings before income taxes and other taxes), PNE AG and the PNE Group perform a comparison of the forecast with the actual course of business.

2. ECONOMIC REPORT

2.1 Overall statement of the Board of Management

Business developed highly positively in 2021. Wind energy and photovoltaic projects with a volume of 1.076,1 megawatts/megawatts peak (MW/MWp) (prior year wind energy only: 461.2 MW) were completed, under construction or sold. This means that project realisation is once again above the level of the previous year.

The PNE Group has come closer to its goal of significantly expanding its own wind farm operations and establishing an internal wind farm portfolio of up to 500 megawatts by the end of 2023. With the establishment of the wind farm portfolio operated by PNE, which has increased to 233.2 MW (as at December 31, 2020: 134.8 MW), values ("hidden reserves") were created that are not immediately recognisable. As a result of these investments in internal projects, pre-tax profits of euro 134.6 million were eliminated by December 31, 2021 (by December 31, 2020: euro 81.6 million) and of euro 53.0 million in the reporting period (prior year: euro 50.0 million) at Group level. With a portfolio of company-owned projects, complete or partial sales to third parties outside the Group are postponed, and thus also the Group's earnings from these sales.

In line with the claim "pure new energy", the PNE Group has developed the Company beyond wind energy into a broadly positioned "Clean Energy Solution Provider". In addition to the core business of project development of onshore and offshore wind farms, PNE intensified the development of photovoltaic projects nationally and internationally and designed solutions in the power-to-X sector.

The segment reporting of the three segments "project development", "electricity generation" and "service products" reflects the current status of the Group's activities.

The guidance for Group EBITDA of euro 24 to 32 million in the 2021 fiscal year was exceeded. The Group generated EBITDA of approx. euro 32.7 million in the 2021 fiscal year (prior year: approx. euro 26.3 million).

The "project pipeline" target was to keep the project pipeline figures for onshore wind energy and photovoltaics at least constant in the Group in the 2021 fiscal year. It was achieved in spite of the exceptionally high value in the realisation and the sale of projects, since the "pipeline", i.e. the exist-ing portfolio of wind farm and photovoltaic projects in the various phases of development, has been increased (MW and MWp, respectively) by the end of 2021 compared to the previous year by 301 MW from 5,405 MW to 5,706 MW for wind energy and by 662 MWp from 548 MWp to 1,210 MWp for pho-tovoltaics.

At the level of PNE AG, the annual guidance, i.e. positive EBT in the mid double-digit million range, was achieved in the 2021 fiscal year with EBT of approx. euro 76.2 million (prior year: approx. euro 50.0 million).

2.2 General economic and industry-specific framework conditions

Renewable energies, especially wind energy and photovoltaics, have developed into an important pillar of electricity generation in recent years. In some of the world's major economies, annual capacity growth is higher than in any other type of power generation. Since 2000, cumulative installed capacity of renewable energies has grown continuously. This is demonstrated especially by the development of wind energy and photovoltaics. According to the International Renewable Energy Agency (IRENA)[2], total renewable energy capacity installed worldwide developed very positively in the period from 2011 to 2020. In this decade, worldwide installed wind energy capacity increased from 220,019 MW to 733,276 MW and installed photovoltaic capacity from 72,040 to 707,495. This increase has continued in 2021. Annual investment volumes in this area amount to several tens of billions euro. For Germany, the new federal government has set significantly higher expansion targets for photovoltaics and onshore and offshore wind energy in the coalition agreement so that the expansion in Germany is likely to continue. It is planned to designate two percent of the country's land area for the use of onshore wind energy. The capacities of offshore wind energy are to be increased to at least 30 GW by 2030, to 40 GW by 2035 and to 70 GW by 2045. The expansion target for photovoltaics by 2030 was set at around 200 GWp.

In 2021, the German wind energy market recorded slight growth at a low level compared to previous years in onshore expansion, but no activities in offshore expansion. At the end of the year, wind power turbines with a total nominal capacity of approx. 63,924 MW (prior year: 62,708 MW) were in operation – of which 56,130 MW (prior year: 54,938 MW) onshore and a further 7,794 MW (prior year: 7,770 MW) offshore. The increase in nominal capacity at sea resulted from power adjustments. 484 wind turbines

[1] Renewable Capacity Statistics 2021
[2] Deutsche WindGuard: Status des Windenergieausbaus an Land in Deutschland 2021/ Status des Offshore-Windenergieausbaus in Deutschland 2021

(prior year: 420) with a nominal capacity of 1,925 MW (prior year: 1,431 MW) were commissioned onshore. At the same time, 233 (prior year: 203) old wind power turbines with a nominal capacity of 230 MW (prior year: 222 MW) were dismantled. [2]

The German solar market in 2021 recorded an increase in capacity compared to previous years: Around 240,000 photovoltaic systems (prior year: 184,707) with a nominal output of 5.2 GWp (prior year: 5.3 GWp) were put into operation according to the German Solar Association.

Improvements to the wind turbine technology have boosted energy yields in relation to the investment sum, and simultaneously reduced operation and maintenance (O&M) costs. The resulting cost reduction means that electricity from wind energy is already competitive with fossil fuels in many markets. Currently, rising prices for wind turbines can be observed, which, however, can be compensated by increased electricity prices and efficiency improvements. This is also reflected in the ongoing global expansion of photovoltaics, which, in addition to expanding wind energy, contributes significantly to increasing renewable energy capacity.

These developments provide evidence of the opportunities ahead for PNE. In order to be in an optimum position in the global markets, the Group concentrates on the development and construction as well as the sale and operation of wind farms and photovoltaic parks in selected core markets. In addition, the first hybrid projects, in which wind and photovoltaics are combined, are being developed.

2.3 General political conditions

The markets in which PNE operates are currently developing differently. While some markets have continued to grow, others have experienced a slowdown, mainly because of uncertainties due to changing political conditions, such as the introduction of tendering systems. The technology for generating electricity from wind energy and photovoltaics has matured significantly in recent years and the costs of construction and operation of the plants have fallen. Nevertheless, many markets are still dependent on political guidelines – especially for secure market access, also in order to prevail against conventional, sometimes covertly subsidised energy generation. While renewable energies continuously generate electricity at low cost, rising raw material prices and costs for environmental certificates are currently reflected in sharply rising electricity prices for conventional energy sources. This means that it is still the task of policymakers to ensure a level playing field for competition between the different forms of energy production.

A further stimulus to the expansion of clean energies worldwide has resulted from the UN Climate Change Conferences, most recently held in Glasgow in November 2021 ("COP26"). The target of limiting the increase in global average temperature to well below 2 degrees Celsius relative to pre-industrial levels can only be achieved by stepping up the expansion of clean energies.

EU targets

Climate protection continued to be one of the political priorities of the European Union (EU) in 2021. As early as in 2019, the European Union set itself the target of zero net emissions of greenhouse gases from the economy by 2050 as part of the "European Green Deal". As a first step, emissions are to be reduced by 55 percent by 2030 compared with 1990 levels.

The European Climate Law, which came into force in mid-2021, enshrines the EU's commitment of climate neutrality and the intermediate target of reducing net greenhouse gas emissions into binding legislation. To be able to achieve the targets set, the EU Commission also presented a comprehensive package of measures entitled "Fit for 55" in July 2021.

In the first phase, twelve directives and regulations were drawn up for the package of measures, including on the use and promotion of renewable energies, on energy efficiency and on the European Emissions Trading System. For the expansion of renewable energies, for example, the EU Commission plans to set a binding EU expansion target of 38 to 40 percent in final energy consumption by 2030. In December 2021, the EU Commission presented the second part of the "Fit for 55" package, which focuses on decarbonising the gas market, fostering hydrogen and reducing methane emissions ("gas package"), as well as achieving a climate-neutral building stock by 2050.

The "Fit for 55" package includes the necessary legal instruments to achieve the goals agreed in the European Climate Law and the fundamental reorientation of the economy and society to ensure a fair, "green" and prosperous future. All measures are initially proposals by the EU Commission, which are still to be coordinated with the European Parliament and the Council of the European Union. The Commission has conducted extensive impact assessments before presenting the proposals for the "Fit for 55" package in order to measure the opportunities and costs of the green transition. In September 2020, a comprehensive impact assessment underpinned the Commission's proposal to increase the EU's 2030 net emissions reduction target to at least 55 percent, compared to 1990 levels.

The EU Commission assumes that the implementation of the measures of the climate protection programme will have positive impacts on the economy and employment of Europe as an industrial location. However, the actual impacts per member state and economic sector will vary and, in aggregate, will determine the overall success of the "Green Deal".

Germany

Wind energy onshore

There was a change of government after the federal election in September 2021. One focus of the new federal government in the legislative period is on climate protection and the energy transition. The federal government wants to take on the major task of leading and advancing the country in an economically sensible and expeditious manner within the framework of the climate agreements. The expansion of renewable energies such as wind energy and photovoltaics as well as the development of hydrogen technology should have priority and be greatly accelerated. This should also include the significant acceleration of planning and approval procedures.

On January 11, 2022, the new Federal Minister for Economic Affairs and Climate Action, Robert Habeck, presented a review of Germany's climate protection efforts and, on this basis, announced an immediate programme with concrete political measures to accelerate the energy transition as early as from the second quarter of 2022. The bills are expected to go through the legislative process by the end of the year. At the centre of the concrete measures is a significant acceleration of planning and approval procedures as well as the provision of the necessary land for the expansion of renewable energies, especially onshore wind energy.

In their coalition agreement, the federal government parties have set targets for the expansion of renewable energies. It is planned to designate two percent of the country's land area for the use of onshore wind energy. The capacities for offshore wind energy are to be significantly increased to at least 30 GW by 2030, to 40 GW by 2035 and to 70 GW by 2045. The expansion target for photovoltaics by 2030 was set at around 200 GWp.

This political focus on the expansion of renewable energies can have a positive effect on the business model of the PNE Group as well as on the entire industry.

There were three tender rounds for onshore wind energy in 2021 with a total volume of 4,235 MW (prior year: 3,860 MW), whereby the bidding volumes in the first two tenders were below the values put out. Only in the tendering round in September was the tender volume exhausted.

Wind energy offshore

The legal framework for the expansion of offshore wind energy is set by the Offshore Wind Energy Act (WindSeeG) as amended in 2020. The new federal government wants to increase the expansion targets of 20 gigawatts (GW) by 2030 and 40 GW by 2040 to at least 30 GW by 2030, 40 GW by 2035 and 70 GW by 2045.

With the compensation regulation created by the legislator after the implementation of the order of the Federal Constitutional Court in accordance with Section 10a WindSeeG, we continue to expect reimbursements for project planning services already provided in the past, which can have a correspondingly positive effect on the Group figures in the future.

Photovoltaics

The target for the expansion of photovoltaic plants is set at 100 GWp in 2030 in the current Renewable Energy Sources Act (EEG 2021). The new federal government wants to increase this target to around 200 GWp.

France

France continues to support the rapid expansion of renewable energies. As part of France's support schemes for electricity from renewable energy, the European Commission approved the new French onshore renewable energy tender for the period 2021 to 2026 in July 2021.

In October 2021, the Ministry for the Ecological Transition, together with the wind industry, announced ten initial measures for the controlled and responsible expansion of wind energy.

At the end of September 2021, 18.5 gigawatts (GW) of onshore wind energy and 12.3 GWp of photovoltaic systems were connected to the grid in France. In the last twelve months, they contributed around 26 percent to covering electricity consumption in continental France.

In order to meet the ambitious commitment to achieve a 40 percent share of electricity generation from renewable sources by 2030, France is working to accelerate the annual pace of installing new renewable energy capacity under its Multiannual Energy Programme (PPE). This programme will be revised and adapted in the coming years.

United Kingdom

In the UK, electricity from wind power is marketed directly on the electricity exchange. Additional compensation payments are awarded by way of tender processes. Sites with particularly strong winds are already competitive without any subsidies as regards conventional electricity generation.

Italy

Since 2012, Italy has used an obligatory direct marketing system with additional incentives being awarded through a competitive auction system. The Italian government's Integrated National Plan for Energy and Climate (PNIEC) aims to increase the share of clean energy in electricity generation to 55 percent by 2030. This plan was also adopted by the current government in almost unchanged form. Further tenders for wind energy and photovoltaic projects are planned. In addition, direct power purchase agreements (PPAs) with companies at attractive conditions are also possible.

Canada

In Canada, the regulatory requirements for approval procedures regarding the erection of wind power turbines are manifold and regulated differently in the individual Canadian provinces. These approval procedures mainly relate to construction-site policy, environmental issues and grid connection. The market for clean energy in Canada is still developing hesitantly, which is also due to the, in part, low local energy production costs. However, the government is increasingly promoting the expansion of renewable energies.

Above all, climate policy agreements, to which the Canadian government has committed itself, have increased the importance of renewable energies in Canada. In September 2020, after the parliament's recess, the government emphasised the promotion of renewable energies and clean technologies. This was highlighted by the Ministry of Finance in October 2020, announcing that it would lay the foundation for a green economy as part of the COVID-19 Economic Response Plan.

Panama

Based on Law 8 of March 25, 2015 and the National Energy Plan 2015-2050, Panama has set itself a target for electricity generation from renewable energies (excluding hydropower) of 30 percent by 2050. Solar, wind and biomass sources are expected to account for 15 percent of the country's power generation capacity by 2030 and 30 percent by 2050. Panama's goal is to achieve a reduction in greenhouse gas emissions with the help of renewable energies.

Panama established tax incentives for the construction, operation and maintenance of renewable energy projects. A tender is currently being prepared in the field of renewable energies.

Poland

In Poland, the expansion of renewable energies is regulated by tenders. The EU targets for climate protection and the economic perspectives support a further expansion of clean renewable energies in Poland. A change in the approval procedures is expected, which should promote this expansion.

The Polish Energy Policy 2040 (PEP2040) provides for an expansion of photovoltaic capacity of approx. 10.2 GWp by 2030. At the end of 2020, photovoltaic plants with approx. 3.6 GWp were connected to the grid.

Romania

The Romanian government has formulated the goal of achieving a share of renewable energies in electricity generation of almost 31 percent by 2030 – a further increase in accordance with EU requirements is under discussion. In order to achieve this goal, an auction procedure is currently being discussed, which can compensate for the difference between the tender price and the market price for electricity from renewable energies (so-called CfD tendering). At the same time, the government decided that the free conclusion of PPAs should be possible in the future. Rising energy demand and good economic growth lead us to expect higher electricity prices. This would mean considerable potential for renewable energies.

Sweden

The remuneration achieved in Swedish wind farm projects is essentially based on earnings from electricity sales. Direct marketing of green electricity via electricity supply contracts, so-called "corporate PPAs", is permitted and very well established in Sweden. The current Swedish government formulated the objective of generating 100 percent of Sweden's energy from clean energy sources in the long term.

South Africa

The government has introduced a competitive tender system under the Renewable Energy Independent Power Producer Programme (REIPPP), in which long-term power purchase agreements are auctioned. In 2019, the government adopted the "Integrated Resource Plan" (IRP 2019), which provides for 1,600 MW of annual installed capacity for wind power turbines from 2022 to 2030. The first auction under the IRP 2019 took place in 2021.

Turkey

The wind energy market in Turkey is based on a system of state-guaranteed feed-in tariffs and tenders. In addition, a licensing system for grid connection capacity was presented in 2013, which allows access to the individual grid connection points through an auction procedure.

In 2017, two tenders were held for wind energy with a volume of 3,000 MW (YEKDEM tender) and 1,000 MW (YEKA tender). PNE was awarded the contract for a 71 MW project in a regional tender with a total of 260 MW. The next application date for a total of 850 MW is planned for 2022. Further tenders for onshore and offshore wind energy in the YEKA area are planned, although the dates have not yet been officially announced.

PNE continues to see good reasons for Turkey to promote and rapidly expand renewable energies, especially wind energy. The government sees the use of renewable energies as an important instrument for reducing the external trade deficit and the dependence on oil and gas. The preparations for further tenders for clean energies by the Turkish authorities support this assessment.

USA

The policy framework for renewable energy in the USA is determined by federal, state and local entities. Most federal laws are implemented through Renewable Energy Standards (RES) or Renewable Portfolio Standards (RPS), which require utilities to generate a certain percentage of the energy they produce from renewable energy sources (usually wind power and, increasingly, photovoltaic systems). At present, 38 of the 50 US states and Washington DC have defined standards or requirements for the expansion of clean energy. These are the foundation of opportunities and growth across the country.

The most important measures at the national level are tax regulations such as the Production Tax Credit (PTC) and the Investment Tax Credit (ITC).

Although there are many uncertainties about the changes, which the industry can expect from the Biden administration, the signs are encouraging, including the creation of a cabinet post on climate change, re-entry into the Paris climate agreement and a national goal of net-zero emissions by 2050.

Vietnam

Vietnam shows a special political interest in renewable energies, caused and intensified by supply shortages and an increasing energy demand. The political goals of the five-year plans for wind energy envisage a continuous expansion. The electricity generated must be purchased by the state energy suppliers and remunerated according to the feed-in tariffs.

The required expansion of the national electricity grid is defined in Power Development Plans ("PDPs"). Inclusion in the PDP is the basis for further approvals for each project. For the latest PDP8, PNE has applied with an offshore project with up to 2,000 MW of potential total output. The PDP is expected to be published in 2022.

Assessment of the market development

Overall, the international markets are still undergoing changes which require the PNE Group to adapt its activities accordingly in order to minimise the risks and develop new opportunities. In general, the framework conditions for the expansion of wind energy can be regarded as positive against the background of the recent UN Climate Change Conference in Glasgow. The general conditions for the economic expansion of photovoltaics are in place in selected markets such as Germany, France, Italy, Poland, Romania and the USA. The Board of Management is confident that the expanded corporate strategy and further internationalisation, including in Europe and in new markets such as Latin America and Vietnam, will promote the positive development of the Group.

2.4 Development of business

Summary of operating performance

The operational business of the PNE Group in the wind sector in the 2021 fiscal year was characterised by the development, realisation and operation of onshore wind farms as well as the development and expansion of photovoltaic projects in various countries. The operating business is divided into the segments "project development", "service products" and "electricity generation".

In addition, the portfolio of internally operated wind turbines was significantly expanded, thus making a contribution to environmentally friendly electricity generation under economically sustainable conditions.

In total, the PNE Group completed, sold or started construction of wind farm and photovoltaic projects with a capacity of approx. 1,076.1 MW/MWp in the reporting period/(in the previous year only wind energy: 461.2 MW). The first photovoltaic projects in the USA and Romania were sold. In spite of the realisation and the sale of projects, the "pipeline", i.e. the existing portfolio of wind farm and photovoltaic projects in the various phases of development, has been increased (MW and MWp, respectively) compared to the previous year by 301 MW from 5,405 MW to 5,706 MW for wind energy and by 662 MWp from 548 MWp to 1,210 MWp for photovoltaics. This brings the project pipeline to a record level of 6,916 MW/MWp.

Due the completion and acquisition of further wind farms, the nominal capacity of the wind farms operated by the Company increased to 233.2 MW in the reporting period (prior year: 134.8 MW). Other wind farms for the internal portfolio are under construction and in approval processes.

Ten wind farms were under construction in Germany, Poland, Sweden and France as at December 31, 2021 (as at December 31, 2020: nine wind farms). 63 wind power turbines with a total nominal capacity of 235.1 MW (prior year: 223.1 MW) will be erected in these wind farms. Four of these projects with 132 MW have already been sold. PNE is active in these projects as a service provider as part of construction management.

As a portfolio holder, PNE AG is increasingly dependent on the wind supply but also on the development of the electricity price. As the nominal output in the Group's own portfolio increases, weaker wind conditions will have an impact on the financial indicators of the "electricity generation" segment and also on the financial indicators of the Group. Compared to the same period of the previous year, less favourable wind conditions were recorded in 2021. The potential results in the "electricity generation" segment could not be achieved due to the poor wind supply in 2021, but this was partly compensated for by the increase in electricity prices.

The development of national and international photovoltaic projects was again significantly expanded in the reporting period. The project pipeline includes PV projects with a nominal capacity of 1,210 MWp (prior year: 548 MWp).

In addition, PNE has further expanded its expertise in the range of services relating to wind power turbines. It created the structural prerequisites and successfully continued the process of integrating the individual areas into a life cycle service provider. The product portfolio was consistently expanded in individual areas in line with the market and demand. This included, among other things, services for on-demand night marking of wind turbines, which avoids permanent lighting at night, and the construction of one of the currently highest measuring masts in Europe for the verification of Lidar instruments. The first framework agreements were successfully concluded shortly after completion. In addition, PNE expanded its services in the area of rope access technology, rotor blade and tower services for wind power turbines and services for work at heights and in depths in other industries. A particularly positive development was recorded in the marketing of green electricity through power purchase agreements (PPAs) for third parties and for PNE's own portfolio.

With contracts for the operational management of wind farms in Germany, France, Poland and Sweden as well as the execution of wind measurements, technical inspections and tests worldwide, the services belonging to the PNE Group are internationally positioned. In total, the order volume currently managed by PNE covers wind farms in Germany and abroad with a nominal capacity of more than 2,000 MW. Furthermore, more than 1,500 inspections and tests were carried out nationally and internationally in 2021.

PNE has also created values ("hidden reserves") that are not readily apparent. These are connected to the establishment of the wind farm portfolio owned by the Company. As a result of these investments in internal projects, pre-tax profits of euro 134.6 million were eliminated by December 31, 2021 (by December 31, 2020: euro 81.6 million) and of euro 53.0 million in the reporting period (prior year: euro 50.0 million) at Group level. With a portfolio of projects owned by the Company, complete or partial sales to third parties outside the Group are postponed, and thus also the Group's earnings from these sales. Whether these profits, as currently calculated, can be achieved in the future in the event of a sale depends on whether or not the assumed market conditions of the project calculations (e.g. return expectations of investors) remain the same (refer to the explanations in chapter "8. Report on opportunities and risks").

The successful operating activities, including the establishment of the Company's own portfolio, resulted in Group EBITDA of approx. euro 32.7 million (prior year: approx. euro 26.3 million). The guidance for the Group EBITDA (euro 24 to 32 million) for fiscal 2021 was exceeded (see explanations in section 2.5 "Earnings, financial and asset position").

At the level of PNE AG, the EBIT was approx. euro 76.2 million in the 2021 fiscal year (prior year: approx. euro 50.0 million).

The development of the individual segments

The following segment results are presented before consolidation at Group level.

"Project development" segment

The "project development" segment reports on the following sub-divisions: onshore wind power – national and international, offshore wind power – national and international, photovoltaic projects – national and international, as well as other projects.

Wind energy and photovoltaics onshore

In spite of the restrictions due to the COVID-19 pandemic, the development and realisation of wind farm and photovoltaic projects on land were continued steadily in fiscal 2021 both in Germany and in the foreign markets in which the PNE Group operates through subsidiaries or joint ventures. Despite the ongoing realisation and sale of projects, the project pipeline for onshore wind energy, i.e. the portfolio of projects being developed by the PNE Group, was expanded to 5,706 MW (prior year: 5,405 MW). In photovoltaics, project development was extended to Germany, France, Italy, Canada, Poland, Romania, South Africa and the USA, and the pipeline was expanded to 1,210 MWp (prior year: 548 MWp).

In recent years, photovoltaic installations have become increasingly cost-effective, efficient and also more marketable in the area of electricity generation. In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic orientation of PNE's business model. New markets are currently being examined in detail and rights are being secured in markets already selected.

As part of the expanded corporate strategy, the first two photovoltaic projects developed by the PNE Group were sold in the USA as well as in Romania at the end of the reporting period with a total nominal output of around 280 MWp.

Overview of the status of onshore wind energy project activities of the PNE Group as at December 31, 2021 in MW:

Country	Phase I – II	Phase III	Phase IV	Total MW	Sold / Service Provider
Germany	1,271	505	131	1,907	0
France	284	246	0	530	13
United Kingdom	43	0	0	43	0
Italy	40	0	0	40	0
Canada	505	0	0	505	0
Panama	224	60	0	284	0
Poland	404	0	0	404	59
Romania	0	0	0	0	221
South Africa	630	30	0	660	140
Sweden	200	0	0	200	60
Turkey	629	71	0	700	0
USA	266	167	0	433	0
Total	**4,496**	**1,079**	**131**	**5,706**	**493**

Phase I – II = Exploration & Development
Phase III = Planning
Phase IV = Implementation
Sold / service provider = This column shows projects already sold, for which PNE is currently providing construction management services.

Overview of the status of photovoltaic project activities of the PNE Group as at December 31, 2021 in MWp:

Country	Phase I – II	Phase III	Phase IV	Total MWp
Germany	412	0	0	412
France	55	0	0	55
Italy	117	0	0	117
Canada	10	0	0	10
Poland	98	0	0	98
Romania	112	0	0	112
South Africa	105	0	0	105
USA	301	0	0	301
Total	**1,210**	**0**	**0**	**1,210**

Phase I – II = Exploration & Development
Phase III = Planning
Phase IV = Implementation

Wind energy and photovoltaics onshore – national

In Germany, the PNE Group worked on wind farms with a nominal output of approx. 1,907 MW (prior year: 1,754 MW) in the various phases of project development as at December 31, 2020.

The German wind farms "Langstedt" (12.6 MW, of which 4.2 MW for landowners involved), "Lentföhrden" (8.4 MW), "Boitzenhagen" (25.0 MW), "Zahrenholz" (21.6 MW) and "Holstentor" (13.5 MW) were completed and transferred to the Company's own portfolio. The previously sold "Erfurt-Ost" wind farm (5.5 MW) was also completed.

The Company has also made significant progress in setting up the internal wind farm portfolio in the Group. Due to the commissioning and acquisition of wind farms, the portfolio increased significantly to 233.2 MW (prior year: 134.8 MW). The wind farms "Langstedt", "Lentföhrden", "Boitzenhagen", "Zahrenholz" and "Holstentor" were commissioned and included in this internal portfolio. The "Helenenberg" wind farm (21.5 MW) was taken over for subsequent repowering. Further wind farms with a nominal output of around 103.1 MW were under construction for the portfolio at the end of the reporting period.

PNE maintains close relationships with various renowned manufacturers of wind energy systems in order to be able to promptly realise onshore wind farms in Germany after their approval. Long-term maintenance contracts were also concluded with some of the important manufacturers in the market for wind turbines that have already been erected.

The development of photovoltaic projects was intensified so that projects with a total output of 412 MWp were being processed in Germany at the end of the reporting period.

Photovoltaics and wind energy onshore – international

PNE also successfully continued its core business of project development and sales abroad. In France, Poland, Romania, Sweden and South Africa, the rights in wind farm projects were successfully marketed in the reporting period, and construction of some of the projects sold began. Photovoltaic projects were sold in Romania and in the USA.

Bulgaria

The general political and economic conditions in Bulgaria continue to make it difficult to profitably construct and operate wind farms there. Against this backdrop, PNE decided at the end of 2019 to cease operations in Bulgaria for the time being and to completely stop all activities. The ongoing winding-up process will be completed in 2022.

France

As at December 31, 2021, projects with a planned nominal capacity of approx. 530 MW (prior year: 532 MW) were underway in France in various phases of project development. The portfolio of projects under development was maintained at a high level. In France, the Company completed the sale of a wind farm project with six wind turbines and a nominal capacity of 13.2 MW. The PNE Group continues to be active in this project as a service provider for the buyer. In addition, PNE obtained the permit for a further project (12.0 MW) in France in the third quarter of 2021.

In addition, photovoltaic projects with a capacity of approx. 55 MWp are under development in France.

United Kingdom

In the reporting period, PNE continued to work on one wind farm in the United Kingdom. The Scottish "Sallachy" wind farm project was refused by the Energy Minister in 2015, despite broad support by communities and politicians. The project was extensively further developed during the reporting period. Opportunities of sale are being reviewed on an ongoing basis.

Italy

Following the successful sale of the previously developed rights to wind farm projects, the PNE Group in Italy is now concentrating on the development of photovoltaic projects. The background to this new direction was that tenders for wind farms have been slow to materialize and thus the market will continue to be difficult. The development of photovoltaic projects in Italy progressed very rapidly in 2021. As at December 31, 2021, projects with around 117 MWp were already under development. The market entry has thus been successful.

Panama

PNE entered the Latin American renewable energy markets in 2019. Five projects were taken over in Panama via subsidiaries. They have been further developed and optimised ever since. Projects with a total of up to 60 MW are already at a very advanced stage of development. However, delays due to the impact of the COVID-19 pandemic are possible.

In Panama, PNE is focusing on the emerging market for renewable energies. The electricity will be marketed via private-law direct power purchase agreements (PPAs).

Poland

The construction of the wind farms "Kuslin" (39.6 MW) and "Krzecin" (19.2 MW) was continued in the reporting period. Both projects were sold in October 2021. The companies of the PNE Group will continue to provide services on behalf of the buyer after the wind farms have been commissioned.

The development of photovoltaic projects was also intensified in Poland. At the end of the reporting period, projects with around 98 MWp were being processed.

Romania
The PNE Group sold the rights to three wind farm projects in Romania during the reporting period. Wind power turbines with a nominal output of up to 221 MW can be erected in these projects. PNE and the buyer will cooperate in the further development activities. The market developments are increasingly positive.

In the future, PNE will focus on the development of photovoltaic projects in Romania. Initial successes have already been achieved in 2021. As at December 31, 2021, projects with around 112 MWp were already under development. One photovoltaic project with approx. 81 MWp was sold at the end of the reporting period. The entry into the photovoltaics market has thus been successful.

Sweden
The construction of the previously sold "Malarberget" wind farm (113 MW) was completed in the 2021 fiscal year. On behalf of the buyer, the PNE Group will provide services for the wind farm during the operating phase as well.

During the reporting period, construction began on the "Hultema" wind farm with a nominal output of approx. 60 MW. This wind farm was also already sold and will be managed by the PNE Group on behalf of the buyer during the construction phase.

South Africa
In South Africa, wind farm projects with a nominal capacity of up to 660 MW (prior year: 530 MW) were processed in various phases of project development as at December 31, 2021. In the third quarter of 2021, the rights to a 140 MW wind farm project were sold. From this transaction, the PNE Group expects milestone payments as the project progresses and will remain active as a service provider for the project.

The environmental permit for 75 wind turbines in the "Paulputs" project was issued in December 2019. This project will be further developed.

Development of photovoltaic projects has also begun in South Africa. At the end of the reporting period, projects with around 105 MWp were being processed.

Turkey
In Turkey, the PNE Group is working on wind farm projects with a nominal output to be installed of approx. 700 MW in various project development phases. Since electricity prices are largely dependent on gas, which has to be purchased at a high price, they are comparatively high.

At the end of 2017, the state-owned grid operator TEÌAŞ carried out the second part of a tender for 3,000 MW wind capacity. In the tender, PNE was awarded a contract for the "Köseler" project (71.4 MW). In August 2018, PNE received the pre-licence from the Energy Regulatory Authority EPDK. This secured feed-in capacity and the project area. Due to a radar issue at "Köseler", the change to the alternative project site "Kayislar" was applied for, and it was approved by the competent authorities. The period for project development up to readiness for construction was extended accordingly.

As before, the aim is to further develop the PNE project portfolio in preparation for participation in future tenders and to submit corresponding pre-license applications. In addition, the approval procedure for the "Köseler/Kayislar" project is being pursued.

USA/Canada
In the USA, the PNE Group develops both wind farms and photovoltaic projects. As at December 31, 2021, this included wind farms where up to 433 MW can be erected and photovoltaic projects for up to 301 MWp. The PNE Group has thus further expanded its activities and competencies on the US market for renewable energy projects. A photovoltaic project with approx. 199 MWp, developed in Utah, was sold at the end of the reporting period.

In the field of wind energy, further progress was made in the development of the existing portfolio.

In Canada, project development was expanded into further provinces following positive market investigations. Wind energy and photovoltaic projects are being developed that will be put out to tender in the future or will be able to sell electricity on the free market.

The PNE Group is working on several wind energy and photovoltaic projects, which are still at an early stage of development. Project approaches for the direct supply of industrial companies are also being pursued.

Project development of onshore wind energy and photovoltaics in total
As at December 31, 2021, the companies of the PNE Group were working on wind farm projects with approx. 5,706 MW of nominal output (prior year: 5,405 MW) in various phases of the multi-year development process in Germany and in the foreign markets, in which they are active via subsidiaries or joint ventures. The pipeline of photovoltaic projects was expanded to 1,210 MWp (prior year: 548 MWp). This is the basis for the future development in the sector of onshore wind energy. In addition, the PNE Group is active as a service provider in projects with 493 MW that have already been sold.

Wind energy offshore

Wind energy offshore – national

At the end of the reporting period, the investment decision was made by the buyer of the "Gode Wind 4" project, which was developed by PNE up to readiness for construction and subsequently sold. As a result of this decision, the PNE Group received the agreed milestone payment of approx. euro 15 million, which had already been reported in accordance with IFRS in the previous year at Group level. PNE assumes with a high degree of probability that the sold project area "Atlantis I" will be put out to tender in 2024 and that the last outstanding milestone payment will thus become due.

The Offshore Wind Energy Act provides for the planning of future projects to be carried out centrally by the Federal Maritime and Hydrographic Agency. In combination with the tendering system introduced, this represents a high hurdle for PNE for future project developments in German waters.

PNE's high level of competence in offshore project development is reflected in the fact that eight offshore wind farm projects were sold after their realisation in recent years. These include the projects "Atlantis I", "Borkum Riffgrund" and "Gode Wind".

Four offshore wind farms, which were developed by PNE and sold after approval was granted, have since been erected and commissioned by the purchasers: "Borkum Riffgrund 1", "Gode Wind 1" and "Gode Wind 2" and finally in 2019 "Borkum Riffgrund 2" with a total nominal capacity of 1,344 MW.

Overview of the PNE references of the offshore wind energy division as at December 31, 2021:

Projects sold

Zone	Projects	Phase	WPT	Total MW
1	Borkum Riffgrund 1	8	78	312
1	Borkum Riffgrund 2	8	56	448
1	Gode Wind 1 & 2	8/8	55 + 42	582
1	Gode Wind 3 & 4	6/6	30	242
2	Atlantis I	3	73	584
4	HTOD5 (Nautilus II)	2	68	476
	Total		**402**	**2,644**

Phase 1 = Project identification
Phase 2 = Application conference
Phase 3 = Hearing
Phase 4 = Approval granted
Phase 5 = Grid connection
Phase 6 = Investment decisions
Phase 7 = Under construction
Phase 8 = In Operation

In the offshore wind energy segment, the PNE Group also examines opportunities of generating electricity from other energy carriers such as hydrogen at sea. Fundamental calculations and examinations are carried out for this purpose, which, if positive, can form the basis of further project activities in this respect.

Wind energy offshore – international

In the reporting period, the Company made further efforts to start the development of marine wind farms abroad. In particular, it is currently examining the possibilities of planning offshore wind farms in Vietnam. An office was opened for this purpose in Ho Chi Minh City.

In Vietnam, the required expansion of the national electricity grid is defined in Power Development Plans ("PDPs"). Inclusion in the PDP is the basis for further approvals for each project. For the latest PDP8, PNE has applied with an offshore project with up to 2,000 MW of potential total output. The PDP is expected to be published in 2022.

Results of the "project development" segment

The operative achievements listed above have led to the positive results in the "project development" segment in the 2021 reporting period. The current COVID-19 pandemic has had impact on the business activities of the "project development" segment in the form of project postponements. These shifts had only minor effects on the results of the "project development" segment in the period under review. However, it cannot be ruled out that this might lead to shifts in earnings in the "project development" segment and in the Group from 2022 to 2023 in the course of the 2022 fiscal year.

In the 2021 fiscal year, the "project development" segment achieved

- total aggregate output of euro 267.5 million (prior year: euro 186.3 million),
- EBITDA of euro 62.7 million (prior year: euro 56.5 million) and
- EBIT of euro 60.2 million (prior year: euro 54.5 million).

"Service products" segment

The "service products" segment reports in summary on services. These include technical and commercial operations management of wind farms and substations, construction management, wind measurements, electricity marketing management, and further services.

In 2021, the services related to electricity marketing management were dominated by the historically exceptionally high market prices and volatility. In this context, the PNE Group has successfully expanded its services provided to wind farm companies to include solutions for short-term hedging products of the current high market price level in addition to the classic transaction advice/ brokerage of power purchase agreements (PPAs). As long as market prices remain high, demand and growth will continue to rise.

The international operations management business was expanded in 2021 in the markets of Sweden and Poland, with further contracts won independently of the Group's project pipeline. A continuation of this successful growth independent of the Company's own project development is already on the horizon for the following year, among others for the Lithuanian market.

In the Polish wind farm "Jasna", developed and sold by PNE, group companies provided construction management services until the start of operation. With this project, PNE once again successfully implemented its strategy of providing services for these projects in addition to project development.

Services during the construction phase were also provided for the Swedish "Malarberget" and "Hultema" projects. In these wind farms, companies of the PNE Group also take over the commercial and technical operational management during the operating phase.

The current COVID-19 pandemic has only had a minor impact on the business activities of the "service products" segment, as the order situation in this segment is based primarily on long-term service contracts. Due to the assumption of construction management services, e.g., in Sweden, the Company achieved better results in the reporting period than in the same period of the previous year.

Results of the "service products" segment

In the 2021 fiscal year, the "service products" segment achieved

- total aggregate output of euro 21.9 million (prior year: euro 21.1 million),
- EBITDA of euro 5.1 million (prior year: euro 5.2 million) and
- EBIT of euro 1.9 million (prior year: euro 2.1 million).

"Electricity generation" segment

The "electricity generation" segment combines all activities of the Group companies that are engaged directly in the production of electricity from clean energies.

This division includes primarily the wind farms operated by the PNE Group with a total nominal capacity of currently approx. 233.2 MW (prior year: approx. 134.8 MW) and the Silbitz biomass power plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

Until the successful sale and delivery of wind farms to the operators, the "electricity generation" segment will include the revenues of these projects as part of segment reporting.

In the 2021 fiscal year, weaker wind performance was recorded compared to the long-term average so that results below the forecasts were generated in the "electricity generation" segment. Wind availability fluctuates from year to year. The projects held in PNE's own portfolio are calculated based on two independent wind resource assessments. These wind forecasts refer to an annual average value that will be achieved with a defined probability over the course of 20 years. Statistically speaking, this means that high and low wind supply will balance each other out in the course of the operating period. In the reporting period, lower revenue from electricity generation was partly offset by higher electricity prices.

Compared to the previous year, depreciation and amortisation in the "electricity generation" segment increased due to the higher number of MW in operation. The higher depreciation and amortisation combined with lower revenues due to the poor wind conditions had a negative impact on the segment's EBIT in relation to the previous year's figures. However, this was partially offset by the rise in electricity prices.

A scheduled standstill of the Silbitz biomass power plant for more than two months due to the required ten-year maintenance also had a negative impact on the segment's results compared to the results of the previous year.

The current COVID-19 crisis has had no impact on the business activities of the "electricity generation" segment.

Results of the "electricity generation" segment

In the 2021 fiscal year, the "electricity generation" segment achieved

- total aggregate output of euro 33.0 million (prior year: euro 24.3 million),
- EBITDA of euro 23.1 million (prior year: euro 18.4 million) and
- EBIT of euro 5.3 million (prior year: euro 5.3 million).

2.5 Earnings, financial and asset position

The figures in the text and in the tables were rounded, and small rounding differences are possible.

2.5.1 Earnings

Developments in the Group

In the 2021 fiscal year, the PNE Group achieved a total aggregate output of euro 252.0 million (prior year: euro 151.7 million) in accordance with IFRS. Of this, euro 117.7 million is attributable to revenues (prior year: euro 109.7 million), euro 129.8 million to changes in inventories (prior year: euro 38.2 million) and euro 4.5 million to other operating income (prior year: euro 3.8 million).

The change in revenues versus the prior year is attributable mainly to the type of revenues in the project business. If the Group sells its projects on a turnkey basis, high revenues are achieved, also due to the purchase of wind power turbines. In the event of a sale of project rights, the Group generates lower revenues compared to "turnkey" revenues. Particularly in international markets, the sale of project rights is preferred for reasons of risk minimisation. However, the operating results of both types of revenues are close together, since the main performance of the Group companies is achieved by project development. In addition, the realisation of wind farms for the Company's own portfolio has an impact on sales revenues, as these sales are not reported at Group level. The "real" performance of the Group can be seen by looking at the nominal capacity of the projects that have been completed, sold or started to be built. This added up to 796.0 MW (prior year: 461.2 MW) of wind energy projects and 280.1 MWp (prior year: 0.0 MWp) of photovoltaic projects in 2021. With an assumed mean investment volume of approx. euro 1.4 to 1.8 million per MW of installed nominal capacity for wind energy projects and an assumed mean investment volume of approx. euro 0.6 to 0.8 million per MWp of installed nominal capacity for photovoltaic projects, PNE has initiated investments of approx. euro 1.3 to 1.7 billion (prior year: euro 645 to 830 million), thus being significantly above the value of the previous year.

In the 2021 fiscal year:

- In the "project development" segment, the Company invoiced to another segment internal revenues of euro 168.2 million (prior year: euro 108.8 million), including for general contractor and project development services for the Company's own wind farms as well as external revenues of euro 68.9 million (prior year: euro 71.3 million), including from project sales, e.g., in France, Poland, Romania, Sweden and the USA, from contractual milestone receivables/payments for onshore wind farms projects sold in previous years in Germany and abroad, e.g. in France, Poland and Sweden as well as from project development and general contractor services for current wind farm projects in Germany and abroad.

- In the "service products" segment, the Company billed external revenues of euro 17.1 million (prior year: euro 16.1 million) and internal revenues of euro 4.1 million (prior year: euro 4.0 million). The main revenues were generated

  - from commercial and technical operations management,
  - from construction management services,
  - from wind planning services/wind measurements,
  - from electricity marketing management,
  - from activities in the area of service, maintenance and inspection of operating equipment, training for specialists and servicing of obstruction lighting systems as well as
  - from substation services.

  The increase in revenues compared to the same period of the previous year is due, among other things, to the additional services in the construction management sector for projects that have already been sold and the increase in renewable energy projects under commercial and technical operations management.

  In this context, it is noteworthy that a significant part of the internal services/revenues helped to avoid external costs within the Group.

- In the "electricity generation" segment, external revenues of euro 31.7 million were generated in the reporting period (prior year: euro 22.3 million). These revenues were mainly attributable to PNE's own wind farm portfolio with euro 27.9 million (prior year: euro 18.3 million) and the revenues from the "Silbitz" biomass power plant of euro 3.8 million (prior year: euro 4.0 million). A major reason for the lower revenues in relation to the wind turbines in operation is that weaker wind performance was recorded in the 2021 reporting period compared to the long-term average. Thus, despite the higher number of wind turbines in PNE's own operation, a smaller amount of electricity was produced in relation to the possible output. This was partially compensated for by increased electricity prices. Furthermore, a scheduled longer standstill of the Silbitz biomass power plant due to the required ten-year maintenance also had a negative impact on the segment's results compared to the results of the previous year's reporting period.

In the 2021 financial year, as in the previous year, the work performed for projects owned by the Group was shown under changes in inventories.

Explanation: Since the company-owned wind farms were operated by the Company itself regardless of their current or future shareholder structure and used to generate electricity, the wind farms were classified as fixed assets from the date of sale within the Group in accordance with IAS 16. The reclassification from Group inventories to Group fixed assets is carried out without affecting the statement of comprehensive income and, therefore, has not resulted in a change in the item "Increase/decrease in unfinished goods and work in process" of the statement of comprehensive income.

Other operating income includes, inter alia, the reversal of provisions in connection with the construction of wind farm projects, individual value adjustments as well as cost allocations.

The activities of the Group in the area of project development in Germany and abroad, both onshore and offshore, are reflected in the expense items. The share of cost of materials in the Group's total aggregate output amounts to euro 161.6 million (prior year: euro 72.7 million). The Group's cost of materials ratio (cost of materials in relation to aggregate output), which increased from 48 % to 64 % on a year-on-year basis, is also due to the way projects were sold in the fiscal year, either as "turnkey" projects (high cost of materials) or as project rights (low cost of materials) (see also the explanation on the increase in revenues). The implementation of wind farms for the Group's own portfolio has a negative impact on the cost of materials ratio, as the Group's total aggregate output only includes the capitalisation of external production costs and no profits from these project implementations.

The Group's personnel expenses amounted to euro 38.5 million in the 2021 fiscal year and thus increased by euro 3.4 million compared to the level of the prior year period (euro 35.1 million). The number of employees in the Group as at December 31, 2021 increased to 491 (as at December 31, 2020: 455 employees). On average, 470 people (prior year: 448 people) were employed in the Group during the year. These figures include the two members of the Board of Management (prior year: two members). The increase in the number of employees is part of the organisational adjustment to the new strategy that the Group is pursuing with the "Scale up" programme. Other reasons for the higher personnel expenses is the rise in starting salaries and the variable remuneration for employees, which must be paid for qualified personnel in line with the market conditions.

Personnel expenses are attributable to the segments as follows:

- "project development": euro 27.7 million (prior year: euro 25.2 million)
- "service products": euro 9.7 million (prior year: euro 8.9 million) and
- "electricity generation": euro 1.1 million (prior year: euro 1.0 million).

The write-downs of intangible fixed assets, property, plant and equipment as well as right-of-use assets increased on a year-on-year basis by euro 5.2 million to euro 23.4 million (prior year: euro 18.2 million). The increase resulted primarily from the higher average number of wind power turbines in the Group ("electricity generation" segment) compared to the prior-year period. Depreciation and amortisation of intangible fixed assets, property, plant and equipment as well as right-of-use assets are attributable to the segments as follows:

- "project development": euro 2.4 million (prior year: euro 2.0 million)
- "service products": euro 3.2 million (prior year: euro 3.1 million) and
- "electricity generation": euro 17.8 million (prior year: euro 13.1 million).

The other operating expenses in the Group totalling euro 19.3 million (prior year: euro 17.6 million) are above the level of the previous year and are primarily attributable to the following items:

in million euro	2021	2020
Repair and maintenance expenses	4.4	3.5
Legal and consulting costs	3.6	4.4
Vehicle costs	1.6	1.6
Advertising and travel expenses	1.6	1.3
Insurance premiums and contributions	1.3	1.2
Financial statement and auditing costs, incl. tax advice and external accounting	1.2	1.0
Rental and leasing expenses and incidental rental costs	1.2	0.5
IT costs	0.9	0.6
Supervisory Board remuneration	0.4	0.5
Losses from the disposal of assets	0.3	0.1

Other operating expenses, before consolidation effects, are distributed among the segments as follows:

- "project development": euro 12.1 million (prior year: euro 14.6 million)
- "service products": euro 2.8 million (prior year: euro 2.2 million) and
- "electricity generation": euro 8.1 million (prior year: euro 4.2 million).

Due to the continued construction and ongoing operation of the wind farms owned by the Group, the "Papenrode" and "Helenenberg" repowering projects as well as the HKW "Silbitz" ("electricity generation" segment), other operating expenses increased, in particular, in the item "repair and maintenance expenses".

Other interest and similar income changed from euro 0.3 million in the prior-year period to euro 4.4 million in the reporting period. The change is mainly due to the valuation of the interest swaps concluded as part of the project financing. In the valuation of interest rate swaps, rising market interest rates have led to interest income, which was recognised in the amount of euro 3.5 million in the Group ("electricity generation" segment) in the 2021 reporting period.

Interest and similar expenses in the Group changed from euro 11.2 million in the prior year period to euro 10.8 million in the reporting period. In the 2020 reporting period, falling interest rates led to interest expense of euro 2.8 million in the valuation of interest rate swaps, whereas in 2021 to interest expense of euro 0.9 million only. At the same time, rising market interest rates on interest rate swaps concluded in previous years resulted in interest income in the 2021 reporting period (see above under "Other interest and similar income"). Interest and similar expenses were incurred mainly in connection with

- the 2018/2023 bond (euro 2.0 million),
- the equity and debt financing of wind farm projects and the portfolio GmbHs (euro 4.3 million),
- the application of IFRS 16 "Leases" (euro 1.7 million) and
- the valuation of interest swaps concluded as part of the project financing for wind farm projects (euro 0.9 million).

The Company has created values ("hidden reserves") that are not immediately recognisable. These are connected to the establishment of the wind farm portfolio owned by the Company. As a result of these investments in PNE's own projects, pre-tax profits of euro 53.0 million were eliminated at Group level in the reporting period (prior year: euro 50.0 million). With a portfolio of projects owned by the Company, complete or partial sales to third parties outside the Group are postponed, and thus also the Group's earnings from these sales. Whether these profits, as currently calculated, can be achieved in the future in the event of a sale depends on whether or not the assumed market conditions of the project calculations (e.g. return expectations of investors) remain the same (refer to the explanations in chapter "8. Report on opportunities and risks"). The values created from the Group's own projects ("hidden reserves") will be gradually disclosed over the useful life of the projects, based on the lower depreciation assessment basis in the Group. This disclosure of values ("hidden reserves") leads to improvements in earnings over the term and, corresponding to the amount of the disclosure, to an improvement in the Group's equity ratio.

The Group reported tax income of euro 21.8 million in the fiscal year (prior year: euro 3.7 million). The tax income is mainly attributable to the recognition of deferred taxes on tax loss carry-forwards.

At Group level, the following results were achieved in the 2021 financial year, excluding the deferred results from the establishment of a wind farm portfolio:

- earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation/depreciation of intangible assets, property, plant and equipment as well as right-of-use assets and goodwill) of euro 32.7 million (prior year: euro 26.3 million),
- operating profit (EBIT = corresponds to the value stated in line "Operating result" of the statement of comprehensive income) of euro 9.3 million (prior year: euro 8.2 million).

The consolidated net income after non-controlling interests amounted to euro 25.1 million (prior year: euro 1.6 million). The basic earnings per share for the Group amounted to euro 0.33 (prior year: euro 0.02) and the diluted earnings per share for the Group amounted to euro 0.33 (prior year: euro 0.02).

Taking into account the business result and the dividend distribution, the unappropriated profit in the Group changed in the reporting period to euro 73.4 million (prior year: euro 51.4 million). In fiscal 2021, a dividend of euro 3.1 million was distributed from the available retained earnings.

Developments in PNE AG (figures pursuant to the HGB separate financial statements)

Euro 104.4 million (prior year: euro 60.3 million) of the Group's total aggregate output was attributable to PNE AG. The total aggregate output of PNE AG consists of revenues of euro 89.0 million (prior year: euro 54.2 million), changes in inventories of euro -1.5 million (prior year: euro 2.9 million) and other operating income of euro 16.9 million (prior year: euro 3.2 million).

As in the previous year, revenues were generated primarily from the implementation and sale of turnkey projects.

Other operating income includes the reversal of provisions as well as other income, such as credit notes, amounts charged on, and income from the reversal of individual value adjustments and income from the disposal of tangible assets.

The income from the disposal of fixed assets includes the milestone payment received from the earlier sale of the "Gode Wind 4" offshore project in the amount of euro 15.0 million.

In the separate financial statements of PNE AG, the cost of materials amounted to euro 46.2 million in fiscal 2021 (prior year: euro 18.1 million). The cost of materials consists mainly of the costs for the wind power turbines and the construction costs for the infrastructure of the wind farm projects realised or under construction.

In the separate financial statements of PNE AG, the personnel expenses totalled euro 16.5 million in the 2021 fiscal year (prior year: euro 15.1 million). The number of employees of PNE AG as at December 31, 2021 changed to 190 (as at December 31, 2020: 178 employees). The personnel figures include the two members of the Board of Management (prior year: two members).

In the separate financial statements of PNE AG, the other operating expenses totalled euro 13.6 million in the 2021 fiscal year (prior year: euro 12.4 million).

In the 2021 fiscal year, PNE AG reported earnings before taxes of euro 76.2 million (prior year: euro 50.0 million).

Income from profit transfer agreements changed compared to the previous year from euro 34.5 million to euro 46.8 million. This change results primarily from the profit transfer agreement with WKN GmbH, based on which the profit of WKN GmbH of approx. euro 44.4 million (prior year: euro 32.5 million) was allocated to PNE AG.

Interest and similar expenses at PNE AG changed compared to the previous year and amounted to euro 2.6 million (prior year: euro 2.4 million); they were mainly incurred for the interest on the 2018/2023 bond.

As at December 31, 2021, the retained earnings of PNE AG totalled euro 231.1 million (prior year: euro 153.0 million). The net income of PNE AG amounted to euro 81.2 million (prior year: euro 44.5 million). The basic earnings per share of PNE WIND AG amounted to euro 1.06 (prior year: euro 0.58) and the diluted earnings per share to euro 1.06 (prior year: euro 0.58).

2.5.2 Financial situation

The figures in the text and in the tables were rounded, and small rounding differences are possible.

Developments in the Group

Finance management of PNE AG and of the PNE Group is concentrated on providing sufficient liquidity

- → for financing the ongoing operations
- → to create the prerequisite for implementing the extended strategy and to
- → counteract the risks of project business.

This financing will be provided at the level of the relevant project companies by way of loans, and at the level of PNE AG by the way of emission of bonds. Derivative financial instruments such as interest swaps will only be used at the level of the project companies to secure interest risks of variable-interest loans. As at December 31, 2021, there were derivative financial instruments in relation to several project financing plans of wind farms in the Group.

The statement of cash flows provides information on the liquidity situation and the financial position of the Group. As at December 31, 2021, the Group companies had available liquidity of euro 228.0 million, including credit lines for interim project financing, of which euro 1.9 million is pledged to banks (as at December 31, 2020: euro 218.1 million, of which euro 3.0 million pledged).

The available liquidity is broken down as follows:

- cash and cash equivalents in the amount of euro 149.6 million (as at December 31, 2020: euro 111.6 million),
- freely available working capital lines of euro 15.1 million (as at December 31, 2020: euro 3.0 million) and
- freely available project interim debt financing available of euro 63.3 million (December 31, 2020: euro 103.5 million).

The Group entered into an agreement (letter of intent) with a bank for further interim equity financing of projects of up to euro 27.1 million, based on which separate interim equity financing agreements can be concluded after the commissioning of the projects. As at December 31, 2021, an amount of euro 6.4 million had already been used.

As at December 31, 2021, the Group had working capital facilities totalling euro 15.1 million (as at December 31, 2020: euro 15.1 million) and credit lines for guarantee and contract fulfilment obligations (excluding guarantee lines granted by banks in connection with ongoing project financing) of euro 34.2 million (as at December 31, 2020: euro 14.2 million). As at December 31, 2021, the Group had used euro 0.0 million of the working capital facilities (as at December 31, 2020: euro 12.1 million) and euro 4.8 million of the guarantee and contract fulfilment credit lines as at December 31, 2020 (as at December 31, 2021: euro 8.0 million).

The cash flow from operating activities shown in the statement of cash flows of euro 23.8 million (prior year: euro -68.5 million) was primarily attributable to

- the consolidated results in the reporting year,
- the expenses for the further development of the project pipeline and the realisation of wind farm projects, which are reflected in the changes in the inventories, receivables and liabilities and were mainly financed by project interim funds (see Cash flow from financing activities).

The cash flow from investing activities in the reporting period included outgoing and incoming payments for investments in consolidated property, plant and equipment and intangible assets totalling euro -82.0 million (prior year: euro -14.4 million). The investments in property, plant and equipment in the 2021 fiscal year and the previous year related mainly to investments in the realisation of wind farms for the wind farm portfolio being established ("electricity generation" segment) and in substations for these wind farm projects ("service products" segment).

Incoming and outgoing payments relating to the sale and purchase of financial assets or consolidated entities totalled euro 30.3 million in the reporting period (prior year: euro 0.0 million). The majority of incoming payments came from the sale of shares in the Polish and Romanian wind farm companies in the reporting year.

During the reporting period, the cash flow from financing activities of euro 112.0 million (prior year: euro 82.9 million) was influenced primarily by

- the taking of bank loans of euro 143.7 million, which are mainly used for the project financing of the wind farm projects owned by the Group,
- the repayment of credit liabilities of euro 21.5 million,
- the repayment of lease liabilities totalling euro 7.2 million (pursuant to IFRS 16 to be recorded as outflow of funds in the cash flow from investing activities) and
- the payment of the dividend of euro 3.1 million.

As at December 31, 2021, the share capital of PNE AG amounted to euro 76,603,334.00 (as at December 31, 2020: euro 76,603,334.00).

As at December 31, 2021, the Group had liquid funds of euro 149.6 million, of which euro 1.9 million is pledged to banks (as at December 31, 2020: euro 111.6 million, of which euro 3.0 million pledged).

Developments in PNE AG

As at December 31, 2021, PNE AG had liquidity of euro 87.3 million, of which euro 0.7 million is pledged to banks (as at December 31, 2020: euro 59.1 million, of which euro 0.5 million pledged).

The financial situation of PNE AG in fiscal 2021 was characterised, in particular, by

- the positive cash flow from investing activities of euro 26.4 million (prior year: euro 4.5 million), mainly due to the interest income and profit transfers from the previous year,
- as well as the positive cash flow from operating activities of euro 11.1 million (prior year: euro -16.0 million), which is mainly due to the annual result, and
- the negative cash flow from financing activities of euro -9.3 million (prior year: euro -2.1 million), which results from the dividend payment, the repayment of borrowings and interest payments.

The cash flows from operating activities were determined using the indirect method and the cash flows from investing and financing activities were determined using the direct method.

2.5.3 Statement of financial position

Developments in the Group

in million euro	**31.12.2021**	**31.12.2020**
Assets		
Total long-term assets	**463.5**	**317.3**
Intangible assets	64.0	64.3
Property, plant and equipment	273.5	176.5
Right-of-use assets	64.7	39.1
Long-term financial assets	2.6	1.9
Deferred taxes	58.7	35.5
Total short-term assets	**363.5**	**346.5**
Inventories	163.7	174.0
Receivables and other assets	49.5	59.6
Tax receivables	0.7	1.3
Cash and cash equivalents	149.6	111.6
Total assets	**827.0**	**663.8**

On the reporting date, the consolidated total assets of PNE AG amounted to euro 827.0 million. This is a change of approx. 24.6 percent in comparison with December 31, 2020 (euro 663.8 million).

Total long-term assets increased from euro 317.3 million at the end of 2020 to euro 463.5 million on the reporting date.

As at December 31, 2021, intangible assets totalled euro 64.0 million, which mainly includes the goodwill of euro 63.3 million (as at December 31, 2020: euro 63.3 million), and thus remained approximately at the same level as at December 31, 2020. As at December 31, 2021, the goodwill was attributable to the segments as follows:

- "project development": euro 52.9 million (as at December 31, 2020: euro 52.9 million),
- "service products": euro 10.4 million (as at December 31, 2020: euro 10.4 million) and
- "electricity generation": euro 0.0 million (as at December 31, 2020: euro 0.1 million).

In the same period, property, plant and equipment changed by euro 97.0 million to euro 273.5 million (December 31, 2020: euro 176.5 million). This item primarily includes

- land and buildings: euro 13.0 million (as at December 31, 2020: euro 13.5 million),
- substations owned or under construction: euro 18.6 million (as at December 31, 2020: euro 14.1 million),
- technical equipment and machinery of the Company's own wind farms: euro 234.9 million (as at December 31, 2020: euro 141.9 million) and
- other plant and machinery, fixtures and fittings: euro 4.1 million (as at December 31, 2020: euro 2.7 million).

The increase in property, plant and equipment is mainly due to the "growing" wind farm portfolio and the resulting write-downs of property, plant and equipment of the wind farms.

IFRS 16 specifies how to account for leases. According to the standard, the lessee is generally obliged to recognise rights and obligations arising from leases. Therefore, lessees must recognise the right of use relating to a leased asset ("right-of-use asset") either under fixed assets in the balance sheet item "right-of-use assets" (long-term assets such as wind farms in own operation or wind farms planned for own operation) or under the balance sheet item "inventories" (short-term assets such as wind farm projects to be sold during or after construction). The "right-of-use assets" in the PNE Group include leasing contracts (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease agreements (e.g. in connection with the wind farms held by PNE or wind farms under construction). As at December 31, 2021, the Group recognised right-of-use assets of euro 64.7 million (as at December 31, 2020: euro 39.1 million) under the long-term assets. As at December 31, 2021, the right-of-use assets were attributable to the segments as follows:

- "project development": euro 9.7 million (as at December 31, 2020: euro 10.3 million),
- "service products": euro 5.3 million (as at December 31, 2020: euro 5.9 million) and
- "electricity generation": euro 49.7 million (as at December 31, 2020: euro 22.9 million).

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment (IAS 16) and investment property measured at cost (IAS 40)), the reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. Although the effects on the economy caused by the COVID-19 pandemic also have certain implications for PNE AG, the Board of Management is of the opinion that there are no indications that the value of the reported goodwill as at December 31, 2021 might be impaired.

Short-term assets changed in the reporting period from euro 346.5 million (December 31, 2020) to euro 363.5 million on December 31, 2021. This change is mainly attributable to the increase in liquid funds and the decrease in other short-term assets. Of the short-term assets, euro 29.5 million is attributable to trade receivables (December 31, 2020: euro 40.2 million), mainly from project invoices for project development and general contractor services for wind farms and milestone receivables at the end of the year.

The work in progress shown under the inventories changed from euro 144.1 million (December 31, 2020) to euro 122.5 million. The reduction in inventories is mainly due to the implementation of the Group's own wind farm projects.

Work in progress is divided as follows:

- Onshore projects/national: euro 100.4 million (as at December 31, 2020: euro 93.1 million),
- Onshore projects/international: euro 22.1 million (as at December 31, 2020: euro 51.0 million).

The inventories included right-of-use assets of euro 42.1 million as at December 31, 2021 (as at December 31, 2020: euro 34.6 million), which are attributable to the "electricity generation" segment.

The prepayments made in connection with onshore projects under construction, which are included in the inventories item, changed by euro 11.3 million from euro 29.6 million to euro 40.9 million.

Cash and cash equivalents amounted to euro 149.6 million as at December 31, 2021, of which euro 1.9 million is pledged to banks (as at December 31, 2020: euro 111.6 million, of which euro 3.0 million pledged).

As at December 31, 2021, cash and cash equivalents were attributable to the segments as follows:

- "project development": euro 126.2 million (as at December 31, 2020: euro 89.3 million),
- "service products": euro 1.1 million (as at December 31, 2020: euro 1.1 million) and
- "electricity generation": euro 22.3 million (as at December 31, 2020: euro 21.2 million).

in million euro	31.12.2021	31.12.2020
Liabilities		
Equity	221.8	200.6
Deferred subsidies from public authorities	0.7	0.7
Provisions	6.7	4.6
Long-term liabilities	495.2	354.3
Short-term liabilities	77.4	81.6
Deferred revenues	25.2	22.0
Total liabilities and equity	**827.0**	**663.8**

Group equity changed from euro 200.6 million (December 31, 2020) to euro 221.8 million as at December 31, 2021. The treasury stock has not changed in the reporting period and amounted to 266,803 shares as at December 31, 2021.

The equity ratio of the Group was approx. 27 percent as at December 31, 2021 (as at December 31, 2020: approx. 30 percent).

The long-term liabilities changed from euro 354.3 million (December 31, 2020) to euro 495.2 million. The item consists mainly of long-term financial liabilities totalling euro 488.8 million (as at December 31, 2020: euro 343.3 million).

The long-term liabilities mainly consist of

- the 2018/2023 bond issued in the 2018 fiscal year with a carrying amount of euro 49.5 million (as at December 31, 2020: euro 49.2 million),
- long-term liabilities to banks of euro 330.4 million (as at December 31, 2020: euro 216.6 million) and
- liabilities from leases of euro 103.7 million (as at December 31, 2020: euro 70.4 million).

The significant long-term liabilities to banks relate to the "non-recourse" project financing of wind farm projects operated by the Company in its own portfolio ("electricity generation" segment).

As at December 31, 2021, the liabilities to banks are attributable to the segments as follows:

- "project development": euro 6.2 million (of which long-term euro 5.7 million),
- "electricity generation": euro 345.5 million (of which long-term euro 324.8 million),
- "service products": euro 0.0 million (of which long-term euro 0.0 million).

Mainly due to "IFRS 16 Leases", approx. euro 103.7 million (as at December 31, 2020: euro 70.4 million) for lease liabilities is reported under long-term liabilities and approx. euro 6.9 million (as at December 31, 2020: euro 4.6 million) under short-term liabilities as at December 31, 2021.

The liabilities from leases are attributable to the following segments as at December 31, 2021:

- "project development": euro 10.0 million (of which long-term euro 8.4 million),
- "electricity generation": euro 94.0 million (of which long-term euro 89.4 million),
- "service products": euro 6.6 million (of which long-term euro 5.9 million).

In the 2021 fiscal year, the short-term liabilities changed from euro 81.6 million (December 31, 2020) to euro 77.4 million. The short-term liabilities to banks, included in this item, changed from euro 22.7 million (December 31, 2020) to euro 21.3 million. In the reporting period, trade liabilities changed from euro 31.4 million (December 31, 2020) to euro 34.4 million. These mainly originate from project invoices that are issued by subcontractors for wind farms at the end of the year and that are expected to be settled for the most part at the time of receipt of the corresponding trade receivables from the wind farm companies, which correspond to the liabilities.

The Company used "non-recourse" financing of approx. euro 136.7 million and approx. euro 7.0 million from the available project equity bridge loans during the 2021 reporting period, which contributed to the above-mentioned changes in short-term and long-term liabilities to banks.

The liabilities to banks (long-term and short-term) mainly include:

in million euro	Valued per 31.12.2021	Of which long-term 31.12.2021
Non-recourse project financing of wind farms	334.1	207.0
Interim equity financing of wind farm portfolios	26.8	19.4
Syndicated credit facility PNE AG / WKN GmbH	0.0	12.1
Other loans (incl. financing of the company headquarters in Cuxhaven)	3.7	3.8

The project funds were provided, in part, by public KfW loans, in some cases at an interest rate below the market rate. The difference between the fair value and the nominal value of the loan in the amount of euro 12.8 million (as at December 31, 2021) was set off against the acquisition or production costs of the corresponding assets and is recognised over the useful life of these assets.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at December 31, 2021 amounted to euro -368.8 million (December 31, 2020: net debt of euro -260.5 million).

Developments in PNE AG

in million euro	31.12.2021	31.12.2020
Assets		
Intangible assets	0.1	0.1
Property, plant and equipment	9.7	10.3
Financial assets	142.7	130.2
Inventories	54.1	36.3
Receivables and other assets	184.8	150.2
Liquid funds	87.3	59.1
Deferred Taxes	10.1	0.0
Total assets	**488.8**	**386.2**

The fixed assets consist of intangible assets of euro 0.1 million (as at December 31, 2020: euro 0.1 million), property, plant and equipment of euro 9.7 million (as at December 31, 2020: euro 10.3 million) and financial assets of euro 142.7 million (as at December 31, 2020: euro 130.2 million).

The changes in financial assets are mainly due to

- the contributions to the capital reserve of PNE WIND West Europe GmbH for the payment of equity into wind farm projects (euro 6.3 million) and
- the contributions to the capital reserve of PNE Portfolio 2 GmbH for the payment of equity into wind farm projects (euro 6.6 million).

The current assets consist of inventories of euro 54.1 million (as at December 31, 2020: euro 36.3 million), of which work in progress totalling euro 17.7 million (as at December 31, 2020: euro 19.2 mil-lion) and prepayments made totalling euro 36.4 million (as at December 31, 2020: euro 17.0 million) as well as receivables and other assets of euro 184.8 million (as at December 31, 2020: euro 150.2 million). Of the receivables and other assets, euro 1.9 million is attributable to trade receivables (as at December 31, 2020: euro 2.7 million), euro 176.1 million to receivables from affiliated companies (as at December 31, 2020: euro 141.7 million) and euro 6.4 million (as at December 31, 2020: euro 5.3 million) to other assets.

The assets side also includes deferred tax assets of euro 10.1 million (as at December 31, 2020: euro 0.0 million), mainly from the utilisation of loss carry-forwards.

The change in prepayments is due to the increased number of wind farms under construction com-pared to the previous year. The increase in receivables from affiliated companies results primarily from the profit transfer agreement concluded between PNE AG and WKN GmbH.

The liquid funds amounted to euro 87.3 million as at December 31, 2021 (as at December 31, 2020: euro 59.1 million).

in million euro	31.12.2021	31.12.2020
Liabilities		
Equity	366.6	288.5
Special item for investment subsidies	0.7	0.7
Provisions	18.4	10.9
Liabilities	103.1	86.1
Deferred income	0.0	0.0
Total liabilities and equity	**488.8**	**386.2**

The shareholders' equity of PNE AG amounted to euro 366.6 million as at December 31, 2021 (December 31, 2020: euro 288.5 million). The equity ratio of PNE AG was approx. 75 percent as at December 31, 2021 (as at December 31, 2020: approx. 75 percent). Equity changed due to the net income for the year (euro 81.2 million) and the dividend payment in the 2021 fiscal year (euro -3.1 million).

As at December 31, 2021, the total number of shares issued by PNE AG was 76,603,334 (December 31, 2020: 76,603,334). On December 31, 2021, the Company held 266,803 treasury shares (prior year: 266,803), which it acquired in 2018 by using its authorisation existing at that time, based on a share repurchase offer directed to all shareholders.

The major items on the liability side are liabilities of euro 103.1 million (as at December 31, 2020: euro 86.1 million). These are attributable to:

- the 2018/2023 bond in the amount of euro 50.0 million (as at December 31, 2020: euro 50.0 million),
- liabilities to banks of euro 3.6 million (as at December 31, 2020: euro 7.3 million),
- prepayments received on orders totalling euro 38.2 million (as at December 31, 2020: euro 14.7 million),
- trade liabilities of euro 1.1 million (as at December 31, 2020: euro 1.9 million),
- liabilities to affiliated companies of euro 8.7 million (as at December 31, 2020: euro 8.9 million), and
- other liabilities of euro 1.6 million (as at December 31, 2020: euro 3.4 million).

The increase in prepayments received on orders is due to the increased number of wind farm projects under construction compared to the previous year.

The main components of provisions relate to outstanding invoices in respect of wind farm projects totalling euro 12.7 million (as at December 31, 2020: euro 5.9 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives totalling euro 3.1 million (as at December 31 2020: euro 2.5 million).

3. SALES AND MARKETING

The marketing of renewable – energy power plants erected on land is based successfully on direct sales to individual and large investors. PNE has had positive experience with this direct sales model for many years and will continue to follow this proven sales channel for this reason.

Direct sales is a business model that is becoming increasingly important in the service sector as well. The wider positioning of the PNE Group in the service sector requires increased efforts to reach customers directly and inform them about these offers. In addition to advertising and printed product information, this includes the presentation of the range of services on websites, via social media and at trade fairs. PNE AG addressed this topic at an early stage and offers, for example, tailor-made PPA models (PPA = Power Purchase Agreement) for electricity marketing outside the EEG. These are of particular interest for wind power turbines that are no longer eligible for fixed remuneration under the Renewable Energy Sources Act (EEG subsidies).

PNE sees additional potential for new business in this field in future, as the EEG support for numerous old wind farms will expire.

4. DEVELOPMENT AND INNOVATION

There were no research and development activities outside the operative business purpose of "project development" in the PNE AG Group during the reporting period.

5. EMPLOYEES

During the fiscal year 2021, there were 470 employees in the Group on an annual average basis, including members of the Board of Management (prior year: 448). Of these employees (including the members of the Board of Management and trainees), an annual average of 182 employees (prior year: 177) were working at PNE AG.

As at December 31, 2021, the Group employed 491 persons, including the members of the Board of Management (as at December 31, 2020: 455 persons). Of these,

- → 190 employees (as at December 31, 2020: 178 employees) were employed directly by PNE AG and
- → 301 employees (as at December 31, 2020: 277 employees) by the subsidiaries of PNE AG.

When distinguished between Germany and abroad,

- → 393 employees (as at December 31, 2020: 358 employees) were employed by domestic and
- → 98 employees (as at December 31, 2020: 97 employees) by foreign companies of the Group.

The existing number of staff is reviewed regularly in order to be prepared for the Group's future developments.

6. INTANGIBLE ASSETS / SUSTAINABLE DEVELOPMENT

The fight against climate change is one of the greatest challenges of our time. With its activities relating to the development, operation and service of renewable energy power plants, the PNE Group has made a significant contribution for around three decades to ensuring efficient and sustainable electricity generation and limiting the consequences of climate change. Our vision is climate-neutral energy supply throughout the world. As a matter of course, sustainability is at the heart of our business model and is deeply anchored in all business areas.

Success in the development of onshore and offshore wind farm projects and of onshore photovoltaic projects is based to a large extent on the knowledge and expertise of long-standing qualified employees as well as on trustful cooperation with all parties involved in a project. This means a particular challenge for our employees: Their creative and individual approaches are frequently required to find solutions to complex problems which arise during the development of a wind farm or photovoltaic park. The value of a project, on which the commercial success of PNE AG and the Group depends, is created primarily in the planning phase until the approval is obtained. In this respect, we can rely on the competence and experience of our long-time employees, who not only have excellent expertise in the branch sector but also maintain very good professional networks. It is thus ensured that one can rely on a high degree of professional competence in all phases and areas of the development, realisation and marketing as well as the operation of wind farm and photovoltaic projects.

Furthermore, we place great importance on ensuring that the potential of our employees can be utilised optimally through an effective internal organisational structure and a high degree of self-responsibility. Regular evaluations of the employees and their tasks enable us to constantly adjust in a performance-related manner specially tailored requirement profiles to the corresponding tasks. In this way, high standards can be achieved and maintained in the most varied areas of tasks. Our expertise in the market will be strengthened further by ensuring the qualification and further training of our employees as well as the ongoing optimisation of procedures and processes.

Based on our practical work, we have transferred many years of experience in project development into processes that enable us to plan, implement and complete all phases of wind farm project planning successfully in a targeted and intensive manner, from site acquisition through turnkey construction and operation of wind farms to repowering, i.e. the replacement of old wind power turbines with modern systems.

We are also aware of the great importance of experienced partners in the context of both the international expansion and the strategic expansion of our business model by other renewable energies, storage technologies and power-to-X solutions. Our policy is to only enter new markets if we can do this together with local partners who have good networks in their regions. Here, too, the principle of professional, qualified and trustworthy cooperation with the project partners and participants in a project applies.

It is also important to maintain the network of partners and supporters of our business, which we have built up over many years. Since the planning and development of wind farms and of photovoltaic projects are based mainly on general regulatory conditions, we cooperate closely and intensely with industry associations and maintain constant dialogue. In addition, the project managers of PNE seek and maintain direct dialogue with all those involved in a project, from the landowners and local residents to municipal politicians and the authorities involved.

With the continuous training and qualification of young people, we ensure training places and we assume social responsibility. In general, the young employees remain with the Company after their training period.

We offer our employees ongoing internal and external training opportunities so that they can maintain and expand their qualifications. We also attach great importance to the exchange of experience and the strengthening of internal communication across our sites, which is supported within the Group by a software tool for more efficient team communication and an employee App.

With the wind farms planned and operated by us and our future projects for clean energies, we are making a substantial contribution, both nationally and internationally, to the reduction of damaging climatic gases and the protection of people, the environment and nature. Generation of electricity from clean energies such as wind power or photovoltaics not only makes positive contributions to the environment, but it also contributes to saving the limited reserves of fossil fuels. From an economic point of view, there is a positive effect in that the generation of electricity is decentralised and thus the import of expensive fuels is reduced and avoided. Value is added where electricity is generated from clean energies. As a result, the projects developed and operated by us are ensuring that the generation of electricity is done in an ecologically meaningful and economically correct manner.

In 2021, we created conditions to enable us to provide even more detailed information on our economic, ecological and social commitment in the coming years. Thus, a sustainability strategy was developed and corresponding measures were defined. The Company also created the necessary structures to build up a corresponding data basis.

7. SUPPLEMENTARY REPORT

The supplementary report regarding significant events after the end of the reporting period is included in the notes to the financial statements in chapter X. Other disclosures "8. Events after the reporting date".

8. REPORT ON OPPORTUNITIES AND RISKS

Description of the key characteristics of the ICS/RMS of the parent company and the entire Group

Internal control system (ICS)

The goal of the methods and measures set up by us is to secure the assets of the Company and to increase operating efficiency. The reliability of the accounting and reporting systems as well as compliance with the internal guidelines and legal regulations should be guaranteed by the internal control system (ICS) in place.

As part of the ICS, we have subjected the individual functional departments of the Company and of the Group to a detailed analysis and evaluated accordingly the probability and the possibility of the occurrence of any damage.

We have organised the structure of the individual units based on the knowledge gained and on the evaluations made. Moreover, we have adapted our work processes as a result of the findings obtained. For example, we pay attention to a consistent separation of incompatible activities and we also have introduced appropriate control ranges. Furthermore, we place a high value on the non-overlapping of responsibilities, with the stipulation that tasks, competence and responsibility are combined. Simultaneously, we have integrated controls into the work processes.

The above-mentioned key characteristics of the ICS are applied in all functional areas of the parent company and the total Group. The implementation of the organisational and procedural controls in the area of the ICS ensures the integrity of the data which are included in the financial reports during the accounting process.

Apart from the controls implemented in the system, the individual functional departments are also monitored by managers.

Key characteristics of the accounting-related internal control and risk management system

The objective of the internal control and risk management system regarding the (Group) accounting process is to ensure that accounting is performed in a uniform manner and in compliance with the legal requirements, the principles of proper accounting and the International Financial Reporting Standards (IFRS) as well as internal (Group) guidelines and that the recipients of the consolidated and separate financial statements are provided with accurate and reliable information. To this end, PNE has set up an accounting-related internal control and risk management system comprising all relevant guidelines, procedures and measures.

The internal control system consists of the control and audit departments.

The Board of Management and the Supervisory Board (in this respect in particular the Audit Committee) are an integral part of the internal monitoring system with audit measures independent of the process.

The Group accounting department serves as the central contact point for special technical questions and complex reporting matters. If necessary, external experts (auditors, qualified actuaries, etc.) will be consulted.

Moreover, the accounting-related controls are carried out by the controlling department of the Group. All items and key accounts of the statement of comprehensive income and the statement of financial position of the consolidated accounts and the companies included in the scope of consolidation are monitored at regular intervals with regard to their correctness and plausibility. The controls are carried out either on a monthly or quarterly basis, depending on how the accounting-related data are drawn up by the accounting department.

The accounting-related risk management system is an integral part of the risk management of the Group. The risks relevant for the correctness of the accounting-related data are monitored by the person responsible for risks for the risk area of finance and are identified, documented and assessed quarterly by the risk management committee. Suitable measures have been set up by the risk management of the Group for the monitoring and risk optimisation of accounting-related risks.

Risk management

The risk policy of the Group and of the Company forms part of the corporate strategy and is aimed at securing the substance of the Group as well as the Company and simultaneously at increasing their value systematically and continuously. The risk management system is integrated largely into the existing corporate organisation. This helps to avoid double activities and parallel organisational, decision-making and reporting structures. This also ensures that the central risks are dealt with on a regular basis at the management levels.

The risk strategy is based on a valuation of the risks as well as the opportunities related thereto. In the areas of key competence of the Group and of the Company, we focus on appropriate, visible and controllable risks if they simultaneously lead to an appropriate income or are unavoidable. In certain cases, we transfer risks in supporting processes to other risk areas. Other risks, which have no connection with key and/or support processes, are on the other hand avoided insofar as this may be possible. In addition, the majority of the risks are project-specific and/or region-specific risks, which are predominantly dealt with on a decentralised basis in the respective departments and divisions. This has proved its worth.

The Group has formulated the general conditions for a qualified and future orientated risk management in the "Risk Management Handbook". This handbook regulates the specific processes in risk management. It aims for the systematic identification, evaluation, control and documentation of risks. In this respect and taking into consideration clearly defined categories, it identifies the risks of the divisions, the operating units, the important associated companies as well as the central departments and evaluates them with regard to the likelihood of their occurring and the possible level of damage. The reporting is controlled by value limits defined by the management.

The individual risks are classified as part of internal risk reporting within the Group based on the likelihood and potential impact.

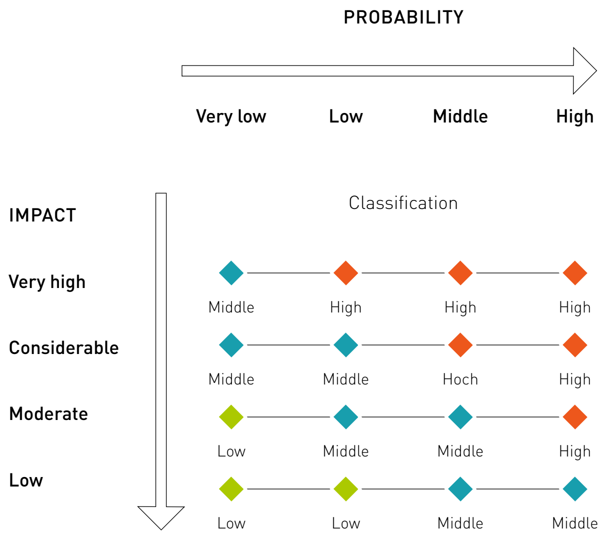
Classification of probability

Probability	Description
0% to 5%	Very low
6% to 20%	Low
21% to 50%	Middle
51% to 100%	High

Classification according to the degree of influence

Expected impact in euro	Degree of impact
euro 0 thousand to euro 250 thousand	Low
> euro 250 thousand to euro 1,000 thousand	Moderate
> euro 1,000 thousand to euro 2,000 thousand	Considerable
> euro 2,000 thousand to euro 40,000 thousand	Very high

Based on the combination of the expected probability of occurrence and the expected impact of the risk, risks are classified as "high", "medium" and "low" in accordance with the risk management definitions.



It is the task of the persons responsible to develop and possibly to initiate measures for the avoidance, reduction and securing of risks. The key risks as well as the counter-measures introduced are monitored at regular intervals. Central risk management reports regularly on the identified risks to the Board of Management and the Supervisory Board. In addition to regular reporting, there is also an obligation for spontaneous internal Group reporting for risks which arise unexpectedly. The risk management enables the Board of Management to recognise risks at an early stage and to introduce counter-measures.

Overall, risk management is integrated into the company's routine processes. Reporting takes place from the employee level up to the Board of Management. Potential risks are thus already identified at working level and promptly discussed and evaluated in the teams, departments and divisions. Where appropriate, measures to deal with the respective risks are already decided at this level. If necessary, any issues regarding the handling of risks are submitted to the Board of Management or by the latter to the Supervisory Board. In addition, in the case of fundamental and cross-divisional risks, working groups consisting of in-house experts are formed in order to work out solutions to such issues in regular consultations or as required.

The key characteristics of the risk management system described above are applied throughout the Group. With regard to the processes in the consolidated accounting, this means that the identified risks are examined and evaluated in the corresponding financial reports especially in respect of their possible effects on the reporting. Through this, important information is generated at an early stage about potentially possible fair value changes of assets and liabilities, pending losses of value are identified, and important information is gained for the assessment of the necessity for the setting up/release of provisions.

The appropriateness and the efficiency of the risk management as well as the control systems pertaining thereto are controlled and amended accordingly at the level of the Board of Management at regular intervals. Due to the particular importance of exemplary action in all business areas, executive employees are trained specifically with regard to questions of compliance.

Finally, it should be noted that neither the ICS nor the RMS can give absolute security with regard to the achievement of the corresponding objectives. Like all discretionary decisions, also those for the development of appropriate systems can in principle be wrong. Controls can be ineffectual as a result of simple mistakes or errors in individual cases or changes in environmental variables can be recognised at a late stage in spite of corresponding monitoring.

We believe that we have an adequate and effective risk management system in place.

In particular, the following individual risks are currently being monitored intensively within the context of the risk management process:

- → The effects of a possible acquisition of shares by Photon Management GmbH with the threshold of 50 percent for exercising termination rights under financing agreements if, due to a change of control of 50 percent, the thresholds are exceeded or might be exceeded.
- → Risks that may arise from ongoing tax audits.
- → Possible risks which may arise from the lack of grid capacities in Germany and abroad.
- → Possible technical risks which may arise from our own operation of wind farms and which could negatively influence the expected results.
- → Particular importance is given to compliance with the regulations of the German Corporate Governance Code as amended. However, risks may also arise from non-compliance with the regulations and the internal guidelines by individuals.

Assessment of risks and opportunities

In the opinion of the Board of Management, the scope and the potential of risks have not changed significantly versus December 31, 2020, except for the changes mentioned below. From the Board of Management's viewpoint, the prospects for the development of the Group and PNE AG are good in light of the global development of climate protection and the expansion of wind and photovoltaic energy as well as the well-filled project pipeline for wind energy and photovoltaic projects. A positive development of the Company can thus be expected in the coming fiscal years according to the estimates of the Board of Management. Based on the positive economic situation as at December 31, 2021, no individual risk represents a significant threat to the Group, even though the risk from the tax audit at WKN GmbH could have a financial impact in the upper single-digit range or the exercise of termination rights under financing agreements (due to a change of control with a shareholding of more than 50 percent) could have an impact in the lower double-digit range, and is therefore classified as high. In addition, the business model and the positioning of PNE AG have proved to be largely resistant to the COVID-19 pandemic. Thus, from the viewpoint of the Board of Management, there are no risks threatening the existence of the Company.

A risk exists in the field of "offshore project planning in Germany". In the Senate order of the Federal Constitutional Court of June 30, 2020, it was confirmed that parts of the WindSeeG are unconstitutional and that with, the implementation of the order of the Federal Constitutional Court by the legislator in terms of the WindSeeG 2020, PNE can expect reimbursements for project planning services already provided. In its order of January 18, 2022, the Federal Constitutional Court did not accept the constitutional complaint of subsidiaries of PNE AG and other project developers against the inadequate compensation regulation of Section 10a WindSeeG (file no. 1 BvR 778/21) for decision without further justification. With the non-acceptance, the Federal Constitutional Court has not made a decision on the question as to whether the form of the compensation claim pursuant to Section 10a WindSeeG is compatible with the Basic Law. The affected subsidiaries of PNE AG have already filed applications for compensation in accordance with Section 10a WindSeeG in due time. Should the compensation payments of the Federal Government in accordance with Section 10a WindSeeG fall short of what PNE considers adequate, PNE or its affected subsidiaries can take legal action against this before the competent administrative courts. Within the framework of such proceedings, the constitutionality of Section 10a WindSeeG can also be reviewed. Overall, however, we expect reimbursements for project planning services already provided in the past due to the compensation regulation of Section 10a WindSeeG, which can have a correspondingly positive effect on the Group figures in the future.

The risks of "financing on the part of partner companies" (Ørsted formerly DONG Energy, Vattenfall) for the offshore wind farm projects sold by PNE AG have changed compared to December 31, 2020 in that the milestone payment from Ørsted of euro 15 million for the "Gode Wind 4" project was received in December 2021 and the risk therefore only relates to the milestone payment from the "Atlantis I" project sale. Based on the Offshore Wind Energy Act and the expansion targets of the federal government for offshore wind energy, the PNE Group estimates that it is highly probable that the "Atlantis I" project will be realised. Therefore, the Board of Management currently assumes that the expected milestone payment will accrue to PNE AG.

General factors

As a result of its business activities, the Group and the individual consolidated companies are exposed to risks which are inseparable from its entrepreneurial activities. Through our internal risk management system, we minimise the risks associated with our business activity and invest only if a corresponding benefit can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. Based on the analysis of the existing core processes, the identified risks are evaluated. A risk report is submitted regularly to the Board of Management and to the Supervisory Board. Unless otherwise indicated below, the assessment of the risks has not changed significantly compared to December 31, 2020. The implementation of the strategic expansion of the business model to include other clean energies and storage technologies as well as the expanded portfolio of internally managed projects may entail additional risks.

General explanations on the assessment of risks

Unless otherwise stated below, the relevant risk is classified with a very low to low probability and a low to moderate impact on the future net assets, financial position and results of operations of PNE AG and the Group. The occurrence of such a risk would have an impact of euro 0 to 1 million on the net assets, financial position and results of operations. These risks would have to be classified as low to medium according to the risk classification. The main risks are described at the beginning of each chapter.

Risks from operating activities

A typical risk is the approval risk of projects both in established and in new markets. In the event of time delays regarding permits, the negative outcome of tenders or significant shifts in the demand/supply relationship due to market-based support mechanisms, this can lead to postponements in the flow of liquidity, higher prepayment requirements as well as the loss of planned inflows of funds. Furthermore, projects can become uneconomical in such cases, which can lead to the write-off of work in progress which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of receivables. Risks may also arise regarding the balance sheet values of onshore and offshore projects in Germany and abroad if projects become uneconomical or realisation is not possible. However, the operative opportunities in the area of project development of onshore and offshore wind farm or photovoltaic plants on land can only be realised if such entrepreneurial risks are taken.

Delays in project implementation may arise, inter alia, due to the intensive environmental impact assessments required, the uncertain timing of the granting of approvals and grid connection commitments, possible appeals/complaints against approvals already issued or collective actions, the timely availability of wind power turbines or solar panels or the timely availability of other necessary preconditions and components required for the construction of a wind farm or photovoltaic park. Through comprehensive project controlling, the Company attempts to take these complex requirements into consideration at the right time.

The number of suitable sites in Germany for the construction of renewable energy power plants is limited. In the future, this might result in increased competition for these sites and thus higher acquisition costs as well as higher operating costs, such as compensation for use of sites, which would reduce the achievable contribution margin accordingly.

Within the context of project realisation, the Company must rely on its ability to cover its capital requirements resulting from the liabilities arising in the future or which may become due in the future. Furthermore, additional capital requirements might arise if and to the extent that PNE AG should be required to honour guarantees granted by it indirectly or directly or to fulfil comparable commitments or if other risks described in this section materialise.

As with all enterprises that develop projects with clean energies, a risk for future development lies in the financing and sale of projects. In order to counter this risk, PNE has relied on the sales channel of "individual and large investors" for several years as well as on the erection and distribution of portfolios of already commissioned wind farms. However, negative effects from rising rates of interest on project marketing cannot be ruled out, since rising interest rates lead to higher project costs. In addition, rising capital market interest rates can simultaneously lead to declining sales prices, since the requirements of the individual and large investors for a return on the project may increase in this case. Risks in respect of project realisation could result from a financial crisis and the reluctance resulting therefrom on the part of the banks with regard to project financing.

The risk of still receiving milestone payments from the sale of the project pipeline in the United Kingdom in 2015 has changed to the effect that the end of the period for achieving certain development stages has been reached in 2021. No milestone payments have been made in 2021. As of the 2020 financial statements, the Board of Management was not certain that milestone payments would still be made, as these had been dependent on market conditions (e.g. impact of Brexit) and the activity of the purchaser, among other factors. Against this background, no milestone payments were included in the Group's planning.

A supplier risk exists in the wind turbine sector due to the worldwide demand in relation to the available capacities. Delivery bottlenecks cannot be excluded in the event of further increases in international demand. Such delivery bottlenecks could lead to delays in the realisation of wind farm projects. The Company therefore attaches great importance to concluding delivery contracts with well-known manufacturers of wind power turbines and sub-suppliers (e.g. of foundations) as early as possible and to agreeing on timely delivery. The supplier risks in the photovoltaics segment are significantly lower. Country-specific and seasonal module bottlenecks, for example, are largely known and depend mainly on the size of the plant and the time available for structural completion.

There are joint venture companies within the PNE Group, which may represent risks, since they have already started or will start activities abroad in the future. There is the risk that cooperation with partners of existing joint ventures fails, for example, if a joint venture partner withdraws so that the relationships and skills of the joint venture partner regarding the relevant foreign market can no longer be leveraged or that foreign wind farm projects already commenced come to a halt or fail. Legal disputes might also arise with the joint venture partner, in particular if the projects managed by the joint venture company cannot be realised as scheduled. This may result in write-downs on the value of the shareholdings or on the inventories of the respective joint venture company in the balance sheet of the PNE Group. All of this may significantly complicate the activity of the Company in the relevant foreign market and, in the worst case, lead to a complete failure of the activity in this country.

The evaluation of projects for the use of renewable energies also depends on the assessment of the future development of electricity prices in target countries. Changes in the development of electricity prices can lead to changes in the market situation.

There are risks from the internal operation of wind farms. The decisive factor for a wind farm's results of operations is the site-specific wind volume. Besides the well-known seasonal fluctuations, variations can also occur over the years. It cannot be ruled out that the profitability of a project will deteriorate in the long term due to several years of weak wind. This risk is particularly relevant to the "electricity generation" segment. Lower yields due to weak wind years have a direct impact on revenues and results of operations in the "electricity generation" segment and in the Group. This risk is taken into account by including appropriate safety margins in the cash flow calculations of the wind farms over the entire term. Other reasons for lower results of operations can be subsequently imposed environmental conditions during ongoing operations as well as possible lawsuits. If the effects are greater than the planned safety margins, this could have an impact on the Group's net assets and results of operations.

PNE publishes forecasts for the corporate goals of the Group. These forecasts are created based on the Group's business plans. Should planning assumptions change over time, the published forecast may not be reached. This could have adverse consequences for the Company or its share price.

The goodwill included in the balance sheet must be reviewed for impairment losses at the end of each year by way of an impairment test. If an impairment should arise in the future, this would have an impact on the net assets and results operations of the Company.

There is a risk that subsequent examinations by the Federal Financial Supervisory Authority (BaFin) may result in measurement methods for reported values in relation to retrospective and, as a consequence, for future reporting dates, which might differ from those applied by the Board of Management and audited by the auditors. This might have an impact on the net assets and results of operations of the Group.

The credit rating for PNE AG issued by Creditreform was last renewed in May 2021. A project developer could be exposed to negative changes of the rating company's rating due to the long-term project development periods if unforeseen changes in the environment occur. This might have a negative impact on the refinancing costs of the Company in the future.

Interest rate, financing and currency risks

The Group is exposed to interest rate risks, since the Group companies borrow funds at fixed and variable interest rates. The Group manages the risk by maintaining an appropriate ratio between fixed and variable borrowings. This is done using interest rate swaps. The hedging measures are assessed regularly in order to match them to expected interest rates and the readiness to take risks. The hedging strategies are selected on this basis.

The Group grants short-term and long-term loans. All loans granted have a fixed interest rate. This also applies to loans granted to associated companies and joint ventures so that no material effects on the earnings situation of the Company are to be expected for the terms of the loans.

From the issue of the 2018/2023 bond and the covenants concerning the equity ratio included in the bond conditions, increased interest payments could arise prior to the scheduled maturity in the event of a breach of the covenant. The bond will be due for repayment at the beginning of May 2023.

At the end of the reporting period, Photon Management GmbH, which is controlled by the US company Morgan Stanley, held more than 30 percent, but less than 50 percent of the shares (voting rights) in PNE AG. If Photon Management GmbH acquires more than 50 percent of the shares, this would open up further termination options for the lenders under loan agreements for debt financing and guarantee agreements.

The Group is exposed to a counterparty default risk from its operating business and certain financing activities. The default risk arising from financial assets is recognised through appropriate valuation adjustments, taking existing collateral into account. In order to reduce the default risk relating to non-derivative financial instruments, the Group takes various hedging measures, such as obtaining collateral and guarantees where it appears appropriate as a result of creditworthiness checks.

A part of the funds provided to the PNE Group is subject to variable interest rates which are primarily linked to the 3-month EURIBOR or the EONIA. The companies have only partially hedged against rising short-term interest rates.

Part of the liquid funds available to the PNE Group is subject to negative interest on the companies' bank accounts. The companies try to avoid negative interest by investing money in short- and medium-term investments, some of which do not generate a negative return.

In order to ensure the Group's ability to pay its debts at any time and its financial flexibility, revolving liquidity plans are prepared, which show the inflow and outflow of liquidity both in the short term and in the medium and long terms. Liquidity risks for the financing of the operating business during the course of the year exist, in particular, if the closing of project sales through direct sales to external investors is delayed.

Foreign exchange risks in the financing area are attributable to financial liabilities in foreign currency and loans in foreign currency, which are granted to Group companies for financing purposes. At the end of the year, the Group had short-term trade liabilities denominated in foreign currencies, which do not result in a material risk from the viewpoint of the Company.

The projects in the international sector may entail medium- and long-term currency risks. In the operating field, foreign currency risks result primarily from the fact that planned transactions are undertaken in a currency other than the euro. With regard to investments, foreign currency risks may arise mainly from the acquisition or divestment of foreign companies. The Group companies aim to settle transactions in euro as far as possible. Otherwise, they intend to hedge, as far as feasible and economically sensible, major foreign currency transactions outside the Group by means of currency hedging transactions in good time before the date of the respective transactions.

Political risks/market risks

Incalculable risks can also affect the market from outside. These include, in particular, sudden changes in the general legal conditions in Germany or in PNE's foreign markets. The Board of Management of PNE AG is of the opinion that wind farms and photovoltaic parks can be developed and operated economically based on fees that are currently applicable or achievable in tenders and based on the legal framework. The general conditions in the countries in which PNE is active or plans to become active in the future are reviewed regularly in order to be able to react promptly to possible changes and to minimise risks.

Political and market risks abroad could affect the planned realisation of projects during the next few years. PNE AG and its subsidiaries are intensively observing the current developments abroad in order to recognise changes in the market situation or the political landscape as early as possible and to introduce any measures at the right time. In the event of sudden changes in the remuneration systems and retrospective intervention by the legislator, risks for the PNE Group may arise due to the project development cycles of several years.

Political risks also include risks that can arise from acts of war. These can have a variety of effects on economic developments, global supply chains and raw material prices. There are no direct risks for PNE AG from the current conflict in Ukraine, as there are no business activities in or with Russia or in or with Ukraine.

Health risks

Health risks such as epidemics or pandemics (currently the COVID-19 pandemic) can affect operations by causing delays in approval processes and project realisation. In extreme cases, this can lead to the loss of approvals or tender awards due to delays. At present, however, the Company only expects delays in planned projects and thus postponements within 2022 or from one year to the next (2022 to 2023). Should such events have a significant impact on the general economic and financial situation, this may also lead to investor risks and higher demands on return on the part of investors.

Specifically, the Company has received notifications from various wind turbine manufacturers that the delivery of wind power turbines or spare parts could be postponed.

The Group is currently in such a good financial position that possible delays or loss of earnings would have no significant impact on the short- and medium-term continuation of business operations (going concern). However, a possible impact on the Group guidance for 2022 cannot be ruled out in the event of postponement of project sales ("project development" segment) or of revenues in the "service products" segment.

The Company keeps itself continuously informed about existing or future health risks and responds to possible effects on employees. Among other things, there is the possibility of working from home. In individual cases, travel to countries with a high risk of infection can be prohibited and orders issued to avoid large crowds.

All recognisable risks arising from the COVID-19 virus currently present worldwide are still continually assessed by the Company regarding the possible effects on the net assets. financial position and results of operations as well as the well-being of the employees and are taken into account in the annual report and the outlook.

Legal risks

All recognisable risks are constantly reviewed and are taken into consideration in this report as well as in corporate planning. These also include risks from proceedings that have not yet been finally concluded.

Tax risks

There are tax risks from the corporate, trade and sales tax field audit at WKN GmbH for the years from 2010 to 2013 and 2014 to 2016. The tax assessments for the years 2010 to 2013 in accordance with the completed tax audit are not yet legally binding. Based on the discussions between the management of WKN GmbH and its tax advisors on the one hand and the tax authorities on the other, there are different views regarding the tax treatment of individual items of the years 2010 to 2013. Corresponding appeals against significant parts of the corporate income tax and trade tax assessments were filed. A stay of execution was granted by the tax authority. The tax audit for the years 2014 to 2016 is still ongoing. Possible findings of the tax audit for 2010 to 2013 might have an impact on the net assets, financial position and results of operations of WKN GmbH and the PNE Group in the single-digit million range. Based on the current state of knowledge, the Board of Management of PNE AG continues to assume that the tax-related presentation of the issues is accurate. Taxes were paid for individual selected issues addressed in the context of the tax audit. However, for the economically predominant part of the issues raised during the tax audit for 2010 to 2013, the Board of Management still sees no reason to recognise a provision in the consolidated statement of financial position as at December 31, 2021. Even if a provision were formed covering all aspects of the tax audit, this would have no effect on the published guidance for the 2021 fiscal year, as possible effects on earnings would be reported under tax and interest expenses and thus outside EBITDA. The probability of such risks occurring is still regarded as low, but the impact of occurrence as serious. The occurrence of such a risk would have an impact of up to a further euro 7 to 8 million, in addition to the provisions already made, on the net assets, financial position and results of operations. The risk must therefore be classified as "high" in accordance with the risk management definition.

PNE AG and its subsidiaries as well as other consolidated companies are currently operating in countries on four continents and are therefore subject to a variety of tax laws and regulations. Changes in these areas could lead to higher tax expenses and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on tax receivables and tax liabilities as well as on deferred tax assets and deferred tax liabilities. PNE operates in countries with complex tax regulations, which could be interpreted in different ways. Future interpretations and developments of tax laws and regulations could have an influence on tax liabilities, profitability and business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the relevant countries and are analysing the current tax situation.

Information technology risks

The confidentiality, integrity and availability of information, data and systems are threatened by increasing cybercrime. For this reason, we are continuously expanding our technical security measures to protect against unintentional data loss, data theft and all forms of cybercrime. As an organisational measure, our employees are trained to recognise potential threats and to close any security gaps. As part of our process monitoring, both the technical and the organisational measures are continuously checked for their effectiveness.

We classify the risk of material damage and data loss due to cybercrime as a medium risk.

Opportunities

As a developer of onshore and offshore wind farms as well as of photovoltaic parks on land, PNE is active in an international growth market. Independent studies predict continuing high rates of growth for wind energy and photovoltaics in the coming years due to the finite nature of fossil fuels, the pressure to reduce climate pollutants and the need for safe, environmentally friendly energy sources. The successful course of the Climate Change Conferences, most recently in Glasgow in 2021, has shown that the need for an energy revolution has been recognised worldwide. From their many years of activity in the market, the companies of the PNE Group have the prerequisites and experience needed to benefit over the long term from this development.

PNE WIND AG has continued the constant development of its business model, among other things, with subsidiaries in which onshore wind farms with a total output of approx. 233.2 MW, which had already been completed and commissioned by the end of 2021, were bundled. For the time being, PNE will remain directly involved and will thus benefit from future earnings as well as operations management services.

Particular opportunities are offered by the Group's foreign activities and by potential new markets as well as the expansion of the business model to include additional clean energies and storage technologies as well as new markets. PNE is already active in a number of attractive growth markets. The focus of expansion is primarily on countries with stable political conditions and reliable remuneration and promotion regulations or on countries with relatively high market potential. This also includes new markets with significantly rising electricity requirements. In order to sufficiently take into consideration the corresponding local conditions, the market introduction mostly takes place in cooperation with a local partner. This type of internationalisation has proved itself to be a cost-efficient and promising strategy. PNE will continue to pursue this proven policy of selective international expansion and will decisively exploit existing market opportunities.

PNE's core competence lies in the project development, construction, operation and repowering of wind farms as well as the project development of photovoltaic parks at a high international level. These skills can be leveraged in other foreign markets offering potential for expansion. These markets are therefore monitored continuously and opportunities for a possible market entry are carefully examined.

In addition to the opportunities of internationalisation, the established German market for wind energy, both onshore and offshore, as well as for photovoltaic projects on land, offers a range of perspectives. The climate objectives of the German government and the necessity of increasing the security of supply require the accelerated expansion of renewable energy projects both on land and at sea. PNE is distinguished by the fact that it has already realised six offshore wind farm projects through the whole process up to approval by the Federal Office for Shipping and Hydrographics. Four of these wind farms have already been completely built and put into operation by the purchasers. We have developed a high level of competence in the area of offshore project development, which can also be transferred to our international markets. We are therefore examining the possibilities of developing offshore wind farms in other countries.

The wind energy market offers a wide range of prospects for the provision of services over the entire life cycle of wind farms. The PNE Group is making increasing use of these opportunities and sees itself as a reliable partner for the developers and operators of wind farms. This area of services has been expanded in a focused manner. One focus is on the technical and commercial operations management of wind farms and substations. The Company also provides services in construction management, for wind measurements, electricity marketing management and other areas related to the planning, construction and operation of wind turbines.

The international operations management business was expanded in 2021 in the markets of Sweden and Poland, with further contracts won independently of the Group's project pipeline. It has already become apparent that this successful growth will continue independent of internal project development.

Rising electricity prices may also have a positive impact on the service products offered by the PNE Group, such as power purchase agreements (PPAs).

The current conflict in Ukraine might further increase and accelerate the efforts of Western governments to make energy supply independent of (insecure) energy imports. This would have a positive impact on the expansion of renewable energies in Germany and Europe. It can also be assumed that rising electricity prices will increase the results of PNE's own portfolio.

Optimised strategy

The long-standing success of our work in these business areas is a good basis for the strategic optimisation of the Group's activities.

The demand for clean energies and a secure power supply is growing worldwide. PNE responds to these developments by expanding its operational business and wants to exploit the opportunities arising from the transformation of the markets as a **"Clean Energy Solution Provider"**. The strategic further development encompasses almost the entire value chain of clean renewable energies. Based on the extensive experience gained from the successful development, planning and realisation of wind farms on land and at sea and of photovoltaic plants, the Company will also develop and realise projects and solutions for the planning, construction and operation of power plants for clean energies. This is the core of the expanded strategic orientation.

Project development and portfolio

Project development continues to be the core business. This includes the development of quality projects in wind energy and photovoltaics, the successful establishment of PNE's own portfolio of wind farms and cross-technology projects.

Technologies

In addition to wind energy, photovoltaics, storage and power-to-X solutions will be key components of the corporate strategy in the future. This will be the first step into the segments of mobility and heating from clean energies (sector coupling), which also covers the development of power-to-X projects, including for the generation of hydrogen. Based on the combination of wind farms, photovoltaic systems and storage solutions, PNE also wants to develop power plants and island solutions, i.e. self-sufficient clean energy systems that are independent of the electricity grid, in the future.

Markets

In addition to the established markets for wind energy in Europe and North America, PNE will in future also focus on new markets, for example, in Latin America, Asia and Africa, provided that they offer great potential for the development of clean energies. Such markets are characterised by growing energy requirements. Cooperation with experienced partners ensures secure market entries in these countries.

Services

Additional services such as operations management and other financing solutions for clean energy projects also represent an expansion of PNE's activities. Inorganic growth through cooperation agreements, investments or acquisitions of companies in the service, photovoltaic, battery and storage industry is also possible.

The agenda includes the optimisation of wind farms as well as services for offshore projects, the expansion of operations management for wind farms and transformer stations to include photovoltaic projects, and the development of cross-technology know-how.

Energy supply management

In addition, we want to tap further margin potential by optimising the sale of electricity and gas from clean energies. The first power purchase agreements (PPA) have already been concluded for the Company's own wind farms and for customers.

Realisation / Smart Development

We have experienced and specialised staff to implement the strategy. With an integrated project approach, business opportunities with new products and in new markets are already being developed. The aim is to combine various clean energies and storage technologies, accelerate entry into and exit from new markets, shorten the time to project success and avoid high upfront expenditure in projects.

Risk minimisation and new potentials

With this strategy, we can minimise market risks and open up new potentials and markets for PNE. After a transitional phase, in which investments will pave the way for the implementation of the strategy, this is expected to lead to an increase in average operating results by 2023 and to a stabilisation of the previously very volatile results. With our "scale-up" programme, we continue to focus on our core competencies and will open up further elements of the value chain.

9. FORECAST REPORT

The PNE Group is an internationally operating enterprise and one of the most experienced project developers of clean energy projects on land and at sea. The focus is on wind energy and photovoltaic projects. This combines economic success with ecological responsibility. The PNE Group offers services covering the entire value-added chain, ranging from the development, planning, realisation, sale and operation of wind and photovoltaic farms as well as substations to repowering – i.e. the replacement of older wind power turbines by new modern equipment. The skills acquired in the process are also offered as a service to third parties. This extended approach towards customers is part of the strategic orientation to develop into a "Clean Energy Solution Provider".

The objective is to develop high quality projects that meet international standards and allow for secure project financing at the international level. Such a project quality can be achieved by ensuring compliance with the project schedule and the cost framework from the development to the start of operation.

Following the successful development of wind farms for the sale to customers over many years, the PNE Group is now also working to develop a portfolio of own wind farms of up to 500 MW by the end of 2023. The completed wind farms will be operated by the Company itself to generate current income from the sale of electricity.

In addition, the combination of power plants with clean energies and storage technologies is an issue of the future. The Board of Management has further developed the strategic orientation of the Group via the "Scale up" concept. The operative business will be placed on a significantly broader basis, both nationally and internationally. The goal continues to be to develop PNE from a wind farm specialist to a specialist for photovoltaic farms and a broad-based provider of clean energy solutions. The fundamentals of this strategy of a "Clean Energy Solution Provider" are the expansion of our range of services and the development of new markets and technologies.

With this strategic orientation, the PNE Group is responding to changes in the clean energy markets. According to the Board of Management, clean energies will grow dynamically worldwide in the coming years, but will also increasingly have to take their stand against other forms of energy generation under market conditions. This increases competitive pressure. The optimisation of the costs associated with a project is therefore becoming increasingly important. The focus is also on photovoltaic projects and hybrid solutions as well as storage technologies.

Based on this broader position, it is possible to minimise market risks, open up new potential and markets and, above all, stabilise the currently volatile results in the medium term.

After a transitional phase, in which investments will pave the way for the implementation of the "Scale up" programme, this is expected to lead to an increase in average operating results (EBITDA) by 2023. This strategic goal will be achieved through the increased internal operation of wind farms.

The following forecasts are based on the results derived

- → from the implementation of operationally planned projects in Germany and abroad (onshore, offshore, photovoltaics),
- → from the service business, and
- → from the electricity generation business.

In fiscal 2022, the PNE Group will have further upfront expenditure in the lower single-digit million range for the strategic expansion of the business model. Nevertheless, the Board of Management is expecting positive Group EBITDA of euro 20 to 30 million for the guidance for the 2022 fiscal year. At the time of publication of this 2021 annual report in March 2022, it can be assumed that there may be shifts in the operating business as regards the sale of projects rights and project implementation from 2022 to 2023 due to the current global COVID-19 pandemic.

The figures of the project pipeline for onshore wind energy (as at December 31, 2021: approx. 5,706 MW) and photovoltaics (as at December 31, 2021: approx. 1,210 MWp) are expected to remain constant throughout the Group in the 2022 fiscal year, at least compared to December 31, 2020.

PNE AG manages the operating units based on the EBT. PNE AG is expecting a positive result in the mid double-digit million range on an EBT basis (earnings before income taxes and other taxes) for the 2022 fiscal year. This result also includes the expected results from the profit and loss transfer agreements with subsidiaries (including WKN GmbH).

10. OTHER DISCLOSURES

10.1 Transactions with related companies and persons

For information about transactions with related parties, see point 3 in chapter "X. Other disclosures" in the notes to the consolidated financial statements.

10.2 Management declaration (Section 289f and Section 315d of the German Commercial Code (HGB)

The management declaration, summarised with the declaration pursuant to Section 289f HGB, in accordance with Section 315d HGB is published on our internet site www.pne-ag.com under "Investor Relations" in the Corporate Governance section and can be downloaded there.

10.3 Report of the Board of Management on the relations with affiliated companies

In accordance with Section 312 of the German Stock Corporation Act (AktG), the Board of Management prepared a report on the relations with affiliated companies for the period from January 1 to December 31, 2021, which includes the following final declaration: "We declare that PNE AG did not perform any reportable transactions in relation to the controlling company or any of its affiliated companies in fiscal year 2021."

10.4 Supplementary information in accordance with Section 289a and Section 315a of the German Commercial Code (HGB) (Takeover Directive Implementation Act)

Capital situation

As at December 31, 2021, PNE AG had 76,603,334 registered shares with a nominal value of euro 1.00 per share. Free float shares (holdings of less than 3 percent of the share capital) on December 31, 2021 amounted to approx. 38.9 percent. Two shareholders (Morgan Stanley/Photon Management GmbH and Active Ownership Fund SCS) reported a shareholding of more than 10 percent of the voting rights as at December 31, 2021.

Restrictions concerning the voting rights or the transfer of shares are not specified in the articles of association and exist only in legally determined cases. Shares with special rights giving a controlling function do not exist. There is no control of voting rights through the participation of employees in the capital.

Shareholders' rights and obligations

Shareholders have pecuniary and administrative rights.

The pecuniary rights include the right to participate in profits in accordance with Section 58 (4) AktG, to participate in liquidation proceeds in accordance with Section 271 AktG and the subscription rights on shares in the event of capital increases in accordance with Section 186 AktG.

Administrative rights include the right to attend the general meeting of shareholders and the right to speak there, to ask questions, to propose motions and to exercise voting rights.

Each share grants the holder one vote at the general meeting of shareholders.

Statutory regulations and provisions of the articles of association with regard to the appointment and removal of members of the Board of Management and amendments to the articles of association

The appointment and removal of members of the Board of Management are governed by Sections 84 and 85 AktG. The Company's articles of association do not contain any regulations that go beyond Section 84 AktG.

An amendment of the articles of association requires a resolution of the general meeting of shareholders in accordance with Section 179 AktG. Pursuant to Section 15 paragraph 2 of the articles of association, resolutions of the general meeting of shareholders are adopted with a simple majority of votes cast, unless otherwise stipulated by law, and in cases where a majority of capital is required by law in addition to a majority of votes, with a simple majority of the share capital represented during the vote. Thus, amendments to the articles of association pursuant to Section 179 AktG in conjunction with Section 15 (2) of the articles of association generally require a resolution of the general meeting of shareholders with a simple majority of votes; in certain cases, however, a majority of 75 percent is required for amendments to the articles of association.

In accordance with Section 10, paragraph 7 of the articles of association, the Supervisory Board is authorised to make amendments to the articles of association that relate solely to their wording.

Authorisation of the Board of Management, in particular in respect of the possibility of issuing or repurchasing shares

The general meeting of shareholders of May 22, 2019 authorised the Company's Board of Management to purchase up to May 21, 2024 on one or several occasion treasury shares in a volume of up to 10 percent of the share capital existing at the time the relevant resolution becomes effective or – if this amount is lower – of the share capital existing at the time this authorisation is exercised, for one or more permissible purposes within the scope of the statutory restrictions in accordance with the following provisions. The shares acquired because of this authorisation, together with other treasury shares that the Company has already acquired and that are owned by or attributable to the Company, may not at any time account for more than 10 percent of the share capital. The acquisition may be carried out by the Company, by dependent companies or companies owned by the Company or by third parties acting for the account of such companies or of the Company if the legal requirements, in particular pursuant to Section 71 (2) of the German Stock Corporation Act (AktG), are met. Pursuant to the authorisation, the acquisition shall be effected at the discretion of the Board of Management via the stock exchange or by means of a public purchase offer addressed to all shareholders or by means of a public invitation to all shareholders to submit offers to sell or by granting rights to tender. In the event of an acquisition via the stock exchange, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the share price determined by the opening auction in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange on the day the obligation to purchase is entered into. In the event of an acquisition based on a public purchase offer, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the first publication of the offer. In the event of an acquisition based on an invitation to submit sales offers or acquisition by granting rights to tender, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the day of acceptance of the sales offers or the day of granting the rights to tender. If, after the publication of a public purchase offer or a public invitation to shareholders to submit sales offers or after the granting of rights to tender, there are significant deviations from the relevant share price, the offer, the invitation to submit sales offers or the rights to tender may be adjusted. In this case, the closing price in the XETRA trading system on the last trading day prior to the publication of the adjustment shall be decisive; the 10 percent limit is to be applied to this amount. The volume of a public purchase offer or a public invitation to submit sales offers (collectively "public purchase offer") can be limited. If the total number of shares tendered for a public purchase offer exceeds the volume of the shares, the acquisition may be effected in proportion to the number of shares tendered (tender quotas); in addition, a preferential acceptance of small numbers (up to 50 shares per shareholder) and rounding in accordance with commercial principles may be provided for in order to avoid fractional amounts of shares. Any further rights of shareholders to tender shares in accordance with the participation quotas are excluded. The total volume of tender rights may also be limited in the case of the granting of rights to tender. If shareholders are granted preemptive rights for the purpose of acquiring shares, these are allocated to the shareholders in proportion to their shareholdings in accordance with the relationship of the volume of shares to be repurchased by the Company to the outstanding share capital. Fractions of rights to tender do not have to be allocated; in this case, any partial rights to tender are excluded. The Board of Management determines the details of the respective acquisition, in particular, of a purchase offer or invitation to submit sales offers. This also applies to the details of any rights to tender, in particular in respect of the term and, if applicable, their tradability. In this context, capital market law and other legal restrictions and requirements must also be observed.

The Board of Management is also authorised to use the shares acquired on the basis of the aforementioned or previously granted authorisation for the following purposes: The shares may be sold via the stock exchange or, with the approval of the Supervisory Board, in accordance with the principle of equal treatment through a public offer to all shareholders pro-rata to their shareholding quota. In the event of a public offer to all shareholders, the subscription right for fractional amounts may be excluded. In addition, the shares may be sold, with the approval of the Supervisory Board, otherwise against payment of a cash purchase price per share which is not significantly lower than the stock price of listed shares of the same class and type at the time of sale. The proportionate amount of the share capital attributable to the total number of shares sold under this authorisation may not exceed 10 percent of the share capital existing at the time this authorisation becomes effective or – if this value is lower – of the share capital existing at the time this authorization is exercised. In addition, with the approval of the Supervisory Board, acquired treasury shares may also be offered and transferred in return for non-cash contributions, in particular as (partial) consideration for the acquisition of companies, parts of companies or participations in companies or of other assets, including rights and receivables – also against the Company – or of rights to the acquisition of assets, or in connection with business combinations. Furthermore, acquired treasury shares may be used to service purchase rights to shares of the Company from or in connection with bonds with conversion and/or option rights issued by the Company or a direct or indirect 100 percent holding company. Furthermore, acquired treasury shares may be redeemed, with the approval of the Supervisory Board, without the redemption or the implementation requiring a further resolution of the general meeting of shareholders. The redemption results in a capital reduction. However, in accordance with Section 237 (3) no. 3 AktG, the Board of Management may determine that the share capital shall not be reduced, but that the proportion of the remaining shares in the share capital shall be increased in accordance with Section 8 (3) AktG. In this case, the Board of Management is authorised in accordance with Section 237 (3) no. 3, second half-sentence, AktG, to adjust the number of shares specified in the articles of association. All the above-mentioned authorisations to sell or otherwise use or redeem acquired treasury shares may be exercised on one or more occasions, in whole or in part, individually or collectively. Shareholders' subscription rights were excluded to the extent that treasury shares are used in accordance with the authorisations described above.

In addition, the general meeting of shareholders of May 22, 2019 authorised the Supervisory Board of the Company to use treasury shares acquired on the basis of the authorisation described above or on the basis of previous authorisations to commit or transfer the shares to current and/or future members of the Company's Board of Management as a remuneration component in the form of a share bonus to the extent permitted by law. This must be subject to the condition that the further transfer of the shares by the respective member of the Board of Management within a period of at least four years from the commitment or transfer (lock-up period) and the conclusion of hedging transactions by which the economic risk from the price trend is transferred in part or in full to third parties for the duration of the lock-up period are not permitted. The commitment or transfer of shares is to be based in each case on the current stock exchange price, using an average assessment to be determined by the Supervisory Board. This authorisation may also be exercised once or several times, in whole or in part, individually or jointly. In addition, the shareholders' subscription right is excluded to the extent that treasury shares are used in accordance with the authorisation granted by the Supervisory Board.

In the reporting period, neither the Board of Management nor the Supervisory Board made use of the authorisation to acquire and use treasury shares, which was granted by the general meeting of shareholders on May 22, 2019.

On December 31, 2021, the Company held 266,803 treasury shares (prior year: 266,803), which it acquired in 2018 by using its authorisation existing at that time, based on a share repurchase offer directed to all shareholders.

The general meeting of shareholders of May 31, 2017 authorised the Company's Board of Management to issue, with the approval of the Supervisory Board, bearer or registered convertible and/or option bonds (together the "bonds") on one or several occasions. Pursuant to this authorisation, the bonds can have a total nominal amount of up to euro 80,000,000.00 and a maximum term of 20 years. The holders or creditors of the bonds can be granted conversion and/or option rights for a total of up to 20,000,000 no-par value registered shares of the Company corresponding to a pro rata amount of euro 20,000,000.00 of the share capital. At the same time, the Company's share capital was increased conditionally by up to a further euro 20,000,000.00 (Conditional Capital 2017). In the period under review, the Board of Management made no use of the authorisation granted in the context of Conditional Capital 2017.

Furthermore, by a resolution of the general meeting of shareholders of May 31, 2017, the Board of Management was authorised to increase the Company's share capital, with the approval of the Supervisory Board, in the period up to May 30, 2022, on one or several occasions to a total of up to euro 38,250,000.00 (Authorised Capital 2017) by issuing new no-par value registered shares against contributions in cash or in kind. The Board of Management also made no use of this authorisation in the period under review.

As at December 31, 2021, the Authorised Capital 2017 therefore existed in its entirety in the amount of euro 38,250,000.00.

Key agreements prevailing under the condition of a change of control resulting from a takeover offer as well as compensation agreements of the Company, which have been concluded for the event of a takeover offer with the members of the Board of Management or employees

Corporate bond 2018/2023

In the case of a change of control, each bondholder has the right, in accordance with the bond terms and conditions, to demand early repayment of bonds from PNE AG as the issuer. In this connection, a change of control is deemed to have occurred if the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of such a number of the issuer's shares, which represent 30 percent or more of the voting rights. Such a change of control in accordance with the bond terms and conditions did not occur at PNE AG in the reporting period.

IKB loan agreements with PNE WIND West Europe GmbH, PNE Portfolio 2 GmbH and PNE Power Generation GmbH

If a change of control occurs within the sense of the agreements, IKB Deutsche Industriebank AG as the lender is entitled to terminate the respective loan agreement for good cause without giving notice in accordance with the terms of the loan agreements. Under the agreements, a change of control means that PNE AG, as the guarantor of the respective loan agreement, no longer directly or indirectly holds the majority of the shares or voting rights in the borrower or that a natural person or legal entity holds at least 30.1 percent of the voting shares in PNE AG as guarantor.

Debt financing agreements for wind farm projects and guarantee credit lines in the Group

A change of control as defined by the agreements, if the limit of 50 percent is exceeded, grants the lenders a right of termination under certain debt financing agreements for wind farm projects and guarantee credit lines of PNE AG and WKN GmbH.

Other agreements

Apart from that, neither PNE AG nor the companies included in the consolidated financial statements have concluded any other significant agreements which are subject to the condition of a change of control as a result of a takeover offer. In the event of a change of control at the Company, the members of the Board of Management have a special right of termination, which they can exercise during the two months following the occurrence of the change of control (excluding the month in which the change of control occurred), with a notice period of 14 days to the end of the relevant month. A change of control event granting a special right of termination occurs if a third party notifies the Company in accordance with Section 33 WpHG that it has reached or exceeded a participation of 50 percent in the voting shares of the Company. If the special right of termination is exercised, the Board of Management members are entitled to their fixed salary pursuant to the relevant employment contract for the remainder of the contract term; this is to be paid out at the end of the contract in one amount, which shall not be discounted. In the event of a change of control, the members of the Board of Management, should they exercise their special right of termination, are also entitled to a special bonus of 100 percent of the management bonus to be expected up to the end of the contract. In any case, however, the payments to be made to the members of the Board of Management are limited to 150 percent of the severance payment cap (twice the amount of the total remuneration actually received by the respective Board member in the last full fiscal year – including the bonus payments made in this fiscal year for previous fiscal years – plus the provisions/liabilities formed for long-term bonus components).

Cuxhaven, March 16, 2022

The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2021

in thousand euro (differences due to rounding possible)	**Notes**	**2021**	**2020**
1. Revenues	VI.1.	117,728	109,689
2. Increase in finished goods and work in process	V.5.	129,819	38,204
3. Other operating income	VI.2.	4,480	3,819
4. Total aggregate output		**252,027**	**151,711**
5. Cost of materials		-161,554	-72,729
6. Personnel expenses	VI.3.	-38,499	-35,054
7. Amortisation of intangible assets and depreciation of property, plant and equipment, right-of-use assets	IV.2./V.1./ V.2./V.12.	-23,389	-18,177
8. Other operating expenses	VI.4.	-19,294	-17,554
9. Impairment expense – goodwill	IV.3./V.1.	-26	-26
10. Operating result		**9,265**	**8,170**
11. Income from participations		135	125
12. Other interest and simlilar income	VI.5.	4,414	251
13. Income from assumption of profits of associates		27	0
14. Expenses from assumption of losses of associates		-24	-73
15. Interest and similar expenses	VI.6.	-10,790	-11,182
16. Result before Taxes		**3,028**	**-2,708**
17. Taxes on income	VI.7.	21,848	3,747
18. Other taxes		-212	-136
19. Consolidated net profit/loss before non-controlling interests		**24,664**	**903**
20. Non-controlling interests in the result	V.8.	-463	-717
21. Consolidated net income		**25,127**	**1,621**

in thousand euro (differences due to rounding possible)	**Notes**	**2021**	**2020**
Other comprehensive income / items that may be reclassified in the future in the profit and loss account			
22. Foreign currency translation differences		-417	-1,873
23. Others		0	0
24. Other comprehensive income for the period (net of tax)		**-417**	**-1,873**
25. Other comprehensive income for the period (net of tax)		**24,247**	**-969**
Consolidated profit / loss for the period attributable to:			
Owners of the parent company		25,127	1,621
Non-controlling interests		-463	-717
		24,664	**903**
Total comprehensive income for the period attributable to:			
Owners of the parent company		24,710	-252
Non-controlling interests		-463	-717
		24,247	**-969**
Weighted average of shares in circulation (undiluted) (in thousands)	VI.8.	76,337	76,337
Undiluted earnings per share from continuing operations in EUR		0.33	0.02
Weighted average of shares in circulation (diluted) (in thousands)	VI.8.	76,337	76,337
Diluted earnings per share from continuing operations in EUR		0.33	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

of PNE AG, Cuxhaven, as at December 31, 2021

Assets

in thousand euro (differences due to rounding possible)	**Notes**	**Status as at 31.12.2021**	**Status as at 31.12.2020**
A. Long term assets			
I. Intangible assets	IV.1./IV.3./V.1.		
1. Franchises, trademarks, licences and other similar rights as well as licences from such rights		689	1,029
2. Goodwill		63,275	63,301
		63,964	**64,330**
II. Property, plant and equipment	IV.2./IV.3./V.2.		
1. Land and buildings including buildings on third-party land		13,032	13,496
2. Technical equipment and machinery		253,849	157,115
3. Other plant and machinery, fixtures and fittings		4,142	2,663
4. Prepayments and plant under construction		2,499	3,068
		273,523	**176,341**
III. Right-of-use Assets	IV.4./V.3.	**64,732**	**39,125**
IV. Long term financial assets	IV.5./V.4.		
1. Shares in affiliated companies		242	115
2. Shares in associates		461	434
3. Participations		1,208	1,208
4. Other loans		188	178
5. Other long term loan receivables		499	0
		2,598	**1,936**
V. Deferred tax assets	IV.6./VI.7.	**58,713**	**35,484**
B. Current assets			
I. Inventories	IV.7./V.5.	**163,711**	**174,003**
II. Receivables and other assets	IV.9./V.6.		
1. Trade receivables		29,492	40,171
2. Other short term loan receivables		1,204	2,002
3. Receivables from affiliated companies		6,000	1,315
4. Receivables from associated companies and from other investments		162	160
5. Other assets		12,595	15,985
		49,453	**59,633**
III. Tax receivables		**680**	**1,341**
IV. Cash and cash equivalents	IV.8.	**149,625**	**111,617**
		827,000	**663,809**

Passiva

in thousand euro (differences due to rounding possible)	**Notes**	**Status as at 31.12.2021**	**Status as at 31.12.2020**
A. Shareholders' equity	V.7.		
I. Capital subscribed		**76,603**	**76,603**
II. Capital reserve		**82,953**	**82,953**
III. Treasury shares		**-707**	**-707**
IV. Retained earnings			
1. Legal reserve		5	5
2. Other retained earnings		46	46
		51	**51**
V. Foreign exchange reserve		**-3,109**	**-2,692**
VI. Retained consolidated profit		**73,384**	**51,425**
VII. Non-controlling interests	V.8.	**-7,382**	**-7,070**
		221,793	**200,563**
B. Long term liabilities			
I. Other provisions	IV.10./V.11.	**0**	**0**
II. Deferred subsidies from public authorities	IV.12./V.9.	**667**	**714**
III. Long term financial liabilities	IV.11./V.12.		
1. Bonds		49,521	49,183
2. Liabilities to banks		330,421	216,565
3. Other financial liabilities		5,124	7,139
4. Liabilities from leasing contracts		103,719	70,388
		488,784	**343,274**
IV. Deferred tax liabilities	IV.6./VI.7.	**6,454**	**11,049**
C. Current liabilities			
I. Provisions for taxes	V.10.	**1,549**	**1,150**
II. Other provisions	IV.10./V.11.	**5,198**	**3,467**
III. Short term financial liabilities	IV.11./V.12.		
1. Bonds		0	0
2. Liabilities to banks		21,332	22,681
3. Other financial liabilities		1,426	1,542
4. Liabilities from leasing contracts		6,862	4,626
		29,620	**28,849**
IV. Other liabilities	IV.11./V.13.		
1. Trade payables		34,398	31,364
2. Liabilities to affiliated companies		290	259
3. Liabilities to associated companies and to other investments		923	877
4. Deferred revenues		25,189	21,965
5. Deferred liabilities		6,849	8,698
6. Other liabilities		5,250	10,291
		72,899	**73,454**
V. Tax liabilities		**38**	**1,289**
		827,000	**663,809**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2021

in thousand euro (differences due to rounding possible)	**Notes**	**2021**	**2020**
Consolidated net result		**24,664**	**903**
-/+ Income tax benefit and expense	VI.7.	-21,848	-3,747
-/+ Income tax received		-4,918	-8,451
-/+ Interest income and expense	VI.5./VI.6.	6,376	10,931
- Interest paid		-6,556	-5,765
+ Interest received		309	251
+/- Amortisation and depreciation of intangible assets, property, plant and equipment, right-of-use assets and long-term financial assets		23,415	18,203
+/- Increase/decrease in provisions	V.10.	2,219	-3,759
-/+ Non-cash effective income/expenses		-527	-1,754
- Profit from the disposal of fixed assets and from final consolidation	III.2.	425	-3
+/- Increase of inventories and other assets	IV.7./V.5.	-85,384	-118,311
+/- Decrease/increase of trade receivables and stage of completion accounting	IV.7./IV.9./V.3./V.6.	41,549	6,278
+/- Increase/decrease of trade liabilities and other liabilities	IV.11./V.11./V.12.	44,052	36,723
Cash flow from operating activities		**23,778**	**-68,500**
+ Inflow of funds from intangible assets		1	0
+ Inflow of funds from disposal of items of property, plant, equipment and intangible assets		525	104
+ Inflow of funds from disposal of financial assets		3	0
+ Einzahlungen aus Verkäufen von konsolidierten Einheiten	III.2.	30,447	0
- Outflow of funds for investments in property, plant, equipment and intangible assets	V.1./V.2.	-112,828	-14,531
- Outflow of funds from disposal of financial assets		-139	0
Cash flow from investing activities		**-81,991**	**-14,427**
+ Inflow of funds from financial loans	V.12.	143,699	101,376
- Outflow of acquisition of non-controlling interests		0	-573
- Outflow of funds for the redemption of financial loans	V.12.	-21,520	-8,767
- Outflow of funds for the redemption of lease liabilities		-7,152	-6,126
- Outflow of funds for dividend		-3,053	-3,053
Cash flow from financing activities		**111,974**	**82,857**
Cash effective change in liquid funds		53,761	-71
+ Change in liquid funds due to changes in scope of consolidation		-15,754	-246
+ Liquid funds at the beginning of the period	IV.8./VII.1.	111,618	111,934
Liquid funds at the end of the period*	IV.8./VII.1.	**149,625**	**111,618**
* of which are pledged to a bank as security guaranteed credit lines	V.12.	1,858	2,954

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2021

in thousand euro (differences due to rounding possible)	**Capital subscribed**	**Capital reserve**	**Treasury shares**	**Profit reserves**	**Foreign exchange reserve**	**Retained loss**	**shareholders equity before non-controlling interests**	**Non-con-trolling interests**	**Total share-holders equity**
Status as at January 1, 2020	**76,603**	**82,953**	**-707**	**51**	**-819**	**60,322**	**218,403**	**-13,283**	**205,119**
Consolidated net result	0	0	0	0	0	1,621	1,621	-717	904
Other result	0	0	0	0	-1,873	0	-1,873	0	-1,873
Total result 2020	**0**	**0**	**0**	**0**	**-1,873**	**1,621**	**-252**	**-717**	**-969**
Dividend	0	0	0	0	0	-3,053	-3,053	0	-3,053
Other items	0	0	0	0	0	-7,464	-7,464	6,930	-534
Status as at December 31, 2020	**76,603**	**82,953**	**-707**	**51**	**-2,692**	**51,425**	**207,634**	**-7,070**	**200,564**
Consolidated net result	0	0	0	0	0	25,127	25,127	-463	24,664
Other result	0	0	0	0	-417	0	-417	0	-417
Total result 2021	**0**	**0**	**0**	**0**	**-417**	**25,127**	**24,710**	**-463**	**24,247**
Dividend	0	0	0	0	0	-3,053	-3,053	0	-3,053
Other items	0	0	0	0	0	-115	-115	151	36
Status as at December 31, 2021	**76,603**	**82,953**	**-707**	**51**	**-3,109**	**73,384**	**229,175**	**-7,382**	**221,793**

CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2021

	Acquisition and manufacturing cost						
in thousand euro (differences due to rounding possible)	**Status as at 1.1.2021**	**Changes in consolidated**	**Additions**	**Re-classifications**	**Disposals**	**Exchange Differences**	**Status as at 31.12.2021**
I. Intangible assets							
1. Franchises, trademarks and similar rights as well as licences to such rights	9,538	-1	123	0	35	-3	9,622
2. Goodwill	147,765	0	0	0	0	0	147,765
	157,303	**-1**	**123**	**0**	**35**	**-3**	**157,387**
II. Property, plant and equipment							
1. Land and buildings including buildings on third party land	21,317	-19	59	0	0	0	21,357
2. Technical equipment and machinery	211,792	0	55,202	54,984	887	9	321,100
3. Other equipment, fixtures and furnishings	7,082	0	2,585	0	478	15	9,204
4. Prepayments and plant under construction	3,071	-329	5,573	-5,717	94	-1	2,502
	243,262	**-348**	**63,419**	**49,266**	**1,458**	**23**	**354,163**
III. Right-of-use assets							
Right-of-use assets (IFRS 16)	45,395	0	18,245	14,235	1,243	0	76,631
	45,395	**0**	**18,245**	**14,235**	**1,243**	**0**	**76,631**
IV. Financial assets							
1. Shares in affiliated companies	6,823	322	130	0	360	-1	6,913
2. Shares in associates	601	0	27	0	1	0	628
3. Participations	1,266	0	0	0	0	0	1,266
4. Other loans	216	0	10	0	0	0	226
	8,905	**322**	**167**	**0**	**361**	**-1**	**9,033**
	454,865	**-27**	**81,954**	**63,501**	**3,097**	**18**	**597,214**

Accumulated amortisation and depreciation					Book values	
Status as at 1.1.2021	Additions	Disposals	Exchange Differences	Status as at 31.12.2021	Status as at 31.12.2021	Status as at 31.12.2020
8,510	460	34	-2	8,934	689	1,029
84,464	26	0	0	84,490	63,275	63,301
92,974	**486**	**34**	**-2**	**93,423**	**63,964**	**64,330**
7,821	504	0	0	8,325	13,032	13,496
54,677	13,029	459	3	67,250	253,849	157,115
4,419	1,104	468	6	5,061	4,142	2,663
3	8	8	1	4	2,499	3,068
66,921	**14,645**	**935**	**9**	**80,640**	**273,523**	**176,341**
6,269	5,630	0	0	11,899	64,732	39,125
6,269	**5,630**	**0**	**0**	**11,899**	**64,732**	**39,125**
6,708	0	36	0	6,672	242	115
166	0	0	0	166	461	434
58	0	0	0	58	1,208	1,208
38	0	0	0	38	188	178
6,969	**0**	**36**	**0**	**6,934**	**2,099**	**1,936**
173,133	**20,761**	**1,004**	**8**	**192,897**	**404,317**	**281,732**

CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2020

	Acquisition and manufacturing cost					
in thousand euro (differences due to rounding possible)	**Status as at 1.1.2020**	**Changes in consolidated**	**Additions**	**Disposals**	**Exchange Differences**	**Status as at 31.12.2020**
I. Intangible assets						
1. Franchises, trademarks and similar rights as well as licences to such rights	9,600	1	81	134	-9	9,538
2. Goodwill	147,765	0	0	0	0	147,765
	157,365	**1**	**81**	**134**	**-9**	**157,303**
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	21,064	0	253	0	0	21,317
2. Technical equipment and machinery	201,800	0	10,203	35	-177	211,792
3. Other equipment, fixtures and furnishings	6,243	0	1,160	306	-15	7,082
4. Prepayments and plant under construction	274	9	2,835	45	-2	3,071
	229,382	**9**	**14,451**	**386**	**-195**	**243,262**
III. Right-of-use assets						
Right-of-use assets (IFRS 16)	42,169	0	4,882	1,656	0	45,395
	42,169	**0**	**4,882**	**1,656**	**0**	**45,395**
IV. Financial assets						
1. Shares in affiliated companies	6,828	-6	0	0	0	6,823
2. Shares in associates	1,349	0	0	749	0	601
3. Participations	1,266	0	0	0	0	1,266
4. Other loans	216	0	0	0	0	216
	9,659	**-6**	**0**	**749**	**0**	**8,905**
	438,575	**4**	**19,414**	**2,925**	**-204**	**454,865**

Accumulated amortisation and depreciation					Book values	
Status as at 1.1.2020	Additions	Disposals	Exchange Differences	Status as at 31.12.2020	Status as at 31.12.2020	Status as at 31.12.2019
8,208	442	134	-6	8,510	1,029	1,392
84,438	26	0	0	84,464	63,301	63,327
92,646	**468**	**134**	**-6**	**92,974**	**64,330**	**64,720**
7,312	509	0	0	7,821	13,496	13,752
44,197	10,660	23	-158	54,677	157,115	157,603
3,788	898	259	-8	4,419	2,663	2,455
4	0	0	-1	3	3,068	271
55,301	**12,068**	**282**	**-166**	**66,921**	**176,341**	**174,081**
2,793	3,594	118	0	6,269	39,125	39,376
2,793	**3,594**	**118**	**0**	**6,269**	**39,125**	**39,376**
6,708	0	0	0	6,708	115	121
862	0	696	0	166	434	487
58	0	0	0	58	1,208	1,208
38	0	0	0	38	178	178
7,665	**0**	**696**	**0**	**6,969**	**1,936**	**1,994**
158,405	**16,131**	**1,231**	**-172**	**173,133**	**281,732**	**280,170**

CONSOLIDATED SEGMENT REPORTING (IFRS)

OF PNE AG, CUXHAVEN, FOR THE FISCAL YEAR 2021

	Project development		Services	
in thousand euro (differences due to rounding possible)	**2021**	**2020**	**2021**	**2020**
External sales	68,933	71,333	17,142	16,054
Inter-segment sales	168,197	108,799	4,120	3,983
Change in inventories	27,553	4,549	0	186
Other operating income	2,782	1,600	607	889
Total aggregate output	**267,465**	**186,281**	**21,869**	**21,112**
Depreciation and amortisation	2,426	2,047	3,180	3,103
Operating result	**60,240**	**54,472**	**1,893**	**2,082**
Other interest and similar income	6,365	5,339	450	454
Interest and similar expenses	-8,241	-8,023	-680	-587
Taxes on income	-4,385	11,140	504	-158
Investments	4,738	1,400	5,406	5,510
Segment assets	613,232	536,702	55,650	51,509
Segment liabilities	345,448	311,808	42,447	38,638
Segment equity	267,785	224,895	13,203	12,871

	Electricity generation		Consolidation		PNE AG Group	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	31,653	22,303	0	0	117,728	109,689
	240	240	-172,557	-113,022	0	0
	0	0	102,266	33,469	129,819	38,204
	1,091	1,783	0	-454	4,480	3,819
	32,984	**24,326**	**-70,291**	**-80,007**	**252,027**	**151,711**
	17,810	13,053	0	0	23,415	18,203
	5,315	**5,333**	**-58,184**	**-53,716**	**9,265**	**8,171**
	4,154	91	-6,554	-5,633	4,415	251
	-8,423	-8,206	6,554	5,633	-10,790	-11,183
	329	-302	-18,296	-14,427	-21,848	-3,747
	102,823	7,621	0	0	112,967	14,531
	581,821	397,751	-423,703	-322,154	827,000	663,809
	526,343	363,007	-309,030	-250,208	605,207	463,245
	55,478	34,744	-114,673	-71,946	221,793	200,564

LIST OF THE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND LIST OF SHAREHOLDINGS

of PNE AG, Cuxhaven, as at December 31, 2021

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
I. List of the companies included in the consolidated financial statements							
1	PNE WIND Betriebsführungs GmbH	Cuxhaven	100.00	100.00	990	41[1]	31.12.98
2	PNE Biomasse GmbH	Cuxhaven	100.00	100.00	258	94[1]	23.04.00
3	PNE WIND Netzprojekt GmbH	Cuxhaven	100.00	100.00	866	0[6]	01.01.02
4	PNE WIND Laubuseschbach GmbH & Co. KG	Cuxhaven	100.00	100.00	-95	-78[1]	29.12.04
5	PNE WIND Grundstücks GmbH	Cuxhaven	100.00	100.00	208	22[1]	01.12.00
6	PNE Erneuerbare Energien Offshore II GmbH	Cuxhaven	100.00	100.00	20	-21[1]	24.11.16
7	PNE WIND Atlantis II GmbH	Cuxhaven	100.00	100.00	-16	-4[1]	18.06.13
8	PNE WIND Atlantis III GmbH	Cuxhaven	100.00	100.00	-16	-4[1]	18.06.13
9	PNE WIND Verwaltungs GmbH	Cuxhaven	100.00	100.00	97	17[1]	21.11.12
10	energy consult GmbH	Cuxhaven	100.00	100.00	332	0[6]	11.12.13
11	energy consult Prüfgesellschaft GmbH	Husum	100.00	100.00	172	0[6]	11.08.17
12	PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG	Husum	100.00	100.00	10,787	12[1]	01.04.13
13	PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG	Husum	100.00	100.00	1,682	3[1]	01.04.13
14	PNE WIND Park Kührstedt Alfstedt GmbH & Co. KG	Husum	100.00	100.00	6,917	-246[1]	31.03.17
15	PNE WIND Park Schlenzer GmbH & Co. KG	Husum	100.00	100.00	2,330	-40[1]	25.04.18
16	PNE WIND Park Wahlsdorf GmbH & Co. KG	Cuxhaven	100.00	100.00	-5	-5[1]	25.04.18
17	PNE WIND Park XVI GmbH & Co. KG	Husum	100.00	100.00	1,790	-62[1]	01.07.19
18	PNE WIND Park XIX GmbH & Co. KG	Husum	100.00	100.00	8,761	-125[1]	01.04.18
19	PNE WIND Park Calau II B GmbH & Co. KG	Cuxhaven	100.00	100.00	35	-4[1]	01.04.13
20	PNE WIND Ausland GmbH	Cuxhaven	100.00	100.00	-1,958	-421[1]	16.11.07
21	PNE USA Inc.	Chicago, USA	100.00	100.00	-17,992	95[1]	27.10.08

Company		Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
22	PNE Development LLC	Chicago, USA	100.00	100.00	-1,631	-165[1]	29.07.11
23	Chilocco WIND FARM LLC	Chicago, USA	100.00	100.00	-547	0[1]	01.10.12
24	PNE WIND Central States LLC	Minnesota, USA	100.00	100.00	-1,308	0[1]	01.10.09
25	Underwood Windfarm LLC	Minnesota, USA	100.00	100.00	-302	-1[1]	01.10.09
26	Butte Windfarm LLC	Minnesota, USA	100.00	100.00	-2,121	-1[1]	01.10.09
27	Burleigh Wind LLC	Chicago, USA	100.00	100.00	-2,051	0[1]	01.01.18
28	PNE Solar USA LLC	Chicago, USA	100.00	100.00	-2,182	-685[1]	01.01.19
29	Gladstone New Energy LLC	New Mexico, USA	100.00	100.00	-418	16[1]	01.01.19
30	PNE Canada Inc.	New Bruns-wick, Canada	100.00	100.00	1,549	-350[1]	26.01.10
31	PNE WIND Yenilenebilir Enerjiler Ltd.	Ankara, Turkey	100.00	100.00	310	-387[1]	08.12.17
32	PNE WIND Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-4,251	-2,405[1]	20.02.15
33	PNE WIND Bati Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-587	-447[1]	16.09.15
34	PNE WIND Güney Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-642	-427[1]	16.09.15
35	PNE WIND Kuzey Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-658	-485[1]	10.10.16
36	S.C. PNE WIND Romania Energy Holding S.R.L	Bucharest, Romania	100.00	100.00	-2,715	-552[1]	10.05.12
37	PNE WIND Bulgaria EOOD	Sofia, Bulgaria	100.00	100.00	56	-42[1]	09.11.10
38	PNE Santa Cruz GmbH	Cuxhaven	100.00	100.00	105	13[1]	09.08.18
39	PNE Central America I GmbH	Cuxhaven	100.00	100.00	99	8[1]	04.07.18
40	Pure New Energy LATAM S.A.	Panama City, Panama	100.00	100.00	-379	-186[1]	01.01.19
41	Santa Cruz Wind S.A.	Panama City, Panama	100.00	100.00	-1,000	-267[1]	01.10.19
42	Altiplano Power S.A.	Panama City, Panama	100.00	100.00	-215	-36[1]	01.10.19

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
43	Los Pinos Power S.A.	Panama City, Panama	100.00	100.00	-260	-38[1]	01.10.19
44	Las Honduras S.A.	Panama City, Panama	100.00	100.00	-26	-11[1]	01.10.19
45	Los Manglares Power S.A.	Panama City, Panama	100.00	100.00	-33	-12[1]	01.10.19
46	HKW Silbitz GmbH & Co. KG	Silbitz	100.00	100.00	2,056	1,080[1]	01.09.09
47	WKN GmbH	Husum	100.00	100.00	62,546	0[6]	04.07.13
48	Windkraft Nord USA, Inc.	Chicago, USA	100.00	100.00	-280	-13[1]	04.07.13
49	WKN Italia s.r.l.	Catania / Sicily, Italy	100.00	100.00	293	-776[1]	04.07.13
50	Aero Sol s.r.l	Catania / Sicily, Italy	100.00	100.00	-43	-43[1]	04.07.13
51	ATS Energia s.r.l.	Torremaggiore / Foggia, Italy	70.00	70.00	132	-33[1]	04.07.13
52	WKN France S.A.S.U.	Nantes, France	100.00	100.00	4,632	-1,994[1]	04.07.13
53	Sevivon Sp. z o.o.	Koszalin, Poland	100.00	100.00	-24,291	-1,950[1]	04.07.13
54	VKS Vindkraft Sverige AB	Motala, Sweden	80.00	80.00	1,151	-740[1]	04.07.13
55	WKN Windcurrent SA (Pty) Ltd.	Wilderness, South Africa	80.00	80.00	-3,458	-1,528[1]	04.07.13
56	NordStrom New Energy GmbH	Husum	100.00	100.00	823	0[4]	04.07.13
57	NordStrom Solar GmbH	Husum	100.00	100.00	550	19[1]	04.07.13
58	BGZ Fondsverwaltung GmbH	Husum	100.00	100.00	207	0[4]	04.07.13
59	WKN Sallachy Ltd.	Glasgow, United Kingdom	100.00	100.00	-1,181	-117[1]	01.07.15
60	Windpark Gerdau-Schwienau GmbH & Co. KG	Cuxhaven	91.03	91.03	-100	-16[1]	01.10.16
61	Windpark Pülfringen GmbH & Co. KG	Cuxhaven	100.00	100.00	-3,235	29[1]	01.10.16
62	PNE WIND West Europe GmbH	Husum	100.00	100.00	33,577	-647[1]	12.06.17
63	PNE WIND West Europe Verwaltungs GmbH	Husum	100.00	100.00	19	6[1]	10.07.17
64	PNE Power Generation GmbH	Cuxhaven	100.00	100.00	3,260	-1,149[1]	01.01.19
65	PNE WIND Türkei HoldCo I GmbH	Cuxhaven	100.00	100.00	3,343	-3[1]	30.05.17
66	Pavana GmbH	Husum	100.00	100.00	1,292	228[1]	30.09.17
67	MEB Safety Services GmbH	Bremen	100.00	100.00	-37	0[8]	01.11.18
68	WKN WERTEWIND GmbH	Husum	100.00	100.00	6,965	-16[1]	30.06.18
69	WKN Windpark Kittlitz III GmbH & Co. KG	Husum	100.00	100.00	8,561	-152[1]	01.07.18
70	WKN Wertewind Betriebsgesellschaft mbH	Husum	100.00	100.00	6,480	-450[1]	30.03.20

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
71	WKN Wertewind Verwaltungs GmbH	Husum	100.00	100.00	19	2[1]	30.03.20
72	WKN WERTEWIND Windpark Langstedt GmbH & Co. KG	Husum	100.00	100.00	5,205	189[1]	30.03.20
73	WKN WERTEWIND Windpark Lentföhrden GmbH & Co. KG	Husum	100.00	100.00	4,129	123[1]	30.03.20
74	WKN Windkraft Nord GmbH & Co. Windpark Kleinbüllesheim KG	Husum	100.00	100.00	2,044	-32[1]	30.03.20
75	PNE WIND Park XVIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-7	-2[1]	30.03.20
76	WKN Wertewind Bürger-beteiligungsgesellschaft mbH	Husum	100.00	100.00	21	0[1]	30.06.20
77	WKN Wertewind Bürgerprojekt GmbH	Husum	100.00	100.00	21	0[1]	30.06.20
78	PNE WIND Park XVII GmbH & Co. KG	Cuxhaven	100.00	100.00	10,743	459[1]	31.08.20
79	SAS Parc Eolien d´Ermenonville de la Grande	Nantes, France	100.00	100.00	759	15[1]	30.09.20
80	PNE Sverige AB	Malmö, Sweden	100.00	100.00	31	-1,091[1]	30.09.20
81	Sachsenkraft Plus GmbH	Dresden	50.50	50.50	325	-9[1]	20.11.20
82	WKN Windpark Zahrenholz GmbH und Co. KG	Husum	100.00	100.00	31	30[1]	01.12.20
83	PNE WIND Park XXIV GmbH & Co. KG	Cuxhaven	100.00	100.00	-3	-4[1]	01.04.21
84	PNE WIND Park XXV GmbH & Co. KG	Cuxhaven	100.00	100.00	-3	-4[1]	01.07.21
85	PNE WIND Park XXVII GmbH & Co. KG	Cuxhaven	100.00	100.00	-5	-5[1]	01.07.21
86	PNE WIND Park XXIX GmbH & Co. KG	Cuxhaven	100.00	100.00	-5	-5[1]	01.04.21
87	PNE WIND Park XXX GmbH & Co. KG	Cuxhaven	100.00	100.00	-5	-5[1]	01.04.21
88	WKN WERTEWIND Windpark Gnutz Eins GmbH Co. KG	Husum	100.00	100.00	2.176	-5[1]	01.04.21
89	WKN WERTEWIND Windpark Holstentor GmbH Co. KG	Husum	100.00	100.00	4.936	-90[1]	01.01.21
90	Energy Consult Polska Sp.z.o.o. (formerly SEVIVON Renewables 5 Sp. z o.o.)	Koszalin, Poland	100.00	100.00	2	1[1]	01.07.21
91	Energy Consult Sverige AB	Malmö, Sweden	0.00	100.00	-23	-26[1]	01.07.21
92	PNE RO PV Holding S.R.L.	Bucharest, Romania	0.00	80.00	-548	-550[1]	30.09.21
93	PNE RO PV NAR S.R.L.	Bucharest, Romania	0.00	80.00	-61	-62[1]	30.09.21

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
94	PNE Portfolio 2 GmbH	Husum	0.00	100.00	6,549	-16[1]	14.10.21
95	PNE Portfolio 2 Verwaltungs GmbH	Husum	0.00	100.00	21	-4[1]	15.11.21
96	WKN Windkraft Nord GmbH & Co. Windpark Hamwarde KG	Husum	100.00	100.00	-6	-5[1]	01.12.21
II. List of joint ventures and associated companies included in the consolidated financial statements							
1	PNE WIND Infrastruktur Calau II GmbH	Cuxhaven	25.00	25.00	13	-2[2]	01.04.13
2	PNE WIND Park III GmbH & Co. KG	Cuxhaven	25.00	25.00	16	26[2]	01.04.13
3	Windpark Altenbruch GmbH	Cuxhaven	50.00	50.00	925	-10[2]	01.10.16
III. Non-consolidated companies due to minor significance							
1	Pilger Wind Farm Inc.	New Bruns-wick, Canada	100.00	100.00	k. A.	k. A.[5]	
2	Climax Wind Farm Inc.	New Bruns-wick, Canada	100.00	100.00	k. A.	k. A.[5]	
3	Watson Wind Farm Inc.	New Bruns-wick, Canada	100.00	100.00	k. A.	k. A.[5]	
4	Wadena Wind Farm Inc.	New Bruns-wick, Canada	100.00	100.00	k. A.	k. A.[5]	
5	Eston Wind Farm Inc.	New Bruns-wick, Canada	100.00	100.00	k. A.	k. A.[5]	
6	Whiska Wind Farm Inc.	New Bruns-wick, Canada	100.00	100.00	k. A.	k. A.[5]	
7	PNE RO Solar 3 SRL	Bucharest, Romania	0.00	80.00	k. A.	k. A.[5]	
8	PNE RO Sunrise 4 SRL	Bucharest, Romania	0.00	80.00	k. A.	k. A.[5]	
9	PNE RO Sungate 5 SRL	Bucharest, Romania	0.00	80.00	k. A.	k. A.[5]	
10	PNE RO SUNLIGHT 6 SRL	Bucharest, Romania	0.00	80.00	k. A.	k. A.[5]	
11	PNE RO SUNSET 7 SRL	Bucharest, Romania	0.00	80.00	k. A.	k. A.[5]	
12	Netzanschluss Genthin GbR	Nielebock	52.00	52.00	10	33[2]	
13	ATS Energia PE Sant´Agata s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	4	-10[7]	
14	ATS Energia PE Fiorentino s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	4	-10[7]	
15	ATS Energia PE Florio s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	3	-11[7]	
16	ATS Energia PE Valle s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	4	-10[7]	

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
17	WKN PE Piombino s.r.l.	Catania/Sicily, Italy	74.90	74.90	3	-10[7]	
18	WKN Basilicata Development PE2 s.r.l.	Catania/Sicily, Italy	100.00	100.00	-1	-10[7]	
19	WKN PE Polidon s.r.l.	Catania/Sicily, Italy	100.00	100.00	4	-10[7]	
20	SAS la Haie Perron	Nantes, France	100.00	100.00	-78	-8[7]	
21	SAS Parc Eolien de La Fosse Descroix	Nantes, France	100.00	100.00	-21	-6[7]	
22	SAS Parc Eolien de La Plaine de la Minée	Nantes, France	100.00	100.00	-42	-28[7]	
23	SAS Parc Eolien de Pierre-Morains	Nantes, France	100.00	100.00	-25	-11[7]	
24	SAS Parc Eolien de Vill´Aire	Nantes, France	100.00	100.00	-21	-7[7]	
25	SAS Parc Eolien des Hauts Poiriers	Nantes, France	100.00	100.00	-21	-6[7]	
26	SAS Parc Eolien des Monts de Chalus	Nantes, France	100.00	100.00	-22	-8[7]	
27	SAS Parc Eolien de la Cote des Moulins	Nantes, France	100.00	100.00	-37	-7[7]	
28	SAS Parc Eolin de la Coutanciere	Nantes, France	100.00	100.00	-37	-7[7]	
29	AIRE PARC S.A.S.U.	Nantes, France	100.00	100.00	-16	-8[7]	
30	PARC EOLIEN DE CHABROL S.A.S.U.	Nantes, France	100.00	100.00	-14	-4[7]	
31	PARC EOLIEN DE LA VALLEE BLEUE S.A.S.U.	Nantes, France	100.00	100.00	-15	-7[7]	
32	PARC EOLIEN DE L'ARGONNE MEUSIENNE S.A.S.U.	Nantes, France	100.00	100.00	-14	-7[7]	
33	PARC EOLIEN DE SAINT-AUBIN-DU-PLAIN S.A.S.U.	Nantes, France	100.00	100.00	-14	-7[7]	
34	PARC EOLIEN DES CHAUMES CARREES S.A.S.U.	Nantes, France	100.00	100.00	-21	-12[7]	
35	PARC EOLIEN DE SAINT PALAIS S.A.S.U.	Nantes, France	100.00	100.00	-8	-8[7]	
36	Windfarm Polska IV Sp. z o.o.	Koszalin, Poland	80.00	100.00	-359	-58[7]	
37	Windfarm Polska V Sp. z o.o.	Koszalin, Poland	58.00	100.00	-197	-70[7]	
38	Windfarm Zomar Sp. z o.o.	Koszalin, Poland	57.00	57.00	-88	-14[7]	
39	PV Krzecin Sp. zo.o. (formerly: Sevivon Windpark 1 Sp. z.o.o.)	Koszalin, Poland	100.00	100.00	-22	-11[2]	

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
40	Sevivon Windpark 3 Sp.z o.o	Koszalin, Poland	100.00	100.00	-18	-9[2]	
41	Sevivon Windpark 4 Sp.z o.o	Koszalin, Poland	100.00	100.00	-30	-22[2]	
42	SEVIVON Renewables 1 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A.[5]	
43	SEVIVON Renewables 2 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A.[5]	
44	SEVIVON Renewables 3 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A.[5]	
45	SEVIVON Renewables 4 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A.[5]	
46	SEVIVON Renewables 6 Sp.z o.o.	Husum	0.00	100.00	k. A.	k. A.[5]	
47	SEVIVON Renewables 7 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A.[5]	
48	SEVIVON Renewables 8 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A.[5]	
49	SEVIVON Renewables 9 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A.[5]	
50	SEVIVON Renewables 10 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A.[5]	
51	Vindpark Odensvi i Köping AB (formerly: Vindpark Norrberget i Sala AB)	Motala, Sweden	80.00	80.00	k. A.	k. A.[5]	
52	Vindpark Västerlisa i Norrtälje AB (formerly: Vindpark Näshult i Högsby AB)	Motala, Sweden	80.00	80.00	k. A.	k. A.[5]	
53	Vindpark Sjönnebol i Säffle AB	Motala, Sweden	0.00	80.00	k. A.	k. A.[5]	
54	Vindpark Tronserud i Bengtsfors AB	Motala, Sweden	0.00	80.00	k. A.	k. A.[5]	
55	Banna Ba Pifhu Wind Farm (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
56	Highlands North Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
57	Highlands South Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
58	Highlands Central Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
59	Paulputs Wind Energy Facility North (RF) (PTY) Ltd. (formerly: Paulputs Wind Energy Facility (RF) (PTY) Ltd.)	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
60	Soutrivier Wind Energy (RF) (PTY) Ltd. (formerly: Putsonder-water Wind Energy Facility (RF) (PTY) Ltd.)	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
61	Taaibos Wind Energy Facility (RF) (PTY) Ltd. (formerly: Pofadder Wind Energy Facility (RF) (PTY) Ltd.)	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
62	Canopus Wind Energy Facility (RF) (PTY) Ltd. (formerly Aberdeen Wind Energy Facility (RF) (PTY) Ltd.)	Wilderness, South Africa	100.00	100.00	k. A.	k. A.[5]	
63	WKN Turkey GmbH	Husum	100.00	100.00	-426	-15[2]	
64	WKN Windkraft Nord Beteiligungs-GmbH	Husum	100.00	100.00	46	35[2]	
65	Windpark Meerhof Verwaltungsgesellschaft mbH	Husum	100.00	100.00	23	2[2]	
66	Zukunftsenergien Beteiligungs-GmbH	Husum	100.00	100.00	1	0[2]	
67	WKN Windkraft Nord GmbH & Co. Windpark Daberkow KG	Husum	100.00	100.00	k. A.	k. A.[5]	
68	WKN Windkraft Nord GmbH & Co. Windpark Steffenshagen KG	Husum	100.00	100.00	k. A.	k. A.[5]	
69	WKN Windkraft Nord GmbH & Co. Windpark Immenrode KG	Husum	100.00	100.00	k. A.	k. A.[5]	
70	WKN Windkraft Nord GmbH & Co. Windpark Weinstraße II KG	Husum	100.00	100.00	k. A.	k. A.[5]	
71	WKN Windpark Beerfelde GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
72	WKN Windpark Zinndorf II GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
73	WKN Windkraft Nord GmbH & Co. Windpark Bebensee KG	Husum	100.00	100.00	k. A.	k. A.[5]	
74	WKN Windkraft Nord GmbH & Co. Windpark Berkenthin KG	Husum	100.00	100.00	k. A.	k. A.[5]	
75	WKN Windkraft Nord GmbH & Co. Windpark Kollow KG	Husum	100.00	100.00	k. A.	k. A.[5]	
76	WKN Windkraft Nord GmbH & Co. Windpark Kannawurf KG	Husum	100.00	100.00	k. A.	k. A.[5]	
77	Windpark Brilon GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
78	WKN Windpark Großbrembach GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
79	WKN Windpark Lütau GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
80	WKN Windpark Großenehrich GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
81	WKN Windpark Christianshöhe GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
82	WKN Windpark Cornberg GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
83	WKN Windpark Karstädt IV GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
84	WKN Windpark Parum Dümmer GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
85	WKN WERTEWIND Windpark Gnutz Zwei GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
86	WKN WERTEWIND Windpark Gresse GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
87	WKN Windpark Woltersdorf II GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
88	WKN Windpark Neu Benthen GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
89	WKN Wertewind Heidmoor	Husum	0.00	100.00	k. A.	k. A.[5]	
90	NordStrom Beteiligungs-gesellschaft mbH	Husum	100.00	100.00	54	4[2]	
91	REE GmbH	Husum	100.00	100.00	71	4[7]	
92	GREENWIND GmbH	Husum	100.00	100.00	47	1[7]	
93	EWEG Europäische Windenergie-Entwicklungsgesellschaft mbH	Husum	100.00	100.00	18	0[7]	
94	Innovative Wind Concepts GmbH	Husum	100.00	100.00	10	-104[7]	
95	WKN Portfoliomanagement I GmbH	Husum	100.00	100.00	22	144[2]	
96	WKN Windpark Gebstedt GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
97	WKN Windpark Stuvenborn GmbH & Co. KG	Husum	100.00	100.00	k. A.	k. A.[5]	
98	PNE WIND Park Nordleda A GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
99	PNE WIND Park Nordleda B GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
100	PNE WIND Park XIV GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
101	PNE WIND Park XV GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
102	PNE WIND Park XX GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
103	PNE WIND Park XXI GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
104	PNE WIND Park XXII GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
105	PNE WIND Park XXIII GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
106	PNE WIND Park XXVIII GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
107	PNE WIND Park XXXI GmbH & Co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	

	Company	Seat	Participation previous year (%)	Participation (%)	Equity thousand euro	Net income thousand euro	Date of first consolidation
108	PNE Windpark Gardelegen Repowering GmbH & Co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	
109	PNE Windpark Großer Mittelberg GmbH & co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	
110	PNE Windpark Herzhausen GmbH & Co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	
111	PNE Windpark Papenrode Repowering GmbH & Co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	
112	PNE Windpark Schellin Repowering I GmbH & Co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	
113	PNE Windpark Seelow-Repowering GmbH & Co. KG	Cuxhaven	0.00	100.00	k. A.	k. A.[5]	
114	PNE Solar Park I GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
115	PNE Solar Park II GmbH & Co. KG	Cuxhaven	100.00	100.00	k. A.	k. A.[5]	
116	Solar PV 1 S.r.l.	Milan, Italy	100.00	100.00	k. A.	k. A.[5]	
117	Solar PV 2 S.r.l.	Milan, Italy	100.00	100.00	k. A.	k. A.[5]	
118	Solar PV 3 S.r.l.	Milan, Italy	100.00	100.00	k. A.	k. A.[5]	
119	Solar PV 4 S.r.l.	Milan, Italy	100.00	100.00	k. A.	k. A.[5]	
IV. Non-consolidated associated companies due to minor significance							
1	Windpark Köhlen GmbH	Oldenburg	50.00	50.00	1,405	-52[2]	
2	Elbe-Weser-Windkraft GmbH	Cuxhaven	50.00	50.00	8	-3[2]	
3	STEAG ve PNE WIND Rüzgar Enerjisi Üretim A.S.	Ankara, Turkey	50.00	50.00	-206	-134[1]	
4	EVN Energieversorgung Nord GmbH & Co. KG	Husum	50.00	50.00	-312	-10[7]	
5	Windpark Gebstedt GmbH & Co. KG	Husum	50.00	50.00	k. A.	k. A.[5]	
6	Quantec Operations energy consult GmbH	Husum	40.00	40.00	77	31[2]	

[1] per the financial statements as at December 31, 2021
[2] per the provisional financial statements as at December 31, 2021
[3] per the provisional financial statements as at September 30, 2021
[4] after profit transfer to WKN GmbH
[5] operating activities not yet started
[6] after profit transfer to PNE AG
[7] per the financial statements as at December 31, 2020
[8] after profit transfer to Energy Consult GmbH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of PNE AG, Cuxhaven, for the 2021 fiscal year

I. COMMERCIAL REGISTER AND OBJECT OF THE COMPANY

PNE AG (hereinafter also referred to as the "Company") has its registered office at Peter-Henlein-Straße 2–4, Cuxhaven, Germany. The Company is entered under number HRB 110360 in the commercial register at the District Court of Tostedt. The fiscal year is the calendar year.

During the year under review, the business activities of the Company consisted primarily of the planning, construction and operation of wind farms and transformer stations for the generation of electricity, the development of photovoltaic parks and the servicing of wind power turbines as well as other services related to renewable energy projects.

II. GENERAL ACCOUNTING PRINCIPLES

1. Going concern

Accounting is carried out on a going concern basis. The combined management and Group management report of the Company explains the risks that might endanger the continued existence of the Company.

2. Consolidated financial statements

The consolidated financial statements of PNE AG are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the European Union. New standards adopted by the IASB are in principle applied as from the time of their becoming effective, as they are to be taken into consideration in the EU.

These consolidated financial statements are prepared in euro (euro) unless otherwise stated and, generally, are rounded to thousands of euro (euro thousand). Due to this rounding, it is possible that individual figures will not add up exactly to the stated sum in the presentations in these IFRS consolidated financial statements.

The consolidated financial statements correspond to the requirements of Section 315e of the German Commercial Code (HGB).

The consolidated financial statements are based on uniform accounting and valuation principles. The consolidated financial statements were prepared on the basis of historical cost of acquisition or production. This does not include individual financial instruments that were valued at their fair value on the balance sheet date.

The consolidated financial statements and the combined management and group management report, prepared by the Board of Management as at December 31, 2021, were approved at the meeting of the Board of Management on March 7, 2022 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2021 are filed with the operator of the Federal Gazette (Bundesanzeiger).

During the 2021 fiscal year, the Group applied the following amendments to IFRS standards for the first time. Unless indicated otherwise below the table, this has not resulted in any effect on the consolidated financial statements.

Standard / Interpretation	Date of EU endorsement	Application obligation in the EU
Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9	December 15, 2020	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR reform – Phase 2	January 13, 2021	January 1, 2021
Amendments to IFRS 16: COVID-19-related Rent Concessions beyond June 30, 2021	August 30, 2021	April 1, 2021*

* The adoption into EU law of the amendments to this standard took place during 2021; in accordance with the corresponding regulation of the EU Commission, the amendments can be applied to annual financial statements beginning on or after January 1, 2021

Amendment to IFRS 16 Leases

The recently adopted amendment to IFRS 16 provides lessees with an optional practical expedient for the simplified accounting for lease modifications. The practical expedient only applies

- if the change in the lease is the direct consequence of the COVID-19 pandemic,
- the total lease payments are not increased by the change,
- the change affects only payments due before July 1, 2022 and
- there is no substantive change to the other terms and conditions of the lease.

If all of these conditions are met and if the lessee chooses to apply the practical expedient, they are not required to assess whether the concession is a lease modification and, instead, may account for the concession as a variable lease payment (negative, if applicable).

In the 2021 fiscal year, the following new or amended accounting standards, which have already been adopted by the IASB, but some of them not yet endorsed by the EU, were not taken into account, since there was no obligation to apply them:

Standard / Interpretation	Date of EU endorsement	(expected) Application obligation in the EU
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	Not yet endorsed	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	March 2, 2022	January 1, 2023
Amendments to IAS 8: Definition of Accounting Estimates	March 2, 2022	January 1, 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Not yet endorsed	January 1, 2023
IFRS 17: Presentation of comparative information on initial application of IFRS 17 and IFRS 9	Not yet endorsed	January 1, 2023
Amendments to IFRS 3: Reference to the Conceptual Framework	June 28, 2021	January 1, 2022
Amendments to IAS 16: Proceeds before Intended Use	June 28, 2021	January 1, 2022
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	June 28, 2021	January 1, 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (annual improvements – 2018-2020 cycle)	June 28, 2021	January 1, 2022
IFRS 17 New standard "Insurance Contracts" and Amendments to IFRS 17	November 19, 2021	January 1, 2023

The application obligation in the EU shows the date on which the new accounting regulation is expected to be taken into account at PNE AG for the first time. The Group did not apply any new standard, interpretation or amendment to a standard early in 2021, except for the amendments to IFRS 16 relating to COVID-19-related rent concessions after June 30, 2021 as described above.

We do not include any further details regarding new or amended standards or interpretations, since the effects of their initial application on the asset, financial and earnings situation of the Group are expected to be insignificant.

III. PRINCIPLES OF CONSOLIDATION

1. Scope of consolidation

All companies over which the Group parent company exercises control are included in the consolidated financial statements on the basis of full consolidation. Control of an investment company is achieved when an investor is exposed or has rights to fluctuating returns from its investment in the investment company and has the ability to influence those returns through its control of the investment company. The scope of consolidation also includes wind farm operating companies that are controlled by the parent company or its affiliated companies on the basis of these criteria.

During the reporting period, the following companies were included for the first time in the consolidated financial statements (in brackets: date of first consolidation, percentage holding and segment category):

1. PNE WIND Park XXIV GmbH & Co. KG, Cuxhaven, (100 percent, first consolidation on April 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
2. PNE WIND Park XXV GmbH & Co. KG, Cuxhaven, (100 percent, first consolidation on July 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
3. PNE WIND Park XXVII GmbH & Co. KG, Cuxhaven, (100 percent, first consolidation on July 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
4. PNE WIND Park XXIX GmbH & Co. KG, Cuxhaven, (100 percent, first consolidation on April 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
5. PNE WIND Park XXX GmbH & Co. KG, Cuxhaven, (100 percent, first consolidation on April 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
6. WKN WERTEWIND Windpark Holstentor GmbH & Co. KG, Husum, (100 percent, first consolidation on January 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
7. WKN WERTEWIND Windpark Gnutz Eins GmbH & Co. KG, Husum, (100 percent, first consolidation on April 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
8. WKN Windkraft Nord GmbH & Co. Windpark Hamwarde KG, Husum (100 percent, first consolidation on December 1, 2021), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
9. PNE RO PV Holding SRL, Bucharest, Romania, (80 percent, first consolidation on September 30, 2021), "project development" segment, (established),
10. PNE RO PV NAZ SRL, Bucharest, Romania, (80 percent, first consolidation on September 30, 2021) "project development" segment, (established),
11. Energy Consult Polska Sp.z.o.o. (formerly SEVIVON Renewables 5 Sp.z.o.o.), Koszalin, Poland, (100 percent, first consolidation on July 1, 2021), "service products" segment, (reclassified from "non-consolidated companies due to minor significance"),
12. Energy Consult Sverige AB, Malmö, Sweden, (100 percent, first consolidation on July 1, 2021), "service products" segment, (established),
13. PNE Portfolio 2 GmbH, Husum, (100 percent, first consolidation on October 14, 2021) "electricity generation" segment, (established),
14. PNE Portfolio 2 Verwaltungs GmbH, Husum, (100 percent, first consolidation on November 15, 2021) "electricity generation" segment, (established).

The reclassification of subsidiaries from "non-consolidated companies due to minor significance" to full consolidation is generally made as soon as at it is clear that the project planning phase will begin in the near future.

The object of companies no. 1 to 8 is the construction and operation of wind power turbines in the form of wind farms as well as the sale of the electricity generated.

The object of companies no. 9 and no. 10 is the construction and operation of photovoltaic systems in the form of photovoltaic parks as well as the sale of the electricity generated.

The object of companies no. 11 and 12 is the provision of services in the field of renewable energies abroad as well as all transactions directly or indirectly related to the above-mentioned services, which are suited to serve the purpose of the Company.

The object of companies no. 13 and no. 14 is to carry on the business of a managing holding company (no. 13) or of a managing partner (no. 14), in particular the acquisition and management of companies and shareholdings, the acquisition and operation of plants for the generation of electricity from renewable energy sources in Germany and abroad, in particular wind farms, the marketing of electricity from these plants as well as to offer associated administrative activities and corresponding activities also for other companies.

The carrying amounts and fair values of the identifiable assets and liabilities of companies no. 1 to 14 were insignificant for the asset, financial and earnings position on the date of first-time consolidation.

In the reporting period, there were no changes in shareholdings held in companies which are or were included previous year in the scope of consolidation.

In the reporting period, the following companies included in the Group were merged into consolidated companies:

1. PNE WIND Jules Verne GmbH, Cuxhaven, (100 percent), previously "project development" segment,
2. PNE WIND Nemo GmbH, Cuxhaven, (100 percent), previously "project development" segment,
3. PNE WIND Nautilus GmbH, Cuxhaven, (100 percent), previously "project development" segment,
4. PNE Erneuerbare Energien Offshore I GmbH, Cuxhaven (100 percent), previously "electricity generation" segment.

The first three companies were merged to the parent company, PNE AG, and PNE Erneuerbare Energien Offshore I GmbH was merged to PNE Erneuerbare Energien Offshore II GmbH.

Furthermore, NordStrom Bioenergie GmbH, Husum, (100 percent), previously "project development" segment, was merged into a non-consolidated subsidiary.

The mergers had no significant impact on the consolidated financial statements.

In the reporting period, PNE New Energy Offshore USA Inc., Boston, USA, (100 percent), previously "project development" segment, which was included in the Group, was liquidated.

The liquidation had no significant impact on the consolidated financial statements.

Accordingly, apart from PNE AG, the scope of consolidation as at December 31, 2021 comprised the other companies presented in chapter "List of the companies included in the consolidated financial statements and list of shareholdings" under no. I. "List of the companies included in the consolidated financial statements" and under no. II. "List of joint ventures and associated companies included in the consolidated financial statements".

Companies that were not included in the scope of consolidation as at December 31, 2021 are shown in chapter "List of the companies included in the consolidated financial statements and list of shareholdings" under no. III. "Non-consolidated companies due to minor significance" and under no. IV. "Non-consolidated associated companies due to minor significance".

2. Disposals of shares

In the reporting period, the following companies and/or shares in the company were sold:

1. 100 percent of the shares in S.C. PNE WIND Romania S.R.L., Bucharest, Romania, (disposal from the "project development" segment),
2. 100 percent of the shares in S.C. PNE WIND MVI S.R.L., Bucharest, Romania, (disposal from the "project development" segment),
3. 100 percent of the shares in S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., Bucharest, Romania, (disposal from the "project development" segment),
4. 100 percent of the shares in S.C. PNE Solar Power Romania S.R.L., Bucharest, Romania, (disposal from the "project development" segment),
5. 100 of the shares in Forthewind Sp.z.o.o., Katowice, Poland, (disposal from the "electricity generation" segment),
6. 100 of the shares in Sevivon Windpark 2 Sp.z.o.o., Koszalin, Poland, (disposal from the "electricity generation" segment).

To 1 to 3. The "package" sales price for 100 percent of the shares in the three companies listed above can be up to a low double-digit million euro amount. An amount of around euro 4.4 million was paid when the shares in the company were transferred. Further payments will be due depending on the achievement of milestones in the project development and construction phases.

Due to the deconsolidation of these three companies, assets totalling approx. euro 1.6 million as well as liabilities and provisions of approx. euro 0.3 million were eliminated at the Group level. The payment received and the deconsolidation of the company resulted in profit of approx. euro 3.1 million. The payment received for the sale of the companies amounted to approx. euro 4.4 million. The companies' funds eliminated from the accounts as a result of the transaction amounted to approx. euro 0.2 million. The gain on disposal is included in the consolidated revenues.

To 4. The selling price for 100 percent of the shares in the company can be up to a low double-digit million amount. An amount of around euro 0.0 million was paid when the shares in the company were transferred. Further payments will be due depending on the achievement of milestones in the project development and construction phases.

Due to the deconsolidation of this company, assets totalling approx. euro 0.4 million as well as liabilities and provisions of approx. euro 1.0 million were eliminated at the Group level. The payment received and the deconsolidation of the company resulted in profit of approx. euro 0.6 million. The payment received for the sale of the companies amounted to approx. euro 0.0 million. The Company's funds eliminated from the balance sheet as a result of the transaction amounted to approx. euro 0.0 million. The gain on disposal is included in the consolidated revenues.

To 5 and 6. The "package" sales price for 100 percent of the shares in the two companies listed above amounted to euro 26.8 million. Upon transfer of the shares in the companies, an amount of approx. euro 52.0 million was paid (including the repayment of Group loans granted of approx. euro 25.2 million). Further payments will be due depending on the achievement of milestones in the project development and construction phases.

Due to the deconsolidation of these two companies, assets totalling approx. euro 73.6 million as well as liabilities and provisions of approx. euro 47.0 million were eliminated at the Group level. The payment received and the deconsolidation of the company resulted in profit of approx. euro 25.4 million. The payment received for the sale of the companies amounted to approx. euro 26.8 million. The companies' funds eliminated from the accounts as a result of the transaction amounted to approx. euro 15.7 million. The gain on disposal is included in the consolidated revenues.

in million euro	Romanian wind farm companies (package sale)	Polish wind farm companies (package sale)	S.C. PNE Solar Power Romania S.R.L.
1. Total consideration received	**4.4**	**52.0**	**0.0**
2. Assets and liabilities disposed of*			
Short-term assets	1.6	22.2	0.1
Long-term assets	0.0	51.4	0.3
Short-term liabilities	-0.3	-2.1	-1.0
Long-term liabilities	0.0	-44.9	0.0
Net assets disposed of*	**1.3**	**26.6**	**-0.6**
3. Gain / loss on disposal*			
Consideration received	4.4	52.0	0.0
Net assets divested	-1.3	-26.6	0.6
Gain / loss on disposal*	**3.1**	**25.4**	**0.6**
4. Net cash flow*			
Selling price paid in cash*	4.4	52.0	0.0
Net of cash and cash equivalents disposed of	-0.2	-15.7	0.0
Net cash flow from the disposal*	**4.2**	**36.3**	**0.0**

*Including repayment of intercompany loans and other intercompany receivables

In the context of the sale of project companies, existing project financing agreements are part of the purchase agreement.

3. Consolidation methods

The basis of the consolidated financial statements is the separate financial statements of the companies included in the Group, prepared as at December 31, 2021 pursuant to uniform accounting and valuation principles and, in part, audited by the auditors.

The capital consolidation of subsidiaries is performed in accordance with the acquisition method of accounting by offsetting the acquisition costs of the business combination against the proportionate equity capital attributable to the parent company at the acquisition date. The equity capital is determined as the balance of the fair values of assets and liabilities at the acquisition date (full new valuation).

Non-controlling interests are measured at the acquisition date with their share in the identifiable net assets of the company acquired. If the ownership interest in already consolidated companies (without gain or loss of control) increases or decreases, this is effected with no impact on income through a credit or charge to the non-controlling interests within the shareholders' equity.

If the Group loses control over a subsidiary, the assets and liabilities of the subsidiary and all associated, non-controlling shares and other components in equity are eliminated. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at the fair value on the date of loss of control.

The Group's interests in financial assets that are recognised "at equity" comprise shares in associated companies and in joint ventures.

Associated companies are entities in which the Group has significant influence, but not control or joint control, in respect of the financial and operating policy. The Group has significant influence over an associated company generally through a holding of between 20 percent and 50 percent. A joint venture refers to an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, instead of having rights to the assets and obligations for the liabilities of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities are made jointly.

In the case of investments that are included "at equity" in the consolidated financial statements, the book value is increased or decreased annually by the changes in shareholders' equity corresponding to the Group's capital share. Upon the first-time inclusion of investments at equity, differences resulting from initial consolidation are treated in accordance with the principles of full consolidation. The changes in pro-rated equity which are recognised in profit or loss, including impairment losses on goodwill, are shown in the results from at equity investments. Intercompany profits and losses were insignificant in these companies.

Material intragroup sales, expenses and income as well as receivables and liabilities between the companies to be consolidated are eliminated. Intercompany results, provided that they are material, are eliminated and taken into account in deferred taxes.

IV. ACCOUNTING AND VALUATION PRINCIPLES

The accounting at all companies of the Group is performed exactly in accordance with national legal regulations as well as the complementary generally accepted accounting principles.

The financial statements of all consolidated companies are included on the basis of uniform accounting and valuation methods. The annual financial statements prepared in line with the applicable national regulations (HB I) are reconciled to annual financial statements in conformity with IFRS (HB II). The accounting and valuation regulations were applied in the same way as in the previous year by applying the amendments to IFRS standards (see chapter II. 1).

The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made and estimates be used for certain items that affect the amounts and the presentation of assets and liabilities, income and expenses reported as well as of contingent liabilities.

Assumptions and estimates relate, in particular, to the determination of the useful economic lives of property, plant and equipment (see chapter V. 2.), the measurement of inventories (see chapter V. 5.), the accounting and measurement of provisions (see chapter V. 10.), the possibility of realising future tax benefits (see chapter VI. 7.) as well as the determination of cash flows, growth rates and discounting factors in connection with impairment tests of goodwill (see chapter V. 1.).

The assumptions and estimates used are based on experience gained during the past business activity of the PNE Group and follow relevant expectations publicly available in the corresponding market. Consequently, the assumptions and estimates used, as a rule, cannot deviate from general market expectations and, for forward-looking values, from price developments recognisable in the market. The maximum risk of a full value deviation is represented by the book values of intangible and tangible as well as financial assets shown in the balance sheet. For a presentation of the historical development of asset values resulting from the assumptions and estimates used, please refer to the schedule of fixed assets.

However, the actual values and their development may differ from the assumptions and estimates made. Such changes will be recognised in profit or loss at the time when better knowledge becomes available.

1. Intangible assets

Concessions, intellectual property rights and licences are stated at their cost of acquisition and incidental acquisition costs. Based on their definable useful life, they are amortised over the expected useful life using the straight line method. The useful life is usually two to four years. Special write-downs are charged where required, and these are subsequently reversed if the original grounds for the write-down no longer apply. No extraordinary value adjustments (decreases or increases) were required in the year under review.

Pursuant to IFRS 3, goodwill resulting from capital consolidation is not amortised over its expected useful life. Where necessary, extraordinary write-downs in accordance with IAS 36 ("impairment only approach") are made.

2. Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition or production, less scheduled straight-line depreciation, in accordance with IAS 16. No impairment losses pursuant to IAS 36 were to be recognised.

The items of property, plant and equipment are depreciated over their useful lives as follows:

	in years
Buildings, including buildings on third-party land	20 to 50
Technical plant and machinery	5 to 20
Other plant and machinery, fixtures and fittings	3 to 10

No material residual values were to be taken into consideration when calculating the depreciation amount.

Borrowing costs are, as a rule, charged to the statement of comprehensive income. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

3. Impairment of intangible assets and property, plant and equipment

At the end of each reporting period, the Group assesses whether there is any indication for a need to recognise an impairment loss on the assets shown in the statement of financial position. If any such indication exists or if an annual impairment test of an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to determine the recoverable amount of individual assets, assets used in combination are summarised to cash generating units for which the cash flows can be estimated. The recoverable amount is the higher of the fair value of an asset or a cash generating unit, less costs to sell and value in use. In assessing the value in use, the estimated future cash flows from the asset or the cash generating unit are discounted to their present value using a risk-adjusted pre-tax discount rate. Write-downs of goodwill, recognised in profit or loss, are stated separately in the statement of comprehensive income under the item "Impairment expense – goodwill".

A reversal of an impairment loss recognised in profit or loss in prior years for an asset (except for goodwill) is made whenever there is any indication that the impairment no longer exists or might have decreased. The reversal amount is recognised as income in the statement of comprehensive income. The value increase or impairment decrease of an asset is recognised only to the extent that it does not exceed the carrying amount that would have been determined, subject to write-down effects, had no impairment loss been recognised for the asset in prior years. Any impairment loss recognised in the context of impairment tests of goodwill must not be reversed.

Goodwill is tested for impairment at least once a year on December 31 or more frequently when there is any indication that the carrying amount may be impaired. Any impairment loss is recognised directly in profit or loss as a part of write-downs.

To determine the need for impairment of goodwill and of intangible assets with indefinite useful life, the carrying amount of the cash generating unit to which the goodwill is allocated is compared with the recoverable amount of the cash generating unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. Lease contracts

According to IFRS 16, a lease is an agreement under which the lessor conveys the right to control the use of an identified asset to the lessee for an agreed period of time in exchange for consideration. On principle, PNE as the lessee recognises a right of use in the leased asset and a corresponding lease liability for all leases. PNE uses the simplified measurement approach for leases of low-value assets and for short-term leases (lease term of twelve months or less, excluding real estate). PNE does not apply the standard to leases of intangible assets. The lease payments of the leases for which PNE makes use of simplified measurement approach are recognised as lease expenses on a straight-line basis in accordance with the simplified approach.

The lease liability is measured as the present value of the future lease payments. The measurement of the lease liability includes the fixed lease payments less any lease incentives receivable as well as lease payments that depend on an index or a (interest) rate. In addition, amounts expected to be payable under residual value guarantees and payments due to purchase options deemed reasonably certain as well as lease payments due to extension and termination options that are deemed reasonably certain are also taken into account. If possible, the interest rate implicit in the lease contracts is used to determine the present value. If this rate cannot be determined, as is normally the case at PNE, the lessee's incremental borrowing rate is used. The incremental borrowing rate is determined using the so-called build-up approach, whereby the risk-free interest rate is used as the base rate and is adjusted for the lessee's credit risk. Further adjustments relate to those for the term of the lease and the currency of the lease contract. Depending on their maturity, the lease liabilities are reported under long-term and short-term financial liabilities. In subsequent periods, lease liabilities are measured at amortised cost using the effective interest rate method, i.e. the lease instalments are divided into payments for principal and interest portions. The interest portion is recognised in financial expenses.

The amount of the right of use generally corresponds to the amount of the liability at the time of addition. Differences may result from taking account of initial costs incurred in connection with concluding the lease contract, any prepayments made and incentives received before the commencement date of the lease as well as any restoration costs. The right-of-use assets are recognised in the Assets under "III. Right-of-use assets" at cost. If the right-of-use assets relate to lease liabilities in connection with a wind or photovoltaic project in progress, they are reported under inventories until the project is completed. Depreciation of the rights of use is effected on a straight-line basis over the expected useful life or, if shorter, over the lease term. If the exercise of a purchase option is deemed reasonably certain, depreciation is effected over the useful life of the underlying asset.

Lease contracts often include a combination of lease and non-lease components. PNE allocates the transaction price between these components on the basis of relative stand-alone prices. An exception is lease contracts for vehicles. In these cases, PNE makes use of the option not to split between lease and non-lease components, but to account for the entire contract as a lease contract.

PNE is exposed to possible future increases in variable lease payments, which may result from a change in an index or (interest) rate. These possible changes in lease payments are taken into account at the point in time in which the change takes effect. Once the changes in an index or a (interest) rate affect the lease payments, the lease liability is adjusted.

Extension and termination options are taken into account in determining the lease term, when the exercise of the options is considered reasonably certain. When determining the term of the contract on the provision date, all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option are taken into account. The initially determined lease term is reassessed where a significant event or change in circumstances occurs that is within the control of the lessee and may affect the initial assessment. The assessment is reviewed at the latest when an extension option is actually exercised (or not exercised).

PNE acts as a lessor in the context of the sublease of an office and administration building. A total of fifteen subtenants have rented approx. 46 percent of the building's usable space. The subtenants are two companies of the PNE Group, two companies of the WKN Group and eleven companies outside the Group.

The leases where PNE is the lessor as sublessor are classified as operating and finance leases in accordance with the requirements in IFRS 16. A finance lease exists if substantially all the risks and rewards incidental to ownership of an asset or PNE's right-of-use assets are transferred to the lessee. In the case of finance leases, a lease receivable at an amount equal to the net investment in the lease is recognised at the commencement date instead of the right-of-use asset. The net investment in the lease is equal to the sum of the lease payments receivable by PNE and any unguaranteed residual value, discounted at the interest rate implicit in the lease or, if this is not available, at the interest rate resulting from the main lease. Subsequent measurement is based on the effective interest method. For this purpose, the lease payments to PNE are divided into interest income (reported in financial income) and repayments of the lease receivable. In the case of operating leases, the right-of-use assets continue to be accounted for by PNE.

5. Long-term financial assets

Long-term financial assets are stated mainly at acquisition cost, if appropriate less extraordinary depreciation to the lower fair value, since they are investments in equity instruments for which no quoted market price exists.

Loans are measured at their amortised acquisition cost and non-interest bearing and low-interest loans are recognised at their present value.

Shares in associated companies and joint ventures are included at equity in the Group.

The associated companies resulted in expenses from the assumption of losses totalling euro 24 thousand (prior year: euro 73 thousand) and income totalling euro 27 thousand (prior year: euro 0 thousand).

6. Deferred taxes

Deferred taxes are recognised pursuant to the "liability method" in accordance with IAS 12 on temporary differences between the balance sheet for tax purposes and the consolidated financial statements. No deferred tax liability is recognised for the non-tax-deductible amortisation of goodwill arising from capital consolidation.

Deferred tax assets and deferred tax liabilities are calculated on the basis of the laws and regulations applicable on the reporting date. Deferred taxes on valuation adjustments are determined generally at the national tax rates for the individual group companies.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available for offsetting.

Deferred tax assets and liabilities are netted in the consolidated statement of comprehensive income, provided that an enforceable right exists to offset the actual tax debt and that the deferred taxes relate to the same tax subject and the same tax authority.

7. Inventories

Inventories are generally stated at the lower of cost of acquisition or production and net realisable value. The cost of production includes direct material costs, direct production costs and adequate portions of production-related overhead costs. In addition, borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised. The net realisable value is the estimated selling price that can be obtained in the ordinary course of business, less all estimated costs incurred up to completion and estimated costs necessary to make the sale.

8. Cash and cash equivalents

Cash and cash equivalents reported in the statement of financial position include cash on hand and in banks and short-term deposits with original maturities of less than three months.

9. Financial assets

Financial assets consist of trade receivables, loan receivables, acquired equity instruments, cash and cash equivalents as well as derivatives with positive fair values, if applicable.

Purchases or sales of financial assets are recognised using the trade date accounting method, i.e. on the date on which the entity assumed the obligation to purchase or to sell the asset.

Financial assets are classified and measured on the basis of the business model and the characteristics of the cash flows. The Group generally classifies its financial assets in the following measurement categories:

- Amortised cost (AC): Assets that are held to collect the contractual cash flows and for which these cash flows represent solely payments of interest and principal are measured at amortised cost.
- Fair value through other comprehensive income (FVOCI): Assets that are held to collect the contractual cash flows and to sell the financial assets and for which the cash flows represent solely payments of interest and principal are measured at fair value with no effect on income. The changes in the carrying amount are recognised in other comprehensive income, except for impairment gains or losses.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria of the categories measured at "amortised cost" or "FVOCI" are measured in the category "at fair value through profit or loss".

For shares in affiliated companies not held for trading purposes and shares in companies in which an investment is held, the Group exercises the option of measuring these irrevocably at fair value (FVOCI) without affecting income. These are essentially strategic financial investments, and the Group considers this classification to be more informative. Changes in fair value recognised directly in equity are not reclassified to the statement of comprehensive income at the time of the sale.

Shares in affiliated companies classified as FVOCI and shares in companies in which an investment is held are valued at cost of acquisition, which represents a suitable estimate of fair value. On the reporting date, there was no intention of selling these.

For financial assets recognised at amortised cost, a provision for expected credit losses is recognised in the balance sheet.

The Group applies the simplified approach under IFRS 9 for **trade receivables** to determine the expected credit losses; accordingly, the credit losses expected over the term are used for all trade receivables. To measure expected credit losses, trade receivables were grouped together on the basis of common credit risk characteristics and days past due.

The expected default rates result from the payment profiles of the revenues over a period of 36 months prior to December 31, 2021 or January 1, 2021, respectively, and the corresponding historical default rates in these periods. The historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors that could affect the ability of customers to pay their receivables.

If, after a reasonable assessment, trade receivables can no longer be recovered, they are eliminated from the accounts. Indicators for this assessment include, inter alia, a debtor's failure to commit to a repayment plan with the Group or to make contractual payments for more than 30 days past due.

The trade receivables relate primarily to the project planning business and to service companies. The receivables from the project planning business show loss ratios of zero, as a wind farm is only sold to investors with a secured equity or borrowed capital base over the entire term of the wind farm. The loss ratios for trade receivables attributable to service companies are very low.

Other financial assets that are measured at amortised cost are considered to be "low credit risk"; therefore, the impairment recognised in the period is limited to the 12-month expected credit losses. Instruments are considered to be "low credit risk" if the risk of default is low and the issuer is able at all times to meet its contractual payment obligations at short notice.

For **other financial assets**, PNE considers the probability of a default occurring at the time of the initial recognition of assets and always assesses whether there is a significant increase in the credit risk. In order to assess whether the credit risk has increased significantly, the asset's credit risk on the reporting date is compared with its risk at the time of initial recognition. This comparison takes account of appropriate and reliable forward-looking information. In particular, internal (and, if applicable, external) credit assessments, actual or expected significant changes in the borrower's earnings position and significant increases in the credit risk of other financial instruments of the same borrower are used as indicators.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the financial assets have been transferred with substantially all risks and rewards.

Interest income is deferred in the corresponding period based on the effective interest method.

Financial liabilities consist of bonds, liabilities to banks, trade liabilities, other financial liabilities as well as derivatives with negative fair values.

Financial liabilities are measured at amortised cost, unless they are recognised at fair value, such as derivatives with a negative fair value or liabilities for contingent consideration in connection with business combinations.

Financial liabilities are derecognised when the contractual obligations have been met, cancelled or expired.

Financial instruments measured at fair value can be classified based on the significance of the input factors and information relevant to their measurements and allocated to (measurement) levels. The allocation of a financial instrument to a level is based on the significance of its input factors for the entire measurement, i.e. the lowest level whose input is relevant for the measurement in its entirety. The measurement levels are divided hierarchically based on their input factors:

Level 1 – quoted prices for identical assets or liabilities in active markets (unadjusted)

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs that are not based on observable market data for the measurement of the asset or the liability (unobservable inputs)

The determination of fair values of all financial instruments recognised in the statement of financial position and explained in these notes is based on information and input factors of level 2. Through the use of observable market parameters, the valuation does not differ from general market assumptions. The fair values of Level 2 instruments were determined in accordance with generally accepted valuation methods.

Other financial instruments recognised have neither prices quoted in markets nor comparable transactions that can be used for a reliable valuation so that they are shown at (historical) cost.

For details, we refer to the explanations on the relevant items in the statement of financial position.

10. Provisions

Provisions are formed for all external obligations, if it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the provision. Provisions for imminent losses for onerous contracts are formed in accordance with the regulations of IAS 37.

In measuring the provision, the most probable value and, with a range of varying values, its expected value is used. Determination and measurement are effected, where possible, using contractual agreements; otherwise the calculations are based on past experience and estimates of the Board of Management.

Long-term provisions are recognised at their present values; discounting is effected at market interest rates that correspond to the risk and the period up to settlement.

Apart from legal pension obligations, the Group has a very low volume of defined contribution pension plans. Payments for defined contribution plans are recognised as an expense when they are due.

Provisions for expected dismantling obligations are components of the cost of acquisition or production of the associated assets. Upon its initial recognition, the provision is formed without an impact on income.

11. Liabilities

Liabilities are generally stated at amortised cost. Liabilities under finance leases are recognised at the inception of the lease at the present value of future leasing payments during the non-terminable basic lease term.

Liabilities with a remaining term of more than one year bear interest at market conditions.

Contingent liabilities are not shown in the statement of comprehensive income. Contingent liabilities comprise primarily guarantees; a list of contingent liabilities existing on the reporting date is provided in item X.2.

12. Deferred subsidies from public authorities

Government grants are recognised at their nominal amount in a separate item on the date they are received, without affecting profit or loss, and they are reversed through profit or loss based on the write-downs of the assets supported.

13. Statement of comprehensive income

The statement of comprehensive income is based on the expenditure type of presentation.

14. Revenues

PNE recognises revenue when control of distinct goods or services is transferred to the customer, i.e. when the customer has the ability to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits from them. A prerequisite for this is that a contract with enforceable rights and obligations exists and that it is probable that the consideration will be collected. The revenue corresponds to the transaction price to which PNE expects to be entitled.

Variable consideration is included in the transaction price if it is highly probable that its inclusion will not result in a significant reversal in the future when the uncertainty has been subsequently resolved. The amount of the variable consideration is determined either according to the expected value method or with the most probable amount, depending on which value estimates the variable consideration most accurately.

If the interval between the transfer of the goods or services and the payment date exceeds twelve months and a significant benefit results from the financing for the customer or PNE, the consideration is adjusted for the time value of money.

Where a contract has multiple performance obligations, these are sold at their standalone selling prices. For each performance obligation, revenue is recognised either at a point in time or over time. Upon the conclusion of a contract, it is determined whether revenue is to be recognised at a point in time or over time.

Revenues from the project planning of wind power turbines ("project development" segment)

PNE plans and erects wind power turbines on land and at sea. Revenue from the erection of wind power turbines is recognised over time if one of the criteria of IFRS 15.35 is met. In these cases, revenue is recognised over time in accordance with the Percentage-of-Completion method. The percentage of completion is determined based on the work performed, which is compared with the entire expected volume of work. Work provided by subcontractors is taken into account in the determination of the percentage of completion. The percentage of completion is determined for each individual project based on the work provided. In applying the percentage-of-completion method, the assessment of the stage of completion is of particular importance; it may also include estimates of the scope of supplies and services required to meet contractual obligations, which means that changes in estimates may increase or decrease revenue.

If none of the criteria specified in IFRS 15.35 is met, revenue from the construction of wind farms is recognised when control of the wind farm is passed to the customer. Revenue from these sales is recognised at the price specified in the contract.

Payment of the transaction price is due immediately if the customer acquires the wind farm and accepts it upon delivery.

Revenues from services and transformer station fees ("service products" segment)

PNE provides management and other services for wind power turbines. Revenue from the provision of services is realised on a straight-line basis over a certain period. Advance payments received (max. 1 year) are reported under liabilities in the item "deferred revenues" and are released on a straight-line basis. If a contract contains a fixed hourly rate, revenue is recognised to the extent that PNE is entitled to receive an invoice.

Revenues from transformer stations result from transformer station connection fees and transformer station usage fees.

Transformer station connection fees are paid in advance by the customer for a period of approx. 20 to 25 years, and the revenues are recognised on a straight-line basis over the term of the contract, taking into account a financing component. Revenues from transformer station usage fees are billed and generated monthly in the amount of the contractually agreed sums.

Invoicing and payment for transformer station connection fees are largely made in advance for the entire term of the contract. These prepayments are reported as deferred revenues under liabilities.

Invoices for transformer station usage fees and for other services are issued in accordance with the terms of the contract, with payment terms usually providing for standard market payment terms within 30 days of invoicing.

Revenues from the generation of electricity ("electricity generation" segment)

The Group generates electricity from the ongoing operation of wind farms and a biomass power plant, feeds this electricity into power grids and receives revenues in return.

Revenue from electricity supply is recognised over the period using the output-based measurement method on an ongoing basis in line with the volume of supply. Since the amount invoiced corresponds to the service provided, PNE applies the simplification rule of recording sales at the amounts invoiced.

Invoices to customers are issued in accordance with the terms of the contract and usually provide for standard market payment terms within 30 days after invoicing.

15. Foreign currency conversion

The items contained in the separate financial statements of the individual Group companies are valued using the relevant functional currency. The consolidated financial statements are prepared in euro, which is the reporting and the functional currency of the parent company.

Transactions in foreign currencies are converted into the relevant functional currency using the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid on the reporting date. Exchange differences are recognised in profit or loss and stated in the statement of comprehensive income under "Other operating income" or "Other operating expenses". Non-monetary assets and liabilities that were measured at historical cost in a foreign currency are converted at the rate prevailing on the day of the transaction.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of a net investment in a foreign operation and which are recognised in the reserve for currency exchange differences are recognised through profit or loss upon disposal of the net investment. Shareholders' equity is converted at historical rates.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are to be converted into euro using exchange rates prevailing on the reporting date. Income and expense items are converted at the average exchange rate for the period. The resulting exchange differences are transferred to the reserve for currency conversion as part of the shareholders' equity. On the disposal of a foreign operation, these amounts are recognised through profit or loss. Shareholders' equity is converted at historical rates.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments are treated as assets or liabilities of the foreign operation and converted at the rate of exchange prevailing on the reporting date.

V. STATEMENT OF FINANCIAL POSITION

With regard to the composition and development of the individual items of fixed assets, we refer to the consolidated schedule of fixed assets. With regard to disposal restrictions relating to items of fixed assets, we refer to chapter V.2 "Property, plant and equipment".

1. Intangible assets

Of the intangible assets, euro 63,275 thousand (prior year: euro 63,301 thousand) relate to goodwill from the first-time consolidation of the subsidiaries included in the consolidated financial statements.

Impairment of goodwill

Items of goodwill acquired in the context of business combinations are allocated to the corresponding cash generating units for the purpose of impairment testing.

The future recoverable amount was defined as the fair value less costs to sell.

For the impairment test of goodwill of the cash generating unit "project development", the future cash flows were derived from the detailed plans for the next three years (hierarchy level 3). No growth discount was taken into account for the period thereafter. The weighted average cost of capital before taxes used to discount the forecast cash flows was 8.26 percent for the detailed planning phase and for the subsequent period (prior year: 8.17 percent).

For the impairment test of goodwill of the cash generating unit "service products", the future cash flows were derived from the detailed plans for the next three years (hierarchy level 3). No growth discount was taken into account for the period thereafter. The weighted average cost of capital before taxes used to discount the forecast cash flows was 8.28 percent for the detailed planning phase and for the subsequent period (prior year: 8.46 percent).

For the impairment test of goodwill of the cash generating unit "electricity generation", the future cash flows were derived from the detailed plans for the next three years (hierarchy level 3). For the period thereafter, a cumulative planning over the relevant expected remaining useful life up to 2027 was taken as the basis. The weighted average cost of capital before taxes used to discount the forecast cash flows was 4.34 percent for the detailed planning phase and for the subsequent period (prior year: 3.93 percent).

Key assumptions for the calculation of the fair values less cost to sell of the business units as at December 31, 2021 and December 31, 2020:

Project Development

Budgeted gross profit margins: The gross profit margins are determined based on the average gross profit margins achieved in prior fiscal years, increased for expected efficiency improvements.

To establish future cash flows, the expected operating costs are deducted from the gross profits determined in this manner. Financing costs and taxes are not taken into account. The remaining amount forms the basis of discounting.

Weighted average cost of capital: The cost of equity is determined using the Capital Asset Pricing Model (CAPM). The borrowing costs before taxes were included at an interest rate of 2.82 percent (prior year: 2.39 percent).

Results of impairment tests and sensitivities

The recoverable amount of the CGU Laubuseschbach (electricity generation) was below the carrying amount of the CGU's assets so that an impairment loss of euro 26 thousand was recognised for this wind farm.

No need for impairment was identified for the two CGUs "project development" and "service products". With regard to the CGU "service products", the Board of Management is of the opinion that no reasonable change in the fundamental assumptions that are used to determine the recoverable amount will lead to impairment losses. With regard to the CGU "project development", the Board of Management assumes that a 5 percent change in the interest rate would have the effect that the total of book values would exceed the recoverable amount of the CGU by euro 17,631 thousand.

Carrying amounts of goodwill allocated to the relevant cash-generating units:

	Project development	**Service products**	**Electricity generation**	**Total**
in thousand euro	**2021**	**2021**	**2021**	**2021**
Carrying amount of goodwill	52,854	10,385	36	63,275

	Project development	**Service products**	**Electricity generation**	**Total**
in thousand euro	**2020**	**2020**	**2020**	**2020**
Carrying amount of goodwill	52,854	10,385	62	63,301

2. Property, plant and equipment

In the fiscal years since 2017, the Company constructed and commissioned company-owned wind farms/portfolio projects. Since these projects were operated by the Company itself regardless of their current or future shareholder structures and used to generate electricity, these wind farms were classified as fixed assets from the date of sale within the Group in accordance with IAS 16. Until a decision is made regarding the external sale or internal operation, they were recognised in the inventories pursuant to IAS 2. The reclassification from Group inventories to Group fixed assets was carried out without affecting the statement of comprehensive income and, therefore, has not resulted in a reduction in the "change of inventories" item.

The wind farm projects were financed, in part, by public KfW loans. These loans were measured using the effective interest method upon acquisition. The difference between the fair value and the nominal value of loans of currently euro 12,820 thousand (prior year: euro 3,148 thousand) is recognised through profit or loss over the term of the loans.

As in the previous year, there are restrictions on disposal with regard to the administration building including land in Cuxhaven, for which a land charge of euro 4,170 thousand is registered (prior year: euro 4,170 thousand).

3. Rights of use

The PNE Group has accounted for leases in accordance with the requirements of IFRS 16. Due to the recognition of right-of-use assets, an amount of euro 64.7 million is recognised in the statement of financial position as at December 31, 2021 (prior year: euro 39.1 million). In addition, further right-of-use assets amounting to euro 42.1 million (prior year: euro 34.6 million), during the implementation phase until completion of the projects, are reported under inventories as at December 31, 2021.

4. Long-term financial assets

In addition to the Company's investments in associated companies (including joint ventures) amounting to euro 461 thousand (prior year: euro 434 thousand), long-term financial assets include shares in affiliated companies that are not fully consolidated in the consolidated financial statements due to their minor significance, which amount to euro 242 thousand (prior year: euro 115 thousand). The Company does not intend to sell the investments in the long term. In addition, the item includes loans of euro 188 thousand (prior year: euro 178 thousand) and other loan receivables of euro 499 thousand (prior year: euro 0 thousand).

In the 2021 fiscal year, write-downs of euro 0 thousand (prior year: euro 0 thousand) were made on long-term financial assets.

Please refer to chapter IV.5 for the categorisation and valuation of financial instruments.

Interests in **joint ventures** are accounted for using the equity method. It is a joint venture because there is joint control on the basis of contractual agreements.

Investments in **associated companies** are accounted for in the consolidated financial statements using the at-equity method.

The summarised information below represents amounts shown in the associated companies' financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

Details regarding the Group's material associated companies are indicated in the following tables:

Associated companies	Core business	Seat	Shareholding and voting rights	
			31.12.2021	**31.12.2020**
Windpark Altenbruch GmbH	Electricity generation from wind energy	Cuxhaven	50%	50%

Reconciliation account of the above summarised financial information to the carrying amount of the interest in Windpark Altenbruch GmbH in the consolidated financial statements:

Windpark Altenbruch GmbH

in thousand euro	31.12.2021	31.12.2020
Net assets of the joint venture	925	919
Shareholding of the Group	50 %	50 %
Goodwill	0	0
Dividend received	-16	-40
Book value of the shareholding	**447**	**420**

Windpark Altenbruch GmbH

in thousand euro	31.12.2021	31.12.2020
Short-term assets	162	161
Long-term assets	770	770
Short-term debts	-7	-12
Long-term debts	0	0

Windpark Altenbruch GmbH

in thousand euro	2021	2020
Revenues	21	21
Net income from continuing operations	-10	-11
Post-tax result from discontinued operations	0	0
Net income	-10	-11
Other result	0	0
Total result	-10	-11
Dividend received from the associated company	16	40

Summarised information about associated companies that are of minor significance:

in thousand euro	31.12.2021	31.12.2020
Total of book values of the Group's shares in these companies	15	15

5. Inventories

in thousand euro	31.12.2021	31.12.2020
Raw materials, consumables and supplies	289	244
Work in progress	122,529	144,136
Finished goods and merchandise	2	2
Prepayments made	40,891	29,621
	163,711	**174,003**

In the fiscal years since 2017, the Company constructed and commissioned company-owned wind farms/portfolio projects. Since these projects were operated by the Company itself regardless of their current or future shareholder structures and used to generate electricity, the wind farms were classified as fixed assets from the date of sale within the Group in accordance with IAS 16. The assets were reclassified from Group inventories to Group fixed assets.

As at December 31, 2021 right-of-use assets totalling euro 42.1 million (prior year: euro 34.6 million) were recognised under the inventories. These right-of-use assets relate to wind or photovoltaic projects currently in the implementation phase. These right-of-use assets are recognised under inventories until completion of the projects and subsequently reclassified from Group inventories to Group right-of-use assets. Impairment losses of euro 2,654 thousand were recognised on the right-of-use assets, which are reported in the consolidated statement of comprehensive income under amortisation of intangible assets and depreciation of property, plant and equipment, right-of-use assets in analogy to those on the right-of-use assets recognised under long-term assets.

In addition, an amount of euro 5,041 thousand (prior year: euro 5,239 thousand) in respect of write-downs of inventories to the net realisable value was recognised as an expense in the changes in inventories in the 2021 fiscal year. Euro 110 thousand (prior year: euro 2,010 thousand) is attributable to Germany and euro 4,931 thousand (prior year: euro 3,229 thousand) to foreign countries. The write-downs were made primarily because circumstances such as extended approval periods, appeals against planned projects or changed framework conditions related to the respective project have led to the fact that some projects can no longer be realised profitably under the previously calculated conditions and the existing assets had to be written down.

The total cost of inventories recognised as an expense was euro 129,819 thousand (prior year: euro 38,204 thousand).

Work in progress includes assets of euro 24,826 thousand (prior year: euro 42,104 thousand) that are expected to be realised or fulfilled after more than twelve months.

Work in progress is divided as follows:

- onshore projects Germany: euro 100.4 million (prior year: euro 93.1 million)
- onshore projects abroad: euro 22.1 million (prior year: euro 51.0 million)

Work in progress changed from euro 144,136 thousand (December 31, 2020) to euro 122,529 thousand as a result of the implementation of projects.

6. Receivables and other assets

Trade receivables

Trade receivables and impairment losses on these receivables relate exclusively to receivables from contracts with customers.

No loan-loss provisions were formed for non-impaired receivables (level 2), since the trade receivables mainly relate to fully financed wind farm operating companies (for receivables resulting from project development or general contracting) or wind farms in operation (receivables from services), which recognise current income.

Reservation of title was agreed to the customary extent for trade receivables; no other collateral was agreed upon.

Other financial assets

Other financial assets comprise other short-term loan receivables and receivables from affiliated companies, associated companies and companies in which an investment is held.

The other short-term loan receivables include loans issued by PNE AG and WKN GmbH to wind farm project companies that have been sold.

Receivables from affiliated companies, associated companies and companies in which an investment is held include short-term other financial receivables, which consist primarily of loan receivables.

No loan-loss provisions were formed for non-impaired loans (levels 1 and 2), since these loans relate to non-consolidated, fully financed wind farm operating companies or wind farms with ongoing income. Existing impairment losses on loans (level 3) result from past changes in the legal framework of certain countries in which the borrowing companies operate, resulting in lower than expected income. All impairment losses were recognised in prior periods, and there are currently no indications that similar regulatory changes could occur that would result in an impairment of existing loans.

No collateral was agreed for the other financial assets.

Other information about financial assets pursuant to IFRS 7

Credit losses on trade receivables measured using the simplified approach and on other financial assets measured using the general approach developed as follows:

	General Approach				
in thousand euro	**Level 1**	**Level 2**	**Level 3**	**Simplified Approach**	**Total**
Balance on 1.1.2020	**–**	**–**	**3,174**	**21**	**3,195**
Transfer to level 1	–	–	–	–	–
Transfer to level 2	–	–	–	–	–
Transfer to level 3	–	–	–	–	–
Financial assets derecognised in the reporting period	–	–	–	–	–
Write-downs	–	–	–	499	499
Reversals	–	–	–	-21	-21
Balance on 31.12.2020 / 1.1.2021	**–**	**–**	**3,174**	**499**	**3,673**
Transfer to level 1	–	–	–	–	–
Transfer to level 2	–	–	–	–	–
Transfer to level 3	–	–	–	–	–
Financial assets derecognised in the reporting period	–	–	–	–	–
Newly originated or purchased financial assets	–	–	–	–	–
Write-downs	–	–	–	41	41
Reversals	–	–	–	-74	-74
Exchange-rate-related changes and other changes	–	–	–	–	–
Balance on 31.12.2021	**–**	**–**	**3,174**	**466**	**3,640**

The following table shows the development of the gross carrying amounts of trade receivables and of the other financial assets in the year under review.

	General Approach				
in thousand euro	**Level 1**	**Level 2**	**Level 3**	**Simplified Approach**	**Total**
Balance on 1.1.2020	**7,242**	**–**	**3,174**	**34,272**	**44,688**
Transfer to level 1	–	–	–	–	–
Transfer to level 2	–	–	–	–	–
Transfer to level 3	–	–	–	–	0
Newly originated or purchased financial assets and derecognised financial assets	-3,765	–	–	6,398	2,633
Exchange-rate-related changes and other changes	–	–	–	–	–
Balance on 31.12.2020 / 1.1.2021	**3,477**	**–**	**3,174**	**40,670**	**47,321**
Transfer to level 1	–	–	–	–	–
Transfer to level 2	–	–	–	–	–
Transfer to level 3	–	–	–	–	–
Newly originated or purchased financial assets and derecognised financial assets	3,889	–	–	-10,712	-6,823
Exchange-rate-related changes and other changes	–	–	–	–	–
Balance on 31.12.2021	**7,366**	**–**	**3,174**	**29,958**	**40,498**

The gross carrying amounts of trade receivables and other financial assets by credit risk rating class are as follows:

	General Approach			
in thousand euro	**Level 1**	**Level 2**	**Level 3**	**Simplified Approach**
Credit risk rating class 1	7,366	–	–	29,958
Credit risk rating class 2	–	–	–	–
Credit risk rating class 3	–	–	3,174	–
Total	**7,366**	**0**	**3,174**	**29,958**

Financial instruments with risk rating class 1 are not subject to any significant credit risk.

Financial instruments with risk rating class 2 are subject to a higher credit risk.

Financial instruments with risk rating class 3 comprise impaired financial instruments.

The following table shows the carrying amounts and fair values of all **financial assets** by category:

in thousand euro	Category acc. to IFRS 9	Total	Fair value
As at 31.12.2021			
Short-term financial assets			
Cash and cash equivalents	AC	149,625	149,625
Trade receivables	AC	29,492	29,492
Other short-term loan receivables	AC	1,204	1,204
Trade receivables from affiliated companies	AC	6,000	6,000
Trade receivables from affiliated companies and those in which an investment is held	AC	162	162
Long-term financial assets			
Shares in affiliated companies	FVOCI	242	242
Shares in companies in which an investment is held	FVOCI	1,208	1,208
Other borrowings	AC	188	188
Other long-term loan receivables	AC	499	499
		188,620	**188,620**
Total AC		**187,170**	**187,170**
Total FVOCI		**1,450**	**1,450**
As at 31.12.2020			
Short-term financial assets			
Cash and cash equivalents	AC	111,617	111,617
Trade receivables	AC	40,171	40,171
Other short-term loan receivables	AC	2,002	2,002
Trade receivables from affiliated companies	AC	1,315	1,315
Trade receivables from affiliated companies and those in which an investment is held	AC	160	160
Long-term financial assets			
Shares in affiliated companies	FVOCI	115	115
Shares in companies in which an investment is held	FVOCI	1,208	1,208
Other borrowings	AC	178	178
Sonstige langfristige Darlehensforderungen	AC	0	0
		156,767	**156,767**
Total AC		**155,443**	**155,443**
Total FVOCI		**1,323**	**1,323**

AC = measured at amortised cost
FVOCI = measured at fair value (changes in value recognised in OCI)

Shares in affiliated companies classified as FVOCI and shares in companies in which an investment is held were measured at cost of euro 1,450 thousand (December 31, 2020: euro 1,323 thousand), which is an appropriate estimate of fair value. Currently, there are no net results and dividends attributable to the "FVOCI" category.

The carrying amounts of financial assets in the category "measured at amortised cost" (AC) approximate their fair values on the reporting date. Net income of euro 41 thousand (prior year: euro 499 thousand) relates to impairments reported under other operating expenses, and net income of euro 76 thousand (prior year: euro 81 thousand) to interest income reported under the financial result.

Other assets

Other assets include primarily value added tax receivables.

7. Equity capital

Subscribed capital

The Company's share capital as of January 1, 2021 amounted to euro 76,603,334.00 (prior year: euro 76,603,334.00), divided into 76,603,334 (prior year: 76,603,334) no-par value registered shares with a notional value of euro 1.00 per share in the share capital.

The Company's share capital has not changed in the reporting period. Accordingly, the Company's share capital on the reporting date amounted to euro 76,603,334.00, divided into 76,603,334 no par value registered shares with a notional share of euro 1.00 per share in the share capital.

Authorised Capital 2017

The general meeting of shareholders of May 31, 2017 authorised the Board of Management to increase the Company's share capital, with the approval of the Supervisory Board, in the period up to May 30, 2022, on one or several occasions to a total of up to 38,250,000.00 (Authorised Capital 2017) by issuing new no par value registered shares against contributions in cash or in kind. The shareholders are to be granted a subscription right with the following restrictions, whereby the subscription right may also be granted indirectly to shareholders in accordance with Section 186 (5) AktG. In addition, the Board of Management was authorised to exclude, with the approval of the Supervisory Board, the shareholders' subscription rights for fractional amounts resulting from the subscription ratio. The Board of Management was also authorised to exclude, with the approval of the Supervisory Board, the shareholders' subscription right up to an amount not exceeding 10 percent of the share capital existing at the time this authorisation becomes effective or – if this value is lower – of the share capital existing at the time the authorisation is exercised in order to issue the new shares against cash contributions at an issue price which is not significantly below the stock market price of already listed shares of the Company of the same class and type at the time of final determination of the issue price (simplified exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG). The aforementioned 10 percent threshold must include the pro rata amount of the share capital, which is attributable to new or repurchased shares issued or sold during the term of the authorisation subject to the simplified exclusion of shareholders' subscription rights pursuant to or in accordance with Section 186 (3) sentence 4 AktG as well as the pro rata amount of the share capital, which is subject to conversion and/or option rights from bonds which were issued during the term of the authorisation in conformity with Section 186 (3) sentence 4 AktG.

In addition, the Board of Management was authorised to exclude, with the approval of the Supervisory Board, the subscription right for a partial amount of up to euro 15,300,000.00

- → if the capital increase is effected against non-cash contributions, in particular, in the event of acquisition of companies, parts of companies or participations in companies or other assets, including rights and receivables – also against the Company – or of rights to the acquisition of assets, or in connection with business combinations, and
- → in order to grant the holders and/or creditors of the bonds carrying conversion and/or option rights issued by the Company or its subsidiaries subscription rights for new shares in the scope to which they would have been entitled as shareholders following the exercise of their conversion and/or option rights.

The Board of Management may, subject to the approval of the Supervisory Board, exercise the afore-mentioned authorisations regarding exclusion of subscription rights, in aggregate, only to the extent that the share capital's pro rata amount which is attributable to the Company's shares issued or sold during the term of Authorised Capital 2017 under exclusion of subscription rights and/or to which the instruments or rights issued during the term of Authorised Capital 2017 under exclusion of subscription rights refer and enable the subscription for shares of the Company, including from conditional capital, does not exceed 20 percent of the share capital existing at the time the authorisation becomes effective or – if lower – at the time the authorisation is exercised.

Finally, the authorisation regarding Authorised Capital 2017 stipulates that the Board of Management, with the approval of the Supervisory Board, may determine the content of the rights embodied in the shares and the further conditions of the share issue, including the issue price.

The Authorised Capital 2017 was registered in the commercial register of the Company on August 17, 2017.

The Board of Management made no use of Authorised Capital 2017 in the period under review.

The Authorised Capital thus amounted again to euro 38,250,000.00 on December 31, 2021.

Conditional Capital 2017

The general meeting of shareholders of May 31, 2017 also resolved a conditional increase of the Company's share capital by a further amount of up to euro 20,000,000.00:

The share capital is conditionally increased by a further amount of up to 20,000,000.00, divided into up to 20,000,000 no par value registered shares, each representing a pro-rata amount of euro 1.00 of the share capital (Conditional Capital 2017). The conditional capital increase is implemented only to the extent that the holders or creditors of option or conversion rights resulting from convertible and / or option bonds, which are issued or guaranteed up to May 30, 2022 by the Company or an indirect or direct wholly-owned investment company of the Company on the basis of the authorisation resolution of the general meeting of shareholders of May 31, 2017, exercise their option or conversion rights. The conditional capital increase will not be implemented if a cash settlement has been granted or if treasury shares, shares from authorised capital or shares of another listed company are used for servicing purposes. The new shares will be issued at the conversion or option price to be determined in each case in accordance with the aforementioned authorisation resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent permitted by law, the Board of Management may, with the approval of the Supervisory Board, determine the profit participation of new shares in deviation from this and from Section 60 (2) AktG, including for a fiscal year that has already elapsed. The Board of Management is authorised, with the approval of the Supervisory Board, to determine the further details of the execution of the capital increase.

In the period under review, the Board of Management made no use of the authorisation in respect of Conditional Capital 2017.

Treasury shares

The general meeting of shareholders of May 22, 2019 authorised the Company's Board of Management to purchase up to May 21, 2024 on one or several occasion treasury shares in a volume of up to 10 percent of the share capital existing at the time the relevant resolution becomes effective or – if this amount is lower – of the share capital existing at the time this authorisation is exercised, for one or more permissible purposes within the scope of the statutory restrictions in accordance with the following provisions. The shares acquired because of this authorisation, together with other treasury shares that the Company has already acquired and that are owned by or attributable to the Company, may not at any time account for more than 10 percent of the share capital. The acquisition may be carried out by the Company, by dependent companies or companies owned by the Company or by third parties acting for the account of such companies or of the Company if the legal requirements, in particular pursuant to Section 71 (2) of the German Stock Corporation Act (AktG), are met. Pursuant to the authorisation, the acquisition shall be effected at the discretion of the Board of Management via the stock exchange or by means of a public purchase offer addressed to all shareholders or by means of a public invitation to all shareholders to submit offers to sell or by granting rights to tender. In the event of an acquisition via the stock exchange, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the share price determined by the opening auction in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange on the day the obligation to purchase is entered into. In the event of an acquisition based on a public purchase offer, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the first publication of the offer. In the event of an acquisition based on an invitation to submit sales offers or acquisition by granting rights to tender, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the day of acceptance of the sales offers or the day of granting the rights to tender. If, after the publication of a public purchase offer or a public invitation to shareholders to submit sales offers or after the granting of rights to tender, there are significant deviations from the relevant share price, the offer, the invitation to submit sales offers or the rights to tender may be adjusted. In this case, the closing price in the XETRA trading system on the last trading day prior to the publication of the adjustment shall be decisive; the 10 percent limit is to be applied to this amount. The volume of a public purchase offer or a public invitation to submit sales offers (collectively "public purchase offer") can be limited. If the total number of shares tendered for a public purchase offer exceeds the volume of the shares, the acquisition may be effected in proportion to the number of shares tendered (tender quotas); in addition, a preferential acceptance of small numbers (up to 50 shares per shareholder) and rounding in accordance with commercial principles may be provided for in order to avoid fractional amounts of shares. Any further rights of shareholders to tender shares in accordance with the participation quotas are excluded. The total volume of tender rights may also be limited in the case of the granting of rights to tender. If shareholders are granted rights to tender for the purpose of acquisition, these are allocated to the shareholders in proportion to their shareholdings in accordance with the relationship of the volume of shares to be repurchased by the Company to the outstanding share capital. Fractions of rights to tender do not have to be allocated; in this case, any partial rights to tender are excluded. The Board of Management determines the details of the respective acquisition, in particular, of a purchase offer or invitation to submit sales offers. This also applies to the details of any rights to tender, in particular in respect of the term and, if applicable, their tradability. In this context, capital market law and other legal restrictions and requirements must also be observed.

The Board of Management is also authorised to use the shares acquired on the basis of the aforementioned or previously granted authorisation for the following purposes: The shares may be sold via the stock exchange or, with the approval of the Supervisory Board, in accordance with the principle of equal treatment through a public offer to all shareholders pro-rata to their shareholding quota. In the event of a public offer to all shareholders, the subscription right for fractional amounts may be excluded. In addition, the shares may be sold, with the approval of the Supervisory Board, otherwise against payment of a cash purchase price per share which is not significantly lower than the stock price of listed shares of the same class and type at the time of sale. The proportionate amount of the share capital attributable to the total number of shares sold under this authorisation may not exceed 10 percent of the share capital existing at the time this authorisation becomes effective or – if this value is lower – of the share capital existing at the time this authorization is exercised. In addition, with the approval of the Supervisory Board, acquired treasury shares may also be offered and transferred in return for non-cash contributions, in particular as (partial) consideration for the acquisition of companies, parts of companies or participations in companies or of other assets, including rights and receivables – also against the Company – or of rights to the acquisition of assets, or in connection with business combinations. Furthermore, acquired treasury shares may be used to service purchase rights to shares of the Company from or in connection with bonds with conversion and/or option rights issued by the Company or a direct or indirect 100 percent holding company. Furthermore, acquired treasury shares may be redeemed, with the approval of the Supervisory Board, without the redemption or the implementation requiring a further resolution of the general meeting of shareholders. The redemption results in a capital reduction. However, in accordance with Section 237 (3) no. 3 AktG, the Board of Management may determine that the share capital shall not be reduced, but that the proportion of the remaining shares in the share capital shall be increased in accordance with Section 8 (3) AktG. In this case, the Board of Management is authorised in accordance with Section 237 (3) no. 3, second half-sentence, AktG to adjust the number of shares specified in the articles of association. All the above-mentioned authorisations to sell or otherwise use or redeem acquired treasury shares may be exercised on one or more occasions, in whole or in part, individually or collectively. Shareholders' subscription rights were excluded to the extent that treasury shares are used in accordance with the authorisations described above.

In addition, the general meeting of shareholders of May 22, 2019 authorised the Supervisory Board of the Company to use treasury shares acquired on the basis of the authorisation described above or on the basis of previous authorisations to commit or transfer the shares to current and/or future members of the Company's Board of Management as a remuneration component in the form of a share bonus to the extent permitted by law. This must be subject to the condition that the further transfer of the shares by the respective member of the Board of Management within a period of at least four years from the commitment or transfer (lock-up period) and the conclusion of hedging transactions by which the economic risk from the price trend is transferred in part or in full to third parties for the duration of the lock-up period are not permitted. The commitment or transfer of shares is to be based in each case on the current stock exchange price, using an average assessment to be determined by the Supervisory Board. This authorisation may also be exercised once or several times, in whole or in part, individually or jointly. In addition, the shareholders' subscription right is excluded to the extent that treasury shares are used in accordance with the authorisation granted by the Supervisory Board.

In the reporting period, neither the Board of Management nor the Supervisory Board made use of the authorisation to acquire and use treasury shares, which was granted by the general meeting of shareholders on May 22, 2019.

On December 31, 2021, the Company held 266,803 treasury shares (prior year: 266,803), which it acquired in 2018 by using its authorisation existing at that time, based on a share repurchase offer directed to all shareholders. No treasury shares were used in the 2021 fiscal year.

Capital reserve

The capital reserve includes the premium paid on the shares issued and the equity share of the convertible bond. The capital reserve has not changed during the 2021 fiscal year.

Foreign currency reserve

Exchange differences relating to the conversion of the functional currency of foreign operations into the Group's presentation currency are included in the foreign currency reserve.

Consolidated retained earnings

Profits and losses are accumulated in the consolidated retained earnings. In the context of the 2021 dividend payment, dividends totalling euro 3,053 thousand (euro 0.04 per share) were distributed to the shareholders from the retained earnings shown in the annual financial statements of PNE AG prepared pursuant to the German Commercial Code.

For the 2021 fiscal year, the Board of Management and the Supervisory Board propose that a dividend of euro 0.04 as well as a special dividend of euro 0.04 for each no-par value share entitled to a dividend in the 2021 fiscal year be distributed from PNE AG's retained earnings totalling euro 231,127,360.22. The remaining retained earnings shall be carried forward to a new account.

8. Non-controlling interests

The capital consolidation of entities as well as the results from the 2021 fiscal year and past fiscal years resulted in cumulative "non-controlling interests" totalling euro -7,382 thousand (prior year: euro -7,070 thousand).

The following table shows details of the Group's non-wholly owned subsidiaries that have material non-controlling interests.

Name of subsidiary	Seat	Shareholding and voting rights of non-controlling interests		Profit/loss attributable to non-controlling interests		Cumulative non-controlling interests	
in thousand euro		**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
WKN sub-group							
of which Sevivon s.p.z.o.o.	Poland	0.00 %	0.00 %	0	-240	0	0
of which ATS Energia s.r.l.	Italy	22.21 %	22.21 %	-7	-11	-6,052	-6,044
of which VKS Vindkraft Svergie	Sweden	20.00 %	20.00 %	-148	31	615	763
of which WKN Windcurrent S.A.	South Africa	20.00 %	20.00 %	-306	-276	-2,017	-1,711
Others				-2	-221	72	-78
Total of non-controlling interests				**-463**	**-717**	**-7,382**	**-7,070**

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information represents amounts before intragroup eliminations.

WKN sub-group

in thousand euro	**31.12.2021**	**31.12.2020**
Short-term assets	95,700	146,608
Long-term assets	163,355	78,398
Short-term debts	76,547	102,653
Long-term debts	121,444	56,166

WKN sub-group

in thousand euro	**31.12.2021**	**31.12.2020**
Share in equity attributable to the shareholders of the parent company	68,517	73,196
Non-controlling interests	-7,453	-7,009

WKN sub-group

in thousand euro	**2021**	**2020**
Total aggregate output	176,647	113,802
Expenses	181,394	120,143
Net income	-4,747	-6,342
of which:		
Net income attributable to the shareholders of the parent company	-4,303	-5,846
Net income attributable to the non-controlling interests	-444	-496
Other income attributable to the shareholders of the parent company	0	0
Other income attributable to the non-controlling interests	0	0
Other income	**0**	**0**
Total income attributable to the shareholders of the parent company	-4,303	-5,846
Total income attributable to the non-controlling interests	-444	-496
Total income	**-4,747**	**-6,342**

WKN sub-group

in thousand euro	31.12.2021	31.12.2020
Dividends paid to non-controlling interests	0	0
Net cash flows from operating activities	53,890	5,632
Net cash flows from investing activities	-91,610	-48,800
Net cash flows from financing activities	36,433	56,282
Total net cash flows	**-1,287**	**13,114**

9. Deferred subsidies from public authorities

Since 2000, the Company has received investment grants in the total amount of euro 1,746 thousand for the construction of an office building, the extension of the business building and for fixtures and fittings.

The reversal of the investment grants is based on the useful life of the underlying assets. During the reporting period, a total amount of euro 47 thousand (prior year: euro 47 thousand) was reversed.

10. Provisions for taxes

The tax provisions include current taxes on income, which were set up for past fiscal years and the 2021 fiscal year.

There are tax risks from the corporate, trade and sales tax field audit at WKN GmbH for the years from 2010 to 2013 and 2014 to 2016. The tax assessments for the years 2010 to 2013 in accordance with the completed tax audit are not yet legally binding. Based on the discussions between the management of WKN GmbH and its tax advisors on the one hand and the tax authorities on the other, there are different views regarding the tax treatment of individual items of the years 2010 to 2013. Corresponding appeals against significant parts of the corporate income tax and trade tax assessments were filed. A stay of execution was granted by the tax authority. The tax audit for the years 2014 to 2016 is still ongoing. Possible findings of the tax audit for 2010 to 2013 might have an impact on the net assets, financial position and results of operations of WKN GmbH and the PNE Group in the single-digit million range. Based on the current state of knowledge, the Board of Management of PNE AG continues to assume that the tax-related presentation of the issues is accurate. Taxes were paid for individual selected issues addressed in the context of the tax audit. However, for the economically predominant part of the issues raised during the tax audit for 2010 to 2013, the Board of Management still sees no reason to recognise a provision in the consolidated statement of financial position as at December 31, 2021. Even if a provision were formed covering all aspects of the tax audit, this would have no effect on the published guidance for the 2021 fiscal year, as possible effects on earnings would be reported under tax and interest expenses and thus outside EBITDA. The probability of such risks occurring is still regarded as low, but the impact of occurrence as serious. The occurrence of such a risk would have an impact of up to a further euro 7 to 8 million, in addition to the provisions already made, on the net assets, financial position and results of operations. The risk must therefore be classified as "high" in accordance with the risk management definition.

11. OTHER PROVISIONS

The other provisions developed as follows:

in thousand euro	1.1.2021	Consumption	Reversal	Addition	31.12.2021
Litigation costs	188	92	81	0	15
Other	3,279	384	3	2,291	5,183
	3,468	**476**	**84**	**2,291**	**5,198**

The other provisions relate primarily to dismantling obligations for the wind farms owned by the Company; the remaining amount is attributable to other short-term provisions.

12. Financial liabilities

The values shown are attributable to corporate bonds, liabilities to banks, other financial liabilities, liabilities from leasing contracts as well as derivatives.

The book values of financial liabilities have the following remaining terms or the following fair values:

in thousand euro	Category acc. to IFRS 9	Total	up to 1 year	1 to 5 years	more than 5 years	Fair value
As at 31.12.2021						
Trade liabilities	AC	34,398	34,398	0	0	34,398
Fixed-interest-bearing						
Bonds	AC	49,521	0	49,521	0	50,250
Liabilities to banks	AC	351,711	21,290	101,543	228,878	364,531
Other financial liabilities	AC	1,066	1,066	0	0	1,066
Lease liabilities	AC	110,580	6,862	18,809	84,909	110,580
Variable-interest-bearing						
Liabilities to banks	AC	42	42	0	0	42
Derivatives						
Interest rate swaps	FVPL	5,484	360	1,431	3,693	5,484
		552,801	**64,017**	**171,304**	**317,480**	**566,350**
As at 31.12.2020						
Trade liabilities	AC	31,364	31,364	0	0	31,364
Fixed-interest-bearing						
Bonds	AC	49,183	0	49,183	0	50,850
Liabilities to banks	AC	227,176	10,611	69,128	147,437	228,273
Other financial liabilities	AC	1,057	1,057	0	0	1,057
Lease liabilities	AC	75,014	4,626	12,711	57,677	75,014
Variable-interest-bearing						
Liabilities to banks	AC	12,070	12,070	0	0	12,070
Derivatives						
Interest rate swap	FVPL	7,624	485	1,869	5,270	7,624
		403,487	**60,213**	**132,891**	**210,383**	**406,252**

AC = measured at amortised cost
FVPL = measured at fair value through profit or loss

The **fair values** of financial instruments listed in the tables were derived from market information available on the reporting date and the methods and assumptions presented below. The fair value is determined in line with generally accepted pricing models based on discounted cash flow analyses and using observable current market prices for similar instruments (level 2). As in the previous year, there were no transfers between the hierarchy levels in the current fiscal year.

The fair values of liabilities to banks and other financial liabilities are determined using current interest rates at which similar loans with identical maturities could have been taken out on the reporting date.

The determination of the fair values of bonds is based on the observable price quotations as at the reporting date.

The fair values of interest rate swaps were calculated using forward interest rates (observable yield curves on the reporting date) and the estimated contractual interest rates, which were discounted on the reporting date using the yield curve.

The valuation of trade liabilities and other financial liabilities is based on the assumption that the fair values correspond to the carrying amounts of these financial instruments in view of their short remaining terms.

Net results from financial liabilities carried at amortised cost consist exclusively of interest totalling euro 6,321 thousand (prior year: euro 5,725 thousand), which is included in financial expenses.

The net result from financial liabilities measured at fair value is derived from the subsequent measurement at fair value in the amount of euro 5,484 thousand (prior year: euro 7,624 thousand). The figures are recognised in the statement of comprehensive income under the items "other interest and similar income" or "interest and similar expenses".

The following table analyses the financial liabilities of the Group by the relevant maturity bands:

in thousand euro	Total contractual cash flows	up to 1 year	1 to 5 years	more than 5 years	Carrying amount
As at 31.12.2021					
Trade liabilities	34,398	34,398	0	0	34,398
Bond	54,184	1,995	52,189	0	49,521
Liabilities to banks	411,894	26,819	118,556	266,519	351,753
Other financial liabilities	1,098	1,098	0	0	1,066
Lease liabilities	128,419	8,405	24,778	95,236	110,580
Interest rate swap	5,484	360	1,431	3,693	5,484
	635,476	**73,074**	**196,954**	**365,448**	**552,801**
As at 31.12.2020					
Trade liabilities	31,364	31,364	0	0	31,364
Bond	53,846	1,995	51,851	0	49,183
Liabilities to banks	276,173	27,015	83,449	165,709	239,246
Other financial liabilities	1,089	1,089	0	0	1,057
Lease liabilities	92,547	5,868	18,042	68,636	75,014
Interest rate swap	7,624	485	1,869	5,270	7,624
	462,642	**67,815**	**155,211**	**239,615**	**403,487**

The table analyses the financial liabilities of the Group by the relevant maturity bands, based on their **contractual terms** for:

(a) all non-derivative financial liabilities, and

(b) derivative financial instruments that are settled on a net basis and whose contractual maturities are material to an understanding of the timing of cash flows.

The amounts shown in the table are the contractual non-discounted cash flows. Balances due within 12 months correspond to their carrying amounts, as the effect of discounting is not significant. In the case of interest rate swaps, the cash flows were estimated using the forward interest rates applicable at the end of the reporting period.

Bonds

During the reporting period, the Company only held the corporate bond 2018/2023, which developed as follows:

in thousand euro	2021	2020
Status on 1.1.	49,183	48,858
Issued	0	0
Interest accrued	338	324
Status on 31.12.	**49,521**	**49,183**

Corporate bond 2018/2023

In May 2018, PNE AG issued a corporate bond with a volume of euro 50,000,000.00 for the further development of the business model and the establishment of a new European wind farm portfolio, for the financing of investments to expand the value chain and for general corporate financing. The bonds from the 2018/2023 corporate bond have been included in the over-the-counter market at the Frankfurt Stock Exchange since May 2, 2018.

The bonds bear interest of 4 percent p.a. as of May 2, 2018 (including) up to May 2, 2023 (excluding). Interest is payable in arrears on May 2 of each year. According to the bond terms and conditions, the interest rate may increase by up to 2.5 percentage points depending on the equity ratio resulting from the Company's consolidated balance sheet.

PNE AG is obliged to repay the bonds on May 2, 2023 at the nominal amount, insofar as they have not been fully or partially repaid or bought back and invalidated. According to the bond terms and conditions, PNE AG has the right, inter alia, to repay bonds with a total nominal value of at least euro 5,000,000.00 as of May 2, 2021 at the earliest, in which case the repayment amount is higher than the nominal value.

In the case of a change of control, each bondholder has the right, in accordance with the bond terms and conditions, to demand early repayment of bonds from PNE AG as the issuer. In this connection, a change of control is deemed to have occurred if the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of such a number of the issuer's shares, which represent 30 percent or more of the voting rights.

Based on a change of control that occurred on December 17, 2019, bondholders exercised their "change of control" termination right for bonds with a nominal value of euro 418 thousand. The converted bonds totalling euro 418 thousand are reported at Group level under "other assets" in the statement of financial position.

Liabilities to banks

The interest rates for fixed interest liabilities to banks range between 0.86 percent and 5.34 percent. The Company is exposed to an interest rate risk in respect of its variable interest liabilities to banks. In 2021, the relevant interest rates ranged between 1.25 percent and 13.22 percent (overdraft interest rate). Variable interest rates are adjusted at intervals of less than one year. The liabilities to banks have terms to maturity up to 2041.

As at December 31, 2021, an amount of euro 364,479 thousand of the reported liabilities to banks (prior year: euro 230,140 thousand) is secured by:

1. Registered mortgage of euro 4,170 thousand and the assignment of rental income from the property Peter-Henlein-Str. 2–4, Cuxhaven,
2. Assignment as security of all rights under contracts in connection with the Pülfringen wind farm and assignment of all receivables of this wind farm,

3. Assignment as security of all rights under contracts in connection with the wind farms Gerdau-Repowering, Kittlitz III, Kleinbüllesheim, Kührstedt A, Kührstedt B, Kührstedt Bederkesa, Neuenwalde and Schlenzer as well as assignment of all receivables of these wind farms,
4. Assignment as security of all rights under contracts in connection with the Boitzenhagen and Zahrenholz wind farms and assignment of all receivables of these wind farms,
5. Assignment as security of all rights under contracts in connection with the wind farm Langstedt, Lentförden and Holstentor as well as assignment of all receivables of these wind farms,
6. Assignment as security of all rights under contracts in connection with the wind farms Adensen Ost, Adensen West, Gnutz 1, Groß Oesingen, Kuhstedt II, Mannsbach and Wahlsdorf as well as assignment of all receivables of these wind farms,
7. Assignment as security by pledging the shares in PNE Power Generation GmbH as part of the pro rata interim equity financing of wind power turbines,
8. Assignment as security by pledging the shares in PNE WIND West Europe GmbH, PNE Portfolio 2 GmbH and WKN Wertewind Betriebsgesellschaft mbH as part of the pro rata interim equity financing of wind farm portfolios.

Security reason (no. for listing)

in thousand euro	Valued amount 2021	Valued amount 2020
Wind farms Kührstedt A, Kührstedt B, Kührstedt Bederkesa, Kittlitz III, Gerdau Repowering, Neuenwalde, Schlenzer, Kleinbüllesheim (3)	115,007	118,723
Wind farms Boitzenhagen and Zahrenholz (4)	93,257	48,864
Wind farms Adensen Ost, Adensen West, Gnutz 1, Groß Oesingen, Kuhstedt II, Mannsbach and Wahlsdorf (6)	64,113	0
Wind farms Langstedt, Lentföhrden and Holstentor (5)	61,127	38,395
Interim equity financing of wind farm portfolios (8)	22,966	16,000
Interim equity financing of wind turbines for repowering (7)	3,827	3,418
Land charge for company headquarters in Cuxhaven (1)	3,594	3,750
Pülfringen wind farm (2)	588	991

As at December 31, 2021, the Group also had

- working capital facilities of euro 15.1 million (prior year: euro 15.1 million), of which euro 0.0 million was used as at December 31, 2021 (prior year: euro 12.1 million),
- credit lines for project debt capital financing of euro 63.3 million (prior year: euro 103.5 million).

The Group concluded an agreement (letter of intent) with a bank for further interim equity financing of projects of up to euro 27.1 million, on the basis of which separate interim equity financing agreements can be concluded after the commissioning of the projects. As at December 31, 2021, an amount of euro 6.4 million had already been used.

In addition, the Group had credit lines for guarantee and contract fulfilment obligations (excluding guarantee lines granted by banks in connection with ongoing project financing) of euro 34.2 million on December 31, 2021 (as at December 31, 2020: euro 14.2 million). The Group had used euro 4.8 million of the credit lines for guarantee and contract fulfilment as at December 31, 2021 (prior year: euro 8.0 million).

There were no defaults or other performance failures regarding interest or redemption on the reporting date and it is not expected that the securities will be used.

Other financial liabilities

The other financial liabilities include derivatives (interest rate swaps) totalling euro 5.5 million (prior year: euro 7.6 million).

There were no defaults or other performance failures regarding interest or redemption on the reporting date.

Lease liabilities

PNE has applied the standard IFRS 16 Leases as of January 1, 2019.

Carrying amounts in connection with leases

in thousand euro	2021	2020
Recognised in right-of-use assets		
Rights of use for land, buildings and similar assets	63,339	37,411
Rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	1,393	1,714
	64,732	**39,125**
Recognised in inventories		
Rights of use for land, buildings and similar assets recognised in inventories	42,138	34,603
	42,138	**34,603**
Recognised in financial assets		
Long-term financial liabilities	103,719	70,388
Short-term financial liabilities	6,862	4,626
	110,580	**75,014**
Additions to rights of use		
of which rights of use for land, buildings and similar assets	17,553	2,019
of which rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	701	1,177
of which rights of use for land, buildings and similar assets recognised in inventories	24,990	35,072
	43,244	**38,268**

Expenses and income related to leases

in thousand euro	2021	2020
Scheduled depreciation on rights of use for land, buildings and similar assets	4,608	2,625
Scheduled depreciation on rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	1,022	969
Scheduled depreciation on rights of use for land, buildings and similar assets recognised in inventories	2,654	2,072
Impairment on rights of use	0	0
Interest expenses for lease liabilities	1,665	1,627
Expenses	**9,949**	**7,293**
Income from subleasing of rights of use	369	365
Income	**369**	**365**
The total payments for leases in the fiscal year amounted to	7,152	6,126

The payments for the interest portion resulting from lease liabilities are presented in the cash flow from operating activities. The payments for the principal portion of lease liabilities are presented in the cash flow from financing activities.

PNE has rented various office buildings and plots of land for the operation of wind turbines as well as vehicles. Rental agreements are usually concluded for fixed periods of two years to 25 years, taking into account the usual extension options for the operation of wind power turbines.

There were no effects due to the COVID-19 pandemic in the form of rental concessions during the reporting period.

Reconciliation of debts from financing activities

The following reconciliation shows the changes between the opening balance sheet value and the closing balance sheet value of liabilities from financing activities – both cash and non-cash changes.

			Non-cash changes				
in thousand euro	**Opening balance on 1.1.2021**	**Cash flow (cash change)**	**Acquisition of companies**	**Changes in fair value**	**Interest-related changes**	**Other**	**Closing balance on 31.12.2021**
Bonds	49,183	–	–	–	338	–	49,521
Liabilities to banks	239,246	122,179	–	–	-9,672	–	351,753
Other financial liabilities	8,681	-2,132	–	–	–	–	6,549
Lease liabilities	75,014	-7,152	–	–	–	42,718	110,580
Liabilities from financing activities	**372,124**	**112,895**	**0**	**0**	**-9,334**	**42,718**	**518,403**

			Non-cash changes				
in thousand euro	**Opening balance on 1.1.2020**	**Cash flow (cash change)**	**Acquisition of companies**	**Changes in fair value**	**Interest-related changes**	**Other**	**Closing balance on 31.12.2020**
Bonds	48,858	–	–	–	325	–	49,183
Liabilities to banks	145,933	92,609	–	–	704	–	239,246
Other financial liabilities	5,867	2,814	–	–	–	–	8,681
Lease liabilities	40,264	-6,126	–	–	–	40,876	75,014
Liabilities from financing activities	**240,922**	**89,297**	**0**	**0**	**1,029**	**40,876**	**372,124**

13. Other liabilities

Deferred revenues

The item of euro 25,189 thousand (prior year: euro 21,965 thousand) is attributable primarily to prepayments made by wind farm operating companies for the use of transformer stations. These deferred revenues correspond to contract liabilities in accordance with IFRS 15 and are released to income over the term of the usage contracts (20 to 25 years).

Other liabilities

The other liabilities include mainly value added tax liabilities of approx. euro 2.0 million (prior year: euro 5.8 million).

14. Financial instruments and principles of risk management

Apart from default risks and liquidity risks, the Group's assets, liabilities and planned transactions are exposed to risks from changing exchange rates and interest rates. The objective of financial risk management is to limit these risks through ongoing activities at the operational and financial level.

In respect of the market price risks, the Group uses derivative financial instruments depending on the assessment of risk. Derivative financial instruments are used solely for hedging purposes, i.e. they are not used for trading or other speculative purposes. The Group does not make use of hedge accounting.

The main elements of financial policy are determined by the Board of Management and are monitored by the Supervisory Board. The Finance and Controlling department is responsible for implementing financial policy and ongoing risk management. Certain transactions require the prior approval of the Board of Management, which is kept informed at regular intervals about the scope and the amount of the current risk exposure. The principles of risk management have not changed compared to the previous year.

Risk categories within the meaning of IFRS 7

Credit risk

The Group is exposed to a counterparty default risk from its operating business and certain financing activities. The default risk arising from financial assets is recognised through appropriate valuation adjustments, taking existing collateral into account. In order to reduce the default risk relating to non-derivative financial instruments, the Group takes various precautionary measures, such as obtaining collateral or guarantees where it appears appropriate as a result of creditworthiness checks. The default risk is considered minimal for the financial assets which are neither past due nor impaired.

The maximum default risk is reflected primarily by the carrying amounts of the financial assets stated in the statement of financial position (including derivative financial instruments with a positive market value). On the reporting date, there were no material agreements reducing the maximum default risk (e.g. netting arrangements).

Liquidity risk

In order to guarantee the Group's ability to pay its debts at any time and its financial flexibility, revolving liquidity plans are prepared, which show the inflow and outflow of liquidity both in the short term and in the medium and long terms.

The analysis of maturities of financial liabilities with their contractual terms to maturity is shown in chapter V. 12. "Financial liabilities".

Market risk

In the area of market price risks, the Group is exposed to currency risks, interest rate risks and other price risks.

Currency risks

The Group's currency risks result primarily from its operating activity and investments. Risks from foreign exchange rates are hedged insofar as they have a material influence on the cash flows of the Group.

In the operating area, the foreign exchange risks are attributable primarily to the fact that transactions recognised in the statement of financial position and planned transactions are processed in a currency other than the functional currency (euro).

Foreign exchange risks in the financing area are attributable to financial liabilities in foreign currency and loans in foreign currency, which are granted to Group companies for financing purposes. At the end of the year, the Group had short-term trade liabilities denominated in foreign currencies, which do not result in a material risk from the viewpoint of the Company.

In the investment area, foreign currency risks arise mainly from the acquisition or disposal of investments in foreign companies.

To hedge against significant foreign exchange risks, the Group will use currency derivatives in the form of forward exchange transactions and foreign currency option contracts, if necessary. These currency derivatives secure the payments up to a maximum of one year in advance. On the reporting date, the Group was not exposed to significant foreign exchange risks in the operating area. For this reason, hedging transactions against foreign currency risks had not been concluded as at the reporting date.

In accordance with IFRS 7, the Group prepares sensitivity analyses in respect of market price risks in order to establish the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of the financial instruments on the reporting date. It is assumed that the volume of the financial instruments on the reporting date is representative for the year as a whole.

Due to the low level of assets and liabilities in foreign currencies, the Group is not exposed to a material currency risk. On the reporting date, there were insignificant amounts of currencies other than the euro of relevance to the Group, i.e. the British pound and the US dollar.

Interest risks

The Group is exposed to interest risks mainly in the Euro zone. Taking the actual and the planned debt structure into account, the Group uses generally interest derivatives (interest rate swaps, interest caps) to counteract interest rate risks.

In the year under review, interest rate swaps were concluded in connection with new loans taken out because, from a business policy perspective, the time was right for the conclusion of the interest rate swaps.

In accordance with IFRS 7, interest rate risks are presented by means of sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other items included in the results and, if applicable, on the shareholders' equity. Interest rate sensitivity analyses are based on the following assumptions:

- Changes in the interest rate of non-derivative fixed interest bearing financial instruments affect profit or loss only if these instruments are measured at fair value. Accordingly, all fixed interest financial instruments carried at amortised cost are not exposed to interest rate risks within the meaning of IFRS 7.
- Changes in market interest rates have an effect on the interest result of non-derivative variable-interest financial instruments whose interest payments are not designated as underlying transactions in the context of cash flow hedges hedging against interest rate changes, and they are therefore taken into account in sensitivity analyses relating to the results.
- Changes in market interest rates of interest derivatives which are not integrated into a hedging relationship pursuant to IAS 39 have an effect on the interest result (valuation result from the adjustment of the financial assets to the fair value), and they are therefore taken into account in sensitivity calculations relating to the results.

If the market interest level on December 31, 2021 had been higher (lower) by 100 basis points, no effects would have occurred with regard to a revaluation reserve in the shareholders' equity. In addition, the interest result would have been euro 55 thousand lower/higher (prior year: euro 76 thousand).

Other price risks

In order to represent market risks, IFRS 7 also requires information on how hypothetical changes in other price risk variables can have an effect on the prices of financial instruments. In particular stock market prices or indices are relevant risk variables.

On December 31, 2021 and on December 31, 2020, the Company had no material financial instruments in its portfolio that were exposed to other price risks.

Risk concentration

Beyond the general (capital) market risks, there is no significant risk concentration from the management's point of view.

Fair values

The Group's financial instruments which are not carried at fair value include mainly cash equivalents, trade receivables, trade liabilities and other financial liabilities, overdrafts and long-term loans.

The book value of cash equivalents and overdrafts is very close to their market value due to the short term of these financial instruments. As regards receivables and liabilities which are based on standard trade credit conditions, the book value based on historical cost is also very close to the market value.

The fair value of long-term liabilities is based on the currently available interest rates for outside capital borrowed with the same maturity and credit rating profile.

Depending on the market value on the reporting date, derivative financial instruments are reported as other asset (with positive market value) or other liability (with negative market value).

Capital management

The objectives of the Company's capital management are

- ensuring the continued existence of the Company,
- guaranteeing adequate interest yield on shareholders' equity and
- maintaining an optimum capital structure that minimises capital costs as much as possible.

In order to maintain or to modify the capital structure, the Company issues new shares as required, assumes liabilities or disposes of assets to redeem liabilities.

The capital structure is monitored using the debt/equity ratio, which is calculated from the ratio of net borrowed capital to total capital. The net borrowed capital consists of short- and long-term financial liabilities (liabilities to banks, bonds, liabilities to leasing companies, other financial liabilities) less cash and cash equivalents. The total capital consists of shareholders' equity plus net borrowed capital.

Individual companies of the "electricity generation" segment are subject to liquidity reserve requirements from banks, which are taken into account in monitoring the capital structure, but in total have no significant impact on the capital structure and its availability at the Group level.

The strategy of the Company is to maintain a debt/equity ratio of no more than 70 to 80 percent in order to ensure continued access to borrowed capital at reasonable cost by maintaining a good credit rating.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at December 31, 2021 amounted to euro -368.8 million (December 31, 2020: net debt of euro -260.5 million).

in thousand euro	**31.12.2021**	**31.12.2020**
Financial liabilities	518,403	372,123
./. Cash and cash equivalents	149,625	111,617
= Net borrowed capital	**368,778**	**260,506**
+ Shareholders' equity	221,793	200,563
= Total capital	**590,571**	**461,069**
Debt ratio	**62.44%**	**56.50%**

The strategy for monitoring the capital structure, which was unchanged compared with the previous year, has again fulfilled its objectives insofar as both the debt/equity ratio was not exceeded and as all external requirements for securing liquidity were met.

VI. NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

1. Revenues

Revenues are broken down according to product and service areas within the Group. In the reporting period, revenues were generated primarily from the segments "project development" (project planning of wind farm and solar farm projects) and "service products" (management and servicing of wind power and solar power plants as well as revenues from transformer station usage fees). In the "electricity generation" segment, revenues were achieved primarily by the sale of electricity from ongoing operations of wind farms and of the Silbitz biomass power station.

in thousand euro	**2021**	**2020**
Revenue from contracts with customers	102,287	85,098
Other sources of revenue	15,441	24,591
Total revenue	**117,728**	**109,689**

The Group generates revenues from the transfer of goods and the provision of services, both over a period of time and at a point in time, in the following key product and service areas and geographical regions:

in thousand euro					2021
	Project development				
	Germany	Abroad	Services	Electricity Generation	Total
Revenue from contracts with customers	1,325	52,167	17,142	31,653	102,287
Other revenue	1,412	14,029	0	0	15,441
Revenues	**2,737**	**66,196**	**17,142**	**31,653**	**117,728**
Time of revenue recognition					
at a point in time	1,325	52,167	0	0	53,492
over time	0	0	17,142	31,653	48,795

in thousand euro					2020
	Project development				
	Germany	Abroad	Services	Electricity Generation	Total
Revenue from contracts with customers	39,639	7,103	16,054	22,303	85,098
Other revenue	19,483	5,108	0	0	24,591
Revenues	**59,122**	**12,211**	**16,054**	**22,303**	**109,689**
Time of revenue recognition					
at a point in time	39,639	7,103	0	0	46,742
over time	0	0	16,054	22,303	38,357

Other sources of income relate, in particular, to gain on disposal, recognised pursuant to IFRS 10, from the sale of shares in entities that operate in the project business.

Contractually agreed revenue volumes from services, which were attributable to performance obligations not yet fulfilled as at December 31, 2021, are expected to be recognised as revenue, net of expected sales deductions, as follows:

in thousand euro	2021	2020
Outstanding transaction price as at December 31	**65,780**	**69,934**
of which recognised as revenue within 1 year	6,845	6,380
of which recognised as revenue after 1 up to 5 years	16,959	18,861
of which recognised as revenue after more than 5 years	41,976	44,693

The changes in deferred revenues (contract liabilities) between January 1, 2021 and December 31, 2021 result from the following factors:

in thousand euro	2021	2020
Contract liabilities as at January 1	21,965	20,314
Additions	4,805	3,103
Revenue recognised in the reporting period that was included in contract liabilities as at January 1	-1,581	-1,452
Contract liabilities as at December 31	**25,189**	**21,965**

Contract liabilities arise primarily from advance payments made by wind farm operating companies for the use of transformer stations and from advance payments for services.

2. Other operating income

Other operating income includes mainly the following one-off effects:

- Insurance compensation, mainly in connection with wind farm projects and the Silbitz biomass power plant amounting to euro 750 thousand (prior year: euro 619 thousand).
- In the 2021 fiscal year, deferred liabilities of euro 452 thousand (prior year: euro 563 thousand) were reversed, since the reasons for their recognition as a liability no longer existed.
- Income from compensation payments for ongoing wind farm projects from plant manufacturers or claims for damages of euro 7 thousand (prior year: euro 675 thousand).
- The reversal of impairment losses on receivables of euro 74 thousand (prior year: euro 21 thousand).

3. Personnel expenses

Personnel expenses are made up as follows:

in thousand euro	2021	2020
Wages and salaries	32,886	29,753
Social security and pension expenses	5,612	5,301
	38,499	**35,054**
Average annual number of employees	468	446
Personnel expenses per employee	82	79

The expenses for defined contribution plans pursuant to IAS 19 amounted to euro 1,927 thousand in the 2021 fiscal year (prior year: euro 1,716 thousand).

4. Other operating expenses

Other operating expenses include mainly the following items:

in thousand euro	2021	2020
Repair and maintenance expenses	4,424	3,504
Legal and consulting costs	3,601	4,375
Advertising and travel expenses	1,622	1,285
Vehicle costs	1,573	1,552
Insurance premiums and contributions	1,293	1,158
Financial statement and auditing costs, incl. tax advice and external accounting	1,210	1,005
Rental and leasing expenses and incidental rental costs	1,203	491
IT costs	852	606
Supervisory Board remuneration	409	497
Losses from the disposal of assets	340	87

5. Other interest and similar income

Interest income includes interest on loans and overdrafts of euro 76 thousand (prior year: euro 81 thousand) as well as changes in the value of derivative financial instruments (incl. changes in the value of SWAPs disposed of during the year) amounting to euro 3,530 thousand (prior year: euro 0 thousand).

6. Interest and similar expenses

Interest and similar expenses include primarily

- interest on the 2018/2023 bond of euro 1,987 (prior year: euro 1,981 thousand),
- interest on loans and overdrafts of euro 4,334 thousand (prior year: euro 3,744 thousand),
- interest accrued on the transaction costs for bonds of euro 338 thousand (prior year: euro 324 thousand),
- changes in the value of derivative financial instruments (including changes resulting from SWAPs disposed during the year) of euro 891 thousand (prior year: euro 2,815 thousand),
- interest expenses of euro 1,665 thousand (prior year: euro 1,627 thousand) for lease liabilities pursuant to IFRS 16.

7. Taxes on income

Income tax income is made up as follows:

in thousand euro	2021	2020
Current taxes	**5,977**	**5,656**
Deferred taxes		
from consolidation effects	-15,944	5,629
from separate financial statements and HB II adjustments	-11,881	-15,032
	-27,825	**-9,403**
	-21,848	**-3,747**

Current taxes include the corporation tax plus solidarity surcharge and the trade tax for the domestic companies as well as comparable taxes on income for the foreign companies.

For the domestic companies, the corporation tax amounted to 15 percent; the solidarity surcharge remained unchanged at 5.5 percent on corporation tax. Including the trade tax, the total tax liability of the domestic companies was approximately 30 percent.

The individual tax rates for the relevant countries provide the basis for the foreign companies.

There were no major changes in tax expense due to changes in the relevant national tax rates.

On the reporting date, the Group had estimated tax loss carry-forwards of approx. euro 49 million (prior year: euro 74 million) in Germany and of approx. euro 87 million (prior year: approx. euro 62 million) abroad, which can be offset against future profits. A deferred tax claim of euro 10.0 million (prior year: euro 1.4 million) was recognised for these losses and adjusted in the amount of euro 0.0 million (prior year: euro 1.4 million). In view of the loss situation in the past (abroad) and the tax exemption on parts of the sales of shares in corporations in Germany, deferred tax assets on loss carry-forwards are only capitalised in the amount that can be reliably realised in the future through positive taxable profit differences. Domestic losses can be carried forward for an indefinite period. In respect of the substantial losses in the USA, the use of losses in the USA is limited to 12 or 20 years, respectively. For losses in Poland, a time limit of 5 years applies. No deferred taxes were recognised for loss carry-forwards in Germany of euro 13 million (prior year: euro 69 million) and abroad of euro 87 million (prior year: euro 62 million).

The following table shows the reconciliation from the calculated tax income to the income reported in the consolidated statement of comprehensive income:

in thousand euro	2021	2020
Consolidated earnings before taxes on income	**2,816**	**-2,844**
Tax rate	30.0%	30.0%
Income tax expense – calculated	**845**	**-853**
Different tax rate	334	121
Additions/reductions (trade tax)	-695	517
Formation of deferred taxes on loss carry-forwards	-10,034	0
Unrecognised deferred taxes	7,462	11,629
Utilisation of loss carry-forwards	-8,678	-11,820
Tax-free gain on disposal and other tax-free income	-10,892	-2,314
Tax expense/income unrelated to the period	506	-327
Non-deductible expenses	-77	-50
Tax effects of fiscal unity	-620	-649
Other consolidation effects	1	-1
Reported taxes	**-21,848**	**-3,747**

Deferred taxes on valuation adjustments are determined generally on the basis of specific national tax rates. Since the significant items involving deferred taxes are domestic, an average tax rate of 30.0 percent (prior year: 30.0 percent) was applied.

Deferred taxes resulting from valuation differences arose in the following balance sheet items:

	31.12.2021		31.12.2020	
in thousand euro	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Receivables and other assets	20	-5,180	937	7,538
Inventories	8,789	-2,236	3,680	3,313
Property, plant and equipment	41,189	-1,549	28,001	0
Intangible assets	2,406	-87	2,863	126
Other assets	0	0	16	0
Liabilities	1,628	-3,998	92	245
Other provisions	1,243	0	68	0
	55,275	**-13,049**	**35,657**	**11,222**
Losses carried forward	10,034	0	1,389	0
Other consol-idation effects incl. value adjustments	0	0	-1,389	0
	65,309	**-13,049**	**35,657**	**11,222**
Portion that can be offset	-6,596	6,596	-173	-173
Deferred taxes	**58,713**	**-6,454**	**35,484**	**11,049**

8. Earnings per share

Basic earnings per share

In 2021, the annual average number of registered shares amounted to 76,337 thousand (prior year: 76,337).

The basic earnings per share thus amounted to euro 0.33 per share (prior year: euro 0.02 per share).

	2021	**2020**
Consolidated income/loss (in thousand euro)	25,127	1,621
Weighted average number of shares issued (in thousands)	76,337	76,337
Earnings per share (in euro)	**0.33**	**0.02**

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2021	**2020**
Consolidated net income before elimination of dilution effects (thousand euro)	25,127	1,621
- Interest expense on convertible bond (thousand euro)	0	0
Result after elimination (thousand euro)	**25,127**	**1,621**
Weighted average number of shares issued before dilution effects (thousands)	76,337	76,337
+ weighted average of convertible shares (thousands)	0	0
Weighted average number of shares issued after dilution effects (thousands)	**76,337**	**76,337**
Diluted earnings per share (euro)	**0.33**	**0.02**

VII. NOTES ON THE STATEMENT OF CASH FLOWS

In the statement of cash flows, the cash flow from operating activities is presented using the indirect method and the cash flows from investing activities and financing activities using the direct method.

1. Liquid funds

The liquid funds correspond to the item "cash and cash equivalents" in the statement of financial position.

2. Reconciliation between amounts in the statement of cash flows and the statement of financial position

The statement of cash flows presents the change in cash and cash equivalents during the reporting period due to the inflow and outflow of funds. In accordance with IAS 7, cash flows are classified as cash flows from operating activities, investing activities and financing activities. The effects of changes in the scope of consolidation have been eliminated.

In accordance with IAS 7, a reconciliation between the opening and closing balance sheet values of liabilities from financing activities is prepared, which is explained in chapter "V. Statement of financial position, 12. Financial liabilities".

3. Non-cash effects

The statement of cash flows (net presentation) includes non-cash effects of euro -527 thousand (prior year: euro -1,754 thousand). This value consists primarily of

- currency differences totalling euro -417 thousand (prior year: euro -1,873 thousand) and
- other effects totalling euro -110 thousand (prior year: euro 79 thousand).

In the 2021 fiscal year, the application of IFRS 16 "Leases" resulted in a change in previously non-cash liabilities from leases by euro 35.6 million (prior year: euro 35.3 million) to euro 110.6 million (prior year: euro 75.0 million) in the statement of financial position.

VIII. NOTES ON THE STATEMENT OF CHANGES IN EQUITY

Transaction costs

As in the previous year, no significant transaction costs were incurred.

IX. SEGMENT REPORTING

During the 2021 fiscal year, the Company continued to evolve beyond wind energy into an even more broadly positioned provider of solutions for clean energies. In addition to the core business of project planning for wind farms on land and at sea, the development of photovoltaic projects was expanded and the path for solutions in the power-to-X area, started in 2019, was continued.

The Company has created the further prerequisites for implementing the "Scale up" strategy during the reporting period. Since the internal organisational and management structure as well as the internal reporting to the Board of Management and the Supervisory Board form the foundation for determining the segment reporting format of PNE AG, segment reporting consists of the three segments "project development", "electricity generation" and "service products". This structure reflects the current status of the Group's activities.

The operational business of the PNE Group during the 2021 fiscal year was still characterised mainly by wind farm project planning and the strategic further development in the photovoltaics area ("project development" segment) as well as the further expansion of services ("service products" segment). In addition, the internal operation of wind power turbines enables environmentally friendly production of electricity under economically sustainable conditions ("electricity generation" segment).

In detail, the business activities of the PNE Group in the reporting period in the individual segments essentially comprised the planning, construction and operation of wind and photovoltaic farms and transformer stations for electricity generation as well as the servicing of wind power turbines and other services related to renewable energy projects and electricity generation.

In the fiscal years since 2017, the Company has planned and constructed wind farms in Germany, which were initially held in its own portfolio. Since the company-owned wind farms are operated by the Company itself regardless of their current or future shareholder structure and are used to generate electricity, the wind farms are recognised in the Group's electricity generation segment from the date of sale within the Group (the electricity is fed into the public grid).

As a matter of principle, the business relationships between the companies of the PNE Group are based on prices that are also agreed with third parties. Internal reporting, which is based on segment reporting, is based exclusively on the values of the Group's IFRS accounting explained in these consolidated financial statements.

The revenues with external customers in the segments "service products" and "electricity generation" and the segment assets of the "project development", "service products" and "electricity generation" segments are attributable mainly to Germany. In the "project development" segment, revenues were realised with external customers, which amounted to more than 10 percent of total revenues. During the reporting year, sales of approx. euro 43.6 million ("project development" segment), which can be assigned to the international area, were generated with one customer. No other single customer contributed 10 percent or more to consolidated sales.

In the previous year, sales of approx. euro 41.7 million were generated with three customers ("project development" segment), which were assigned to the domestic area and each contributed more than 10 percent to consolidated sales.

Long-term assets are attributable to the following regions:

in thousand euro	31.12.2021	31.12.2020
Germany	402,982	279,854
Other countries	1,835	1,878
	404,817	**281,732**

The share of associated companies accounted for using the at-equity method in the result for the period is included in the "electricity generation" segment with euro 27 thousand (prior year: euro 0 thousand).

X. OTHER DISCLOSURES

1. Contingent liabilities and other financial obligations

On the reporting date, there were contingent liabilities arising from the provision of guarantees for:

in thousand euro	31.12.2021	31.12.2020
Various wind farm and photovoltaic projects	104,702	211,892
Other	720	671
	105,422	**212,563**

The main contingent liabilities of euro 59.5 million (prior year: euro 193.3 million) relate to guarantees for wind turbine orders and project financing, which will be reduced during the implementation phase of the projects or expire upon completion of the projects. From the current perspective, utilisation is not expected.

Utilisation of the other guarantees issued totalling euro 46.0 million (prior year: euro 19.3 million) is also not expected from today's perspective.

Moreover, there are obligations from order commitments for wind power turbines in the net amount of euro 63.3 million (prior year: euro 16.8 million). The obligations under order commitments are fully due within the next two years.

Other financial obligations of euro 0.2 million (prior year: euro 0.9 million) arise from cooperation activities in respect of project development abroad.

No material risks can be identified from these transactions.

2. Assumptions of the management concerning future developments and other valuation uncertainties

The internationally operating PNE Group with its brands PNE and WKN is one of the most experienced project developers of onshore and offshore wind farms. The projects developed are sold to external customers or integrated into the rapidly growing portfolio of wind farms operated by the Company itself. In the reporting period, the PNE Group has also intensified the development of photovoltaic projects in Germany and abroad. The PNE Group currently operates in 13 countries on four continents. On this successful basis, it has it has positioned itself as a "Clean Energy Solutions Provider". From initial site exploration and implementation of approval procedures, financing and turnkey construction to operation and repowering, the range of services covers all phases of project development and operation of clean power plants using the wind, the sun and storage technology. This is also how the Group's products are defined: project development wind energy, project development photovoltaics and project development hybrid solutions. The PNE Group is also involved in the development of power-to-X solutions. In addition to project development and operation, the Group offers a wide range of services for projects as well as for the supply of clean electricity to customers. These services include, among others, financial services, construction management, wind planning services/wind measurements, operations management, electricity marketing management, and energy supply services. In this field, PNE is a strong partner to its customers throughout the entire life cycle of wind and photovoltaic farms. Renewable energies, especially wind energy and photovoltaics, have developed into an important pillar of electricity generation in recent years. In some of the world's major economies, annual capacity growth is higher than in any other type of power generation. Since 2000, cumulative installed capacity of renewable energies has grown continuously. This is demonstrated especially by the development of wind energy and photovoltaics.

Improvements to the wind turbine technology have boosted energy yields in relation to the investment sum, and simultaneously reduced operation and maintenance (O&M) costs. The resulting cost reduction means that electricity from wind energy and photovoltaics is increasingly cheaper than fossil fuels. This is also reflected in the ongoing global expansion of photovoltaics, which, in addition to expanding wind energy, contributes significantly to increasing renewable energy capacity.

These developments provide evidence of the opportunities ahead for PNE. In order to be in an optimum position in the global markets, the Group concentrates on the development and construction as well as the sale and operation of wind farms and photovoltaic projects in selected core markets. In addition, the first hybrid projects, in which wind and photovoltaics are used in parallel, are being developed.

On the other hand, market changes due to various political developments, but also due to the impact of the COVID-19 pandemic on national economies, have led to uncertainties. For details regarding uncertain future developments and the strategic objectives of PNE AG, we also refer to the explanations in the combined management and group management report, chapter 8 "Report on opportunities and risks".

3. Transactions with related companies and persons

With regard to the financial statements of PNE AG and its subsidiaries included in the consolidated financial statements, please consult the list of shareholdings.

The remuneration and the shareholdings of the members of the Supervisory Board and the Board of Management are explained in item X.4.

4. Information on the Supervisory Board and the Board of Management

Supervisory Board

- Mr. Per Hornung Pedersen, Hamburg, self-employed corporate consultant (Chairman)
- Mr. Marcel Egger, Apensen, member of the group management board of the EUROGATE Group
- Dr. Susanna Zapreva, Hanover, CEO of enercity AG
- Mr. Florian Schuhbauer, Frankfurt am Main, managing director of Active Ownership Advisors GmbH, Frankfurt am Main, and of Active Ownership Capital S.à r.l., Luxembourg
- Mr. Alberto Donzelli, Executive Director/Managing Director of Morgan Stanley Infrastructure Partners, London, United Kingdom
- Mr. Christoph Oppenauer, Frankfurt am Main, Asset Management Officer at Morgan Stanley Infrastructure Partners, Frankfurt am Main (Deputy Chairman)

Mr. Per Hornung Pedersen is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Suzlon Energy Ltd., Mumbai, India
- Sea Tower AS, Oslo, Norway
- Swire Energy Services, London, United Kingdom

Mr. Marcel Egger is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Member of the Board of Directors (group-internal mandates of the EUROGATE Group) of:
  - NTB North Sea Terminal Bremerhaven GmbH & Co, Bremerhaven
  - MSC Gate Bremerhaven GmbH & Co. KG, Bremerhaven
  - LISCONT Operadores de Contentores S.A., Lisbon, Portugal (until November 2, 2021)
  - EUROGATE Container Terminal Limassol Limited, Limassol, Cyprus
  - OOO Ust-Luga Container Terminal, Ust-Luga, Russia

Dr. Susanna Zapreva is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- shareholder committee of Thüga Holding GmbH & Co. KGaA, Munich
- Supervisory Board of Stadtwerke Garbsen GmbH, Garbsen
- Supervisory Board of Stadtwerke Wunstorf GmbH, Wunstorf

Mr. Florian Schuhbauer is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Active Ownership Fund SICAV-FIS SCS, Luxembourg
- NFON AG, Munich
- Vita 34 AG, Leipzig, Chairman of the Supervisory Board (until December 15, 2021), Deputy Chairman of the Supervisory Board (since December 15, 2021)

Mr. Alberto Donzelli is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Ital Gas Storage S.p.A., Advisory Board Member, Milan, Italy
- AUC Group LLC, Board Member, Delaware, USA
- Marlin Water Solutions Company, Board Member, Delaware, USA
- Tarpon Water Solutions LTD, Board Member, British Virgin Islands, USA
- Yellowfin Water Solutions Company, Board Member, Delaware, USA
- Seven Seas Water Solutions USA LLC, Board Member, Delaware, USA (since July 27, 2021)
- Larus Holding Limited, Board Member, Hamilton, Bermuda (since May 7, 2021)
- Hoegh LNG Limited, Board Member, Hamilton, Bermuda (since May 7, 2021)
- Hoegh LNG Partners LP, Board Member, Hamilton, Bermuda (since June 8, 2021)
- Antwerp Holdco Limited, Board Member, London, United Kingdom (Director since July 12, 2021)
- Antwerp Investments Limited, Board Member, London, United Kingdom (Director since July 12, 2021)
- Antwerp Management Limited, Board Member, London, United Kingdom (Director since July 13, 2021)

Mr. Christoph Oppenauer is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Member of the Supervisory Board of VTG AG, Hamburg

The total remuneration paid to the Supervisory Board in the 2021 fiscal year amounted to approx. euro 409 thousand (prior year: euro 497 thousand), of which approx. euro 365 thousand (prior year: approx. euro 434 thousand) fixed remuneration and approx. euro 44 thousand (prior year: euro 63 thousand) attendance fees.

Of the members of the Supervisory Board, Mr. Marcel Egger held 4,500 shares in the Company on December 31, 2021. On December 31, 2021, 9,183,433 shares of the Company were attributable to the Supervisory Board member Mr. Florian Schuhbauer via the Active Ownership Fund SICAV-FIS SCS.

Board of Management

- Mr. Markus Lesser, Korschenbroich (Chairman) (CEO)
- Mr. Jörg Klowat, Cuxhaven (CFO)

Mr. Markus Lesser is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- RenCon GmbH, Korschenbroich

For their activity during the fiscal year 2021, the members of the Board of Management received total remuneration (including accrued liabilities for bonuses) of euro 2,097 thousand (prior year: euro 1,982 thousand), or corresponding provisions were formed. Approx. euro 769 thousand (prior year: approx. euro 766 thousand) of this amount related to non-performance-related remuneration including fringe benefits. An amount of euro 1,328 thousand (prior year: euro 1,216 thousand) was attributable to partly long-term and partly short-term performance-related remuneration.

The members of the Company's Board of Management held no shares of the Company on December 31, 2021 and December 31, 2020.

Additional disclosures for German parent companies in the IFRS consolidated financial statements in accordance with Section 315e of the German Commercial Code (HGB)

5. Group auditors' fees

The fees of the group auditors in the 2021 fiscal year were as follows:

in thousand euro	
Audit of annual financial statements (separate and consolidated)	493[1)]
Other attestation services	0
Tax consulting services	0
Other services	5[2)]
	498

[1)] Of which for the prior fiscal year: euro 22 thousand
[2)] Of which for the prior fiscal year: euro 1 thousand

The fees for the auditing services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft related mainly to the audit of the consolidated financial statements and the annual financial statements and the combined management and group management report as well as the voluntary audits of annual financial statements of several subsidiaries. They also performed a review of the half-year financial report.

The other services related to agreed investigation activities with regard to information obligations from loan agreements as well as consulting services in connection with the Annual General Meeting in 2021.

6. German Corporate Governance Code

The German Corporate Governance Code is a legal guideline for the monitoring and supervision of listed companies in Germany. It summarises the nationally and nationally recognised standards for responsible business management. The objective of the guideline is to support the confidence of investors, customers, employees and the general public in German business management. Once every year, the Board of Management and the Supervisory Board must issue a declaration, in which they declare to what extent they have complied with the German Corporate Governance Code.

The last declaration of compliance in accordance with Section 161 AktG was issued in September 2021.

The declaration of compliance is published on our website www.pne-ag.com in the "Investor Relations" section under Corporate Governance and can be downloaded there.

7. INFORMATION ON EMPLOYEES

Average annual number of employees

in thousand euro	**2021**	**2020**
Executives (excluding Board of Management of PNE AG)	73	72
Salaried employees	378	352
Wage earners	17	22
	468	**446**

8. Events after the reporting date

No events have occurred since the end of the period under report which have significant effects on the earnings, financial and asset situation. With regard to the possible effects of the current COVID-19 pandemic, we refer to the combined management and group management report (chapter "8. Report on risks and opportunities").

Cuxhaven, March 16, 2022

PNE AG

Markus Lesser
Chairman of the
Board of Management

Jörg Klowat
Board of Management

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

PNE AG, The Board of Management

Markus Lesser Jörg Klowat

INDEPENDENT AUDITOR'S REPORT

To PNE AG, Cuxhaven/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of PNE AG, Cuxhaven/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of PNE AG, Cuxhaven/Germany, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement pursuant to Section 315d German Commercial Code (HGB) combined with the corporate governance statement pursuant to Section 289f HGB, referred to in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the consolidated corporate governance statement combined with the corporate governance statement as referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Goodwill impairment test
2. Recoverability of onshore project inventories
3. Realisation of revenue generated with the planning and construction as well as sale of onshore and offshore wind farm projects
4. Tax risks from income taxes

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements and in the combined management report)
b) auditor's response

1. Goodwill impairment test

a) The item "Intangible fixed assets" in the consolidated statement of financial position includes goodwill in the amount of mEUR 63.3 (equals 7.7 % of total assets). The goodwill is tested for impairment as at 31 December each financial year in accordance with IAS 36. During these impairment tests, the carrying values of the cash-generating units are compared with the recoverable amounts. The executive directors of PNE AG appointed an independent expert to conduct the impairment tests. This independent expert prepared reports pursuant to the requirements of the statement on financial reporting of the Institut der Wirtschaftsprüfer (IDW RS HFA 40). Measurement was based on valuation techniques according to the discounted cash flow method. The result of the measurement highly depends on estimates for the future cash inflows made by the executive directors and for the discount rates used and, therefore, is subject to major uncertainties. In the light of the significance of the involved amount of goodwill and due to the complex underlying valuation techniques, we classified this matter as a key audit matter as part of our audit.

The Company's information on the goodwill is provided in sections "IV.1 Intangible fixed assets", "IV.3 Impairment of intangible fixed assets and property, plant and equipment" and "V.1 Intangible fixed assets" in the notes to the consolidated financial statements.

b) At the beginning of our audit of the goodwill impairment test, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. As part of our audit of the audit matter, we used the knowledge and audit results gained in previous years. For the purpose of risk assessment, we obtained, among other things, an understanding of the past adherence to the budget. We assessed the operational and organisational structure with respect to appropriateness and effectiveness of the implemented controls regarding the corporate budgeting process. This particularly involves periodical assessments of liquidity as well as of the appropriateness and viability of the corporate budget of the cash-generating units by the executive directors of PNE AG for the purpose of reviewing the recoverability of the goodwill.

We have classified the recoverability of the goodwill as a specific risk. As part of our audit, we used the report prepared by the independent expert appointed by the executive directors of PNE AG. We assured ourselves of the competence, capabilities and objectivity of the expert. As regards the assessment of the appropriateness of the assumptions, techniques and models of the measurement technique, we consulted internal experts of the Valuation Services function, who assisted us in assessing the approach used to conduct the impairment test and the parameters including weighted average cost of capital used to determine the applied discount rates as well as the calculation methods. Furthermore, in order to assess the future cash inflows, we compared the future cash inflows used in the calculation with the current target values specified in the three-year budget adopted and approved by the executive directors and supervisory board, respectively, and examined them for plausibility. As we know that even relatively small changes of the discount rate used can have major effects on the amount of the realisable amount determined in this way for the cash-generating units, we also assessed the sensitivity analyses prepared by the Parent. In addition, we inspected all minutes of the executive directors' meetings and supervisory board meetings and considered the discussions held and explanations made in such meetings about the business development of the individual cash-generating units for the purpose of plausibility.

2. Recoverability of onshore project inventories

a) The item "Inventories" in the consolidated statement of financial position includes work in progress of mEUR 122.5 (equals 14.8% of the Group's total assets) related to onshore wind farm projects under development. In this context, onshore project inventories in Germany and abroad account for revenue of mEUR 100.4 million and mEUR 22.1, respectively.

The success of the onshore wind farm projects projected by PNE Group is primarily governed by the corresponding feed-in tariffs, which considerably affect the projects' profitability in the individual countries. Amendments to the regulatory framework have a considerable effect on the measurement of work in progress in the consolidated statement of financial position. In addition, projects can become unprofitable and result in liquidity shortages and endanger the required cash flows due to the lack of approvals, unsuccessful participation in auctions to secure feed-in tariffs and due to delays. Each of this affects the recoverability of the project inventories. The estimate of the recoverability of onshore wind farm projects made by the executive directors of PNE AG is to a great extent subject to the executive directors' judgement.

In the light of the significance of the involved amount of work in progress and the estimate of the recoverability, which, to a great extent, is governed by the executive directors' judgement, we considered this matter to be of particular significance in the scope of our audit.

The Company's information about the concerned work in progress are provided in sections "IV.7 Inventories" and "V.5 Inventories" of the notes to the consolidated financial statements. In addition, the risks related to the recoverability of work in progress are set out in section "8. Risk and Opportunity Report" and listed there under "Risks from Operating Activities" of the combined management report.

b) At the beginning of our audit of the recoverability of onshore project inventories, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. As part of our audit of the audit matter, we used the knowledge and audit results gained in previous years. We assessed the operational and organisational structure related to the measurement of inventories with respect to appropriateness and effectiveness of the implemented controls. This particularly relates to the executive directors' frequent assessment of the recoverability of the project inventories disclosed in the consolidated financial statements.

We classified the recoverability of the project inventories as a specific risk. As part of our audit, we discussed the recoverability of work in progress regarding project inventories with the executive directors of PNE AG and the executive directors with the corresponding group entities.

Moreover, we reviewed the information provided by the executive directors of PNE AG on the viability of onshore projects on a sample basis based on budgets and project calculations prepared by group entities.

Furthermore, we inspected all minutes of executive directors' meetings and supervisory board meetings as well as the minutes of the periodical meetings of the project leaders for any indication for need of impairment.

Regarding the project inventories abroad, we examined the audit processes of the foreign component auditors based on discussions with the component auditors by phone. In addition, we assessed the reports prepared by the component auditors in a critical manner.

3. Realisation of revenue generated with the planning and construction as well as sale of onshore and offshore wind farm projects

a) The revenue disclosed in the consolidated statement of comprehensive income amounts to mEUR 117.7. In this context, revenue of mEUR 68.9 relates to the planning and construction as well as the sale of onshore and offshore wind farm projects.

As the revenue generated with the planning and construction as well as the sale of onshore and offshore wind farm projects is subject in part to complex contract arrangements, we considered this matter to be of particular significance in the scope of our audit.

The information provided by the executive directors on the revenue generated with the planning and construction as well as the sale of onshore and offshore wind farm projects is included in section "IV.14 Revenue" and "VI.1 Revenue" in the notes to the consolidated financial statements.

b) At the beginning of our audit of the recognition of revenue from the planning and construction as well as the sale of onshore and offshore wind farm project companies, we evaluated whether and to what extent the valuation processes of the Company are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. As part of our audit of the revenue, we assessed at Group level the organisational and operational structure of the projection process for appropriateness and effectiveness of the implemented controls by using the knowledge gained during audits in previous years and based on the economic and legal environment of the Company.

In this context, we focused on the analysis of the contract principles and of contract terms taking into account compliance with the requirements for revenue recognition according to IFRS 15 concerning all material transactions. Moreover, we reviewed compliance with the requirements of revenue recognition. Our audit procedures, therefore, were particularly based on the underlying contracts, invoices and customer acceptance protocols and other proof of services rendered as well as records of payment. Moreover, as part of our audit, we discussed the related audit results of the foreign component auditors with them. In addition, we assessed particularly complex matters in consultation with internal IFRS experts for the presentation in the consolidated financial statements in compliance with the requirements under IFRS. In addition, we audited the completeness and accuracy of the related disclosures made in the notes to the consolidated financial statements.

4. Tax risks from income taxes

a) The completed government tax audit at WKN GmbH concerning the assessment periods from 2010 until 2013 as well as the current government tax audit at WKN GmbH concerning the assessment periods from 2014 until 2016 may result in risks for the PNE Group in the light of potential findings and resulting additional tax payments and interest. In January 2019, a final meeting with the tax office was held for the government tax audit concerning the assessment periods from 2010 until 2013. According to the result of the final meeting between the executive directors of WKN GmbH plus their tax adviser and the tax office, both parties still have different opinions on the tax treatment of individual matters. Objections have been lodged against the tax assessment notices received for the assessment periods from 2010 until 2013. For the assessment periods from 2014 until 2016, no tax assessment notices had been issued until the end of our audit.

For the majority of the matters reviewed as part of the government tax audit, the executive directors of PNE AG still see no reason to set up a provision in the consolidated statement of financial position as at 31 December 2021 and made payments for individual transactions that had been considered in the government tax audit and were agreed on in the final meeting. In the light of the complex tax assessments of transactions and the possible effects of up to a further mEUR 7 to mEUR 8 on the assets, liabilities, financial position and financial performance of the PNE Group, we considered the recognition and measurement of these provisions to be of particular significance in the scope of our audit.

The executive directors' information on tax risks is included in section "V.10 Provisions for taxes" in the notes to the consolidated financial statements and in section "8. Report on risks and opportunities" in the combined management report and listed there under "Tax risks".

b) At the beginning of our audit of the tax risks from income taxes, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. We assessed the operational and organisational structure with respect to appropriateness of the implemented controls regarding the transactions reviewed as part of the government tax audit. This particularly relates to the evaluation and estimation of risks by the executive directors of PNE AG and WKN GmbH, who consulted tax advisers in this regard.

As part of our audit, we used the results of the experts consulted by the executive directors of WKN GmbH for preparing estimates of the tax-related effects of the risks. We assured ourselves of the competence, capabilities and objectivity of the experts. In addition, we reviewed and assessed the reports prepared by the experts and assessed the executive directors' estimate of the outcome of the government tax audit. For this reason, we have talked to the executive directors of the parent company as well as the executive directors of WKN GmbH and tax advisers of WKN GmbH. We consulted internal experts of our Tax department and internal IFRS experts for our audit procedures.

We assessed the disclosures in the notes to the consolidated financial statements for completeness and accuracy.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the consolidated corporate governance statement pursuant to Section 315d HGB combined with the corporate governance statement pursuant to Section 289f HGB referred to in the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 HGB and Section 315 (1) sentence 5 HGB, and
- all other parts of the published annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board as well are responsible for the declaration according to Section 161 German Stock Corporation Act (AktG), which is part of the consolidated corporate governance statement combined with the corporate governance statement. Otherwise the executive directors are responsible for the other information.

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

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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 whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We 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.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256-Wert 68475a9e2a8d9cd5e0e40a253bd5032c1dc926eae38ddf01ceb84d128db04f91, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i. e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the annual general meeting on 19 May 2021. We were engaged by the supervisory board on 24 August 2021. We have been the Group auditor of PNE AG, Cuxhaven/Germany, without interruption since the financial year 2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Arno Probst.

Hamburg/Germany, 16 March 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christian Dinter Wirtschaftsprüfer (German Public Auditor)	Signed: Dr Arno Probst Wirtschaftsprüfer (German Public Auditor)

FINANCIAL STATEMENTS OF THE AG

PROFIT AND LOSS ACCOUNT (HGB)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2021

(differences from rounding off possible)	2021 in euro	2020 in thousand euro
1. Revenues	88,954,679.18	54,180
2. Increase/decrease in work in process	-1,503,944.35	2,948
3. Other operating income	16,901,219.71	3,213
4. Total aggregate output	**104,351,954.54**	**60,341**
5. Cost of purchased materials		
a) Cost of raw materials, supplies and purchased materials	-13,185,464.87	-1,753
b) Cost of purchased services	-32,967,279.39	-16,349
	-46,152,744.26	**-18,102**
6. Personnel expenses		
a) Wages and salaries	-14,549,856.78	-13,336
b) Social security contributions	-1,992,735.23	-1,727
	-16,542,592.01	**-15,063**
7. Amortisation and depreciation of intangible assets and items of property, plant and equipment	-687,419.78	-708
8. Other operating expenses	-13,554,550.73	-12,382
9. Operating result	**27,414,647.76**	**14,086**
10. Income from profit transfer agreements	46,839,578.81	34,451
11. Income from participations	24,325.00	52
12. Other interest and similar income	4,495,919.61	3,842
13. Amortisation of financial assets	-26,000.00	-26
14. Interest and similar expenses	-2,552,052.57	-2,444
15. Profit before Taxes	**76,196,418.61**	**49,961**
16. Taxes on income (prior year: taxes on income reimbursed)	5,021,076.35	-5,416
17. Profit after Taxes	**81,217,494.96**	**44,545**
18. Other taxes	-64,663.20	-63
19. Net income	**81,152,831.76**	**44,482**
20. Profit carried forward	153,027,989.70	111,599
21. Dividend	-3,053,461.24	-3,053
22. Retained earnings	**231,127,360.22**	**153,028**
Earnings per share (undiluted)	1.06 euro	0.58 euro
Average number of shares in circulation (undiluted) (in thousands)	76,337	76,337
Earnings per share (diluted)	1.06 euro	0.58 euro
Average number of shares in circulation (diluted) (in thousands)	76,337	76,337

BALANCE SHEET (HGB)

of PNE AG, Cuxhaven, as at December 31, 2021

Assets

(differences from rounding off possible)	Status as at 31.12.2021 in euro	Status as at 31.12.2020 in thousand euro
A. Fixed assets		
I. Intangible assets		
Acquire by purchase franchises, trademarks, licences and other similar rights as well as licences from such rights	88,749.17	99
	88,749.17	**99**
II. Property, plant and equipment		
1. Land and buildings including buildings on third-party land	9,083,632.41	9,486
2. Technical equipment and machinery	58,190.06	447
3. Other plant and machinery, fixtures and fittings	510,702.71	341
	9,652,525.18	**10,274**
III. Financial assets		
1. Participations in associated companies	141,283,940.99	127,982
2. Loans to associated companies	646,300.58	1,449
3. Participations	801,575.78	802
	142,731,817.35	**130,233**
Total fixed assets	**152,473,091.70**	**140,606**
B. Current assets		
I. Inventories		
1. Work in process	17,734,336.86	19,238
2. Finished goods	1,647.58	2
3. Prepayments	36,374,162.91	17,011
	54,110,147.35	**36,251**
II. Receivables and other assets		
1. Trade receivables	1,921,760.02	2,686
2. Receivables from associated companies	176,103,701.21	141,701
3. Other assets	6,384,604.30	5,252
	184,410,065.53	**149,639**
III. Securities		
Other securities	418,000.00	418
IV. Cash on hand and cash in banks	**87,250,298.31**	**59,125**
Total current assets	**326,188,511.19**	**245,433**
C. Deferred charges	**105,940.82**	**201**
D. Deferred tax assets	**10,067,817.00**	**0**
Total assets	**488,835,360.71**	**386,240**

Liabilities

(differences from rounding off possible)	Status as at 31.12.2021 in euro	Status as at 31.12.2020 in thousand euro
A. Shareholders' equity		
I. Capital issued / subscribed		
Capital issued / subscribed	76,603,334.00	76,603
Treasury shares	-266,803.00	-267
Conditional capital euro 20,000,000.00 (prior year: euro 20,000,000.00)		
II. Capital reserves	**59,094,989.68**	**59,095**
III. Retained earnings	**231,127,360.22**	**153,028**
Total shareholders' equity	**366,558,880.90**	**288,459**
B. Special items for investment grants	**667,304.42**	**714**
C. Provisions		
1. Provision for taxes	1,429,144.00	843
2. Other taxes	16,947,141.75	10,015
	18,376,285.75	**10,858**
D. Liabilities		
1. Bonds	50,000,000.00	50,000
2. Liabilities to banks	3,593,995.70	7,315
3. Prepayments received on orders	38,206,484.39	14,667
4. Trade payables	1,141,021.19	1,880
5. Liabilities to associated companies	8,687,146.86	8,924
6. Other liabilities	1,568,272.50	3,379
Total liabilities	**103,196,920.64**	**86,165**
E. Deferred income	**35,969.00**	**44**
Total liabilities and shareholders' equity	**488,835,360.71**	**386,240**

STATEMENT OF CASH FLOWS (HGB)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2021

All figures in thousand euro (differences from rounding off possible)		**2021**	**2020**
Net income		**81,153**	**44,482**
+/-	Interest expense and income	-1,944	-1,398
-/+	Other income/losses from participations and profit (-)/ losses from transfer agreements	-46,864	-34,503
+/-	Income tax expense and benefit	-5,021	5,416
-	Income tax payments	1,885	-4,611
+	Amortisation and depreciation of intangible assets and items of property, plant and equipment	687	708
+	Amortisation of financial assets	26	26
+/-	Decrease/Increase in provisions	7,518	2,215
+/-	Other non-cash effective expenses and income	-46	178
+/-	Decrease/increase of inventories and other assets	-47,842	-43,602
-/+	Decrease/increase in trade receivables	764	-1,616
-/+	Decrease/Increase in trade payables and other liabilities	20,745	16,746
Cash flow from operating activities		**11,061**	**-15,959**
+	Inflow of funds from disposal of items of property, plant and equipment	409	1
-	Outlow of funds for investments in intangible assets and property, plant and equipment	-465	-255
+	Inflow of funds from disposal of items of financial assets	803	0
-	Outflow of funds for investments in financial assets	-13,328	-1,308
+	Interest received	4,496	3,843
+/-	Dividends received/profit transfer/assumption of losses	34,475	2,233
Cash flow from investing activities		**26,390**	**4,514**
+	Inflow of funds from financial loans	0	3,565
-	Payments to shareholder	-3,053	-3,053
-	Outflow of funds from the repayment of financial loans	-3,721	-150
-	Interest paid	-2,552	-2,444
Cash flow from financing activities		**-9,326**	**-2,082**
Cash effective change in liquid funds (< = 3 months)		**28,125**	**-13,527**
+	**Liquid funds (< = 3 months as at the beginning of the period**	**59,125**	**72,652**
Liquid funds (< = 3 months as at the end of the period*		**87,250**	**59,125**
Supplementary note: the value of the liquid funds as at 31.12. corresponds to the balance sheet item "cash on hand and cash in banks, etc."			
* of which are pledged to a bank as security guaranteed credt lines		735	488

DEVELOPMENT OF SHAREHOLDERS' EQUITY (HGB)

of PNE AG, Cuxhaven, for the fiscal year from January 1 to December 31, 2021

	Capital subscribed			Reserve		
	Capital subscribed	Treasury shares		Capital reserve		
All figures in euro	Ordinary shares	Ordinary shares	Total	according to § 272 (2) No. 1–3 HGB	Retained earnings/loss	Total shareholders equity
Status as at January 1, 2020	**76,603,334.00**	**-266,803.00**	**76,336,531.00**	**59,094,989.68**	**111,599,172.29**	**247,030,692.97**
Dividend	0.00	0.00	0.00	0.00	-3,053,461.24	-3,053,461.24
Net income 2020	0.00	0.00	0.00	0.00	44,482,278.65	44,482,278.65
Status as at December 31, 2020/ January 1, 2021	**76,603,334.00**	**-266,803.00**	**76,336,531.00**	**59,094,989.68**	**153,027,989.70**	**288,459,510.38**
Dividend	0.00	0.00	0.00	0.00	-3,053,461.24	-3,053,461.24
Net income 2021	0.00	0.00	0.00	0.00	81,152,831.76	81,152,831.76
Status as at December 31, 2021	**76,603,334.00**	**-266,803.00**	**76,336,531.00**	**59,094,989.68**	**231,127,360.22**	**366,558,880.90**

SCHEDULE OF FIXED ASSETS (HGB)

of PNE AG, Cuxhaven, for the fiscal year 2021

	Acquisition and manufacturing cost			
All figures in euro (differences from rounding off possible)	**Status as at 1.1.2021**	**Additions**	**Disposals**	**Status as at 31.12.2021**
I. Intangible assets				
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	695,215.06	56,627.98	19,056.00	732,787.04
	695,215.06	**56,627.98**	**19,056.00**	**732,787.04**
II. Property, plant and equipment				
1. Land and buildings including buildings on third party land	17,142,140.38	3,600.50	0.00	17,145,740.88
2. Technical equipment and machinery	823,354.84	40,448.28	655,899.24	207,903.88
3. Other plant and machinery, fixtures and fittings	2,184,343.69	363,858.47	22,564.84	2,525,637.32
	20,149,838.91	**407,907.25**	**678,464.08**	**19,879,282.08**
III. Financial assets				
1. Shares in associated companies	134,578,320.23	13,328,010.20	3,485,434.13	144,420,896.30
2. Loans to associated companies	1,449,445.58	0.00	803,145.00	646,300.58
3. Participations	801,575.78	0.00	0.00	801,575.78
	136,829,341.59	**13,328,010.20**	**4,288,579.13**	**145,868,772.66**
	157,674,395.56	**13,792,545.43**	**4,986,099.21**	**166,480,841.78**

Accumulated amortisation and depreciation				Book values	
Status as at 1.1.2021	**Additions**	**Disposals**	**Status as at 31.12.2021**	**Status as at 31.12.2021**	**Status as at 31.12.2020**
595,862.01	65,775.86	17,600.00	644,037.87	88,749.17	99,353.05
595,862.01	**65,775.86**	**17,600.00**	**644,037.87**	**88,749.17**	**99,353.05**
7,656,088.52	406,019.95	0.00	8,062,108.47	9,083,632.41	9,486,051.86
376,390.43	24,964.91	251,641.52	149,713.82	58,190.06	446,964.41
1,843,725.04	190,659.06	19,449.49	2,014,934.61	510,702.71	340,618.65
9,876,203.99	**621,643.92**	**271,091.01**	**10,226,756.90**	**9,652,525.18**	**10,273,634.92**
6,596,389.44	26,000.00	3,485,434.13	3,136,955.31	141,283,940.99	127,981,930.79
0.00	0.00	0.00	0.00	646,300.58	1,449,445.58
0.00	0.00	0.00	0.00	801,575.78	801,575.78
6,596,389.44	**26,000.00**	**3,485,434.13**	**3,136,955.31**	**142,731,817.35**	**130,232,952.15**
17,068,455.44	**713,419.78**	**3,774,125.14**	**14,007,750.08**	**152,473,091.70**	**140,605,940.12**

SCHEDULE OF LIABILITIES (HGB)

of PNE AG, Cuxhaven, as at December 31, 2021

	Maturities			
All figures in euro (differences from rounding off possible) (Prior years in brackets)	**Up to one year**	**One to five years**	**More than five years**	**Total amount**
Type of liabilities				
1. Bonds	0.00	50,000,000.00	0.00	50,000,000.00
	(0.00)	(50,000,000.00)	(0.00)	(50,000,000.00)
2. Liabilities to banks	161,302.72	704,566.93	2,728,126.05	3,593,995.70
	(3,720,710.05)	(680,368.30)	(2,913,606.47)	(7,314,684.82)
3. Prepayments received on orders	38,206,484.39	0.00	0.00	38,206,484.39
	(14,666,575.00)	(0.00)	(0.00)	(14,666,575.00)
4. Trade liabilities	1,141,021.19	0.00	0.00	1,141,021.19
	(1,879,922.84)	(0.00)	(0.00)	(1,879,922.84)
5. Liabilities to participations	8,687,146.86	0.00	0.00	8,687,146.86
	(8,924,028.35)	(0.00)	(0.00)	(8,924,028.35)
6. Other liabilities	1,568,272.50	0.00	0.00	1,568,272.50
of which from taxes: euro 193,861.42 (prior year: euro 1,956 thousand)	(3,379,332.29)	(0.00)	(0.00)	(3,379,332.29)
of which for social security: euro 0.00 (prior year: euro 0 thousand)				
Total	**49,764,227.66**	**50,704,566.93**	**2,728,126.05**	**103,196,920.64**
	(32,570,568.53)	**(50,680,368.30)**	**(2,913,606.47)**	**(86,164,543.30)**

Securities
None
1. Registered mortgage of euro 4,170 thousand on the property at Peter-Henlein-Str. 2–4, Cuxhaven. As at 31.12.2021 euro 3,594 thousand had been drawn down. 2. Assignment of the rental income from the property at Peter-Henlein-Str. 2–4, Cuxhaven.
None
As is usual in the branch, retention of title exists with regard to items delivered.
None
None

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of PNE AG, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

PNE AG, The Board of Management

Markus Lesser   Jörg Klowat

INDEPENDENT AUDITOR'S REPORT

To PNE AG, Cuxhaven/Germany

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of PNE AG, Cuxhaven/Germany, which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss for the financial year from 1 January to 31 December 2021, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group of PNE AG, Cuxhaven/Germany, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f German Commercial Code (HGB) combined with the consolidated corporate governance statement pursuant to Section 315d HGB, referred to in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the corporate governance statement combined with the consolidated corporate governance statement as referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of the shares in WKN GmbH, Husum/Germany
2. Recognition of revenue generated with the planning and construction as well as sale of onshore and offshore wind farm projects
3. Recoverability of the entire engagement at offshore wind farm project companies

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the annual financial statements and in the combined management report)
b) auditor's response

1. Recoverability of the shares in WKN GmbH, Husum/Germany

a) The shares in WKN GmbH of kEUR 84,423 are disclosed under the balance sheet item "shares in affiliated companies". This corresponds to the acquisition cost and accounts for 17.3% of the balance sheet total.

The carrying amounts of the shares in WKN GmbH are compared to the fair value in the regular impairment tests for major financial assets. The fair value of the shares in WKN GmbH was determined by an independent expert appointed by the executive directors of PNE AG, who prepared an expert opinion on the impairment test consideration pursuant to the requirements of IDW S 1 (2008) and the statement of the Main Technical Committee of the IDW (IDW RS HFA 10). Within the scope of the statement, the fair value was determined using the income approach, with the future cash inflows to be capitalised being derived from the consolidated budget of WKN GmbH and being adjusted based on assumptions about long-term growth rates. The cash flows were discounted based on the specific cost of equity.

The result of this valuation highly depends on the executive directors' estimation on future cash inflows of WKN GmbH and the discount rate used and, therefore, is subject to major uncertainties. In the light of the significance of the involved amount of the shares and due to the complex underlying valuation techniques, we classified this matter as a key audit matter as part of our audit.

The information provided by the executive directors on the valuation of the financial assets is provided in section "A. Accounting principles" in the notes to the financial statements.

b) At the beginning of our audit of the recoverability of the shares in WKN GmbH, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. Furthermore, as part of our audit of the audit matter, we used the knowledge and audit results gained in previous years. For the purpose of risk assessment, we obtained, among other things, an understanding of the past adherence to the budget. We assessed the operational and organisational structure with respect to appropriateness and effectiveness of the implemented controls. This particularly involves periodical assessments of liquidity as well as of the appropriateness and viability of the corporate budget of WKN GmbH by the executive directors of PNE AG and the review of the recoverability of the shares.

As part of our audit, we used the report prepared by the independent expert appointed by the executive directors of PNE AG. We assured ourselves of the competence, capabilities and objectivity of the expert. As regards the assessment of the appropriateness of the assumptions, techniques and models of the measurement technique, we consulted internal experts of the Valuation Services function, who assisted us in assessing the approach used to conduct the impairment test and to determine the discount rates. Furthermore, in order to assess the future cash inflows, we compared the future cash inflows used in the valuation with the current target values specified in the budget of WKN GmbH and examined them for plausibility. Moreover, we inspected all minutes of meetings of the executive board and of the supervisory board.

2. Recognition of revenue generated with the planning and construction as well as sale of onshore and offshore wind farm projects

a) In the statement of profit and loss, revenue amounts to kEUR 88,955. In this context, revenue of kEUR 83,555 relates to the planning and construction as well as the sale of onshore and offshore wind farm projects, which have mainly been developed with affiliated companies for the development of the own operating portfolio.

The revenue generated with the planning and construction as well as the sale of onshore and offshore wind farm projects is partly due to complex contract arrangements. Consequently and due to the major effects on the annual financial statements, the recognition of related revenue is a matter of particular significance.

The information provided by the executive directors on the revenue generated with the planning and construction as well as the sale of onshore and offshore wind farm projects is included in section "B.II.1 Revenue" in the notes to the financial statements. In addition, the risks related to the realisation of projects are set out in section "8. Risk and Opportunity Report" and listed there under "Risks from Operating Activities" of the combined management report.

b) As part of our audit, we assessed the organisational and operational structure of the projection process for appropriateness and effectiveness of the implemented controls by using the knowledge gained during audits in previous years and based on the economic and legal environment of the Company. In addition, we examined compliance with the requirements of revenue recognition with respect to all major transactions based on contracts, invoices and customer acceptance protocols and other proof of services rendered as well as records of payment.

3. Recoverability of the entire engagement at offshore wind farm project companies

a) The Company holds shares in offshore wind farm project companies and has granted loans to these entities to finance project development. In previous years, on the basis of the site development plan issued in 2019, the executive directors have already made a complete write-down for the projects "Nemo", "Nautilus" and "Jules Verne" located in zone 4 and the related shares and loans. In the reporting year, the corresponding project companies were now merged into PNE AG. In assessing the recoverability of the entire engagement at the offshore wind farm project companies for the projects "Atlantis II" and "Atlantis III" located in zone 3, the executive directors continue to assume a claim for compensation under Sec. 10a German Offshore Wind Energy Act (WindSeeG) and made a new estimate of the recoverability as part of the application made in 2021. This new estimate led to a further impairment of the loan receivables in the financial year 2021. Net of write-downs, the entire engagement in disclosed wind farm project companies now amounts to mEUR 8.2 as at 31 December 2021 (3.0% of the balance sheet total), mEUR 0.2 and mEUR 8.0 of which relating to shares and loans, respectively. In the light of the significance of the evaluation of the recoverability of the entire engagement, which, to a great extent, depends on the estimates made by the executive directors, this matter was of particular significance in the scope of our audit. The risks and rewards concerning the recoverability of the shares and receivables from the remaining offshore engagement are set out in section "8. Report on risks and opportunities" in the combined management report and listed there under "Assessment of risks and opportunities".

b) At the beginning of our assessment of the entire offshore engagement's recoverability, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity and subjectivity or other inherent risk factors. We also assessed the organisational and operational structure with regard to the appropriateness and effectiveness of the implemented controls as regards the evaluation of the recoverability of the shares and loan receivables. This particularly relates to the frequent assessment of the recoverability by the executive directors. In this respect, our audit focused on the control of the executive directors' regular assessment of recoverability of the entire engagement.

As part of our audit, we carried out an in-depth examination of the executive directors' assessment of the effects of the 2020 WindSeeG and the 2020 site development plan and/or the preliminary draft of the 2021 site development plan. In this context, we held regular meetings with the executive directors of PNE AG and the employees in charge in PNE AG's offshore segment. For this purpose, we discussed and questioned their estimate of the probability of implementation of the offshore projects in progress or of a compensation claim by the subsidiaries as well as any expected loan recoveries from the project companies based on the legal environment and examined these issues for plausibility. For the legal analysis of the matters and estimates made by the executive directors, we consulted lawyers of Deloitte Legal.

In addition, we audited the completeness and accuracy of the disclosures made in the notes to the financial statements.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the corporate governance statement pursuant to Section 289f HGB combined with the consolidated corporate governance statement pursuant to Section 315d HGB referred to in the combined management report,
- the executive directors' confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, and
- all other parts of the published annual report,
- but not the annual financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the corporate governance statement combined with the consolidated corporate governance statement. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We 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.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256-Wert f70b8523550913e84bd822b7ccdb14763d335ef69267ff17bb1a522ac11f2bf6, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the general meeting on 19 May 2021. We were engaged by the supervisory board on 24 August 2021. We have been the auditor of PNE AG, Cuxhaven/Germany, without interruption since the financial year 2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Arno Probst.

Hamburg/Germany, 16 March 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christian Dinter Wirtschaftsprüfer (German Public Auditor)	Signed: Dr Arno Probst Wirtschaftsprüfer (German Public Auditor)

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As per: March 2022

Concept, design and text
Kirchhoff Consult AG
Borselstraße 20
22765 Hamburg, Germany

Photos
Andreas Birresborn (pages 3, 9)
PNE (page 18)
gettyimages (page 21)

Print
omb2 Print GmbH, München, Germany

Paper (printed version)

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This annual report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.

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