Elementum Energy Limited

Company number: 11979220
Annual report and financial statements
for the year ended December 31, 2020

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Company information

Directors
Richard Deitz (appointed October 30, 2020)
Sergey Makhin (appointed October 30, 2020)
Emile du Toit
Josephine Guiry (resigned October 30, 2020)

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Strategic management report

This report has been prepared by the management of Elementum Energy Limited (the "Company" or "Parent") and its subsidiaries (together, the "Group") and addresses matters which are significant to the Group as a whole.

Principal Activity and Business Review

General
The Group is engaged in the generation of renewable energy and operates 28 solar plants and a windfarm in Ukraine across seven regions, with a total installed capacity of 576 MWp. The solar plants were constructed during 2018 and 2019 and all achieved commissioning by the end of 2019. Commercial operations of the Group's first solar plant, Podilskenergo LLC (64 MWp), commenced in February 2019. Further plants came online throughout 2019, and, at year-end 2019, the Group had achieved commercial operations of 19 plants totalling 310 MWp of installed capacity. As of June 2020, all 28 plants had reached commercial operations. Continuing further development, in 2020 the Group initiated construction of its first windfarm, Dnistrovska Wind Power Plant ("DWPP"), located in the Odesa region with a planned total capacity of 100 MWp, to be built in two consecutive phases. The first 40 MWp phase of DWPP started sales of electricity in May 2021 under a guaranteed feed-in tariff ("FIT") of EUR 88 per MWh. It operates ten GE 4.0 turbines with a projected capacity factor of 41.7% and is expected to generate 146,200 MWh of "green" electricity annually.

The continued increase in the carrying value of property, plant and equipment (Note 14) and increase in revenues from electricity generation (Note 9) tracked the construction and commissioning schedule of the Group. The construction of the power plants was primarily financed through interest-bearing loans from the Company's sole shareholder (Note 21). These loans were subsequently refinanced through issuance of bonds to the sole shareholder and certain holders of interests in the Group's subsidiaries (Note 6).

All of the Group's power plants in Ukraine benefit from guaranteed FIT rates which they receive on the basis of individual Power Purchase Agreements ("PPAs") executed with the Guaranteed Buyer, a state-owned entity which acts as the purchaser of electricity from renewable energy producers under the FIT system. The PPAs run through December 31, 2029, after which the plants are expected to operate as merchant generators.

Generation forecasting
The Group forecasts annual solar electricity generation based on models that incorporate insolation for the specific locations of its plants as well as technical characteristics of the PV (photovoltaic) modules installed, including expectations of degradation. With regard to the wind electricity the forecasting models factor site specifics, technical characteristics of the turbines and local wind parameters based on a comprehensive wind resource assessment. For calendar year 2020, the Group's actual generation exceeded annual forecasts by 5.2% and totalled 649 GWh. For 2021 total generation forecast is 729 GWh.

Commencing in January 2021, renewable energy producers in Ukraine are obliged to provide daily forecasts of expected electricity generation and are responsible to report deviations, which exceed a fixed cap (5% for solar plants and 10% for wind) on an hourly basis of actual generation versus forecasts

(“Imbalances”). Daily forecasts with hourly resolution updates are provided to the Guaranteed Buyer and are closely monitored with corrections submitted on the day of the forecast if required.

The Group conducted a comprehensive tendering process and selected a vendor which utilises data engineering weather condition forecasting technologies and machine learning to predict generation. To date, actual results of Imbalances are in line with Group’s expectations and financial modelling. The Group closely monitors the quality of the external forecasts and is continuously assessing available technologies and service providers to ensure an acceptable range of Imbalances.

Offices

During the first half of 2020, the Group consolidated its operations in Ukraine by opening a new office in Kyiv. As of July 2021, the Group employed 40 staff responsible for managing the overall business, including i) management of existing generation assets, ii) execution of expansion projects, iii) new project development, iv) finance, tax and accounting, v) corporate and legal administration and vi) environmental, social and governance performance.

The Group is in the process of evaluating an in-house monitoring and energy dispatching services in order to ensure optimal operational efficiency and control. The facility to house the operational and maintenance centre is planned to be located in the Odesa region in closer proximity to the majority of the Group’s current generating assets.

Operating Environment

Ukraine

Since the beginning of 2020, Ukraine experienced a severe negative economic impact due to the spread of COVID-19. The various measures imposed by government to contain and mitigate the spread of the virus resulted in operational disruptions for many companies. In 2020, gross domestic product dropped by 4.0% mainly due to a decline in trade, agricultural and industrial production.

Inflation remained relatively modest at 5.0% compared to 4.1% in 2019. During 2020 local currency, the hryvnia, gradually depreciated against the US dollar and reached market levels comparable to 2018. In an attempt to stimulate economic activity, the National Bank of Ukraine (“NBU”) reduced the key lending rate from 18.0% to 6.0%, the lowest level since 2013.

During the fourth quarter of 2020, most industry sectors demonstrated signs of recovery and the NBU forecasted Ukrainian GDP to grow by 4.2% in 2021. Sharp increases in global commodity prices for core Ukrainian export items ensured an increase in foreign currency inflows leading to hryvnia appreciation towards the end of 2020. Ukraine’s long-term foreign and local-currency default rating of “B” remained unchanged with an overall positive outlook.

United Kingdom

Management continues to monitor the potential impact of Brexit on the operations, profitability, liquidity and capital adequacy of the Group. At the date of this report, management concluded, after careful assessment, that there should be minimal impact on the Group’s operations resulting from Brexit.

Green tariff

Following a period of growing payment arrears in the electricity sector and debate surrounding the “green tariff” underpinning the FIT pricing for renewable energy plants commissioned on or prior

to December 31, 2019, on July 21, 2020, the Ukrainian Parliament approved Law No. 3658, which provided for a prospective reduction in FIT rates for the renewables sector. In accordance with Law No. 3658, effective August 1, 2020, FIT rates were reduced by 15% (Note 4) for solar plants commissioned on or before December 31, 2019 with an installed capacity of 1 MW or greater. Following this legislative change, the Group’s solar plants receive a tariff of EUR 128-134 per MWh of electricity produced. Tariffs are paid in UAH indexed to the UAH/EUR exchange rate as reset on a quarterly basis. Subsequently, the financial discipline of the Guaranteed Buyer significantly improved, and the Group has been paid regularly for ongoing deliveries.

Law No. 3658 commits the state to support the Guaranteed Buyer in ensuring timely payments to renewable energy producers and to settle unpaid amounts accumulated from March through July of 2020 (the “2020 Debt”) on a pre-determined schedule. In early 2021, the Ukrainian government provided state guarantees to state-owned banks to facilitate financing for the Guaranteed Buyer to settle its 2020 Debt. The Guaranteed Buyer made a partial repayment in February 2021 and continues to consider additional measures. Further steps, including the issuance of “green” bonds by the system operator, Ukrenergo - the proceeds of which will be used to repay the 2020 Debt – are being considered by the authorities. Management acknowledges the efforts and actions by the state to meet its obligations and continues to evaluate the recoverability of the outstanding amount.

On July 1, 2021 the Ukrainian Parliament adopted in the first reading the Draft Law No. 5600 which envisages certain changes in the tax area, including introduction of excise duty of 3.2% for renewables, the same level as for the energy producers from traditional sources. Practical aspects of implementation of new norm as well as economic impact on the Group’s operations are to be defined. The Group continues to closely monitor and assess regulatory changes in the industry.

In late 2019, the Ukrainian authorities commissioned an industry-wide review of the timing of the commissioning of renewable energy power plants during 2019. The purpose of the review appears to be to ensure that plants put into operations prior to December 31, 2019 are properly qualified for the green tariff. During 2020, four of the Group’s subsidiaries have been contacted as part of the industry review to provide documentation and responses in association with the review process. The Group provided the documentation requested and has not received any additional requests.

Future Developments

Construction of phase 2 of DWPP, with an additional estimated 60 MWp capacity, has commenced after signing a turbine supply agreement with GE on March 16, 2021. Phase 2 should benefit from the infrastructure and predesigned layouts of phase 1, both in terms of completion timeline and construction costs.

The Group continues to evaluate and consider additional renewable energy projects in Ukraine and across emerging markets in order to achieve geographical, technological and regulatory diversification. As of the date of this report, the Group is in advanced negotiations with local partners in Ukraine, Poland and Georgia and is conducting due diligence reviews of energy projects in targeted countries.

Results and Dividends

The project development timeline and Operating profit of the Group in 2020 met management’s forecasts and expectations.

During construction of the plants the debt service costs of intercompany financial liabilities are capitalized as part of the cost of the assets and subsequently recognized as financing costs once commercial operations commence. A significant number of solar plants were commissioned during the 2020 financial year and contributed to the significant increase in financing costs when compared to 2019.

The revaluation of euro denominated intercompany financial liabilities of Ukrainian based subsidiaries following depreciation of the hryvnia against the euro and the US dollar during 2020 resulted in temporary unrealized net foreign exchange losses amounting to $89,584k. Since the beginning of 2021 to the date of this report, these losses have been almost entirely reversed due to an approximate 4% strengthening of the hryvnia against the US dollar. The net loss for the year ended shown on page 24 is predominantly driven by these unrealized foreign exchange losses.

The full financial position as at December 31, 2020, and the trading results of 2020 and 2019 are shown on page 24. The Group did not declare or pay any dividends during or for 2020.

Key Performance Indicators

During the initial development phase, the Group's primary key performance indicator was the successful completion of all of its Ukrainian solar plants by the end of 2019 in order to secure the guaranteed FIT offered by the Ukrainian government. All plants were successfully commissioned prior to December 31, 2019, and have PPAs in place with the Guaranteed Buyer.

For operating assets, the key performance indicators include targets for both availability of the generating portfolio and total generation. Availability is a measure of the total uptime of the Group's generating portfolio and the Group generally targets an availability ratio in excess of 99%. Generation is measured against forecasts as a function of plant design and efficiency, and weather. Given the substantial dependence on weather, daily generation can vary significantly over time and can materially deviate from modelled forecasts over a short period. The accuracy of forecasts to date has been tested against actual results, which has exceeded the Group's estimates by 5.2% for 2020.

At a Group level, management considers Operating profit and Operating cash flow as the key performance indicators of the business. Operating profit for 2020 was $69,117k comparing to $8,595k for 2019 (page 24). Operating cash flows before movements in working capital for 2020 was $63,181k comparing to $29,466k for 2019 (page 29).

Environmental, Social and Governance Indicators

As a producer of renewable energy, the Group's business activities directly contribute to the decarbonisation of the energy matrix. The Group's renewable energy output during 2020 had an impact of avoiding 479,000 tons of CO2 emissions. For calendar year 2021, the Group's expected generation would result in the avoidance of in excess of 538.002 tons of CO2.

The energy and carbon information is not disclosed in the narrative reporting of the current year annual report as the Group consists of UK Parent and UK sub-holding company Elementum Ukraine I Limited, which together consumed less than 40,000kWh of energy during 2020. Other subsidiaries of the Group are non-UK subsidiaries and are not subject to UK accounting regulations.

The Group estimates that it created over five million man-hours of employment in its local communities during construction, commissioning and ongoing operational maintenance of its current fleet of 29 plants. The Group is committed providing ongoing employment opportunities and support to communities in the areas in which it operates.

In pursuit of its sustainable development goals, the Group is investing resources into environmental and social management systems, labour safety during construction and operations, securing biodiversity and building a strong culture of corporate and social responsibility towards employees, communities, suppliers and other stakeholders. To address additional safety concerns during 2020, the Group provided its employees with alternative transportation, insurance and health scanning services while also encouraging remote and flexible working arrangements.

The Group engaged with a reputable consulting firm, which is a member of Global Reporting Initiative and Climate Bond Initiative to facilitate the implementation of a framework for day-to-day operations and future projects according to international environmental, social and governance standards. The Group supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption and recognises the importance to report on progress and practical actions in implementation of these Principles.

Principal Risks and Uncertainties

The identification and assessment of risks are key to both managing the operating assets and transacting new investment opportunities. Management quantifies and assess the risks of potential investments opportunities based on their probability, financial impact and mitigation measures available.

The Group's operating profit is dependent on the continued operation of its subsidiaries and directly related to risks associated with the business, tax and regulatory environment in Ukraine. The Group's principal financial assets comprise bank balances and trade and other receivables with credit risk primarily attributable to its trade receivables. The amounts presented in the Consolidated statement of financial position are net of allowances for provisions for doubtful receivables due. An allowance for impairment is made where an identified loss event occurs which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Foreign currency

The consolidated results of the Group are subject to the risk of foreign currency fluctuations between hryvnia, euro and the US dollar as hryvnia is used as the functional currency to report Ukrainian operations. Management believes that this risk is largely mitigated by the euro-priced FIT for electricity generation in Ukraine. Other Group entities do not have exposure to foreign currency or hedge the risk by using derivative financial instruments.

Taxation

Ukrainian tax authorities are increasingly directing their attention to the business community as an important revenue source. As a result, the local and national tax environment in Ukraine is subject to high degrees of sporadic change, along with inconsistent application, interpretation and enforcement. In recent years, a significant number of ambiguous tax and foreign currency laws and regulations have been enacted which were devoid of clear guidelines or precedence. Non-compliance with Ukrainian tax laws and regulations may lead to the imposition of severe penalties, including interest.

In the ordinary course of business, the Group applies reasonable business judgement on transactions that may be interpreted differently by the relevant tax authorities. Future tax examinations could result in findings or unfavourable rulings, which may be contrary to the Group's tax filings. Such unfavourable tax assessments could include, but may not be limited to, incremental tax payments, penalties and interest, and these amounts could be material. While the Group believes it has complied with all relevant tax legislation, there can be no assurance that the tax filings may not be subject to review and challenges by the tax authorities.

COVID-19

In early 2020, COVID-19 began rapidly spreading throughout the world resulting in a declaration of a global pandemic by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 resulted in major operational disruption for many companies and has had a significant negative impact on global financial markets. As the situation continues to evolve, businesses across a wide range of sectors are experiencing detrimental impacts on their operations such as the closure of production or facilities, supply chain disruptions, quarantines or absence of personnel, reduced demand and funding difficulties.

The Group may face increasingly broad effects of COVID-19 as a result of its damaging impact on the global economy and major financial markets. The financial effect of COVID-19 on the Group's business largely depends on the duration and severity of the pandemic on both the global and Ukrainian economies and cannot be reasonably estimated at this stage due to the high level of uncertainty surrounding the cessation of the pandemic. The Group did not apply or receive any assistance from any governmental support programs related to COVID-19 relief.

As part of the Group's response to COVID pandemic, the Group promptly implemented health and safety practices for employees involved in the construction and maintenance of plants as well as administrative workers. These measures included COVID screening and testing of contractors on-site, extension of health insurance, vaccination and accommodating employees to work from home.

Further details of the financial risk management objectives and policies of the Group, and the Group's exposure to market risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk are disclosed in the notes to the financial statements (Note 24).

Section 172(1) Statement

The Group provides disclosure relevant to the requirements of Section 172(1) a)-f) of the Companies Act 2006.

The management of the Group is ultimately accountable to the Board of Directors for the running of the business and making key strategic decisions. During the Board's monthly meetings, management of the Group provides comprehensive reports on the business performance analysis, relations with key suppliers and contractors, alerts on regulatory changes, assessment of major operational risks and industry developments. In addition, management reports on progress of ongoing or potential investments as part of Group expansion strategy implementation. The Board challenges management to be alert to the concerns of stakeholders and how best to address these concerns to ensure continuing positive stakeholder engagement. The regular review of the strategic and operational initiatives by the Board encompasses the longer-term factors relating to the Group's decisions and the implications for the communities and environments in which it operates. As part of the regular business performance review process, key stakeholders such as partners, suppliers and

local communities are also discussed. The regular interactions with the Board specifically address environmental and social factors, as part of an ESG framework being implemented by the Group.

With respect to suppliers, the Group monitors, maintains and develops relationships with carefully selected vendors which ensures professional support of the business. In operations and maintenance of the power plants, KNESS provides timely and consistent service in engineering, monitoring of equipment, dispatching of electricity and communication with distribution system operators, while General Electric is Group's key supplier of wind turbines for technically completed and ongoing projects. On the corporate legal services side, the Group benefits from cooperation with White & Case and Sayenko Kharenko law firms while also has sustainable relations with its committed banking partners, such as Credit Agricole, OTP Bank, Alfa-Bank, the State Savings Bank of Ukraine, Deutsche Bank and the First International Ukrainian Bank. The Group also receives a range of other services including recruitment, office rent, informational technologies infrastructural support, and construction management.

The Group is conscious of its role in the local communities in which its assets or ongoing projects operate. Close consultation with local authorities is an important feature of renewables whether in construction or during commercial operations. Socially, the Group seeks to contribute via community funds to local projects ranging from key sites renovations to cultural events.

Olga Rybachuk
Chief Financial Officer
August 20, 2021

Directors' report

The Directors present their annual report on the affairs of the Group together with the audited financial statements for the year ended December 31, 2020.

Directors

The directors, who served throughout the year, and to the date of this report, except as noted, were as follows:

Richard Deitz (appointed October 30, 2020)
Sergey Makhin (appointed October 30, 2020)
Emile du Toit
Josephine Guiry (resigned October 30, 2020)

Principal activity and review of the business

Details of principal risks and uncertainties can be found in the Strategic management report on page 5 and in the Note 24 to the consolidated financial statements and form part of this report.

Principal risks and uncertainties

Details of principal risks and uncertainties can be found in the Strategic management report on page 5 and form part of this report.

Dividends

Details of proposed dividends can be found in the Strategic management report on page 5 and form part of this report.

Future developments

Details of future developments can be found in the Strategic management report on page 5 and form part of this report.

Events after the balance sheet date

Details of significant events after the balance sheet date are contained in Note 27 to the consolidated financial statements.

Going concern

To evaluate the business as a going concern, the Directors considered i) the projected cash flows of the completed plants, ii) the credit risk associated with its single customer, and iii) the operating environment. The Directors concluded that the Group has adequate financial resources with the continued support of its shareholder to manage risks related to the economic environment, industry and jurisdiction in which it operates. This included an impact assessment review by management of both Brexit and COVID-19, which concluded that no major impact is expected on the Group's operations, profitability, liquidity or capital adequacy.

Individual subsidiaries are monitored and compared to budgets and their individual cash flow needs. The Directors consider the cash flow needs of the parent company and the Group overall and may also rely on a letter of support from its majority shareholder, VR Global Partners, L.P., when evaluating the going concern assumptions. The letter of support has been provided for a minimum period of 12 months from the date of signing this report. The Directors concluded that, if required, VR Global Partners, L.P. has adequate financial resources to support the Group over the coming 12 months.

The Directors believe that the Group will be able to continue operations for at least 12 months from the date of this report, and for the foreseeable future thereafter, and accordingly, continue to adopt a going concern basis in preparing the annual reports and consolidated financial statements for the Group.

There are no adjusting post balance sheet events in 2021 (Note 27).

Disclosure of information to auditor

To the best of each Director's knowledge at the date of approving this report, there is no relevant audit information needed by the auditor in connection with preparing its audit report of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

The auditors, Deloitte LLP, have expressed their willingness to continue in office. Pursuant to section 489 of the Companies Act 2006, a resolution for the reappointment of Deloitte LLP will be proposed at the forthcoming annual general meeting of the Company.

The Directors' report was approved and authorised for issue the Board of Directors and was signed below by:

Emile du Toit
Director
August 20, 2021

Directors’ responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- make an assessment of the company’s ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ELEMENTUM ENERGY LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Elementum Energy Limited (the ‘parent company’) and its subsidiaries (the ‘group’) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2020 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Accounting for significant, unusual and complex transactions; and • Useful economic life of power generating assets. Within this report, key audit matters are identified as follows: (!) Newly identified (^) Increased level of risk (<>) Similar level of risk (v) Decreased level of risk
Materiality	The materiality that we used for the group financial statements was $5,000,000, which was determined on the basis of total assets.
Scoping	Of the 36 entities (including the parent) within the group, 31 were subject to a full audit, 3 to specified audit procedures and 2 to an analytical review. Group consolidation adjustments were also subject to a full audit. This is equivalent to 96.4% of total assets (96% of total fixed assets) subject to a full audit, 3.5% of total assets (3.9% of total fixed assets) subject to specified audit procedures and 0.1% of total assets/total fixed assets to an analytical review. There are no significant changes in our approach.
Significant changes in our approach	There are no significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtained an understanding of relevant controls related to the management assessment of the going concern;
- Agreeing the level of committed and undrawn facilities to signed facility agreements;
- Assessed the reasonableness of the cash flows projections and the appropriateness of the sensitivities performed by management;
- Performed independent sensitivity scenarios tests and evaluated the impact of COVID-19;
- Performed integrity checks of management's going concern model, including checking for mathematical and clerical accuracy;
- Assessed consistency of the forecast cash flows with the forecasts prepared for the valuation of the solar and wind plants as well as investments impairment models;
- Evaluated the letter of support issued by the main shareholder VR Global Partners L.P. expressing its commitment to provide financing in case the group or individual subsidiaries will require it, assessed the sufficiency of resources of the main shareholder to provide this support; and
- Assessed the disclosures over going concern included within the financial statements in view of the latest guidance from the FRC.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Accounting for significant, unusual and complex transactions

Key audit matter description	In February 2020, the Group acquired a 90% share in Dnistrovska Vitroelektrostantsiia LLC, a company in the process of constructing a wind electricity station, for consideration of $2,218k. In the prior year, there were four transactions (with total consideration of $55,386k), hence the level of risk has decreased in the current year. Judgement is required as to whether this transaction constitutes an asset acquisition, or a business combination per IFRS 3 *Business Combinations*. Management has accounted for this transaction as an asset acquisition considering the nature of the legal entity purchased being a shell company with no employees, processes or controls in place. Further details are included in notes 2, 5 and 14 to the financial statements.
How the scope of our audit responded to the key audit matter	We performed the following procedures: • Obtained an understanding of the relevant controls over the consolidation and financial reporting process. • Assessed the conditions of purchase against the Share Purchase Agreement (SPA) in regard to the parties involved, date of the transaction, percentage of ownership transferred and consideration agreed. • Assessed whether the transaction constitutes a business or asset acquisition under IFRS 3 requirements. • Tested the value of the assets transferred by agreeing to supporting invoices and documentation. • Tested the consideration transferred by agreeing to supporting invoices and documentation. • Assessed the disclosures included in the financial statements for completeness, accuracy and compliance with the relevant standards and guidance.
Key observations	We concluded that the accounting for significant, unusual and complex transactions is appropriate.

5.2. Useful economic life of power generating assets

Key audit matter description	The group has power generating assets of $409,515k (2019: $426,708k), located across Ukraine and depreciated over a period of 20 years. Useful economic life is determined based on significant management judgement taking into consideration such factors as length of the power purchase agreements, land lease agreements, technical characteristics and guarantees of the photovoltaic solar panels. An incorrect useful economic life estimate may lead to the power generating assets balance being significantly misstated, due to the overstatement or understatement of depreciation expense. Further details are included in notes 2.3f, 4 and 14 to the financial statements.
How the scope of our audit responded to the key audit matter	We have performed the following: • Evaluated the length of the power purchase agreements and land lease agreements by obtaining the supporting documentation. • Assessed the length of the guarantees provided by suppliers of the photovoltaic solar panels and discussed the characteristics of the equipment with the third party engineer involved in the installation and development of the solar stations for the group. • Compared the useful economic life estimate determined by management to publicly available information in respect of useful economic life used by peer companies to assess whether management estimate is within industry-wide range. • Assessed whether management's estimate of 20 years useful economic life was applied consistently across forecast and budgets of the group. • Recalculated the depreciation of the assets for the year.
Key observations	We concluded that useful economic life estimate determined by management is appropriate.

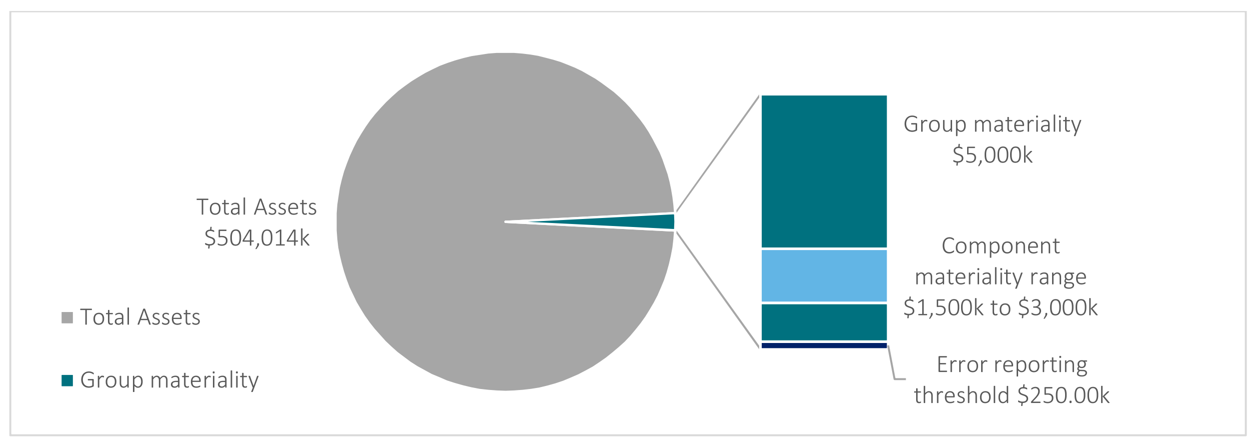
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$5,000,000 (2019: $4,300,000)	$3,000,000 (2019: $2,660,000)
Basis for determining materiality	1% of Total Assets (2019: 1% of Total Assets)	1% of Total Assets (2019: 1% of Total Assets)
Rationale for the benchmark applied	Given that this group is in the early stages of operations investors would mainly derive value of the business from the value of the assets. Income statement lines such as profit before tax or EBITDA are typically important to the user for this type of business, however since operations are not fully commenced these do not give a clear indication of future results and as such the business would not be evaluated based on these financial statement lines. On this basis we deem the benchmark which will be the focus of users of the financial statements to be total assets.	The Company is a holding entity and has a significant number of investments in subsidiaries which are solar station companies. On this basis we deem the benchmark which will be the focus of users of the financial statements to be total assets for determining the statutory materiality.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality (2019: 70%). In determining performance materiality, we considered factors including the level of misstatements identified in the prior year. We also considered our risk assessment, including our assessment of the Group's overall control environment and the impact of COVID-19 on the control environment.

6.3. Error reporting threshold

We agreed with the Board of Directors that we would report to them all audit differences in excess of $250k (2019: $215k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Of the 36 entities (including the parent) within the group, 31 were subject to a full audit, 3 to specified audit procedures and 2 to an analytical review. Group adjustments were also subject to a full audit.

In terms of coverage, this is equivalent to 96.4% of total assets (96% of total fixed assets) subject to a full audit, 3.5% of total assets (3.9% of total fixed assets) subject to specified audit procedures and 0.1% of total assets/total fixed assets to an analytical review.

We have determined full scope based on entities which have a contribution of 3% or more of total assets on the grounds that these entities represent a significant portion of the total assets. Specified audit procedures on key balances were performed on all other entities to ensure that there is no material error within the group, except for those entities with highly immaterial balances which were tested through analytical review.

Our audit work on these components was executed at levels of materiality ranging between £1.5m and £3m, which were lower than group materiality of £5m.

At the group level we also tested all consolidation adjustments and carried out analytical procedures to confirm our conclusion that there were no significant risk of misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified balances.

7.2. Our consideration of the control environment

We have obtained an understanding of the relevant controls such as those relating to the financial reporting cycle, and those in relation to our key audit matter.

We have decided not to rely on controls as the group does not perform significant automated processing of large volumes of data and the control environment is predominantly manual in nature.

7.3. Working with other auditors

We directed and supervised overseas component auditors by providing referral instructions, having weekly calls with the overseas component audit team, and reviewing the component work and file.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and those charged with the governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance ;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team in the UK and component audit team in Ukraine and relevant internal specialists, including tax, financial instruments and valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Accounting for significant, unusual and complex transactions and useful economic life of power generating assets.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, as well as relevant provisions of tax legislation and the renewables energy sector regulation in Ukraine (such as green feed-in tariff legislation).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence, regulatory solvency requirements and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified accounting for significant, unusual and complex transactions and useful economic life of power generating assets as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14 Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony Matthews

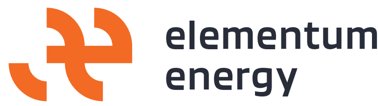
Anthony Matthews, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

20 August 2021



Consolidated statement of comprehensive income for the year ended December 31, 2020

	Notes	2020 $000	2019 $000
Revenue	9	102,778	17,875
Cost of sales	10	(28,714)	(7,343)
Gross profit		**74,064**	**10,532**
General and administrative expenses	11	(4,285)	(1,807)
Other operating expenses		(783)	(152)
Other operating income		121	22
Operating profit		**69,117**	**8,595**
Finance costs	12	(39,607)	(7,374)
Finance income		205	87
Net foreign exchange (losses)/gains		(89,584)	14,692
Impairment provision	18	(3,626)	(967)
Other income	5	–	9,310
(Loss)/profit before tax		**(63,495)**	**24,343**
Income tax benefit/(expense)	13	8,732	(3,661)
(Loss)/profit for the year		**(54,763)**	**20,682**
(Loss)/profit attributable to:			
Equity holders of the parent		(52,702)	16,817
Non-controlling interests		(2,061)	3,865
Other comprehensive (expense)/income for the year			
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		(4,469)	2,344
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Total other comprehensive (expense)/income		**(4,469)**	**2,344**
Total comprehensive (expense)/income for the year		**(59,232)**	**23,026**
Total comprehensive (expense)/income attributable to:			
Equity holders of the parent		(52,003)	18,897
Non-controlling interests		(2,760)	4,129

Consolidated statement of financial position as at December 31, 2020

	Notes	2020 $000	2019 $000
Non-current assets			
Property, plant and equipment	14	409,515	426,708
Deferred tax assets	13	7,735	35
Other non-current assets	16	3,620	6,960
Total non-current assets		**420,870**	**433,703**
Current assets			
Inventories	17	518	444
Trade and other receivables	18	62,476	13,065
Cash and cash equivalents	19	11,820	2,931
Other current assets	16	8,330	21,968
Total current assets		**83,144**	**38,408**
Total assets		**504,014**	**472,111**
Equity and liabilities			
Equity			
Issued capital	20	5,000	5,000
(Accumulated losses)/retained earnings		(35,900)	16,103
Other reserves	20	11,643	16,446
Equity attributable to equity holders of the parent		**(19,257)**	**37,549**
Non-controlling interests		(2,042)	4,009
Total equity		**(21,299)**	**41,558**
Non-current liabilities			
Interest-bearing loans and borrowings	21	445,504	383,551
Trade and other payables	22	9,646	12,839
Deferred tax liabilities	13	938	4,265
Total non-current liabilities		**456,088**	**400,655**
Current liabilities			
Trade and other payables	22	35,905	8,443
Interest-bearing loans and borrowings	21	15,659	17,108
Income tax payable		812	3,132
Other current liabilities	23	16,849	1,215
Total current liabilities		**69,225**	**29,898**
Total liabilities		**525,313**	**430,553**
Total equity and liabilities		**504,014**	**472,111**

The consolidated financial statements which include the notes on pages 31 to 71 were approved and authorised for issue by the Directors on August 20, 2021, and were signed below by:

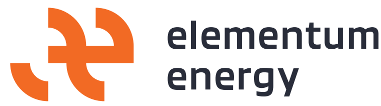
Emile du Toit, Director,
August 20, 2021

Statement of financial position (Parent company only) as at December 31, 2020

	Notes	2020 $000	2019 $000
Non-current assets			
Property, plant and equipment		87	–
Investments in subsidiaries	7	8,622	2,795
Loans receivable	15	328,063	244,833
Total non-current assets		**336,772**	**247,628**
Current assets			
Other receivables		13,213	11,011
Cash and cash equivalents		3,291	–
Total current assets		**16,504**	**11,011**
Total assets		**353,276**	**258,639**
Equity and liabilities			
Equity			
Issued capital	20	5,000	5,000
Loss for the year		(2,100)	(8,168)
Accumulated losses for prior periods		(8,168)	–
Total equity		**(5,268)**	**(3,168)**
Non-current liabilities			
Interest-bearing loans and borrowings	21	332,500	260,000
Total non-current liabilities		**332,500**	**260,000**
Current liabilities			
Trade and other payables	22	17,849	19
Interest-bearing loans and borrowings	21	2,909	834
Other current liabilities		5,286	954
Total current liabilities		**26,044**	**1,807**
Total liabilities		**358,544**	**261,807**
Total equity and liabilities		**353,276**	**258,639**

The consolidated financial statements which include the notes on pages 31 to 71 along with notes to the consolidated Group financial statements were approved and authorised for issue by the Directors on August 20, 2021, and were signed below by:

Emile du Toit, Director,
August 20, 2021



Consolidated statement of changes in equity for the year ended December 31, 2020

	Share capital $000	(Accumulated losses)/ retained earnings $000	Other reserves $000	**Total $000**	Non-controlling interests $000	**Total $000**
At January 1, 2019	**1**	**(714)**	**(8)**	**(721)**	**(281)**	**(1,002)**
Issue of share capital	4,999	–	–	**4,999**	–	**4,999**
Common control transaction reserve	–	–	14,374	**14,374**	161	**14,535**
Profit for the year	–	16,817	–	**16,817**	3,865	**20,682**
Other comprehensive income	–	–	2,080	**2,080**	264	**2,344**
Total comprehensive income for the year	–	16,817	2,080	**18,897**	4,129	**23,026**
At December 31, 2019	**5,000**	**16,103**	**16,446**	**37,549**	**4,009**	**41,558**
Buy-out of non-controlling interests	–	–	(744)	**(744)**	(2,881)	**(3,625)**
Common control transaction reserve	–	–	95	95	(95)	**–**
Loss for the year	–	(52,003)	–	**(52,003)**	(2,760)	**(54,763)**
Other comprehensive expense	–	–	(4,154)	**(4,154)**	(315)	**(4,469)**
Total comprehensive expense for the year	–	(52,003)	(4,154)	**(56,157)**	(3,075)	(59,232)
At December 31, 2020	**5,000**	**(35,900)**	**11,643**	**(19,257)**	**(2,042)**	**(21,299)**

See Note 20 for additional details.

Consolidated statement of cash flows for the year ended December 31, 2020

	Notes	**2020 $000**	**2019 $000**
Operating activities			
(Loss)/profit before tax		(63,495)	26,167
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	14	24,860	6,179
Impairment provision	18	3,626	967
Finance income		(205)	(87)
Finance costs	12	39,607	7,374
Net foreign exchange losses		58,788	–
Other income	5	–	(11,134)
Operating cash flows before movements in working capital		**63,181**	**29,466**
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(64,103)	1,746
Decrease in other assets		15,527	30,753
(Increase)/decrease in loans to related parties	15	(2,354)	20,035
Increase in inventories		(74)	(444)
Increase in trade and other payables		24,136	18,434
Increase/(decrease) in other liabilities		15,523	(13,363)
Cash from operations		**51,836**	**86,627**
Interest received		205	87
Income tax paid		(4,435)	(116)
Net cash flows from operating activities		**47,606**	**86,598**

Continuation of the table on page 30

Beginning of the table on page 29

	Notes	2020 $000	2019 $000
Investing activities			
Purchase of property, plant and equipment	14	(60,010)	(163,080)
Disposal of property, plant and equipment	14	18	–
Acquisition of subsidiaries, net of cash acquired	5	(5,825)	(39,797)
Net cash flows used in investing activities		**(65,817)**	**(202,877)**
Financing activities			
Issue shares	20	5,000	–
Proceeds from borrowings	21	79,577	144,488
Repayment of borrowings	21	(23,381)	(20,625)
Interest paid	21	(34,526)	(5,657)
Net cash flows from financing activities		**26,670**	**118,206**
Net increase in cash and cash equivalents		**8,459**	**1,927**
Net foreign exchange difference		430	166
Cash and cash equivalents at January 1	19	**2,931**	**838**
Cash and cash equivalents at December 31	19	**11,820**	**2,931**

1. Corporate information

The consolidated financial statements of Elementum Energy Limited and its subsidiaries (collectively, the “Group”) for the year ended December 31, 2020 were authorised for issue in accordance with a resolution of the Directors dated August 20, 2021.

The Group is engaged in the development and generation of renewable energy. Information on the Group’s structure is provided in Note 5. Information on other related party relationships of the Group is provided in Note 26.

2. Significant accounting policies

2.1 Basis of preparation – consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis and are presented in US dollars with all values rounded to the nearest thousand ($000) except when otherwise indicated.

2.2 Basis of preparation – parent company financial statements

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101: “Reduced disclosure framework” (“FRS 101”). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”) but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirement to publish a separate profit and loss account for the parent company;
- the requirements of IAS 7: “Statement of cash flows”;
- the statement of compliance with Adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- prior year reconciliations for property, plant and equipment and intangible assets;

- the prior year reconciliation in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly owned subsidiaries in a group;
- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

As the consolidated financial statements of Elementum Energy Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13: “Fair value measurement” and the disclosures required by IFRS 7: “Financial instruments: disclosures” have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

Directors of Ovid Wind (UK) Limited (company number 12180250) are exempt from the requirement to deliver a copy of the company’s individual accounts to the registrar by virtue of the Companies Act 2006, section s448A.

Directors of Elementum (Ukraine) I Limited (company number 12178970) and Elementum (Ukraine) II Limited (company number 13052049) are exempt from the requirement to audit individual accounts of these entities by virtue of the Companies Act 2006, section s479A.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2020 and 2019. The consolidated financial statements for the year ended December 31, 2019 are a continuation of the financial statements of the subsidiaries acquired by the Company.

As part of a reorganization of the Group in December 2019, the Company acquired entities under common control of the shareholders of the Group and paid what was considered by the Directors to be fair value. As such, these consolidated financial statements were prepared as a continuation of the financial statements and the results from the point that the shareholders of the Group first obtained control of subsidiaries. Assets and liabilities, retained earnings and other equity balances of the subsidiaries are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts. No goodwill is recognised, and the difference between the carrying amounts of the subsidiaries and the consideration paid by the Group is recorded separately in Other reserves (Note 20).

Control (or common control) is achieved when the Group (or its shareholders) is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if, and only if, the Group has:

- power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary);
- exposure, or rights, to variable returns from its involvement with the subsidiary;
- the ability to use its power over the subsidiary to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement(s) with the other vote holders of the subsidiary;
- rights arising from other contractual arrangements;
- the Group’s voting rights and potential voting rights.

The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there have been changes to one or more of the three elements of control.

The Group consolidates a subsidiary when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss, and each component of other comprehensive income or expense (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Going concern

To evaluate the business as a going concern, the Directors considered i) the projected cash flows of the completed plants, ii) the credit risk associated with its single customer, and iii) the operating environment. The Directors concluded that the Group has adequate financial resources with the continued support of its shareholder to manage risks related to the economic environment, industry and jurisdiction in which it operates. This included an impact assessment review by management of both Brexit and COVID-19, which concluded that no major impact is expected on the Group’s operations, profitability, liquidity or capital adequacy.

Individual subsidiaries are monitored compared to budgets and their individual cash flow needs. The Directors consider the cash flow needs of the parent company and the Group overall and may also rely on a letter of support from its majority shareholder, VR Global Partners, L.P., when evaluating

the going concern assumption. This has been provided for a minimum period of 12 months from the date of signing these accounts. The Directors consider that VR Global Partners, L.P. has the financial resources to support the Group over the coming 12 months.

The Directors believe that the Group will be able to continue operations for at least 12 months from the date of these accounts, and for the foreseeable future thereafter, and accordingly, continue to adopt a going concern basis in preparing the annual reports and consolidated financial statements for the Group.

2.5 Summary of significant accounting policies

a) Assets acquisition

When the Company acquires other entities, if the assets acquired and liabilities assumed do not constitute a business, the transaction is accounted for as an asset acquisition. Assets are recognized based on the cost, which generally includes the transaction costs of the asset acquisition, and no gain or loss is recognized unless the fair value of non-cash assets given as consideration differs from the assets' carrying amounts on the Company's books. If the consideration given is not in the form of cash (that is, in the form of non-cash assets, liabilities incurred, or equity interests issued), measurement is based on either the cost to the acquiring entity or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and, thus, more reliably measurable. The cost of a group of assets acquired in an asset acquisition is allocated to the individual assets acquired or liabilities assumed based on their relative fair value and does not give rise to goodwill.

b) Business combinations

New business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the subsidiary. For each business combination, the Group elects whether to measure the non-controlling interests in the subsidiary at fair value or at the proportionate share of the subsidiary's identifiable net assets. Acquisition-related costs are expensed as incurred and included in General and administrative expenses.

c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy

by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

e) Foreign currencies

The Group's consolidated financial statements are presented in US dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

f) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. These costs include the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

In the event that significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment

as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- buildings – 12 to 40 years;
- plant and machinery (photovoltaic solar panels) – 20 years;
- plant and machinery (other) – 2 to 12 years;
- other – 4 to 5 years.

The Group commences the depreciation of its solar power plants, which consists of buildings, solar panels and other machinery, from the date that it is available for use, i.e. when it is connected to the grid and generating electricity.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Taxes

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h) Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Costs are accounted for on a first-in/first-out basis.

i) Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

k) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- financial assets at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement – Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Revenue from contracts with customers

The Group's main business is generation of renewable energy. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to complete for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

n) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group entered into lease agreements for land covering fixed periods from 25 to 49 years. Lease payments are variable and predominantly based on a valuation of the land and an annual rate coefficient. While the amount of annual lease payment may vary, it does not depend on an index or rate and lease expenses on these contracts are included in the consolidated statement of comprehensive income when incurred.

As a lessee, the Group recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. According to IFRS 16, the Group is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Where the lessee elects not to apply the requirements in paragraphs 22–49 to either short-term leases or leases for which the underlying asset is of low value, the lessee shall recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term. All lease agreements for land that the Group has entered into are individually of a low value so expenses for these leases have been recognised on a straight-line basis over the lease term.

o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash generating unit's ("CGU") fair value less costs of disposal or its value in use. When the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

3. Standards issued but not yet effective

The new and amended standards and interpretations potentially applicable to the Group's business that have been issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. These new and amended standards and interpretations are not expected to have a material impact on the Group and will be adopted, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are

effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group intends to use the practical expedients in future periods if they become applicable.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation

and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful life of solar panels
A significant portion of Property, plant and equipment is represented by photovoltaic solar panels. Management assessed the expected physical wear and tear of the panels as well as the technical and commercial obsolescence and determined the useful life to be 20 years. The useful economic life of the panels will be reviewed regularly.

In the event that the useful economic life increases by one additional year compared to the current estimate of useful life, the depreciation charge would decrease by $1,495k per year (2019: $795k).

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the estimated budget for the period through December 31, 2039 and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Management considered the revised Green Tariff agreed to during 2020 and concluded that no impairment is needed to be recognised subsequent to year end.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Capitalisation of borrowing costs
As described in Note 2, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets.

5. Group information and acquisitions

The holding company

Elementum Energy Limited, the ultimate holding company, is a private limited company incorporated on May 3, 2019, and domiciled in the United Kingdom. The registered office is located at 60 Goswell Road, London, United Kingdom (England and Wales). The 100% controlling and founding shareholder of the Group is VR Global Partners, L.P., a Cayman Islands registered partnership and an established institutional investor in emerging markets with its registered address at One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries where applicable:

			% equity interest 2020		% equity interest 2019	
Name	**Country of incorporation**	**Principal activity**	**Direct**	**Effective**	**Direct**	**Effective**
Elementum (Ukraine) I Limited	United Kingdom	Holding company	**100**	**100**	100	100
Elementum (Ukraine) II Limited	United Kingdom	Holding company	**100**	**100**	–	–
Elementum Energy (Ukraine) LLC	Ukraine	Management company	**100**	**100**	100	100
Ovid Wind (UK) Limited	United Kingdom	Dormant	**100**	**100**	100	100
Reteria Investments Limited	Republic of Cyprus	Holding company	**100**	**100**	72	72
Entities acquired through Transaction 1						
Energy Dan LLC	Ukraine	Solar station	**100**	**100**	100	100
Grinen LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Green LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Solar 2 LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Solar LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Star Green LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Star LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Sun Star LLC	Ukraine	Solar station	**100**	**100**	100	100
Nick Sunstar 2 LLC	Ukraine	Solar station	**100**	**100**	100	100
Odgrin LLC	Ukraine	Solar station	**100**	**100**	100	100
Sunstar Pryvilne LLC	Ukraine	Solar station	**100**	**100**	100	100
Podilskenergo LLC	Ukraine	Solar station	**100**	**100**	100	100
Solar Capital LLC	Ukraine	Solar station	**100**	**100**	100	100
Entities acquired through Transaction 2						
Eco Solar Station LLC	Ukraine	Solar station	**75.01**	**75.01**	75.01	75.01
Sun Village LLC	Ukraine	Solar station	**75.01**	**75.01**	75.01	75.01
Sunvin 17 LLC	Ukraine	Solar station	**75.01**	**75.01**	75.01	75.01
Sunvin 5 LLC	Ukraine	Solar station	**75.01**	**75.01**	75.01	75.01

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Name	Country of incorporation	Principal activity	% equity interest 2020		% equity interest 2019	
			Direct	**Effective**	**Direct**	**Effective**
Entities acquired through Transaction 3						
Starvoit LLC	Ukraine	Solar station	**100**	**100**	100	72
Sunvin 12 LLC	Ukraine	Solar station	**100**	**100**	100	72
Sunvin 13 LLC	Ukraine	Solar station	**100**	**100**	100	72
Sunvin 14 LLC	Ukraine	Solar station	**100**	**100**	100	72
Tavr Energo LLC	Ukraine	Solar station	**100**	**100**	100	72
Consulting Solar LLC	Ukraine	Solar station	**100**	**100**	100	72
Energy Systems LLC	Ukraine	Solar station	**100**	**100**	100	72
Ingul Solar LLC	Ukraine	Solar station	**100**	**100**	100	72
Sunstar Energy LLC	Ukraine	Solar station	**100**	**100**	100	72
Sunvin 2 LLC	Ukraine	Solar station	**100**	**100**	100	72
Pallada Solar LLC	Ukraine	Dormant	**100**	**100**	100	72
Entities acquired through Transaction 4						
Green Electra 1 LLC	Ukraine	Solar station	**100**	**100**	100	100
Entities acquired through Transaction 5						
Dnistrovska Vitroelektrostantsiia LLC	Ukraine	Wind station	**98**	**98**	–	–

Elementum (Ukraine) I Limited, Elementum (Ukraine) II Limited and Ovid Wind (UK) Limited have their registered addresses at 60 Goswell Road, London, United Kingdom. Reteria Investments Limited has its registered address at 2-4 Arch. Makarios III Avenue, Capital Center, Nicosia, Cyprus. All Ukrainian subsidiaries have their registered addresses at 8 Simyi Khokhlovikh St., B-10 bld., Kyiv, Ukraine.

Acquisitions

The Group was primarily established in two rounds of transactions during 2018 and 2019. First, entities under common control of VR Global Partners, L.P. ("VRGP Subsidiaries") acquired controlling stakes in multiple solar projects in Ukraine through separate purchase transactions with third parties. These stations were subsequently constructed and brought into operation.

Secondly, after obtaining control, the VRGP Subsidiaries restructured the Group by transferring the ownership of the entities to Elementum Energy Limited during a restructuring process in 2019 as outlined in Note 6.

Transaction for the year ended December 31, 2020:

	Transaction 5 $000	Total $000
Assets		
Property, plant and equipment	524	524
Cash and cash equivalents	1	1
Other assets	1,888	1,888
Total assets	**2,413**	**2,413**
Borrowings	2,354	2,354
Trade payables	133	133
Other liabilities	111	111
Total liabilities	**2,598**	**2,598**
Net (liabilities)/assets (90%)	**(167)**	**(167)**
Consideration paid	2,218	2,218
Allocation to PPE (Note 14)	**2,385**	**2,385**

Transaction 5

In February 2020, the Group acquired a 90% share in Dnistrovska Vitroelektrostantsiia LLC, the company in the process of constructing DWPP for the consideration of $2,218k. This entity owned a single wind power plant, and the transaction was accounted for as an asset acquisition as the entity did not constitute a business.

Other transactions

In September 2020, the Group increased its share in DWPP from 90% to 98% for the consideration of $1k.

In September 2020, the Group acquired the remaining 28% share of Reteria Investments Limited from Volterra Energy Group Ltd. for the consideration of $3,607k. The Group also acquired the shareholder loan from Volterra Energy Group Ltd. at par value (Note 21).

Transactions for the year ended December 31, 2019:

	Transaction 1 $000	Transaction 2 $000	Transaction 3 $000	Transaction 4 $000	Total $000
Assets					
Property, plant and equipment	155,949	10,769	29,241	9,782	205,741
Cash and cash equivalents	3,858	201	5,096	152	9,307
Trade receivables	4,391	–	–	322	4,713
Other assets	11,008	5,849	38,438	1,863	57,158
Total assets	**175,206**	**16,819**	**72,775**	**12,119**	**276,919**
Borrowings	152,795	17,073	59,730	11,824	241,422
Other liabilities	4,395	247	13,203	125	17,970
Total liabilities	**157,190**	**17,320**	**72,933**	**11,949**	**259,392**
Share of other income	(11,134)	–	–	–	(11,134)
Net assets	**6,882**	**(501)**	**(158)**	**170**	**6,393**
Consideration paid	47,943	36	6,282	1,125	55,386
Allocation to PPE (Note 14)	**41,061**	**537**	**6,440**	**955**	**48,993**

Transaction 1

During 2018 and 2019, the VRGP Subsidiaries established a joint venture, without exercising control, with an unrelated party and acquired ownership in the companies as specified in the Group information table above for consideration of $6,012k. Each of these entities owned a single solar power plant, and the transaction was accounted for as an asset acquisition as each individual entity did not constitute a business. Profit before tax from the operations of the joint venture before control was obtained for $11,134k (net profit of $9,310k) and is included in Other income in the consolidated statement of comprehensive income.

In August 2019, the VRGP Subsidiaries obtained control by acquiring the remaining 50% interests for consideration of $41,931k and additionally provided a 40% economic participation in future profits of the respective subsidiaries to the seller for consideration of $33,545k. The participation entitles the participant to share of profit only if and when any dividends are distributed, and it is not currently contemplated for dividend distributions to be made by Elementum (Ukraine) I Limited until the bonds issued by Elementum (Ukraine) I Limited are redeemed in full (Note 21).

The balances and financial results of the joint venture entities are not included in the consolidated financial statements as at December 31, 2018, as no control was obtained by the VRGP subsidiaries as of that date and the businesses involved would not have made a material contribution to the results or financial position of the consolidated comparative accounts.

Transaction 2

During 2019, the VRGP Subsidiaries acquired 75.01% of the voting shares in the companies as specified in the Group information table above from an unrelated party while providing a 40% economic sub-participation under the same terms as in Transaction 1. Each of these companies owned a single solar power plant, and the transaction was accounted for as an asset acquisition as each individual entity did not constitute a business.

Transaction 3

During 2018, the VRGP Subsidiaries and Volterra Energy Group Ltd. incorporated Reteria Investments Limited with a share capital split of 72% and 28%, respectively. Reteria Investments Limited subsequently acquired 100% of the voting shares in Starvoit LLC during 2018 and 100% of the voting shares in the other subsidiaries as specified in the Group information table above during 2019. Each of these companies owned a single solar power plant, and the transaction was accounted for as an asset acquisition as each individual entity did not constitute a business.

Transaction 4

During 2019, the VRGP Subsidiaries acquired 100% of the voting shares of Green Electra 1 LLC from an unrelated party. This entity owned a single solar power plant, and the transaction was accounted for as an asset acquisition as the entity did not constitute a business.

6. Group restructuring

As part of a restructuring during December 2019, the Group acquired all of the equity and related loans from the VRGP Subsidiaries at a fair value of $37,160k and $321,104k, respectively.

The acquisition was financed through bonds issued by the Group in the amount of $364,330k (Note 21) to VR Global Partners, L.P. and the other minority shareholders of the VRGP Subsidiaries in the same ratio as their ownership prior to the restructuring. The parties signed a multilateral netting agreement to set off $358,264k against the purchase price of the assets and the remaining balance of $6,066k was paid to the Group in January 2020.

Assets and liabilities, retained earnings and other equity balances of the subsidiaries are recognised at their pre-combination carrying amounts and the difference between the carrying amounts of the subsidiaries and the consideration paid by the Group is recorded separately as a common control transaction reserve (Note 20).

7. Investments in subsidiaries

Parent company only balances	2020 $000	2019 $000
Reteria Investments Limited	6,376	2,769
Elementum Energy (Ukraine) LLC	16	16
Green Electra 1 LLC	10	10
Ovid Wind (UK) Limited	0	0
Elementum (Ukraine) I Limited	0	0
Dnistrovska Vitroelektrostantsiia LLC	2,219	–
Elementum (Ukraine) II Limited	1	–
	8,622	**2,795**

The Directors believe that the carrying value of the investments are supported by their net realisable value.

8. Fair value measurement

Trade receivables, trade payables and interest-bearing loans and borrowings are carried at amortised cost using the effective interest rate method. The fair values of these assets and liabilities are not materially different from their carrying amounts and are classified as Level 2 in the fair value measurement hierarchy as at December 31, 2020 and 2019.

Management assessed the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities to approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Group's interest-bearing loans and borrowings are determined using a DCF model with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at December 31, 2020 and 2019, was assessed to be insignificant and these are classified as Level 2 in the fair value measurement hierarchy as at December 31, 2020.

9. Revenue

	2020 $000	2019 $000
Ukraine state-owned designated buyers (Note 18)	102,778	17,875
	102,778	**17,875**

100% of the Group's revenue is generated from a single customer, SC Guaranteed Buyer, a state-owned company that became the designated purchaser of renewable energy from independent producers in Ukraine on July 1, 2019, after replacing SC Energymarket.

Revenue is linked to euro-priced tariffs for solar electricity generation and paid in hryvnia at the prevailing UAH/EUR exchange rate, which is reset on quarterly basis.

10. Cost of sales

	2020 $000	2019 $000
Depreciation of property, plant and equipment (Note 14)	24,789	6,179
Operations and maintenance expenses	3,566	876
Salaries and employer's contribution	255	145
Management fees	104	143
	28,714	**7,343**

11. General and administrative expenses

	2020 $000	2019 $000
Legal and professional expenses	1,225	318
Rent	1,029	577
Salaries and employer's contributions	780	80
Group audit fees	567	477
IT expenses	199	–
Statutory audit of subsidiaries	93	8
Depreciation of property, plant and equipment	71	–
Other expenses	321	347
	4,285	**1,807**

No non-audit fees are included into General and administrative expenses for the year ended December 31, 2020 (2019: $Nil).

The average number of employees of the Group during 2020 was 20 (2019: 7), while the number of employees as at December 31, 2020 and 2019, were 34 and 15, respectively. There are no employees employed by the Company as at December 31, 2020 and 2019.

Remuneration received by the Directors of the Company for the year ended December 31, 2020, is $Nil (2019: $Nil). The Directors are indirectly employed and remunerated by the investment advisor to VR Global Partners, L.P.

12. Finance costs

	2020 $000	2019 $000
Interest expense		
Bonds issued	37,031	1,047
Bank borrowings	1,916	576
Loans from shareholders	660	5,751
	39,607	**7,374**

13. Income tax

The major components of income tax expense for the year ended December 31, 2020, include:

	2020 $000	2019 $000
Current tax expense	2,169	1,912
Deferred tax (benefit)/expense	(10,901)	1,749
	(8,732)	**3,661**

The Group's subsidiaries incorporated in the United Kingdom, Ukraine and Republic of Cyprus are subject to corporate income tax at the standard rates of 19.0%, 18.0% and 12.5%, respectively, applied to their taxable profits. In March 2021, it was announced that the main rate of UK corporation tax would increase to 25.0% from April 2023.

Reconciliation of tax expense and accounting profit using the United Kingdom domestic tax rate for 2020 and 2019:

	2020 $000	2019 $000
Accounting (loss)/profit before income tax	(63,495)	26,167
At UK's statutory income tax rate of 19.0%	(12,064)	4,972
Tax effects of share of other income	–	(1,824)
Non-taxable income	431	(331)
Other non-deductible expenses	(492)	587
Effect of lower tax rates in Ukraine of 18.0%	566	(259)
Effect of lower tax rates in Cyprus of 12.5%	(147)	(260)
Unrecognised tax losses	1,744	714
Overseas withholding tax	1,230	62
At an effective income tax rate of 13.8% (2019: 14.0%)	**(8,732)**	**3,661**

Differences between IFRS and Ukrainian statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is recorded at a rate of 18.0% (December 31, 2019: 18.0%).

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position 2020 $000	Consolidated statement of profit or loss 2020 $000	Consolidated statement of financial position 2019 $000	Consolidated statement of profit or loss 2019 $000
Accelerated depreciation for tax purposes	(7,336)	2,862	(4,190)	1,113
Interest on borrowings	4,176	(4,715)	(701)	643
Expected credit losses of financial assets	2,375	(665)	174	(159)
Losses carried forward	7,582	(8,383)	487	152
Deferred tax (benefit)/expense		**(10,901)**		**1,749**
Net deferred tax assets/(liabilities)	**6,797**		**(4,230)**	
Reflected in the statement of financial position as follows:				
Deferred tax assets	7,735		35	
Deferred tax liabilities	(938)		(4,265)	
Net deferred tax assets/(liabilities)	**6,797**		**(4,230)**	

Reconciliation of net deferred tax assets/(liabilities):

	2020 $000	2019 $000
At January 1	(4,230)	130
Tax benefit/(expense) during the period recognised in profit or loss	10,901	(1,749)
Tax effects of share of other income	–	(1,352)
Deferred taxes acquired	–	(963)
Foreign exchange difference	126	(296)
At December 31	**6,797**	**(4,230)**

14. Property, plant and equipment

	Land and buildings $000	Plant and machinery $000	Construction in progress $000	Other $000	Total $000
Cost					
At January 1, 2020	56,653	283,131	96,361	42	436,187
Acquisition of subsidiary (Note 5)	52	–	2,856	–	2,908
Additions	1,641	7,065	59,499	185	68,390
Foreign exchange	(9,460)	(41,970)	(14,519)	(13)	(65,962)
Disposals	–	–	–	(23)	(23)
Transfer	3,991	80,696	(84,687)	–	–
At December 31, 2020	**52,877**	**328,922**	**59,510**	**191**	**441,500**
Depreciation and impairment					
At January 1, 2020	1,414	8,054	–	11	9,479
Acquisition of subsidiary (Note 5)	1	–	–	–	1
Depreciation charge	2,937	21,851	–	72	24,860
Foreign exchange	(369)	(1,970)	–	(11)	(2,350)
Disposals	–	–	–	(5)	(5)
At December 31, 2020	**3,983**	**27,935**	**–**	**67**	**31,985**
Net book value					
At January 1, 2020	55,239	275,077	96,361	31	426,708
At December 31, 2020	**48,894**	**300,987**	**59,510**	**124**	**409,515**

The entire balance of Construction in progress as at December 31, 2020, is attributable to the ongoing construction of DWPP. The first phase of DWPP with an estimated 40 MWp capacity started commercial operations under a guaranteed feed-in tariff in May 2021.

Additions during 2020 and 2019 include assets acquired via asset acquisitions. The cost of these assets are allocated to the individual identifiable assets based on their relative fair value at the date of purchase (Note 5).

The amount of borrowing costs capitalised during the year ended December 31, 2020 was $5,040k (2019: $7,916k). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.5% – 11.0% (2019: 9.8% – 14.0%), which is the EIR of the specific borrowing.

	Land and buildings $000	Plant and machinery $000	Construction in progress $000	Other $000	Total $000
Cost					
At January 1, 2019	–	–	11,433	–	**11,433**
Acquisition of subsidiary (Note 5)	21,491	189,967	46,156	42	**257,656**
Additions	33,195	80,887	48,998	–	**163,080**
Foreign exchange	818	1,993	1,207	–	**4,018**
Disposals	–	–	–	–	**–**
Transfer	1,149	10,284	(11,433)	–	**–**
At December 31, 2019	**56,653**	**283,131**	**96,361**	**42**	**436,187**
Depreciation and impairment					
At January 1, 2019	–	–	–	–	**–**
Acquisition of subsidiary (Note 5)	495	2,420	–	8	**2,923**
Depreciation charge	866	5,310	–	3	**6,179**
Foreign exchange	53	324	–	–	**377**
Disposals	–	–	–	–	**–**
At December 31, 2019	**1,414**	**8,054**	**–**	**11**	**9,479**
Net book value					
At January 1, 2019	–	–	11,433	–	11,433
At December 31, 2019	**55,239**	**275,077**	**96,361**	**31**	**426,708**

15. Loans receivable

Parent company only balances:	Currency	Interest rate %	Maturity	2020 $000
Loans to subsidiaries				
Reteria Investments Ltd.	USD	8-10%	Dec 31, 2021	90,231
Green Electra 1 LLC	USD	10.5%	Dec 31, 2027	9,889
Dnistrovska Vitroelektrostantsiia LLC	EUR	11%	Jan 10, 2023	71,510
Elementum (Ukraine) II Limited	EUR	10.5%	Dec 31, 2030	6,248
Bonds issued by subsidiaries				
Elementum (Ukraine) I Limited	USD	10.5%	Mar 1, 2030	156,921
				334,799
Allowance for expected credit losses				(6,736)
				328,063

Parent company only balances:	Currency	Interest rate %	Maturity	2019 $000
Loans to subsidiaries				
Reteria Investments Limited	USD	8-15%	Dec 31, 2020	85,686
Green Electra 1 LLC	USD	11%	Dec 31, 2020	9,744
Bonds issued by subsidiaries				
Elementum (Ukraine) I Limited	USD	10.5%	Mar 1, 2030	156,815
				252,245
Allowance for expected credit losses				(7,412)
				244,833

Key inputs used to determine the allowance for expected credit losses for the loans to related parties include the probability of default and the associated estimated loss in the event of a default.

Loans receivable from subsidiaries and bonds issued by subsidiaries are unsecured and eliminated in the consolidated financial statements.

16. Other assets

	2020 $000	2019 $000
Deposits and prepayments	3,620	6,960
Total non-current other assets	**3,620**	**6,960**
Value added tax receivable	7,027	21,418
Deposits and prepayments	567	358
Current tax assets	538	–
Other assets	198	192
Total current other assets	**8,330**	**21,968**

Deposits and prepayments classified as non-current other assets are related to the construction of the stations that were not yet connected to the grid as at December 31, 2020 and 2019.

17. Inventories

	2020 $000	2019 $000
Replacement solar panels	370	373
Other	148	71
	518	**444**

18. Trade and other receivables

	2020 $000	2019 $000
SC Guaranteed Buyer (Note 9)	66,307	1,876
SC Energymarket (Note 9)	524	1,106
	66,831	**2,982**
Allowance for expected credit losses	(4,355)	(967)
Total trade receivables	**62,476**	**2,015**
VR Global Partners, L.P.	–	11,037
Other	–	13
Total other receivables	**–**	**11,050**
	62,476	**13,065**

The extent to which SC Energymarket will settle its indebtedness is uncertain and the Group has created an allowance for expected credit losses in the amount of $524k as at December 31, 2020 (2019: $967k).

The Group has created an allowance for expected credit losses on receivables form SC Guaranteed Buyer in the amount of $3,831k as at December 31, 2020 (2019: $Nil). Management expects that receivables form SC Guaranteed Buyer will be collected within 12 months.

The amount receivable from VR Global Partners, L.P., the parent company, was settled in January 2020.

19. Cash and cash equivalents

	2020 $000	2019 $000
Cash at banks	11,780	2,556
Bank deposits	–	343
Treasury accounts	40	32
	11,820	**2,931**

20. Capital and reserves

The Group's capital includes issued capital and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise value for shareholders.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements.

Issued capital and reserves

Elementum Energy Limited was incorporated on May 3, 2019. Authorised ordinary shares of Elementum Energy Limited as at December 31, 2020 and 2019, and for the years then ended were as follows:

	Shares	£000	$000
Authorised ordinary shares of £1 each	3,750,000	3,750	5,000
Issued and fully paid ordinary shares	3,750,000	3,750	5,000
At January 1, 2019	–	–	–
Issued on May 3, 2019	100	0	0
Issued on December 31, 2019	3,749,900	3,750	5,000
At December 31, 2019	**3,750,000**	**3,750**	**5,000**
At December 31, 2020	**3,750,000**	**3,750**	**5,000**

Proceeds for issued shares were received in full in January 2020.

Other capital reserves

The disaggregation of changes by each type of reserve in equity is shown below:

	Exchange differences on translation of foreign operations		Common control transaction reserve (Note 6)		Minority share buy-out reserves (Note 5)	Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2020 $000	2019 $000
At January 1	2,072	(8)	14,374	–	–	16,446	(8)
Change for the year	(4,154)	2,080	95	14,374	(744)	(4,803)	16,454
At December 31	**(2,082)**	**2,072**	**14,469**	**14,374**	**(744)**	**11,643**	**16,446**

21. Interest-bearing loans and borrowings

	Currency	Maturity	2020 $000
Bank loans			
First Ukrainian International Bank JSC	USD	Jun 27, 2025	12,714
State Savings Bank of Ukraine JSC	EUR	Sep 26, 2026	8,426
Eurobonds			
Issued by Elementum Energy Limited	USD	Mar 1, 2030	335,409
Issued by Elementum (Ukraine) I Limited	USD	Mar 1, 2030	104,614
			461,163
Non-current interest-bearing loans and borrowings			445,504
Current interest-bearing loans and borrowings			15,659
			461,163

Interest rate on Eurobonds is 10.5%, interest rates on bank loans are in range 7.5%–9.0%.

	Currency	Maturity	2019 $000
Bank loans			
First Ukrainian International Bank JSC	USD	Jun 27, 2025	14,808
State Savings Bank of Ukraine JSC	EUR	Sep 26, 2026	8,396
Eurobonds			
Issued by Elementum Energy Limited	USD	Mar 1, 2030	260,834
Issued by Elementum (Ukraine) I Limited	USD	Mar 1, 2030	104,543
Shareholder loan			
Volterra Energy Group Ltd.		Dec 31, 2020	12,078
			400,659
Non-current interest-bearing loans and borrowings			383,551
Current interest-bearing loans and borrowings			17,108
			400,659

Interest rate on Eurobonds is 10.5%, interest rate on shareholder loan is 8.0%, interest rates on bank loans are in range 7.5%–9.0%.

Starvoit LLC pledged its equity, movable and immovable assets, proceeds from future sales and bank accounts to the State Savings Bank of Ukraine JSC to secure the loan disclosed above. Solar Capital LLC pledged its equity and movable and immovable assets to First Ukrainian International Bank JSC to secure the loan disclosed above.

Analysis of movement of interest-bearing loans and borrowings:

	2020 $000	2019 $000
At January 1	**400,659**	**34,943**
Debt acquired (Note 5)	–	241,422
Cash proceeds from borrowings	73,511	144,488
Cash repayment of borrowings	(57,907)	(26,282)
Accruals and other non-cash movements	44,900	6,088
At December 31	**461,163**	**400,659**

Debt acquired as disclosed above is primarily represented by shareholder loans acquired by the VRGP Subsidiaries under the transactions disclosed in Note 5. These shareholder loans, cash proceeds from additional borrowings post-acquisition, repayment of borrowings and respective interest accruals were set off against the bond issued during the Group restructuring (Note 6).

22. Trade and other payables

	2020 $000	2019 $000
Podilskiy Energoconsulting LLC	9,646	12,839
Total non-current trade and other payables	**9,646**	**12,839**
GE Wind Energy	5,361	–
Podilskiy Energoconsulting LLC	3,285	8,149
Other	601	294
Total current trade payables	**9,247**	**8,443**
VR Global Partners, L.P.	17,849	–
Other	8,809	–
Total current other payables	**26,658**	**–**
Total current trade and other payables	**35,905**	**8,443**

The amount payable to VR Global Partners, L.P. including Other current payables totalling $26,658k represent the financial liability under a currency forward contract that expired on December 31, 2020. The contract provides an economic hedge to effectively convert the USD denominated Eurobonds issued by Elementum Energy Limited and Elementum (Ukraine) I Limited (Note 21) to EUR. The Group anticipates including these payables into the Eurobonds when converting from USD to EUR during 2021. Associated losses on the currency forward contract in amount of $26,658k is included in Net foreign exchange (losses)/gains in the consolidated statement of comprehensive income.

The amounts payable to Podilskiy Energoconsulting LLC are related to the ongoing construction of stations that were not connected to the grid as of December 31, 2019. The construction of these stations were completed during 2020.

23. Other current liabilities

	2020 $000	2019 $000
Other taxes payable	11,572	459
Deferred payment	4,506	–
Accrued expenses	559	484
Payroll and related settlements	106	258
Other liabilities	106	14
	16,849	**1,215**

The Deferred payment comprise the unpaid amount for the acquisition of 28.0% share of Reteria Investments Limited (Note 5).

24. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's construction activities and operations. The Group's principal financial assets include trade receivables along with cash and short-term deposits directly generated from its operations.

	2020 $000	2019 $000
Trade and other receivables	62,476	13,065
Cash and cash equivalents	11,820	2,931
Total financial assets measured at amortised cost	**74,296**	**15,996**
Interest-bearing loans and borrowings	461,163	400,659
Trade and other payables	45,551	21,282
Total financial liabilities measured at amortised cost	**506,714**	**421,941**

The Group is exposed to market risk, credit risk and liquidity risk. Management oversees the management of these risks and maintains an appropriate financial risk governance framework for the Group. The Group's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Directors review and adhere to policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates are not material as the Group does not have long-term debt obligations with floating interest rates.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows from an exposure to a foreign currency will fluctuate because of changes in exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Changes in the foreign exchange rates while all other variables remain constant will have following effect on profit before tax:

	Change in EUR/UAH rate $000	Effect on profit before tax $000	Change in EUR/USD rate $000	Effect on profit before tax $000
2020	+5.0%	(20,189)	+5.0%	19,654
	-5.0%	20,189	-5.0%	(19,654)

The Group's exposure to foreign currency changes for the period ended December 31, 2019, is not material.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Maximum exposure to credit risk as at December 31, 2020, is approximated by the carrying amounts of the assets.

	Trade receivables		Loans receivable	
	2020 $000	2019 $000	2020 $000	2019 $000
At January 1	967	–	–	346
Net charge for the year	3,388	967	–	–
Transfer to common control transaction reserve	–	–	–	(346)
At December 31	**4,355**	**967**	**–**	**–**

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease contracts. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months that can be rolled over or extended with the existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than 1 year $000	1 to 5 years $000	More than 5 years $000	Total $000
As at December 31, 2020				
Interest-bearing loans and borrowings	62,161	197,927	618,534	878,622
Trade and other payables	35,905	9,646	–	45,551
	98,066	**207,573**	**618,534**	**924,173**
As at December 31, 2019				
Interest-bearing loans and borrowings	58,072	172,555	565,878	796,505
Trade and other payables	8,443	12,839	–	21,282
	66,515	**185,394**	**565,878**	**817,787**

25. Commitments and contingencies

Commitments

The Group has entered into leases on land with terms of between 22-48 years (57 contracts as at December 31, 2020 and 28 contracts as at December 31, 2019) and office premises with a lease term of four years (one contract as at December 31, 2020 and 2019). Future minimum rentals payable under non-cancellable operating leases as at December 31 are as follows:

	2020 $000	2019 $000
Less than one year	923	1,025
More than one year but less than five years	3,612	4,160
More than five years	21,411	23,952
	25,946	**29,137**

The Group has no capital expenditure commitments as at December 31, 2020.

Guarantees

As part of the DWPP project (Note 5), the Group provided a guarantee to General Electric under a transaction service agreement amounting to $38,000k.

Contingencies

The Group assesses its liabilities and contingencies for all tax years open for audit by UK and Ukraine tax authorities based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst the Group believes it has adequately considered the outcome of these matters, certain periods may be subject to review by the UK and Ukrainian tax authorities, and therefore future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

26. Related party disclosures

The balances with related parties as at December 31, 2020:

	2020		2019	
	Amounts owed by related parties $000	**Amounts owed to related parties $000**	**Amounts owed by related parties $000**	**Amounts owed to related parties $000**
Shareholders				
VR Global Partners, L.P.	–	353,258	11,037	260,834
Volterra Energy Group Ltd.	–	4,507	–	12,149
	–	**357,765**	**11,037**	**272,983**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

	2020		2019	
	Income $000	**Expenses $000**	**Income $000**	**Expenses $000**
Shareholders				
Cost of sales	–	104	–	143
General and administrative expenses	–	177	–	174
Finance costs	–	31,669	–	5,755
Net foreign exchange losses (Note 22)	–	17,849	–	–
	–	**49,799**	**–**	**6,072**

Transactions with shareholders include operations with Volterra Energy Group Ltd. which ceased to be a shareholder in September 2020 (Note 5). The terms and conditions for interest-bearing loans and borrowings and loans receivable to or from related parties are disclosed in Note 21 and Note 15, respectively.

27. Events after the reporting period

The Company issued additional bonds to its sole shareholder, VR Global Partners, L.P., in March 2021 and June 2021 to the amount of $11,300k and $8,500k, respectively.

In March 2021, The Group acquired a 100% share in Artsyz WPP LLC, Artsyz WPP-2 LLC and Kiliya WPP LLC, companies in the process of constructing three wind power plants in Ukraine.
In March 2021, it was announced that the main rate of UK corporation tax would increase to 25.0% from April 2023.

In March 2021, the Group provided a guarantee to General Electric under a transaction service agreement amounting to EUR44,748k as part of stage II of the DWPP project.

The first phase of DWPP with an estimated 40 MWp capacity started commercial operations under a guaranteed feed-in tariff in May 2021.

The assessment and possible implications of a solar plant commissioning review, the taxation environment and the recent COVID-19 pandemic are disclosed and assessed as part of the Strategic management report. No material changes to the values disclosed in the consolidated financial statements have been identified from these events.

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