



# JADEPOWER

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## JADE POWER TRUST

CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

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## Independent Auditor's Report

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To the Unitholders of Jade Power Trust

### Opinion

We have audited the consolidated financial statements of Jade Power Trust (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income and comprehensive income (loss), Unitholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, 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.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis for the year ended December 31, 2021 filed with the relevant Canadian Securities Commission.

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

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

We obtained the Management's Discussion and Analysis for the year ended December 31, 2021 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael Crolla.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
May 2, 2022

JADE POWER TRUST  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31,	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 2d)	\$ 8,113,936	\$ 2,917,885
Trade and other receivables (note 6)	3,387,317	7,572,857
Green Certificates (note 7)	1,211,507	1,733,116
Restricted Green Certificates (note 7)	1,935,317	1,552,805
Prepays and other assets	1,826,452	1,655,337
	16,474,529	15,432,000
Long-term assets		
Restricted cash (note 9ii)	1,033,303	1,483,213
Restricted Green Certificates (note 7)	8,413,546	12,117,584
Intangible assets	193,331	275,579
Property, plant and equipment (note 8)	43,401,148	52,006,984
	53,041,328	65,883,360
<b>TOTAL ASSETS</b>	<b>\$ 69,515,857</b>	<b>\$ 81,315,360</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,978,315	\$ 5,813,291
Current portion of lease liabilities (note 9i)	2,777,144	6,160,628
Debt facility (note 9i)	-	1,646,758
	7,755,459	13,620,677
Long-term liabilities		
Asset retirement obligations (note 10)	2,813,265	3,349,992
Deferred tax liabilities (note 17)	2,066,077	1,139,207
Long-term portion of lease liabilities (note 9ii)	12,215,878	16,289,251
	17,095,220	20,778,450
<b>TOTAL LIABILITIES</b>	<b>24,850,679</b>	<b>34,399,127</b>
Unitholders' equity	44,665,178	46,916,233
<b>TOTAL LIABILITIES AND UNITHOLDERS' EQUITY</b>	<b>\$ 69,515,857</b>	<b>\$ 81,315,360</b>

Nature and Description of the Trust (note 1)

Approved on Behalf of the Board:

<u>"Ravi Sood"</u> Director	<u>"John Huxley"</u> Director
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*The accompanying notes are an integral part of these Consolidated Financial Statements.*

JADE POWER TRUST  
CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME (LOSS)

For the years ended December 31,	2021	2020
<b>REVENUE</b>		
Sale of electricity	\$ 5,969,707	\$ 7,064,497
Income from Green Certificates	12,681,120	11,655,544
	18,650,827	18,720,041
<b>OPERATING EXPENSES</b>		
Cost of sales excluding depreciation	(5,828,546)	(5,864,253)
Depreciation and amortization	(3,714,629)	(3,857,596)
Cost of sales	(9,543,175)	(9,721,849)
General and administrative	(1,902,373)	(1,692,227)
Professional fees	(550,636)	(333,343)
Foreign exchange (loss)	(344,838)	(492,024)
Other operating (expenses)	(728,766)	(753,587)
Total operating expenses	(13,069,788)	(12,993,030)
<b>OPERATING INCOME</b>	5,581,039	5,727,011
<b>OTHER INCOME (EXPENSES)</b>		
Finance (costs) (note 11)	(1,121,807)	(1,948,225)
Other gains (note 20)	544,719	-
Total other income (expenses)	(577,088)	(1,948,225)
<b>INCOME BEFORE TAX</b>	5,003,951	3,778,786
Current income tax (expense) (note 17)	(257,750)	(2,466)
Deferred income tax (expense) (note 17)	(1,069,460)	(119,163)
	(1,327,210)	(121,629)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	3,676,741	3,657,157
Loss from discontinued operation, net of tax (note 5)	-	(666,676)
<b>NET INCOME FOR THE YEAR</b>	3,676,741	2,990,481
Other comprehensive (loss) gain:		
Unrealized (loss) gain on translation of foreign operations	(4,613,604)	1,370,598
Reclassification of realized gain on translation of foreign operations sold, classified as discontinued operations (note 5)	-	605,815
	(4,613,604)	1,976,413
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	\$ (936,863)	\$ 4,966,894
Basic and diluted net income from		
from continuing operations per Unit	\$ 0.16	\$ 0.16
Basic and diluted net loss from		
discontinued operations per Unit	\$ -	\$ (0.03)
Basic and diluted net income per Unit	\$ 0.16	\$ 0.13
Weighted average number of Units		
outstanding - basic and diluted	23,043,358	23,131,766

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

JADE POWER TRUST  
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

	Units	Unit Value	Deficit	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Unitholders' Equity (Deficiency)
Balance, December 31, 2019	23,148,720	103,508,740	(68,373,294)	737,411	6,069,101	41,941,958
Net income	-	-	2,990,481	-	-	2,990,481
Other comprehensive income	-	-	-	1,976,413	-	1,976,413
Issuance of Units pursuant to Unit Purchase Plan (note 14)	4,762	7,381	-	-	-	7,381
Cancelled Units (note 12ii)	(31,856)	(289,888)	-	-	289,888	-
Balance, December 31, 2020	23,121,626	\$ 103,226,233	\$ (65,382,813)	\$ 2,713,824	\$ 6,358,989	\$ 46,916,233
Balance, December 31, 2020	23,121,626	103,226,233	(65,382,813)	2,713,824	6,358,989	46,916,233
Net income	-	-	3,676,741	-	-	3,676,741
Other comprehensive loss	-	-	-	(4,613,604)	-	(4,613,604)
Cancelled Units (note 12ii)	(14)	-	-	-	-	-
Unit buy-back (note 12iii)	(540,000)	(1,314,192)	-	-	-	(1,314,192)
Balance, December 31, 2021	22,581,612	\$ 101,912,041	\$ (61,706,072)	\$ (1,899,780)	\$ 6,358,989	\$ 44,665,178

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

JADE POWER TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,	2021	2020
<b>OPERATING ACTIVITIES</b>		
Net income from continuing operations for the year	\$ 3,676,741	\$ 3,657,157
Items relating to financing activities:		
Interest and finance charges (note 11)	1,121,807	1,948,225
Proceeds from the sale of Green Certificates	15,331,589	11,790,436
Add (deduct) items not affecting cash:		
Income from Green Certificates	(12,681,120)	(11,655,544)
Depreciation and amortization	3,714,629	3,857,596
Deferred income tax expense (note 17)	1,069,460	119,163
Foreign exchange loss	344,838	492,024
Gain on settlement of insurance claims (note 21)	(538,397)	-
Write-off of indirect tax receivables	174,846	-
Operating cash flow before changes in working capital	12,214,393	10,209,057
Net change in non-cash working capital:		
Trade and other receivables	4,010,694	(1,325,251)
Green Certificates	521,609	(444,476)
Prepaid and other assets	(171,115)	255,279
Accounts payable and accrued liabilities	(296,579)	(105,315)
Net cash provided by operating activities of continuing operations	16,279,002	8,589,294
Net cash provided by (used in) operating activities of discontinued operations	-	(3,745)
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (note 8)	(95,808)	(55,764)
Acquisitions, net of cash acquired	-	-
Net cash used in investing activities of continuing operations	(95,808)	(55,764)
<b>FINANCING ACTIVITIES</b>		
Repayment of debt facility (note 9i)	(1,646,758)	(2,500,000)
Interest and financing costs paid	(174,236)	(293,455)
Restricted cash (note 9ii)	310,978	-
Lease liabilities (note 9ii)	(6,796,501)	(5,172,302)
Unit buy-back (note 12iii)	(1,314,192)	-
Net cash (used in) financing activities of continuing operations	(9,620,709)	(7,965,757)
Effect of currency translation	(1,366,434)	552,772
<b>CHANGE IN CASH</b>	<b>5,196,051</b>	<b>1,116,800</b>
Cash, beginning of year	2,917,885	1,801,085
Cash, end of year	\$ 8,113,936	\$ 2,917,885

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

## 1. NATURE AND DESCRIPTION OF THE TRUST

Jade Power Trust (“Jade Power” or the “Trust”) is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario that, through its subsidiaries, generates and sells electricity to licensed electricity buyers in Romania through its portfolio of two operational wind projects known as “Baia” and “East Wind” with a total capacity of 62 megawatts (“MW”) (the “Wind Projects”), two hydro-electric generation facilities comprised of run-of-river hydroelectric power plants known as “Rott” and “Zagra” with total capacity of over 2.39 MW (the “Hydro Projects”) and two photovoltaic solar power production plants known as “Corabia” and “PowerLIVE” with a total capacity of 16.6 MW (the “Solar Projects” and, together with the Hydro Projects and the Wind Projects, (the “Projects”). All of the Projects are located in Romania. In August 2020, the Trust completed the sale (the “Suha Disposition”) of Transeastern Vistea Hidroelectrică SPV IV SRL (“Suha”). Refer to note 5 for details of the Suha Disposition.

The Trust directly and indirectly owns all of the membership rights of Transeastern Power Coöperatief U.A. (“Netherlands Parent”), which owns all of the issued and outstanding shares of Transeastern Power B.V. (“Netherlands Holdco” and, together with the Netherlands Parent, the “Netherlands Subsidiaries”). The Netherlands Subsidiaries jointly own, directly, or indirectly, 100% of six Romanian subsidiaries which hold the Hydro Projects, two Romanian subsidiaries that hold the Solar Projects, two Romanian subsidiaries that hold the Wind Projects, and a Romanian subsidiary that acts as a management company for the Romanian operations.

TSX Trust Company, (the “Trustee”), was appointed as trustee of Jade Power pursuant to a trust indenture of the Trust dated February 4, 2014, as amended (the “Trust Indenture”). The Trustee has delegated most of its powers and duties relating to the operations and governance of Jade Power to Jade Power Administrator Inc. (formerly “Blockchain Power Administrator Inc.”, the “Administrator”) pursuant to an Administrative Services Agreement dated February 4, 2014. All of the shares of the Administrator are owned by Jade Management Inc. (the “Administrator Shareholder”), all of the shares of which are owned by Mr. Eadie, the Chief Executive Officer of the Administrator and Mr. Sood, the Chairman of the Administrator, and are subject to the terms of a unanimous shareholders’ agreement dated May 28, 2014.

Jade Power qualifies as a “mutual fund trust” and not a “SIFT trust” (each as defined in the Income Tax Act (Canada)) in accordance with the restrictions set forth in the Trust Indenture. The Administrator is responsible for monitoring Jade Power’s investments and holdings of property to ensure Jade Power is not at any time a “SIFT trust” and does not hold any “non-portfolio property”.

The principal head and registered office of each of Jade Power, the Administrator, the Administrator Shareholder and Jade Power’s Canadian subsidiaries are located at Suite 1800, 181 Bay Street, Toronto, Ontario, Canada. References to Jade Power herein include reference to the applicable subsidiary where appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpreted by the IFRS Interpretations Committee (“IFRIC”).

These Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Administrator (the “Board”) on May 2, 2022.

### b. Basis of Preparation and Presentation

These Consolidated Financial Statements were prepared in Canadian Dollars and on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value.

On September 23, 2021, the Trust completed a consolidation (the “Unit Consolidation”) of all of its issued and outstanding trust units (each, a “Unit”) on the basis of one (1) post-consolidation Unit for every ten (10) pre-consolidation Units, resulting in a reduction in the issued and outstanding Units from 231,216,256 Units to 23,121,612 Units. The Units reserved under the Trust’s equity and incentive plans were adjusted to reflect the Unit Consolidation. All information pertaining to Units, Unit purchase warrants (“Warrants”) and options (“Options”) in these Consolidated Financial Statements with respect to prior periods has been adjusted to be presented on a post-Unit Consolidation basis. All current and prior period Unit and per Unit information has also been retroactively adjusted to reflect the Unit Consolidation unless otherwise noted.

In the opinion of management of the Trust, these Consolidated Financial Statements reflect all adjustments, which consist of normal and recurring adjustments necessary to present fairly the financial position as at December 31, 2021, and December 31, 2020, and the results of operations and cash flows for the years ended December 31, 2021 and December 31, 2020.

### c. Basis of Consolidation

These Consolidated Financial Statements incorporate the financial statements of the Trust and entities controlled by the Trust. Control is achieved when the Trust is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group transactions, balances, income, and expenses are eliminated on consolidation. Subsidiaries that the Trust controls are consolidated from the effective date of acquisition up to the effective date of disposal of loss of control.

These Consolidated Financial Statements include the accounts of the Trust and the following subsidiaries:

JADE POWER TRUST  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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Name of Subsidiary	Country of Incorporation	Ownership Percentage
Jade Power Holdings Inc.	Canada	100%
Jade Power Holdings 2 Inc.	Canada	100%
Jade Power Holdings 3 Inc.	Canada	100%
Mediterranean Resouces Ltd.	Canada	100%
Transeastern Power Cooperatief U.A.	Netherlands	100%
Transeastern Power B.V.	Netherlands	100%
East Wind Farm S.R.L	Romania	100%
Holrom Renewable Energy S.R.L	Romania	100%
Transeastern Hidroelectrica Del Ucea SPV S.R.L	Romania	100%
Transeastern Rott Energy SPV III S.R.L	Romania	100%
Transeastern Power Services Limited	Romania	100%
Zagra Hidro S.A.	Romania	100%
Rott Energy S.A.	Romania	100%
SC Corabia Solar S.A.	Romania	100%
SC Power L.I.V.E One S.A.	Romania	100%

d. Cash and Cash Equivalents

Cash includes bank balances, cash on hand, and cash equivalents that can be liquidated within 90 days. Cash equivalents as at December 31, 2021 were \$5,679,612 million (2020 - \$Nil)

e. Restricted Cash

Restricted cash is restricted as prescribed by the capital lease agreements on the Solar Projects and Wind Projects (See note 9(ii)).

f. Revenue Recognition

The Trust's revenues from contracts with customers are disaggregated by major type of revenues and operating segments by Project categories (note 18). Types of revenues include disposal of Green Certificates and sale of excess energy. Revenues excluded from the scope of IFRS 15 ("IFRS 15") are accounted for under IFRS 16, Leases ("IFRS 16") and IAS 20, Government Grants ("IAS 20"), as described below in notes 2(k) and (g).

*Recognition and measurement*

Applying the five-step model required by IFRS 15, revenue is recognized as follows for those contracts:

Step in Model	Disposal of Green Certificates	Sale of excess energy
<i>Identify the contract</i>	The contractual arrangement executed with the customer, specifying the timing, compensation, and transfer of certificates.	The contractual arrangement executed with the customer, specifying the timing, compensation and transfer of energy generated.
<i>Identify distinct performance obligations</i>	Single performance obligation to transfer ownership of Green Certificates.	Single performance obligation to delivery of energy.
<i>Estimate transaction price</i>	Consideration receivable as agreed for each Green Certificate.	Consideration as negotiated on a per megawatt hour between the parties.
<i>Allocation transaction price to performance obligations</i>	Total revenue is allocated to the one performance obligation.	Total revenue is allocated to the one performance obligation.
<i>Recognized revenue as performance obligations are satisfied</i>	Revenue is recognized once ownership of the Green Certificate has been transferred.	Revenue is recognized upon delivery of the energy.

**g. Green Certificates**

Green Certificates are an incentive provided by the Romanian Government to the producers of energy from renewable sources. Green Certificates are issued monthly by the grid operator, Transelectrica S.A., based on the quantity of renewable electricity produced and delivered into the network. The certificates are contractually priced or priced at the market floor rate.

Green Certificates are recognized in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance and IAS 38 Intangible Assets ("IAS 38"). Green Certificates are recognized when there is reasonable assurance that the Trust has complied with the conditions relating to the grant of such Green Certificates and it is likely that they will be received. The Trust is entitled to receive Green Certificates when it produces electricity that is registered on the electrical grid by Transelectrica S.A.

Current Green Certificates are recorded initially at the current trading price while restricted Green Certificates are recorded initially at the current trading price as prescribed by the Romanian Gas and Electricity Market Operator and discounted using a market-based, risk adjusted discount rate based on

their release date. Green Certificates are subsequently recorded at cost. Any gain or loss on the sale and trading of a Green Certificate is recognized as the difference between the consideration received and the carrying value. At each period end, the Trust considers if there is any indicator of impairment to the carrying value, based on the current and expected market trading prices and effects on a market-based, risk adjusted discount rate.

For the restricted Green Certificates there are uncertainties relating to the applicable expected market trading prices and estimated discount rate inputs used in the impairment evaluation arising from matters such as the future operation of the market, the evolution of the nationwide consumption of energy, the ongoing investment in renewable energy production capacity and Romanian Government and European Union policy in this area.

#### h. Property, Plant and Equipment

Property, plant, and equipment are comprised mainly of hydroelectric, wind farm and solar facilities that are in operation.

##### *Initial Recognition*

Property, plant, and equipment acquired through a business combination are initially recorded at fair value and are carried at cost less accumulated amortization. Property, plant, and equipment acquired in the ordinary course of business is reported at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Improvements that increase or extend the service life or capacity of an asset are capitalized. When significant parts of property, plant and equipment are required to be replaced at intervals, the Trust recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized 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 recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (including interest expense); and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the Trust has this obligation.

JADE POWER TRUST  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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*Depreciation method*

The useful life is the period of time over which an asset is expected to be available for use by the Trust. Depreciation is calculated on a straight-line basis over the useful life of the assets. Land is not depreciated.

	Useful Life (Years)
Buildings	15 - 40
Machinery and equipment	3 - 25

Solar panels and wind turbines are allocated amongst buildings and machinery and equipment. Hydro infrastructure is included in buildings. Included in machinery and equipment are certain furniture and fixtures which are depreciated between 3-5 years.

The lifespan and the depreciation rate and method are periodically reviewed, and, if the case, adjusted prospectively, to be compatible with the expectations regarding the economic benefits brought by items of tangible assets. Property, plant and equipment are not depreciated until available for their intended use.

*Disposal*

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 operations and comprehensive income (loss) when the asset is derecognized.

**i. Intangible Assets**

Identifiable intangible assets acquired through a business combination are initially recorded at fair value and are carried at cost less accumulated amortization. Identifiable intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives.

The connection licenses are amortized on a straight-line basis over the estimated economic life of 25 years.

The amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Any change is accounted for prospectively as a change in accounting estimate.

j. Impairment of Non-Financial Assets

At each statement of financial position date, the Trust reviews the carrying amounts of its finite life non-financial assets, including property, plant and equipment and Green Certificates to determine whether there is any indication of impairment.

For reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash-generating unit ("CGU"). Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be reasonably and consistently allocated.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss in the period in which they occur. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Trust estimates the assets or CGUs recoverable amount. A previously recognized impairment loss will only be reversed if there will be a change in the assumptions used to determine the asset's recoverable amount since the time the impairment loss was recognized. Where impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in the statement of profit and loss in the period in which they occur.

k. Leases (or Arrangements Containing a Lease)

*The Trust as a lessor:*

The Trust has entered into several long-term energy off-take arrangements ("Energy Agreements") to sell power at predetermined prices. These agreements are assessed as to whether they contain leases which convey to the counterparty, in return for a payment or a series of payments, the right to use an asset for an agreed period of time. Where the Trust determines that contractual provisions of a contract contain, or are, a lease and result in the customer assuming the principal risks and rewards of ownership of the asset, the arrangement is a finance lease. All other leases are classified as operating leases.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date and whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

The Trust's Energy Agreements do not transfer substantially all the risks and benefits of ownership of the underlying leased assets and are therefore classified as operating leases. Revenue from sale of electricity is recognized on the basis of quantity of energy being delivered into the Romanian national electric grid.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as lease income.

*The Trust as a lessee*

The Trust recognizes a right-of-use asset and a lease liability at the lease commencement date except for leases of low value assets and leases with a duration of twelve months or less. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Trust's incremental borrowing rate. Generally, the Trust uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Trust is reasonably certain to exercise, lease payments in an optional renewal period if the Trust is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Trust is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Trust's estimate of the amount expected to be payable under a residual value guarantee or if The Trust changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Trust recognizes the lease payments associated with low value assets or with a duration of twelve months or less as an expense on a straight-line basis over the lease term.

#### **I. Borrowing Costs**

Borrowing (both from banks and related parties) costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds.

The Trust capitalizes borrowing costs less any investment income on the temporary investment of those borrowings until the assets are available for use. After that date all borrowing costs are expensed in the period they occur.

#### **m. Asset Retirement Obligations**

A provision for asset retirement obligations is recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A legal obligation can arise through a contract, legislation, or other operation of law. A constructive obligation arises from an entity's actions whereby, through an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated that it will accept certain responsibilities and has thus created a valid expectation that it will discharge those responsibilities.

The fair value of estimated asset retirement obligations is recognized in the Consolidated Statements of Financial Position when identified and a reasonable estimate of fair value can be made. The amount recognized as a provision is the best estimate, at each period end, of the expenditures required to settle the present obligation considering the risks and uncertainties associated with the obligation. Where expenditures are expected to be incurred in the future, the obligation is measured at its present value using a current market-based, risk adjusted interest rate.

In subsequent periods, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing, the amount of the original estimate of the undiscounted cash flows or a change of the discount rate are accounted for as part of the carrying amount of the related property, plant and equipment. The carrying amount of the asset retirement obligations is reviewed at each quarter end to reflect current estimates and changes in the discount rate.

n. Financial Instruments

*Recognition*

Financial assets and financial liabilities are recognized in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument in accordance with IFRS 9 Financial Instruments ("IFRS 9"). Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

Additionally, the Trust considers whether a contract contains an embedded derivative when it first becomes a party to it. Embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

*Classification and measurement*

*Financial assets*

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Trust determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date. A financial asset is measured at amortized cost if it meets both of the following conditions and not designated as FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates for cash flows.

Classification of the Trust's financial assets under IFRS 9 is as follows:

Financial asset	Classification under IFRS 9
Cash and restricted cash	Fair value through profit or loss
Trade and other receivables	Amortized cost

*Financial liabilities*

Classification of the Trust's financial liabilities under IFRS 9 is as follows:

Financial liability	Classification under IFRS 9
Accounts payable and accrued liabilities	Amortized cost
Debt facilities	Amortized cost

All financial instruments are initially measured at their fair value plus, in the case of a financial asset or financial liability at amortized cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets or liabilities classified as FVTPL are expensed as incurred. After initial recognized, financial assets and liabilities are measured at amortized cost using the effective interest method except for financial assets and liabilities at FVTPL. Gains and losses are recognized in the statement of income for the period.

**o. Impairment of Financial Assets**

IFRS 9 includes a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial recognition. The ECL impairment model applies to the Trust's trade and other receivables.

The Trust has elected to measure loss allowances for trade and other receivables at an amount equal to lifetime ECL. The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust is expected to receive). The Trust considers all available reasonable and supportive information including forward-looking information in its assessment. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets are deducted from the gross carrying amount of the assets. Impairment losses on financial assets are presented under "impairment charges" in the statement of comprehensive income.

**p. Fair Values of Financial Instruments**

The fair values of derivative financial instruments reflect the estimated amount that the Trust would have been required to pay if forced to settle all unfavourable outstanding contracts or the amount that would

be received if forced to settle all favourable contracts at period end. The fair value represents a point-in-time estimate that may not be relevant in predicting the Trust's future earnings or cash flows.

The Trust determines the fair value of its financial instruments based on the following hierarchy:

- Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur with significant frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm's-length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, counterparty risk and volatility are used.
- Level 3 – Valuations at this level are those with inputs that are not based on observable market data.
- Assessment of the significance of a particular input to the fair value measurement requires judgment; any changes in assumptions may affect the reported fair value of financial instruments.

#### q. Income Taxes

The Trust is an unincorporated open-ended trust and has been established to provide investors with a distribution-producing investment from the cash flows generated by the Projects.

Net earnings in Romania are taxed at 16%. Interest and dividends paid from Romania to the Netherlands and from the Netherlands to Canada are not subject to withholding tax. The Trust expects to make distributions to the holders of Units ("Unitholders") when the Trust has sufficient taxable income to do so. Distributions of the Trust's taxable income will be deductible in computing the Trust's taxable income. The Trust expects to distribute all of its taxable income such that it is not expected the Trust will pay any income tax. As such, the Trust is considered in-substance tax exempt and does not apply IAS 12 Income Taxes ("IAS 12").

Subsidiaries of the Trust are subject to tax and IAS 12 has been applied to recognize both current and deferred taxes for the Trust's subsidiaries. Current tax expense is based on enacted or substantively enacted statutory tax rates and laws at the statement of financial position date. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities measured using tax rates and laws that are enacted or substantively enacted at the statement of financial position date and effective for the reporting period when the temporary differences are expected to reverse.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither the accounting or taxable profit; and investments in subsidiaries, branches and associates, and interest in joint ventures where the Trust is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Trust does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Trust intends to settle its tax assets and liabilities on a net basis.

#### r. Trust Units and Unitholders' Equity

An unlimited number of Units may be issued pursuant to the Trust Indenture. Each Unit represents an equal, undivided beneficial interest in the Trust and all Units rank equally and ratably with all of the other Units without discrimination, preference, or priority. Each Unit entitles the holder to one vote at all meetings of Unitholders. Unitholders are entitled to receive non-cumulative distributions from the Trust if, as and when, declared by the Trustee. Units are redeemable on demand by the holders thereof and may be purchased for cancellation by the Trust through offers made to, and accepted by, such holders. Under IAS 32 Financial Instruments: Presentation ("IAS 32"), puttable instruments, such as the Units, represent financial liabilities. However, if certain criteria are met the puttable instruments may be presented as equity. The Units meet the criteria under IAS 32 to be presented as equity.

Incremental costs directly attributable to the issuance of new Units in equity are deducted from the value of equity issued to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

#### s. Repurchase of Units under Normal Course Issuer Bid

Repurchases by the Trust of its own Units under a NCIB are accounted for in accordance with IAS 32, Financial Instruments: Presentation. Upon reacquiring Units under its NCIB, the Trust deducts from equity the purchase price of these Units and any costs to acquire such Units. Any such Units held by the Trust are considered treasury shares until they are cancelled.

#### t. Unit-Based Payments

The Trust accounts for all Unit-based payments and awards, including options, restricted share units, deferred share units and performance share units, to employees and non-employees using the fair value-

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based method of accounting. Expense is measured at the grant date at the fair value of the award and is recognized over the vesting period based on the Trust's estimate of the number of awards that will eventually vest. Each equity-settled award that vests in installments is accounted for as a separate award with its own distinct fair value measurement. For awards that are forfeited before vesting, the compensation expense that had previously been recognized and the offset to share-based payment in equity is reversed.

u. Foreign Currency Translation

*Functional and presentation currency*

The functional currency of the Trust and its subsidiaries is the currency of the primary economic environment in which it each entity operates.

All figures of the Trust's Consolidated Financial Statements are reflected in Canadian Dollars, which is the functional and presentation currency of the Trust. The functional currency of the Trust's Hydro, Solar and Wind operations is the Romanian Leu.

*Translation of Foreign Operations*

The results and consolidated financial position of all the subsidiaries that have a different functional currency from the presentation currency are translated into the presentation currency balances as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- revenue and expense items are translated using the average exchange rate during the period.

The exchange rates for the currencies used in the preparation of the Consolidated Financial Statements were as follow:

	December 31, 2021	December 31, 2020
CAD to RON		
Period end exchange rate	3.4344	3.1127
Average exchange rate for the year-to-date period	3.3192	3.1662

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On consolidation, exchange differences arising from the translation of the foreign operations are recorded to Other Comprehensive Income (Loss). Amounts previously recognized in accumulated other comprehensive income (loss) are recognized in earnings when there is a disposal of the foreign operations. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in equity, are reclassified from equity to net income (loss).

### *Transactions*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the net income (loss) for the year.

#### v. Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell ("FVLCS"). If the FVLCS is lower than the carrying amount, an impairment loss is recognized in the Consolidated Statement of Net Income. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense. Non-current assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Trust's Consolidated Statement of Financial Position.

A disposal group qualifies as a discontinued operation if it is a component of the Trust that either has been disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale. A component of the Trust comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Trust. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statements of Net Income.

#### w. Earnings (loss) per Unit

The Trust presents basic and diluted earnings per Unit data. The computation of basic earnings (loss) per Unit is based on the weighted average number of Units outstanding during the year. Diluted earnings per Unit are computed in a similar way to basic earnings Unit except that the weighted average number of Units outstanding is increased to include additional Units assuming the exercise of options and conversions, if dilutive. The effect of the outstanding options and conversion as at December 31, 2020 was anti-dilutive. There were no options outstanding as at December 31, 2021.

### 3. CRITICAL JUDGEMENTS, ESTIMATES AND UNCERTAINTY

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the Consolidated Financial Statements, as well as the reported expenses incurred during the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements is included in the following: useful lives of property, plant and equipment, impairment of non-financial assets, asset retirement obligations and lease liabilities. These estimates and assumptions are based on current market conditions, management's planned course of action and assumptions about future business and economic conditions. Changes in the underlying assumptions and estimates could have a material impact on the reported amounts. These estimates are reviewed periodically. If adjustments prove necessary, they are recognized in earnings in the period in which they are made.

The most significant judgements and key sources of estimation uncertainty that management believes could have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are the following:

#### **Useful Lives of Property, Plant and Equipment**

Property, plant, and equipment represent a significant proportion of the Trust's total assets. The Trust reviews estimates of the useful lives of property, plant and equipment on an annual basis and adjust depreciation on a prospective basis, if necessary.

#### **Impairment of Non-Financial Assets**

At each reporting date, the Trust reviews the carrying amounts of its Projects and plant and equipment at the cash generating unit ("CGU") level to determine whether there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of the impairment loss (if any). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Trust's CGUs are its Projects: Rott, Zagra, Corabia, PowerLIVE, Baia and East Wind. The recoverable amount of a Project site is the greater of its value in use ("VIU") and fair value less costs of disposal ("FVLCD"). VIU is estimated as the discounted future after-tax cash flows expected to be derived from the Project. In the absence of market related comparative information, FVLCD is estimated as the discounted future after-tax cash flows expected to be derived from a Project site, less an amount for costs to sell estimated based on similar past transactions.

In assessing the value of non-financial assets for indicators of impairment or potential impairment, assumptions are made regarding future cash flows. The Trust makes a number of estimates when calculating the recoverable amount of an asset or a cash-generating unit using value-in-use calculations based on discounted future cash flows. Future cash flows may be influenced by a number of estimates such as:

- i. The future expected electricity production in which long-term averages are expected to approximate actual results.
- ii. The expected selling price of electricity based on current power purchase agreements or on the future market rates.
- iii. Expected costs to operate based on current maintenance and operating contracts.
- iv. The discount rate considers the weighted average between the cost of capital and cost of equity, adjusted for factors specific to each operating segment in which the facility operates.

If these estimates change in the future, the Trust may be required to record impairment charges relating to non-financial assets.

No impairment losses or reversals of previous impairments were recognized during the year ended December 31, 2021 (2020 - \$Nil).

### **Asset Retirement Obligations**

The Trust makes a number of estimates when calculating fair value of the asset retirement obligations which represent the present value of future remediation costs for various projects. Estimates for these costs are dependent on costs, the effectiveness of remedial and restoration measures, inflation rates, discount rates that reflect a current market assessment of the time value of money and the risk specific to the obligation, and the timing of the outlays.

### **Lease Liability**

The lease liabilities are measured at the present value of expected lease payments and discounted using the incremental borrowing rate on the date of transition. The Trust determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Management is required to make assumptions regarding extension and termination options available within its lease arrangements to determine the lease term.

#### 4. RECENT ACCOUNTING PRONOUNCEMENTS

New and Revised IFRSs, Narrow Scope Amendments to IFRSs and IFRS Interpretations not yet Effective  
Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2021.

##### *Amendments to IAS 16 Property, Plant and Equipment*

In May 2020, the IASB issued an amendment to IAS 16 Property, Plant Equipment (“IAS 16”) effective for annual reporting periods beginning on or after January 1, 2022, with early application permitted. The amendment requires entities to record proceeds from selling items produced while bringing an asset to the location and condition necessary for it to be capable of operating in a manner intended by management in profit and loss as opposed to a reduction of the cost of the equipment. The amendment can be retroactively applied. This amendment will not have a significant impact on the Trust’s consolidated financial statements upon application.

##### *Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

In May 2020, the IASB issued Onerous Contracts — Cost of Fulfilling a Contract and amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”) to specify which costs to include when assessing whether a contract will be loss-making. The amendments are effective for annual periods beginning on or after January 1, 2022 and will be adopted by the Trust in 2022. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after the effective date. This amendment is not expected to have a significant impact on the Trust’s consolidated financial statements upon application.

##### *Material Accounting Policies (Amendments to IAS 1)*

The IASB issued an amendment to IAS 1 Presentation of Financial Statements (“IAS 1”) effective for annual periods beginning on or after January 1, 2023, with early application permitted. The amendment requires entities to disclose their material accounting policy information rather than their significant accounting policies. The Trust plans to adopt this amendment for the year ended December 31, 2023.

##### *Amendments to IAS 1 Classification of Liabilities as Current or Non-Current*

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements (“IAS 1”), to clarify the classification of liabilities as current or non-current. On July 15, 2020, an amendment was issued to defer the effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. Management is currently assessing the impact of this amendment.

*Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

In May 2021, the IASB issued amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction ("IAS 12"). The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences in which deferred tax should be recognized. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. Management is currently assessing the impact of this amendment.

5. DISPOSITION OF SUHA

On August 10, 2020, the Trust completed the Suha Disposition for total consideration equal to 20% of Suha's annual free cash, if any, generated by the Suha hydro project for a period of five years from the date of the Suha Disposition. This net royalty was valued at \$Nil at the date of disposal and as at year-end and period-end.

Prior to the completion of the Suha Disposition, Suha was accounted for as assets held for sale and as discontinued operations. Immediately prior to the classification to assets held for sale, the carrying amount of Suha's assets were re-measured to their recoverable amount, being the fair market value of the assets less costs to sell.

For the year ended December 31, 2020, the net loss from discontinued operations, net of tax was \$666,676.

6. TRADE AND OTHER RECEIVABLES

As at December 31,	2021	2020
Trade receivables	\$ 2,424,053	\$ 3,115,285
VAT and other taxes receivable	1,195,932	4,714,287
Provision for VAT receivable	(232,668)	(256,715)
	\$ 3,387,317	\$ 7,572,857

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7. GREEN CERTIFICATES

Pursuant to applicable Romanian legislation, the Trust's Projects are entitled to receive Green Certificates as follows:

Project	Tradeable Green Certificates (GC/MWh)	Tradeable Green Certificated Earnings Expiry Date	Restricted Green Certificates outstanding as at December 31, 2021	Restricted Green Certificates outstanding as at December 31, 2020	Accreditation Period of Restricted Green Certificates
East Wind	1.00	30-Sep-26	123,282	154,110	2018 to 2025
Baia					
Baia 1	0.68	28-Feb-27			
Baia 2	1.00	31-Dec-25	-	-	
Baia 4	1.00	30-Jun-26	-	-	
Total Baia			61,031	76,295	2018 to 2025
PowerLIVE	6.00	29-Feb-28	165,680	184,076	2021 to 2030
Corabia	6.00	31-Jan-28	121,064	134,504	2021 to 2030
Rott	1.96	31-Mar-27	5,614	7,018	2018 to 2025
Zagra	2.30	29-Apr-29	-	-	-

Earned tradeable Green Certificates are available for trading immediately. Restricted Green Certificates are restricted from trading and systematically released over the accreditation period.

The Trust had recorded balances related to Green Certificates as at December 31, 2021 and December 31, 2020 as follows:

As at December 31,	2021	2020
Tradeable Green Certificates	\$ 1,211,507	\$ 1,733,116
Restricted Green Certificates		
- current	1,935,317	1,552,805
- long-term	8,413,546	12,117,584
Total Restricted Green Certificates	10,348,863	13,670,389
Total Tradeable and Restricted Green Certificates	\$ 11,560,370	\$ 15,403,505

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8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Right-of-use Assets	Total
<b>Cost</b>					
Balance, December 31, 2019	\$ 492,513	\$ 10,181,581	\$ 17,274,002	\$ 42,688,027	\$ 70,636,123
Additions	-	-	52,830	667,729	720,559
Change in estimate of asset retirement obligation	-	-	462,355	-	462,355
Effect of foreign currency translation	24,964	516,071	883,832	2,167,122	3,591,989
Balance, December 31, 2020	\$ 517,477	\$ 10,697,652	\$ 18,673,019	\$ 45,522,878	\$ 75,411,026
Additions	-	-	95,809	15,005	110,814
Change in estimate of asset retirement obligation	-	(93,896)	(219,091)	-	(312,987)
Effect of foreign currency translation	(48,524)	(1,003,112)	(1,770,851)	(4,253,410)	(7,075,897)
Balance, December 31, 2021	\$ 468,953	\$ 9,600,644	\$ 16,778,886	\$ 41,284,473	\$ 68,132,956
<b>Accumulated Depreciation</b>					
Balance, December 31, 2019	\$ -	\$ (539,742)	\$ (729,999)	\$ (17,333,310)	\$ (18,603,051)
Depreciation expense	-	(483,960)	(927,948)	(2,384,533)	(3,796,441)
Effect of foreign currency translation	-	(35,164)	(51,946)	(917,440)	(1,004,550)
Balance, December 31, 2020	\$ -	\$ (1,058,866)	\$ (1,709,893)	\$ (20,635,283)	\$ (23,404,042)
Depreciation expense	-	(470,785)	(910,027)	(2,275,423)	(3,656,235)
Effect of foreign currency translation	-	115,085	204,482	2,008,902	2,328,469
Balance, December 31, 2021	\$ -	\$ (1,414,566)	\$ (2,415,438)	\$ (20,901,804)	\$ (24,731,808)
<b>Net Book Value</b>					
Balance, December 31, 2020	\$ 517,477	\$ 9,638,786	\$ 16,963,126	\$ 24,887,595	\$ 52,006,984
Balance, December 31, 2021	\$ 468,953	\$ 8,186,078	\$ 14,363,448	\$ 20,382,669	\$ 43,401,148

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9. DEBT

As at December 31,	2021		2020	
Secured debt facility (i)	\$	-	\$	1,646,758
Lease liabilities (ii)		14,993,022		22,449,879
Total debt facilities		14,993,022		24,096,637
Less: current portion		(2,777,144)		(7,807,386)
Long-term debt facilities	\$	12,215,878	\$	16,289,251

i) Secured debt facility

On January 20, 2017, the Trust closed \$3,800,000 of a three-year \$10,000,000 secured debt facility (the "2017 Secured Debt Facility"), which was subject to a one-year extension at the option of the Trust under certain conditions. Interest was payable at a rate of 5% per annum, compounding semi-annually. During the fourth quarter of the year ended December 31, 2019, the Trust exercised its option to extend the secured debt facility by one year. The interest rate during the extension period was 7% per annum, payable and compounding semi-annually. The 2017 Secured Debt Facility also provides for annual additional variable interest payments until 2035 calculated at 1.05% of revenue of the Trust's current Romanian operating Projects, excluding East Wind. The Trust's obligations under the 2017 Secured Debt Facility are secured by a first charge over the Hydro assets of each of the Trust and its subsidiaries, with the exception of the East Wind assets.

Effective June 30, 2020, the 2017 Secured Debt Facility was amended as follows:

- Principal repayment of \$750,000 was due as at June 30, 2020; \$250,000 became payable as at September 30, 2020, with the remaining balance due December 31, 2020.
- Annual variable interest payments calculated at a rate of 1.05% of annual revenue of the Trust's current Romanian operating Projects, excluding East Wind until December 31, 2035. The Trust has the option to buy-out the variable interest payments at any time at a pre-determined price.
- The security on Suha was released.

During the year ended December 31, 2020, an aggregate of \$346,758 of debt facility fees and related legal expenses were capitalized to the outstanding balance of the 2017 Secured Debt Facility.

On January 4, 2021, the Trust fully repaid the balance outstanding on the 2017 Secured Debt Facility of \$1,646,758, plus accrued, and unpaid fixed interest of \$102,845.

During the year ended December 31, 2021, the Trust recognized interest expense of \$102,918 (2020 – \$309,891).

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ii) Lease liabilities

In connection with the acquisition of the Solar Projects and Baia, the Trust assumed leasing contracts with Unicredit Leasing Corporation IFN S.A., which were initially entered into for the purpose of financing the construction of the photovoltaic solar plants and windmills.

The interest rate on the leasing contracts with the Solar Projects is currently 5.25% until maturity in 2023. At the end of the lease, the ownership of the photovoltaic plants pass to the Trust for nominal consideration. The lease agreements require the Solar Projects to maintain a debt service reserve account equal to three months debt service obligations.

As at December 31, 2021, the Trust had \$1,033,303 (2020 - \$1,483,213) of restricted cash related to the debt service reserve accounts.

For the year ended December 31, 2021, the Trust recognized interest expense of \$894,798 (2020 - \$1,096,014) in respect to these leases.

The leasing agreement with Baia was fully repaid during the fourth quarter of 2021 and the ownership of the assets passed to the Trust for nominal consideration.

In addition, to the above leases, as at December 31, 2021, the Trust also had lease liabilities in respect to right-of-use assets for which the Trust recognized interest expense for the year ended December 31, 2021 of \$94,276 (2020 – \$100,511).

Future minimum lease payments are disclosed in note 19.

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10. ASSET RETIREMENT OBLIGATIONS.

As at December 31,	2021		2020	
Opening balance	\$	3,349,992	\$	2,740,621
Accretion cost for the year		93,148		379
Change in estimate		(312,987)		462,355
Effect of foreign currency translation		(316,888)		146,637
	\$	2,813,265	\$	3,349,992

The assumptions used to establish the estimates for Baia were:

	2021		2020	
Expected cost	7 wind turbines at €112,235 each		7 wind turbines at €100,000 each	
Discount rate	5.14%		2.97%	
Inflation rate	3.50%		2.28%	
Expected date of decommissioning	2036		2036	

The assumptions used to establish the estimates for East Wind were:

	2021		2020	
Expected cost	15 wind turbines at €112,235 each		15 wind turbines at €100,000 each	
Discount rate	5.14%		2.97%	
Inflation rate	3.50%		2.28%	
Expected date of decommissioning	2036		2036	

11. FINANCE COSTS

For the years ended December 31,	2021		2020	
Interest on secured debt facility (note 9i)	\$	102,918	\$	309,891
Interest on lease liabilities (note 9ii)		989,074		1,196,525
Accretion expense (note 10) and finance (income) costs		29,815		441,809
	\$	1,121,807	\$	1,948,225

12. UNITS

On September 23, 2021, the Trust completed the Unit Consolidation of all its issued and outstanding Units on the basis of one (1) post-consolidation Unit for every ten (10) pre-consolidation Units, resulting in a reduction in the issued and outstanding Units from 231,216,256 Units to 23,121,612 Units. The Units reserved under the Trust's equity and incentive plans were adjusted to reflect the Unit Consolidation. All current and prior period Unit and per Unit data presented below have been retroactively adjusted to reflect the Unit Consolidation.

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	Units	Unit value
Balance at December 31, 2019	23,148,720	\$ 103,508,740
Issuance of Units pursuant to Unit Purchase Plan (i)	4,762	7,381
Cancelled Units (ii)	(31,856)	(289,888)
Balance at December 31, 2020	23,121,626	103,226,233
Cancelled Units (ii)	(14)	-
Unit buy-back (iii)	(540,000)	(1,314,192)
Balance at December 31, 2021	22,581,612	\$ 101,912,041

*Unit Activity*

- i) During the year ended December 31, 2020, the Trust issued an aggregate of 4,762 Units of the Trust to management and directors pursuant to the Unit purchase plan of the Trust. For the year ended December 31, 2021, the Trust settled its obligations under the matching Units obligations of the Trust in open market transactions and not through the issuance of additional Units.
- ii) In May 2020, an aggregate of 31,856 unclaimed Units held by the Trustee in a depository account on behalf of former shareholders of Mediterranean Resources Ltd. ("MNR") acquired by the Trust in 2015 were cancelled pursuant to the terms of the depository agreement entered between the Trust, MNR and the Trustee dated August 31, 2015. During the twelve months ended December 31, 2021, the Trust cancelled 14 Units in connection with the NCIB.
- iii) On September 17, 2021, the Trust launched a normal course issuer bid ("NCIB") pursuant to which the Trust may purchase for cancellation, from time to time, up to a maximum of 5% (1,156,081 Units) of the outstanding Units of the Trust over a 12-month period from September 17, 2021 until September 16, 2022. All purchases made under the NCIB will be completed through the facilities of the TSX Venture Exchange ("TSXV") in open market transactions or by such other means as may be permitted by the TSXV or under applicable law. All Units purchased under the NCIB will be cancelled. The Trust purchased 540,000 Units under the NCIB during the twelve months ended December 31, 2021, of which 190,000 were cancelled during 2021, with the remaining balance cancelled in January 2022. Subsequent to year end, the Trust purchased an additional 328,700 Units under the NCIB.

### 13. WARRANTS AND OPTIONS

On January 8, 2020, all previously outstanding 450,269 warrants expired pursuant to their terms. On January 8, 2020, all previously outstanding 63,033 compensation options expired pursuant to their terms.

### 14. UNIT PURCHASE PLAN

Under the Unit Purchase Plan ("UPP"), qualifying Participants of the UPP will be entitled to purchase Units under the terms of the UPP. On each of June 15 and December 15, a Qualifying Participant will be entitled

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to receive a matching number of Units (the “Matching Units”) as were subscribed for by such Qualifying Participant at no cost to the Qualifying Participant. The Matching Units will be issued to the Qualifying Participant in equal annual instalments over a three-year period following the date of the subscription of the Units by the Qualifying Participant.

During the year ended December 31, 2021, the Trust purchased an aggregate of 92,153 (2020 – Nil) Units through the facilities of the TSXV in open market transactions to satisfy Matching Units obligations of the Trust under the UPP for total consideration of \$199,165. Out of the 92,153 Units purchased through the facilities of the TSXV, a total of 33,957 Units were transferred to directors and officers to settle the Trust’s obligations under the Matching Units. During the year ended December 31, 2020, the Trust issued from treasury an aggregate of 4,762 Units of the Trust to management and directors pursuant to the UPP.

The total number of Units reserved for issuance from treasury under the UPP is 160,000 Units. As at December 31, 2021, an aggregate of 192 Units remain issuable from treasury under the UPP.

## 15. RELATED PARTY TRANSACTIONS

Apart from the transactions disclosed elsewhere in these Consolidated Financial Statements, all transactions are in the normal course of business and are recorded at the exchange value agreed to by the related parties. Inter-company transactions and balances are eliminated upon consolidation.

The following is a summary of related party transactions during the years ended December 31, 2021 and 2020:

- i) Key management of the Trust consists of members of the board of directors and officers of the Trust and the Administrator. The following table represents related party balances and transactions with directors and officers of the Trust. Accounts payable consist of director fees payable, deferred salaries, advances to the Trust as well as reimbursement of payments of expenses incurred on behalf of the Trust.

As at December 31,	2021	2020
Accounts payable and accrued liabilities	\$ 225,208	\$ 247,293
■		
For the years ended December 31,	2021	2020
Salaries and benefits to officers of the Trust	\$ 985,664	\$ 944,088
Director fees	\$ 311,386	\$ 328,012

During the year ended December 31, 2021, the Trust transferred 33,957 (See Note 14) Units to directors and officers which were purchased by the Trust through the facilities of the TSXV in open-market transaction pursuant to and in settlement of its obligations under the UPP. During the year ended December 31, 2020, the Trust issued from treasury an aggregate of 4,762 Units of the Trust to management and directors pursuant to the UPP.

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As at December 31, 2021, there were 29,195 (December 31, 2020 – 29,195) Units owing to directors and officers of the Trust which were fully settled via open market transactions in January 2022.

- ii) Renovatio Group Limited (“RGL”) holds significant influence over the Trust and is a related party. The Trust sells power and Green Certificates to RGL and has operations and maintenance contracts with subsidiaries of RGL. The following tables summarize related party balances and transactions:

As at December 31,		2021		2020
Trade and other receivables	\$	1,033,232	\$	1,410,251
Accounts payable and accrued liabilities	\$	802,450	\$	1,316,923

For the years ended December 31,		2021		2020
Sales of electricity	\$	5,147,687	\$	2,635,891
Proceeds from sale of Green Certificates	\$	10,207,525	\$	6,518,285
Operations maintenance and balancing fees	\$	8,140,599	\$	3,384,955

## 16. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

### *Capital Management*

The Trust manages its capital with the objective of ensuring sufficient financial flexibility to achieve the ongoing business objectives, improving, and maintaining the operation of Trust assets and the pursuit of accretive acquisitions.

The Trust monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Trust may manage its capital structure by issuing new Units, securing debt financing, acquiring cash through acquisitions, or disposing of assets. The capital structure is reviewed by management and the Board on an ongoing basis.

The Trust considers its capital to be equity, comprising all aspects of Unitholders’ equity. To continue to achieve its capital objectives, the Trust will raise additional amounts as needed.

The Trust manages capital through its financial and operational forecasting processes including working capital forecasts and forecasts of future operational cash flows from its projects. The Trust’s budget is regularly updated based on actual experience and summary forecast Information is frequently provided to the Board.

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*Financial Instruments*

The Trust's financial instruments consist of cash, restricted cash, trade and other receivables (excluding HST and VAT), accounts payable and accrued liabilities, debt facility, and lease liabilities. As of December 31, 2021, the Trust had not entered into any derivative contracts (December 31, 2020 – Nil).

The carrying value of trade and other receivables, accounts payable and accrued liabilities and debt facility approximate their fair values due to the immediate or short-term maturity of these financial instruments. The carrying value of lease liabilities approximately their fair value as the implicit rates in the leases approximate current market rates.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

*Risk Management Policies*

The Trust, through its financial assets and liabilities, is exposed to various risks. The Trust has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on the Consolidated Financial Statements. The following analysis provides a measurement of risks as at December 31, 2021:

*Credit Risk*

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Trust's credit risk is primarily attributable to fluctuations in the realizable values of its cash and trade and other receivables and concentration of customers. Customer concentration provides us with certain benefits including long-term predictable cash inflow through long-term energy off-take agreements and long-term Green Certificate sales agreements. Cash accounts are maintained with major international financial institutions of reputable credit and therefore bear minimal credit risk. In the normal course of business, the Trust is exposed to credit risk from its customers and the related trade receivable are subject to normal industry credit risk.

Two (2) (December 31, 2020 – two (2)) of the Trust's customers accounted for 100% (December 31, 2020 – 100%) of sale of electricity revenue, including RGL (See note 15), which accounted for 86% of such revenue (December 31, 2020 – 37%). Proceeds from the sale of Green Certificates from the above two mentioned customers represented 100% (2020 – 100%), including RGL (See note 15), which accounted for 67% of such proceeds (December 31, 2020 – 55%). Outstanding customer receivables are monitored at each reporting date and any significant outstanding receivables from major customers is analyzed. The Trust evaluates the concentration of risk with respect to trade receivables as high, however, the energy supplier and trading license held by our customers does not allow for the build-up of uncollected receivables.

The Trust views credit risk on its trade and other receivables as minimal. As at December 31, 2021, all trade receivables and indirect tax receivables were current with an expected credit loss of \$232,668 (December 31, 2020 – \$256,715).

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*Liquidity Risk*

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation. The Trust manages liquidity risk by closely monitoring changing conditions in its investees, participating in the day-to-day management and by forecasting cash flows from operations and anticipated investing and financing activities. The Trust's financial liabilities are comprised of its accounts payable and accrued liabilities, lease liabilities and debt facilities including associated interest payments, and asset retirement obligations.

	Total	0 to 12 Months	12 to 24 Months	After 24 Months
Accounts payable and accrued liabilities	4,978,315	4,978,315	-	-
Lease liabilities	14,993,022	2,777,144	11,110,438	1,105,440
Interest payments	3,151,845	921,591	595,174	1,635,080
Asset retirement obligations	5,945,380	-	-	5,945,380
	\$ 29,068,562	\$ 8,677,050	\$ 11,705,612	\$ 8,685,900

*Foreign Exchange Risk*

Foreign exchange risk is the risk that future cash flows or fair value of a financial instrument will fluctuate because of changes in foreign exchange rates, namely the Romanian Leu and Euro.

The Trust is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, and borrowings, such as leases, are denominated in the respective functional currencies of the Trust and its subsidiaries. Other than the leases described in note 9(ii), such transactional risks are limited, as the majority of transactions are made in the respective functional currencies of the Trusts operating subsidiaries.

The effect of a 10% strengthening of the Romanian Leu against the Canadian dollar at the reporting date on the Romanian denominated net investment including cash, trade receivables, Green Certificates, accounts payable and lease liabilities carried at that date would, had all other variables held constant, have resulted in an increase in other comprehensive income for the period and an increase of net assets of \$2,039,376 (2020 - \$2,058,791). Conversely, 10% weakening in the exchange rate would, on the same basis, have decreased other comprehensive income and decreased net assets by \$2,039,376 (2020 - \$2,058,791).

The effect of a 10% strengthening of the Euro against the Canadian dollar at the reporting date on lease liabilities denominated in Euros carried at that date would, had all other variables held constant, have resulted in a decrease in profit for the period and a decrease of net assets of \$1,879,508 (2020 -

\$2,632,267). A 10% weakening in the exchange rate would, on the same basis, have increased profit and increased net assets by \$1,879,508 (2020 - \$2,632,267).

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk on its fixed interest rate financial instruments. These fixed-rate instruments subject the Trust to a fair value risk.

#### *Commodity Price Risk*

Commodity price risk is defined for these purposes as the risk that the fair value of future cash flows of the Trust will fluctuate because of changes in commodity prices. The Trust is exposed to commodity price risk related to its revenue recognized and the future realization of Green Certificates. The majority of the Projects are subject to fixed prices in long-term off-take agreements for the sale of energy. East Wind is subject to pricing fluctuations in the Romanian energy market under its off-take agreement. A 10% increase or decrease in the forward price would have the effect to increase or decrease energy revenues by \$406,517.

During the fourth quarter of 2021, the Romanian government enacted new an Emergency Ordinance which included a windfall tax of 80% applicable to domestic electricity producers, such as the Trust. Electricity sales became subject to a windfall tax calculated on the difference between the monthly average selling prices less RON 450/MWh. This tax is meant to be an additional tax for the recent extraordinary revenues received by electricity producers due to high electricity costs and is in effect from November 1, 2021 to March 31, 2023. The Trust expects that the windfall tax will have minimal impact on its cash flows and net earnings, as the most of the Trust's energy is sold under long-term offtake agreements priced at below RON 450/MWh.

#### *Other Risks*

##### Impact of COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, COVID-19. In March 2020, the WHO classified the COVID-19 outbreak as a global pandemic. COVID-19 has significantly impacted global economies including reduction in the demand for power. Thus far, the Trust's renewable energy facilities have been deemed essential infrastructure and the Trust has been able to maintain business continuity during this pandemic to date reflecting the strength of its operating model and infrastructure. This is likely to be the case for any further COVID-19 variant outbreaks. To date, the COVID-19 outbreak has not resulted in any disruptions to the Trust's assets, operations or financial position and the Trust has taken prudent measures to safeguard the health of its employees. While the majority of the Trust's revenues are contracted under long-term off-take agreements with creditworthy counterparties, there is some exposure to the Romanian wholesale market price of energy for East Wind which is subject pricing fluctuations in the Romanian energy market. Additionally, the Trust is exposed to any changes in the regulatory environment in respect to the

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production or sale of energy and Green Certificates as a result of COVID-19. Management continues to actively monitor the global situation of the pandemic which remains less uncertain than the previous two years and will continue to monitor the potential effects it may have on the Trust's financial condition, liquidity, operations, suppliers, customers, and the industry in which it operates including applicable energy and GC prices.

Impact of Russian-Ukrainian war

On February 22, 2022, Russia invaded the sovereign state of Ukraine, which is close in proximity to Romania, where the operations of the Trust are located. The invasion has resulted in certain institutional stresses and uncertainties on the operation and reliability of global supply chains and led to various sanction being placed on the governments and citizens of Russia and Belarus, as well as companies operating, or with assets located, in those jurisdictions. Management views the current impact of the invasion of Ukraine and the ongoing conflict on the operations of the Trust to be minimal, as the Trust does not currently have any direct business relationships with any entities based in Russia, Belarus or Ukraine; however, due to the nature of the conflict and its geographical proximity to Romania, management continues to monitor the situation in Ukraine closely.

## 17. INCOME TAX

The following table reconciles income taxes calculated at statutory rates of 16% with the income tax expense in the Consolidated Statement of Income and Comprehensive Income (Loss):

For the years ended December 31,	2021		2020	
Income from continuing operations before provision for income taxes	\$	5,003,951	\$	3,778,786
Expected income tax expense at statutory rate of 16%	\$	800,632	\$	604,606
Increase in taxes resulting from:				
Impact of higher Canadian tax rates		(338,741)		(309,991)
Permanent differences		1,411,084		541,037
Effects of foreign exchange		201,597		6,008
Change in unrecognized deferred tax asset		(939,471)		(763,732)
Other		192,109		43,701
Net income tax expense	\$	1,327,210	\$	121,629
Income tax expense is represented by:				
Current income tax expense	\$	257,750	\$	2,466
Deferred income tax expense		1,069,460		119,163
Net income tax expense	\$	1,327,210	\$	121,629

The following is the analysis of the deferred income tax assets (liabilities) presented in the Consolidated Statements of Financial Position:

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As at December 31,	2021	2020
Temporary differences on Green Certificates	(1,835,037)	(2,464,798)
Temporary differences on property, plant and equipment	(2,052,015)	(1,447,593)
Other temporary differences	870,237	785,178
Income tax losses	2,437,500	4,533,595
Total temporary differences	\$ (579,315)	\$ 1,406,381
Less: Valuation Allowance	(1,486,761)	(2,545,589)
	\$ (2,066,077)	\$ (1,139,207)

The Trust has Romanian tax losses of \$16,808,857 (2020 - \$19,600,094) available to be applied against future year's taxable income which expire between 2022 – 2028.

## 18. SEGMENT INFORMATION

In accordance with IFRS 8 *Operating Segments* ("IFRS 8"), the Trust has identified the following operating segments:

- I. the Hydro Projects (located in Romania) consist of Rott, Zagra and Suha which was sold August 10, 2020;
- II. the Solar Projects (located in Romania) consist of Corabia and PowerLIVE;
- III. the Wind Projects (located in Romania) consist of Baia and East Wind; and
- IV. corporate overhead which includes the management of the Projects (located in Romania) and corporate costs for administration of the Trust (located in Canada). The operating segments have been identified based upon the nature of operations and technology used in the generation of electricity. The Trust analyzes the performance of its operating segments based on their operating income (loss), which is defined as revenue less operating expenses.

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*Assets and Liabilities by Segment:*

As at December 31,	2021	2020
<b>Assets</b>		
<i>From foreign jurisdictions:</i>		
Hydro Projects	3,571,963	3,945,071
Solar Projects	33,286,916	36,172,802
Wind Projects	31,404,793	38,055,470
	68,263,672	78,173,343
Corporate	1,252,185	3,142,017
<b>Total Assets</b>	<b>\$ 69,515,857</b>	<b>\$ 81,315,360</b>
<b>Liabilities</b>		
<i>From foreign jurisdictions:</i>		
Hydro Projects	745,096	866,270
Solar Projects	16,120,394	18,932,440
Wind Projects	6,106,586	11,699,813
	22,972,076	31,498,523
Corporate	1,878,603	2,900,604
<b>Total Liabilities</b>	<b>\$ 24,850,679</b>	<b>\$ 34,399,127</b>

*Profit (Loss) by Segment:*

	Wind Projects	Hydro Projects	Solar Projects	Corporate Overhead	Total
<i>For the year ended December 31, 2021</i>					
Revenue	\$ 11,142,513	\$ 581,436	\$ 6,926,878	\$ -	\$ 18,650,827
<b>Total Expenses</b>					
Cost of Sales excluding depreciation	(4,246,976)	(406,081)	(1,180,024)	4,535	(5,828,546)
Depreciation	(1,555,577)	(109,264)	(2,045,160)	(4,628)	(3,714,629)
Corporate Overhead	-	-	-	(2,453,009)	(2,453,009)
Other	(247,663)	(22,677)	(1,010,914)	(914,158)	(2,195,412)
Other non-operating income (expense)	719,565	-	-	(174,846)	544,719
Deferred and current income tax (expense) recovery	-	(370)	(1,069,460)	(257,380)	(1,327,210)
<b>Earnings (Loss) for the year</b>	<b>\$ 5,811,862</b>	<b>\$ 43,044</b>	<b>\$ 1,621,320</b>	<b>\$ (3,799,486)</b>	<b>\$ 3,676,740</b>
<i>For the year ended December 31, 2020</i>					
Revenue	\$ 12,675,130	\$ 612,419	\$ 5,432,492	\$ -	\$ 18,720,041
<b>Total Expenses</b>					
Cost of Sales excluding depreciation	(4,420,266)	(395,552)	(1,049,836)	1,401	(5,864,253)
Depreciation	(1,604,578)	(106,747)	(2,143,966)	(2,305)	(3,857,596)
Corporate Overhead	-	-	-	(2,025,570)	(2,025,570)
Other	(941,268)	(24,989)	(1,300,587)	(926,992)	(3,193,836)
Deferred and current income tax (expense) recovery	-	(607)	(119,163)	(1,859)	(121,629)
Discontinued operations	-	(666,676)	-	-	(666,676)
<b>Earnings (Loss) for the year</b>	<b>5,709,018</b>	<b>(582,152)</b>	<b>818,940</b>	<b>(2,955,325)</b>	<b>2,990,481</b>

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19. COMMITMENTS AND CONTINGENCIES

*Commitments*

In the normal course of business, the Trust enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Trust's financial liabilities and operating commitments as at December 31, 2021.

	Total	Within 12 months	1 – 3 years	3 – 5 years	Greater than 5 years
Variable interest royalty	\$ 1,381,388	\$ 221,829	\$ 233,859	\$ 228,045	\$ 697,655
Lease liabilities					
Principal	14,993,022	2,777,144	11,155,413	143,410	917,055
Interest	1,681,723	729,939	482,061	134,635	335,088
Operational commitments	20,833,763	3,976,494	7,921,793	7,202,149	1,733,327
Asset retirement obligations	5,945,380	-	-	-	5,945,380
	\$ 44,835,276	\$ 7,705,406	\$ 19,793,126	\$ 7,708,239	\$ 9,628,505

Operational commitments include asset management and maintenance contracts with RGL, security services and insurance.

*Contingencies*

Due to the nature and complexity of the Trust's operations, various legal and tax matters are outstanding from time to time. In the event that the Trust's estimates of the future resolution of these matters' changes, the effects of the changes will be recognized in the Consolidated Financial Statements.

20. OTHER GAINS (LOSSES)

For the years ended December 31,	2021	2020
Write-off of HST	(174,846)	-
Equipment liability insurance claim (note 21)	538,397	-
Business Interruption insurance claim (note 21)	181,168	-
	544,719	-

21. INSURANCE CLAIMS AND SETTLEMENTS

During the fourth quarter of 2020, a wind turbine at East Wind was damaged by a lightning strike which resulted in insurance claims being submitted for the cost of repairs and for the business interruption costs as a result of the equipment damage. An estimated repair expense of \$605,409 was accrued for the equipment damage in December 2020. During the three months ended September 30, 2021, the insurance claims for equipment repairs and business interruption were settled resulting in a gain of \$719,565 included in "Other gains" (see note 20) in the Consolidated Statements of Net Income and Comprehensive Income for year ended December 31, 2021. Cash proceeds from the settlement of the business interruption claim of \$181,168 was received by East Wind in the third quarter of 2021 and cash

proceeds from the insurance claim for the equipment repair of \$538,397 was paid directly to the service provider that completed the repairs during the third quarter of 2021.

## 22. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current period's presentation.