

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

REGISTRATION NUMBER: 10848008

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

GENERAL INFORMATION

| | |
|----------------------------|--|
| DIRECTORS | M A Fernandes M Armanini A Matthews |
| REGISTERED NUMBER | 10848008 |
| REGISTERED OFFICE | 10 Fenchurch Avenue London EC3M 5AG United Kingdom |
| INDEPENDENT AUDITOR | KPMG LLP 15 Canada Square London E14 5GL United Kingdom |
| ADMINISTRATOR | SANNE FIDUCIARY SERVICES (UK) LIMITED 125 London Wall London EC2Y 5AS United Kingdom |

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

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INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and financial statements of Infracapital (Sense) Subholdings Limited (the "Company") for the year ended 31 December 2021 (the "year").

Directors

The Directors who served for the year ended 31 December 2021 and as at the date of approving this report are:

M A Fernandes
M Armanini
A Matthews

Dividends

No dividends were paid during the year (2020: PLN nil). The Directors do not recommend the payment of a final dividend (2020: PLN nil).

Going concern

As at 31 December 2021, the Company had net current liabilities of PLN 33,773,000 (2020: PLN 31,118,000). The net current liabilities position of the Company is resulted from Loan notes issued to Infracapital (Sense) SLP LP. The Directors have received an undertaking from Infracapital (Sense) SLP LP that they will not demand repayment of the loan notes for at least twelve months from the date of these financial statements. The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. In support of this expectation, the Directors are unaware of any significant factors likely to affect the Company in the foreseeable future and for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt a going concern basis in preparing the Directors' report and financial statements. As at 31 December 2021, Infracapital Greenfield Partners I LP, the beneficial owner of the Company, had sufficient resources available, after considering any commitments made for future investment activities, to support the investment activities of the Company.

The Directors have assessed the impact of the continuing COVID-19 pandemic on the Company and have concluded that the going concern basis is still appropriate. The assessment was conducted with reference to the level of working capital, current trading, contractual commitments of Infracapital Greenfield Partners I LP, the beneficial owner of the Company, to make further investments to underlying portfolio companies and any commitments undrawn from investors.

The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

Qualifying third-party indemnities

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2021 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements (continued)

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to the Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that he ought to have taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

In February 2022, Europe entered a phase of instability following the military action taken by Russia against Ukraine (the "Conflict"). In response, the United Kingdom, European Union, United States and other major countries unveiled a series of sanctions against certain Russian businesses and individuals. In addition to the direct impact on Ukraine and Russia, the Conflict has affected the economies of most countries in Europe. Management is closely monitoring the effects of the Conflict and, as of the date of this report, it does not expect a material impact on the financial statements as at 31 December 2021 or the Company's ability to continue as going concern.

There have been no other significant events affecting the Company since the year end which require adjustment for or disclosure in the financial statements.

Auditor

KPMG LLP has resigned as auditor of the Company. PricewaterhouseCoopers LLP has been appointed as auditor of the Company, commencing with the 2022 financial year.

As resigning independent auditor, KPMG LLP has confirmed an intention to not seek re-appointment upon completion of the 2021 audit.

The report was approved by the board on 17th May 2022 and signed on its behalf.



M A Fernandes
Director
17th May 2022

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principal activity

The Company was incorporated on 4 July 2017 and has an investment in 100% of the equity of Infracapital (Sense) Limited.

The principal activity of the Company is to act as an investment company.

Business review and results

The loss for the year was PLN 27,924,000 (2020: PLN 19,950,000) and the net liabilities as at 31 December 2021 were PLN 56,646,000 (2020: PLN 28,722,000). The Company had no recognised gains or losses other than those disclosed on page 9. Details of the results for the year are set out in the Statement of Comprehensive Income on page 9.

The Company has loan notes in issue, which are listed on The International Stock Exchange. The holder of these loan notes is Infracapital (Sense) SLP LP.

Risks and uncertainties

The risks and uncertainties faced by the Company are those inherent within the financial services industry, but are primarily:

- Liquidity risk – the Company's portfolio contains investments that are illiquid and long-term. Such investments may be illiquid because, among other reasons, there is no established market for the particular type of asset or company, there is a scarcity of disposal options and/or potential acquirers, or there are legal, tax, regulatory or contractual restrictions associated with the disposal of the investment;
- Operational risk – losses could result from inadequate or failed internal and external processes, systems and human error or from external events over which the management has no control;
- Market risk – exposure to fluctuations in revenue resulting from the impact of volatile equity, bond, property prices and investment performance;
- Credit risk – investments are reliant on counterparties fulfilling their obligations; and
- Regulatory risk – subject to the effects of changes in law, regulation, policy and interpretation and any accounting standards in the markets in which it operates.

The risks and uncertainties faced by the M&G Group are outlined in the Strategic Report prepared by M&G Plc, the Company's ultimate parent company. Consolidated financial statements can be obtained from the address as disclosed in note 16.

The report was approved by the board on 17th May 2022 and signed on its behalf.



M A Fernandes
Director

17th May 2022

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Infracapital (Sense) Subholdings Limited (the "Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of meetings of those charged with governance.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the administrator and management of audited entity about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Based on the results of our risk assessment procedures and understanding of the process, no high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Companies legislation), distributable profits legislation, taxation legislation and the international stock exchange listing rules and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements do not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 3 and 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Kamilla Racinska (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London,
E14 5GL
17 May 2022

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021 PLN 000 | 2020 PLN 000 |
|---|------|-------------------------------|------------------------|
| Interest payable | 3 | <u>(27,924)</u> | <u>(19,950)</u> |
| Loss on ordinary activities before tax | | (27,924) | (19,950) |
| Tax on ordinary activities | 6 | <u>-</u> | <u>-</u> |
| Loss for the year after tax | | (27,924) | (19,950) |
| Total comprehensive loss | | <u>(27,924)</u> | <u>(19,950)</u> |

There is no other comprehensive income for the years ended 31 December 2021 and 31 December 2020 in addition to that included in the Statement of Comprehensive Income. All results and comparatives shown in the Statement of Comprehensive Income are from continuing operations.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2021**

| | Note | 2021 PLN 000 | 2020 PLN 000 |
|--|------|------------------|------------------|
| Non-current assets | | | |
| Investments in subsidiary | 7 | <u>365,084</u> | <u>300,912</u> |
| Current assets | | | |
| Cash at bank | | <u>1</u> | <u>1</u> |
| | | <u>1</u> | <u>1</u> |
| Current liabilities | | | |
| Creditors - amounts falling due within one year | 8 | <u>(33,774)</u> | <u>(31,119)</u> |
| Net current liabilities | | <u>(33,773)</u> | <u>(31,118)</u> |
| Non-current liabilities | | | |
| Creditors - amounts falling due after more than one year | 9 | <u>(387,957)</u> | <u>(298,516)</u> |
| Net liabilities | | <u>(56,646)</u> | <u>(28,722)</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | - | - |
| Share premium | 10 | 12,106 | 12,106 |
| Profit and loss account | 11 | <u>(68,752)</u> | <u>(40,828)</u> |
| Shareholder's deficit | | <u>(56,646)</u> | <u>(28,722)</u> |

The financial statements on pages 9 to 18 have been approved by the Board of Directors and signed on its behalf by:



M A Fernandes
Director



M Armanini
Director

17th May 2022

The notes on pages 12 to 18 form part of these financial statements

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Share capital PLN 000 | Share premium PLN 000 | Profit and loss account PLN 000 | Total PLN 000 |
|------------------------------------|-----------------------------|-----------------------------|---------------------------------------|------------------|
| Balance at 1 January 2020 | - | 8,621 | (20,878) | (12,257) |
| Loss for the year | - | - | (19,950) | (19,950) |
| Issue of shares | - | 3,485 | - | 3,485 |
| Balance at 31 December 2020 | - | 12,106 | (40,828) | (28,722) |

| | Share capital PLN 000 | Share premium PLN 000 | Profit and loss account PLN 000 | Total PLN 000 |
|------------------------------------|-----------------------------|-----------------------------|---------------------------------------|------------------|
| Balance at 1 January 2021 | - | 12,106 | (40,828) | (28,722) |
| Loss for the year | - | - | (27,924) | (27,924) |
| Balance at 31 December 2021 | - | 12,106 | (68,752) | (56,646) |

The notes on pages 12 to 18 form part of these financial statements

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

Infracapital (Sense) Subholdings Limited (the “Company”) is a company incorporated and domiciled in England. These financial statements are prepared for the year ended 31 December 2021 (the “year”).

Basis of preparation

The Company’s financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles including FRS 102, “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company’s ultimate parent, M&G Plc, includes the Company in its consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the UK and are publicly available. Accordingly, the Company may adopt FRS 102 and take advantage of reduced disclosure exemptions.

The Company has taken advantage of the exemptions under FRS 102 section 7 Statement of Cash Flows paragraphs 1.8 to 1.12, not to prepare a Cash Flow Statement for the year ended 31 December 2021.

The principal accounting policies adopted have been set out below and have been applied consistently to all periods presented in these financial statements.

a) Change in accounting policies

In the opinion of the Directors, there are no mandatory new accounting policies applicable in the current year that are relevant and/or material to the Company. Consequently, no such mandatory new accounting policies are listed. The Company has not early adopted any new accounting policies that are mandatory.

b) Interest payable

Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

c) Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

c) Tax (continued)

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The calculation of the total tax charge inherently involves a degree of estimation and judgment. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge in the financial statements if the Company considers that it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition, the provision is measured based on management's judgment and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgment as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgments and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgments.

d) Investments in subsidiary

The Company's investment in its subsidiary is held at cost less impairment losses. At the end of each reporting year, the Directors review the carrying amount of investments in subsidiary to determine whether there is any indication that the asset has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised immediately in the Statement of Comprehensive Income.

In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

e) Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

f) Cash at bank

Cash at bank comprise cash balances at bank.

g) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Functional and presentational currency

The Company's functional currency is considered to be the Polish Zloty ("PLN"). The Directors have chosen the Polish Zloty as the Company's presentational currency. The Polish Zloty is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions that affect the Company. All amounts within these financial statements are rounded to the nearest thousand.

i) Going concern

As at 31 December 2021, the Company had net current liabilities of PLN 33,773,000 (2020: PLN 31,118,000). The net current liabilities position of the Company is resulted from Loan notes issued to Infracapital (Sense) SLP LP. The Directors have received an undertaking from Infracapital (Sense) SLP LP that they will not demand repayment of the loan notes for at least twelve months from the date of these financial statements. The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. In support of this expectation, the Directors are unaware of any significant factors likely to affect the Company in the foreseeable future and for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt a going concern basis in preparing the Directors' report and financial statements. As at 31 December 2021, Infracapital Greenfield Partners I LP, the beneficial owner of the Company, had sufficient resources available, after considering any commitments made for future investment activities, to support the investment activities of the Company.

The Directors have assessed the impact of the continuing COVID-19 pandemic on the Company and have concluded that the going concern basis is still appropriate. The assessment was conducted with reference to the level of working capital, current trading, contractual commitments of Infracapital Greenfield Partners I LP, the beneficial owner of the Company, to make further investments to underlying portfolio companies and any commitments undrawn from investors.

The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

2. Use of judgments and estimates

In preparing these financial statements, the Directors have made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The judgment the Directors apply is whether there should be any impairment booked as part of their review.

Impairment

At the end of the reporting period the Directors have compared the carrying value of the investments in subsidiary to its recoverable amount to determine if any impairment is required. In determining this recoverable amount, a discounted cash flow model has been used where estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****3. Interest payable**

| | 2021 | 2020 |
|--------------------------------|----------------|----------------|
| | PLN 000 | PLN 000 |
| Interest payable on loan notes | 27,924 | 19,950 |

4. Auditor's remuneration

Amounts receivable by the Company's auditor in respect of the audit of the Company's financial statements are £8,559 (2020: £8,433) and are payable by Infracapital (Sense) Limited. Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, M&G Plc.

5. Employees

The Company has no employees other than Directors, who did not receive any remuneration in respect of their services to the Company (2020: none).

6. Tax on ordinary activities**a) Analysis of tax charge in the year:**

| | 2021 | 2020 |
|--------------------------|----------------|----------------|
| | PLN 000 | PLN 000 |
| Current tax: | | |
| Current tax for the year | - | - |
| Total current tax | - | - |

b) Factors affecting tax charge for the year:

There were no factors that affected the tax charge for the year which has been calculated on the result on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2020: 19%).

Deferred tax is provided at the tax rates enacted at the balance sheet date applicable to when the temporary differences are expected to reverse. The impact of the change to the tax rates is therefore recognised in the deferred tax movement for the year.

| | 2021 | 2020 |
|--|-----------------|----------------|
| | PLN 000 | PLN 000 |
| Loss on ordinary activities before tax | (27,924) | (19,950) |
| Tax on loss at standard UK tax rate of 19.00% (2020: 19.00%) | (5,306) | (3,791) |
| Effects of: | | |
| Effects of group relief/other reliefs | 4,919 | 3,525 |
| Movement in unrecognised deferred tax | 387 | 266 |
| Total tax charge for the year | - | - |

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****6. Tax on ordinary activities (continued)****c) Factors affecting the tax charge (continued) :**

An increase in the standard rate of Corporation tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021. This will increase any future tax charge for the Company accordingly.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. On the assessment of all available evidence, the asset is recognised if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred tax assets of PLN 387,000 (2020: PLN 266,000) in respect of losses amounting to PLN 27,924,000 (2020: PLN 19,950,000) that can be carried forward against future taxable income.

7. Investments in subsidiary

| | 2021 | 2020 |
|---------------------------|----------------|----------------|
| | PLN 000 | PLN 000 |
| Cost | | |
| At beginning of the year | 300,912 | 175,114 |
| Additions - equity | 64,172 | 125,798 |
| At end of the year | 365,084 | 300,912 |

The Company owns 100% of Infracapital (Sense) Limited. The investment in subsidiary is held in accordance with accounting policy note 1(d). Based on the review of the performance of the underlying investment, the Directors do not consider an impairment needs to be recognised this year (2020: none).

On 8 February 2021, the Company was allotted 1 ordinary share with a nominal value PLN 1 for a total consideration of PLN 42,781,349.

On 30 July 2021, the Company was allotted 1 ordinary share with a nominal value PLN 1 for a total consideration of PLN 21,390,674.

The registered office of Infracapital (Sense) Limited is as follows: 10 Fenchurch Avenue, London, EC3M 5AG, United Kingdom.

8. Creditors - amounts falling due within one year

| | 2021 | 2020 |
|--------------------------|----------------|----------------|
| | PLN 000 | PLN 000 |
| Accrued interest payable | 33,774 | 31,119 |

9. Creditors - amounts falling due after more than one year

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| | PLN 000 | PLN 000 |
| Amounts owed to group undertakings | 387,957 | 298,516 |

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****9. Creditors - amounts falling due after more than one year (continued)**

The amounts owed to group undertakings relate to PLN 387,957,000 (2020: PLN 298,516,000) of unsecured loan notes repayable in 2038 issued with an interest rate of 9.9% (but not higher than the interest determined in applicable provisions of Polish law, since 17 June 2020) payable to Infracapital (Sense) SLP LP.

10. Called up share capital

| | Share capital PLN 000 | Share premium PLN 000 | Total PLN 000 |
|--------------------------|--------------------------------------|--------------------------------------|--------------------------|
| As at beginning of year | - | 12,106 | 12,106 |
| As at end of year | - | 12,106 | 12,106 |

As at 31 December 2021, 9 ordinary shares were in issue with a nominal value of PLN 1 each (2020: 9 ordinary shares of PLN 1 each) and 2 ordinary shares were in issue with a nominal value of PLN 4.83 each (2020: 2 ordinary shares of PLN 4.83 each).

11. Profit and loss account

| | 2021 PLN 000 | 2020 PLN 000 |
|------------------------------|-------------------------|-------------------------|
| At beginning of the year | (40,828) | (20,878) |
| Loss for the year | (27,924) | (19,950) |
| As at end of the year | (68,752) | (40,828) |

12. Financial instruments**Financial liabilities**

The Company's financial liabilities include loan notes issued to Infracapital (Sense) SLP LP which are held at amortised cost, where fair value of the loan notes is deemed a reasonable approximation of amortised cost. The loan notes issued are made up of PLN 387,957,000 (2020: PLN 298,516,000) unsecured loan notes repayable in 2038 with an interest rate of 9.9% (but not higher than the interest determined in applicable provisions of Polish law, since 17 June 2020) payable to Infracapital (Sense) SLP LP.

13. Related party transactions

During the year, the Company had interest payable to Infracapital (Sense) SLP LP of PLN 27,924,000 (2020: PLN 19,950,000). As at year end, there was PLN 33,774,000 (2020: PLN 31,119,000) remaining outstanding.

In accordance with paragraph 33.1A of FRS 102, the Company has not disclosed transactions with fellow group companies which are wholly-owned by M&G Plc. There were no other related party transactions.

INFRACAPITAL (SENSE) SUBHOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14. Director's emoluments

No emoluments were paid to the Directors during the year in connection with the management of the affairs of the Company (2020: PLN nil).

None of the Directors exercised M&G Plc share options during the year (2020: none).

All Directors were employed during the year by M&G FA Limited. Analyses of staff costs, pension commitments and share based payments are shown in the annual report and financial statements of that company.

15. Post balance sheet events

In February 2022, Europe entered a phase of instability following the military action taken by Russia against Ukraine (the "Conflict"). In response, the United Kingdom, European Union, United States and other major countries unveiled a series of sanctions against certain Russian businesses and individuals. In addition to the direct impact on Ukraine and Russia, the Conflict has affected the economies of most countries in Europe. Management is closely monitoring the effects of the Conflict and, as of the date of this report, it does not expect a material impact on the financial statements as at 31 December 2021 or the Company's ability to continue as going concern.

There have been no other significant events affecting the Company since the year end which require adjustment for or disclosure in the financial statements.

16. Immediate and ultimate controlling party

The Company's immediate parent company is Infracapital (Sense) Holdings Limited, a company registered in England and Wales.

The ultimate parent company of Infracapital (Sense) Subholdings Limited is M&G Plc, a company registered in England & Wales. Consolidated financial statements are prepared by M&G Plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG.